



Sedex Members Ethical Trade Audit (SMETA) Auditor Manual

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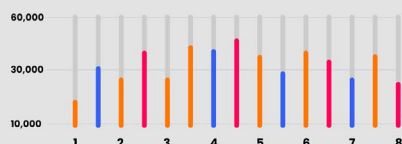


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1. Introduction



Introduction

The Supplier Ethical Data Exchange (Sedex) is a membership-based data platform, that leads work with buyers and suppliers to deliver improvements in responsible and ethical business practices in global supply chains.

Sedex was founded in 2001 by a group of retailers to drive convergence in social audit standards and monitoring practices.

Sedex' social audit methodology, the Sedex Members' Ethical Trade Audit (SMETA), is the world's most widely used social audit. Businesses use SMETA to understand and make improvements to working conditions and environmental performance in their operations and supply chain. SMETA was created by Sedex members to give a centrally agreed protocol to monitor performance against the Ethical Trade Initiative's (ETI) Base Code of labour practices. The SMETA methodology measures a site against the ETI Base Code, International Labour Organisation (ILO) Conventions and local law.

This document will provide clear instructions for the auditor on how to perform a SMETA audit. In this guide, the auditor will find a comprehensive overview of the SMETA methodology and how it **shall** be applied in an audit. This document outlines the conduct that Sedex expects the auditor (including subcontracted auditors) to follow and adhere to when undertaking a SMETA social audit.

This guidance sits within a suite of guidance documents accompanying the SMETA Methodology:

1. SMETA Manual: Introduction and Overview

2. SMETA Minimum Requirements

3. SMETA Stakeholder Guidance:

- a. **Auditor Manual**
- b. Buyer Member Manual
- c. Supplier Member Manual

4. Guidance by Base Code Area:

- 0: Enabling accurate Assessment
- 1: Employment is Freely Chosen
- 1.A: Responsible Recruitment & 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
- 5A: Living Wages are Paid
- 6: Working Hours are Not Excessive
- 7: No Discrimination is Practiced
- 8: Regular Employment is Provided
- 8A: Sub-contracting and Homeworkers are Used Responsibly
- 9: No Harsh or Inhumane Treatment is Allowed
- 10A: Environment 2-pillar
- 10B: Environment 4-pillar
- 10C: Business Ethics

2. SMETA Framework



SMETA Framework

This chapter outlines the predetermined options available for a SMETA audit, including the SMETA structure, audit types and audit sequence.

Through SMETA, Sedex establishes a unified framework for conducting social audits across all sites. The purpose of SMETA is to act as a central audit protocol, which is transparently understood by all users, enabling suppliers to share one audit with many customers. The reference to a 'SMETA audit' **shall** only be used when the framework and methodology outlined in this document have been used during the audit process, and a site has been measured against both the Base Code and local legislation. This standardised set of criteria is applicable to businesses of all sizes and industries. The auditor is expected to use their own training and systems to ensure risks inherent to a site, due to its geographical location or sector, are considered whilst assessing against the SMETA framework.

2.1 Audit Structure

The 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. The choice of Audit Structure is at the discretion of the Sedex member. The auditor **shall** ascertain which audit structure they are auditing against prior to the audit.

2-pillar audit

A 2-pillar audit **shall** cover both Labour Standards and Health & Safety, as well as the Environment 2-pillar assessment. For each Base Code Area the auditor **shall** assess the associated Workplace Requirements against the Base Code and local legislation, complete the Management Systems Assessment, and input the relevant additional data points.

Included in a 2-pillar audit:

1. Labour Standards Base Code Areas:

- 0: Enabling accurate Assessment
- 1: Employment is Freely Chosen
- 1A: Responsible Recruitment & 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
- 5A: Living Wages are Paid
- 6: Working Hours are Not Excessive
- 7: No Discrimination is Practiced
- 8: Regular Employment is Provided
- 8A: Sub-contracting and Homeworkers are Used Responsibly
- 9: No Harsh or Inhumane Treatment is Allowed

2. Health & Safety Base Code Area:

- 3: Working Conditions are Safe and Hygienic

3. Environment Code Area:

- 10A: Environment 2-pillar

4-pillar audit

The SMETA 4-pillar audit builds upon the content of a 2-pillar audit with two additional assessments: Environment 4-pillar and Business Ethics. These assessments are governed by standards developed through a process of member and multi-stakeholder consultation. The assessment of the additional requirements of a 4-pillar audit adds an extra 0.5 day to an audit's time on site. As the time allocated is for both modules, Environment 4-pillar and Business Ethics, it is likely that the number of interviews covering these modules will be restricted and the document review is likely to be an "assisted self-assessment" rather than a full investigation. In all, a SMETA 4-pillar audit comprises:

1. Labour Standards Base Code Areas:

- a. Same as with a 2-pillar audit

2. Health & Safety Base Code Area

- a. Same as with a 2-pillar audit

3. Environment Code Area:

- 10A: Environment 2-pillar
- 10B: Environment 4-pillar

4. Business Ethics Code Area:

- 10C: Business Ethics

Customer Requirements

Customers **may** request an auditor checks additional requirements when conducting a SMETA audit. These requirements are not part of the SMETA methodology and **may** be assessed in isolation. Any findings against customer requirements **shall** be recorded in an auxiliary document, which can be shared directly with the relevant customer. The auditor **shall** ensure that customer requirements do not impede on the time required to undertake a full SMETA audit, and **shall** add additional time where it is necessary.

2.2 Audit Types

The Audit Type determines how a SMETA audit will be scheduled and the site notified, if at all. Sedex members can request one of three types of audit scheduling.

- **Announced:** When an audit date is agreed with, or disclosed to, the audited site.
- **Semi-announced:** When an audit date falls within an agreed 'window' of three weeks minimum, specified by the buying company or the audit body
- **Unannounced:** When no prior notice of the audit date is given to the site.

Sedex recommends audits are semi-announced or unannounced. Where an announced audit has been requested the auditor shall select a reason for this request.

For a glossary of key terms used in this document please see **Annex 1**.

2.3 Audit Sequence

Audit Sequence refers to the stages at which a SMETA Audit is undertaken and for what purpose. The classification of SMETA audits follows the below recognised audit sequence:

- **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:** Used where corrective actions do not require a site visit, 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.

The validity period of an audit is 24 months, which is the timeframe during which the information is considered up -to- date by Sedex.

3. SMETA Methodology



SMETA Methodology

This section focuses on the SMETA Methodology, which is comprised of the Management Systems Assessment (MSA), the Workplace Requirements (WRs), and additional data points collected by the SMETA Audit report. This section explains the methodology and how it shall be applied in practice by the auditor.

3.1 The Management Systems Assessment (MSA)

The SMETA methodology includes a Management Systems Assessment (MSA), to be undertaken against each Base Code Area individually. The aim of this assessment is to help businesses to identify where systems should be improved to ensure compliance with SMETA and to help the auditor to direct their time on site to where risks could be higher.

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, organize, execute, monitor, and continuously improve its activities.

An effective management system will optimise efficiency, effectiveness, and overall performance across various functional areas of a business; ensuring that each area aligns with organisational goals and objectives. A management system provides a structured method for decision-making, resource allocation, and the establishment of protocols to meet specific standards, regulations, or industry best practices.

SMETA implements a consistent approach to assessment but does not impose a specific model for a site's management systems to manage their labour rights, health & safety, business ethics and environmental risks, and it is not necessarily expected that sites will have developed a formal system in the short term. Instead, they **shall** have processes that are "fit for purpose" for the size and type of site.

3.1.1. The Management Systems Assessment in practice

SMETA's Management Systems Assessment (MSA) assesses each Base Code Area individually, providing evidence of the systems in place and their efficacy at managing each Base Code Area in its entirety.

Even if fully documented and implemented, management systems alone might not guarantee compliance against all of the Workplace Requirements. Equally, the absence of non-conformances in operational compliance does not guarantee that management systems are fully implemented at the site. Instead, the absence of effective procedures could imply that the current compliance level is not sustainable.

Through the MSA, indicators of non-compliance from each Base Code Area are used to determine where additional investigation is required, or where the focus of the assessment **shall** be.

In order to complete the MSA, the auditor **shall** collect and triangulate evidence via the following:

- **Management system review** – the framework of policies and procedures, resources, including roles and responsibilities, communication and training, and monitoring systems used by a site to meet certain objectives.
- **Management interview** – the level of understanding a manager has of his/her responsibilities in implementing the above framework of policies and procedures..
- **Worker interviews** – the level at which the framework of policies, procedures and practices is known, understood, and perceived to be effective by the workforce.
- **Site tour** – observations during the site tour can evidence the implementation, relevance and effectiveness of the policies and procedures.

The auditor **shall** pay particular attention to:

- Any documentation and evidence associated with the site's policies and procedures.
- The relevance of the role of the responsible manager for these processes.
- The communication and training associated with these systems; including how well these are understood.
- The depth of implementation and monitoring of the processes, including changes and improvements based on these results, and how they underpin the site's practices.

3.1.2 The Management Systems Assessment Elements

The SMETA methodology assesses a site's management systems against four factors which are referred to in SMETA as the Management System Assessment 'Elements'. Each Element is prescriptive in nature. As such, sites are expected to:

1. Develop and maintain relevant policies and procedures to ensure Workplace Requirements are met.

Sites **shall** provide evidence that they have developed policies and procedures to ensure ongoing compliance with all the Workplace Requirements within the Base Code Area. These **shall** ideally be formally documented policies and procedures with details of responsibility structures, and systems to measure outcomes, monitor effectiveness, and update systems on a regular basis.

There could be cases in which the site does not have written procedures but has the correct implementation of them. In this case, the auditor **shall** exercise due diligence to verify and demonstrate the correct implementation of the unwritten procedures through triangulation. Sites with implemented but undocumented procedures are not considered to have a robust management system in place and only achieve a maximum of a 'Fundamental Improvements Required' Grade for this Element of the SMETA MSA. If procedures are un-documented and cannot be triangulated with additional evidence, they **shall** be graded 'Not Addressed'.

For more details on grading see section **3.1.4 Grading the Management Systems Elements**.

2. Appoint a manager with sufficient seniority who has operational responsibility and accountability for the implementation of the procedures.

Sites **shall** provide evidence that a management structure clearly assigns all necessary responsibilities for ensuring the workplace requirements are met, and that nominated managers have sufficient seniority, authority and access to resource to ensure conformance. Auditors **shall** focus this assessment on the relevance of the management roles and how they meet these criteria, rather than assessing the individual managers performing the roles.

3. Communicate and train employees and other workers, including managers and supervisors, on relevant policies and procedures.

Sites **shall** provide evidence that policies and procedures have been effectively communicated to all stakeholders relevant to ensuring ongoing compliance. This could include publication of information, ensuring communications are accessible and understood, and delivering effective training programmes which are well documented. In all cases, the efficacy of the communication and training to achieve sustainable compliance with workplace requirements **shall** be considered. Worker and manager interviews are essential for this examination.

4. Monitor the effectiveness of procedures to meet policy and Workplace Requirements.

Sites **shall** provide evidence that they effectively monitor the implementation of procedures put in place to ensure ongoing compliance. Even where good policies are in place, they might not be implemented in practice due to failures in effective monitoring. This **shall** include how these procedures are reviewed and updated to ensure they continue to achieve the desired result and to ensure ongoing conformance as standards change. In the Management Systems Assessment, the auditor **shall** capture monitoring of implementation of management procedures rather than any operational monitoring which could be mandated by a particular Base Code element (for example, in the MSA the auditor **shall not** capture the monitoring of noise levels but rather the monitoring of procedures in place to mitigate noise damage, such as spot checks on those processes).

