Sedex Guidance for Businesses
Managing the Impacts of COVID-19 on Employees and Workers in Supply Chains

May 2020
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Executive Summary

The world is experiencing a global pandemic that is affecting countries, people and businesses. Businesses must take a human rights-centred approach in response to the crisis and recovery; they have a responsibility to protect workers in their business and supply chain, particularly where governments have the inability to do so.

Business have a responsibility to keep people safe. Safety in the context of COVID-19 includes both health and economic safety:

1. Worker health – keeping workers safe from COVID-19. In many workplaces, close contact with others at work (or in worker accommodation) is normal and action must be taken to implement protective measures and ensure decent, safe work while workers remain in employment.

2. Worker income - protecting workers from the economic impacts of COVID-19. For many, poverty is a more urgent threat to life and health than the virus itself. Health measures can negatively impact income if economic safety is not accounted for.

Sedex has developed guidance to provide practical steps to manage the impacts on workers in your business and supply chains. This guidance draws on the The United Nation Guiding Principles on Business and Human Rights (UNGPs) and is meant for Sedex members, both buyers and suppliers, and Affiliate Audit Companies. Sedex will regularly review the content as the pandemic evolves.
COVID-19 Background

The global situation regarding COVID-19 is changing rapidly and the health and economic impacts of COVID-19 will continue to spread, with severity increasing in countries with less resource and ability to manage the impacts. The millions of workers involved in supply chains and informal work will be significantly affected. The ILO estimates that up to 25 million jobs could be lost worldwide and 6.7% of working hours will be wiped out by June 2020, equivalent to 195 million full-time workers.¹ 75% of people in least developed countries lack access to soap and water to maintain hygiene to help prevent the virus, and 55% per cent of the global population does not have access to social protection.²

The economic impacts are expected to far exceed the 2008 global financial crisis. The sectors most at risk include accommodation and food services, manufacturing, retail, and business and administrative activities.³

The United Nation Guiding Principles on Business and Human Rights (UNGPs) are more relevant now than ever. The UNGPs make clear that the primary responsibility for protecting human rights lies with the State - to protect its people and economies against the shock of the pandemic. This includes providing safety measures for the population, income security for those whose jobs or livelihoods have been disrupted, healthcare and social security.⁴

However, not all governments have the ability to provide this safety net, particularly in more challenging contexts where many low wage suppliers are located. This means millions of people in low skill and low wage jobs are vulnerable to having no money to feed themselves and their families.

While it is not the role of business to plug the gap in state support, the UNGPs state that the private sector’s role is to take responsibility for respecting human rights and for addressing the impacts that they may cause or contribute to. Many millions of people in global supply chains rely on businesses’ continued support to continue to provide jobs, pay their workers and weather the crisis.

It is critical for global lives and livelihoods that companies honour their responsibility to both their employees and people in their supply chains.

⁴ ILO Standards and COVID-19 [coronavirus] FAQ: Key provisions of international labour standards relevant to the evolving COVID-19 outbreak
Guidance sections

The guidance is divided into three sections:

1. **People most vulnerable to the health and economic impacts of COVID-19**

   This section explains who is most vulnerable to the health and economic risks of COVID-19. It should be used by businesses as a first step to understand who will be most affected by the virus and where support is most needed among their workforce and in their supply chains.

2. **Guidance for employers (buyers and suppliers)**

   This section details the standards, requirements and responsibilities for businesses to protect their workforce from health and economic impacts of COVID-19, including:
   
   - Labour standards during COVID-19 and managing impacts of COVID-19 on your workforce
   - Considerations for businesses experiencing reduced demand or increased demand for goods and services due to COVID-19

3. **Guidance for buyers: managing the impacts of COVID-19 in your supply chain**

   This section provides guidance on how businesses should work with their supply chain partners during the COVID-19 pandemic and recovery, to minimise the negative impacts on suppliers and people in their supply chains. It covers:

   - **Human Rights Risk assessment on the impact of COVID-19 on your supply chain** – how to conduct a risk assessment around COVID-19 to help prioritise actions and interventions.
   - **Supporting your buyers with good purchasing practices** – how your buying decisions can substantially increase or decrease supplier ability to weather the impact of COVID-19 and manage impact on their workers.
   - **Managing audits and compliance programmes** – when to audit, what assessment tools to use, what to assess during the pandemic and how to follow up on non-compliances. To be released shortly.

   There are also **Sedex tools** and **checklists** for you to download and use in your workplace.
People most vulnerable to impacts of COVID-19

When considering the impacts of COVID-19 and how companies should respond, it is important to note that not all people and businesses are affected by COVID-19 in the same way. Some businesses and people are more vulnerable to the impacts than others. Here, “vulnerable” refers to susceptibility to, or risk of harm due to COVID-19.

For businesses - vulnerability to COVID-19 includes those that have low cash reserves and little access to credit – are vulnerable to bankruptcy.

For people - vulnerability to COVID-19 includes those who have little or no financial buffer, insecure employment and/or poor health.

The presence or absence of governmental support for businesses and state funded healthcare and social safety net is of critical importance. In countries without state support, businesses and people are extremely vulnerable to the impacts of COVID-19.

Vulnerable groups of people include:

1. Workers without established or regular contracts, those within the informal economy or other form of insecure work (gig workers, zero hours contracts, self-employed or seasonal workers) are often first to lose employment and may have less access to unemployment benefit and social security.
2. Those with existing or underlying health issues are more susceptible to COVID-19.
3. Those earning low wages as many will not have the economic buffer required to pay for food and accommodation during periods of sick leave, unemployment or if earning reduced wages.
4. Those in accommodation linked to employment, those living on their own (and may be vulnerable during periods of mandatory isolation) or in very crowded homes.
5. Those over 60 years old are more susceptible to COVID-19 health risks.
6. Women and/or those with caregiving responsibilities and those looking after elderly relatives. Women will likely bear the brunt of the social and economic disruption, as they still do more caregiving. So, when the virus results in closure of schools, restricts travel, and puts elderly relatives at risk, women may have to bear the burden of even more responsibilities at home, increasing existing inequalities\(^5\). These inequalities include access to paid leave; discrimination when it comes to terminating contracts, where women are the first to be let go; and increase reports of domestic violence as confinement measures are being implemented.
7. Migrants (including domestic migrants in some countries e.g. China and India) who may not be able to get home and may not have access to local healthcare or the same legal rights as local workers. Those without a right to work may be particularly vulnerable at this time.

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\(^5\) ILO Standards and COVID-19 (coronavirus) FAQ: Key provisions of international labour standards relevant to the evolving COVID-19 outbreak
8. Workers who organize or raise grievances (for example around PPE and wage payment) are vulnerable to employment termination or retaliation.
9. Indigenous communities may be more susceptible to COVID-19.
10. Groups who are subject to cultural and legal discrimination may be earning lower wages, be more likely to have contracts terminated, or become unemployed, and may also have less access to health and social care.
11. Groups who live or work in densely populated areas with limited ability to isolate are more susceptible to COVID-19.

Note that the above groups can intersect, so a person may be a migrant woman on a temporary contract and reliant on employer provided accommodation, thereby at a substantially increased risk to the health and financial impacts of COVID-19.

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**Guidance for employers**

**Labour standards during COVID-19**

COVID-19 is impacting businesses in different ways.

- **Non-essential businesses:** Some companies are functioning or adapting to restrictions on movement. However, many businesses cannot trade due to the current situation and there is mass unemployment in many sectors such as retail, events, tourism and many that are “non-essential” to national responses to COVID-19. Some have scaled back production due to lower demand, a lack of raw materials, transport challenges or state restrictions. In these businesses there may be:
  - employee terminations or pressure to sign resignation letters
  - furloughing with or without pay
  - reduction of hours
  - pay rates cut.

Those in informal work or on casual contracts are likely to be among the first to lose jobs and work.

