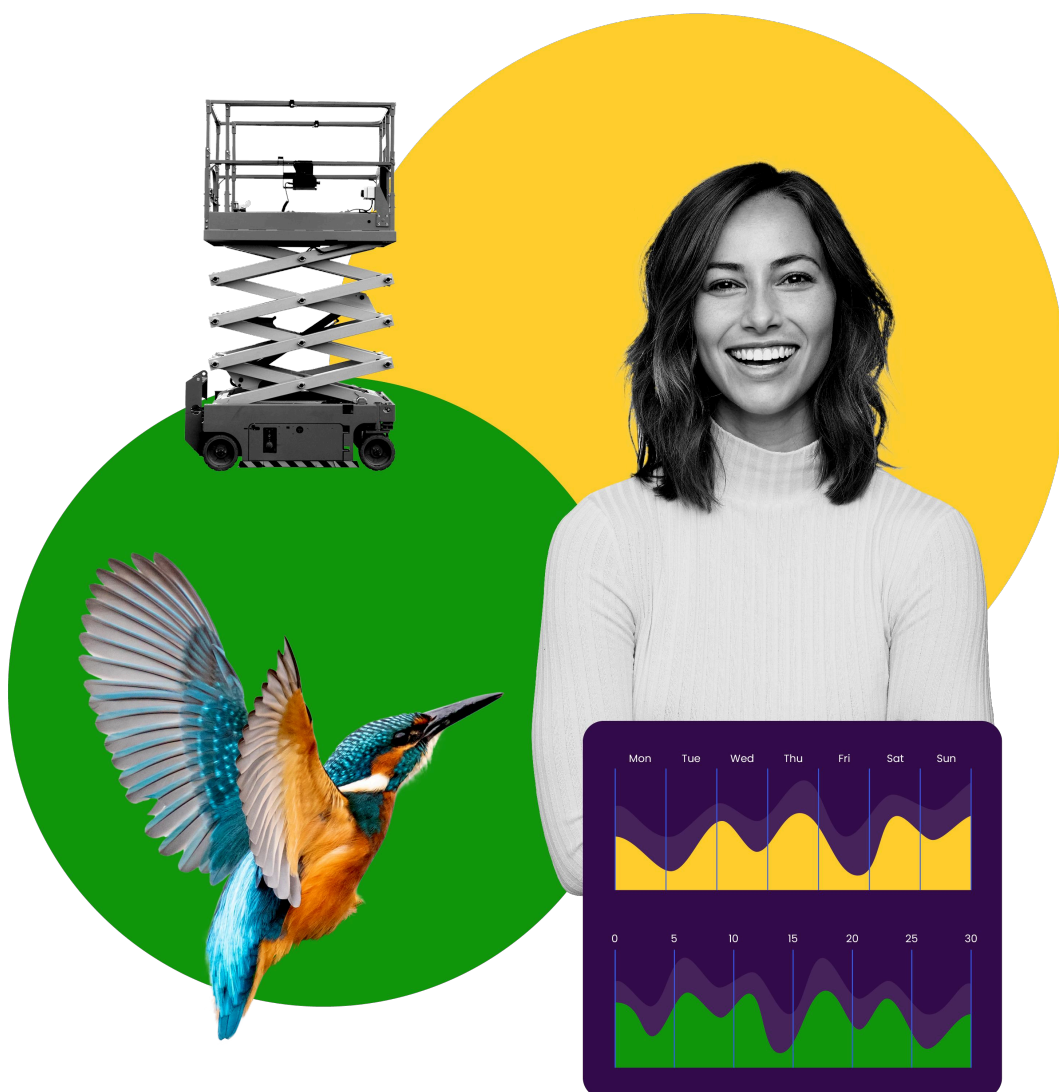


SMETA Corrective Action Plan Report (CAPR)

Version 7



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Audit content

(1) A SMETA audit was conducted which included some or all of labour standards, health and safety, environment and business ethics. The SMETA minimum requirements were applied and the SMETA auditor manual was followed. The scope of workers included all types at the site e.g. direct employees, agency workers, workers employed by service providers and workers provided by other contractors. Any deviations from the SMETA methodology are stated (with reasons for deviation) in the SMETA declaration.