3.1.3 Grading the Management Systems Assessment Elements

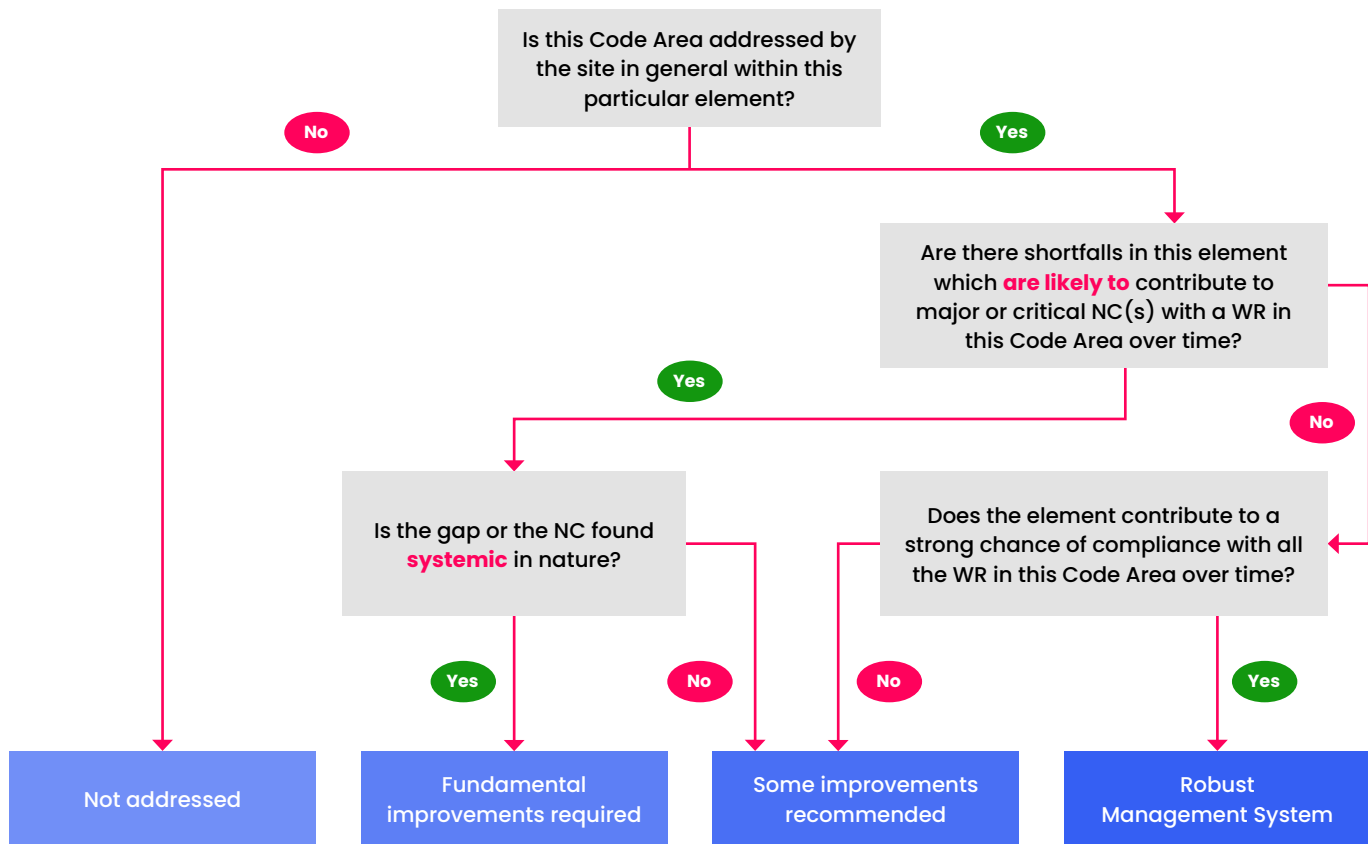
The Management System Elements **shall** be assessed using a structured framework which examines their maturity against four fixed grades. These grades act as key parameters for a thorough assessment of various aspects of the management system.

Elements	Not addressed	Fundamental improvements required	Some improvements recommended	Robust Management System
1. Policies & Procedures: Develop and maintain relevant policies and procedures to ensure Workplace Requirements are met				
2. Resources: Appoint a manager with sufficient seniority who has operational responsibility and accountability for the implementation of the procedures				
3. Communication & Training: Communicate and train employees and other workers, including managers and supervisors, on relevant policies and procedures				
4. Monitoring: Monitor the effectiveness of procedures to meet policy and Workplace Requirements				

There are two guiding principles the auditor **shall** keep in mind when grading the MSA Elements:

1. Is this element of the site's management system likely to effectively achieve compliance with the Workplace Requirements now and over time?
2. Is this element of the site's management system 'fit for purpose' with the site's context?

The following flowchart provides guiding questions to help the auditor determine the correct grade for a particular element based on the site's ability to achieve compliance over time.



Additional Considerations:

- The flowchart indicates that at **least one** Element of the MSA should be graded below 'Robust' if a non-conformance is found.
- It is not necessary to downgrade all Elements on the basis of an identified non-conformance, each Element should be addressed in turn and with consideration of all Workplace Requirements under the Base Code Area.
- All grades require an explanation, 'robust' is not the 'default grade' in the absence of non-conformance.

This flowchart is also available in **Annex 2**.

3.1.4 Examples of grading the Management Systems Assessment Elements

The following examples **may** be used as a guide by the auditor to appropriately grade the maturity level of each element during the audit. These are illustrative and not exhaustive in nature. A table of these criteria examples can also be found in Annex 3.

Element 1: Develop and maintain relevant policies and procedures to ensure workplace requirements are met:

Not addressed

- No policies or procedures are in place for the Workplace Requirements within this Base Code Area.
- Policies and procedures in place actively contravene all of the Workplace Requirements within this Base Code Area.
- The policies and procedures in place are un-documented and cannot be effectively triangulated by secondary evidence.

Fundamental improvements required

- Gaps in policies and procedures observed, which substantially reduce the site's ability to manage the Base Code Area's requirements.
- Un-documented policies and procedures are in place which are effectively triangulated by secondary evidence (their unwritten nature implies fundamental improvement is required).
- A workplace requirement in this Base Code Area explicitly requires something specific to be addressed in a documented policy/procedure but it is not and this is likely to lead to a critical or major NC.
- A gap in policies and procedures has led to or is likely to lead to systemic and major or critical NC.

Some improvements recommended

- Gaps in policies and procedures observed which reduce the likelihood of sustainable compliance with the Workplace Requirements in the Base Code Area over time, for example, because they are not clear on meaning or implementation detail.
- Base Code Area is generally captured in policies and procedures, but some gaps have already led to a non-compliance, though this is not necessarily systemic in nature.
- Oversights or gaps in policies and procedures observed which have led to NCs which are isolated in nature.
- Oversights in policies and procedures have not led to an NC but are likely to do so in the future.

Robust Management System

- Policies and procedures are appropriate for the site context and are very likely to lead to sustainable compliance with all of the Workplace Requirements in the Base Code Area now and over time.
- Responsibilities and processes to implement policies and procedures are clear.
- There is a clear procedure for updating documentation according to changing requirements or situations.

Element 2: Appoint a manager with sufficient seniority who is responsible for implementing procedures:

Not addressed

- No role(s) is identified as responsible for compliance with this Base Code Area.
- The role(s) identified undertakes no relevant activities relating to compliance with the Base Code Area or is not aware of their responsibilities.
- A role(s) is confirmed as responsible however this is not documented and there is no secondary triangulating evidence to confirm.

Fundamental improvements required

- The role(s) responsible for this Base Code Area does not require relevant skills or seniority to manage the Workplace Requirements.
- Unclear responsibilities in the management structure or resourcing prevents implementation of good procedures.
- The management structure systemically leads to active decisions made to contravene the Base Code Area (for example, in order to prioritise other business objectives).
- Role(s) identified as responsible lacks the authority to implement the processes.
- Role(s) identified as responsible where this is not documented but there is secondary triangulating evidence to confirm.
- A gap in management structure has led to or is likely to lead to systemic and major or critical NC.

Some improvements recommended

- The role(s) responsible for the Base Code Area is assigned their responsibility in writing.
- In general, the role(s) responsible understand their role and responsibilities and the role requires the necessary skills to implement them.
- Oversights or gaps in the management structure are observed which have led to NCs that are isolated in nature.
- Oversights in the management structure have not led to NCs but are likely to do so in the future.

Robust Management System

- The role(s) responsible for this Base Code Area requires the necessary skills and has the seniority to manage Workplace Requirements.
- Systems are in place to ensure the management structure and responsibilities are reactive to changing circumstances.
- Demonstrable effectiveness of the management structure to achieve compliance sustainably over time.

Element 3: Communicate and train employees and other workers, including managers and supervisors, on relevant policies and procedures:

Not addressed

- No training or communication of policy or procedures to relevant workers, including managers and supervisors.
- No documented record of training and evidence of training cannot be triangulated to confirm training has been undertaken.

Fundamental improvements required

- Ineffective or incomplete training and communication of policies and procedures to relevant workers, including managers and supervisors.
- Training plan is in place but it is not followed in practice.
- Communications and/or training is not effective i.e., cannot be understood by key groups or individuals.
- Training plan is implemented in general, but key individuals are missing.
- Systemic gaps in communications and/or training implementation i.e., missing relevant worker groups.
- A gap in training has led to or is likely to lead to systemic and major or critical NCs.
- Training is conducted but not according to a set plan.

Some improvements recommended

- Isolated cases of ineffective training and communication of procedures to relevant workers, including managers and supervisors.
- Isolated cases of individuals relevant to achieving compliance with the Base Code Area, missing from communications or training implementation.
- Training is conducted according to a documented plan but one or more of the preceding criteria are applicable.
- Oversights or gaps in how the training programme is managed leading to NCs, which are isolated in nature.
- Oversights in how the training and communication programme is managed have not led to an NC, but are likely to do so in the future.

Robust Management System

- Effective training and communication of policy and procedures to all relevant workers, including managers and supervisors.
- Training is conducted according to a documented plan/ procedure, which includes assessment and refresher training.
- Training content is updated according to need and the procedure for this is documented.
- Effective assessment of understanding of those receiving training and/ or communications, ensuring a high level of efficacy.

Element 4: Monitor the effectiveness of procedures to meet policy and workplace requirements:

Not addressed

- No monitoring of the implementation of procedures.
- Undocumented monitoring system cannot be evidenced through triangulation of evidence.

Fundamental improvements required

- Major gaps in monitoring of procedures that does not ensure sufficient management of Workplace Requirements on an ongoing basis.
- Failure in monitoring has or is likely to lead to systemic major or critical NCs.
- Monitoring is not documented but is applied in practice and this can be triangulated by secondary evidence.
- Evidence of monitoring but no evidence of process or actions taken based on the monitoring results.
- A gap in monitoring has led to or is likely to lead to systemic and major or critical NCs

Some improvements recommended

- Monitoring in place for the Base Code Area in general but some requirements are overlooked such that there is potential for minor NCs to arise over time.
- Oversights or gaps in the monitoring systems have led to NCs, which are isolated in nature.
- Oversights in the monitoring systems have not led to NCs but are likely to do so in the future.

Robust Management System

- The organisation effectively monitors procedures, taking actions where results require it or changes to policies and processes are made. Monitoring ensures sufficient management of the Workplace Requirements in this Base Code Area on an ongoing basis.
- Evidence of monitoring procedures and metrics collection defined by procedure and evidence of implementation available. Responsibilities for monitoring and targets or key performance indicators are defined and utilised.

