



## Management System Certification Audit Summary Report

Organization:	Creations By Shanagar	
HQ Address:	<u>H.Q.</u> : L Wing & K Wing, 2 <sup>nd</sup> Floor, Tex Centre, Chandivali, Saki Vihar Road, Andheri (West), Mumbai-400072, Maharashtra, India.  <u>Site-1</u> : G-4, 7 & 8, Khira Industrial Estate, B.M. Bhargav Marg, Santacruz, West, Mumbai-400054, Maharashtra, India.	
Standard(s):	SA 8000 :2014	Accreditation Body(s): SAAS
Date(s) of audit(s):	23 <sup>rd</sup> to 26 <sup>th</sup> May 2023	
Start date of audit :	23 <sup>rd</sup> May 2023	
End date of audit :	26 <sup>th</sup> May 2023	
	26 <sup>th</sup> May 2023 (Onsite Report Writing)	
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### 1. Audit Findings

The audit team conducted a process-based audit focusing on significant aspects/risks/objectives. The audit methods used were interviews, observation of activities and review of documentation and records.		
The management system documentation demonstrated conformity with the requirements of the audit standard and provided sufficient structure to support implementation and maintenance of the management system.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
The organization has demonstrated effective implementation and maintenance / improvement of its management system and is capable of achieving its policy objectives.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
The organization has demonstrated the establishment and tracking of appropriate key performance objectives and targets and monitored progress towards their achievement.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
The internal audit program has been fully implemented and demonstrates effectiveness as a tool for maintaining and improving the management system.	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
The management review process demonstrated capability to ensure the continuing suitability, adequacy and effectiveness of the management system.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Throughout the audit process, the management system demonstrated overall conformance with the requirements of the audit standard.	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Certification claims are accurate and in accordance with SGS guidance and the organization is effectively controlling the use of certification documents and marks. – The organization is not yet certified.	<input checked="" type="checkbox"/> N/A	<input type="checkbox"/> Yes <input type="checkbox"/> No

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## 2. Significant Audit Trails Followed

The specific processes, activities and functions reviewed are detailed in the Audit Planning Matrix and the Audit Plan. In performing the audit, various audit trails and linkages were developed, including the following primary audit trails, followed throughout:

- Relating to Previous Audit Results / Stage 1 Audit :  
 In last audit (Stage 1) dated 1<sup>st</sup> December 2022, there were 08 critical & 13 non-critical findings found to be reported. The same were verified during this visit & found that all findings have been addressed. The status of each critical Stage 1 audit finding is as below –
  1. There was no evidence of compliance to following legal requirements –
    - a. The Andheri site did not have a valid Factory License.
    - b. Annual returns as required by Factories Act 1948 not found to be submitted for the Santacruz site.
    - c. Bonus Returns (Form D) as required by Payment of Bonus Act, 1956.
    - d. Muster Roll (Form 29 as per Rule 132) not found to be maintained for both the site.
      - Verified the following evidences of compliance with legal requirements - (1) Andheri Site Factory License # 16180 dated 10.02.2023. for 150 people & 50 HP. Valid till 31.12.2027. (2) annual returns for Santacruz site dated 18.01.2023. (3) Bonus Return (Form D) dated 28.04.2023. (4) Verified the Muster Roll (Form 29) maintained for both sites. - Closed
  2. SPT members not aware of the standards requirements such as goals & targets, stakeholders, internal audit findings, clauses.
    - Verified the awareness of the SPT members during interaction. Verified training record dated 07.04.2023 & effectiveness evaluation record dated 17.12.2022. - Closed
  3. The internal audit dated 12 to 15.10.2022 was not found to be conducted using a process approach & the objective evidences of the samples verified not found to be adequately recorded in the audit report.
    - Verified the internal audit records dated 10 to 13 April 2023 using process approach. – Closed
  4. The important points such as previous MRM actions, status of CAPA & social fingerprint score was not found to be covered in the management review conducted on 22.11.2022.
    - Verified the MRM dated 09.01.2023 covering points such as previous MRM actions, status of CAPA & social fingerprint score. - Closed
  5. The H&S management for the Santacruz site was not found to be a senior management personnel.
    - Verified the appointment letter of Mr. Triveni Prasad (Asst. Production Manager) dated 01.12.2023 – Closed
  6. There was no evidence of an adequate quantity of water storage being done by the site for fire fighting in case of fire emergency.
    - The office (H.O.) is located in shared building on one of the floors (2nd) & the water provision is done by the building owner. - Closed
  7. No deductions to be made towards late mark.
    - Verified the wage records of Jan to April 2023. No deductions found on account of late coming. - Closed
  8. Daily overtime to be restricted within legal limits.
    - Verified the OT tracking sheet for the months of Jan to March 2023. Average OT found to be 24 Hours / quarter. - Closed

