What's new in SMETA 6.0?

An interview with Katerina Liana, Area Technical Manager for the Americas at LRQA

SMETA 6.0, the latest version of one of the world's most widely used ethical audit formats, was launched at the Sedex Conference in London in April 2017.

In this interview, Katerina Liana explains what changes and updates organisations can expect.

For anyone who is new to SMETA, can you give an overview of what it is?

SMETA is an audit procedure developed by Sedex - the Supplier Ethical Data Exchange, which is a not for profit organisation that supports businesses that are committed to continuously improving the ethical performance within their supply chains.

What Sedex aims to do with SMETA – the Sedex Members Ethical Trade Audit – is to make it easier to 'do business that's good for everyone'. Sedex compiled all the good practices and techniques used in ethical auditing including the ETI (Ethical Trading Initiative) code along with local regulations and laws that are applicable in each country as measurement tools, to produce the specific SMETA methodology.

This reduced duplication and multiple levels of audits that a supplier undergoes, so they only have to go through one audit instead of a different one for each of their clients. Organisations can share the results of their audits with multiple clients through the Sedex database, which is one of the largest platforms in the world for sharing responsible sourcing data on supply chains.

There are 2-pillar and 4-pillar versions of SMETA. The 2-pillar audit covers health and safety and labour standards; the 4-pillar audit covers these plus the environment and business ethics. One great feature is that it is open source – so you don't have to be a Sedex member to use the methodology. The SMETA Best Practice Guidance and Measurement Criteria documents are openly available on the Sedex website to any companies that want to consult them.

Why do you think so many organisations around the world are looking to SMETA to be part of their responsible sourcing programmes?

I think it's because the SMETA methodology is accepted by a lot of companies worldwide. It's a well-known brand so it's much easier to use this methodology than use specific codes, or investing in developing a new code of conduct for auditing the supply chain. This doesn't mean that other codes of conduct that clients might have in place cannot be used because they can be combined with SMETA, but the Sedex platform certainly makes it easier for the supply chains to share the necessary information.

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Improving performance, reducing risk

SMETA 6.0 was launched at the Sedex conference in April. What are the new elements in SMETA 6.0?

There are some elements that are completely new to SMETA in version 6.0 and some areas that have been strengthened as an outcome of the feedback that Sedex has gathered. The totally new elements include universal rights covering the United Nations Guiding Principles (UNGP), responsible recruitment, measuring workplace impact and land rights. The areas that were strengthened are business ethics – where auditors can now raise a non-conformity (whereas before an auditor could only raise observations and document good examples in the audit report) and the living wage – tracking the methodologies a company uses to calculate a living wage. Requirements from the UK Modern Slavery Act have also been added, there are additional questions to monitor emissions and there is a stronger focus on fire safety.

To what extent does SMETA 6.0 address human rights?

As a new topic in SMETA 6.0, the new requirements relating to universal rights and the UN Guiding Principles are about demonstrating an awareness of human rights and their impacts. Organisations will need to consider and measure direct and indirect human rights impacts in the workplace for workers and beyond that – looking at the wider picture for the community. It doesn't replace a full assessment on human rights and this is an area that I understand will be further developed by Sedex. Auditors can make observations and note good examples relating to universal rights, but they cannot raise non-compliances at this stage. I expect this will be strengthened in the future as we have seen with Business Ethics in version 6.0.

How do you think the new requirements for responsible recruitment practices will affect workers and organisations?

Well, I think that the practices relating to the whole termination process will become more transparent than they have been. There's a big emphasis now on the recruitment of migrant workers, temporary workers and workers that come through an agency.

Organisations need to check the recruitment practices throughout the supply chain in a more structured way. Recruitment fees are not allowed at any stage of the process, so cost-wise there is a benefit for workers. I think that the main benefit for workers will be that the system will become fairer and more transparent.

There is a new focus on impact metrics and measurement criteria for good examples. Can you explain what these are for anyone who is unfamiliar with the terminology?

Impact metrics and measurement criteria for good examples are key performance indicators that give the company information on the areas that they need to focus on and improve. This means looking at the workers' perspectives, their attitudes and if they like working with the company.

Companies can use this kind of information and analyse the data to see what they can improve and increase the satisfaction of their workforce and middle management teams as well. Usually when we think of all these audits, we focus a lot on the workforce but we also need to consider middle management too. Examples of indicators include the annual worker turnover, absenteeism, the percentage of workers on high hours, and the number of work related accidents and near misses. This can build a picture of how safe a worker feels within the workplace.

The transition period for the new version is relatively short compared to many other international standards and schemes. How can organisations prepare for these changes?