The audit scope includes an assessment of the Workplace Requirements and the Management Systems Assessment against the code areas below.

2-pillar audits include:

- Labour standards:
 - 0. Enabling accurate assessment
 - 1. Employment is freely chosen
 - 1.A. Responsible recruitment and 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
 - 5.A. Living wages are paid
 - 6. Working hours are not excessive
 - 7. No discrimination is practiced
 - 8. Regular employment is provided
 - 8.A. Sub-contracting and homeworkers are used responsibly
 - 9. No harsh or inhumane treatment is allowed
- Health and safety:
 - 3. Working conditions are safe and hygienic
- Environment:
 - 10.A. Environment 2-pillar

4-pillar audits include, in addition to the above:

- Environment:
 - 10.B. Environment 4-pillar
- Business ethics:
 - 10.C. Business ethics

(2) Where appropriate, non-compliances or non-conformances were raised where either local law or the base code were not met, and recorded as non-compliances on both the audit report, CAPR and on the Sedex Platform.

(3) Any non-conformance against customer code shall not be uploaded to Sedex, but sent directly to the customer in question.

Audit details

Site details

Sedex site reference	ZS1000041774	Site name	Zhejiang Autumnwell Leatherware Co Ltd
Business name	Zhejiang Autumnwell Leatherware Co Ltd	Site address	Factory Building No.1,Langzhen Industrial Zone, Anhua Town, Zhuji city, Zhejiang Province.China 中国浙江省诸暨市安华镇朗臻创 业园1号厂房 诸暨市安华镇 CN 311821

Audit details

Sedex company reference	ZC5000035688	Auditor company name	BUREAU VERITAS CPS - ASIA
Audit company address	7th Floor. Octa Tower. 8 Lam Chak Street, Kowloon Bay, Kowloon, HONG KONG, CN, -		
Date of audit	2026-04-30	Audit conducted by	Michael Ma
Audit pillars	Labour Standards Health and safety Environment 4-Pillar Business ethics		
Time in and out	Day 1		
	In	07:55	
	Out	15:30	

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Audit type	Periodic
Was the audit announced?	Semi announced
Was the Sedex SAQ available for review?	Yes
Who signed and agreed CAPR?	Zhang Liangying / Manager
Any conflicting information SAQ/Pre-Audit Info	No
Is further information available?	No

Audit attendance

	Senior management	Worker representative	Union representative
A: Present at the opening meeting?	Yes	Yes	No
B: Present at the audit?	Yes	Yes	No
C: Present at the closing meeting?	Yes	Yes	No
Reason for absence at the opening meeting	There was no labor union in the factory.		
Reason for absence during the audit	There was no labor union in the factory.		
Reason for absence at the closing meeting	There was no labor union in the factory.		

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SMETA declaration

Auditor team

SMETA declaration

I declare that the audit underpinning the following report was conducted in accordance with SMETA Minimum Requirements and the SMETA Auditor Manual.

1. Where appropriate non-compliances/ non-conformances were raised against the Base Code and local law and recorded as non-compliances/ non-conformances on both the audit report, CAPR and on the Sedex Platform.
2. Any non-conformance against customer code alone shall not be uploaded to Sedex, and will be shared directly with the customer in question.

This report provides a summary of the findings and other applicable information found/gathered during the social audit conducted on the above date only and does not officially confirm or certify compliance with any legal regulations or industry standards. The social audit process requires that information be gathered and considered from records review, worker interviews, management interviews and visual observation. More information is gathered during the social audit process than is provided here. The audit process is a sampling exercise only and does not guarantee that the audited site prior, during or post-audit, are in full compliance with the Code being audited against. The provisions of this Code constitute minimum and not maximum standards and this Code should not be used to prevent companies from exceeding these standards. Companies applying this Code are expected to comply with national and other applicable laws and where the provisions of law and this Code address the same subject, to apply that provision which affords the greater protection. The ownership of this report remains with the party who has paid for the audit. Release permission must be provided by the owner prior to release to any third parties.