The status of each non-critical Stage 1 audit finding is as below –

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1. All policies to be in language understood by majority of the workers. – Closed  
- Verified during site tour. All policies are now displayed in the language (Hindi) understood by the workers. - Closed
2. PF Rules - updated abstract to be displayed.  
- Verified during site tour updated abstract of PF amendment rule 2014 displayed at the notice board. - Closed
3. Living wages to be reviewed – Prices of vegetable, milk, house rent, spent on festival to be reviewed. Non veg food spent also to be considered.  
- Verified living wage calculation dated 04.02.2023. The covering Prices of vegetable, milk, house rent, spent on festival. - Closed
4. Employee Code in attendance sheet & wage sheet shall match.  
- Verified Wage Sheet & Attendance Sheet for April 2023. The employee code found matching in both. - Closed
5. Employee name wise attendance record shall be available in the factory.  
- Verified the Muster Roll (Form 29) for the employees for the attendance records maintained by the site. - Closed
6. The effectiveness evaluation of the trainings provided to the employees shall be done by the sites.  
- Verified the records of evaluation of effectiveness of trainings provided to the employees. E.g. Training dated on SA8000 and H&S with evaluation dated 17.12.2022. - Closed
7. Real time headcount monitoring system shall be established for both the sites.  
- Verified during site tour. A board has been displayed at main entrance & is being updated on a regular basis for the real time headcount. - Closed
8. Protruding ends of the frames used for embroidery work shall be appropriately covered to prevent injury from sharp edges to the people moving around at Santacruz site.  
- Verified during site tour, that the protruding end of the frames are now provided with rubber sleeves to prevent from any injury to passer by. - Closed
9. Floorwise manpower capacity & occupancy display not found done for the Andheri site.  
- Verified during site tour in stage 2 audit & found that the floorwise manpower capacity & occupancy is now displayed. - Closed
10. Earthpits at the Santacruz site not found to be tested on a periodic basis.  
- Verified the earthpit test report - Closed
11. There was no evidence of hydrostatic tests of the fire extinguishers being done by the Santacruz site.  
- Verified Hydro test report dated 24.11.2022 for 08 extinguishers of ABC type for Santacruz site. - Closed
12. Evacuation Plan shall indicate correct positions of Fire Extinguishers.  
- Verified during site tour. Evacuation plans now have fire extinguishers included in the plans. - Closed
13. Rubbers mats below electrical panels to be of ISI mark.  
- Verified during site tour that now the rubber mats used or put below the electrical panels are of ISI mark. - Closed

- Relating to this Audit; including any significant changes (eg: to key personnel, client activities, management system, level of integration, etc.):  
There was no significant change observed in key personnel, client activities, management system & level of integration.

The CDS manpower is 167 & actual on the audit day was found to be 201.

**Current H.O. Address:** M-Wing, 2<sup>nd</sup> Floor, Tex Centre, Chandivali, Saki Vihar Road, Andheri (West), Mumbai-400072, Maharashtra, India.

**Required H.O. Address:** L Wing & K Wing, 2<sup>nd</sup> Floor, Tex Centre, Chandivali, Saki Vihar Road, Andheri (West), Mumbai-400072, Maharashtra, India.

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**Scope of Certification:** Production of Hand Embroidered Fabrics, Cut Panels & Cut Pieces.  
(Receipt of Raw Material, Fixing Fabric on Frame, Tracing, Hand Embroidery, Sizing, Packing).

**Required Scope:**

**H.O.:** Merchandizing, Design, Creating Hand Embroidered Samples and Pieces, Checking, Packing & Dispatch of Hand Embroidered Samples and Pieces.

**Site 1:** Manufacturing of High Fashioned Hand Embroidered Garments, Panels & Accessories.  
(Receipt of Raw Material, Fixing Fabric on Frame, Tracing, Hand Embroidery, Sizing, Checking, Packing & Dispatch).

