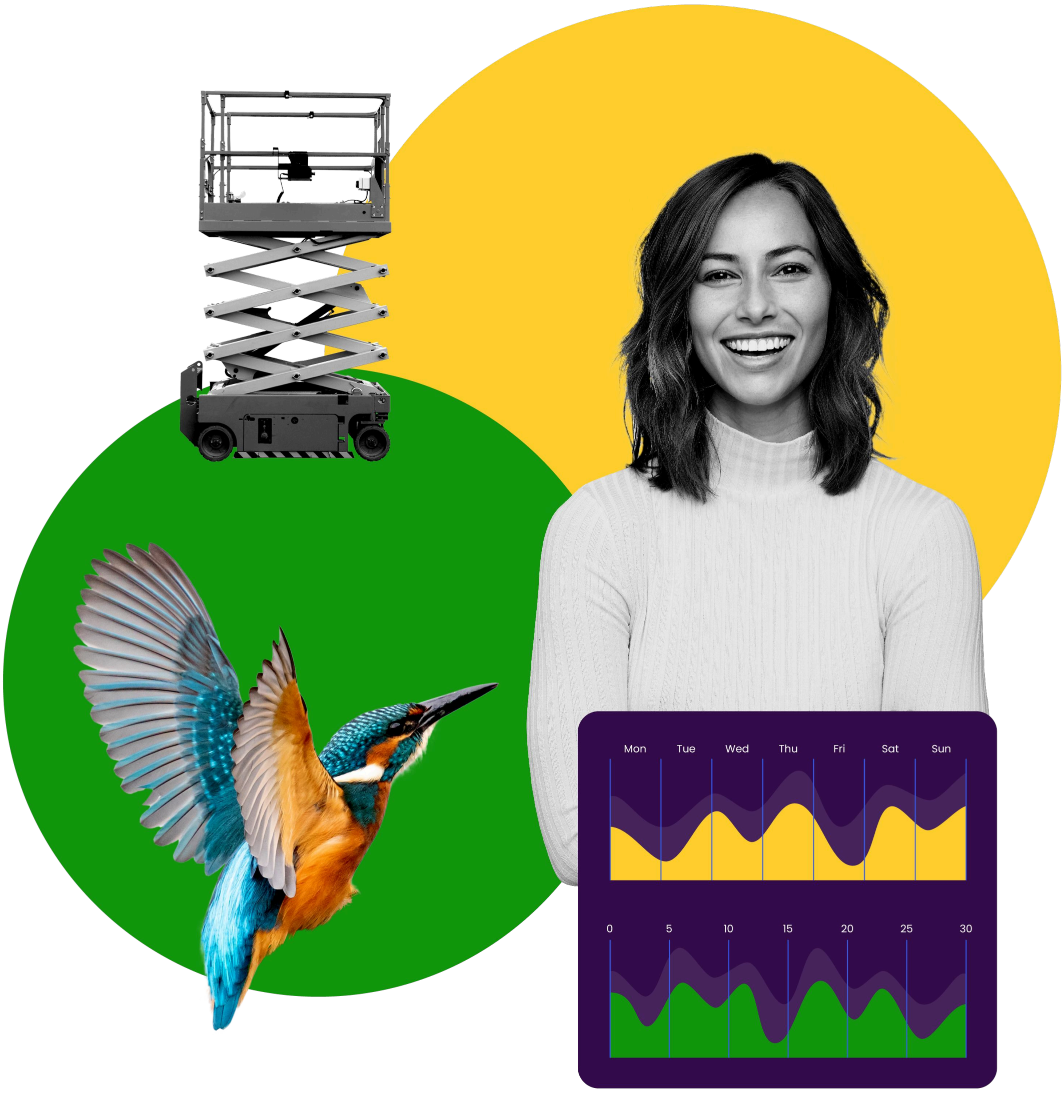
SMETA Corrective Action Plan Report (CAPR)

Version 7



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

Contents

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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Findings →

