

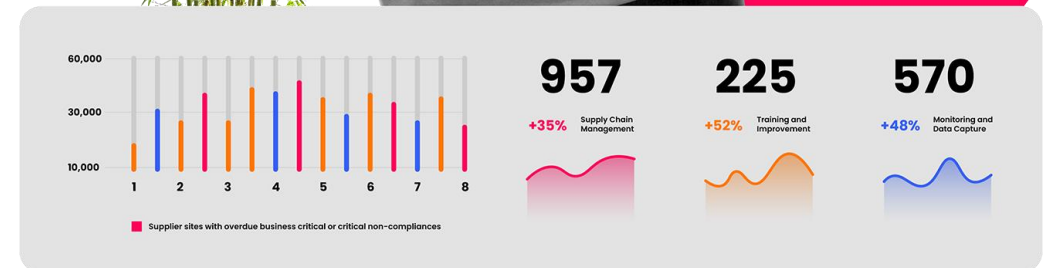
Workplace Requirements Guidance Consultation

05/07/2024

Agenda

Main amendments;

- 1A Responsible Recruitment
- 5A Living Wages
- 7 Discrimination



Workplace Requirement Guidance

- **Aim of this guidance:**
 - To provide clarification on the meaning of the Workplace Requirements.
 - To improve consistency of auditor interpretation and also therefore transparency.
 - Not to provide suppliers with a detailed roadmap or guidance to achieving conformance.
- **Aim of the consultation on the guidance**
 - To ensure clarity for all stakeholders.
 - To identify any unintended consequences or contradictory advice.
 - To ensure guidance answered any key questions of interpretation.

WR Guidance Consultation Summary

- **Progress of the guidance drafting**

- Modules 1, 1A, 5, 6, 8, 8A have undertaken consultation and amended versions published on e-learning
- 0, 5A, 7 have undertaken consultation, amended versions are finalised and undergoing publication
- Remaining modules consultation completed 04.09 – upload to e-learning in coming days
- 1A Responsible Recruitment course progress; 700 registrations, 400 completions, average test score 78%
- 800 registrations for other uploaded modules, 380 completions.

- **Stakeholders Consulted**

- TAG Members: Representative body of Sedex buyer and supplier members, and auditors
- AACs and Auditors – geographic representations
- Membership Groups, e.g. AIM Progress, FNET, Trade Associations
- Thematic experts, e.g. ILO, OECD, Trade Unions
- Sedex internal teams internationally

- **Processing of commentary during redraft**

- Many updates were made to address comments indicating gaps, inconsistencies, practical implementation issues and unclear language.
- Some comments not implemented – e.g., where inconsistent with meaning of WR, inconsistent with purpose of WR Guidance, too prescriptive, already covered by other code areas.
- 1A: Responsible Recruitment and Entitlement to Work drafted by Stronger Together/RRT. 240 individual comments received on initial draft

1A Responsible Recruitment – key areas

Right to work sampling

Concerns

- Requirement that agency workers' right to work checks validated by 10% sample every 6 months could be too onerous on suppliers.
- Could also encourage a 'race to the bottom' with established procedures sometimes superior.

Amendments

- Adequate due diligence defined more broadly as ensuring understanding of labour providers' right to work processes, with inclusion of sampling to support.
- Removal of specific percentage of checks to validate (and amendment of WR)
- Clarity that agency workers' right to work checks must be available for sampling during the SMETA audit, either provided from the labour provider at request, or copies of all documents held onsite.

1A Responsible Recruitment – key areas

Defining adequate payment to labour providers (1.A.F)

Concerns

- Defining sufficient payment not clear
- Appeared to put demands on supplier to seek 'open book costings' from their labour provider

Amendments

- Auditors to raise NC where payment does not cover 'legal and any contractual obligations'
- Clarified that open book or full costings not expected of the site
- Site should have a system in place to demonstrate

1A Responsible Recruitment – key areas

Determining remediation obligations for fees ‘outside reasonable control’

Concerns

- Some stakeholders maintain that where fees are outside the reasonable control of employing business this should be highlighted and business not held to account for remediation.
- Attempts to highlight this via reference to the OECD concepts of Cause and Contribution in the guidance considered complex and ‘un-auditable’
- Not all stakeholders agree that remediation should be limited in this way.
- Assessing the employing business’ responsibility or otherwise not possible or in remit for auditor and would make invisible many of the worst fees

Amendments

- Auditors are instructed to record fees and costs without regard or attempt to assess responsibility of audited site.
- Reference to the OECD guidance continues to be included but is clearly separated as informative for members rather than relevant to the audit process.

5A Living Wages are Paid – key areas

Concerns

- Auditors need more support with definitions of a living wage gap assessment, in order to support closing meetings
- Some members would like auditors to undertake a more thorough assessment than presented
- Auditors need some additional clarity on how much/ little they have to check

Amendments

- More information on what a living wage gap assessment is provided, to support conversations with suppliers, but not to increase the scope of what auditors check
- Language changes to make clear and unambiguous expectations on auditors

7 No Discrimination is Practiced – key areas

Terminology

Concerns

- Gender equity is a nuanced term, which is not in common use in many businesses, more definitions needed
- Language could suggest positive discrimination is required
- Concerns that the without more detailed auditor review of action plans this could be hard to manage

Amendments

- Definitions expanded and examples of activities provided.
- Language assessed and amended

What next?

- Audit firms have been advised to ensure auditors complete 1A prior to first SMETA 7.0 audit
- KPI of completion of other modules to be set
- WR Guidance modules to be given APSCA CPD status
- PDF to be attached to each course for e.g., printing – elearning to be only means PDF is circulated
- Efficacy to be reviewed through AQP activities/requests. Future updates to the guidance to be issued via elearning as update course