3.1.5 Obtaining Information and Triangulating Evidence

Triangulation is 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.

Information for the management systems assessment will come from several sources, many of which will also be used for the operational compliance assessment. Typically these will include:

- Documentary review, including written policies and procedures, evidence of implementation, including training records, ongoing monitoring, and updates made.
- Management interviews, including senior management and those with specific responsibility for setting policies and processes.
- Interviews with individuals with responsibility for specific functions, e.g., HR, payroll, production planning, security, environmental management etc.
- Interviews with supervisors and others with roles involving managing workers.
- Interviews with workers' representatives, e.g., Union representatives, worker committee members etc.
- Interviews with individual workers, taking a sample from all available groups (e.g., permanent, temporary, local, migrant, directly employed, and contractors through agencies or other third parties).
 - The sampling **shall** consider the risks associated with different groups and ensure a sufficient focus on vulnerable individuals and groups. This **may** include a need for a translator for workers who do not speak the auditor's language.

- Interviews with any available representatives from agencies and third parties providing labour to the site
- Tour of the site, where the implementation and effectiveness of the systems can be observed.

3.1.6 Assessing the MSA alongside the Workplace Requirements

The MSA and the Workplace Requirements (WR) **shall not** be assessed separately, and the same evidence can be used for both assessments.

The MSA and WR are complementary assessments. When evidence of gaps are found in the MSA these can be used to direct an assessment of the associated Base Code Area for NCs, and where NCs are uncovered these might be connected to a systems-based issue. The auditor **shall** consider both the MSA and WR in conjunction with each other, in order to strengthen both assessments and provide a more holistic overview of the site.

The auditor **may** wish to use the flowchart in Section 3.1.3 to facilitate this assessment. This flowchart is also available in **Annex 2**.

When recording the description of the evidence gathered and reason for the grading provided for each Base Code Area the auditor **shall** provide information on any gaps in the MSA that relate to NCs uncovered against the WRs.

3.1.7 Determining whether Management Systems are “Fit for Purpose”

Whether a Management System is “Fit for purpose” or not **shall** be determined based on:

- An understanding of the likely risks determined by variables such as the country or region, the sector, the size of the site, and the workforce demographics.**
- The type of measures required to prevent these risks from occurring.**
- The appropriate use of resources to effectively prevent the risk from occurring.**

When assessing management systems, the auditor **shall** consider the risks inherent and present at the site, and how capable the systems are at achieving compliance in these circumstances. For example, a smaller site might need fewer systems in place to comply with most Base Code Areas, however, if they have a high proportion of casual women workers and are located in a geography and sector where gender-based risks to workers are higher, then they would likely need more intensive systems in place in order to assure compliance with Base Code Areas 7 and 9.

Below is a diagram of some of the considerations an auditor **may** include, alongside the evidence gathered on site, when assessing what is fit-for-purpose for the site’s context.



3.2 Workplace Requirements

The SMETA Workplace Requirements break down the Base Code into clear auditable requirements and require the auditor to record where the Requirements have not been met.

SMETA WRs are applicable to all sites assessed under SMETA, and the WRs are designed to be manageable at site level. Each WR is preceded by the term 'The site **shall**', this specifies to the auditor and supplier alike what is expected of suppliers in order to be compliant with SMETA. The WRs are not a checklist of items or documents to check, and the auditor **shall** rely on their training and experience in order to conduct a thorough assessment during the audit.

3.2.1 Recording a finding against the WR

When recording a finding against a WR an auditor **shall** specify whether the finding is an NC or a Good Example. If the finding is a Good Example the auditor can provide details immediately. If the finding is an NC, the auditor **shall** specify if the finding is against the ETI Base Code (Non-Conformance), local law (Non-Compliance) or both. The auditor **shall** record findings whenever either the Base Code or local law are not met, in order to ensure the highest protections for workers is maintained.

The auditor **shall** then select which Issue Title the finding relates to. Issue Titles (ITs) provide more granular detail about the nature of the finding and determine the criticality of the finding. The auditor **shall** select the Issue Title which most closely describes the finding raised. Each WR has multiple related ITs, but each IT is only related to one WR. It is possible to raise multiple NCs under one WR, by selecting multiple ITs. However, this **shall not** be done if the selection of one NC makes the other redundant. For example, it is not necessary to raise a finding as isolated if the same finding has been raised as systemic.

It is also possible for the same evidence to relate to multiple WRs. The auditor **shall** raise findings wherever the site does not meet the WRs.

The full list of Workplace Requirements is included in **Annex 4**.

Guidance documents are available for each Base Code Area, providing additional information where necessary on how to interpret the Workplace Requirements.

3.2.2 Types of Audit Findings

Audit findings is a collective term given to the possible outcomes of a SMETA Audit, including non-conformances, non-compliances, Collaborative Action Required findings, and good examples. These are individually defined as:

Audit Findings:

- **Non-compliance:** When a site does not meet local, national, or international law requirements.
- **Non-conformance:** When a site meets the law but does not meet the Base Code.
- **NC:** The initialism "NC" is used as a collective reference to Non-Compliance(s) and/or Non-Conformance(s). A finding **shall** be raised if either a non-compliance or a non-conformance is identified, ensuring the highest level of protection for workers is maintained.
- **Good Example:** A Good Example is recorded where the site practice exceeds the requirements and goes above and beyond the law or Base Code expectations.
- **Collaborative Action Required:** A Collaborative Action Required finding is a type of NC. They are recorded against fixed Workplace Requirements where there is a site practice that does not meet the Base Code, but the responsibility and ability to enact closure could reside with more stakeholders than just the audited site.

Audit Finding Descriptor:

- **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 instances or fewer of issues checked by sampling, or a less than 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.

3.2.3 Criticalities for NCs

Criticalities determine the severity of an issue found at a site. The auditor **shall not** disclose NC criticalities during an audit and are not provided the criticalities within the SMETA Platform. The auditor **shall** select Issue Titles based on their relevance to the issue found, rather than the criticality. The criticalities associated with each Issue Title are not listed in this document, but are set according to the following principles:

Business Critical NC:

- A breach of a Workplace Requirement which presents an imminent or serious risk to life and limb, or which constitutes a severe human rights impact that could be difficult or impossible to remedy.

Critical NC:

- A systemic, deliberate, or severe breach of a Workplace Requirement which represents a danger to workers or others, or which denies a basic human right.
- An attempt to pervert the course of the audit through fraud, coercion, deception, or interference with the audit process.

Major NC:

- A systemic breach of a Workplace Requirement, or local law that could present a danger to workers or violate a human right.

Minor NC:

- An isolated breach of a Workplace Requirement which represents low risk to workers.
- A policy issue or misunderstanding where there is no evidence of a material breach of a Workplace Requirement.

For a full list of key terms in this document please see **Annex 1**.

3.2.4 Collaborative Action Required

The SMETA Workplace Requirements have identified certain, specific issues where a site does not meet the Base Code, but the ability to close the NC lies outside of the direct control of the supplier. These NCs need additional stakeholder input in order to both identify and implement closure activities, and an auditor is unable to determine or prescribe the responsibilities or activities of stakeholders beyond the supplier through an onsite assessment.

These specific WRs have a Collaborative Action Required (CAR) finding raised against them. The auditor **shall** identify and record CARs in the same way as other NCs, however, there is no mandated closure time associated with findings against CARs.

Where CARs are raised suppliers have the ability to share an action plan for the CAR after audit publication, which will change the status from "open" to "in progress". The auditor **shall not** assess the action plans submitted on the Sedex platform. Management and assessment of the action plans is encouraged as an activity between linked buyer and supplier members. CAR findings will be superseded in periodic audits. The auditor **shall** assess the WR anew and raise a CAR in following audits until there is no longer a finding to raise.

Auditors can direct suppliers to the SMETA Supplier Manual for more information about CARs.

3.3 Additional Data Points

Alongside assessing the site's management systems and against the Workplace Requirements, the auditor **shall** also gather and input additional data points. These data points provide both important information and context on the site being audited, and clarity on the scope of the audit. These data points can be found in the following sections of the Audit Report:

- Site Details:
 - Company Information
 - Site Activities
 - Site Scope
 - Worker Accommodation and Transport
 - Work Patterns
 - Site Assessments
- Worker Analysis
- Worker Interviews
- Measuring Workplace Impact
- Data Points against each Base Code Area

All data points in a SMETA audit are mandatory, with non-applicable options available, and some data points are triggered by answers to preceding questions. The auditor **may** collect some of the relevant data points as part of their pre-audit information collection.

3.3.1 Gender-disaggregated data

The SMETA audit report includes multiple data points that **shall** be gender-disaggregated. Where a site does not have the ability to share gender-disaggregated data this **shall** be recorded and also reflected in the appropriate MSA, particularly against Base Code 7.

The report also includes the ability to input data for genders beyond the binary of male and female, classified as 'other genders'. This data **shall** only be collected where it is safe for workers to disclose and for the auditor to collect this data. The auditor **shall** never undertake to gather this data for themselves at site, it can only be included where the data already exists and has been freely provided by workers of their own volition. Where workers with genders beyond the binary are included within the audit data collection the auditor **shall** endeavor to include the workers within their worker interviews and sampling, but **shall** only do so where it does not compromise the safety or comfort of the worker in any way. The auditor **shall** be sensitive to the specific circumstances of the workers on site and ensure they do not inadvertently provide an opportunity for future discrimination against workers.

3.3.2 Sedex SAQ

Many of the data points included in the SMETA audit report are data points additionally collected through the Sedex Self-Assessment Questionnaire (SAQ). Where the SAQ is available, the auditor **shall** use the SAQ as part of their preparatory documentation for the audit.

4. SMETA Audit Process



SMETA Audit Process

This section details the key audit steps from request to completion. It covers the preparation an auditor **shall** undertake prior to audit; how long to spend on site and requirements for worker sampling; how to conduct a site tour; how to conduct management and worker interviews; how to undertake document review; how to undertake opening and closing meetings.

4.1 Audit Request

For the audit process to commence an audit **shall** be requested. Any company, organisation, or site requesting an audit is termed an “audit requestor”. An audit **may** be commissioned and paid for by a buying company, by a supplier, by the site of employment or by any other party with a legitimate interest in the site’s performance in relation to responsible business issues.

Audits **shall** be undertaken during a period of high employment numbers of at least 60% of the workforce, and when the employment site is in full operation (such as peak production or harvest). If the audit is completed at less than 80% of peak workforce, but more than 60%, this **shall** be clearly explained, with a reason given, within the audit report. Audits **shall not** take place during low season or below 60% of the peak workforce.

Where the Affiliate Audit Company (AAC) is organising the audit they **shall**:

- Ensure audit details and customer requirements are clearly communicated to the site and all additional costs are transparent.
- Research any previous audits and CAPR’s available to the AAC.
- Confirm the availability of the following with the site before conducting the audit:

Audit Type	Specific Requirement
Initial	Preconditions: • Previous 12 months records – unless the site is newly established (3 months).
Periodic	Preconditions: • At least 3 months’ records after the previous audit month. Auditor may check: • Interval from previous audit ≥ 12 months: previous 12 months’ records • Interval from the previous audit < 12 months: from the month after the previous audit to the most recent full month.
Follow – up	Preconditions: • At least 2 months’ records after the previous audit month, if “Wage” or “Hour” corrective actions are required to verify. • Auditor may check: • From the month after the previous audit to the most recent full month.
Desktop Follow – up	Preconditions: • N/A – “Wage” and “Hour” issues cannot be verified by desktop.

4.2 Pre-Audit Preparation

This section covers what an auditor needs to know to ensure that they are prepared to conduct an onsite SMETA audit. This includes research, data collection, communicating with the site, determining the site scope and planning time on site.