Audit details

Site details

Sedex site reference	ZS414335101	**Site name**	HPW fresh and dry Ltd
Business name	HPW AG	**Site address**	Bawjiase Road Attohman Adeiso GH EV-0127-0147

Audit details

Sedex company reference	ZC1067242	**Auditor company name**	Partner Africa
Audit company address	Bank of Africa House, 4th Floor, Karuna Close, Off Waiyaki Way, Westlands, Nairobi, KE, P.O. Box 64515-00620		
Date of audit	2026-08-11	**Audit conducted by**	Uchenna Igweike
Audit pillars	Labour Standards | Health and safety | Environment 4-Pillar | Business ethics		

Time in and out

	Day 1		Day 2		Day 3	
	In	13:05	In	09:00	In	08:55
	Out	17:10	Out	17:35	Out	17:05

	Day 4		Day 5	
	In	08:50	In	09:10
	Out	17:00	Out	17:35

← Contents Findings →

Audit type	Periodic
Was the audit announced?	Announced
Was the Sedex SAQ available for review?	Yes
Who signed and agreed CAPR?	
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	No	Yes
B: Present at the audit?	Yes	No	Yes
C: Present at the closing meeting?	Yes	No	Yes
Reason for absence at the opening meeting	There are no worker representatives on site.		
Reason for absence during the audit	There are no worker representatives on site.		
Reason for absence at the closing meeting	There are no worker representatives on site.		

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)	

Lead auditor	Uchenna Igweike	**APSCA Number**	21703848
Additional auditor			
Date of declaration			

← Contents

Findings →

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	
Title	
Date of declaration	

Summary of findings

Code area	Workplace requirement	Area of NC	Finding
1.A. Responsible recruitment and entitlement to work	1.A.E Have systems in place to verify that al...	Base code	NC ZAF601556551
3. Working conditions are safe and hygienic	3.N Ensure that all hazardous substances (e.g...	Base code	NC ZAF-
	3.N Ensure that all hazardous substances (e.g...	Base code	NC ZAF-
5. Legal wages are paid	5.B Ensure that workers receive the insurance...	Local law Base code	NC ZAF601556555
5.A. Living wages are paid	5.A.A Review workers' total pay including ben...	Base code	NC ZAF-
	5.A.B Put in place a wage improvement plan th...	Base code	NC ZAF-
6. Working hours are not excessive	6.A Ensure working hours (including overtime)...	Base code	NC ZAF601556556
	6.C Provide workers with at least 24 hours of...	Local law Base code	NC ZAF601556554
	6.G Ensure that overtime is voluntary and can...	Base code	NC ZAF-
	6.H Ensure that overtime is always compensate...	Base code	NC ZAF601556553
8. Regular employment is provided	8.A Provide a written contract or other bindi...	Local law Base code	NC ZAF601556552
10.B. Environment 4-Pillar	10.B.E Identify and monitor potential negativ...	Base code	NC ZAF-

Findings: non-compliances

ZAF601556551

Non-compliance

Due 2025-08-18

Code area

1.A Responsible recruitment and entitlement to work

Workplace requirement

1.A.E Have systems in place to verify that all workers are recruited legally and fairly, including conducting appropriate due diligence to verify that any third-party employment agencies or other recruitment brokers are following ethical practices.

Issue title

550 - Systems are in place to verify that any labour providers or on-site subcontractors are following ethical recruitment practices, but these are inadequate or not consistently applied/demonstrable

Description

During the periodic audit conducted from 11th to 15th August, 2026, it was observed that the Human Resources Department now conducts quarterly engagement and reviews on the transport provider. Evidence of quarterly engagements was cited during the audit. Also, the Human Resources Manager has been directed to review any new employees from the transport providers to ensure compliance.

