



Final Consultation Summary & Actions

September 2023



Sedex Members Ethical Trade Audit Report



Agenda

- Summary of consultation conclusions
- Outstanding questions:
 - Management Systems
 - Observations
 - Action Required
- Next steps Update:
 - Training
 - Guidance
 - Product build



Consultation summary



All members and AACs invited to join



117 individual written responses



30 individual member calls



14 group calls, including community events in local language, supplier groups, MSIs and all member drop-in sessions –over 2000 ppl reached

Summary of feedback

- Key feedback:
 - Supportive to the changes to workplace requirements and management systems
 - Clarifications suggested on language and scope of workplace requirements
 - Further guidance requested on subjective or intricate sections, eg Responsible Recruitment
 - Considerations provided for Phase 2 of SMETA – auditor time on site, improved worker interviews, thematic deep-dives
 - Clarity requested on expectations concerning improvement – management systems assessment
 - Clarity requested on expectations concerning improvement – workplace requirements introduced as Observations



Actions taken

- All feedback reviewed and incorporated where relevant
- All workplace requirements reviewed and clarified
- Issue titles mapped to workplace requirements
- Code 0.A Universal Rights covering UNGPs – replaced by Code 0 Enabling Accurate Assessment and some areas absorbed into site details as data points and Code 10C Business Ethics
- Code 8.A Supplier Management – renamed Code 8.A – Subcontracting and Home working – clarity provided on what is covered under recruitment and what is covered in 8.A
- Code 5 – split into Code 5: Legal Wages are Paid and Code 5.A Living Wages are Paid
- Remove 'Good Example' Issue Titles, allowing auditors to raise Good Examples against any Workplace Requirement
- Observations removed to allow for focus on Management Systems Assessment for long-term improvement

Observations



Feedback

Management Systems Assessment provides recommended actions to prevent likelihood of risks occurring

Observations could provide conflicting advice on preventative measures to take – prioritising short-term actions over longer term solutions

Observations are unreliable, and regularly misused.



Recommended Action

Remove Observations from the SMETA methodology

Management systems recap

	Not addressed	Needs major improvement	Needs minor improvement	Robust management system
Develop and maintain relevant policies and procedures to ensure workplace requirements are met				
Appoint a manager with sufficient seniority who has responsibility for the implementation of the procedures				
Communicate and train policy and procedures to relevant employees and other workers, including managers and supervisors				
Monitor effectiveness of procedures to meet policy and workplace requirements				

- Each ETI Base Code & Sedex additions assessed individually against these 4 requirements of a Management System



Management Systems

Feedback:

- How will this be managed if not an NC?
- Guidance and training needs to be substantive for auditors to consistently apply the correct rating
- Major improvements and minor improvements map too closely to NC criticality, can cause confusion

Recommended Actions:

- MS Assessment score provided as a clear indicator of progress – Sedex to assess after 1 year of implementation
- Assessment of MS Assessment after one year's implementation and normalisation, to assess need for NC status
- Detailed guidance and case studies on the correct usage of the rating
- Suggested new language –
 - Major improvements needed = **Fundamental improvements** required
 - Minor improvements needed = **Some improvements** recommended

Collaborative Action Required

- **Feedback**
 - Concept introduced in the methodology of select workplace requirements needing a different approach than the pre-assigned closure time and criticality currently available in SMETA – eg paying a Living Wage, repayment of recruitment fees – unclear how auditors track progress and eventually close these findings
 - Classified as a new type of 'Observation' NC in the consultation methodology, however, this language open to interpretation as not an NC, will lead to no action taken
- **Action Taken**
 - Introduce as a new issue status – **Collaborative Action Required**- a non-compliance without prescriptive closure time
 - Ability for suppliers to upload action plans
 - Introduction of 'in progress' status

Living wage

Feedback

- Living Wage 'Collaborative Action Required' Workplace Requirements make it clear the expectations from Sedex regarding a site's responsibility to work toward paying a living wage.
- Majority of WRs under 'Living Wages are Paid' actually relate to legal or minimum wages.
 - Concerns raised that compliance with these WRs suggests compliance with Living Wage

Action Taken:

- Split 'Base Code 5: Living Wages are Paid' into two Code Areas:
 - 5: Legal Wages are Paid
 - 5.A: Living Wages are Paid
- Allows a site to evidence its compliance with legal and minimum wages, whilst also assessing their work to achieve Living Wage

Guidance

- SMETA Manuals in development to replace the current Measurement Criteria and Best Practice Guidance
- Separate manuals for Auditors, Buyers and Suppliers
- Next steps:
 - Review of additional guidance documents – to update to the new methodology
 - Development of additional supplementary guidance documents, where required, to improve clarity and consistency in application of the workplace requirements



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