

# Briefing Note: Sedex SAQ

This briefing note is for Sedex members who use, or are considering using, the Sedex Self-Assessment Questionnaire (SAQ) in their operations or supply chain. It applies to the SAQ for Goods Provider suppliers, released in May 2023, and the SAQ for Service Provider suppliers, released in August 2024.

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## What is the Sedex SAQ and why is it needed?

Collecting data from suppliers is essential for companies to identify and assess risks in global value chains. This is the first step in corporate human right due diligence.

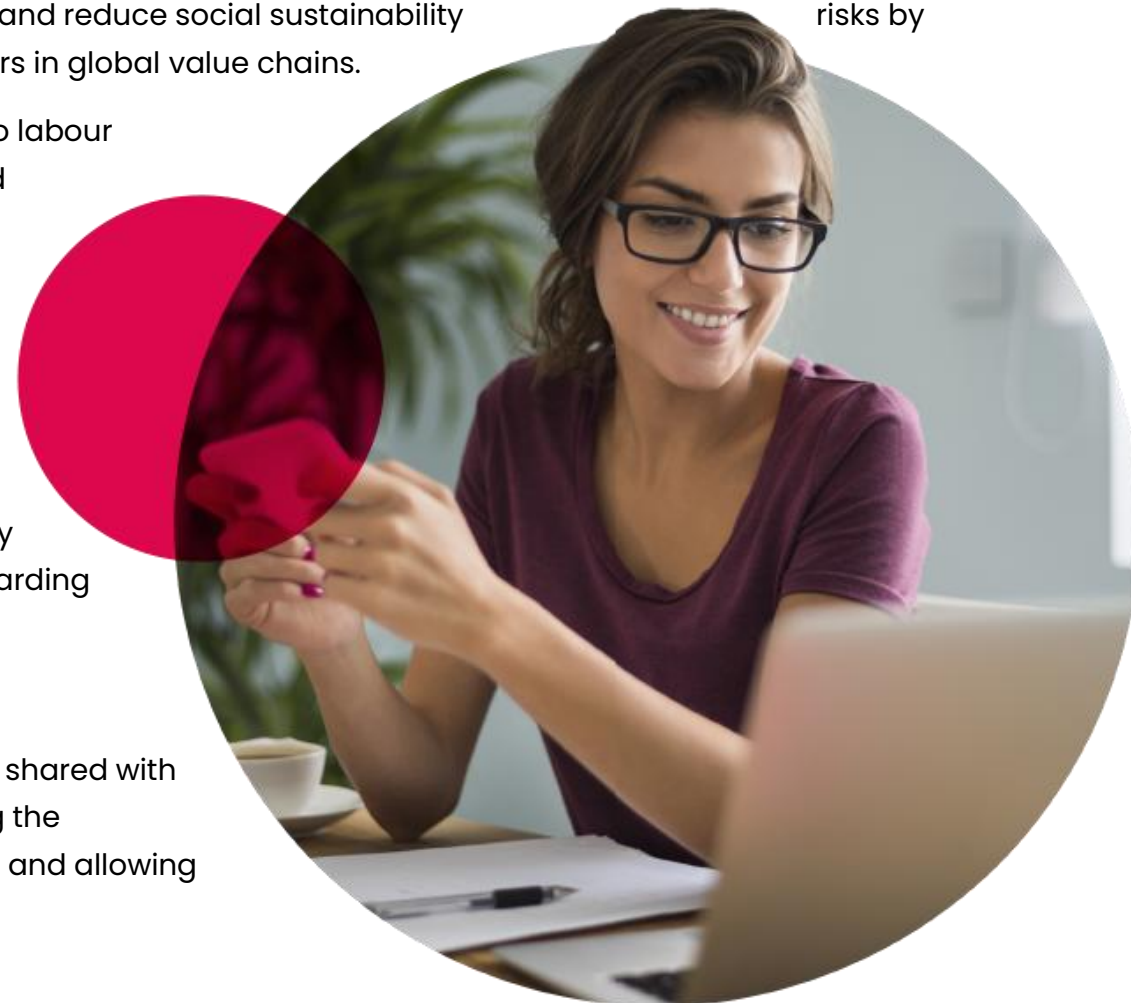
The aim of the Sedex SAQ is to support companies to identify and reduce social sustainability risks by collating and analysing relevant data on conditions for workers in global value chains.