Description (carried over)

It was noted that the systems for checking the ETI Base Code compliance for the Transport agencies were inadequate. The following gaps were noted:
1. Workers do not have employment contracts
2. Workers are not paid overtime, including holiday overtime
3. Workers do not receive pay slips
4. Workers do not receive rest days.
5. Workers do not receive leave days
6. SNIT contributions are not made.
7. There was no evidence of training of the workers on policies and procedures.
8. Working hours are not recorded. As per the worker interviews, they work for averagely 9.5 hours per day, approximately 66.5 hours in a week.
These findings have been raised in relevant WR sections.

Status

Closed (2026-08-14)*

Time given to resolve

90 days

Verification method

Follow up audit

Area of non-compliance/non-conformance

Base code

← Findings

Management systems →

Intended corrective and preventative actions, based on root cause analysis

During the periodic audit conducted from 11th to 15th August, 2026, it was observed that the Human Resources Department now conducts quarterly engagement and reviews on the transport provider. Evidence of quarterly engagements was cited during the audit. Also, the Human Resources Manager has been directed to review any new employees from the transport providers to ensure compliance.
Finding Closed

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

It is recommended that the mention develop a system to ensure the compliance of the ETI Base Code for the Transport agencies to ensure that:
1. Workers are provided with employment contracts
2. Workers are paid overtime, including holiday overtime
3. Workers are provided with pay slips
4. Workers receive at least 1 rest day in 7days period.
5. Workers are granted the annual leave days
6. SNIT contributions are made.
7. Workers are trained on policies and procedures.
8. Ensure that working hours are recorded and ensure the maximum hours worked are 60 hours in a week.

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

To allow time for the facility to implement corrective actions for follow up

* PDF generated at 10:49 (UTC) on 15 Aug 2026. View this finding on the Sedex platform for live updates and closure details.

ZAF-

Non-compliance

Code area	Status
10.B Environment 4-Pillar	Open*

← Findings

Management systems →

Workplace requirement

10.B.E Identify and monitor potential negative environment impacts of operations and supply chain and have in place systems that prevent, mitigate or remedy the impacts of their own operations.

Issue title

952 - Site has taken significant steps to identify and mitigate its environmental impacts, but there are significant gaps

Description

The site conducts periodic ambient and point-source air emission monitoring. However, reports of Quarter 1 air emission monitoring indicate that some parameters, e.g., suspended particulate matter, exceeded regulatory limits at some locations on site.

Intended corrective and preventative actions, based on root cause analysis

The site should ensure air emission parameters are within regulatory limits.

Time given to resolve

90 days

Verification method

Desktop audit

Area of non-compliance/non-conformance

Base code

* PDF generated at 10:49 (UTC) on 15 Aug 2026. View this finding on the Sedex platform for live updates and closure details.

ZAF-

Non-compliance

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

240 - No/inadequate safety measures/anti-explosion measures for chemicals (e.g. no anti-leaking system/secondary container/unbunded)

Description

The site has not implemented adequate measures for chemical safety on site as some drums of oil were observed stored without secondary containment at the workshop.

Status

Open*

Time given to resolve

30 days

Verification method

Desktop audit

Area of non-compliance/non-conformance

Base code

Intended corrective and preventative actions, based on root cause analysis

The site should provide secondary containment for chemical storage onsite.

* PDF generated at 10:49 (UTC) on 15 Aug 2026. View this finding on the Sedex platform for live updates and closure details.

ZAF-

Non-compliance

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

868 - Chemical safety processes are not adequate, creating some risk of injury

Description

The site has not implemented an appropriate chemical emergency procedure at the raw water treatment area where workers handle chemicals, as no eyewashes or emergency showers were observed during the audit.

Status

Open*

Time given to resolve

60 days

Verification method

Follow up audit

Area of non-compliance/non-conformance

Base code

Intended corrective and preventative actions, based on root cause analysis

The site should provide eye wash and emergency shower at various locations on site where chemicals are handled.

* PDF generated at 10:49 (UTC) on 15 Aug 2026. View this finding on the Sedex platform for live updates and closure details.