You can view what classifies non-essential business [here](#).

- **Essential businesses:** Other businesses, often those deemed to be “essential” by governments are struggling to meet demand because of labour shortages due to the health impacts of COVID-19 and the restrictions on migration. Restrictions on movement will impact ability to hire workers, especially migrants, and many workers may have returned to hometowns. In addition, sickness and absence because of caregiving responsibilities may increase. These businesses will be looking at ways to scale up the labour force and may be considering:
  - extra overtime for workers who can work
  - Subcontracting
  - recruiting – the likelihood of child, forced and prison labour will increase.

Businesses will face different challenges depending on their situation, however adhering to international Conventions, labour law, standards and industry codes of practice continues to be essential.

**Managing the impacts of COVID-19 on your workforce**

The following sections outline how businesses can manage and reduce the impacts of COVID-19 on their workforce.

**Worker safety during COVID-19 outbreak**

All business must keep their employees and anyone who works for them (whether directly hired or through an agent, self-employed or a permanent employee) safe.
This guidance has been developed based on the ILO Standards and COVID-19 Guidance and recommendations from the World Health Organisation (WHO). Businesses should refer to the WHO for country specific guidance.

- **Hygiene and Personal Protective Equipment (PPE)** - Employers must take all practicable preventive and protective measures on COVID-19, including physical distancing, sufficient handwashing facilities for all workers to access them as and when needed, and the provision of PPE and equipment at no cost to the worker.\(^6\)

  o Face masks are a key PPE item and it is important that these are fit for purpose. Ensure that workers know what the mask is for i.e. if the masks are non-surgical (likely the case while there is a global shortage and surgical masks are being reserved for healthcare professionals) ensure workers are aware that the masks are there to reduce likelihood of passing on the virus, rather than protecting the wearer to explain the importance without giving a false sense of security. Follow WHO advice on when and how to wear facemasks here: [https://www.who.int/emergencies/diseases/novel-coronavirus-2019/advice-for-public/when-and-how-to-use-masks](https://www.who.int/emergencies/diseases/novel-coronavirus-2019/advice-for-public/when-and-how-to-use-masks)

  o Workstations should be 1 metre apart and workers should be able to move around facilities while maintaining a physical distance of 1 metre between each other.\(^7\)

  o Proper handwashing facilities with soap, water and antibacterial hand gel must be provided. Workers must be trained on handwashing and supervisors must allow workers the time required to wash their hands as often as required to minimise the risk of COVID-19.\(^8\) Where workers are paid on a productivity/output basis (e.g. piece rate), ensuring rates allow for time to wash hands is important in order to ensure workers take the necessary handwashing breaks.

- Employers must ensure workers feel safe and know to report to their supervisors if they believe they may have or be in contact with anyone suffering from COVID-19. Workers must not be penalised for reporting this information.

- Training and workplace communication. Workers should be informed of the risk of COVID-19 involved in their work. Employers must provide appropriate information and training on health and safety, consulting with workers and

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\(^6\) ILO Standards and COVID-19 (coronavirus) FAQ: Key provisions of international labour standards relevant to the evolving COVID-19 outbreak


\(^8\) The Centre for Disease Control and Prevention (the CDC) specifies that during the COVID-19 epidemic, everyone should clean hands: After you have been in a public place and touched an item or surface that may be frequently touched by other people, such as door handles, tables, gas pumps, shopping carts, or electronic cashier registers/screens, etc. Before touching your eyes, nose, or mouth because that’s how germs enter our bodies. This is in addition to handwashing hygiene during normal times when everyone should wash their hands: Before eating food, Before preparing food, Before eating food. Before and after caring for someone at home who is sick with vomiting or diarrhoea, Before and after treating a cut or wound, After using the toilet, After changing diapers or cleaning up a child who has used the toilet, After blowing your nose, coughing, or sneezing, After touching an animal, animal feed, or animal waste, After handling pet food or pet treats, After touching garbage. [https://www.cdc.gov/handwashing/when-how-handwashing.html](https://www.cdc.gov/handwashing/when-how-handwashing.html)
providing measures to deal with emergencies. Ensure migrant workers fully understand instructions, warning and symbols related to COVID-19. Keep two-way communication going so that workers are informed on their employment terms and the steps they can take for their own protection and help contain the pandemic. Many workers will experience stress and anxiety, and rumours and misinformation will likely increase so it is important that businesses enable workers to raise questions and concerns and deal with concerns appropriately.

See Appendix 1 for an information leaflet on COVID-19 safety. This is designed for workers and explains how to keep themselves and their colleagues safe during the pandemic.

- **Communication to workers** about their rights during this period is extremely important. Workers must have access to grievance mechanisms where they can raise their concerns to management without fear of retaliation.

- **Contracting COVID-19** and development of post-traumatic stress disorder, if contracted through occupational exposure, could be considered as occupational diseases. Employees should be entitled to cash compensation and medical and allied care for incapacitation, as are families if a worker dies due to contracting COVID-19 while at work.

- **Support for workers** experiencing COVID-19, including:
  - Paid sick leave if suffering from COVID-19 or during period of isolation. Without paid sick leave, the risk of spreading COVID-19 is likely to increase as infected workers may go to work due to economic necessity (they cannot afford to take time off sick) and, in so doing, infect others.
  - Arranging shifts to account for those who have to care for sick relatives or are balancing additional child-care duties.
  - Support those caring for sick persons/relatives, e.g. by enabling leave for care duties and other support.

- **Social insurance:**
  - Pay relevant social security contributions so that workers can access statutory benefits, such as sick pay and access to medical care during the pandemic.
  - Ensure access to health insurance to all workers who need this in order to access health care.

- Remember! Workers have rights regarding their health. This includes a right to:

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9 ILO Standards and COVID-19 (coronavirus) FAQ: Key provisions of international labour standards relevant to the evolving COVID-19 outbreak
10 ILO Standards and COVID-19 (coronavirus) FAQ: Key provisions of international labour standards relevant to the evolving COVID-19 outbreak
11 Employment Injury Benefits Convention, 1964 (No.121) ILO Standards and COVID-19 (coronavirus) FAQ: Key provisions of international labour standards relevant to the evolving COVID-19 outbreak
12 Workers with Family Responsibilities Recommendation, 1981 (No. 165)
o remove themselves from a work situation that they believe presents an imminent and serious danger to their life or health and be protected from retaliation.\textsuperscript{13}
o privacy - health surveillance is increasing but must not be used for discriminatory purposes or against worker interests.\textsuperscript{14}

\textbf{Women workers}

Employers should be aware of specific gender risks during COVID-19.

Women workers are more likely to care for the elderly and the sick, and they are, therefore, at greater risk of being infected or infecting co-workers. It is important that all workers have access to paid leave and are not penalised in any way for reporting sickness, e.g. through terminations or reduced shifts once the worker has recovered.

Where recruitment and termination decisions are being made, women workers are often disproportionately targeted, being first to lose jobs and last to be hired. Employers should track gender-disaggregated data to ensure they are not discriminating against women when it comes to terminations and hiring.\textsuperscript{15}

As confinement measures are implemented in response to COVID-19, cases of domestic violence are increasing and women, in particular, are at greater risk. Employers can support workers who experience domestic violence by providing information, local helplines, and establishing relevant channels where women can raise concerns and access help.