It does this by asking a series of questions primarily relating to labour standards at a workplace. Labour standards are the rules and regulations that govern working conditions such as working hours, workers' representation rights, wages, and health and safety in the workplace.

The questions are based on international labour standards, such as those set out by the International Labour Organization (ILO) and interpreted by the Ethical Trading Initiative (ETI)'s Base Code. To support members' sustainability programmes, a limited set of questions are also included regarding environmental and business ethics management systems.

### Benefits for suppliers

- **Complete once, share multiple times:** The SAQ can be shared with multiple customers within the Sedex platform, reducing the 'questionnaire fatigue' that many suppliers experience, and allowing resources to be deployed to making improvements.



- **Supports improvement:** Respondents receive a Management Controls report after completing the SAQ, helping to demonstrate the systems in place to manage the risks inherent to their industry sector and country. Suppliers can demonstrate positive practices and year-on-year improvements.
- **Prepare for SMETA audit:** The SAQ covers the same areas as a SMETA audit, helping suppliers to understand where they can make improvements to meet the expectations of their customers and industry standards.

### **Benefits for buying companies**

- **Improved visibility of global value chains**– The SAQ enables buyers to understand where workers are in the supply chain. This can serve as a starting point for further investigation of where potential human rights risks and gender inequalities could lie.
- **Actionable, prioritised information and insights** – The SAQ’s output reports support buyers and suppliers to take action. Buying companies can use information from the SAQ to set and measure progress against key performance indicators (KPIs) across supply chains.
- **Efficient use of time and resource** – SAQ answers are automatically fed into Sedex’s reporting and Analytics tools, providing risk scores and data analysis at the click of a button, and saving companies time that would be spent reviewing offline questionnaires.

Figure 1. How the Sedex SAQ contributes to reduced sustainability risks for businesses.



As part of a human rights due diligence approach, business are expected to assess risks upstream and downstream in the value chain. This should include both suppliers of goods and suppliers of services. For this reason, Sedex has developed SAQs for different suppliers types:

### **Goods Provider SAQ (latest version first released in May, 2023)**

The Goods Provider SAQ is suitable for suppliers where work is carried out work at a fixed-location 'site', such as a factory, farm or warehouse. Questions are determined by company size: micro, small, medium and large (following OECD definitions).

Within the question set, additional parent-child triggering questions are built in to enable tailoring to specific circumstances and likely risk factors. For example, a site that recruits migrant workers and provides them with accommodation will receive more questions than a site that does not.

### **Service Provider SAQ (latest version first released in August, 2024)**

To allow Sedex members to sufficiently assess a broad range of service providers, the service provider SAQ follows a characteristics-based approach. This means that it screens and for specific characteristics that may act as drivers of risk and triggers relevant questions based on selected characteristics.

The main characteristics are:

- The location of where services are performed (own location, third party location and no fixed location);
- Who does the work (e.g., own employees and third party workers such as agency and self-employed workers);
- The type of work performed (e.g., office work, low-skill work);
- Company size (micro, small, medium and large); and
- Specific kinds of service providers where labour risks relate exclusively to the service they provide and that therefore require an overall reduced or tailored question set (i.e., recruitment agencies, sourcing agents).

The main characteristics determine the overall question set a service provider receives. Where a service providers' characteristics are similar to those of a good producer or manufacturer – i.e., a site-based activity involving manual labour – the service provider is directed to the Goods Provider SAQ. Otherwise, the Service Provider SAQ will be allocated, with the exact questions determined by the characteristics identified by a series of scoping questions before the SAQ.

Consistent with the Goods Provider SAQ, additional parent-child triggering questions are built into the question set to enable tailoring to specific service provider circumstances and likely risk factors. For example, service providers are asked about their supply chains only if they indicated that the provision of products forms an essential part of the service they provide.

The Service Provider SAQ aligns with the Goods Provider SAQ as much as possible to ensure comparability of results and facilitate efficient integration into Sedex' members overall due diligence.