ZAF-

Non-compliance

Code area

5.A Living wages are paid

Status

Open*

← Findings

Management systems →

Workplace requirement

5.A.A Review workers' total pay including benefits and compare it with a credible 'living wage' to calculate a 'living wage gap', and understand what proportion of the workforce has a gap.

Issue title

903 - CAR: A living wage gap analysis has not been completed

Description

The site has not completed a living wage GAP assessment.

Time given to resolve

Verification method

Collaborative action required

Area of non-compliance/non-conformance

Base code

Intended corrective and preventative actions, based on root cause analysis

The site should complete a living wage GAP assessment.

* PDF generated at 10:49 (UTC) on 15 Aug 2026. View this finding on the Sedex platform for live updates and closure details.

ZAF-

Non-compliance

Code area

5.A Living wages are paid

Workplace requirement

5.A.B Put in place a wage improvement plan that aims to pay workers a living wage within a stated timeframe.

Issue title

905 - CAR: A wage improvement plan (with Living Wage as the goal) has not been completed

Description

The site has not completed a wage improvement plan with a living wage as the target.

Status

Open*

Time given to resolve

Verification method

Collaborative action required

Area of non-compliance/non-conformance

Base code

Intended corrective and preventative actions, based on root cause analysis

The site should define a wage improvement plan with living wage as the target.

* PDF generated at 10:49 (UTC) on 15 Aug 2026. View this finding on the Sedex platform for live updates and closure details.

ZAF601556555

Non-compliance Due 2025-08-18

Code area

5 Legal wages are paid

Workplace requirement

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

Issue title

417 - Failure to provide workers with legally required leave entitlement (e.g. annual, maternity, paternity, sick leave) - isolated

Description

During the periodic audit conducted 11th-15th August 2026, it was observed that bus drivers provided by Willsam Enterprises Transport Services and IKEKO Autos Transport Services now observe annual leave. Contracts of employment issued to bus drivers indicate 15 working days' leave entitlement, and evidence of leave approvals was cited during the audit. Workers' interviews also confirmed they now observe annual leave. Also, the site remits Social Security funds for bus drivers onsite. Review of remittance evidence and workers' interview confirms SSNIT remittance.

Description (carried over)

It was noted that the transport agency workers are not provided with annual leave, Additionally the workers are not provided with social security fund.

Intended corrective and preventative actions, based on root cause analysis

During the periodic audit conducted 11th-15th August 2026, it was observed that bus drivers provided by Willsam Enterprises Transport Services and IKEKO Autos Transport Services now observe annual leave. Contracts of employment issued to bus drivers indicate 15 working days' leave entitlement, and evidence of leave approvals was cited during the audit. Workers' interviews also confirmed they now observe annual leave. Also, the site remits Social Security funds for bus drivers onsite. Review of remittance evidence and workers' interview confirms SSNIT remittance.
Finding Closed

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

It is recommended that management ensures that the transport workers are provided with annual leave and social security fund.

Status

Closed (2026-08-14)*

Time given to resolve

90 days

Verification method

Follow up audit

Area of non-compliance/non-conformance

Local law

Base code

← Findings

Management systems →

Local law reference

Ghana Labour Act 2007, Leave entitlement
20. (1) In any undertaking every worker is entitled to not less than fifteen working days leave with full pay in any calendar year of continuous service.
(2) The expression “full pay” means the worker’s normal remuneration, without overtime payment, including the cash equivalent of any remuneration in kind.

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

To allow time collaboration with the transport agencies and implement corrections before follow up audit.

* PDF generated at 10:49 (UTC) on 15 Aug 2026. View this finding on the Sedex platform for live updates and closure details.

ZAF601556556

Non-compliance

Due 2025-08-18

Code area

6 Working hours are not excessive

Workplace requirement

6.A Ensure working hours (including overtime) are accurately recorded, and do not exceed legal limits or limits in collective bargaining agreements, whichever gives more protection for workers.