Previous pandemics have shown that the diversion of health funds to address crisis has a disproportionately high impact on women and reduces access to women’s health provisions. This has a negative impact on women’s health, for example it can result in a higher mortality rate for pregnancies. Education and access to basic health provisions could be provided by employers where needed, as well as extra care for pregnant workers.\textsuperscript{16}

\textbf{Migrant workers}

Employers should take measures so that migrant workers fully understand instructions regarding COVID-19\textsuperscript{17} and should receive equal treatment to local workers in employer responses and provisions for workers. Migrant workers who are permanently employed but lose their jobs due to COVID-19 or become ill with COVID-19 shall not be returned to their country of origin unless they wish to do so. Migrants should be treated equally to nationals regarding guarantees of security of

\textsuperscript{13}ILO Standards and COVID-19 (coronavirus) FAQ: Key provisions of international labour standards relevant to the evolving COVID-19 outbreak
\textsuperscript{14}ILO Standards and COVID-19 (coronavirus) FAQ: Key provisions of international labour standards relevant to the evolving COVID-19 outbreak
\textsuperscript{15}https://hbr.org/2016/07/how-neutral-layoffs-disproportionately-affect-women-and-minorities / ETI
\textsuperscript{16}UNFA COVID-19 a Gender Lens, protecting sexual and reproductive health and rights, and promoting gender equality
\textsuperscript{17}Para. 22 of the Migrant Workers Recommendation, 1975 (No. 151).
employment, the provision of alternative employment, relief work and retraining. In the case of repatriation, the cost of return should not be paid by the migrant.

Please note: Incidents of racism and xenophobia are likely following the outbreak, in particular towards those from countries where the virus is more prevalent. This is to be avoided. Take action to educate employees that no one is to blame for the virus and that discrimination is not allowed. Ensure workers can raise grievances and enforce consequences for any incidents identified.

For seafarers

Every seafarer shall be granted shore leave to benefit their health and well-being, and consistent with the requirements of their jobs in addition to having adequate measures for the protection of their health, including alcohol-based hand rub, facial protection and prompt and adequate medical care whilst working on board.

Transport

For those companies that transport employees to work, ensure that workers are safe from COVID-19 by enforcing health and hygiene measures. These should include:

- Physical distancing – ensure passengers can keep at least 1 metre apart. Businesses may need to increase the number of drivers and journeys and implement a shift system in order to accommodate this.
- Ensure that the vehicle is well ventilated and regularly cleaned.
- Ensure that workers wear PPE and face masks where necessary.
- Ensure workers have access to washing facilities, soap and running water and wash their hands once they have arrived at work.

For businesses whose workers travel to work on public transport, ensure that WHO and government advice is followed and that workers do not put themselves at increased risk of COVID-19 while travelling to work.

Accommodation

Many companies will be providing accommodation for workers during the COVID-19 outbreak and must take responsibility for ensuring residents of company provided accommodation are safe. Accommodation must be hygienic and must not further exacerbate the spread of COVID-19. To do this:

- There needs to be sufficient space per resident and that each resident has the ability to self-isolate should they get COVID-19. This includes access to enough toilets, washing facilities and the kitchen to allow COVID-19 safety measures to be implemented. To enable physical distancing and improved safety, consider increasing the space provided in accommodation per person. This should not be charged back to the residents.

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18 ILO Standards and COVID-19 (coronavirus) FAQ: Key provisions of international labour standards relevant to the evolving COVID-19 outbreak
19 ILO Standards and COVID-19 (coronavirus) FAQ: Key provisions of international labour standards relevant to the evolving COVID-19 outbreak
20 ILO Standards and COVID-19 (coronavirus) FAQ: Key provisions of international labour standards relevant to the evolving COVID-19 outbreak and ILO C188
• Any workers that are vulnerable to COVID-19 (e.g. due to age, underlying health conditions etc) should be provided with their own accommodation and not share rooms with other residents.
• The number of residents per unit must be frequently checked to ensure overcrowding and safety issues are avoided.
• Ensure soap, water and hand sanitiser is easily accessible at all times.
• Ensure beds are sufficient and adequate, with enough space between beds to maintain 1 metre space between residents.
• Cooking facilities must be sanitary and regularly cleaned. Cleaning materials must be provided for residents.
• Provide regular training for all residents on COVID-19, including information on how to keep themselves and those they live with/near safe.
• There must be access to sufficient food and water for all workers and that this access does not compromise resident ability to maintain physical distance and self-isolation from other workers.
• There is a system in place for those who suspect they have COVID-19 or are in contact with someone who has it, to access food, water, toilets, wash facilities and medicine without compromising their own health or that of others.

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Considerations for businesses experiencing reduced demand for goods and services due to COVID-19

The following sections will consider responsibilities for employers who have reduced demand or a labour shortage due to COVID-19. Please note that businesses can fluctuate between these 2 situations – they may start with reduced demand but then be left with a labour shortage when their country, sector or customers start recovering from COVID-19.

Ensure people have sufficient income to survive

Business should seek to avoid or minimise as far as possible terminating employment and aim to mitigate impacts on workers if doing so21 - see the following section “terminating employment contracts” for further guidance.

- Identify workers who may be left without income. This may affect all workers, and some will be disproportionately impact e.g. piece rate workers, temporary workers, casual and informal workers and self-employed.
- Consider alternatives such as reduced hours, voluntary unpaid leave or voluntary termination with redundancy packages for those who do so.
- Reduced wages for the same hours of work should be the last resort before collective dismissal and when it is essential to keeping jobs. In these cases, ensure minimum wage is paid and that pay cuts are applied equally and do not discriminate.
- Support workers to access any government funded benefits
- Complement statutory sick pay where it exists
- Help workers access local organisations who can support them.
- Employers that use recruitment agents must work closely with recruitment agents when handling worker termination, wages or furlough, and ensure that workers can return home or have safe and decent accommodation, as well as sufficient income and food during this time.

Terminating employment contracts

- Workers must not be dismissed without a valid reason related to the capacity or conduct of the worker or due to the operational requirements of the job.14 A worker cannot be dismissed because of a temporary absence from work due to illness or family responsibilities resulting from the COVID-19 outbreak.22
- Where collective dismissal is being considered, worker representatives or elected trade union should be consulted with as early as possible and given relevant information so they can consult workers, provide options to avert or minimise terminations and help mitigate the adverse effects on the workers concerned

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14 Employment Recommendation, 1982 (No. 166) and the ILO Standards and COVID-19 (coronavirus) FAQ: Key provisions of international labour standards relevant to the evolving COVID-19 outbreak

22 ILO Standards and COVID-19 (coronavirus) FAQ: Key provisions of international labour standards relevant to the evolving COVID-19 outbreak
• If a business is forced to close, employees will be among the hardest hit so treat your employees as “preferred creditors” and ensure that you pay any unpaid wages as a priority.23

Considerations for businesses experiencing increased demand or labour shortages due to COVID-19

Many companies, especially those providing “essential services”, including those in the agricultural and food and processing sectors, who are able to continue working in their usual workplaces during the COVID-19 outbreak will be facing a shortage of workers due to the health impacts of COVID-19, the restrictions on migration and / or an increased demand for goods and services. They will need to find ways to manage their businesses to meet demand.

To do this, businesses may need to do one or more of the following:

Increase hours/overtime

In exceptional circumstances, such as the COVID-19 pandemic, working hours can exceed 60 hours in any 7-day period. But this can only happen if the following are met:

• this is allowed by national law;
• this is allowed by a collective agreement freely negotiated with a workers’ organisation representing a significant portion of the workforce;24
• appropriate safeguards are taken to protect the workers’ health and safety; and
• the employer can demonstrate that exceptional circumstances apply such as unexpected production peaks, accidents or emergencies.

Overtime premium must be paid during this time for all overtime worked.

Hire new permanent or temporary workers

• Despite the fact that hiring workers may be extremely challenging at this time, it is essential to ensure that the recruitment of workers follow existing requirements and that workers have the right to work, are over 15 years of age, and do not pay fees, identification is not withheld and are not in situations of forced labour.25
• Ensure workers who have symptoms of COVID-19, have been in contact with any person with COVID-19 or those that have crossed borders from countries with COVID-19, can self-isolate for an adequate period of time (following State or World Health Organisation (WHO) guidelines) before starting work.

