# SMETA Corrective Action Plan Report (CAPR)

## Version 7




Sedex, 18 St Swithin's Lane, London, EC4N 8AD, United Kingdom

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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.

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# Audit details

## Site details

| | | | |
|---|---|---|---|
| **Sedex site reference** | ZS1043297 | **Site name** | Dexing Shengshi Industrial Trade Co Ltd |
| **Business name** | Dexing Shengshi Industrial Trade Co Ltd | **Site address** | Jianshe Road 1, Yinlu Industrial Zone<br>银鹿工业园区建设路一号<br>Dexing<br>CN<br>334200 |

## Audit details

| | | | |
|---|---|---|---|
| **Sedex company reference** | ZC1026152 | **Auditor company name** | SGS-China |
| **Audit company address** | No. 430, Jihua Road, Bantian,<br>Longgang District,<br>Shenzhen,<br>CN, 518129 | | |
| **Date of audit** | 2026-05-28 | **Audit conducted by** | Colin Yang |
| **Audit pillars** | Labour Standards \| Health and safety \| Environment 4-Pillar \| Business ethics | | |

| **Time in and out** | Day 1 | | Day 2 | |
|---|---|---|---|---|
| | In | 08:40 | In | 08:30 |
| | Out | 17:00 | Out | 12:30 |

| | |
|---|---|
| **Audit type** | Periodic |
| **Was the audit announced?** | Announced |

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| | |
|---|---|
| **Was the Sedex SAQ available for review?** | Yes |
| **Who signed and agreed CAPR?** | Shu Chuanfeng / Factory Director |
| **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 union in the factory. | | |
| **Reason for absence during the audit** | There was no union in the factory. | | |
| **Reason for absence at the closing meeting** | There was no union in the factory. | | |

# 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.<br><br>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.<br><br>2. Any non-conformance against customer code alone shall not be uploaded to Sedex, and will be shared directly with the customer in question.<br><br>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)** | 1. The audited factory leased the basement, 3rd and 4th floors of a five-storey building (four floors above ground and one basement) to Dexing Jiedeng Footwear Co., Ltd. The relevant lease agreement and business license were provided for review during the audit. The scope of this audit only includes the usage area of the audited factory.<br>被审核工厂将一栋地上四层、地下一层的办公楼，其负一层、三层及四层出租给德兴市捷登鞋业有限公司。审核期间提供了租赁协议和营业执照供查看。此次审核范围仅包含被审核工厂的使用区域。<br>2. The registered address stated on the business license of the audited factory was Yinlu Industrial Zone, Dexing City, Jiangxi Province, while the address recorded in the system was Jianshe Road 1, Yinlu Industrial Zone, Dexing City. The two referred to the same location, and the address in the system was more precise.<br>被审核工厂营业执照注册地址为江西省德兴市银鹿工业园区，系统登记地址为德兴市银鹿工业园区建设路一号。两处地址实际为同一地点，系统内地址表述更为精准。 |

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## Auditor team

| | | | |
|---|---|---|---|
| **Lead auditor** | Colin Yang | **APSCA Number** | 32400233 |
| **Additional auditor** | | | |
| **Date of declaration** | 2026-05-29 | | |

## 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** | Shu Chuanfeng |
| **Title** | Factory Director |
| **Date of declaration** | 2026-05-29 |

# Summary of findings

| Code area | Workplace requirement | Area of NC | Finding |
|---|---|---|---|
| **3. Working conditions are safe and hygienic** | 3.M Ensure all machinery is installed, mainta... | Local law<br>Base code | NC ZAF601448498 |
| | 3.M Ensure all machinery is installed, mainta... | Local law<br>Base code | NC ZAF601448499 |
| | 3.N Ensure that all hazardous substances (e.g... | Local law | NC ZAF601448497 |
| | 3.O Implement an appropriate electrical safet... | Local law | NC ZAF601448494 |
| **5. Legal wages are paid** | 5.B Ensure that workers receive the insurance... | Local law | NC ZAF601448495 |
| **6. Working hours are not excessive** | 6.F Ensure that where overtime is used, it is... | Local law | NC ZAF601448496 |

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Management systems →

# Findings: non-compliances

ZAF601448498

Non-compliance Due 2024-07-25

**Code area**

3 Working conditions are safe and hygienic

**Workplace requirement**

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

**Issue title**

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

**Description**

During the on-site audit, it was found that three flat sewing machines in the workshop were not equipped with finger guards.
现场审核发现，工厂车间内有三台平车未安装护指器。

**Description (carried over)**

Based on on-site observation, all 3 flat sewing machine were not equipped with finger protectors.
根据现场观察，工厂所有的三台平车未安装护指器。

**Intended corrective and preventative actions, based on root cause analysis**

The factory should install protective guards for all sewing machines. 工厂应为所有针车安装护指器
。