Before an audit can take place, certain preparations are required of the auditor. These include but are not limited to:

4.2.1 Background and Context Review

The auditor **shall** be aware of the prevailing conditions, challenges and issues affecting the employment site being audited. This **shall** ideally include contact with local civil society organisations that are knowledgeable about the issues that affect workers locally. Meetings with local unions and NGO's in the region can give useful information on prevailing labour conditions and the main issues for local workers.

*Caution: a site's details **shall not be discussed between the auditor and any local groups (unless expressly directed by the audit requestor), as this is confidential information to the site and its customers.***

Where relevant, the auditor **shall** familiarise themselves with any previous audit reports and CAPR's, and the most recent SAQ, where available. In addition, the auditor **shall** be aware of the current issues in the purchaser member's markets.

The auditor **shall** regularly gather information on broader social, economic and political issues affecting workers and the local community from a broad range of sources. This **shall** include relevant legislation covering employment, health and safety, employment agencies and data protection. It **shall** also include an understanding of the legal wage and living wage or living costs in the region.

4.2.2 Selecting an Audit Team

For larger audits, an audit team **may** be needed. The team's composition **shall** meet the following criteria:

- ✓ Includes at least one auditor who is qualified by APSCA as a CSCA level auditor in good standing. This auditor **shall** lead the audit in person.
- ✓ All team members **shall** be qualified according to the SMETA Training and Qualifications Procedure.
- ✓ Includes at least one auditor who has good knowledge of the local working conditions and prevailing issues for workers in the area.
- ✓ Includes at least one auditor who has knowledge or experience in auditing the site's industry.
- ✓ Be able to communicate in the main languages spoken by both management and workers at the employment site. When this is not possible, translators **shall** be used.
- ✓ If a translator or other external expert is to be used, the team leader **shall** ensure that they have satisfied themselves that no conflict of interest will arise.
- ✓ If using a translator, the auditor(s) **shall** spend time briefing the interpreter prior to the audit and make sure they understand the sensitivity around worker interviews.
- ✓ The worker gender balance and cultural norms **shall** be considered when selecting the audit team. For example, if there is only one auditor involved in interviews it **may** be important (depending on local cultural norms) that they are not alone when interviewing an individual of the opposite gender. If it is not possible to accommodate worker gender balance and cultural norms in the selection of the audit team, this **shall** be noted on the SMETA declaration at the beginning of the audit report.

4.2.3 Communicating with the Site

It is important that the site takes an active part in the audit process. The AAC or the auditor **shall** provide the site with all relevant pre-audit information listed below at least 2 weeks before the audit takes place.

When an audit request is made, the auditor **may**, where it is available, receive or obtain a completed Self-Assessment Questionnaire (including the Site Profile) from the employment site.

Where a site has been audited in the recent past, the auditor **shall** review previous audit reports, including all corrective actions and outstanding non-compliances, where they are available to them. This information will improve the auditor's planning of the audit by enabling them to consider important risk aspects such as working hours, shift patterns, workforce demographics, any recent expansions of the site or premises, the use of agency labour, and the potential need for interpreters.

Once an audit is booked for a site, the auditor **shall** ensure the main contact at the employment site is sent or has received the following information:

- The agreed scope of the audit in terms of companies, sites and buildings. The principle of one audit per company (per business license) **shall** be adhered to. This **shall** cover any shared areas e.g. fire evacuation routes etc. For full details see the section on Site Scope. Where multiple business licenses exist for a common management entity or ownership at the same premises, the auditor **shall** record all licenses on that site. A description of the building(s) on site **shall** be included in the SMETA audit report.
- A list of documentation that needs to be available during the audit.
- A list of the key people who need to be available on the day of the audit.
- The audit agenda and the process for raising issues.
- The required presence of union and/or worker representatives at all stages of the audit including the opening meeting.
- Requirements for employee interviews.
- Requirements for taking photographic evidence.
- Relevant confidentiality/data protection regulations and how these apply to the audit.
- Details of the audit report circulation and arrangements for uploading to the Sedex platform, including clarification of pricing.
- For a follow-up audit: a copy of any previous CAPR in the possession of the AAC.

The auditor **may** take this opportunity to collate some of the required additional data points for the SMETA audit report, and use this data to feed into their preparation for the audit.

4.2.4 Information for Workers

It is good practice for the auditor to provide clear information about the audit that can be communicated to workers by the employment site, explaining the purpose of the visit and the process. Such information is usually provided by the audit body for the employment site to distribute ahead of the audit, although it **may** also be provided by a buying company or other audit requestor.

Where undertaken, the information should be available in the principal languages spoken by workers and should include:

- The purpose and scope of the audit.
- Introduction to the auditor and their role (emphasising that they are independent and external).
- The audit process, including notice of the confidentiality of worker interviews.
- Worker education materials (leaflet or video).
- Contact details for the auditor/AAC and for any whistle-blowing facility supported by the audit requestor.

4.2.5 Planning the audit

Once the auditor has received all required pre-audit information, they **shall** carefully plan the audit. The audit plan **shall** take account of the risks already identified from the pre-audit review and information received.

Determining the Site Scope

The scope of a SMETA audit falls under one business license or the full premises of the site and **shall** be consistent with how the site is captured on the Sedex Site Profile (Site Information). The auditor **shall** ensure that, as far as possible, the scope of the audited site is not likely to cause transparency issues that could result in a misunderstanding of the scope of the audit. To this end, the auditor **shall**:

- Take measures before the audit to ensure that the conditions laid out in this guidance document are met and challenge the audit requestor regarding the scope of the audit if it does not meet the guidelines set out here. This **shall** happen regardless of whether the audit requestor is the audited site or a customer of the audited site.
- Keep records of the processes undertaken during the booking phase to ensure these conditions are met for all audits.
- Raise any cases which could lead to misinterpretation directly with any known customers prior to audit to confirm the proposed scope is acceptable, and record details of these cases in the audit report.
- If, during the audit, it is identified that the site scope differs from what was confirmed during the booking phase, and this is due to a lack of transparency from the audited site, the auditor **shall** raise the appropriate NC under Base Code Area 0.
- If, during the audit, it is identified that the site scope differs significantly from what was confirmed during the booking phase, the auditor **shall** attempt to amend the audit schedule to ensure the proper scope is covered. If this is not possible, the auditor **shall** cancel the audit and not issue an audit report.
- If the Sedex Site Profile (Site Information) of an audited site does not meet the conditions laid out here, and this is identified during the booking phase, the auditor **shall** notify the supplier. It is then the supplier's responsibility to amend the Profile prior to audit, otherwise an NC will be raised.

The scope of the audit shall include:

- Any business under the same ownership, business license and/or management system which is adjacent to or within the same perimeter of the audited facility and supplies material to it, or deals with the waste it produces, or sub-contracts any part of the manufacturing or packaging process.
- Any business adjacent to or within the same perimeter of the audited site that shares workers or employs workers on the same payroll.
- Any accommodation arranged for the workers by the audited site, whether directly or via third parties, regardless of whether it sits under the same ownership or business license, **may** be in scope for the SMETA audit. Where such accommodation is within the site perimeter or adjacent to it, this **shall** be included in the SMETA audit. Where it does not, this **shall** be noted at the booking stage and the appropriate data point in the report. Such offsite accommodation **may** be included in scope upon client request, and be accounted for with an appropriate addition of auditor time.

The scope of an audit may be limited in the following circumstance:

- In the case of a very large group of buildings (e.g., 1000+ workers) under the same business license where multiple facilities operate as distinct and (in terms of supply chain transparency) distinguishable manufacturing facilities. All other conditions laid out in this subsection 'Site Scope' **shall** be met and this **shall** be made clear in the Site Description of the audit report. Also in such cases, this **shall** be communicated to any known customer and Sedex at the booking phase to confirm acceptability.

The scope of an audit cannot be limited if any of the following conditions apply:

- If it omits a part of the manufacturing process which is being undertaken at the facility, regardless of product customer destination of different lines or locations.
- If it omits part of the building at which the audit is being undertaken (other than offices used exclusively by administrative staff, managers or other professional)

The scope of the audit cannot be widened to include:

- Facilities with different Sedex Site Profiles (ZS numbers)
- Facilities with different ownership, business license, or management system
- Facilities which, due to their distance from each other, incur one hour or more travel for the auditor per audit day, unless arrangements are made in advance of the audit to arrange additional time for the audit. This additional time **shall** at minimum be set by the AAC as follows;

Total travel per audit day	
1-2hrs	– additional half day
3-4hrs	– additional day

With each additional 2hrs travel thereafter accounting for an additional half day.

If additional time cannot be arranged, separate audits **shall** be booked for distinct sites. If the distinct locations **shall** be audited as one site (according to the guidelines set out here), the additional time **shall** be arranged as part of the audit booking.

The auditor **shall** comment on any areas not included due to the above factors, in the Site Description.

Audit Length, Sample Size, and Timetable for Initial and Periodic 2-pillar Audits

The audit length **shall** be decided at the quoting stage. Below is an “auditor day” table setting out the number of auditor days, individual and group interviews as well as a sample size for review of files and time/wages records. The auditor **shall** follow the below table as a minimum on auditor days, total worker interview numbers, and workers’ files review. Auditors **may** use the recommended group interview size and effective time calculations to facilitate audit planning.

For the purpose of calculating the worker sample during audits, all workers must be included, with the exception of management personnel. This includes, but is not limited to, security guards, canteen staff, cleaning personnel, and any other non-management staff present on-site. This requirement applies only to the selection of the worker sample for document review and interviews.

Table of Auditor Days and Sample Size for Initial and Periodic 2-Pillar audits

Auditor days	No. of workers	Individual interviews	Group interviews	Total Workers interviews	Total Workers files	Effective time spent on interviews
1	5-100	5	1 group of 5	10	10	2.5h
2	101-500	6	4 groups of 5	26	26	6h
3	501-1000	12	6 groups of 5	42	42	8.5h
4	1001-2000	20	8 groups of 4	52	52	12.5h
4	2001 +	22	8 groups of 5	62*	62	14h

Table of Auditor Days for Follow-up Audits

Auditor days	No. of workers	Workers Files
1	5-100	During the follow-up audit, a sample of interviews and record reviews will take place. The sample size of these reviews will be determined by the nature and corrective actions being verified.
1	101-500	
1	501-1,000	
2	1,001-2,000	
TBC	2,001 +	

Note: SMETA is not recommended for sites with less than 5 workers.

Important notes about the tables:

- The table excludes audit preparation, travel, Sedex “audit report uploading time” and audit report writing, but includes production of a CAPR (Corrective Action Plan) and MSA Grading on site.
- The number of worker files to be reviewed is specified per month. For example, if 10 worker files are selected, at least three months of wage and working hour records must be reviewed for each worker. These should include records from the peak season, the current or most recent month, and a random or low-season month—resulting in a total of 30 wage and working hour records being reviewed.
- The auditor **shall** interview and review files for the total numbers given.
- Whilst the total numbers interviewed and reviewed are mandatory, the auditor **may** choose how to split the group interviews. Sedex recommends how to split group interviews in the table as best practice but recognises that the auditor **may** need to make a judgement call based on site conditions and worker availability. However, the group interviews **shall not** be larger than 5 people per interview, as any larger could discourage general participation and discussion of sensitive issues, and deviations from Sedex’s recommended structure **shall** be recorded in the report.
- Individual interviews are recommended to last 15 to 30 minutes, but **shall** last no less than 15 minutes. Group interviews are recommended to last 30 to 40 minutes, but **shall** last no less than 30 minutes. Longer than recommended interviews will be required in some circumstances.
- Single site audits **shall** be planned to take place continuously with no breaks (not even weekends or public holidays) in between.
- Auditor days are calculated in units, where 1 day (8 hours on-site) represents one auditor. For audits lasting between 1 and 1.5 days, one auditor should be assigned. For longer audits, a maximum of 2 auditors should be assigned to the respective days.