23 the Protection of Wages Convention, 1949 (No.95) and the ILO Standards and COVID-19 (coronavirus) FAQ: Key provisions of international labour standards relevant to the evolving COVID-19 outbreak
24 Where there is an existing collective bargaining agreement (CBA) or some form of worker representation body - these should be approached and/or used to consult with workers on basic terms and conditions such as hours, overtime hours, shift patterns and Operational Health and Safety during these extended hours.
25 For more information on forced labour and responsible recruitment, please see:
• IHRB’s Responsible Recruitment Gateway https://www.ihrb.org/employerpays/
• Responsible recruitment Toolkit for labour providers https://responsiblerecruitmenttoolkit.org/about-rrt/
• Stronger Together; http://www.strongertogether.org/
• The Mekong Club: https://themekongclub.org/our-tools/
• Ensure workers receive contracts, with clear terms and conditions of work including their rights relating to COVID-19 and safety measures that they are entitled to.
• Ensure that workers are given relevant training relating to their job and health and safety, including safety measures to protect workers from COVID-19.
• With so many people out of work due to COVID-19 there are opportunities to hire and retrain people from other industries.

Subcontract work to other organisations

• Companies may need to subcontract work to other businesses if they are unable to meet demand.
• Companies should inform customers of this before subcontracting work.
• Ensure that subcontractors are aware of and respect safety measures to keep workers safe from COVID-19.

Accessing support for your business

Many governments are introducing economic measures to support local economies. Please check with your local authorities to understand if they may apply to you. Measures may include:

• Tax & tariff relief
• Unemployment packages for laying-off workers
• Government loans

In all cases it is essential to ensure workers are safe and are able to manage family or other commitments which may have increased due to COVID-19 and that labour requirements and local law are adhered to.

Useful Tools

Workplace poster on COVID-19 Safety: See Appendix 1 for an information poster on COVID-19 safety. This is designed for workers and explains how to keep themselves and their colleagues safe during the pandemic.

Employer Checklist: Download a Checklist of actions to take to protect worker health and standards that employers can use to assess their workplace and take the necessary action to improve safety and impact on workers during the COVID-19 pandemic and recovery.

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26 See the OECDs overview of key policy responses from the OECD here: http://oecd.org/coronavirus/en/#id-7
The ITUC’s “Putting People First, 12 governments show the world how to protect lives, jobs and incomes” can be found here: https://www.ituc-csi.org/IMG/pdf/20200327_ituc_covid-19_countryresponses_.pdf
Guidance for buyers

Managing impacts of COVID-19 in your supply chain

This guidance details Sedex’s recommendations and tools to support businesses to manage the impacts of COVID-19 in their supply chains.

We recommend reading the Guidance for Employers as well as this guidance, as it is these standards and recommendations that businesses should assess against and support their suppliers to adhere to.

This guidance covers three areas of activity:

2. Enabling your suppliers to meet labour rights and requirements through your purchasing practices

All three areas are ongoing processes that can and should take place simultaneously.

This section explains the principles of risk assessment and how to use Sedex tools to determine where the impact of COVID-19 may be most severe and where businesses should focus their activities.

What is a risk assessment?

The aim of a COVID-19 risk assessment is to understand the risk to people (such as workers becoming ill with COVID-19, losing employment and/or not earning enough money to live on) and the probability that these impacts might occur.

The aim of risk assessment is to identify the possible risks, then to grade and prioritise them by their relative importance. This provides a framework for businesses to take action to reduce the likelihood that these hypothetical problems, particularly the most serious ones, will actually occur.

With COVID-19, key risks to people are:

- People getting sick and/or dying
- People not having enough money to survive (due to job losses or reduced wages)
- The inability to meet international labour and environmental standards due to increased pressure on their business

Who is most at risk?

The impact of COVID-19 will be felt the hardest by those who are already vulnerable to financial or health shocks.

Doing a COVID-19 risk assessment will help to consider vulnerable businesses and people. We include vulnerable businesses in the risk assessment because the impacts of business closure will significantly impact workers within them - for workers who lose their jobs, the economic impact can be more harmful to themselves and their families than the threat of COVID-19.

Therefore, buyers have a responsibility to:

- identify those businesses that are likely to be at risk of closing
- take steps to mitigate any negative impact buyers may cause through their purchasing practices

Reminder: The previous section entitled “People most vulnerable to impacts of COVID-19” considered vulnerable people. These include:

- Those without established or regular contracts or in the informal economy e.g. Gig workers, zero hours contracts, self-employed or seasonal workers
- Those with existing or underlying health issues,
- Those earning low wages
• Those in accommodation linked to employment, those living on their own (and may be vulnerable during periods of mandatory isolation) or in very crowded homes.
• Those over 60 years old
• Women and people with caregiving responsibilities
• Migrants
• Workers who organize or raise grievances
• Indigenous communities
• Groups who are subject to cultural and legal discrimination
• Groups who live or work in densely populated areas with limited ability to isolate

Vulnerable businesses include:
• Those selling non-essential goods and services
• Service providers that rely on being “on site” and will be affected by state enforced restrictions on movement
• Those reliant on exports
• Those with existing liquidity and cashflow challenges
• Those whose customers offer poor payment terms and do not approach supplier relationship as a partnership
Steps involved in a risk assessment:

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<th>Map supply chain</th>
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<tr>
<td>• Identify suppliers and locations</td>
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<td>• All tiers if possible</td>
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<td>• Identify contractors and service providers</td>
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<th>Review high level risks</th>
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<td>• Sectoral risks</td>
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<td>• Tier risks</td>
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<tr>
<th>Understand supplier profile</th>
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<tr>
<td>• Site profile and management</td>
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<td>• Workforce profile</td>
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<td>• Commercial relationship</td>
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<tr>
<th>Assess and prioritise</th>
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<tr>
<td>• Rank by severity and likelihood</td>
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<td>• consider leverage</td>
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<th>Follow-up</th>
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<tr>
<td>• Validate the risks</td>
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<td>• Investigate particular situations</td>
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<td>• Analyse root causes</td>
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<tr>
<th>Develop action plan</th>
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<tr>
<td>• Actions for suppliers</td>
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<td>• Actions for buyers</td>
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<tr>
<td>• Timelines</td>
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</table>
1. **Map your supply chain**

Use existing tools such as your suppliers on the Sedex data base or your own internal supplier lists to understand where your suppliers are located.

Consider the scope of your risk assessment. All businesses and workers in global value chains are likely to be impacted by COVID-19, from warehouses and logistics providers, to cleaners, security and other service providers, to agriculture and manufacturing. However, some businesses and people are more vulnerable to its impact than others.

Include all businesses you work with and your business leverage, including:

- Contractors
- Service providers
- Goods providers
- Suppliers of goods and services that you sell to customers
- Suppliers of goods and services that you do not sell to customers

2. **Review high level risks:**

While people and businesses in all countries are likely to suffer, not everyone is equally at risk. There are various external drivers of risk that can contribute to a range of adverse impacts – for example at a country or sectoral level. These include:

- Governance e.g. inadequate labour protection - where labour legislation is weak or not enforced
- Economy e.g. high levels of poverty
- Social e.g. discrimination against women or minorities
- Demographics e.g. substantial internal or external migration
- Sector risk e.g. widespread use of low skilled, seasonal or agency labour

While COVID-19 may be prevalent in most countries, the businesses and people most impacted will likely be those with less state protection, in countries with higher levels of poverty. It is also likely that more impact will be felt by the businesses and workers that rely on low skilled, seasonal migrant labour.

**Key Questions to ask:**

- How severely is COVID-19 impacting sourcing countries/regions?
Does the state provide a safety net to businesses and workers who need it in these countries i.e. will the government provide sufficient/insufficient income to ensure workers can survive if the business fails?

The Sedex Risk Assessment Pre-screen tool provides risk information at a country and sectoral level. Use this to determine where workers are likely to be at greatest risk of exploitation. Pay particular attention to those countries with higher risk scores in the labour standards and health and safety pillars, as this will help you to understand where workers are most likely to already suffer from poor working conditions which may be exacerbated by the covid-19 outbreak.