**Intended corrective and preventative actions, based on root cause analysis (carried over)**

It was recommended that the factory should install protector guards for all  sewing machines.建
议工厂应为所有针车安装护具。

**Local law reference**

General Rules of Design on Health and Safety of Production Facility (GB 5083-1999) 6.1 Movable parts 6.1.1 Movable parts accessible to personnel shall be closed or isolated as far as possible. 6.1.2 Necessary safeguard shall be installed for all moving parts that are accessible to the operator during machine operation

**Evidence**

flat sewing machine lacked finger guards.jpg

**Status**

Open*

**Time given to resolve**

30 days

**Verification method**

Desktop audit

**Area of non-compliance/non-conformance**

Local law

Base code

← Findings

Management systems →

* PDF generated at 02:24 (UTC) on 05 Jun 2026. View this finding on the Sedex platform for live updates and closure details.

## ZAF601448499

Non-compliance

Due 2024-07-25

**Code area**

3 Working conditions are safe and hygienic

**Workplace requirement**

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

**Issue title**

267 - No/inadequate certificates for inspections of machinery, or machines not registered as required by law

**Description**

Based on document review and on-site audit, it was found that a pressure vessel with a design pressure of 1.76 MPa in the metalworking workshop was classified as special equipment. The factory failed to present its special equipment registration certificate and annual inspection report for review during the audit.
文件审查和现场审核发现，工厂五金加工车间内一台设计压力为1.76Mpa的压力容器属于特种设备。审核过程中，工厂未能提供该设备的特种设备登记证和年检报告。

**Description (carried over)**

Based on onsite observation and document review, a pressure vessel with a desin pressure of 1.76 MPa in the factory metal machining workshop belongs to special equipment, and no registration and regular inspection record was provided for viewing.
根据现场观察和文件审核，工厂五金加工车间一台设计压力1.76MPa的压力容器属于特种设备，审核期间未提供特种设备登记证和年检报告供查看

**Intended corrective and preventative actions, based on root cause analysis**

The factory should ensure that the special equipment is registered and regularly inspected. 工厂应确保特种设备获取注册登记并定期检验。

**Intended corrective and preventative actions, based on root cause analysis (carried over)**

The factory shall ensure that the special equipment is registered and regularly inspected.工厂应确保特种设备获取注册登记并定期检验。

**Status**

Open*

**Time given to resolve**

30 days

**Verification method**

Desktop audit

**Area of non-compliance/non-conformance**

Local law

Base code

← Findings

Management systems →

**Local law reference**

Special Equipment Safety Law of the People's Republic of China (2013), Article 33 Special equipment users shall, before or within 30 days after putting special equipment to use, register the use with the department responsible for special equipment safety supervision and administration, obtain a use registration certificate, and place the registration mark in a conspicuous position of the special equipment.

**Evidence**

special equipment without registration certificate or annual inspection report.jpg

* PDF generated at 02:24 (UTC) on 05 Jun 2026. View this finding on the Sedex platform for live updates and closure details.

## ZAF601448497

Non-compliance

Due 2022-07-07

**Code area**

3 Working conditions are safe and hygienic

**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.

**Issue title**

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

**Description**

During the on-site audit,  it was found that about 40% of chemicals in the factory were not affixed with safety labels, such as phosphating agents for surface treatment.
现场审核发现，工厂约40%的化学品无安全标签，例如表面处理用的磷化剂等。

**Description (carried over)**

Based on on-site observations, about 30% of the chemicals in the factory lacked with safety labels, such as machine oil and Phosphating agent in surface treatment workshop.
根据现场观察，工厂约30%的化学品无安全标签，例如表面处理车间的磷化剂，机油等。

**Intended corrective and preventative actions, based on root cause analysis**

The factory should provide safety labels for all chemicals. 工厂应给所有的化学品提供安全标签

**Status**

Open*

**Time given to resolve**

30 days

**Verification method**

Desktop audit

**Area of non-compliance/non-conformance**

Local law

← Findings

Management systems →

**Intended corrective and preventative actions, based on root cause analysis (carried over)**

The factory should provide safety labels for all chemicals.工厂应给所有的化学品提供安全标签

**Local law reference**

Regulations on Safety Use of Chemicals in Workplaces (1996),
Article 12, Chemicals used shall have the labels, and the hazardous chemicals should be attached with safety labels. Also, the safety and technical instructions of the chemicals shall be available for operators engaged in the use of the chemical.
Article 20, Units shall open safety and sanitary documents of hazardous chemicals to employees and educate them to identify the safety labels, understand the safety and technical instructions, and master the emergency response methods as well as self-first-aid measures. Units shall regularly educate and train employees regarding the safety use of chemicals at workplaces.