Under no circumstances is the use of more than 2 auditors allowed.

- The auditor **shall not** increase auditor-days by extending the audit time on the same day.
- Sample sizes in the table are for 2-pillar SMETA audit. For a 4-pillar SMETA Audit the guidance requires adding 0.5 auditor days for the additional procedures of the Extended Environment and Business Ethics Assessments.
- When conducting 4-pillar SMETA at least one additional worker and management representative **shall** be interviewed, but more interviews **may** be added as the auditor sees fit.

The workers that participate in the individual interviews **shall** always be included in the samples of files and records that are checked. The additional worker files and records **shall** be randomly sampled from the rest of the workforce, ensuring that all types of workers are sampled (e.g. agency workers, temporary workers, permanent workers, migrant workers, and any vulnerable workers such as young workers, pregnant workers etc.) taking account of any underlying issues e.g. shift, pay rates, job roles. The sample **shall** include workers not on-site during the time of audit, for example workers employed at a different time of year or not on shift.

The AAC **shall** have policies in place that allow for night shift workers to be included in the audit either via early start or late finish times on one audit day, or additional visit to conduct site tour and interviews at night. While night shift workers **may** be included in day shift interviews, visits during the night shift are most valuable to ensure the full range of interviewees are available for selection, and the night work can be observed via site tour. If night shift visits are not conducted, documentation relating to these workers **shall** be included in the sample.

For more information on worker interviews see section **4.3.4 Worker Interviews**

Audit Sampling On Sites With More Than 2,000 Workers

If a site has more than 2,000 workers, the number of interviews is determined on a case-by-case basis depending on the circumstances of the facility. The suggested 62 is a minimum and this **shall** increase as worker numbers increase. The auditors **may** choose to base the sample size on a minimum of the square root of the total number of workers or the range and complexity of the different types of workers. Please ensure the sample is representative of the process and worker functions on site. The below table contains recommendations the auditors **may** follow on how to audit sites with more than 2,000 workers.

Table of Auditor Days for sites with more than 2,000 workers

Auditor days	No. of workers	Individual interviews	Group interviews	Total Workers interviews	Workers files	Effective time spent on interviews
5	3,001-5,000	30	9 groups of 5	75	75	18h
5	5,001-7,500	36	10 groups of 5	86	86	20h
6	7,501-10,000	42	12 groups of 5	102	102	22h
7	10,001-15,000	50	14 groups of 5	120	120	24h
8	15,001-20,000	55	16 groups of 5	135	135	26h



4.3 Audit Execution

This section covers the execution of a SMETA audit onsite. This includes the opening meeting, site tour, management and worker interviews, document review and closing meeting.

The aim of the on-site audit is to evaluate the performance of an employment site against the Base Code (as defined by the Workplace Requirements) and local law. The overall aim of the audit is to provide an accurate and clear account of the level of performance of the employment site compared with the WRs.

Throughout the audit, the auditor **shall** act in a professional manner, with respect shown to everyone on site. They **shall not** allow their own personal beliefs to affect the audit process and **shall** deal with difficult situations with tact and diplomacy.

The auditor **shall** be aware of the AACs Integrity Policy and throughout the audit, act with integrity at all times. They **shall** report all instances of unethical behaviour through the appropriate channels. The auditor **shall not** make any attempts to sell consultancy services during the audit.

The audit **shall** include the following stages:

- Opening meeting.
- Tour of the employment site.
- Management and worker interviews.
- Document review.
- Pre-closing meeting.
- Closing meeting and summary of findings.

Sedex does not mandate the order in which these stages take place, but all stages **shall** be undertaken for a SMETA audit to be completed.

The auditor **shall** communicate findings to management as they arise during the audit. This will help to build agreement around findings and corrective actions and allow management to:

- Provide additional evidence where necessary.
- Address issues immediately.
- Raise questions and address concerns.

4.3.1 Opening Meeting

The purpose of the opening meeting is to ensure that all parties are aligned and understand the objectives of the audit. The auditor **shall** also ensure that the employment site management and worker representatives understand the purpose of the Base Code. The auditor **shall** answer any outstanding questions from participants during the opening meeting.

The opening meeting **shall** be held in a language understood by the site management and, if applicable, worker representatives. If the auditor does not speak a language understood by the participants, then a translator **shall** be used.

The opening meeting **shall** be attended by:

- Senior management.
- Managers who are responsible for key functions e.g. HR and production.
- Trade union or worker representatives (if present at the site). Both groups **shall** be involved if both are at the site.

Note: Where union and/or worker representatives are present at the site the auditor **shall** strongly request that they are present at the opening meeting. If this does not occur the auditor **shall** obtain a reason from the site and record this on the audit report.

A suggested agenda for the opening meeting is outlined in **Annex 5**.

4.3.2 Tour of the Employment Site

The purpose of the site tour is for the auditor to observe the physical layout and condition of all areas of the employment site. The objective of the site tour is to:

- Understand the types of work undertaken.
- Evaluate health and safety and working conditions and practices.
- Identify potentially vulnerable groups of workers.
- Assess whether some operations are subcontracted to other units.
- Observe management systems and practices, including interaction between management and workers.
- Learn about the site's practices through informal conversations with workers.

The auditor **shall** consider how well the site adheres to the WRs. At the same time, the auditor **shall** check how the site implements its own policies and procedures. The site tour is particularly important to establish an overview of health and safety. However, it is advisable that the time spent on the site tour is managed carefully so that it does not disproportionately impact on the time available to investigate other areas of the Base Code.

The site tour **shall** happen when workers are operating. The ability of the site to continue production during a visit is crucial to enable the auditor to gain an accurate idea of working conditions and to secure management co-operation for the remainder of the visit. Therefore, the auditor **shall** make every effort to ensure production is not disrupted during the employment site tour, whilst ensuring that they are able to view the production area during busy production periods. It **shall** be possible to move around the site without delaying or halting production.

The auditor **shall** lead the site tour, unless it is unsafe to do so. To ensure this, the auditor **shall** use a detailed site map to plan the route of the site tour. The auditor **shall** also lead the pace of the tour and ensure that they have as much visibility of the site as possible. The auditor **shall** dictate to the pre-agreed site representative where the site tour **shall** start, and the route it will take.

During the site tour, the auditor **shall** meet a range of managers/supervisors/workers across all of the site's operations. The auditor **shall not** be purely guided by management on areas to visit and **shall** freely investigate all areas that they feel are needed to perform the audit. The findings from the tour **shall** be triangulated against evidence from the site management, document reviews and worker interviews.

The tour gives the auditor the opportunity to identify where different worker demographics (e.g. vulnerable groups) and members of management are located. The tour is also an opportunity to hold unstructured conversations with management and workers, gauge the sentiment and culture of workers on the work floor, and seek site-based evidence to support findings and to view site-based records.

The first selection of workers to take part in interviews **may** be made during this site tour, with the auditor taking care to select a representative sample including workers who **may** be considered more vulnerable, such as those in more hazardous jobs, migrant workers, and women workers.

Perimeter survey

An optional perimeter survey **may** be useful to provide additional information about the employment site and its local context, and to identify specific risks e.g. fire risks associated with waste storage etc.

The perimeter survey focuses on:

- The immediate surrounding environment.
- Neighbouring facilities e.g. hospitals, clinics, restaurants, shops, recreation, fire protection, police, waste disposal etc.
- Local perceptions of the employment site e.g. work hours, labour issues, support for the local community, waste discharge etc.
- Other facilities located on the employment site e.g. dormitories, canteen, clinic, water treatment vs. external water discharge.
- The physical construction and layout of the employment site e.g. building structure, access, worker transport etc.
- Other production units or facilities on the employment site which are not part of the scope of the audit.



4.3.3 Access Denied

The scope of the audit **shall** meet the criteria as determined under the section of this guidance 'Determining the site scope', and the auditor **shall** be able to visit all the areas of the site determined by the scope and **shall** set the pace of the tour. In some cases, sites **may** prohibit visitors from walking through some areas for reasons of safety or forbid photography or commercial confidentiality. In other cases, access could be denied on unreasonable grounds.

Access is denied in one of the following ways:

Full Access Denied

This is either when an auditor is not let onto the premises at all or is denied access to the majority of the site activities needed to undertake the audit.

Partial Access Denied

This is when the auditor is prevented from completing parts of the audit process, e.g. the site tour, document review, or worker interviews. For example, if one of these conditions is met:

- The auditor is refused access to conduct the site tour or access some areas in the premises.
- The site has documents, but they refuse to provide them to the auditor for review.
- The auditor is unable to conduct workers interview or can only conduct them partially.
- There is no responsible person to support the auditor to conduct the audit.

This type of denied access does not stop the auditor from being able to carry out the audit. The auditor can still reach a partial conclusion of the site's performance from other audit processes. However, the audit is not as complete or thorough as it should be.

What to do when Access is Denied

If an auditor has Full Access Denied, the auditor **shall** trigger an alert notification in all cases. The audit **shall** be published as incomplete and a Non-Conformance **shall** be raised against WR 0.A - "Allow the auditor to conduct and complete the audit without obstruction to all requested documents, interviewees and the facility itself (including outbuildings and accommodation). Provide the auditor with genuine and authentic records".

If an auditor has Partial Access Denied, the auditor **shall** continue with the audit, and raise an NC against WR 0.A, with a detailed description of the issue(s). The auditor **shall** raise additional NCs in other Base Code Areas, where lack of access means compliance cannot be assured. The auditor **shall** trigger an alert notification.

The auditor **shall not** raise an access denied NC if all the following conditions are met:

- The site produces products that are very confidential in their nature, and this has been agreed with Sedex. This will be undertaken on a case-by-case basis.
- The nature of the confidentiality is fully documented (NDA or IP clauses in contract) and demonstrated to the AAC in advance of the audit.
- The audit requestor, site and AAC have agreed the reduced scope prior to the audit.

The auditor **shall** still highlight this in the SMETA declaration in the audit report.

Use of External Stakeholders

Suppliers may use external stakeholders, such as consultants, industry experts or representatives from customer companies, to provide advisory services in preparation for audits and for mitigatory and remediation activities following an audit. External stakeholders may be present and provide a supportive role to the site management during an audit, but they cannot interfere with the audit process. External stakeholders are prohibited from interfering in the audit scheduling process, appointment of the auditor, and the auditor's duties and activities whilst undertaking the audit. They may not attempt to change the scope of the audit and they cannot take over the responsibilities of the site management during the audit.

Where an auditor identifies attempts to interfere with the audit process by an external stakeholder they **shall** raise this as a non-conformance under Code Area 0: Enabling Accurate Assessment. Additionally, whenever external stakeholders are present during the audit this **shall** be recorded in the Audit Report.

4.3.4 Management Interviews

It is essential that site practices are discussed to confirm the active implementation of policies and procedures. Information from manager and worker interviews forms a key part of this triangulation process.

The interviews with managers serve the dual purpose of examining the strengths and implementation of the site's policies and procedures, in order to grade the MSA, as well as the level of compliance with the WR.

The auditor **shall** work with the administration staff and less senior managers who **may** have a different perspective on the implementation of policies and strengths of procedures. The auditor **shall** combine the interviews with the document review. The auditor **shall** talk to relevant managers about each Base Code Area. This is essential to establish and record what procedures the site already has in place to manage compliance with all WRs. The auditor **shall** report this in the SMETA Audit Report under "Systems and evidence examined to validate this Base Code section".