### **Location-specific questions within the Service Provider SAQ**

The Service Provider SAQ contains a core set of questions relevant to service providers regardless of where work is performed. Additional questions are determined according to the location of where services are performed:

- **Own location:** Questions for service providers with workers performing services at defined sites owned by the service provider. Within the scope of the Service Provider SAQ, this includes office-type settings only, as service providers with sites at which manual labour is performed are directed to the same SAQ used for goods providers. As such, the 'own location' question set includes a reduced set of questions on health and safety to reflect the less hazardous nature of office-based work.
- **Third party location:** Questions for service providers with workers performing services at a fixed third party location (e.g., cleaners at a customer site). The question set is focused on health and safety management as well as on systems for monitoring working conditions at third party sites.

- **No fixed location:** Questions for service providers with workers performing services at no fixed location / on the move (e.g., transport). The question set is focused on health and safety management as well as on systems for monitoring working conditions for workers on the move.

### **Guidance for members on how to use the Service Provider SAQ**

The Service Provider SAQ has been designed for Sedex members to be targeted as locally as possible. For service providers that are multinational corporations, it is recommended to ask for SAQ completion at country / country subsidiary level, rather than at global HQ. While the SAQ can be completed at a global level, it will yield better data and information on both risks and management controls at individual company level.

Since the Service Provider SAQ can be used to assess a broad range of service providers, it can be combined with more specific tools that may exist for specific categories of service providers in specific regions. For example, the Service Provider SAQ can be used to identify higher risk providers for follow-up, including through more specific tools.

### **SAQ for Agents**

Assessing agents can be helpful because they play an important role in the supply chain. They often act as intermediaries, connecting buyers to multiple manufacturers or other suppliers. For this reason buying companies often ask their agents to register on Sedex. Using the SAQ for Agents, buying companies can:

- Understand the level of due diligence they apply when selecting and managing their supplier base.
- Evaluate their awareness of human rights and sustainability risks and the measures they take to mitigate these risks.
- Gain insight into critical forced and child labour risks within the supply chain.

However, while assessing agents provides valuable context, it's also important to note that it is more impactful to assess manufacturers directly. Manufacturers are closer to the point of production where most labour and environmental risks occur, so direct assessments enable companies to identify the working conditions, such as health and safety standards, working

hours, wages, and other issues that may not be visible to an agent. While both approaches complement each other, the focus should ideally be on those who have the greatest control and influence over working conditions and environmental practices.

## Topics covered in the SAQ

The SAQ aims to strike a balance that enables the collection of enough information to carry out an effective risk assessment within a due diligence process across a broad range of supplier types, without overburdening suppliers – particularly smaller ones – with excessive demands for information. To this end, it is divided into sections that align with the elements of a SMETA audit.

*Table 1. Topics covered in the SAQ for Goods Providers*

<b>SECTION</b>	<b>SUB-SECTION(S)</b>
<b>PROFILE</b>	Profile; Audit and certification
<b>WORKPLACE IMPACT</b>	Turnover and absenteeism; Success stories*
<b>MANAGEMENT SYSTEMS FOR CODE IMPLEMENTATION</b>	Applicable Laws; Policies and procedures; Human rights; Local community; Conflict minerals*; Small scale producers*
<b>FREELY CHOSEN EMPLOYMENT AND RESPONSIBLE RECRUITMENT</b>	Modern slavery risk assessment; Prison labour; Recruitment and hiring; Labour provider management; Recruitment of migrant workers; Recruitment fees and costs; Entitlement to work
<b>FREEDOM OF ASSOCIATION</b>	Workplace dialogue; Industrial action
<b>HEALTH AND SAFETY</b>	Health and safety management; Machinery and site vehicles; Hazardous materials; Housekeeping and hygiene; Collective transport
<b>LIVING ACCOMMODATION</b>	Accommodation management and standards
<b>CHILDREN AND YOUNG WORKERS</b>	Children and young workers
<b>WAGES</b>	Wages; Benefits; Deductions; Living wages



<b>WORKING HOURS</b>	Working hours; Overtime; Rest; Feedback
<b>REGULAR EMPLOYMENT</b>	Regular employment; Subcontracting; Supply chain
<b>DISCRIMINATION</b>	Non-discrimination; Gender equality*
<b>DISCIPLINE AND GRIEVANCE</b>	Discipline; Grievance; Violence and harassment
<b>ENVIRONMENT</b>	Environmental management system; Client requirements; Climate change*
<b>BUSINESS ETHICS</b>	Applicable laws; Policies and procedures