Any exceptions to the SMETA Methodology must be recorded here (e.g. different sample size)

The semi-announced window of this audit was 4 weeks from April 20, 2026 to May 19, 2026.

Lead auditor

Michael Ma

APSCA Number

21701157

Additional auditor

Joe Ye

APSCA Number

21700735

Date of declaration

2026-04-30

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Site representation

Declaration	I acknowledge that details from this report can change during the review process and that I will be given the opportunity to dispute the content once the review has been published.
Full name	Zhang Liangying
Title	Manager
Date of declaration	2026-04-30

Summary of findings

Code area	Workplace requirement	Area of NC	Finding
3. Working conditions are safe and hygienic	3.A Ensure a safe working environment. Put in...	Local law	NC ZAF601420532
	3.M Ensure all machinery is installed, mainta...	Local law	NC ZAF601420531
	3.N Ensure that all hazardous substances (e.g...	Local law	NC ZAF601420529
	3.O Implement an appropriate electrical safet...	Local law	NC ZAF601420530
5. Legal wages are paid	5.B Ensure that workers receive the insurance...	Local law Base code	NC ZAF601406788
6. Working hours are not excessive	6.F Ensure that where overtime is used, it is...	Local law Base code	NC ZAF601406789

Findings: non-compliances

ZAF601420532

Non-compliance

Due 2026-06-10

Code area

3 Working conditions are safe and hygienic

Status

Open*

Workplace requirement

3.A Ensure a safe working environment. Put in place adequate controls to prevent accidents and injury (including long-term injury) to health arising out of, associated with, or occurring in the course of work.

Time given to resolve

30 days

Verification method

Desktop audit

Issue title

317 - No medical examinations or regular occupational health checks, including disease checks, of workers in hazardous situations (e.g. exposed to noise or dust) or working with hazardous substances (e.g. chemicals and pesticides)

Area of non-compliance/non-conformance

Local law

Description

工厂生产车间产生有毒有害物质，对员工存在潜在的职业病危害，但工厂没有组织这些员工进行职业病体检。

It was noted that the hazardous materials generated from production workshops, which might cause occupational diseases to employees. However, the factory did not provide regular occupational health checks to employees.

Corrective and preventative actions

建议工厂给在生产车间接触有毒有害物质的员工提供定期体检。

It is recommended that management adopt practices and controls to ensure that regular occupational health checks are provided to all employees handling hazardous materials.

[← Findings](#)

[Management systems →](#)

Local law reference

根据《中华人民共和国职业病防治法》第35条：从事接触职业病危害的作业的劳动者，用人单位应当按照国务院卫生行政部门的规定组织上岗前、在岗期间和离岗时的职业健康检查，并将检查结果书面告知劳动者。职业健康检查费用由用人单位承担。

用人单位不得安排未经上岗前职业健康检查的劳动者从事接触职业病危害的作业；不得安排有职业禁忌的劳动者从事其所禁忌的作业；对在职业健康检查中发现有与所从事的职业相关的健康损害的劳动者，应当调离原工作岗位，并妥善安置；对未进行离岗前职业健康检查的劳动者不得解除或者终止与其订立的劳动合同。

职业健康检查应当由取得《医疗机构执业许可证》的医疗卫生机构承担。卫生行政部门应当加强对职业健康检查工作的规范管理，具体管理办法由国务院卫生行政部门制定。

In accordance with Article 35 Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, for the laborers that are engaged in the operations contacting the harm of occupational diseases, the employing work unit shall organize the occupational health examination of the laborers before they take the posts, when they are at the posts and when they leave the posts, the employing work unit shall inform the laborers of the examination results. The employing work unit shall afford the expenses needed for the occupational health examination.

The employing work unit may not assign the laborers that haven't gone through the pre-post occupational health examination to undertake the operations involving the harm of occupational diseases; may not assign the laborers that have occupational contraindications to undertake the operations that they shall avoid; the laborers that are found to have the health injuries related to their posts during the occupational health examination shall be transferred from their former posts and be settled appropriately; and the employing work unit may not cancel or terminate the labor contacts signed with the laborers that haven't gone through the occupational health examination before they leave their posts.