### 3. MANAGEMENT SYSTEMS MATURITY DECLARATION (FORMERLY REFERRED SOCIAL FINGERPRINT):

Management Systems Maturity Declaration (MD) [Formerly referred Independent Evaluation] overall score and date (if MD activity was foreseen for this audit)	3.6 / 26.05.2023
Mandatory note: (to provide a brief comment of improvement progress by the Organization against the MD score, SA8000 Standard and PIA requirements. Maturity Declaration (Independent Evaluation scores) and correlation to NC's as appropriate. ):	
<p>In the Stage 1 audit dated 01.12.2022, the MS MD score was 3.2. In this Stage 2 audit dated 23<sup>rd</sup> to 26<sup>th</sup> May 2023, the MS MD score has been 3.6. There are 03 minor NCs raised during this Stage 2 audit against the requirements of the clauses 9.5.1, 9.1.6 &amp; 9.2.1. The organization needs to improve its performance related to management system – internal involvement &amp; communication, maintenance of records and compliance to SAAS Procedure 200: SA8000 Advisory 2022-1 requirements. The SA 8000 Standard and PIA requirements found to be included in the internal audit checklist &amp; discussed during SPT meetings. During routine workplace activities monitoring, the same are verified by the SPT to ensure implementation of the same.</p>	

#### Description of the Company activities (mandatory for all audits)

*Brief overall description of the organization being evaluated with some information on the nature of the business, the size, number of sites (in case of multisite Companies), number of employees for each site, number of employees (as per company attendance records) present during audit, scope verification comments by auditor, etc.,*

Shanagar, which in Sanskrit, means to 'adorn', was started in 1955, by the Desai family with a focus on handmade embroidery, and embellishment. In 1994, under the new management of second generation brothers – Chetan & Anirudh Desai, the company had a more international focus, with the intent of working with top creative and luxury fashion houses.

The company's vast experience in understanding current trends and translating it into fine luxury embroidery, has led the company to keep working with some of the most creative names in the fashion world including Ferretti and Dsquared.

The company sources its material from local traders.

The company is involved in to Design & Manufacturing of High Fashioned Hand Embroidered Garments, Panels & Accessories.

Activities include Receipt of Raw Material, Fixing Fabric on Frame, Tracing, Hand Embroidery, Sizing, Packing.

The site operates in only one shift (General) from 09:00 am to 06:00 pm.

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The total employees of the company are as follow s-  
H.O. = 30 Staff + 43 workers = 73  
Site 1 = 03 Staff + 125 workers = 128  
Female are 8 %.

As confirmed by the Sr. Management of the company during interaction, these are the only two units in the group involved in the manufacturing activities and both have been included in the scope of certification.

<b>Total Number of worker / employees</b>		201	
	Permanent	Temporary	Subcontractor
Women	15		
Men	186		
Migrated Women			
Migrated Men			

### Shifts operated

*Initial certification and recertification audit shall include the auditing of all shifts; pls indicate applicable shifts*  
: The site operates in only one shift (General) from 09:00 am to 06:00 pm.

Shift patterns	<input checked="" type="checkbox"/>	Daily	Relevant information, if applicable (which department is covered by night shift, number of workers, etc.)	NA
	<input type="checkbox"/>	Daily but with shifts		
	<input type="checkbox"/>	Day and night		
Working hours per week	48	Days off (closure)	Sunday	<b>Pick season:</b> Nov to Jan

### Overview Tour

Have any changes from Stage 1 audit/previous audit been identified? If positive leave a description	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Describe which potentially hazardous areas of work (if any) are present	There are no potentially hazardous processes at both the sites.
Have any major structural problems, that are clearly evident, been identified? [if any leave a description]	<input type="checkbox"/> Yes <input type="checkbox"/> No
Is CB and SAAS contact information available and listed in a prominent place at the certified organization? Pls indicate location	Yes. It is displayed at the main notice board of the company at both the sites.

### Interviews and relevant Records

*To ensure that different individuals are interviewed during subsequent audits a list of interviewees has been maintained and included in the audit package.*

#### Management interviews

*(key interview comments, e.g. describe level of commitment of management)*

The management of the organization was found to be committed to implement the SA8000 standard. The organization's SA8000 policy has been documented & suitably communicated to all its employees & stakeholders.  
The management has defined & established its goals & targets for SA8000 implementation.  
The management on a regular basis interacts with the SPT & receives feedback related to the status of implementation of the SA8000 standard.  
The management reviews the performance of the established SPT & the implemented SA8000 standard during formal management reviews on a six monthly basis. The last review was found to be done on 09.01.2023.