The auditor **shall** use clear, targeted, and non-leading questions, and be able to have transparent conversations with a professional attitude. Open questions and discussion techniques **shall** be used. For example:

- Example 1: "How do you check ages when recruiting new workers?"

This question allows for better responses and therefore better information gathered than "Do you ensure that all workers are over the minimum age at recruitment?"

- Example 2: "Can you show me the evidence to support how you check this?"

This allows the site to take an active role in re-examining their own procedures.

This affirmation of policies and procedures by managers, and the process of examining and sharing their practices with the auditor, will allow the site to review its own practices during the audit.

If management is in possession of any worker survey feedback, this **shall** form part of the management interviews and can be used in subsequent worker interviews if permitted by management.

The auditor **shall** be prepared to challenge management to obtain genuine information about management practices but **shall** remain courteous and cooperative.

4.3.5 Worker Interviews

Worker interviews are an essential part of the social audit and help verify the extent to which the site's policies and procedures are implemented and deliver good working conditions for the workers, as per the Base Code. These interviews help the auditor understand the details surrounding how things work in the workplace – for example, how well workers understand their rights, if they are treated well, and if their rights are being enabled. By talking directly to workers, the auditor can hear about their experiences and any problems they face. Worker interviews are essential to uncover issues such as discrimination, harassment or forced labour, which are not easily found through other stages of the audit process.

Interviewee Selection

The selection of workers **shall** take place as late as possible, i.e. just before the interview, in order to minimise the risk of workers being coached. Workers **shall** be selected to take part in interviews by the auditor only. This means that the management team cannot select workers or influence the process of selection.

Worker selection **shall** be reflective of the current workforce make-up. The auditor **shall** be aware of underlying issues that **may** help to identify findings e.g. shift, pay rates, worker category, job role and different contract types, and the vulnerability of certain demographics across the workforce to different types of risks.

The following list is not exhaustive but **may** be used to aid the identification of different worker types or characteristics to be considered for interview:

- The gender balance of the workforce.
- The spectrum of ethnic, national, linguistic, migrant or religious groups.
- Youngest and oldest workers.
- Different departments including security, canteen workers, cleaners and production workers.
- Different shifts – if night shifts take place the auditor **may** want to come in early and/or leave late to talk to as many workers as possible.
- Dormitory residents.
- Different levels/grades of workers and supervisors involved in production.
- Union representatives and/or worker representatives.
- Health and Safety Committee representative(s).
- New employees/trainees (to evaluate training quality).
- Workers in all pay grades (from lowest to highest) in order to evaluate wages and working hours.
- Pregnant women.
- Workers in potentially hazardous jobs e.g. with machines or chemicals.
- Workers not wearing uniform.
- Workers who have taken leave recently, including maternity leave.
- Workers whose records show specific issues such as disciplinary action.
- Non-employee workers.
- Intersectional workers across these characteristics.

The selection of interviewees **shall** be made both from a list of workers onsite as provided by management and from the site tour.

Inclusion of Union and Worker Representatives

Where union and worker representatives are present, the auditor **shall** include a selection of any union and/or worker representatives as interviewees. Specific attention **shall** be paid to any training and support given by the trade union, as well as the union representatives' knowledge of collective bargaining agreements and union procedures for worker participation.

Where a worker requests to be accompanied during an individual interview by a freely elected worker representative of an independent trade union, with a Collective Bargaining Agreement in place, this **shall** be allowed. This request must be made by the individual worker themselves. This information shall additionally be noted in the report, under the field "Attitude of workers' committee/union representatives" in the "Worker interview summary" section.

Use of Translators

Interviews **shall** be conducted without management present and preferably in the workers' own language. Where necessary, an independent, professionally qualified translator **shall** be used. Translators **shall** be independent of employment site management and **shall** speak the language concerned. Where a translator is being used, they **shall** be fully briefed on the need for interviewee protection and confidentiality.

Location and Privacy

The auditor **shall** organise the interviews in a place where workers feel comfortable and where a relaxed and informal setting can be created. This **shall** be away from management offices, with no representative of management present. Equally, the workers **shall not** be watched, seen, or overheard during the interviews. Managers or representatives of the employment site, apart from the workers concerned, **shall not** be present during any worker interview.

Off-Site Interviews

It **may** be useful to interview some workers off-site, where they **may** feel more able to speak freely about any concerns. Off-site interviews **shall** preferably be conducted by pairs of the auditor, both for safety reasons and to capture and interpret information accurately.

Locations for off-site interviews could be local facilities frequented by workers, for example a worker dormitory outside the site of employment or a local worker centre.

Where Pre-Audit Employment Site Profile/SAQ information indicates that production processes are undertaken by homeworkers, the auditor **shall** check with the audit requestor whether these are to be included in the audit's scope. Similarly, if a site is found to be sub-contracting, the auditor **shall** establish whether this falls within the scope of the audit. For guidance on homeworkers and sub-contracting see the additional Base Code Guidance: 8A Sub-Contracting and Homeworkers.

Interview Structure and Length

Workers **shall** be interviewed individually and in groups, using a combination of both methods. Individual interviews are recommended to last 15 to 30 minutes, but **shall** last no less than 15 minutes. Group interviews are recommended to last 30 to 40 minutes, but **shall** last no less than 30 minutes. Longer than recommended interviews will be required in some circumstances. The auditor **shall** respond to any signals (verbal and non-verbal) from workers and **may** choose to convert a group interview to an individual interview or vice versa.

To supplement the individual and group interviews, the auditor **may** choose to also provide a written survey to a large number of workers on site, but these **shall not** replace the individual or group interview requirements. To encourage responses, these can be anonymous but their success will depend on literacy levels. The auditor **shall not** share these surveys with the site, and **shall** use the data to help inform their site investigation. If a site has conducted a worker survey of its own workers, or through a worker voice provider selected by a buying organisation, and this has been shared with the auditor, the results of the survey **may** also be used both pre- and during the audit to facilitate a risk-based approach to the audit process, but these **shall not** replace the onsite individual and group interviews.

Group Interviews

Group interviews enable more rapid consultation with a larger number of people. Group interviews **may** be useful at the beginning of an audit to gather information quickly to inform the audit process. The auditor **shall not** use group interviews to discuss personal issues such as an individual's wages.

Group interviews **shall** be handled with sensitivity, and are reliant on the auditor's skills and training. Some workers **may** be encouraged to talk more freely in the presence of colleagues. However, other individuals **may** become introverted in group situations or **may** follow the majority opinion rather than express their own.

Group interviews **shall** be planned to last no less than 30 minutes, taking into account the additional time needed to get workers to attend and to give everyone an opportunity to express themselves. If issues are uncovered, the interview **may** need to be extended to fully explore them. Alternatively, if workers are consistently providing the same information, interviews **may** be completed within the minimum timeframe.

Interviewing Techniques

The auditor **shall** manage the worker interviews with discretion and empathy. Audit team members carrying out worker interviews **shall** have the skills to make workers feel at ease. To this end, the audit team **may** want to begin the meeting by introducing themselves and communicating the purpose of the audit.

It is best practice to use informal, conversational interviewing techniques. The auditor **shall** ask open questions that encourage dialogue. The auditor **shall** ask clear, targeted and non-leading questions to encourage interviewees to identify the issues of most importance to them. Building trust with the workers and enabling a comfortable and relaxed atmosphere is paramount, and could enable the auditor to uncover any hidden issues such as discrimination and intimidation, which are not easily found through other stages of the audit process.

The auditor **shall** adhere to the following guidance to conduct worker interviews appropriately:

- The auditor **shall** emphasise the confidential nature of the interview, assuring all interviewees that all information shared during the interviews will remain unattributed.
- The auditor **shall** inform interviewees of their right to refuse to be interviewed. If the selected interviewee refuses to participate in the interview, the auditor **shall** replace the interviewee.
- The auditor **shall** never share information in a way that could be attributed back to an individual.
- The auditor **shall** conduct the interview using an informal “conversational” technique, using open questions that encourage dialogue. A comfortable, relaxed atmosphere is the target.
- The auditor **shall** adapt questions and language to make them relevant and comfortable to the interviewee, for example, relevant to their level of education or knowledge of their rights.
- The auditor **shall** provide interviewees with details of a suitable confidential contact in the event that a worker wishes to add information outside the interview or while not at work.

Protection of Interviewees

The protection of workers and others against the possibility of reprisals is paramount in all audit planning, especially during interviewing. In order to protect workers from retaliation, the names of workers involved in identifying an issue **shall not** be divulged to the employment site, supplier or audit requestor, under any circumstances, and **shall not** be included in the audit report.

Note: If the auditor needs to keep identity information for traceability reasons, this **shall not** be disclosed.

The following steps are essential to protect the identity of workers who divulge information during interviews:

- The auditor **shall** ensure that problems raised by workers are discussed with management in a non-attributable way. The auditor **shall** ensure that the comments they report cannot be traced back to an individual worker.
- A sufficiently large sample of workers **shall** be interviewed so that points raised are not attributable.
- The auditor **shall** keep a confidential note of who is being interviewed so that workers can be protected in future if necessary.
- When workers raise issues that could be directly attributable to and/or could result in reprisals against workers, these **shall** be reported directly to the appropriate audit reviewers via the Sensitive Issues process. The issue **shall not** be raised at the closing meeting nor uploaded to the Sedex platform.

- Where possible, an auditor **shall** attempt to cross reference points raised by the workers through document checks. In this way, an issue can be raised in relation to evidence and not a worker's information.
- To protect worker confidentiality, issues that cannot be substantiated (e.g. confirmed by document review where possible) can be shared with the site management only where there is no risk of victimisation. An example could be a verbal abuse issue raised by a large number of interviewees, making it impossible to trace individuals. The auditor **shall** use judgement and above all protect worker confidentiality.
- The auditor **shall** leave a contact telephone number, preferably their mobile number and/or their local office phone number, with all workers interviewed so that workers can contact the auditor to volunteer further information or to alert the auditor if there are reprisals or intimidation.

4.3.6 Document Review

Documentation is key to understanding how a site manages and complies with all areas of the Base Code. When assessing the compliance of a site, the auditor needs to not only consider the contents of documentation they are provided but also their accuracy and validity. This section details how documents **shall** be checked.

Document Availability

The documentation needed for the audit **shall** have been requested during initial communications with the employment site. As the document review is an important part of the audit, the need for preparedness and availability of documents, as well as the significance of document reviews for the success of the audit, **shall** be emphasised in communication with the site. On the day of the audit, all documentation **shall** be available at the employment site for inspection, including payroll and working hours records.

If records for the previous 12 months are not available, the employment site **shall** explain why this is the case. The auditor **shall** record any non-legitimate absence of documentation on the audit report as an NC.

In countries where there are data protection requirements (e.g. all EU countries), the auditor **shall** comply with all local legislation and ensure the necessary permissions from workers are in place to view personnel files e.g. via the use of data consent forms during interviews, or in advance by coordinating with management.

As part of encouraging a site to take responsibility for its own compliance with the Base Code, the auditor **shall** pay special attention to any local inspections carried out by relevant organisations e.g. government bodies, for example, business licenses, checks on health and safety by local government inspectors such as fire department or structural safety checks. Any relevant certifications **shall** be investigated, and their reference number and date **shall** be recorded. These **shall** be noted against relevant data points and/ or in the SMETA Audit Report under "Systems and evidence examined to validate this Base Code section" where appropriate, and copies **may** be attached to the SMETA Audit Report.