The occupational health examination shall be undertaken by the medical health institutions which have obtained Practicing License of Medical Institution. Administrative Departments of Health should strengthen the regulation on occupational health checks. Specific administrative measures are established by Health Administration Department of the State Council.

* PDF generated at 07:19 (UTC) on 11 May 2026. [View this finding on the Sedex platform](#) for live updates and closure details.

ZAF601420531

Non-compliance

Due 2026-06-10

Code area

3 Working conditions are safe and hygienic

Status

Open*

[← Findings](#)

[Management systems →](#)

Workplace requirement

3.M Ensure all machinery is installed, maintained, and used in a safe manner.

Time given to resolve

30 days

Issue title

264 - Machines lack appropriate safety guards (e.g. eye or needle guards on sewing machines, belt/hand guards on other machines)

Verification method

Desktop audit

Description

工厂缝纫车间2台缝纫机没有安装皮带保护罩。

It was noted that 2 sewing machines in the sewing workshop were not equipped with pulley guards.

Area of non-compliance/non-conformance

Local law

Corrective and preventative actions

建议工厂为所有的机器设备都安装保护装置。

It is recommended that management adopt practices and controls to ensure that all machines are equipped with protective guards.

Local law reference

根据《生产设备安全卫生设计总则(GB5083-1999)》第6.1.6条：以操作人员的操作位置所在平面为基准，凡高度在2m之内的所有传动带、转轴、传动链、联轴节、带轮、齿轮、飞轮、链轮、电锯等外露危险零部件及危险部位，都必须设置安全防护装置。

In accordance with Article 6.1.6 of Code of Design of Manufacturing Equipment Safety and Hygiene, the exposed dangerous components or part of any transmission belts, rotational axis, transmission chain, coupling, belt wheel, gear, flying wheels, chain wheels, electric saw and others, which is within 2 meters height of the plane where the operator is operating such devices shall be equipped with safety devices.

Evidence

[No Pulley Guard.JPG](#)

* PDF generated at 07:19 (UTC) on 11 May 2026. [View this finding on the Sedex platform](#) for live updates and closure details.

ZAF601420529

Non-compliance

Due 2026-06-10

Code area

3 Working conditions are safe and hygienic

Status

Open*

[← Findings](#)

[Management systems →](#)

Workplace requirement

3.N Ensure that all hazardous substances (e.g. chemicals and pesticides) are officially registered where possible, Material Safety Data Sheets are used, and they are managed appropriately at all times in line with registration and safety instructions, including storage, use and disposal.

Time given to resolve

30 days

Verification method

Desktop audit

Issue title

233 - Hazardous substances (e.g. chemicals and pesticides) are stored unlabelled or labelling is incorrect

Area of non-compliance/non-conformance

Local law

Description

工厂生产车间80%的化学品容器没有张贴安全标签或者内容标签。

It was noted that 80% chemicals' containers in the workshops were not posed with safety labels or content labels.

Corrective and preventative actions

建议所有在工厂内储存和使用的化学品都有张贴安全标签和内容标签，标签的内容要完整。

It is recommended that management adopt practices and controls to ensure that all the chemicals stored or being used in the factory are posted with safety labels or content labels.

Local law reference

根据《工作场所安全使用化学品规定》第14条：(1)使用单位购进的化学品需要转移或分装到其他容器时，应标明其内容。对于危险化学品，在转移或分装后的容器上应贴安全标签；(2)盛装危险化学品的容器在未净化处理前，不得更换原安全标签。

In accordance with Article 14 of the Regulation For Chemical Usage Safety in Work Place: (1) In case of transferring or loading the chemicals purchased into a new container, it is required to mark clearly the descriptions of these chemicals on the newly adopted container. As to those hazardous chemicals that have been transferred or loaded into a new container, it is necessary to stick a safety precautions mark on the new container. (2) The original safety precautions mark upon those containers that contain hazardous chemicals shall not be replaced before these containers have been cleansed.