**Evidence**

chemicals without safety labels.jpg

* PDF generated at 02:24 (UTC) on 05 Jun 2026. View this finding on the Sedex platform for live updates and closure details.

## ZAF601448494

Non-compliance

Due 2022-07-07

**Code area**

3 Working conditions are safe and hygienic

**Workplace requirement**

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

**Issue title**

223 - Systemic occurrence of incorrect/damaged insulation in electricals including burnt/damaged wiring and plugs

**Description**

During on-site audit, it was found that some electrical boxes in the workshop were either unlocked or not fitted with internal insulating covers.
现场审核发现，工厂车间内部分电箱未上锁或无绝缘内盖。

**Status**

Open*

**Time given to resolve**

30 days

**Verification method**

Desktop audit

**Area of non-compliance/non-conformance**

Local law

**Description (carried over)**

On site inspection found that some electrical switch boxes in the factory workshop lacked outer covers, and some electrical boxes were not locked and had no insulated inner covers.
现场审核发现，工厂车间内部分电气开关盒缺少外盖，部分电箱未上锁且无绝缘内盖。

**Intended corrective and preventative actions, based on root cause analysis**

The factory should install internal covers on all electrical boxes and keep them locked.
工厂应给所有电箱安装内盖且上锁。

**Intended corrective and preventative actions, based on root cause analysis (carried over)**

It is recommended that the factory install external covers for all electrical switches and internal covers and locks for electrical boxes.
建议工厂为所有电气开关安装外盖，为电箱安装内盖且上锁。

**Local law reference**

National Safety Technical Code for Electric Equipments (GB 19517-2009) 2.2.3 To prevent accidental contract with live parts, electrical equipment structure and/or housing can be used, or the device can be placed in a closed electrical work field. The parts used to prevent direct contact are only allowed to be removed or opened by means of tools....

**Evidence**

electrical box was not locked and had no inner cover.jpg

* PDF generated at 02:24 (UTC) on 05 Jun 2026. View this finding on the Sedex platform for live updates and closure details.

## ZAF601448495

Non-compliance Due 2022-09-05

**Code area**

5 Legal wages are paid

**Status**

Open*

← Findings

Management systems →

**Workplace requirement**

5.B Ensure that workers receive the insurances and benefits (including leave entitlements) they are legally or contractually entitled to.

**Issue title**

423 - Compulsory insurance (e.g. social insurance, accident insurance etc.) not paid - systemic

**Description**

Social insurance coverage was deficient. Based on document review, the factory had a total of 29 employees, including 5 retired employees and no new recruit. According to the factory's social insurance payment certificate for April 2026, the factory provided pension insurance, medical insurance, maternity insurance, unemployment insurance and work-related injury insurance to 18 employees (75%). Remark: The factory purchased commercial accident insurance for 20 employees, with a valid period from December 18, 2025 to December 17, 2026.
工厂社保参保覆盖率不足。 文件审查发现，工厂共29名员工，其中包含5名退休员工, 无新进员工。根据工厂2026年4月份的社保缴费凭证显示，工厂给18名（75%）工人提供了养老保险，医疗保险，生育保险，失业保险和工伤保险。备注：工厂为20名员工提供了商业意外险，有效期是2025年12月18日至2026年12月17日。

**Description (carried over)**

Insufficient social insurance coverage. During the audit period, there were a total of 29 non management workers in the factory, including 7 retired workers, no workers who had been employed for less than a month. The number of people who met the insurance requirements was 22. Based on document review (social insurance payment receipts of May. 2025) and worker interview, the factory provided 19 workers (86.4%) with pension insurance, unemployment insurance, work-related injury insurance, medical insurance, and maternity insurance. Remark: The factory has purchased commercial accident insurance for all workers, which is valid from December 18, 2024 to December 17, 2025.
社会保险覆盖不足。审核期间工厂共有29名非管理层工人，其中包含7名退休返聘工人，无入职不满一个月的工人，符合参保要求人数为22人。根据文件审核（2025年5月的社保缴费单）和工人访谈审核发现，工厂为19名工人（86.4%）提供了养老保险、失业保险、工伤保险、医疗保险和生育保险。备注：工厂为所有工人购买了商业意外险，有效期从2024年12月18日-2025年12月17日。

**Intended corrective and preventative actions, based on root cause analysis**

The factory should provide five social insurances to eligible employees. 工厂应为符合条件的员工提供五项社会保险。

**Intended corrective and preventative actions, based on root cause analysis (carried over)**

The factory should provide five social insurances to eligible employees.工厂应为符合条件的员工提供五项社会保险

**Time given to resolve**

90 days

**Verification method**

Follow up audit

**Area of non-compliance/non-conformance**

Local law

← Findings

Management systems →

**Local law reference**

Labor Law of the People's Republic of China (2018 Amendment)
Article 72, The sources of social insurance funds shall be determined according to the categories of insurance, and an overall pooling of insurance funds from the society shall be introduced step by step. The employing unit and laborers must participate in social insurance and pay social insurance premiums in accordance with the law.
Article 73, Laborers shall, in accordance with the law, enjoy social insurance benefits under the following circumstances:
1. Retirement;
2. Illness or injury;
3. Disability caused by work-related injury or occupational disease;
4. Unemployment; and
5. Child-bearing.