Sedex launched SMETA 6.0 in April and audits will start using this version from 1 June 2017, although follow up audits can use version 5.0 for up to a year. I would recommend that they download the new documents from the Sedex website and familiarise themselves with the requirements. Organisations that have been through the process before should focus on the requirements in the new and strengthened sections to identify what action they need to take.

For organisations completing SMETA for the first time, how can they sell the concept of a responsible sourcing audit to senior management?

Well, I would assume that it is not very difficult to convince senior management that this is the right thing to do. We've seen corporate social responsibility (CSR) becoming more and more popular in recent times for big brands and smaller companies too. Organisations want to do the right thing and CSR is a good mechanism to help prevent them from doing anything wrong – not only in the workplace put in society as a whole.

Major brands and multinational companies depend on their supply chain and it's important that they buy from socially responsible companies because negative publicity relating to unethical practices could cause a lot of damage to their brand image and reputation.

There is much greater awareness of modern slavery, trafficking and forced labour now, so I think it should be easy for senior management to see that this is something that they need to address.

What is the SMETA audit process?

For any company that wants to do a SMETA audit, they should start with the requirements documents that are available on the Sedex website, so that they can see what they need to do to prepare for a successful audit. They then need to select their audit company or an independent auditor, which can be done through the Sedex website, where all of the auditor members are listed, including LRQA.

They need to complete the SMETA self-assessment questionnaire, which can help organisations to identify and address any potential issues that might emerge during an audit. This information is also useful for the auditor because it helps them prepare the audit plan and determine the areas to focus on during the audit.

The audit process starts with an opening meeting where the audit plan is reviewed and agreed upon. During an audit, the auditor reviews documentation, does a site tour and interviews workers and members of the management team.

Worker interviews are confidential to make sure that no information is traced back to any of the interviewees especially when a worker wants to raise problems that the workforce are having on site.

At the end of the audit, there is a closing meeting where the auditor presents the findings and a specific report is prepared using the Sedex format, which can then be uploaded onto the Sedex database. During the closing meeting, the auditor explains what corrective actions need to be completed. For example, if there's going to be a follow up audit to review actions the supplier will be taking on the non-conformities raised.

Who within an organisation is typically involved in the SMETA audit process?

Generally, it's senior management and people from the HR department as they're the ones who usually deal with the labour issues and working hours, and the finance department in terms of pay. If the organisation has an environmental or health and safety management system, then the people responsible for those systems are also usually involved. The workforce is involved as well to provide feedback on issues and concerns that they may have.

Does SMETA work on a certification cycle like some other standards and schemes?

No, it's not like a management systems certification process where you have an annual or six-monthly audit and no certificate is issued at the end. SMETA isn't a pass or fail audit – it's focussed on helping a site improve. The frequency of the audits depends on the agreement with the organisation and its clients. So, clients may ask suppliers to have an audit annually or on a two-yearly basis.

Why should organisations choose LRQA for their responsible sourcing audits?

We have a long history of auditing environmental protection, occupational health and safety and ethical audits and this enables organisations to demonstrate that they have a holistic approach to responsible business throughout the global supply chain. The methodology we use during our audits ensures that social audits focus on areas and issues that are important to a business and we make sure that the systems help them identify hazards and risks so that they can put in place any controls needed to manage these risks throughout the supply chain.

We've been carrying out this type of audit since 2008 and we have a worldwide network of auditors, which means that we have local knowledge, so we know the issues in any countries where we carry out audits. We place a great emphasis on our auditors' soft skills because that helps put the workforce at ease during the worker interviews so they feel comfortable and can open up to give us an open testimony about their working situation.

We also work with Partner Africa, which is a leading non-profit social enterprise and a pioneer in the field of ethical and social audits and we work with them to deliver social compliance audits across Africa.

Finally, LRQA is part of the Lloyd's Register group, which is owned by the Lloyd's Register Foundation – a charity funded by the profits from the business, which helps to protect life and property by funding engineering-related research, education and public engagement that makes a real difference in improving safety of the critical infrastructure that we all rely on.

Katerina Liana Area Technical Manager for the Americas at LRQA

As Technical Manager for the Americas at LRQA, Katerina Liana is responsible for the day-to-day management of the area technical function. She is the LRQA global product specialist for SA 8000 and SMETA, and is also an IRCA certified Lead Assessor for a wide range of standards including: ISO 9001, OHSAS 18001 and ISO 50001.

Katerina has over 25 years' experience working for independent certification and training providers, having spent 15 years with the Hellenic Organization for Standardization before moving to LRQA. She holds a Diploma in Electrical Engineering from Aristotle University of Thessaloniki.

For more information about how LRQA's SMETA 6.0 audits could help you improve your responsible sourcing practices, visit www.lrqa.com/responsible-sourcing or email enquiries@lrqa.com

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