Evidence

[No Safety Label.JPG](#)

[No Content Label.JPG](#)

* PDF generated at 07:19 (UTC) on 11 May 2026. [View this finding on the Sedex platform](#) for live updates and closure details.

ZAF601420530

Non-compliance

Due 2026-06-10

[← Findings](#)

[Management systems →](#)

Code area

3 Working conditions are safe and hygienic

Status

Open*

Workplace requirement

3.0 Implement an appropriate electrical safety program to ensure that electrical hazards are reduced and controlled by appropriately qualified personnel.

Time given to resolve

30 days

Issue title

227 - Unmarked/incorrect labels/signage/instructions for electrics

Verification method

Desktop audit

Description

工厂4楼皮带车间1个电箱没有张贴警告标示。

It was noted that there was no warning sign posted on 1 electric box in the belt workshop on the 4th floor.

Area of non-compliance/non-conformance

Local law

Corrective and preventative actions

建议工厂对整个工厂的电器设备安装警示标志。

It is recommended that management adopt practices and controls to ensure that all electric equipment in the factory are marked to avoid electric shock.

Local law reference

根据《安全标志及使用导则(GB 2894-2008)》警示标志2-7，当心触电警示标志应安装在有可能发生触点危险的电器设备和线路，如：配电室、开关等。

6.2 标志牌的材质：安全标志牌应采用坚固耐用的材料制作，一般不宜使用遇水变形、变质或易燃的材料。有触电危险的作业场所应使用绝缘材料。

In accordance with Article 2-7 of Warning Sign in the Guidelines for Safety Signs and Usage GB 2894-2008, the electric shock warning sign should be marked on electricity devices and circuit where electric shock may happen.

6.2 The material of signs: Safety signs should be made of durable material. The materials which will be deformed or deteriorated when wet and flammable material are generally shall preferably not be used. The insulation material should be used at workplace where there is risk of electric shock.

Evidence

[No Warning Sign.JPG](#)

* PDF generated at 07:19 (UTC) on 11 May 2026. [View this finding on the Sedex platform](#) for live updates and closure details.

ZAF601406788

Non-compliance

Due 2024-09-24

[← Findings](#)

[Management systems →](#)

Code area	Status
5 Legal wages are paid	Open*
Workplace requirement	Time given to resolve
5.B Ensure that workers receive the insurances and benefits (including leave entitlements) they are legally or contractually entitled to.	60 days
Issue title	Verification method
423 - Compulsory insurance (e.g. social insurance, accident insurance etc.) not paid - systemic	Follow up audit
Description	Area of non-compliance/non-conformance
工厂的社会保险覆盖不足。工厂2026年3月共有16名员工，包括2名退休的员工；因此14名员工应该参加社会保险。根据工厂提供的2026年3月社会保险缴费单据显示：工厂仅为其中5名员工提供养老、医疗、失业、生育和工伤保险。工厂又为全部员工提供了商业保险（有效期为2025年5月19日-2026年5月18日）。 It was noted that the factory's social insurance coverage was insufficient. There were 16 employees in total in Mar 2026, including 2 retired employees; thus, 14 employees were eligible to participate in the social insurances program. According to the social insurance payment receipt of Mar 2026 provided by factory management, 5 out of 14 employees were provided with pension insurance, medical insurance, unemployment insurance, maternity insurance and industrial injury insurance. And the factory provided commercial insurance to all employees (with expiration dates from May 19, 2025-May 18, 2026).	Local law
Description (carried over)	Base code
It was noted that the factory's social insurance coverage was insufficient. According to the social insurance payment receipt provided by factory management, it was noted that only 4 out of 23 employees were provided with pension, unemployment, medical, maternity insurance, and accident insurances in June 2024. Remark: Factory provided commercial insurance for the other 18 employees valid from(2024.4.15- 2025.4.14) 审核员发现工厂的社会保险覆盖不足。根据厂方提供的 2024年6月社会保险缴费单据显示工厂仅为 4/23名员工 提供了失业、养老、医疗、生育和工伤保险。备注：工厂为其他18名员工提供了商业险（2024.4.15- 2025.4.14）	
Corrective and preventative actions	
It is recommended that factory management adopt practices and controls to ensure that employees receive all of their statutory welfare entitlements. 建议工厂为员工提供所有法定的社会保险福利。	