Issue title

463 - Unable to verify working hours due to missing/ incomplete/ inconsistent records

Description

During the periodic audit conducted from 11th to 15th August 2026, it was observed that the site currently maintains attendance records for bus drivers. The driver's interview also confirmed that they are required to sign attendance records onsite.

Description (carried over)

It was noted that the transport agency workers do not record working hours but only record their names for the days they work.

Status

Closed (2026-08-14)*

Time given to resolve

90 days

Verification method

Follow up audit

Area of non-compliance/non-conformance

Base code

Intended corrective and preventative actions, based on root cause analysis

During the periodic audit conducted from 11th to 15th August 2026, it was observed that the site currently maintains attendance records for bus drivers. The driver's interview also confirmed that they are required to sign attendance records onsite.
Finding Closed

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

It is recommended that management ensure that the transport agency workers' actual working hours are recorded.

Required Evidence:
1. Records of working hours for at least a month for one (1) Sample worker from each agency.

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

To allow time collaboration with the transport agencies and implement corrections before follow up audit.

* PDF generated at 10:49 (UTC) on 15 Aug 2026. View this finding on the Sedex platform for live updates and closure details.

ZAF601556554

Non-compliance

Due 2025-08-18

Code area

6 Working hours are not excessive

Workplace requirement

6.C Provide workers with at least 24 hours of consecutive rest in every 7-day period or, where allowed by national law, two 24 hour periods in every 14-days.

Issue title

485 - Workers do not take off 1 day in 7, and this is contrary to law or collective bargaining agreement (CBA) - systemic

Description

During the periodic audit conducted from 11th -15th August, 2026, it was observed that attendance records reviewed for May 2026, June 2026, and July 2026 indicate that bus drivers observe a rest day in every 7-workday period. Feedback from driver interviews confirms that they observe off days every 7-day work period.

Status

Closed (2026-08-14)*

Time given to resolve

90 days

Verification method

Follow up audit

Area of non-compliance/non-conformance

Local law

Base code

← Findings

Management systems →

Description (carried over)

It was noted that the transport agency workers, who constitute 0.4 % of the workforce, are not afforded a rest day in a 7-day work period.

Intended corrective and preventative actions, based on root cause analysis

During the periodic audit conducted from 11th -15th August, 2026, it was observed that attendance records reviewed for May 2026, June 2026, and July 2026 indicate that bus drivers observe a rest day in every 7-workday period. Feedback from driver interviews confirms that they observe off days every 7-day work period.
Finding Closed

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

It is recommended that the management ensure that the agency transport workers are provided with at least 1 rest day in a 7-day work period.

Required evidence.
1. Records of working hours for at least a month of one (1) Sample worker from each agency.

Local law reference

Ghana Labour Act 2007, Weekly rest period 42. A worker shall, in addition to the rest periods provided in sections 40 and 41, be given a rest period of forty-eight consecutive hours, in every seven days of normal working hours, and the rest period may, for preference, start from Saturday and end on the Sunday following and shall wherever possible, be granted to all of the workers of the undertaking

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

To allow time collaboration with the transport agencies and implement corrections before follow up audit.

* PDF generated at 10:49 (UTC) on 15 Aug 2026. View this finding on the Sedex platform for live updates and closure details.

ZAF-

Non-compliance

Code area

6 Working hours are not excessive

Status

Open*

← Findings

Management systems →

Workplace requirement

6.G Ensure that overtime is voluntary and can be refused without penalty.

Issue title

107 - Overtime is mandatory, within the parameters permitted by local law or collective agreements - Systemic

Description

Review of contracts of employment issued to workers on site and union collective bargaining agreement indicate that workers are required to work overtime when the need arises.

Time given to resolve

60 days

Verification method

Follow up audit

Area of non-compliance/non-conformance

Base code

Intended corrective and preventative actions, based on root cause analysis

The site should ensure that overtime on site is voluntary.

* PDF generated at 10:49 (UTC) on 15 Aug 2026. View this finding on the Sedex platform for live updates and closure details.

