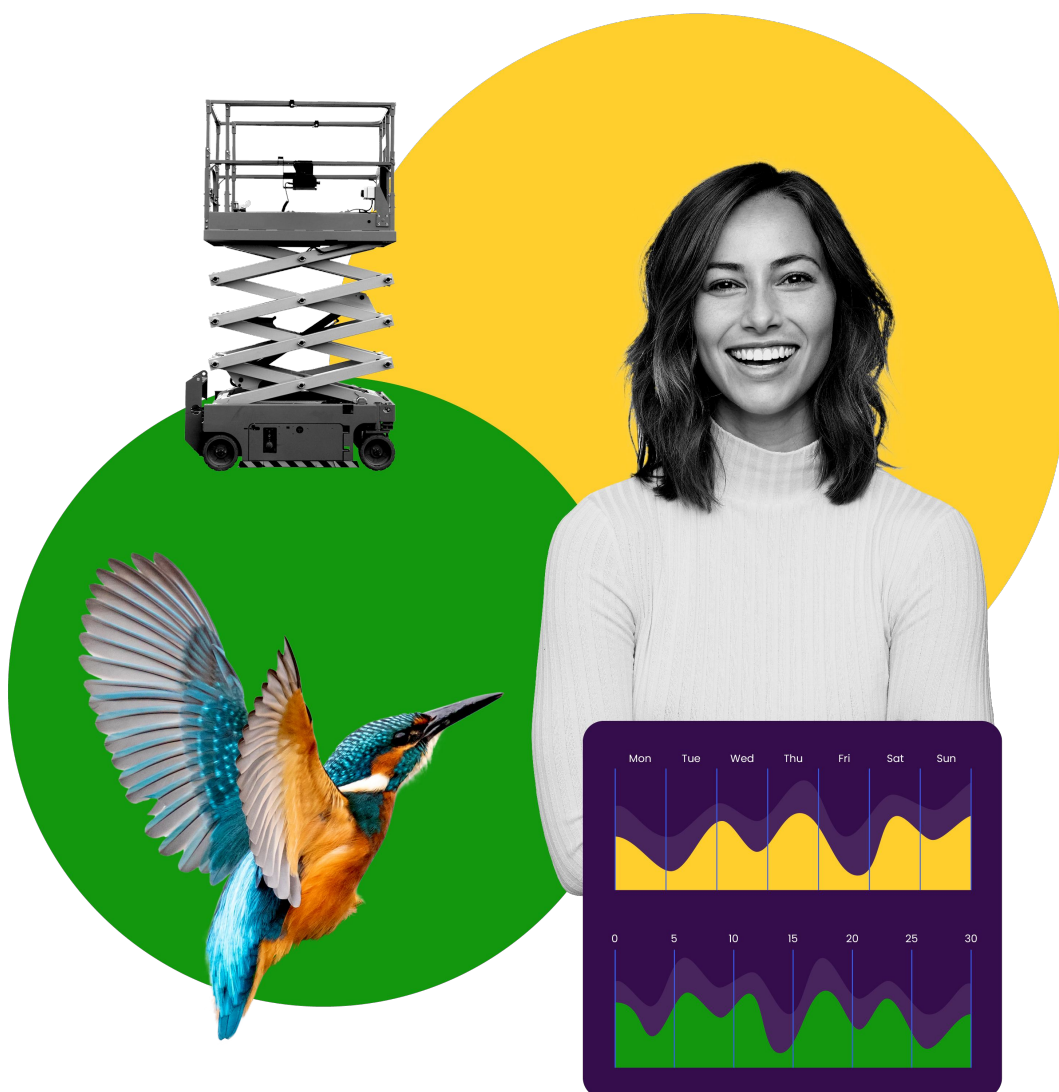


# SMETA Corrective Action Plan Report (CAPR)

Version 7



# Contents

[Audit content](#)

[Audit details](#)

[SMETA declaration](#)

[Findings](#)

[Summary of findings](#)

[Non-compliances](#)

[Good examples](#)

[Management systems](#)

