

Glossary

- **Auditor day(s):** The amount of auditor time on-site required to complete the audit. Auditor days are specified in units where 1 equals 1 auditor on site for 1 day, and 2 equals 1 auditor on site for 2 days or 2 auditors on site for 1 day.
- **Audit Requestor:** Any company, organisation, or site requesting an audit.
- **Audit Findings:** A collective term given to the possible outcomes of a SMETA Audit, including Non-Conformances, Non-Compliances, Collaborative Action Required findings, and Good Examples.
 - **Collaborative Action Required:** A collaborative action required is a type of NC. They are recorded against fixed Workplace Requirements, where there is a site practice that does not meet the Code, but the responsibility and ability to enact closure may reside with more stakeholders than just the audited site.
 - **Good Example:** A Good Example is recorded where the site practice exceeds the requirements and goes above and beyond the law or Code expectations.
 - **NC:** The initialism “NC” is used as a collective reference to Non-Compliance(s) and/or Non-Conformance(s). A finding must be raised if either a non-compliance or a non-conformance is identified, ensuring the highest level of protection for workers is maintained.
 - **Non-Conformance:** When a site meets the law but does not meet the Code.
 - **Non-Compliance:** When a site does not meet local, national, or international law requirements.
- **Audit Finding Descriptor:** Details ascribed to a finding.
 - **Issue title:** Provides more detail about the nature of an NC. Issue titles have an assigned criticality which define the severity of the finding.
 - **Isolated:** An NC is isolated when the corresponding management system is largely fit-for-purpose and implemented effectively, but a failure occurs due to random and/or rare causes. Where there are 3 or less instances for issues checked by sampling or less than a 10% occurrence rate for issues not based on sampling (and it is not a recurring or ongoing issue) the auditor **may** consider the issue isolated. But the auditor **shall** raise the issue as systemic if further investigation shows it to be systemic according to the general definition (see below), even if the occurrence rate is below these parameters.
 - **Systemic:** An NC is systemic when the supporting management systems are weak, not fit-for-purpose, or absent, and are the contributing factor that has led to the NC. In cases where there are more than 3 instances of an issue checked by sampling, such as those related to workers files, wage and benefits, working hours, etc; or more

than a 10% failure rate for issues not based on sampling, the auditor **shall** investigate further and record the issue as systemic.

- **Audit Sequence:** Refers to the stage at which a SMETA Audit is undertaken and for what purpose.
 - **Initial Audit:** The first SMETA audit at a site of employment or the first SMETA audit at a site of employment by an AAC.
 - **Periodic Audit:** A full audit used to monitor supplier sites on an on-going basis. The intervals between periodic audits may vary depending on the individual member.
 - **Follow-up Audit:** Where progress against corrective actions is verified by an auditor. The nature of the follow-up audit is determined by the findings raised on site. These may be either:
 - **Desktop Follow-up:** Is used for certain corrective actions for which a site visit is not required and can instead be verified remotely e.g. through photographic evidence or documents, provided via e-mail.
 - **On-site :** Where the auditor visits a site but only checks progress against issues found during a previous audit.
- **Audit Structure:** Determines what will be assessed through a SMETA audit. Sedex has developed two options: a 2-pillar Audit or a 4-pillar Audit.
 - **2-Pillar SMETA audit:** Covers Labour Standard' and Health & Safety, and as well as the Environment 2-Pillar assessment.
 - **4-Pillar SMETA audit:** Covers the content of a 2-pillar SMETA Audit (Labour Standards, Health & Safety, and the Environment 2-Pillar assessment), as well as Environment (extended) and Business Ethics.
- **Audit Type:** The Audit Type determines how a SMETA audit will be scheduled and the site notified, if at all. Sedex members may request one of three types of audit scheduling.
 - **Announced audit:** When an audit date is agreed with, or disclosed to, the site to be audited.
 - **Semi-announced audit:** When an audit date will fall within an agreed 'window', specified by the buying company or the audit body.
 - **Unannounced audit:** When no prior notice of the audit date is given to the site.
- **Due diligence:** Includes checking licensing, any history of legal violations, management interviews, and their internal policies and procedures.
- **Labour provider:** An organisation whose principal purpose is to source and supply jobseekers and workers to a third-party client. Labour providers can range from one-person on their own to multinational firms, and may be referred to by various terms such as recruitment agency, labour broker, labour contractor, labour recruiter, labour hire company,

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gangmaster, employment business, private employment agency, temporary employment services provider or agency.