ZAF601556553

Non-compliance

Due 2025-08-18

Code area

6 Working hours are not excessive

Workplace requirement

6.H Ensure that overtime is always compensated at a premium rate, which is not less than 125% of the regular rate of pay.

Issue title

457 - Overtime hours are not paid according to SMETA guidance (at the premium rate of 125% basic hours) but this is not contrary to law - systemic

Description

During the periodic audit conducted 11th-15th August 2026, review of bus drivers' May 2026, June 2026 and July 2026 payslips and payroll records indicates that drivers are currently compensated at a premium for overtime hours worked. Interview responses from drivers also confirm overtime premium payment.

Status

Closed (2026-08-14)*

Time given to resolve

90 days

Verification method

Follow up audit

Area of non-compliance/non-conformance

Base code

Description (carried over)

It was noted that the transport workers, constituting 0.4% of the workforce, are not paid overtime for hours worked above 40 in a week.

← Findings

Management systems →

Intended corrective and preventative actions, based on root cause analysis

During the periodic audit conducted 11th-15th August 2026, review of bus drivers' May 2026, June 2026 and July 2026 payslips and payroll records indicates that drivers are currently compensated at a premium for overtime hours worked. Interview responses from drivers also confirm overtime premium payment.
Finding Closed

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

It is recommended that the management ensure that the workers from the transport agencies are paid overtime at least at 125% of the basic wage.

Required Evidence.

1. Contract stating how overtime shall be paid. Signed by the worker for each agency.
2. Records of working hours for at least a month of 1 sample worker from each agency.
3. Records of payment for the same sample as above.

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

To allow time collaboration with the transport agencies and implement corrections before follow up audit.

* PDF generated at 10:49 (UTC) on 15 Aug 2026. View this finding on the Sedex platform for live updates and closure details.

ZAF601556552

Non-compliance Due 2025-07-19

Code area

8 Regular employment is provided

Status

Closed (2026-08-14)*

Workplace requirement

8.A Provide a written contract or other binding agreement that specifies the terms and conditions of employment, that meet all legal requirements, in a language workers can understand.

Issue title

523 - Isolated instances of no contracts/letters of appointment in place

Description

During the periodic audit conducted from 11th to 15th August 2026, it was observed that bus drivers have been issued contracts of employment in line with statutory requirements. Interview responses from bus drivers also confirmed that they have received their contracts of employment.

Description (carried over)

It was noted that the transport workers who constitute approximately 0.4% of the workforce have not been provided with employment contracts.

Intended corrective and preventative actions, based on root cause analysis

During the periodic audit conducted from 11th to 15th August 2026, it was observed that bus drivers have been issued contracts of employment in line with statutory requirements. Interview responses from bus drivers also confirmed that they have received their contracts of employment.
Finding Closed

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

It is recommended that the management ensures that the workers from the transport agencies, are provided with employment contracts.

Required Evidence.
1. Sample of signed contract for 1 worker from each agency.
2. Proof that all the workers from both agencies has received a copy of the contract. e.g a contract issuance form.

Local law reference

Ghana Labour Act 2007, Written statement of particulars of contract of employment
13. Subject to the terms and conditions of a contract of employment between an employer and a worker, the employer shall within two months after the commencement of the employment furnish the worker with written statement of the particulars of the main terms of the contract of employment in the form set out in Schedule 1 to this Act signed by the employer and the worker.

Time given to resolve

60 days

Verification method

Desktop audit

Area of non-compliance/non-conformance

Local law

Base code

← Findings

Management systems →

* PDF generated at 10:49 (UTC) on 15 Aug 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	Not addressed	Not addressed	Not addressed	Not addressed
9. No harsh or inhumane treatment is allowed	Robust management systems	Robust management systems	Robust management systems	Fundamental improvements required
10.A. Environment 2-Pillar	Robust management systems	Some improvements recommended	Some improvements recommended	Fundamental improvements required
10.C. Business ethics	Robust management systems	Robust management systems	Some improvements recommended	Not addressed

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.

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

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