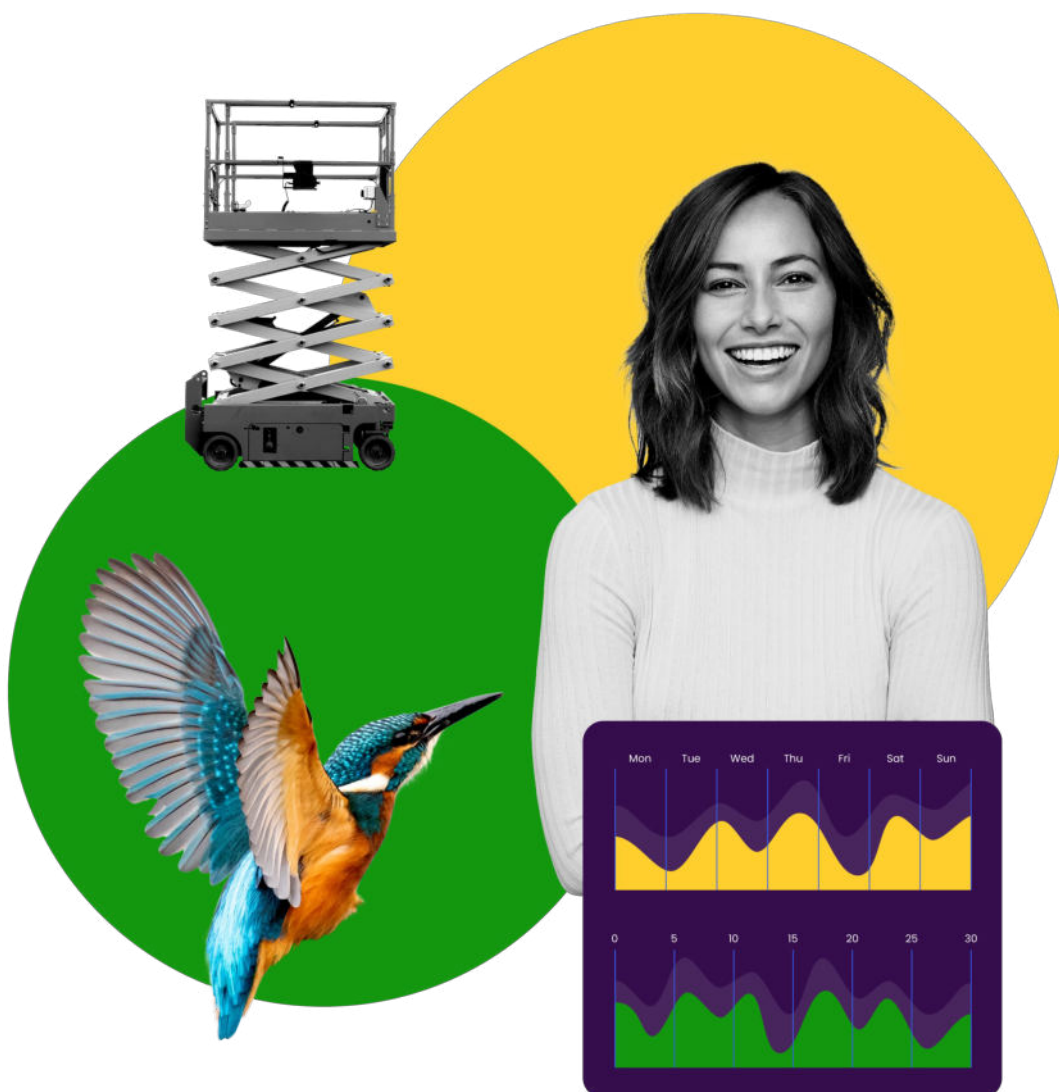


SMETA Corrective Action Plan Report (CAPR)

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

Sedex site reference	ZS1000090768	Site name	WENZHOU XIFA INDUSTRIAL CO LTD
Business name	WENZHOU XIFA INDUSTRIAL CO LTD	Site address	NO.100-168 YINXING ROAD, LINGXI TOWN,CANGNAN COUNTY,WENZHOU CITY,ZHEJIANG PROVINCE,CHINA 温州市苍南县灵溪镇银杏路100-168号 Wenzhou CN 325802