[Guidance](#)

# 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 | ZS405832081              | Site name    | Danken Enterprise Co Ltd                                                                                                            |
| Business name        | Danken Enterprise Co Ltd | Site address | No. 39, Xingong 3rd Rd.,<br>Tianzhong Township<br>No. 131, Xingong 3rd Rd.,<br>Tianzhong Township<br>Changhua County<br>TW<br>52046 |

## Audit details

|                          |                                                                               |                      |                 |
|--------------------------|-------------------------------------------------------------------------------|----------------------|-----------------|
| Sedex company reference  | ZC1079596                                                                     | Auditor company name | Intertek Taiwan |
| Audit company address    | line1,<br>TW                                                                  |                      |                 |
| Date of audit            | 2026-02-05                                                                    | Audit conducted by   | Leo Lee         |
| Audit pillars            | Labour Standards   Health and safety   Environment 4-Pillar   Business ethics |                      |                 |
| Time in and out          | Day 1                                                                         |                      |                 |
|                          | In                                                                            | 09:30                |                 |
|                          | Out                                                                           | 17:00                |                 |
| Audit type               | Periodic                                                                      |                      |                 |
| Was the audit announced? | Announced                                                                     |                      |                 |

[← Contents](#)

[Findings →](#)

Was the Sedex SAQ available for review? Yes

Who signed and agreed CAPR? Mr. Grand Yang / 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                                                           | No                    | No                   |
| B: Present at the audit?                  | Yes                                                           | No                    | No                   |
| C: Present at the closing meeting?        | Yes                                                           | No                    | No                   |
| Reason for absence at the opening meeting | Not applicable (There is no worker committee in the facility) |                       |                      |
| Reason for absence during the audit       | Not applicable (There is no worker committee in the facility) |                       |                      |
| Reason for absence at the closing meeting | Not applicable (There is no worker committee in the facility) |                       |                      |

# 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)**    None

|                           |          |                     |          |
|---------------------------|----------|---------------------|----------|
| <b>Lead auditor</b>       | Leo Lee  | <b>APSCA Number</b> | 21700610 |
| <b>Additional auditor</b> | Ray Pai  | <b>APSCA Number</b> | 32400603 |
|                           | Eric Yeh | <b>APSCA Number</b> | 32400604 |

[← Contents](#)

[Findings →](#)

## Auditor team

Date of declaration 2026-02-05

## 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** Mr. Grand Yang

**Title** Manager

Date of declaration 2026-02-05

# 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              | NC <a href="#">ZAF601292906</a> |
|                                             | 3.M Ensure all machinery is installed, mainta... | Local law              | NC <a href="#">ZAF601301691</a> |
|                                             | 3.N Ensure that all hazardous substances (e.g... | Local law<br>Base code | NC <a href="#">ZAF601292905</a> |
|                                             | 3.N Ensure that all hazardous substances (e.g... | Local law              | NC <a href="#">ZAF601301689</a> |
|                                             | 3.N Ensure that all hazardous substances (e.g... | Base code              | NC <a href="#">ZAF601301690</a> |
|                                             | 3.O Implement an appropriate electrical safet... | Base code              | NC <a href="#">ZAF601301687</a> |
|                                             | 3.P Develop emergency preparedness and respon... | Base code              | NC <a href="#">ZAF601292907</a> |
|                                             | 3.S Ensure that any accommodation which the S... | Base code              | NC <a href="#">ZAF601301688</a> |

# Findings: non-compliances

ZAF601292906

Non-compliance

Due 2025-02-16

## Code area

3 Working conditions are safe and hygienic

## Status

Closed (2026-02-05)\*

## Workplace requirement

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

## Time given to resolve

30 days

## Issue title

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

## Verification method

Desktop audit

## Description

During the facility tour, it was noted that the factory's cargo lift does not have an inspection permit.

在工廠參觀期間，注意到工廠的貨梯沒有檢查許可證。

## Area of non-compliance/non-conformance

Local law

## Description (carried over)

During the facility tour, it was noted that the factory's cargo lift does not have an inspection permit.

