

**July 2024**

*These FAQs are to support Sedex Buyer and Supplier members regarding updates to our SMETA methodology (SMETA 7.0).*

## **FAQs on updates to the SMETA audit methodology (SMETA 7.0)**

### **Why is Sedex updating SMETA?**

In supply chain sustainability, the SMETA (Sedex Members Ethical Trade Audit) methodology has long been recognised as a trusted assessment tool. Recognising the evolving landscape of responsible sourcing and the need for more targeted assessments, Sedex is updating the SMETA methodology in 2024, aiming to provide a more focused assessment that helps identify harder-to-detect issues on site.

The aim is to address the limitations of the current methodology and provide a more effective tool for identifying root causes of issues and aiding in their resolution.

### **Is SMETA a certification? Is there a “pass/fail” element?**

No. Neither SMETA nor Sedex membership are a certification. There is no “pass” or “fail” issued by auditors or Sedex as part of the SMETA methodology.

SMETA is a form of on-site assessment designed to foster visibility, continuous improvement, collaboration and further action to drive responsible sourcing practices. It enables identification and resolution of thousands of issues (non-compliances) at worksites every year, and enables informed decision-making on supply chain sustainability and due diligence activities.

### **What are the SMETA standards – who sets them?**

SMETA is founded on international standards. It was created by Sedex members to provide a centrally agreed protocol to monitor performance against the [Ethical Trade Initiative's \(ETI\) Base Code](#) of labour practices.

Businesses use SMETA to look at conditions, practices, workers and risks at individual sites in supply chains. They use the findings from SMETA audits to make improvements and carry out other next steps, such as more targeted deep-dive assessments into specific areas.

The SMETA methodology measures a site against the ETI Base Code, International Labour Organization (ILO) Conventions and local law. It is an assessment tool which highlights non-conformance with these standards and helps to track corrective actions, but does not enforce compliance or remediation. While Sedex owns the SMETA methodology and is responsible for changes to it, we are not a regulator.

Auditors raise findings against the standard which offers the most protection for workers – for example, a finding is raised if a condition or practice at a site complies with local law, but does not comply with the ETI Base Code (or vice versa).

We recognise that meeting some of the standards can be difficult and require long-term action, which is why SMETA encourages a continuous improvement approach in many situations. Collaboration between business stakeholders is crucial – this is reflected in the introduction of the “Collaborative Action Required” finding in SMETA 7.0 for addressing particularly complex, challenging issues.

## **How did Sedex develop SMETA 7.0 – was there industry/business consultation?**

Evolving SMETA is always a multi-year project that comes with extensive research, consultation and testing throughout the development process. SMETA 7.0 has been in development for over three years, which included a dedicated Technical Advisory Group comprising a representational cross-section of our members across size, sector, geography and maturity of Sedex membership, along with representatives from our partner audit companies (AACs).

We’ve continued our extensive consultation on SMETA 7.0 by bringing together Sedex members, industry representatives, experts and many other stakeholders from multiple countries and industries to provide input and feedback. This included a wide-ranging consultation process across May–September 2023, where all Sedex members were invited to review the full proposed methodology.

Through this period Sedex held 14 events to raise awareness with our membership and gather group feedback, and held one-to-one calls with any member that requested this. In this period alone, Sedex directly reached 2,000+ Sedex members and 60+ expert external stakeholders.

## Who do the new standards apply to?

Any business or site being audited through SMETA – SMETA is a globally applicable and globally used standard.

The updated SMETA 7.0 will be rolled out to all Sedex members, industries and countries at the same time, to encourage fairness in how the updates are applied and reflect on audited sites.

## Who carries out SMETA audits?

Sedex owns, evolves and maintains the SMETA methodology, but is not itself an “audit company” and does not carry out SMETA audits directly. Instead, SMETA audits are carried out by Sedex’s named independent, third-party [Affiliate Audit Companies](#) (AACs). Only these companies are approved by Sedex to use the SMETA methodology.