Audit details

Sedex company reference	ZC5000076519	Auditor company name	ALGI China
Audit company address	Suite 4 , No.1701, West road , Jingan District, Shanghai City, Shanghai, CN, 200000		
Date of audit	2025-11-06	Audit conducted by	Jody Wang
Audit pillars	Labour Standards Health and safety		
Time in and out	Day 1	Day 2	
	In 08:00	In	08:00
	Out 17:00	Out	17:00

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Audit type	Full initial
Was the audit announced?	Semi announced
Was the Sedex SAQ available for review?	Yes
Who signed and agreed CAPR?	Chenchen / 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 factory.		
Reason for absence during the audit	There was no union in factory.		
Reason for absence at the closing meeting	There was no union in 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)

This is a semi-announced audit (2-pillar) and the audit window was from Nov 05,2025 to Dec 05,2025.

Lead auditor

Jody Wang

APSCA Number

32200105

Additional auditor

Date of declaration

2025-11-07

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Site representation

Declaration	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.
Full name	Chenchen
Title	Manager
Date of declaration	2025-11-07

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 ZAF601178520
	3.R Provide clean and secure toilets, wash ar...	Local law Base code	NC ZAF601178517
5. Legal wages are paid	5.B Ensure that workers receive the insurance...	Local law Base code	NC ZAF601178518
6. Working hours are not excessive	6.F Ensure that where overtime is used, it is...	Local law Base code	NC ZAF601178519

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Findings: non-compliances

ZAF601178520

Non-compliance

Due 2025-12-12

Code area

3 Working conditions are safe and hygienic

Status

Open*

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

278 - Personal Protective Equipment (PPE) provided but incidents of workers not using PPE where appropriate

Verification method

Desktop audit

Area of non-compliance/non-conformance

Local law

Base code

Description

Based on site tours, workers and management interview, it was noted that 2 out of 10 workers who worked in noise and Benzene environment in the printing workshop did not wear earplug and gas mask, though the PPE were provided for them.

通过现场考察、工人和管理层访谈发现，印刷车间在噪音、苯环境下工作的10名工人中，有2名工人没有佩戴耳塞和防毒面具，尽管工厂有给他们。

Corrective and preventative actions

The factory should supervise workers to wear PPE. 工厂应监督工人佩戴PPE。

Local law reference

Production Safety Law of the People's Republic of China (2021 Amendment) Article 45 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 rescribed rules. 《中华人民共和国安全生产法》（2021年修正版）第45条 生产经营单位必须为从业人员提供符合国家标准或者行业标准的劳动防护用品，并监督、教育从业人员按照使用规则佩戴、使用。

Evidence

[Workers were not wearing PPE..JPG](#)

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ZAF601178517

Non-compliance

Due 2026-01-11

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

Base code

Description

Based on site observation ,mangerment and employee interview, the distance between the item and the wall was less than 0.5m in the warehouse,and the distance between the goods and the pillars was less than 0.3 meters.

根据现场观察，管理层访谈和员工访谈，仓库内货物与墙的距离小于0.5m，货物与柱子的距离小于0.3m。

Corrective and preventative actions

The factory should place the warehouse goods in accordance with the law. 工厂将按照法规要求摆放仓库的货物。

Local law reference

Rules Concerning Warehouse Safety and Fire Control article 18: The goods in warehouse should be classified for storage. The area occupied by any stack should not be greater than 100 square meters; Separation distance between stacks at least 1m, Separation distance between stacks and the wall at least 0.5m, and Separation distance between stacks and beams/pillars at least 0.3m. The width of main passage should be at least 2m. 《仓库防火安全管理规则》 第十八条 库存物品应当分类、分垛储存，每垛占地面积不宜大于一百平方米，垛与垛间距不小于一米，垛与墙间距不小于零点五米，垛与梁、柱间距不小于零点三米，主 要通道的宽度不小于二米。

Evidence

[The goods were against the wall..JPG](#)

[The goods were against the pillar..JPG](#)

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ZAF601178518

Non-compliance

Due 2026-01-11

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

Factory did not provide five types of social insurance for some employees.
Based on provided social receipts, roster and management interview. There were 235 workers onsite in total (8 had reached retirement age and no workers who had been on duty for less than 30 days). The factory pays Five insurance to 149(65.6%) of its workers. and paid business accident insurance for all employees, valid from Aug 28, 2025 to Aug 27, 2026.