For a practical guide to using the Pre-screen tool, visit our Radar Guidance document.

See below for an example of the report:

3. Understand what is happening at a supplier level

Businesses will be impacted in different ways due to COVID-19 and, as discussed above, some businesses are more vulnerable than others to its impacts. Be aware that this situation can change quickly as the impacts of COVID-19 are felt and then
as businesses start to recover from it. Keep lines of communication with suppliers open.

First consider business ability to continue operating and cashflow:

- Is the supplier able to operate and for how long?
- Does the supplier have sufficient cashflow to pay workers?
- Is the supplier experiencing a drop-in demand, little change, or an increase in orders?
- What product do they make – will demand for the product continue or will they divert resources to other “essential” products.
- Are there sufficient workers to do the jobs needed? Or are there too many workers compared with demand? And what action will they take to manage this?

Next consider situation at the site, for example:

- Do they provide accommodation to workers?
- Do they use subcontractors?
- Do they rely on migrant labour and is this workforce still available or have they returned to hometowns?
- What types of workers do they employ?
- What contracts are workers employed on?
- How do they recruit workers?

Then consider if they have the resources (staff and skills) to manage the impact of COVID-19:

- Presence and skills of Human Resources and Health and Safety staff
- Presence of health and safety committee
- Understanding of how to protect workers from COVID-19
- Actions taken to mitigate health impacts on workers from COVID-19.

**Key Questions to ask:**

- Which suppliers are able / unable to weather the economic impact of COVID-19?
- Which workers are likely to be working and living in safe / unsafe conditions?
- Are workers current wages sufficient / insufficient to provide a financial safety net if the business needs to reduce staff or close?
Given the nature of COVID-19 impacts businesses differently, the best thing to do is have conversations with your suppliers to understand how COVID-19 is impacting them and what they need from you as a buyer in order to survive. See the next section for related information on Purchasing Practices.

4. **Prioritise your risk**

To do this consider the following:

- **Scale**: How grave or serious the impact would be – remember that the impact of COVID-19 will be felt the most by those who are most vulnerable to financial or health shocks – i.e. the poorest and least healthy.
- **Scope**: How widespread would the impact be – is it all your suppliers in 1 country or only specific suppliers?
- **Remediability**: How hard would it be to put the situation right or reverse it? For example, is it an employee death due to COVID-19, or unpaid wages which could be compensated?

**Key Questions to ask:**

- Where will the impact of COVID-19 be the most severe?
- And where will it impact the most people?

5. **Consider leverage**

Finally, consider your ability to address these issues and where you have most influence. For example, you will have more leverage where you have:

- A direct contractual relationship
- Significant commercial relationship
- Long term relationship / potential for long term relationship

In these cases, the supplier will be more impacted by your decisions. Maintaining contracts and supporting the supplier through the COVID-19 outbreak could have a significant positive impact, while cancelling contracts will significantly increase the risk of business closure and heighten risks to workers. See the following section on Purchasing Practices for further information.

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**Using Sedex tools:**

- Review information in SMETA and other audits to understand the performance of audited suppliers and if they have the systems in place to protect workers or if they already have critical non-compliances.
- Review information in the Sedex Supplier Assessment Questionnaire. This will help you to gather relevant risk data, for example on vulnerable workers, existing health and safety practices and wage levels.
- Sedex has launched a new SAQ module focused on COVID-19 which assesses how suppliers are impacted by COVID-19 and how they are managing the resulting impacts on their workforce.
There are also ways to increase your leverage, for example if you are aware that certain suppliers in Bangladesh or Cambodia are particularly vulnerable, but you have little leverage, you can collaborate with peers who also source from these factories or the same sector to take collective action to mitigate country-wide risks to workers and businesses.

**Key Questions to ask:**
- Where will my business decisions have the biggest positive and negative effect on my suppliers and their workforce?

The rest of the document will explain the actions you can take to manage risks in your supply chain and reduce the impact of COVID-19 on your suppliers and the people in your supply chain.

There are 2 areas where you can make significant impact in your supply chain.

1. Your purchasing practices.
2. Your audit and compliance programme

[Back to top]
2. Enabling your suppliers to meet labour rights and requirements through your purchasing practices

Purchasing is where businesses have the most ability to improve or worsen impact on suppliers and workers. Companies may be tempted to avoid paying suppliers to protect cashflow but pushing the impact of COVID-19 down the supply chain and expecting costs to be absorbed by those who are more vulnerable will result in suppliers struggling to keep afloat or going out of business. This means that workers will lose jobs, many without wages or severance pay and struggling to find new employment, which will become increasingly scarce for many. Most workers in low wage countries do not have savings or access to social security or government support. Many will have families to support. It is hard to overestimate the impact such actions will have on human life and people’s livelihoods.

On the other side of the crisis, surviving companies have and will start to begin recovery and will see a different set of challenges. Companies and whole sectors will start working to return to “normal” as soon as possible. The push for more products and services, faster will be strong among businesses needing to recover. But in the wake of mass unemployment, broken contracts and company closures, workers will desperately need jobs. In such markets, the risk of poor recruitment practices, labour exploitation and extreme working hours will increase substantially.

The “new normal” must be very different from what we know in order to build resilient, responsible supply chains.

Acting responsibly during the crisis, will help ensure your supply chain is able to recover and reduce business impact on suppliers and their workers. Better Buying™27 recommends companies focus on 2 areas:

- short term crisis management and securing cash flow for your suppliers
- building new ways of working with your supply chain and enable longer term recovery from the crisis.

Communication is critical to achieving this – both within your company and between your company and your suppliers.

- Within your company, ensure the person responsible for social compliance, sustainability and human rights works closely with other departments and, ideally, sits within the COVID-19 cross-functional task force. Everyone is learning how to deal with COVID-19 and establishing the role they play in mitigating the worst extremes of the crisis. It is important to talk with other departments within your company and come to responsible solutions together.

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27 Better Buying is an NGO supported by C&A Foundation and Humanity United. It enables suppliers to communicate with their buyers about purchasing practices that are working well and those that need improvement, without risking their business relationship. Created in collaboration with suppliers, Better Buying’s buyer rating system examines key buyer purchasing practices that affect a supplier’s ability to adhere to the terms of any contract and operate efficiently while providing a safe work environment and maximizing profitability. The organisation tracks and releases performance scores and analyses about purchasing practices, using data submitted anonymously by suppliers on its online platform. [https://betterbuying.org/](https://betterbuying.org/)
• Buying teams will need to implement new ways of working if they are to ensure their actions do not result in business closure and to agree what is and isn’t acceptable to ask of suppliers at this time.

As Better Buying state in their COVID-19 Guidance for brands and retailers, it is important to:

• Collaborate with suppliers and treat them as partners. Consider that regional differences require buyers to understand and react to the needs of different countries, industries and businesses and agree arrangements that are mutually supportive where possible. Effectively supporting suppliers through the crisis as detailed above, is one of the most effective ways of ensuring that your supply chain, and therefore your business, can recover quickly from the crisis.

• Understand:
  o the challenges faced by your suppliers
  o whether they can pay workers during the crisis

Supporting suppliers to overcome these challenges includes being flexible, honouring existing commitments and operating in a way that considers how their businesses will get through the crisis, as well as your own. This means:

• Show leadership to ethical sourcing by making public commitments to workers and suppliers.
• Meeting your contractual obligations and commit to orders already placed. This is particularly important for suppliers who are in or are likely to be in a worse financial situation than your business.
• Not cancelling orders, especially for work that has been completed or is in progress.
• Extending delivery dates and accepting delays that result from COVID-19. For example, suppliers may face shortages of labour or raw materials and transportation delays may significantly impact delivery. Be flexible – business cannot operate as usual in this crisis and putting pressure on them to do so may result in business closure or exploitation of workers.
• Some suppliers may need immediate or early payment in order to survive – enable this where possible.
• Work closely with suppliers to plan future orders and recovery
• Once your company has weathered the worst of the crisis, where possible, pay up front or on delivery of goods and services
• If you must terminate relationships with suppliers as a very last resort, follow responsible exit protocols that align to contracting and international standards.