Corrective and preventative actions (carried over)

It is recommended that factory management adopt practices and controls to ensure that employees receive all of their statutory welfare entitlements.
建议工厂为员工提供所有法定的社会保险福利。

Local law reference

Legal Requirement: In accordance with Article 73 of the Labor Law of the People's Republic of China, employees shall, in accordance with the law, be entitled to social insurance benefits under the following circumstances: (1) retirements; (2) illness or injury; (3) disability caused by work-related injury or occupational disease; (4) unemployment; and (5) maternity. The survivors of the insured laborers shall be entitled to subsidies for survivors in accordance with the law. The conditions and standards for laborers to enjoy social insurance benefits shall be stipulated by laws, rules and regulations. The social insurance amount that laborers and entitled to, must be timely paid in full amount. In accordance with Article 33 of Social Insurance Law of the People's Republic of China (2018 Amendment), employees shall participate in work-related injury insurance, and the employer shall pay the work-related injury insurance premium. Employees shall not pay the work-related injury insurance premium.
根据《中华人民共和国劳动法》第73条：劳动者在下列情形下，依法享受社会保险待遇：(一)退休；(二)患病、负伤；(三)因工伤残或者患职业病；(四)失业；(五)生育。劳动者死亡后，其遗属依法享受遗属津贴。劳动者享受社会保险待遇的条件和标准由法律、法规规定。劳动者享受的社会保险金必须按时足额支付。根据《中华人民共和国社会保险法》第33条，职工应当参加工伤保险，由用人单位缴纳工伤保险费，职工不缴纳工伤保险费。

Evidence

[Social Insurance.JPG](#)

* PDF generated at 07:19 (UTC) on 11 May 2026. [View this finding on the Sedex platform](#) for live updates and closure details.

ZAF601406789	Non-compliance	Due 2024-09-24
Code area	Status	
6 Working hours are not excessive	Open*	

Workplace requirement

6.F Ensure that where overtime is used, it is in order to manage changes in demand or in exceptional circumstances and not used to replace regular employment.

Time given to resolve

60 days

Issue title

480 - Overtime is not used responsibly (i.e. extent, frequency and level of hours worked by individual workers and/or whole workforce are excessive)

Verification method

Follow up audit

Area of non-compliance/non-conformance

Local law

Base code

Description

抽样30名工人的工资考勤记录（2025年5月，2025年12月和2026年2月每月10人）进行测试，其中20名抽样工人月加班时间超过法定36小时/月：2025年5月10人为50小时和2025年12月10人为48小时。 Auditors randomly selected 30 workers' payroll and attendance records (10 from each month of May 2025, Dec 2025 and Feb 2026) for testing and noted that 20 out of all samples worked in excess of the statutory overtime hour limits of 36 hours/month: 10 in May 2025 were 50 hours and 10 in Dec 2025 were 48 hours.

Description (carried over)

It was noted that 30 out of 30 sample population employees worked in excess of the statutory overtime hour limits. A review of 30 sample population time records (10 samples from September 2023, 10 samples from December 2023, 10 samples from the most recent paid month May 2024) yielded the following: •10 out of 10 sample population employees worked in excess of 36 overtime hours per month (i.e. 48 hours) in September 2023, which was not in compliance with the legal requirement; •10 out of 10 sample population employees worked in excess of 36 overtime hours per month (i.e. 50 hours) in December 2023, which was not in compliance with the legal requirement; •10 out of 10 sample population employees worked in excess of 36 overtime hours per month (i.e. 50 hours) in May 2024, which was not in compliance with the legal requirement.