在工廠參觀期間，注意到工廠的貨梯沒有檢查許可證。

## Corrective and preventative actions

It is suggested that the facility shall have an inspection permit for the cargo lift.

建議該設施應擁有貨梯的檢驗許可證。

## Corrective and preventative actions (carried over)

It is suggested that the facility shall have an inspection permit for the cargo lift.

建議該設施應擁有貨梯的檢驗許可證。

## Local law reference

In accordance with the Certificate of Administrative Regulations on Installment and Inspection of Elevator in Building: Article 5, The frequency of safety inspections of lifting equipment is stipulated as follows:

1. Cargo lift the delivery machine once every three years.

## Evidence

[← Findings](#)

[Management systems →](#)

[IMG\\_7523.JPG](#)

\* PDF generated at 08:23 (UTC) on 12 Mar 2026. [View this finding on the Sedex platform](#) for live updates and closure details.

ZAF601301691

Non-compliance

Due 2026-03-13

#### Code area

3 Working conditions are safe and hygienic

#### Status

Closed (2026-03-12)\*

#### 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

Based on facility tour, it was noted that a grinding device was missing sparks splash baffle at production area in no.39. 根據現場巡視，發現39號生產區的研磨設備缺少火花飛濺擋板。

#### Area of non-compliance/non-conformance

Local law

#### Corrective and preventative actions

It is recommended that the facility should add sparks splash baffle on the grinding device at production area.請貴工廠對生產區之砂輪機裝設火花防噴濺擋板

#### Local law reference

Safety Standards for Machinery and Equipment: Article 95, The grinding wheel of a grinding machine shall be equipped with a protective cover and shall have the performance specified in Articles 96 to 104. However, this does not apply to those equipped with safety protection devices in accordance with Appendix A of National Standard CNS 16089.

#### Evidence

[grinding device was missing sparks splash baffle at production area in no.39..JPG](#)

\* PDF generated at 08:23 (UTC) on 12 Mar 2026. [View this finding on the Sedex platform](#) for live updates and closure details.

ZAF601292905

Non-compliance

Due 2025-03-18

[← Findings](#)

[Management systems →](#)

|                                                                                                                                                                                                                                                                                                  |                                               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| <b>Code area</b>                                                                                                                                                                                                                                                                                 | <b>Status</b>                                 |
| 3 Working conditions are safe and hygienic                                                                                                                                                                                                                                                       | Closed (2026-02-05)*                          |
| <b>Workplace requirement</b>                                                                                                                                                                                                                                                                     | <b>Time given to resolve</b>                  |
| 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. | 60 days                                       |
| <b>Issue title</b>                                                                                                                                                                                                                                                                               | <b>Verification method</b>                    |
| 232 - Non-hazardous chemicals are stored unlabelled or labelling is incorrect                                                                                                                                                                                                                    | Desktop audit                                 |
| <b>Description</b>                                                                                                                                                                                                                                                                               | <b>Area of non-compliance/non-conformance</b> |
| Based on facility tour, it was noted the one-bottle chemicals lack labeling in the production area.<br>根據工廠參觀，我們發現生產區域的一瓶化學品缺乏標籤。                                                                                                                                                                | Local law                                     |
| <b>Description (carried over)</b>                                                                                                                                                                                                                                                                | Base code                                     |
| Based on facility tour, it was noted the one-bottle chemicals lack labeling in the production area.<br>根據工廠參觀，我們發現生產區域的一瓶化學品缺乏標籤。                                                                                                                                                                |                                               |
| <b>Corrective and preventative actions</b>                                                                                                                                                                                                                                                       |                                               |
| It is recommended that the facility should post labeling of chemicals in the production area.<br>建議工廠應在生產區域張貼化學品標籤。                                                                                                                                                                              |                                               |
| <b>Corrective and preventative actions (carried over)</b>                                                                                                                                                                                                                                        |                                               |
| It is recommended that the facility should post labeling of chemicals in the production area.<br>建議工廠應在生產區域張貼化學品標籤。                                                                                                                                                                              |                                               |