There are examples of companies doing this. For example, H&M announced that it would take delivery of already produced garments, as well as goods in production,
and that they would not negotiate on agreed prices.\textsuperscript{28} Morrisons stated that they paid small suppliers immediately to help keep them afloat\textsuperscript{29}, while Unilever is offering early payment to its most vulnerable small and medium-sized suppliers to help them with financial liquidity.\textsuperscript{30}

Better Buying have provided an overview of good and poor practices:

<table>
<thead>
<tr>
<th>Summary of Poor Practices and Best Practices Related to Short-Term Crisis Management: Supporting Supplier Cash Flow</th>
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<tbody>
<tr>
<td><strong>Current Impacts/Poor Practices</strong></td>
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<tr>
<td>• Cancelling orders</td>
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<tr>
<td>• Extended payment terms</td>
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<tr>
<td>• Increase in number of late payments</td>
</tr>
<tr>
<td>• Reduction in expected orders and quantities</td>
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<tr>
<td>• Inability to pay vendors</td>
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<tr>
<td>• Reduced hours/unemployment</td>
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<td>• Worker layoffs</td>
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Sedex recommends all its members to carefully consider how they can best collaborate, implement best practices and take responsibility for their supply chain.

For further information on purchasing practices, please see:

- Ethical Trading Initiative Guide to Buying Responsibly

\textsuperscript{28} https://www.textiletoday.com.bd/hm-assures-suppliers-of-taking-ready-goods/
\textsuperscript{29} https://www.bbc.co.uk/news/business-51870146
This section is aimed at buyers, suppliers and Affiliate Audit Companies (AACs). It aims to support our members to manage their audit programmes while their own companies and their supply chains are being impacted by COVID-19. This section of the guidance identifies what social sustainability assessment tools are best to use, how and when. It also looks at how to prioritise assessments and respond to issues raised in assessments during this time.

This section covers the following topics:

1. Purpose of social sustainability assessments during COVID-19
2. Summary of tools available
3. Using SMETA (Sedex Members Ethical Trade Audit)
4. Using Sedex Virtual Assessment (SVA)
5. Using – Direct Worker Reporting (DWR)
6. Using Modular SAQ (Self-Assessment Questionnaire) - COVID-19 impact assessment

Purpose of assessment and key considerations around COVID-19

It is important to consider whether an assessment should take place during COVID-19, given the strict social distancing measures that are required to contain the spread of the virus. If businesses decide to complete an assessment during the pandemic, it is crucially important to be clear why this assessment is required, and whether that reason is still important during COVID-19.

Every company has different aims for their audit programme, but broadly at present most audits are conducted to do the following:

1. In sites where you already operate
   - To identify where workers are unsafe, do not have access to their rights or being exploited (shown as audit non-compliances) in order to work in partnership with suppliers to address any issues identified, prioritising issues that are urgent and remediable.
   - To support suppliers to continue to function and employ workers during this time
   - To ensure workers are safe from the health and economic impacts of COVID-19.

2. In potential new sites:
   - To identify whether the supplier meets the Code of Conduct and is able to manage the SMETA elements appropriately.

During COVID-19, workers may be at higher risk of health impacts as well as severe financial impacts. Therefore, many businesses are keen to ensure that they can assess suppliers, ensure that workers are safe where possible, and support suppliers to improve their practices.
Many businesses will be in a difficult position financially and will initially want to prioritise supporting critical or essential suppliers to continue their business. Part of this involves working closely with buyers. It also means minimising disruption caused by audits and ensuring that any assessments completed are effective. Solutions to issues identified need to be addressed together, with effective prioritisation of remediating areas of biggest impact.

Where other non-COVID-19 related issues have been found in previous audits, they need to be addressed, however these should be carefully evaluated against what is possible at this time.

To ensure that businesses have access to tools that achieve these, Sedex has increased our range of tools to provide our members the ability to respond to these complex challenges. Please note that we will continue to develop and evolve these tools during this changing landscape.

**Summary of tools available**

Sedex is offering a full suite of tools to ensure our members can continue assessing working conditions in their supply chains in a way that minimises disruption for suppliers, workers and buyers alike.

**Tool 1: SMETA:** SMETA remains available during the COVID-19 pandemic. However, the scheduling and execution of audits is severely impacted. SMETA offers businesses the full benefits of social auditing as well as an integrated and detailed reporting mechanism through Sedex Analytics.

Please see section 3 for further information about scheduling and managing outstanding non-compliances.

**Tool 2: Virtual Assessment:** The Sedex Virtual Assessment (SVA) is a new due diligence tool where a Sedex Affiliate Audit Company (AAC) assesses the compliance of a site remotely, using technology or video conferencing. SVA offers member companies an alternative way to understand compliance levels at sites without requiring the need to physically inspect the site.

See section 4 for further information.

**Tool 3: Direct Worker Report:** The Direct Worker Report (DRW) (via &Wider) allows members to gain direct insights into workers’ priorities and understand working conditions. The reporting is carried out through mobile calls, with no physical interaction required to set it up. DWR can be used as a stand-alone option or in combination with a virtual assessment. Reporting can be tailored to understand impacts of COVID-19 on workers’ wellbeing and working conditions.

See section 5 for further information.

**Tool 4: Modular SAQ: COVID-19 Impact Assessment:** The COVID-19 Impact Assessment is a short set of questions that sit alongside the Sedex SAQ and can be applied to all or some of a business’ supplier sites. The questions are centred on the specific impacts of COVID-19 and will allow Sedex members to gain insights into:
The status of business and the workforce
Measures taken to protect workers’ health and safety
Measures taken to manage the workforce and impact on workers
Business adaptation and reaction to COVID-19

The COVID-19 Impact Assessment Modular SAQ can be used to help you define which of your suppliers are most vulnerable to COVID-19 and provide insights into what makes them specifically vulnerable.

See section 6 for further information. Decision tree for assessment during COVID-19

![Decision tree diagram]

This diagram shows how to use the different tools to initially understand which suppliers are more vulnerable to COVID-19, and how to assess or gain insights into current working conditions.

For less vulnerable suppliers, we recommend members to manage outstanding non-compliances and consider delaying audits as much as possible.

Using SMETA

Scheduling SMETA

The Sedex Best Practice Guidance (BPG) recommends the following frequency for audit:

- High risk suppliers: 1 year
- Medium risk suppliers: 2 years
• Low risk suppliers: spot check
Sedex recommends buying organisations to review their planned audits between now and August 2020 and focus primarily on their high-risk suppliers.

If high-risk suppliers are operating yet are facing difficulties due to the virus (e.g. not all workers are back at work; they are experiencing delays in merchandise or materials; or there are precautionary health measures restricting access to visitors), Sedex recommends buyers to consider delaying the audit as much as possible and review the status every three months.

If buyers decide to go ahead with an audit, we recommend using announced or semi-announced audits and working closely with audit firms and suppliers to ensure the audit takes place.

Auditors will have their own health and safety policy with regards to COVID-19. Some may have restricted travel to high-risk areas, others may have stopped travel altogether. We therefore strongly recommend a close communication process between buyers, suppliers and audit firms to ensure that the audit can take place in the best possible conditions.

If the auditor can travel, we recommend the audit firm to:

• Verify the level of health risk at the supplier site, in line with the audit firms’ health policies.
• Confirm the supplier allows visitors on-site, ahead of the audit and that the auditor will be allowed in.

**Reporting & Raising COVID-19 specific non-compliances**

For initial and periodical SMETA audits, the auditor will be able to flag specific COVID-19 non-compliances, whether they are caused by or are a result of COVID-19.