AACs must be [APSCA](#) members, and are required to adhere to the Sedex Minimum Requirements for Affiliate Audit Companies to continue to be approved by Sedex for SMETA auditing. Adherence to these requirements is monitored by the Sedex [Audit Quality Programme](#). Individual auditors are employed or engaged by the AACs, which are responsible for the quality and integrity of their activities. All lead auditors must additionally be APSCA CSCA qualified (through examination) and undertake the Sedex Auditor Academy e-Learning course.

We have built a SMETA 7.0 Auditor Academy to conduct in-depth training with our AACs and their auditors on the updated methodology.

We are providing a training programme and guidance documents (including specifically on the new Collaborative Action Required finding) for our members, alongside the methodology itself and in addition to the familiarisation offered throughout the consultation process. These activities are designed to support all Sedex members with understanding, preparing for, and beginning to use SMETA 7.0.

## What are the new types of finding in SMETA 7.0?

The output of SMETA has historically been NCs (non-conformances and non-compliances), good examples (where a site goes beyond requirements) and observations (where there is no NC found but the auditor identifies a risk of NCs happening in the future).

For SMETA 7.0, a fixed scope **Management Systems Assessment** has been introduced across the standard, rendering “observations” obsolete and these have been removed. The Management Systems Assessment introduces a new grading of systems in place at sites, to help sites and buyers identify where failings in systems may be the root cause of an issue, or where systems may not be robust enough to ensure that risks are not occurring.

The SMETA **Workplace Requirements** identify certain specific issues where a site may not meet the ETI Base Code, but where 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 the existing SMETA methodology to validate through evidence provided during an onsite assessment alone.

These specific Workplace Requirements have a **Collaborative Action Required** (CAR) finding raised against them. A full list of these, alongside all other SMETA 7.0 requirements, is available in the SMETA 7.0 Workplace Requirements document available on the Sedex e-Learning platform.

**Collaborative Action Required** findings require a different way of working for buyer and supplier members, compared to other NCs, to address the issue raised. 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 our 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 actions based on the most salient risks.

SMETA only assesses and reports on conformance against standards which are derived, ultimately, from the ILO Conventions (via the ETI Base Code). It does not mandate any level of conformance for business relationships to continue, neither does Sedex require suppliers to fully conform with the standards as a condition of membership, or to receive a form of certification from a third-party/other standards organisation. Sedex does not grade audits, or offer any recommendation for supply relationships in terms of e.g., a RAG (red-amber-green) rating attached to an audit.

### **How have auditors been prepared for new SMETA?**

All audit firms are responsible for training their auditors. Training leads from all audit firms have undertaken 16 hours of live training from Sedex on the new standard. These leads have also taken part in calibration sessions regarding the Management Systems Assessment specifically.

The established e-Learning Auditor Academy programme has been updated with five new modules specific to the updated methodology, and made available directly to all auditors. It is an expectation that they undertake this and complete the training assessments before undertaking SMETA 7.0 audits. The Best Practice Guidance (BPG), Measurement Criteria and various topical guidance documents have been consolidated into the Auditor Manual (also available in different forms as the Supplier and the Buyer manuals), which includes all instructions necessary to conduct the audit.

Additionally, Workplace Requirements interpretation guidance is provided to auditors on each SMETA requirement, and this is available under our e-Learning course.

## Resources for Sedex members

*Please note these are hosted on the Sedex e-Learning platform (Sedex membership and log-in required).*

- [SMETA Auditor Academy \(Auditors version\) \(English\)](#)
- [SMETA Auditor Academy \(Buyers version\) \(English\)](#)
- [SMETA 7.0 Training series \(in English and Spanish\)](#)
- [SMETA 7.0 Resources \(standard and FAQs\) \(English\)](#)
- [SMETA 7.0 Auditors Manual \(English\)](#)
- Sedex members can also register for [upcoming Sedex training sessions](#)