Table 2. Topics covered in the SAQ for Service Providers

<b>SECTION</b>	<b>SUB-SECTION(S)</b>
<b>PROFILE</b>	Profile; Audit and certification; Applicable laws
<b>WORKPLACE IMPACT</b>	Turnover and absenteeism; Improvement Initiatives*
<b>MANAGEMENT SYSTEMS FOR CODE IMPLEMENTATION</b>	Policies and procedures; Resources; Communication and training; Monitoring
<b>FREELY CHOSEN EMPLOYMENT AND RESPONSIBLE RECRUITMENT</b>	Policies and procedures; Prison labour; Responsible Recruitment; Recruitment of migrant workers; Entitlement to work
<b>FREEDOM OF ASSOCIATION</b>	Workplace dialogue; Industrial action
<b>HEALTH AND SAFETY</b>	Health and safety management; Machinery, Vehicles and other Workplace Hazards; Housekeeping and hygiene; Collective transport
<b>LIVING ACCOMMODATION</b>	Accommodation management and standards
<b>CHILDREN AND YOUNG WORKERS</b>	Children and young workers
<b>WAGES</b>	Wages; Benefits; Deductions; Living wages; Agency and subcontracted workers
<b>WORKING HOURS</b>	Working hours; Overtime; Rest
<b>REGULAR EMPLOYMENT</b>	Regular employment; Self-employed workers; Contractor management
<b>DISCRIMINATION</b>	Non-discrimination; Gender equality*
<b>DISCIPLINE AND GRIEVANCE</b>	Discipline and grievance; Violence and harassment

<b>LOCAL COMMUNITIES, HUMAN RIGHTS AND SUPPLY CHAIN</b>	Local communities; Human rights; Supply chain
<b>ENVIRONMENT</b>	Environmental management systems; Client requirements; Climate change*
<b>BUSINESS ETHICS</b>	Business ethics management systems

\*Denotes where questions are not within the scope of a SMETA audit, but have been included to help companies identify risks and support improvements.

In recognising that they do not employ workers directly **recruitment agencies and sourcing agents** receive a reduced set of topic areas.

Table 3. Topics covered in the SAQ for Sourcing Agent

<b>SECTION</b>	<b>SUB-SECTION(S)</b>
<b>PROFILE</b>	Profile; Applicable laws
<b>MANAGEMENT SYSTEMS FOR CODE IMPLEMENTATION</b>	Policies and procedures
<b>FREELY CHOSEN EMPLOYMENT</b>	Modern slavery
<b>LOCAL COMMUNITIES, HUMAN RIGHTS AND SUPPLY CHAIN</b>	Human rights; Supply chain; Conflict minerals
<b>ENVIRONMENT</b>	Environmental due diligence
<b>BUSINESS ETHICS</b>	Business ethics management systems

Table 4. Topics covered in the SAQ for Recruitment Agencies

<b>SECTION</b>	<b>SUB-SECTION(S)</b>
<b>PROFILE</b>	Profile; Applicable laws

<b>MANAGEMENT SYSTEMS FOR CODE IMPLEMENTATION</b>	Policies and procedures; Resources; Communication and training; Monitoring
<b>FREELY CHOSEN EMPLOYMENT AND RESPONSIBLE RECRUITMENT</b>	Policies and procedures; Responsible Recruitment; Recruitment of migrant workers
<b>FREEDOM OF ASSOCIATION</b>	Freedom of association and the right to collective bargaining
<b>CHILDREN AND YOUNG WORKERS</b>	Children and young workers
<b>WAGES</b>	Wages; Benefits; Deductions; Living wages; Agency and subcontracted workers
<b>WORKING HOURS</b>	Working hours; Overtime; Rest
<b>REGULAR EMPLOYMENT</b>	Regular employment; Self-employed workers; Contractor management
<b>DISCRIMINATION</b>	Non-discrimination
<b>DISCIPLINE AND GRIEVANCE</b>	Discipline and grievance
<b>BUSINESS ETHICS</b>	Business ethics management systems

## Length of the Goods Provider SAQ

The number of questions a site receives can vary between 37 – 158 questions. Most respondents should be able to complete the SAQ in 1-2 hours. The number of questions received is determined by:

### a) Number of employees and other workers

In recognising that smaller businesses generally require less complex risk management systems, companies with fewer workers receive fewer questions than those with more workers.