Auditors can raise a COVID-19 non-compliance only when the site demonstrates - and the auditor confirms - that exceptional circumstances led to this, rather than weak management systems.

The auditor must therefore:

• assess management systems thoroughly
• understand timing of the non-compliance and reasons for it not being solved prior to confinement/lockdown/pandemic
• understand the level of risk assessment and safeguards around COVID-19 non-compliances to manage potential risks to workers.
AACs will need to assign a timeline for verification of a maximum of 180 days and assign the corresponding issue title at review stage.

This will allow the buyers and suppliers to:

- Understand the impact of COVID-19 on compliance levels
- Distinguish them from non-COVID-19 non-compliances
- Track non-compliances and focus their work.

**Managing outstanding non-compliances on Sedex Advance**

We recommend members to focus on sites with the highest risk profile rather than individual non-compliances.

For outstanding non-compliances that were raised prior to COVID-19 and need closure, we recommend buyers focus on sites that have critical non-compliances or non-compliances that could indicate a higher risk of mismanagement during COVID-19.

- **Critical non-compliances**: this would include critical and business critical non-compliances.
- **Indications of a higher risk of mismanagement**: Some non-compliances, albeit not critical, may signal that some sites are not apt at managing the pandemic as well as others. We recommend businesses analyse the situation of every supplier and refer to the guidance Sedex has put together to assess possible mismanagement. This includes:
  - Health & Safety issues related to Personal Protective Equipment (PPE), workstations, hygiene and housekeeping, accommodation and transport
  - Communication between management and workers including freedom of association and grievance mechanisms
  - Social insurance and wage payment
  - Excessive working hours
  - Subcontracting

Example of when to raise a COVID-19 non-compliance

A site was due to get its fire extinguishers checked by a local external health and safety service provider. However, the site has created a policy to not allow external visitors on site, the site did not arrange the checks. This resulted in the fire extinguishers not being checked on time.

Example of when NOT to raise a COVID-19 non-compliance

A site says they cannot go to the pharmacy to replace the out-of-date medicines in the first aid kits. The auditor raises this a “normal” NC since restrictions of movement do not apply to buying medicines.
Workforce profile of the site: high proportion of women or migrant workers.

Following the same reasoning as above, members should contact audit firms to resolve non-compliances. Non-compliances can be verified either via desktop verification or on-site verification through a follow-up audit, as per the SMETA process. The auditor will work with the site to review progress and close the issues that are outstanding.

If a non-compliance cannot be closed-off because of COVID-19, the site will have to change the status of the non-compliance to "planned" and add the comment "COVID-19" in the comment box. The site will have to detail the reasons why this could not be addressed.

**Step 1:**
Supplier clicks on ‘Add Corrective Action’ and enters a description: Covid-19 and selects ‘Next’

![Image of Add Corrective Action dialog box with Covid-19 description entered]

**Step 2:**
Supplier selects the status ‘Planned’ and then adds in comments to the ‘Response’ field the reasons why they have been unable to close the non-compliance.
Sedex is reviewing ways to improve the reporting and will continue to update members about progress.

If an audit cannot take place, please consider a virtual assessment, direct worker report or Modular SAQ COVID-19 Impact Assessment.

**Using Virtual Assessment**

Where an audit cannot take place, we recommend members to consider using the Sedex Virtual Assessment (SVA). SVAs are a new third-party due diligence tool where a vetted Affiliate Audit Company (AAC) assesses the compliance of a site remotely, using video-conferencing and specific software.

SVAs are good alternatives to SMETA audits, when these cannot take place:

- SVAs assess sites against the core clauses of SMETA (2 or 4 pillars)
- SVAs are announced and include a thorough preparation phase to ensure the assessment goes according to plan
- SVAs include the following elements of a SMETA audit (opening meeting, site tour, management interviews, document review and workers group interviews).

SVAs can be used to replace SMETA follow-up audits or SMETA initial or periodic audits.

**SVAs do have some limitations and risks, such as information security, data protection and confidentiality issues. This means that SVAs cannot be used to assess all sites. Sedex is developing the criteria for when it is appropriate to use an SVA.**

Sedex will hold a series of webinars in May 2020 to raise awareness of the tool. Please contact your account manager if you wish to receive more information about SVA.
**Using Direct Worker Reporting**

Sedex strongly encourages businesses consider Direct Worker Reporting (DWR) to gain insights into workers’ wellbeing and working conditions. DRW is a good alternative to hear directly about workers’ priorities at a time where travelling to sites and direct on-site engagement with workers is limited.

You can use the tool in four different ways:

1. **Direct worker reporting as a standalone measure.** Businesses can use &Wider’s Engage tool – using the standard survey with SMETA compatible indicators or as a tailored survey to suit sector-specific needs.
2. **To measure the impact of COVID-19 on supply chain workers.** This survey provides insight into the impacts of the virus on working conditions, livelihoods and wellbeing of workers. It allows brands and suppliers to better understand what will be needed once the threat of COVID-19 has passed.
3. **To measure the wellbeing of people working from home.** This will help monitor the wellbeing of workers now working from home, under new pressures.
4. **Direct worker reporting via mobile to enhance virtual assessment.** Using insight gathered directly and anonymously from workers using automated calls to workers’ mobile phones. The tool captures responses from workers, allowing brands to hear from workers directly, complementing site assessments.

Members will have access to basic reporting on Sedex Advance and full reporting through the &Wider platform.

See here for more information about [Direct Worker Reporting](#).

**Modular SAQ – COVID-19 Impact Assessment**

Businesses will be impacted in different ways due to COVID-19 and some businesses are more vulnerable to impacts than others.

Sedex has put together a modular SAQ that sits alongside the Sedex SAQ. This modular SAQ specifically focuses on helping you gain insights into COVID-19 related impacts at sites. The modular SAQ asks targeted questions on:

- Impacts of COVID-19 on business
- Health and safety measures in places to minimise the spread and infection of COVID-19 in the workplace
- Management of labour shortages and excessive hours
- Financial impacts of COVID-19 on workers
- Measures to manage stress and wellbeing of workers
- Support from customers and for suppliers.

The COVID-19 Impact Assessment will help businesses gain insights and help steer dialogue between buyers and suppliers. By using the information gathered through the modular SAQ, Sedex members will be in a better position to act responsibly towards their suppliers.

The modular SAQ COVID-19 Impact Assessment can be used independently from the SAQ. We estimate it will take less than one hour to complete the set of questions.
The modular SAQ is optional and needs to be assigned to suppliers. Please contact your account manager if you wish to receive more information about the modular SAQ.
COVID-19 Guidance to protect worker health and safety

How to keep yourself and your colleagues safe

- Keep physical distance
- Avoid touching your face
- Clean surfaces and floors regularly
- Wash your hands regularly
- Cover cough and sneeze
- Use Personal Protective Equipment (PPE)

COVID-19 symptoms

- Cough
- Fever
- Shortness of breath

If you have these symptoms, speak with your manager and call healthcare services.
Appendix 2: Checklist for Employers on actions to take to protect worker health and standards during COVID-19 pandemic and recovery

Checklist for Employers on actions to take to protect worker health and standards during COVID-19 pandemic and recovery