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## Staff and other employees

(including staff and junior managers, first aiders, fireman)

(key interview comments, e.g. describe level of commitment and awareness about their SA8000 management system implementation)

The staff & other employees were interacted with. During interaction, it was understood that, they have received SA8000 awareness training. They also, confirmed of receiving trainings on health & safety. They were found to be fairly aware of the SA8000 standard & who the SPT members are. They were found to be aware of the SA8000 policy & the displayed SA8000 standard's copy. They were found to be aware of their role & responsibilities in the SA8000 management system. They confirmed of knowing the procedure for making complaints. No complaints were found to be received from them during the interaction.

## Worker representative(s) interviews and SPT members

(key interview comments, e.g. Knowledge and competence of Worker representatives. Activities of the WR(s) since the previous audit. Any complaints from workers? Provide a brief description of how any SA8000 worker representatives or committees were elected and when. Include any evidence of meetings, minutes, negotiations).

There is a 06 member SPT at H.O. as well as at Site 1 with 3 management representatives & 3 worker representatives. The worker representatives & the SPT members were found to be actively involved in the SA8000 implementation.

Training to SPT members from H.O. & Site 1 was found to be provided on 07.04.2023 & 22.07.2022.

They were found to be aware of their roles & responsibilities.

No complaintst were found to be received from the workers as understood from them.

There is no workers union at both the sites of the organization. However, there are various worker committees such as H&S Committee, Grievance Handling Committee, Works Committee and Internal Complaints Committee as per POSH Act at both the sites.

The worker representatives are freely elected & the last election for worker representatives was held on 11.07.2022 at H.O. There were 06 nominatins & 03 workers were elected as worker representatives.

The election at Site 1 was held on 06.04.2022 through voting. Of the 06 nominations, 03 workers were elected as worker representatives in the SPT.

The SPT members on a regular basis monitors the routine workplace activities.

They conduct formal SPT meetings on a quarterly basis. The last SPT meeting based on 8 agenda points was found to be held on 08.04.2023 & previous on 09.01.2023.

However, during this audit some issues have been found and 03 minor nonconformities have been reported as follows –

### CAR 01 of 03 (Clause 9.5.1)

The organization's process of regularly communicating the requirements of SA8000 w.r.t. health & safety was not found to be adequately effective.

Audit Evidence: The following issues were observed w.r.t. health & safety -

1. During witness of evacuation mock drill conducted at Site 1 (Khira Industrial Estate), the emergency response team could not demonstrate effectively the mock drill process. The following issues were observed – (i) The employees were not found to standing in appropriate number of queues, hence the head count could not be done appropriately. (ii) The time taken for evacuation was not appropriately recorded.
2. The H&S Representative at Site 1 (Khira Industrial Estate) could not appropriately demonstrate his knowledge & understanding regarding H&S hazards, risk assessment & onsite emergency plan.

### CAR 02 of 03 (Clause 9.1.6)

The organization's process of maintaining appropriate records to demonstrate conformance to and implementation of the SA8000 standard was not found to be adequately effective.

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Audit Evidence: During interaction with SPT members & verification of the records maintained by the organization as an evidence of its implemented SA8000 standard, it was not evident that the SPT members have maintained any accurate & adequate records of its routine workplace activities monitoring.

**CAR 03 of 03 (Clause 9.2.1)**

The organization could not demonstrate it's commitment to comply with the requirements of the SAAS Procedure 200: SA8000 Advisory 2022-1.

Audit Evidence:

In the Consultancy Agreement dated 01.11.2022 held between Creations By Shanagar & Anand Technopack, the following issues were observed –

1. Though the above agreement is a formal agreement but there was no evidence that the same has any legal binding upon the consultant & the client company.
2. The agreement does not clearly state that the consultancy firm will only assist the client company with interpretation of SA8000 requirements and will only assist with implementation of processes needed to meet SA8000 requirements (e.g. audits, training etc.).

**Workers interviews**

*(key interview comments, e.g. describe level of awareness about role of worker(s) representatives, whether they know their representative, how worker representatives elected and when, whether workers know and understand how to raise a concern/complaint, etc.*

During this audit, in all 15 workers (6 individual & 3 groups of 3 workers) were interviewed from H.O. as well as Site 1.