根据厂方提供的工时记录，审核员发现员工加班时间超出了法定标准。审核员从厂方提供的工资记录中工抽取 30个样本(其中从随机月2023年9月抽取10个，从随机月 2023年12月抽取10个，从最近月2024年5月抽取10个)，发现共有30名员工加班时间超出了法定标准，具体为：•10/10名员工在2023年9月的加班时间为48小时，超过每月加班时间不能超过36小时的法律规定；•10/10名 员工在2023年12月的加班时间为50小时，超过每月加班时间不能超过36小时的法律规定；•10/10名 员工在2024年5月的加班时间为50小时，超过每月加班时间不能超过36小时的法律规定。

Corrective and preventative actions

Recommended Corrective Action: It is recommended that factory management adopt practices and controls to ensure that employee overtime hours do not exceed the statutory limits.

建议工厂确保员工的加班时间符合法律要求。

[← Findings](#)

[Management systems →](#)

Corrective and preventative actions (carried over)

Recommended Corrective Action: It is recommended that factory management adopt practices and controls to ensure that employee overtime hours do not exceed the statutory limits.
建议工厂确保员工的加班时间符合法律要求。

Local law reference

Legal Requirement: In accordance with Article 41 of the Labor Law of the PRC, after consultation with the trade union and employees, the employer may extend working hours due to its production or business needs, but the extended working hours shall not generally exceed one hour a day; in special circumstances that require an extension of working hours, the extended working hours shall not exceed 3 hours a day and 36 hours a month on condition that the health of employees is guaranteed.

根据《中华人民共和国劳动法》第41条：用人单位由于生产经营需要，经与工会和劳动者协商后可以延长工作时间，一般每日不得超过一小时；因特殊原因需要延长工作时间的，在保障劳动者身体健康的条件下延长工作时间每日不得超过三小时，但是每月不得超过三十六小时。

Evidence

[Attendance Records.png](#)

* PDF generated at 07:19 (UTC) on 11 May 2026. [View this finding on the Sedex platform](#) for live updates and closure details.

Management systems

	Policies and procedures	Resources	Communication and training	Monitoring
1. Employment is freely chosen				
1.A. Responsible recruitment and 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				
6. Working hours are not excessive				
7. No discrimination is practiced				
8. Regular employment is provided				



Not addressed



Fundamental improvements required



Some improvements recommended



Robust management systems

[← Findings](#)

[Guidance →](#)

	Policies and procedures	Resources	Communication and training	Monitoring
8.A. Sub-contracting and homeworkers are used responsibly				
9. No harsh or inhumane treatment is allowed				
10.A. Environment 2-Pillar				
10.C. Business ethics				



Not addressed



Fundamental improvements required



Some improvements recommended



Robust management systems

[← Findings](#)

[Guidance →](#)

Guidance

The Corrective Action Plan Report (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 ETI base code, local laws and additional audited requirements. After the initial audit, the form is used to re-record actions taken and to categorise the status of the non-compliances/ non-conformances.

Good practice examples should be pointed out at the closing meeting as well as discussing non-compliances/ non-conformances (NCs) and corrective actions, Collaborative Action Required (CAR) findings and the Management Systems Assessment (MSA).

Next steps:

1. The site shall request, via Sedex, that the audit body upload the audit report, NCs, CARs, MSA and good examples. If you have not already received instructions on how to do this then please visit the [Sedex members' e-learning platform](#).
2. Sites shall action its NCs and document its progress via Sedex.
3. Once the site has effectively progressed through its actions then it shall request that the audit body verify its actions. Please visit [Sedex members' e-learning platform](#) for information on how to do this.
4. The audit body shall verify corrective actions taken by the site by either a desktop review process via the Sedex platform or by follow-up audit.
5. Some NCs that cannot be closed off by desktop review may need to be closed off via a follow-up audit charged at normal fee rates. If this is the case, then the site will be notified after its submission of documentary evidence relating to that NC. Any follow-up audit must take place within twelve months of the previous initial/periodic audit and the information from the previous audit must be available for sign off of corrective action.
6. For changes to wages and hours to be correctly verified it will normally require a follow up site visit. Auditors will generally require to see a minimum of two months wages and hours records, showing new rates in order to confirm changes (note some clients may ask for a longer period, if in doubt please check with the client).
7. The site shall develop and share with Sedex an action plan to work on CAR findings, and take actions to work on these areas as identified.
8. The site should use the MSA gradings to help to improve internal systems, focusing where their systems are weakest and the risks of harm are highest. These actions should better prepare them for future audits and help sustain compliance.