<table>
<thead>
<tr>
<th>Action</th>
<th>Completed?</th>
<th>Next steps/additional measures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Health and safety at work</strong></td>
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<td></td>
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<tr>
<td><strong>Physical distancing:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Can workers always stay 1 metre or more apart?</td>
<td>✗</td>
<td></td>
</tr>
<tr>
<td><strong>Handwashing:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Can all workers access running water, soap and alcohol rub when needed?</td>
<td>✗</td>
<td></td>
</tr>
<tr>
<td>• Are there enough wash stations for workers to wash hands regularly?</td>
<td>✗</td>
<td></td>
</tr>
<tr>
<td>• Are workers able to stop working and wash hands without penalty (e.g. supervisor discouragement or reduced wages due to piece rate?)</td>
<td>✗</td>
<td></td>
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<tr>
<td><strong>PPE:</strong></td>
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<td></td>
</tr>
<tr>
<td>• Are workers provided with appropriate face masks?</td>
<td>✗</td>
<td></td>
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<tr>
<td>• Is PPE provided at no charge to workers:</td>
<td>✗</td>
<td></td>
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<tr>
<td>• Reporting suspected COVID-19 infection:</td>
<td>✗</td>
<td></td>
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<tr>
<td>• Do workers know to report suspected cases of COVID-19 to their supervisors/managers?</td>
<td>✗</td>
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<tr>
<td>• Do supervisors/managers know to ensure workers go home if they suspect infection?</td>
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<tr>
<td><strong>Training and communication:</strong></td>
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<tr>
<td>• Have all workers been informed of the risks of COVID-19 at work and the rules they must follow to keep themselves and their colleagues safe?</td>
<td>✗</td>
<td></td>
</tr>
<tr>
<td>Question</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>Have workers been consulted to understand and address questions and concerns?</td>
<td>☐</td>
<td></td>
</tr>
<tr>
<td>Can workers raise concerns with their managers?</td>
<td>☐</td>
<td></td>
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<tr>
<td>Can workers raise concerns anonymously without fear of retaliation through grievance mechanisms?</td>
<td>☐</td>
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<tr>
<td>Does the business provide paid sick leave to all workers?</td>
<td>☐</td>
<td></td>
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<tr>
<td>Is this sufficient to ensure workers do not come in to work, despite being sick?</td>
<td>☐</td>
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<tr>
<td>Are shifts arranged to account for caregiving responsibilities?</td>
<td>☐</td>
<td></td>
</tr>
<tr>
<td>Is leave available for those with caregiving responsibilities?</td>
<td>☐</td>
<td></td>
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<tr>
<td>Do all workers receive social insurance?</td>
<td>☐</td>
<td></td>
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<tr>
<td>Do all workers have access to health care?</td>
<td>☐</td>
<td></td>
</tr>
<tr>
<td>If not, what will happen to those workers who may get sick or lose jobs without social insurance and access to healthcare? Can action be taken now, to improve this situation?</td>
<td>☐</td>
<td></td>
</tr>
<tr>
<td>Do migrant workers understand all work-related information, training and instructions around COVID-19?</td>
<td>☐</td>
<td></td>
</tr>
<tr>
<td>Is information available in their first language?</td>
<td>☐</td>
<td></td>
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<tr>
<td>Are migrant workers treated equally to local workers?</td>
<td>☐</td>
<td></td>
</tr>
<tr>
<td>Is action being taken to monitor and prevent increases in racism, discrimination and xenophobia towards migrant workers (as this may increase due to the COVID-19 pandemic)?</td>
<td>☐</td>
<td></td>
</tr>
<tr>
<td>Is there sufficient space per resident to enable physical distancing and self-isolation if infected with COVID-19 (this includes distance between beds, the number of toilets, and access to cooking facilities)?</td>
<td>☐</td>
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<tr>
<td>Are vulnerable workers provided with their own room and space?</td>
<td>☐</td>
<td></td>
</tr>
<tr>
<td>Are sufficient handwashing facilities, with soap, running water and alcohol rub available?</td>
<td>☐</td>
<td></td>
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<tr>
<td>Question</td>
<td>Yes</td>
<td>No</td>
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<td>-------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>Are toilets, washrooms, kitchens and rooms sanitary and regularly</td>
<td></td>
<td></td>
</tr>
<tr>
<td>cleaned?</td>
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<tr>
<td>Do all workers have sufficient food and water?</td>
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<tr>
<td>Is there a system in place for when a resident suspect they are infected</td>
<td></td>
<td></td>
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<tr>
<td>or come into contact with someone who has been infected?</td>
<td></td>
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<tr>
<td>Transport:</td>
<td></td>
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<tr>
<td>Are passengers able to maintain physical distance of 1 metre while on</td>
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<tr>
<td>work provided transport?</td>
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<tr>
<td>Are washing facilities provided so that workers can wash their hands</td>
<td></td>
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<tr>
<td>after travel?</td>
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<tr>
<td>Ensure that passengers have PPE if needed, such as face masks to</td>
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<td></td>
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<tr>
<td>prevent them from passing on potential infection.</td>
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<tr>
<td>Checks for businesses experiencing reduced demand for goods and/or</td>
<td></td>
<td></td>
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<tr>
<td>services</td>
<td></td>
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<tr>
<td>Sufficient income for workers:</td>
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<tr>
<td>Have you identified the workers at risk of no income/not enough</td>
<td></td>
<td></td>
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<tr>
<td>income to meet basic needs?</td>
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<tr>
<td>If you are considered ways to reduce worker numbers, have you</td>
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<td></td>
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<tr>
<td>considered options for keeping workers in employment, and ways to</td>
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<tr>
<td>reduce hours and wages in ways that do not significantly impact worker</td>
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<tr>
<td>income?</td>
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<tr>
<td>Do you ensure that these wage reductions and terminations are not</td>
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<td></td>
</tr>
<tr>
<td>discriminating against particular groups of people e.g. women, migrants</td>
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<tr>
<td>etc.</td>
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<tr>
<td>Are all workers paid minimum wage, even if there are wage cuts?</td>
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<tr>
<td>Do you provide sick pay, and can you complement statutory sick pay</td>
<td></td>
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<tr>
<td>with additional payments?</td>
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<tr>
<td>If you use labour agents, are you working closely with these agents to</td>
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<tr>
<td>manage worker terminations, reduced wages or furlough options?</td>
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<tr>
<td>Migrant workers: Can all workers return home safety or have access to</td>
<td></td>
<td></td>
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<tr>
<td>clean and hygienic, decent accommodation as well as have sufficient</td>
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<tr>
<td>income and food until they are able to return home?</td>
<td></td>
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<tr>
<td>Terminating employment contracts:</td>
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<tr>
<td>Do you ensure workers are not dismissed due to COVID-19 reasons such</td>
<td></td>
<td></td>
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<tr>
<td>as illness or care of family?</td>
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<tr>
<td>Question</td>
<td>Answer</td>
<td></td>
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<td>-------------------------------------------------------------------------</td>
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<tr>
<td>If you are considered or have dismissed workers collectively, did/do you consult with worker representatives?</td>
<td>☐</td>
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<tr>
<td>If you are forced to close business, is there a plan in place to ensure workers are paid wages owed?</td>
<td>☐</td>
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<tr>
<td>Checks for businesses experiencing increased demand for goods and/or services</td>
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<tr>
<td>Overtime hours:</td>
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<td></td>
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<tr>
<td>Are workers working a maximum of 60 hours per week?</td>
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<tr>
<td>If no, is excessive overtime only done in emergency situations and for a limited time period?</td>
<td>☐</td>
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<tr>
<td>Responsible recruitment:</td>
<td>☐</td>
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<tr>
<td>Do HR staff understand how to screen potential workers for child and forced labour? Are HR staff aware that risk of child and forced labour is likely to increase because of the impact of COVID-19?</td>
<td>☐</td>
<td></td>
</tr>
<tr>
<td>Are all potential new workers being screened for the below?</td>
<td>☐</td>
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<tr>
<td>- Right to work</td>
<td></td>
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<td>- Child labour</td>
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<tr>
<td>- That they have not paid fees to labour recruiters / are in a position of debt bondage</td>
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<tr>
<td>Subcontracting:</td>
<td>☐</td>
<td></td>
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<tr>
<td>If you need to increase subcontracting to manage demand, have you ensured that subcontractors are able to keep their workers safe from COVID-19?</td>
<td>☐</td>
<td></td>
</tr>
</tbody>
</table>