The workers confirmed of receiving SA8000 awareness trainings.

They were found to be aware of who their worker representatives are and how they elected them.

The workers confirmed that the workers representatives are easily approachable & they can make complaints regarding the workplace activities.

They were found to be aware of how to make a complaint & told about the suggestion / complaint boxes provided for making complaints.

They did not raise any complaint during the interviews & expressed satisfaction about the working conditions & management relationship.

They were also found to be happy receiving a higher wage than legal minimum.

**On-site subcontract labour and suppliers interviews (if any)**

*(key interview comments e.g. general thoughts and awareness about their employer's SA8000 management system, their working hours & wages)*

There were no onsite subcontractors or suppliers during the audit. All employees at the H.O. & Site 1 are on the company payroll.

**Home worker interviews (if any)**

*(key interview comments e.g. general thoughts and awareness about their employer's SA8000 management system, their working hours & wages)*

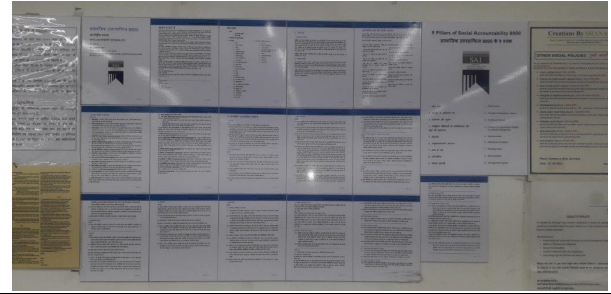
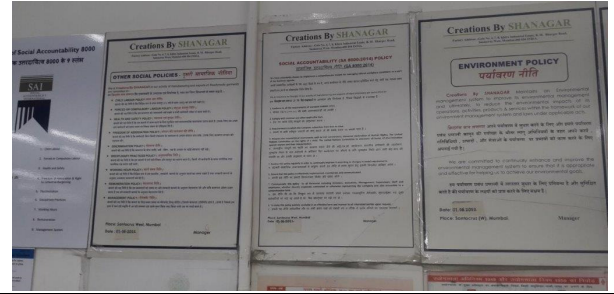
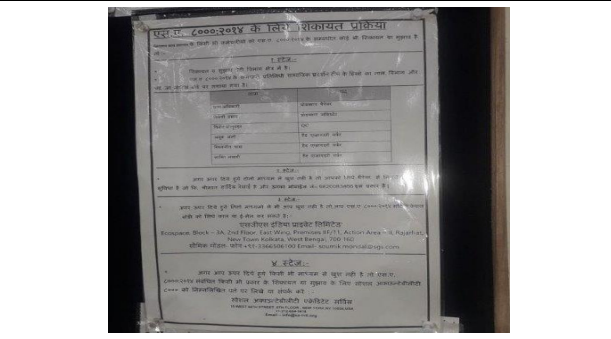
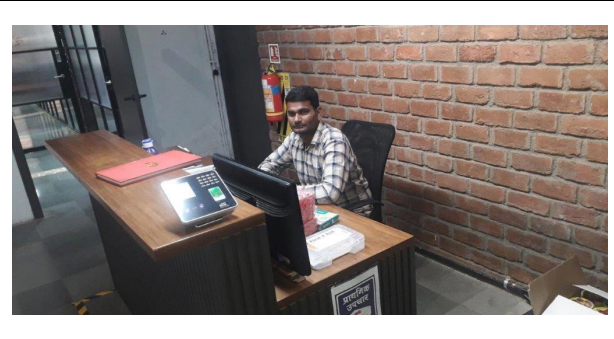


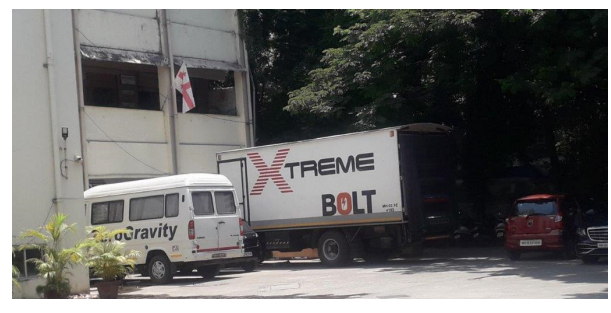

There are no homeworkers at the H.O. as well as at Site 1.