## Local law reference

In accordance with Regulation of Labelling and Hazard Communication of Hazardous Chemicals: Article Article 5 Employers shall conspicuously label the following items on containers containing hazardous chemicals in accordance with the classification and label elements prescribed in Attachment 1. and the format of Attachment 2. The text for the labels in Chinese shall be primary, and if necessary, supplement with foreign languages that workers understand:

- 1.Hazard pictograms
- 2.Contents:
  - 1Name;
  - 2Hazardous ingredients;
  - 3Signal Words;
  - 4Hazard statements;
  - 5Precautionary statements;
  - 6Name, address, and telephone number of manufacturer, importer or supplier.

## Evidence

[IMG\\_7530.JPG](#)

\* PDF generated at 08:23 (UTC) on 12 Mar 2026. [View this finding on the Sedex platform](#) for live updates and closure details.

ZAF601301689

Non-compliance

Due 2026-04-12

## Code area

3 Working conditions are safe and hygienic

## Status

Closed (2026-03-12)\*

## 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

60 days

## Verification method

Desktop audit

## Issue title

232 - Non-hazardous chemicals are stored unlabelled or labelling is incorrect

## Area of non-compliance/non-conformance

Local law

## Description

Based on facility tour, it was noted that the GHS label was missing on a diesel tank for power generator in no.39 and no.131.根據工廠參觀情況，發現39號和131號發電機柴油罐缺少GHS標籤。

[← Findings](#)

[Management systems →](#)

## Corrective and preventative actions

It is recommended that the facility shall post the GHS label for reference.建議該工廠張貼 GHS 標籤以供參考。

## Local law reference

Article 5 of the Labeling and General Information Rules for Hazardous Chemicals:Employers shall conspicuously label the following items on containers containing hazardous chemicals in accordance with the classification and label elements prescribed in Attachment 1. and the format of Attachment 2. The text for the labels in Chinese shall be primary, and if necessary, supplement with foreign languages that workers understand:1.Hazard pictograms

2.Contents:1Name;2Hazardous ingredients;3Signal Words;4Hazard statements;5Precautionary statements;6Name, address, and telephone number of manufacturer, importer or supplier.

If the contained hazardous chemicals prescribed in the preceding Paragraph are mixtures, their hazardous ingredients that should be labeled refer to all hazardous ingredients that contain hazardous properties of physical and health hazards that satisfy CNS15030 classification within the mixture.

If the volume of the container prescribed in Paragraph 1 is under 100ml, it may label only the names, hazard pictograms, and signal words.

## Evidence

[the GHS label was missing on a diesel tank for power generator in no.39 and no.131..JPG](#)

[the GHS label was missing on a diesel tank for power generator in no.39 and no.131. -1 - Copy.JPG](#)

\* PDF generated at 08:23 (UTC) on 12 Mar 2026. [View this finding on the Sedex platform](#) for live updates and closure details.

ZAF601301690

Non-compliance

Due 2026-03-13

## Code area

3 Working conditions are safe and hygienic

## Status

Closed (2026-03-12)\*

[← 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

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

## Area of non-compliance/non-conformance

Base code

## Description

Based on facility tour, it was noted that the diesel barrel was missing secondary containment to prevent leakage in the generator area in the no.131.根據工廠參觀情況，發現 131 號發電機區域的柴油桶缺少二次密封以防止洩漏。

## Corrective and preventative actions

It is recommended that the facility should use secondary containment for the storage of chemical.建議該工廠使用二次容器防護措施來儲存化學品。

## Evidence

[missing secondary containment to prevent leakage in the generator area in the no.131.JPG](#)

\* PDF generated at 08:23 (UTC) on 12 Mar 2026. [View this finding on the Sedex platform](#) for live updates and closure details.