Document Sampling for Wages, Hours and Statutory Benefits

The auditor **shall** review at least three months' worth of records from the 12-month set of data and **shall** include records for the most recent month, peak season month, and low season month or random month. Generally, the time periods for wages and working hours **shall** match. Other records are subject to specific circumstances.

For each pay period selected, the auditor **shall** review a minimum of 10 records for a site with up to 100 workers. For larger sites, the number of workers reviewed **shall** follow the sample size table detailed in this document. A larger sample **may** be reviewed for further checks if issues are found in the initial sample. For weekly payment, the auditor **shall** select at least each one pay period records from the 3 sample months and the full month time records of the 3 sample months for review.

The auditor **shall** extract enough detail to be able to complete the SMETA wages and working hours analysis. Please note that if a legal waiver is in place but contravenes the Base Code, the auditor **shall** record it as a Non-Conformance against the Base Code.

Document Inconsistencies

The falsification or incomplete disclosure of documentation compromises the quality of an audit. Such actions are often due to misconceptions by site management that the auditor will 'fail' the site if issues are found.

To overcome this lack of trust, the auditor **shall** endeavour to develop a rapport with management. The auditor **shall** explain that SMETA audits do not result in a 'pass' or 'fail' because they are designed to facilitate improvements based on an assessment of the situation on site. It **shall** also be explained that Sedex members will likely consider falsified or withheld information as a serious non-conformance.

It is imperative that the nature of inconsistent or missing information is established. The auditor **shall** also establish whether inconsistent or missing information could impact the rest of the findings. To this end, inconsistencies between different types of documents and worker interviews **shall** be raised with the employment site's management as early as possible during the audit, ensuring no sensitive information is shared.

If an employment site volunteers information about incomplete and/or inconsistent records necessary to the completion of the audit, the auditor **shall** record it under WR 0.A, record additional NCs where the lack of data impedes the investigation, and consider the implications when undertaking the MSA.

A systemic or wilful intent to mislead **shall** be treated seriously and recorded in the SMETA Audit Report under Base Code Area 0, or using the Sensitive Issues process if the auditor has concerns for their safety. In every occasion, the auditor **shall** provide as much detail as possible about any inconsistencies. For example, what records are showing inconsistencies, how many workers are affected, and whether it is a single occurrence or a site practice.

Where inconsistencies exist, for example between production records, payroll records, shipping records and working hours records, the auditor **shall** still complete the wages and working hours analysis for individual workers. The auditor **shall** complete the table with the information available. At the same time the auditor **shall** clearly state in the appropriate section of the SMETA Audit Report whether inconsistencies were an isolated incident or repeated occurrence and raise NCs where the absence or inconsistency of records means compliance cannot be verified.

4.4 Closing Meeting

This section covers what an auditor **shall** discuss with the site in a closing meeting and how it **shall** be conducted.

4.4.1 Pre-Closing Meeting

Before the closing meeting, the auditor **shall** review all the evidence gathered. This review **shall** establish the following:

- Any additional information or evidence that needs to be requested.
- Non-compliances and non-conformances, including CAR.
- Specific evidence examined and relevant to findings.
- Grading of the management systems assessment.
- Good examples.

Draft CAPR

Once the above has been established, the auditor **shall** complete a draft CAPR prior to the closing meeting. This **shall** then be taken to the closing meeting with the objective of agreeing findings as well as providing recommended corrective actions and completion timeframes.

4.4.2 Undertaking a Closing Meeting

Sufficient time **shall** be allowed for a full discussion at the closing meeting. This meeting **shall** involve all those who attended the opening meeting, including worker representative(s). If no worker representative is present, details of how information will be communicated to worker representatives need to be ascertained and noted on the CAPR. The meeting **shall** be conducted in a language understood by all present.

The aim of the closing meeting is to inform and agree the findings of the audit with the employment site's management, and to verify their confirmation of the findings through the signing off of the CAPR and agreed timescales. The findings **shall** have been communicated as soon as possible, once identified, throughout the audit, so the attendees have had an opportunity to present further evidence or information, and to understand the nature of the identified NCs. Where it is necessary, the closing meeting can be another opportunity for the site to supply any additional information not yet seen.

The auditor **shall** use the closing meeting to discuss the results of the MSA with the site. The MSA does not result in NCs, but the grades that have been assigned by the auditor. The auditor does not need to go through each individual grade with the site, the aim of the assessment is to highlight areas for priority action for the site to reduce risks. The auditor **shall** explain the purpose of the MSA to the site and **may** wish to prioritise a discussion of the management systems gaps resulting in a grade of 'Not Addressed' and 'Fundamental Improvements Required'. The auditor can also draw attention to gaps in the site's management systems that could be the root cause of NCs and be appropriate for inclusion in the CAPR.

The auditor **shall** also identify and describe any CAR findings. The auditor **shall** explain to the site that CARs have no prescribed closure time, but sites should create an action plan to work on the issues, identifying all the relevant stakeholders and defining key KPIs to monitor improvement.

The auditor **may** also direct the site to the SMETA Supplier Manual for more information on the MSA and CARs.

A suggested agenda for the closing meeting is outlined in **Annex 5**.

Agreeing Corrective Actions

Corrective actions **shall** focus on long-term sustainable solutions, which correct the root cause of any problem. The auditor **shall** encourage the employment site to take time to formulate a Corrective Action Plan (CAPR) that creates a permanent solution e.g. if multiple fire exits are blocked, a system is required to ensure that they remain clear. When agreeing the Corrective Action Plan Report (CAPR) the supplier is expected to record their initial understanding of the root cause of the non-compliance, and this is recorded in the CAPR by the auditor.

For endemic long-term issues e.g. excessive working hours, the employment site management **may** need to formulate a CAPR in collaboration with their customers but **shall** acknowledge their acceptance of the non-compliance.

For Collaborative Action Required findings the auditor **shall** explain the audit finding to those present, the site management **shall** then acknowledge their acceptance of the finding and the need to develop and share a long-term action plan to close the NC.

The corrective actions suggested by the site **shall** be fully discussed and recorded once agreed. Close attention **shall** be paid to whether the suggestions are practical and whether the site is certain they can be completed within the agreed time frame. The auditor is encouraged to share best practices and solutions from their own experience but **shall not** give specific corrective actions to the site. The auditor **shall not** provide additional services to the supplier in a consultative role either in defining or closing corrective actions.

For more information on completing the CAPR see section **5.1 Corrective Action Plan Report**

Timescales

Completion timescales are suggested timelines for completing a corrective action. Timescales are determined by the Issue Titles selected but can be reviewed and amended by agreement between auditor, auditee and/or customer, if appropriate. The auditor **shall** discuss the completion timescales with the site in the closing meeting, to ensure they understand what is expected of them. The auditor **may** wish to clarify to the site that the completion timescales reflect the time required to prove completion to a verifying auditor. They do not denote the time that has to be taken to carry out the corrective action. In most cases the completion timescale is given as a minimum of 30 days and has been extended where established records are needed as proof of sustained improvement.

Since audit information is mainly based on corroborated documentary evidence, the extended completion timescales of 30 days+ recognises that an auditor will require at least 30 days' records (or one calendar month) to verify corrective actions have been completed. In the case of wages and hours corrections this **may** be a minimum of 60-90 days. For business critical issues, the completion time frame has been listed as immediate. This indicates the requirement to immediately deal with the issue. It is understood that verification of the corrective action by an auditor could take longer, but the time frame for verification **shall** be as short as possible.

Verification Method

Verification methods can either be 'desktop' or 'follow-up'. The auditor **shall** ensure that management clearly understands the implications of the verification route selected and the next steps required as part of the closing meeting.

Verification methods are determined by the Issue Titles selected for NCs, but can be amended by consultation and agreement with the auditor/ auditee/ buyer. Any deviation from the recommended verification method **shall** be explained in the 'Explain the Preventative and Corrective Action' section by the auditor.

On-site follow-up audits are required for non-compliances for which corrective actions can only be evaluated through a site tour, interviews, physical review of documentation or where evidence is collected via sampling, such as with individual worker documentation or working hours.

Desk-based review can be used to verify corrective actions through photographs, copies of certificates, invoices, etc. submitted by the employment site.

Dispute of Findings

The auditor **shall** make every effort to resolve disputes whilst on the site. Where the site management doesn't agree with the auditor about the findings, they can dispute the findings in the dispute box of the CAPR and state their reasons why an agreement was not reached. The site management can also dispute the findings after the audit report is published on the Sedex platform.

Signing the CAPR

The CAPR **shall** always be signed by a site representative and the auditor. This **shall** be achieved by signing on a printed CAPR. In cases where findings are disputed the auditor **shall** make every effort to help the site management understand and agree to the findings, but the site has the option to sign acknowledging there is a dispute if no agreement can be reached. The auditor **shall** remark the dispute (if any) raised by the site in the SMETA Declaration. In cases where the site refuses to sign this **shall** be recorded in the CAPR, if there is no risk to the auditor, or raised using the Sensitive Issues Process where the auditor feels at risk.

Conclusion of the Audit

At the end of the closing meeting, the auditor **shall** ask the management team if they have any questions. The auditor **shall** also explain the agreed distribution of the full audit report and who will be in contact with the employment site regarding any follow-up. Finally, the auditor **shall** inform the employment site of the Sedex uploading and corrective action management process and explain their responsibilities. The auditor **shall** clarify that any additional information provided after the audit will be considered as part of the corrective action process and will not result in changes to the finding before audit publication.

The final CAPR **shall** be available and left with the site in a language understood by the site, however, it will also be necessary to supply a copy in English – especially to the appropriate customers.



5. SMETA Audit Outputs



SMETA Audit Outputs

This section provides an overview of the main audit output reports, and how the auditor **shall complete them to ensure accurate and useful information is reported to meet the needs of the different stakeholder audiences, and evidence of the quality of the audit undertaken.**

The SMETA audit report and Corrective Action Plan Report are the most important outputs from an audit as this information is visible to the site's customers. Both the audit report and CAPR **shall** be clear and contain as much useful information as possible. The auditor **shall** remember that the parties reviewing the audit reports were usually not present at the audit. Readers **shall** be able to build up an accurate picture of the supplier site, both what it is like to work there as well as any findings from the evidence examined by the auditor. This section details how an audit report and CAPR **shall** be written including timeframes for delivery.

For more information on the nature of input into both audit output reports please see additional guidance material and e-learning on the Digital Audit Tool.

5.1 Corrective Action Plan Report

This section covers what is needed to complete the Corrective Action Plan Report.(CAPR)

The 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 Workplace Requirements. After the initial audit, the report is used to re-record actions taken and to categorise the status of the non-compliances.

The CAPR can be completed within the digital audit tool once the auditor has input all findings identified on the site and has graded each Base Code Area's MSA. Additional information needed for the SMETA Audit Report, including the data points and recording evidence examined for the Base Code Areas and the write up of the MSA **may** be recorded once the auditor has left the site.

The Corrective Action Plan report **shall** include the details of all findings identified, including agreed timescales and method of verification, alongside the Grades of the MSA.

5.1.1 Distributing the Corrective Action Plan Report

The Corrective Action Plan Report (CAPR) **shall** be available and left with the site in a language understood by the site, however, it will also be necessary to supply a copy in English – especially to the appropriate customers.

The Corrective Action Plan Report (CAPR) **shall** be distributed as follows:

- One signed, original printed copy for the employment site manager (the non-compliances **shall** be in English and **may** also be provided in a language understood by the site). This **shall** be signed by the auditor and site management. The signature **may** be provided digitally; however, the CAPR must always be signed. If a signature cannot be obtained physically or digitally, the printed name of the site representative **shall** be included alongside an e-mail confirmation of NC acceptance from site management. No other form of CAPR acceptance will be considered valid.