工厂未给部分人员购买五险。

根据工厂提供的社保缴费记录与花名册和管理访谈显示，工厂共有员工235名（包括8名达到退休年龄的员工且无入职不满30天员工）。工厂只为其中149名(65.6%)员工缴纳五保险，并且为所有员工缴纳意外伤害险，有效期为2025年8月28日至2026年8月27日。

Area of non-compliance/non-conformance

Local law

Base code

Corrective and preventative actions

The factory should provide five kinds of social insurance for all eligible employees. 工厂应按照国家要求为所有符合条件的员工缴纳社会保险。

Local law reference

Labor Law of the People's Republic of China (2018 Amendment) Article 72, The sources of social insurance funds shall be determined according to the categories of insurance, and an overall pooling of insurance funds from the society shall be introduced step by step. The employing unit and laborers must participate in social insurance and pay social insurance premiums in accordance with the law. Article 73, Laborers shall, in accordance with the law, enjoy social insurance benefits under the following circumstances: 1. Retirement; 2. Illness or injury; 3. Disability caused by work-related injury or occupational disease; 4. Unemployment; and 5. Child-bearing. 中华人民共和国劳动法（2018修正）第七十二条 社会保险基金按照保险类型确定资金来源，逐步实行社会统筹。用人单位和劳动者必须依法参加社会保险，缴纳社会保险费。第七十三条 劳动者在下列情形下，依法享受社会保险待遇：（一）退休；（二）患病、负伤；（三）因工伤残或者患职业病；（四）失业；（五）生育

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ZAF601178519

Non-compliance

Due 2026-01-11

Code area

6 Working hours are not excessive

Status

Open*

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

Description

Workers' overtime working hours exceeded legal requirement.
Based on the attendance records from 1 Oct, 2024 to the audit date provided by the factory as well as employees and management interview. Auditors sampled 26 samples from the attendance records in Nov, 2024, Mar 2025 and Sep 2025 separately, details as below:
1.26 workers (covered all production positions) in Nov 2024 (random month) had overtime worked 40-62 hours per month ;
2.26 workers (covered all production positions) in Mar 2025 (random month) had overtime worked 40-62 hours per month ;
3.26 workers (covered all production positions) in Sep 2025 (current month) had overtime worked 32-54 hours per month.
It was not met with legal requirement (maximum 36 hours overtime per month).
工人的加班时间超过了法律要求。
根据工厂提供的 2024年10月1日至审核当天的考勤记录，员工和管理层访谈。审核员从考勤记录中分别从2024年11月、2025年3月和2025年9月份各抽取了26个样本，具体如下：
1. 26名工人（涵盖所有生产岗位）在 2024年11月份（随机月份）的月加班时间为40-62小时；
2. 26名工人（涵盖所有生产岗位）在 2025年3月份（随机月份）的月加班时间为40-62小时；
3. 26名工人（涵盖所有生产岗位）在 2025年9月份（当前月份）的月加班时间为32-54小时。
这不符合法规（每月最大 36 小时）的要求。

Area of non-compliance/non-conformance

Local law

Base code

Corrective and preventative actions

The factory should ensure all workers' monthly overtime hours are in line with the requirement of the local law. 工厂应确保所有工人的月加班时间满足法规要求。

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Local law reference

Labor Law of the People's Republic of China (2020 Amendment), 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 laborers, 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 laborers is guaranteed. However, the total extension in a month shall not exceed thirty-six hours. 中华人民共和国劳动法（2020修正）第四十一条 用人单位由于生产经营需要，经与工会和劳动者协商后可以延长工作时间，一般每日不得超过一小时；因特殊原因需要延长工作时间的，在保障劳动者身体健康的条件下延长工作时间每日不得超过三小时，但是每月不得超过三十六小时。

* PDF generated at 05:49 (UTC) on 12 Nov 2025. [View this finding on the Sedex platform](#) for live updates and closure details.

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	✔	ⓘ	ⓘ	ⓘ

-  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.

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.

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>