ZAF601301687

Non-compliance

Due 2026-03-13

## Code area

3 Working conditions are safe and hygienic

## Status

Closed (2026-03-12)\*

[← Findings](#)

[Management systems →](#)

## Workplace requirement

3.O 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

Based on the factory tour, it was noted there are inner cover installed in the electrical control box in the generator area in no. 39. However, the electrical control boxes did not post warning labeling on the electrical control box for caution.根據工廠參觀情況，發現39號發電機區域的電氣控制箱內安裝了內蓋。但是，電氣控制箱上沒有張貼警示標籤。

## Area of non-compliance/non-conformance

Base code

## Corrective and preventative actions

It is recommended that the facility should post warning labeling on the electrical control box.建議該工廠在電氣控制箱上張貼警告標籤。

## Evidence

[did not post warning labeling on the electrical control box for caution.JPG](#)

\* PDF generated at 08:23 (UTC) on 12 Mar 2026. [View this finding on the Sedex platform](#) for live updates and closure details.

ZAF601292907

Non-compliance

Due 2025-03-18

## Code area

3 Working conditions are safe and hygienic

## Status

Closed (2026-02-05)\*

[← Findings](#)

[Management systems →](#)

## Workplace requirement

3.P Develop emergency preparedness and response plans for risks identified (including natural disasters and other potential emergencies). Where worker evacuation is required, drills should be conducted at least annually (or more frequently if required by law).

## Time given to resolve

60 days

## Issue title

874 - The emergency preparedness plans and procedures are inadequate in relation to identified risks

## Verification method

Desktop audit

## Area of non-compliance/non-conformance

Base code

## Description

Based on document review, the emergency response plan, excludes floods, earthquakes, infectious diseases etc...and recovery plans in procedure.

根據文件審查，緊急應變計畫未包含洪水、地震、傳染病等..和復原計畫。

## Description (carried over)

Based on document review, the emergency response plan, excludes floods, earthquakes, infectious diseases etc...and recovery plans in procedure.

根據文件審查，緊急應變計畫未包含洪水、地震、傳染病等..和復原計畫。

## Corrective and preventative actions

It is recommended that the emergency response plan, should include floods, earthquakes, infectious diseases etc...and recovery plans.

建議緊急應變計畫應包括洪水、地震、傳染病等...以及復原計畫。

## Corrective and preventative actions (carried over)

It is recommended that the emergency response plan, should include floods, earthquakes, infectious diseases etc...and recovery plans.

建議緊急應變計畫應包括洪水、地震、傳染病等...以及復原計畫。

\* PDF generated at 08:23 (UTC) on 12 Mar 2026. [View this finding on the Sedex platform](#) for live updates and closure details.

ZAF601301688

Non-compliance

Due 2026-03-13

## Code area

3 Working conditions are safe and hygienic

## Status

Closed (2026-03-12)\*

[← Findings](#)

[Management systems →](#)

## Workplace requirement

3.S Ensure that any accommodation which the site provides poses no risk to worker health and safety, and is assessed to ensure it meets local housing and safety requirements by someone suitably qualified. This includes accommodation provided by a contracted third party or any labour agencies engaged by the site.

## Time given to resolve

30 days

## Verification method

Desktop audit

## Issue title

349 - Conditions in living accommodation (i.e. sleeping quarters, toilets/wash areas, eating areas, etc.) are unhygienic

## Area of non-compliance/non-conformance

Base code

## Description

Based on the dormitory tour, the conditions of the dormitory was partially unhygienic and partially not well manage (ex:the area around the water dispenser was filled with puddles and dust, and the outdoor gas stove was covered in grease).

經宿舍巡查，發現宿舍部分環境不佳(飲水機旁積水並機台上有灰層,戶外瓦斯爐上充滿油垢灰塵)

## Corrective and preventative actions

It is recommended that factories regularly reorganize their dormitories.

建議工廠定期整頓、整潔宿舍。

## Evidence

[NC-the outdoor gas stove was covered in grease.JPG](#)

[NC-the area around the water dispenser was filled with puddles and dust-1.JPG](#)

[NC-the area around the water dispenser was filled with puddles and dust-2.JPG](#)

\* PDF generated at 08:23 (UTC) on 12 Mar 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

## 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>