- **Management Systems:** 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.
- **May:** The term “may” indicates a permission.
- **Peak season:** When the volume of work and number of workers are at their highest.
- **Policy:** A set of ideas or plan of what to do in particular situations that has been agreed to officially.
- **Procedure:** An accepted or established set of actions that must be followed in particular situations.
- **Process:** The action taken in a particular situation.
- **Shall:** The term “shall” indicates a requirement.
- **Trade union:** A workers' organisation constituted for the purpose of furthering and defending the interests of workers.
- **Triangulation:** The investigation practice of corroborating or validating audit evidence by obtaining additional, independent sources of information or using different methods to arrive at the same conclusion.
- **Worker:** A person who is in a non-managerial position, engaged in low-paid activities. This definition includes employed and non-employed workers, for example, agency workers, security guards, kitchen staff, cleaning staff, production staff, homeworkers. The work activity is usually manual labour.
 - **Agency or subcontracted workers:** Agency and sub-contracted workers are workers supplied by a third-party company. Usually the third-party company is paid by the site and the wages of the individual workers are paid by the third party. The third-party might be a 'contractor' or a 'labour provider', which also known as a recruitment agency, labour broker, labour contractor, labour recruiter, labour hire company, gangmaster, employment business, private employment agency, temporary employment services provider or agency.
 - **Apprentices, trainees or interns:** Apprenticeships, internships and traineeships are forms of work-based learning. Interns and trainees are young people, who have finished their studies or are still studying, with an opportunity to learn in a workplace.

Apprenticeships often combine on-the-job training with related classroom instruction, in which apprentices learn the practical and theoretical aspects of the designated trade.

- **Informal workers, including home workers:** Informal workers include workers who carry out work outside of a formal employment relationship. Example include unpaid family workers, casual or day-labour or home workers (workers contracted to perform tasks in their own home such as assembly work in manufacturing).
 - **Migrant Worker:** migrant worker is an individual that has migrated for the specific purpose of employment. It includes both foreign migrant workers (individuals who are not a national or permanent resident of the country) and internal migrants (individuals who have migrated from their habitual place of residence to another state or province within the same country). It does not include individuals who were born outside of the country, but now reside there permanently. Further, it does not include highly qualified migrant workers (such as managers, technicians, and executives).
 - **Permanent workers:** Permanent workers do not have a predetermined end date to employment. They are often eligible to switch job positions within their companies, and they are generally protected from abrupt job termination by severance policies, like advance notice in case of layoffs, or formal discipline procedures.
 - **Seasonal Workers:** A seasonal worker is a person whose work is dependent on seasonal conditions and is performed only during part of the year.
 - **Self-employed workers:** Self-employed workers are those workers who, working on their own account or with one or a few partners, hold the type of jobs where payment is directly dependent upon the profits derived from the goods and services produced. They may be contracted for a specific piece of work or service.
 - **Temporary or fixed-term workers:** Temporary work includes when a worker is directly contracted to remain in a position for a certain period of time by a site. Do not include seasonal workers or workers employed through a third party, such as temporary agency workers, as temporary workers.
- **Worker committee:** A consultative body established to improve the welfare of workers and help the business through negotiations between workers and employers.
 - **Workplace Requirements:** The SMETA Workplace Requirements break down the ETI base code and Sedex additions into clear auditable requirements and require the auditor to record where the Requirements have not been met.