**Explanation of difference in resolution time or verification method from the SMETA issue title recommendation**

Timescales was confirmed by factory.

**Evidence**

insufficient social insurance coverage.jpg

* PDF generated at 02:24 (UTC) on 05 Jun 2026. View this finding on the Sedex platform for live updates and closure details.

ZAF601448496

Non-compliance Due 2022-09-05

**Code area**

6 Working hours are not excessive

**Status**

Open*

← Findings

Management systems →

**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.

**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)

**Description**

Workers' overtime exceeded legal requirement. The factory provided attendance records from May 1, 2025 to the audit date, and payroll records from May 2025 to April 2026. Auditor randomly selected 10 workers as samples in April 2026 (current month), January 2026 (random month) and September 2025 (random month) and found as below: 1) In April 2026, the monthly overtime hours of all sampled 10 workers were exceeded 36 hours, and reached maximum 48 hours. 2) In January 2026, the monthly overtime hours of all sampled 10 workers were exceeded 36 hours, and reached maximum 55.5 hours; 3) In September 2025, the monthly overtime hours of all sampled 10 workers were exceeded 36 hours, and reached maximum 46 hours.
员工的加班时间超过法律法规要求。 工厂提供了2025 年5月1日至审核当日的考勤记录，以及2025年5月至2026年4月的工资记录。审核员在2026年4月（当前月）、2026年1月（随机月）、2025年9月（随机月）随机抽取10名工人作为样本，发现如下： 1）2026年4月抽样的10名员工月加班时间均超出36小时，最高达48小时。 2）2026年1月抽样的10名员工月加班时间均超出36小时，最高达55.5小时；
3）2025年9月抽样的10名员工月加班时间均超出36小时，最高达46小时。

**Description (carried over)**

Workers’ monthly overtime hours exceeded the legal limit of 36 hours. According to the attendance records provided by the factory from Jul. 01, 2024, to May. 27, 2025 (the audit day), months of Apr. 2025, Nov. 2024, and Aug. 2024 were sampled for review, it was noted that: •10 out of 10 sampled workers in all the posts worked up to 42 overtime hours in Apr. 2025 (Recent); •10 out of 10 sampled workers in all the posts worked up to 51.5 overtime hours in Nov. 2024 (Random); •10 out of 10 sampled workers in all the posts worked up to 48.5 overtime hours in Aug. 2024 (Random). Remark: Factory did not obtain Consolidated Working Hour System Approval and there was no obvious peak season.
工人月加班时长超出36小时的法规要求。根据工厂提供的工时记录（2024年7月1日到2025年5月27日审核当日），抽样查看2025年4月、2024年11月以及2024年8月的工时记录，审核发现：•10/10名工人在2025年4月的加班时长最多为42小时（最近月份）；•10/10名工人在2024年11月的加班时长最多为51.5小时（随机月份）；•10/10名工人在2024年8月的加班时长最多为48.5小时（随机月份）；备注：工厂未取得综合计时批文且无明显淡旺季。

**Intended corrective and preventative actions, based on root cause analysis**

The factory should ensure that employees work overtime in compliance with legal requirements.
工厂应确保员工加班时长符合法规要求。

**Time given to resolve**

90 days

**Verification method**

Follow up audit

**Area of non-compliance/non-conformance**

Local law

← Findings

Management systems →

**Intended corrective and preventative actions, based on root cause analysis (carried over)**

The factory should ensure that employees work overtime in compliance with legal requirements.
工厂应确保员工加班时长符合法规要求

**Local law reference**

Labor Law of the People's Republic of China (2018 Amendment), Article 41
The employing unit may extend working hours due to the requirements of its production or business after consultation with the trade union and laborers, but the extended working hour for a day shall generally not exceed one hour; if such extension is called for due to special reasons, the extended hours shall not exceed three hours a day under the condition that the health of laborers is guaranteed. However, the total extension in a month shall not exceed thirty six hours.

**Explanation of difference in resolution time or verification method from the SMETA issue title recommendation**

Timescales was confirmed by factory.

**Evidence**

workers' overtime exceeded legal requirement.jpg

* PDF generated at 02:24 (UTC) on 05 Jun 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

## 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.

← Guidance

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.

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

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