**Annexure: photographic records**

(in case of Multi-site Organization, a complete set of photographic records for each audited site SHALL be attached separately)

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Location(s) of the displayed SA8000 Standard	Location of Clients SA8000 Policy
	
Location(s) of displayed CB & SAAS Contact information	Factory Building Entrance (H.O. / Site 1)
	
H.O. Office Area	Factory Building Entrance (Site 2)
	
Organization building/premises	Organization building/premises
	



<p>Production Floor Entrance</p> 	<p>Evacuation Location and signage (Site 2)</p> 
<p>Evacuation Location and signage (H.O. / Site 1)</p> 	<p>Evacuation exits (H.O. / Site 1)</p> 
<p>Evacuation exits (Site 2)</p> 	<p>Evacuation drills or records of the same</p> 
<p>Work/Production Areas (Site 2) – Hand Embroidery</p>	<p>Work/Production Areas (Site 2) – Hand Embroidery</p>
	

Work/Production Areas (Site 2)	Work/Production Areas (H.O. / Site 1) – Sampling
	
Work/Production Areas (H.O. / Site 1) – Packing	Work/Production Areas (H.O. / Site 1) – Design Center
	
Work/Production Areas (H.O. / Site 1) – Stores	Work/Production Areas (Site 2)
	
Warehouse	Dormitory
There is no warehouse at both the sites	There is no dormitory for both the sites



Supporting facilities (e.g. sewage treatment, boiler, generator)	Canteen (Lunch Room)
There are no utilities like compressor, DG set at the sites	
Attendance record system (H.O.)	Attendance record system (Site 2)
	
Chemical storage area	Personal protective equipment – Leather Fingerguard
There is no chemical used at both the sites	
Fire fighting equipment – Fire Extinguisher (H.O.)	Fire fighting equipment – Fire Extinguisher (Site 2)
	

Fire fighting equipment – Fire Alarm (H.O.)	Fire fighting equipment – Fire Alarm (Site 2)
	
Emergency Siren - Hooter (H.O.)	Emergency Siren - Hooter (Site 2)
	
Emergency Evacuation Plan (H.O.)	Emergency Evacuation Plan (Site 2)
	

Evidence of the “posted” requirements of the Performance Indicator Annex – List of Trained Fire Fighters (H.O.)



Evidence of the “posted” requirements of the Performance Indicator Annex – List of Trained Fire Fighters (Site 2)



All organization’s documents reviewed as a part of the management systems

CREATION BY SHANGAR										
Hazard Identification & Risk Assessment (HIRA)										
Effective Date: 01-03-2022										
production area	Activity	Reason of Hazard	Hazard	RISK	A	B	C	Total (A+B) X C	Operation Control	Responsibility
4	Manual Cutting of Fabrics	Mishandling of Scissors	Cut / amputation	Hand cut injury	3	10	2	22	Instruction board is Displayed	SMR / H & S
5	Thread Cutting	Miss-handling of Scissors	Finger out Injury	injury	2	10	2	22	Instruction board is Displayed	SMR / H & S
6	At the time of Framing / De-framing	Miss-handling of Frame stand	Fall of Frame stand on foot	Foot Injury	2	5	3	21	Proper handling of Frames	SMR / H & S
7	At the time of Framing / De-framing	at the time of fixing Nails on the frame	Piercing of Nails into the finger	Finger Injury / Hand Injury	3	5	3	24	Proper handling of Nails to fix the Frames	SMR / H & S
8	At the time of Framing / De-framing	Handle can be hit to the leg	Frame handle protrude from outside the frame	Lig Injury	2	3	2	10	Take the precaution while moving towards frames	SMR / H & S
9	Manual Hand Embroidery work	Accidentally at the time of hand embroidery work	Piercing of needle into the finger	injury to finger	1	3	2	8	Use of needle Guard	SMR / H & S
10	Use of Stain Remover for the tracing	Contact of hand/body part with Stain Remover	Mishandling of Can of Stain Remover	Skin Allergy	2	3	2	10	Use of hand gloves	SMR / H & S
11	Packing / stacking	Falling of cartons	Falling of carton on human body	Body injury	2	3	1	6	Proper handling of package and their stacking	Supervisor

Best practices (if any) – Employee Engagement Activities



H&S non compliances  
CAR 01 of 03 – Pt. # 1 – Evacuation Mock Drill Witness – Employees not standing in que