*Table 5. Number of questions by company size*

Company size	Employees & workers	Min. questions	Max. questions	Available at 'Central SAQ' level*
Micro	1-9	37	52	63%
Small	10 – 49	61	110	65%
Medium	50 – 249	75	153	70%
Large	>250	78	158	70%

\*Companies with several production sites applying the same human resource decisions and rules (e.g. on overtime) and same production practices (e.g. health and safety requirements) to all sites will be able to complete a question once and apply it across multiple sites.

Companies with no workers (for example, a sole trader) will only be required to complete their Site Profile, since the SAQ is designed to identify risks to workers.

### **b) Specific supplier circumstances and likely risk factors triggered within the SAQ**

The SAQ uses a branch or parent-child approach to questions, where additional questions are triggered by the answer to a particular “parent” question. For example, a site that recruits migrant workers and provides them with accommodation will receive more questions than a site that does not.

## **Length of the Service Provider SAQ**

As described above, the number of questions a service provider receives depends on the following factors:

- The location of where services are performed (own location, third party location and no fixed location);
- Who does the work (e.g., own employees and third party workers such as agency and self-employed workers);
- The type of work performed (e.g., office work, low-skill work);
- Company size (micro, small, medium and large);
- Specific service provider circumstances and likely risk factors triggered within the SAQ
- Specific kinds of service providers where labour risks relate exclusively to the service they provide and that therefore require an overall reduced or tailored question set (recruitment agencies, sourcing agents).

*Table 6. Number of questions by company size, Service Provider SAQ – Own location*

<b>Company size</b>	<b>Employees &amp; workers</b>	<b>Min. questions</b>	<b>Max. questions</b>
Micro	1-9	21	74
Small	10 – 49	37	156
Medium	50 – 249	63	180
Large	>250	69	186

*Table 7. Number of questions by company size, Service Provider SAQ – Third party location*

<b>Company size</b>	<b>Employees &amp; workers</b>	<b>Min. questions</b>	<b>Max. questions</b>
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Micro	1-9	20	73
Small	10 – 49	38	138
Medium	50 – 249	57	173
Large	>250	63	177

Table 8. Number of questions by company size, Service Provider SAQ – No fixed location

Company size	Employees & workers	Min. questions	Max. questions
Micro	1-9	34	87
Small	10 – 49	45	153
Medium	50 – 249	64	181
Large	>250	70	185

Table 9. Number of questions by company size, Service Provider SAQ – Recruitment Agencies version

Company size	Employees	Min. questions	Max. questions
Micro	1-9	14	28
Small	10 – 49	22	43
Medium	50 – 249	24	48
Large	>250	25	51

Table 10. Number of questions by company size, Service Provider SAQ – Sourcing Agents version

Company size	Employees	Min. questions	Max. questions
Micro	1-9	11	32
Small	10 – 49	17	46
Medium	50 – 249	19	53
Large	>250	21	56

## How frequently suppliers should update the SAQ

Suppliers can update and resubmit their SAQ at any time. Sedex recommends that the SAQ is updated and resubmitted at least once a year, when there are any significant changes to the company, and in advance of any SMETA audit. Buying companies can see when the SAQ was last submitted within the Sedex platform.

## Key features of the SAQ

### Easy-to-complete

Sedex recognises that many buying companies require the SAQ to be completed by a range of suppliers, from multinational manufacturers to small farms. Unnecessarily long questionnaires can disengage suppliers, causing delays, time wasted spent chasing for responses and resulting in the collection of poor quality data. Features designed to make the SAQ easy to complete include:

- For Goods Providers, a **central SAQ** feature is available to companies that have two or more production sites applying the same human resource decisions and rules (e.g. on overtime) and same production practices (e.g. health and safety requirements) to all production sites. Companies are able to complete a 'central' question once and apply it across multiple sites. A similar feature will be released for Service Providers with multiple worker location types.
- Maintain a core focus on international labour standards, such as those set out by the International Labour Organization (ILO), which are applicable to all businesses globally.
- Limiting questions that require data to be collected by the supplier to the most meaningful data points. This includes the **number of workers** at a supplier site, disaggregated by gender and contract type. With the majority of questions either 'multiple choice' or 'document upload', suppliers spend less time on data collection and entry.