Management Systems Assessment (MSA)

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, organise, execute, monitor, and continuously improve its activities. Management systems are the systems that underpin how a company runs its day-to-day operations, makes decisions, and helps avoid the recurrence of common problems.

Where management systems are weak a site is at higher risk of non-compliance over time, the SMETA MSA can help sites to proactively reduce the likelihood of risks occurring. Sites should take actions commensurate with their size and resources, focusing on where their systems are weakest and the likelihood of risks is highest, based on their sector, location and workforce profile.

The MSA Grades do not result in NCs, and will not be re-assessed in follow-up audits.

For more information on management systems please refer to the Management Systems workbooks.

Collaborative Action Required

The SMETA Workplace Requirements identify certain specific issues where a site may not meet the base code, but the usual mechanisms of NC verification and closure are not appropriate, for some or all of the following reasons;

- The audited party does not have the capacity/ responsibility to close the issue without support from other relevant stakeholders, such as commercial partners/buyers.
- Remediation of the issue requires an indeterminate and possibly extended timeframe, rather than a predetermined deadline as set within the Sedex platform.
- There is a risk of adverse consequences if closure of a particular issue is not approached with due consideration and time provided for adequate risk assessment.
- Evidencing effective remediation is complex and it is outside the capacity of existing SMETA methodology to validate through evidence provided during an onsite assessment alone.

These specific WRs have a Collaborative Action Required (CAR) finding raised against them.

Collaborative Action Required findings require a different way of working from other NCs for buyer and supplier members. The activities required to close these issues may involve actions from both buyers and suppliers, as well as additional stakeholders such as third-party labour providers, impacted workers, local NGOs, and trade unions.

Due to the complexity of the issues and the spectrum of potential stakeholders that may need to act, CARs may need long-term closure plans, potentially spanning multiple years. To facilitate a longer-term approach and to reduce the likelihood of undue pressure on suppliers to close issues that may be out of their control, Sedex does not prescribe a closure date nor a verification methodology for these findings. Sedex encourages all its members to work collaboratively and responsibly on these issue areas, sharing responsibilities and actions as appropriate.

When developing a methodology to prioritise action on these more complex areas, Sedex recommends following a due diligence process and prioritising activities based on the most salient risks.

For Suppliers

Where CARs are raised suppliers should create an action plan for how they are going to address these areas. Sedex also recommends suppliers reach out to their buying partners to understand their expectations on these issues and start a constructive dialogue. The action plans can be uploaded on to the Sedex platform, which will change the status of the CAR finding from “open” to “in progress”. Management and assessment of action plans is encouraged as an activity between linked buyer and supplier members.

For Buyers

Where CARs are raised buyer members should prioritise resolution of these issues based on a salient risk approach. Buyers should assess their own roles and responsibilities in the closure of these findings, especially considering any increased financial costs and how these may relate to the buyers own purchasing practices. Buyers should work with suppliers to ensure that closure plans are realistic, taking a long-term approach to improvement where it is necessary, and working with multi-stakeholder initiatives, NGOs, Trade Unions and other third parties to address these issues, which may be widespread. In the interests of enabling transparency, collaboration and long-term effective remediation, the application of commercial penalty against suppliers where these issues are identified and action plans are in place is not encouraged.

For Auditors

Auditors will assess whether the CARs are met through the SMETA audit process and raise the findings where relevant. Auditors will not assess the action plans shared or provide guidance on closure methodology, due to the limitations of assessing scope and responsibilities through a supplier site assessment alone. CAR findings will be superseded and closed in periodic audits. The auditor will assess the Workplace Requirements anew and raise a CAR in following audits until there is no longer a finding to raise.



For more information visit <https://www.sedex.com>