Note: If the site manager refuses to sign the CAPR on the audit day, the reason **shall** be given in the CAPR and audit report, unless it is not safe to do so, in which case the sensitive issues process **shall** be used.

The CAPR **shall** be issued to the site management as soon as possible after the audit has taken place. If amendments are required, a new version is issued with the audit report to all 3 parties. Sites **shall** be made aware that the signed CAPR **may** be revised during the technical review.

Circumstances of amending the onsite CAPR

The auditor **may** amend the onsite CAPR for either of the following:

- Adding or deleting NC(s)
- Making material changes of NC descriptions, verification method, timescales, etc

5.2 Audit Report

This section covers what an auditor **shall** include to complete the audit report. This includes both the content needed and expectations on how the content **shall** be reported.

The auditor **shall** clearly and concisely report the facts. The tone of writing will be neutral and balanced (not pointing blame towards anyone). The auditor **shall not** copy and paste elements from previous audits.

The SMETA Audit Report **shall** be completed as soon as possible after the audit and **shall** always meet contractual obligations of the AAC and audit requestor. When the contract does not specify the timing for completing the report, the AAC **shall** complete and submit the audit report on the Sedex platform no later than 14 calendar days after completion of the Audit.

5.2.1 Describing Non-Compliances / Non-Conformances

NCs confirm instances in which the site's practices do not meet the law and/or the Base Code. For all NCs the auditor **shall** identify the context of the issue and its frequency, the number of people impacted and the department(s) concerned both at the closing meeting and in the audit report.

The NC **shall** be described clearly and concisely, and uploaded against the relevant WR and issue title. When writing up a finding the auditor **may** find it useful to follow the 5W-1H rule, as illustrated below, to ensure that all relevant information is provided.

5W-1H rule

Auditors are recommended to follow 5W-1H rule (5W for: Who, Where, When, What, Why and 1H for How) when describing a Non-Compliance

For example:

5 out of 10 sample population workers **[Who]** from the sewing department **[Where]** didn't have 1-day rest for 2 weeks **[What]** in March 2019 **[When]**, when they worked 14 days consecutively (from Mar. 04 to Mar. 17) without rest **[How]**. This was not compliant with the legal requirement. Per management interview, it was due to the temporary increase in orders **[Why]**.

Auditors can try to use the 5W1H rule to provide a clear description of NCs. This helps the report readers know the risk of the NCs and can also help the site make an effective corrective action plan.

When recording the description of the NCs, the auditor **shall** consider any connections between the findings and the MSA, ensuring that the two sections create a coherent picture of the site without contradictions.

5.2.2 Recording Good Examples

The auditor **shall** record a Good Example when the site has implemented a practice that benefits or protects the rights of workers and/ or protects the environment, that goes above and beyond the law or Base Code expectations. The auditor **shall** select the relevant WR and provide details of the good example. The auditor **shall not** record a Good Example when the site is merely meeting legal or Base Code requirements.

5.2.3 Systems and evidence examined to validate Code sections

The auditor **shall** fill in 'Systems and evidence examined to validate this Base Code section' for each area of the Base Code. This is an opportunity for the auditor to inform the reader of how the specific Base Code is managed by the site. This section **shall** be supportive to the write ups of the grading in the MSA and findings against the WR. By detailing the procedures and practices and the evidence checked in this section, an audit report reader can judge that the MSA has been graded appropriately and findings correctly identified.

5.2.4 Management Systems Assessment

The auditor **shall** record the Grade for each of the Elements of the MSA for each of the Base Code Areas.

The auditor **shall** provide a clear and concise explanation for why the Grades have been selected for each Base Code Area under the section “Explain the management systems Grades”. This short description **shall** provide enough detail to give confidence to a reviewer that the Grades have been correctly assigned for this Base Code Area, especially taking into consideration any interrelation between the MSA and any findings identified on site.

5.2.5 Additional Data Points

The auditor **shall** include all data points contained within the SMETA Audit Report. All data points are mandatory, unless specifically stated otherwise. Where data points trigger the need for a description or clarification of a point, auditors **shall** contextualise the data point by providing a clear and concise description of the point in question and/ or the reason for the option they have selected. Additional data points **may** be recorded both on and off-site, including through the pre-audit process.

5.2.6 Use of Pictures

The AAC **shall** request permission from management to take pictures of the facilities. If the site does not grant permission, or the taking of certain photos is against the law, the auditor **shall** explain the reasons given by the site in the report.

When granted authorisation, the auditor **shall** include the following pictures in the report. Please note that the pictures **shall not** infringe privacy or data protection requirements:

- Any Non-Compliance (e.g. working hours records showing excessive hours, abusive contractual clauses etc).
- Any Good Example (when not required by law e.g. nursery, recycling).
- Physical infrastructures, for example, factory gate, building outlook, production areas, warehouse, dormitory, canteen and food storage, waste storage area, chemical storage, cloakroom and lockers, toilets.
- Common practices of EHS, for example, first aid, eye-wash station, drinking water, fire exits, firefighting equipment, machinery, electrical installation, evacuation plans, PPE in use.

If any photos have workers’ face, full name or other ID information visible, all ID information **shall** be obscured.

5.2.7 NC Carry Forward

When a new 'Periodic Audit' is initiated for a site by the same AAC, all open NCs that date back to the last published full or follow-up audit **shall** be carried forward to the new 'Periodic Audit'. (Note: the open NCs in an unpublished audit can't be carried forward to the new audit).

If the auditors identifies that the outstanding NCs are resolved during this audit, the auditor can raise corrective actions on-behalf of the site and 'close' the finding with a closure reason.

If the outstanding NCs are still open during this audit, the auditor **shall** leave the finding open.

Supplementary Reports and Alert Notifications

Supplementary Reports and Alert Notifications are channels used to convey additional information to the report requestor, without the site being alerted during the audit.

Alert notifications **shall** be used when information needs to be communicated immediately to the audit reviewer and/or linked buying company. Alert notifications **shall** be used for Business Critical issues, for example, child labour, forced/bonded labour, prison labour, severe harassment, including physical, sexual abuse and/or any other abuse that lead to distress, and direct threats to workers' health. Where issues have been identified that require individual remediation, the auditor shall retain the details of the impacted workers, to facilitate remediation activities.

Supplementary Reports **shall** be used when information needs to be communicated outside of the report, due to its sensitive nature. The auditor **shall** tick the "additional information" box in the report when a supplementary report is produced.

Any issues of a sensitive nature that could jeopardise the safety of workers or the auditor **shall not** be mentioned to the site's management. The auditor **shall** communicate this information separately to the site's linked buying companies using a Supplementary Report. This can only be done if the name of the linked company is known, the requestor is not the employment site itself, and the auditor is aware of their requirements regarding the use of Alert Notifications and/or Supplementary Information. Wherever possible, these details **shall** be sought ahead of the audit. Where the auditor does not have these details the auditor **shall** notify Sedex, so they can facilitate communication with relevant organisations.

Any Alert Notifications and/or Supplementary Reports produced **shall not** be uploaded to the Sedex platform in order to protect the confidentiality of the worker. These **shall** be made available to the appropriate reviewers within 24 hours of the issues being identified.

6. SMETA Audit Follow-up



SMETA Audit Follow-up

This section covers what an auditor shall do to successfully complete a follow-up audit.

Finding issues during an audit is only one part of SMETA. The actions taken by the site to correct the issues found and the evidence examined to corroborate these corrective actions are equally important. The auditor **shall** remember that they are auditing for improvement, not only compliance and where a site has made progress against an incomplete corrective action, the progress **shall** also be recorded.

Auditor verification of adequate corrective actions can be carried out by desktop review or a follow-up audit:

- A desktop review is the online verification of evidence that the site has uploaded on the Sedex platform. A desktop follow-up **may** be used to verify corrective actions for which it is agreed that remote approval of evidence submitted by the site is sufficient, for example photos, copies of certificates, policies. Desktop follow-up cannot be used where corrective actions need to be verified through worker testimony.
- A follow-up audit consists of an on-site visit to evaluate corrective actions that cannot be verified by desktop review. Follow-up audits are recommended for non-compliances for which corrective actions can only be evaluated through interviews and extensive documentation reviews, and/or site tour.

6.1 Desktop Reviewing

The Auditor **shall** review the corrective actions and evidence submitted on the Sedex platform within a maximum of 5 working days after submission. During the review, the Auditor **shall** decide whether the site has made sufficient progress to close the NC or not. Once reviewed, the finding status **shall** be either:

- **Corrective Action rejected:** the AAC **shall** reject the corrective actions and respond to the supplier, providing reasons for the rejection of the corrective actions.
- **Closed:** the AAC **shall** close the NC only when the actions taken by the site address the root cause of the issue.

6.2 Onsite Follow-up Audits

A follow-up audit is commissioned to check on progress against the issues found at an earlier audit. Follow-up audits generally take place within six months of the date of the initial audit. This can vary and it **may** be necessary to check with clients. Follow-up audits cannot be conducted more than 12 months after the latest full scope audit. Any audits scheduled beyond this timeframe will be treated and classified as periodic audits.

Follow-up audits will always include an opening and closing meeting with site management and worker representatives, where relevant. The activities and methodology for detecting whether issues are ongoing are the same as within a periodic or initial audit, including site tour, worker and management interviews, and document review, and should be conducted following the same guidance laid out within this document.

A follow-up audit does not include a full review against all WR but focuses on the issues identified in the previous audit. However, if additional issues are identified whilst the auditor is on site these **shall** also be recorded and a new CAPR created.

A follow-up audit **shall not** include a review of CAR findings, and the auditor is not required to re-review the MSA grades.

It is important that the agreed CAPR from the previous audit is used as the basis of any follow-up audit. It is essential that the site has an understandable copy of the CAPR, where relevant. It is also good practice to send an additional copy of the previous CAPR to the site ahead of the follow-up audit as a reminder of what was discussed and agreed. Auditors **may** wish to send a copy that is updated with their assessment against any open NCs that could be closed through desktop review. NCs designated as desktop review **may** be fully verified off-site, and therefore do not need re-examination during the follow-up onsite audit if evidence of closure has already been shared. This **shall** be sent along with any pre-audit information, and **shall** be received by the site at least 2 weeks before the follow-up audit.

The opening meeting of any follow-up audit **shall** focus on the previous CAPR, when it is available. The auditor and the site **shall** use the CAPR to guide the follow-up audit process.

The following points shall be kept in mind:

- The site **shall** be given the opportunity to describe and show what actions have been completed in line with the agreed CAPR.
- The auditor **shall** be responsible for verifying what actions have been taken and recording verification of actions. The auditor **shall** use the same methodology as a full initial/ periodic audit, including a site tour, document review and interviews, as appropriate.
- Where the site has not undertaken corrective actions to address a particular issue the auditor **shall** still check the current situation of that issue and record it in the report.
- When only one auditor is taking the role of both auditor and worker interviewer at the follow-up audit, it **may** be necessary to consider the auditor's gender, especially if there is a majority gender at the site.
- The same requirements regarding worker languages and interviews apply as for a full SMETA.
- When conducting a follow-up audit, the auditor **shall** check if the previous NCs have been corrected – if the NCs have been corrected, they **shall** take and upload photos as evidence.

For each NC raised, the auditor shall explain the evidence reviewed, comments on applicability and effectiveness and whether the issue is now considered:

- **Closed** – The auditor has received sufficient evidence to bring about an adequate resolution of the NC
- **Open** – The auditor has received insufficient evidence and the NC remains active.

The auditor **shall** complete the updated CAPR report onsite and leave a signed copy with the site management.



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