- Allowing an optional **free-text comment** to be entered alongside any answer, giving users the option to decide whether or not to elaborate on their responses. The comment is visible to the customers and auditors with access to the SAQ.

### **Trusted data**

To avoid highlighting the 'danger' or 'risk' answers and leading respondents toward a particular way of answering questions, the SAQ intentionally avoids overusing questions with a yes-no (polar) answer format. Instead, the majority of questions in the Sedex SAQ are in multiple choice answer form. The absence or selection of a given answer option can indicate a reduced or elevated risk, non-conformance or opportunity for improvement.

## **How companies can use data from the SAQ**

Buying companies can use information collected from their suppliers' SAQ both at an individual supplier or site level and at an aggregated supply chain level.

### **How to use SAQ information at the supplier or site level**

#### **Automated risk score:**

Assessing the risk to workers in the supply is important for companies to meet their ethical and legal responsibilities as part of a human rights due diligence approach. To this end, data from the SAQ is used to identify risks to workers. For practicality, sites are segmented into a 'combined overall risk category' of **high, medium or low risk** based on an automated risk score within Radar, the Sedex risk assessment tool.

SAQ questions that contribute to a site's Radar risk score fall into two categories:

### a. Risk characteristics

A subset of questions from the SAQ have been selected as being key to helping companies to identify potential risks and highlight areas that may require additional due diligence or closer scrutiny. The score considers various characteristics of a supplier, such as the number and type of workers, labour intensity, recruitment practices, worker representation, gender, health and safety, and working hours. Certain responses are weighted more or less heavily toward the risk score, based on typical risk factors and an analysis of historic SAQ answers against Sedex audit non-compliance data.

Answers are scored according to the following scoring framework, where an overall site characteristics risk score of 10 out of 10 is reached when the site reaches 45% of the maximum available risk points.

*Table 11. Scoring framework for the Site Risk Characteristics Score*

<b>RISK</b>	<b>DESCRIPTION</b>	<b>EXAMPLE ANSWER</b>
<b>NO RISK</b>	This category represents answers where there is no evidence to suggest that the risk factor is present. No score.	A free and independent trade union is active in the workplace.
<b>MINOR RISK</b>	This category represents answers or data that identify a minor risk factor. Scores 1 risk point.	Workers receive between 10% - 30% of their pay as 'in-kind' benefits
<b>MODERATE RISK</b>	This category represents answers or data that identify a moderate risk factor. Scores 2 points towards the risk score.	Over 15% of the site's workforce are apprentices, trainees or interns.
<b>HIGH RISK</b>	This category represents answers or data that identify a high risk factor. Scores 4 risk points.	Workers are hired through temporary, seasonal or guest worker programmes.

<b>CRITICAL RISK</b>	This category represents answers or data that identify a critical risk factor. Scores 7 risk points.	Workers travel from 'high risk' sending countries to work at the site.
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By using this scoring framework, Sedex members can identify and prioritise risks in their supply chain, and take proactive steps to address these risks, prevent potential violations of human rights, and promote responsible business practices. It is important to check if the company has appropriate systems in place to manage and mitigate the risks associated with each category.

A full list and explanation of each of the risk factors that contribute to the Site Characteristics risk score is available in the supplementary *Radar Methodology Briefing Note*, available in Sedex eLearning.

### b. Management Controls

#### Summary

Sedex supplier members receive a **Management Controls at My Business report** after successfully completing the SAQ. This is a tool that suppliers can use to assess their risk management practices, understand how their practices compare to industry standards, and identify areas for improvement. The goal is to reward businesses that are striving to develop a system to manage and mitigate their risks.

Suppliers receive a Management Controls score of 0 to 5 based on their risk management practices, where 5 is the highest and best score available.

#### Scoring framework:

The Management Controls score is based on a four-level scoring system, where answers can receive either 1 point, 2 points, 3 points or 7 points. Answers that receive 1 point are basic and essential practices, while those that receive 2 points are good practices. Answers that receive 3 points are best practices, and those that receive 7 points are advanced practices.

Table 12. Scoring framework for the Management Controls score

POINTS	DESCRIPTION
<p><b>1</b></p>	<p><b>Basic and Essential Practices (Level 1 answers)</b></p> <p>Answers that meet the minimum standard for risk management and demonstrate likely compliance with legal and ethical requirements are awarded 1 point. These answers form a solid foundation for risk management but are not sufficient to constitute reasonable due diligence.</p> <p>Examples of Level 1 answers include enforcing the use of personal protective equipment (PPE) in the workplace, the presence of a written policy document, and making a separate bed available to each worker in their living accommodation.</p>
<p><b>2</b></p>	<p><b>Good Practices (Level 2 answers)</b></p> <p>Answers that demonstrate a higher level of risk management and are likely to go beyond the minimum standard are awarded 2 points. These answers show that the business is committed to continuous improvement and is taking proactive measures to manage its impacts.</p> <p>Examples of Level 2 answers include minimising the use of, or not using, double deck bunks in living accommodation, providing workers with a 'key' in their own language that enables them to understand their payslips, and carrying out formal due diligence screening of prospective labour providers to determine if their practices conform to requirements.</p>
<p><b>3</b></p>	<p><b>Best Practices (Level 3 answers)</b></p> <p>Answers that demonstrate a high level of risk management and go beyond the expected standard are awarded 3 points. These answers show that the business is committed to achieving excellence in its risk management practices and may be taking steps to address systemic issues.</p> <p>Examples of Level 3 answers include consulting workers (or their representatives) on the design of their housing where possible, implementing a worker committee or council, with freely-elected representatives, to represent</p>

	workers (where there are no trade unions), or having a committee or individual responsible for the implementation, monitoring, and evaluation of measures that promote gender equality and women’s empowerment
7	<p><b>Advanced Practices (Level 4 answers)</b></p> <p>Answers that demonstrate an advanced level of risk management and go beyond the best practices are awarded 7 points. These answers show that the business is at the forefront of risk management practices and is taking innovative measures to manage its impacts.</p> <p>Examples of Level 4 answers paying workers a genuine living wage, and implementing an internationally recognised health and safety management system (ISO 45001).</p>

A score of 5 is reached only when all available points are achieved. By evaluating their practices against the four levels of the framework, suppliers can determine which areas require attention and develop strategies to address them. This can help to reduce their risks and ensure that they are operating in a responsible and sustainable manner, while meeting their legal and ethical obligations.

### Tracking progress over time

Each time the SAQ is updated and resubmitted, key data points are recorded and presented the score within charts in the Management Controls report. Companies will be able to see **changes over time** in the following areas:

- **Management Controls score:** Improvements to the score over time indicate a commitment to the principle of continuous improvement, which helps to reduce risks and improve working conditions sustainably.
- **Absenteeism and turnover rates:** High absenteeism rates reduce productivity and cost businesses money. Measuring and monitoring the rates over time allows sites to demonstrate how the improvements they make are financially beneficial for their business.

- **Women's representation score:** The women's representation score shows whether women are proportionally represented in managerial positions when compared to the composition of the workforce. The score can be used to measure progress against gender equality commitments.
- **Workforce composition:** Increasing the proportion of the workforce who are permanent employees over time can reduce risks, as permanent employees tend to have better compensation, dependable hours and job security than those in precarious work (such as agency or subcontracted work, temporary work, casual or 'on-call' work, seasonal work, home-work and self-employment).

### Management Controls Guidance document

Supporting Management Controls Guidance documents, available in the Sedex e-Learning platform, explain how to put in place risk management systems covering the four pillars of Labour standards, Health and safety, Environment and Business ethics.

### How to use SAQ information at the supply chain level

To help buying companies make best use of the data from the SAQ, Sedex has identified a series of *key performance indicators*, or data points collected from questions within the SAQ, that can be used to support improvements across the supply chain.

Companies should select indicators that are relevant for their business and supply chain. These could be selected in line with external reporting requirements, known business risks that have been prioritised for monitoring and improvement, and/or the level of capacity and resource allocated to support social sustainability in the supply chain.

It should be noted that the indicators are a starting point to identify areas for improvement and measure progress over time, rather than a means of making improvements. Companies that wish to see progress the indicator will need to take action to support suppliers to achieve sustainable changes.

Table 13. Example supply chain indicators that can be taken from the SAQ

Related SAQ Section	Supply chain KPI indicator
Profile	% sites with a relevant certification
Management systems for Code Implementation	% of suppliers committed to respect ILO core conventions
	% of suppliers committed to a human rights due diligence approach
Freely chosen employment and responsible recruitment	% of sites that use only licensed labour providers
	% of sites that perform formal due diligence of labour providers
	% of sites that prohibit the payment of recruitment fees
Freedom of association	% of sites with an independent trade union
	% of non-unionised sites with a worker committee
Health and safety	% sites with measures to manage health and safety risks
Wages	% of sites that pay a living wage
	% of sites that pay workers digitally
Working hours	% sites where regular hours (excluding overtime) are 48 hours or less
	% sites where average total hours do not exceed 60 hours
Regular employment	% of workers that are permanent employees
	% of sites where all workers have a written contract in a language the worker can understand
Discrimination	Women's representation score: managerial roles
	Women's representation score: supervisory/ team leader roles
Discipline and grievance	% of sites with a grievance process
Environmental management	% sites with measures to reduce environmental impact
Business ethics	% sites with measures to manage business ethics risks

To facilitate the sharing of best practice among Sedex members and to make future enhancements, we would welcome any insights and feedback about companies are using data from the Sedex SAQ.

## Key sources

To help companies set consistent expectations for suppliers, the SAQ draws on and aligns with existing guidance from publicly available and reputable sources. These include:

- **BSR Gender Data Initiative (BSR)** level 1 indicators are the basic gender-disaggregated supply chain data points needed to understand the composition of the workforce. They can be used to highlight key gendered risk areas that might warrant further investigation.
- **Checklist - Migrant Workers' Accommodations (IOM)** outlines key requirements for employers to provide adequate, decent and gender-responsive living conditions for migrant workers in employer-owned or operated accommodation and standards for spacing at workers' accommodation.
- **ETI Base Code (ETI)** is founded on the conventions of the ILO and is an internationally recognised code of good labour practice. It is viewed as a global reference standard and is widely used as a benchmark against which to conduct social audits and develop ethical trade action plans.
- **Global Reporting Initiative Standards, (GRI Standards)** is the most widely accepted of sustainability reporting standards. The SAQ collects data relevant to several GRI standards:
  - *407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk*
  - *414-1 New suppliers that were screened using social criteria*
  - *414-2 Negative social impacts in the supply chain and actions taken*
  - *409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor*
  - *408-1 Operations and suppliers at significant risk for incidents of child labor*
  - *410-1 Security personnel trained in human rights policies or procedures*



- *411-1 Incidents of violations involving rights of indigenous peoples*
- *413-2 Operations with significant actual and potential negative impacts on local communities*
- **Guidelines on occupational safety and health management systems (ILO)** are a set of practical recommendations for use by those who have responsibility for occupational safety and health (OSH) management as a means of achieving continual improvement in OSH performance. The guidelines were developed according to internationally agreed principles defined by the ILO's tripartite constituents.
- **ILO Helpdesk for Business on International Labour Standards (ILO)** provides information on a wide range of labour topics, and can assist companies in conducting due diligence, according to the provisions in the ILO MNE Declaration.
- **Responsible Sourcing Tool (Verité and the U.S. Department of State)** provides a sample self-assessment tool which can help organisation identify potential human trafficking risks in the supply chain.

Additionally, relevant ILO conventions are listed before each section within the SAQ.

## Other considerations and limitations

- The SAQ is designed to provide companies with an indication of where risk can be highest, but this should not be equated with certainty. Risk scores based on SAQ answers should be regarded as a preliminary exercise. The question set is not intended to cover all elements of a social audit or to definitively assess compliance with all local laws or international labour standards.
- To follow good practice, buying companies should consider SAQ responses alongside other knowledge that they hold about their suppliers, such as: level of supplier commitment, previous audit results, research carried out by NGOs, or issues raised by the media. This information may be used by businesses to recategorise a supplier into a higher or lower risk group than the one automatically assigned within Radar, which uses an automated algorithm to calculate the score.
- The SAQ may highlight the presence of certain systemic and widespread issues, like the failure to pay a living wage, the payment of recruitment fees and related costs by migrant workers, or excessive working hours. It is unlikely that the

supplier can sustainably resolve these issues alone, and buying companies should not place unreasonable expectations on suppliers. Buying company's should consider whether their own purchasing practices may cause or contribute to the issue identified.

Companies should consider rewarding suppliers that demonstrate a commitment to improving labour rights and working conditions over time, for example through incentives such as increased orders and longer-term contracts.