
Affiliate Audit Company (AAC) Terms of Reference

Introduction

Sedex has been enabling auditors to develop best-practice processes for conducting social audits for over ten years. This has resulted in SMETA (Sedex Members Ethical Trade Audit), one of the most widely used ethical audit formats in the world. Sedex also operates the Sedex Advance platform, which is used by hundreds of social auditors to store and share ethical audit data on value chains. Sedex Advance is one of the world's leading platforms for managing responsible sourcing.

An **Affiliate Audit Company** is the main organisation that can conduct SMETA and other social audits for Sedex members. An Affiliate Audit Company account enables organisations to use Sedex Advance, add multiple auditors to the account and centrally manage their organisation's audits. Auditor staff can upload audits, review corrective actions and sign off non-compliances. The key user of the account can create subsidiary accounts and assign audits to other audit team members.

To apply for an **Affiliate Audit Company** account, please contact applyforaac@sedexglobal.com and a Sedex team member will assist you.

Rules, Criteria, Benefits and Fees for an Affiliate Audit Company Application

Any auditor that applies for an Affiliate Audit Company (AAC) account needs to demonstrate that the purpose of their activities aligns with Sedex, and that social auditing forms an important part of their business. Sedex has developed these Terms of Reference to provide auditor companies an outline of the rules, criteria, benefits and fees for an Affiliate Audit Company account.

Rules

The Affiliate Audit Company must comply with the following rules. If the audit company is unable to follow these rules, Sedex reserves the right to terminate the Affiliate Audit Company at any time, following an investigation.

1. Do not misrepresent the role of Sedex in the auditing process.
2. Ensure your company does not have any conflicts of interest.
3. Follow the Sedex brand guidelines. Ensure not to infringe the Sedex and SMETA brands or intellectual property.
4. Must attend relevant SMETA auditor training courses and submit the auditor training programme to Sedex annually.

5. Must complete and upload a minimum of 100 SMETA audits per year onto Sedex Advance and 20 Man-Days SMETA audits per year, per lead auditor member of staff.
6. Engage and accept the SMETA audit quality monitor and assessment.
7. Renew their Affiliate Audit Account once every two years.

Criteria for Application:

An auditor company must meet the following criteria to successfully qualify for an Affiliate Audit Company account. If the audit company is unable to meet this criteria, Sedex reserves the right to terminate the Affiliate Audit Company at any time, following an investigation.

- Fill out and submit an Affiliate Audit Company application form, together with supporting documents and certificates, including business licence, financial report, quality management system files and auditors' training programme files.
- Demonstrate an active process for ensuring integrity in the audit process, such as applying a 'Code of Integrity and Professional Conduct' or equivalent.
- Demonstrate commitment to best practice in social auditing in the company mission statement.
- Confirm that social auditing is a minimum of 5% of the total business turnover.
- Complete a minimum of 100 social compliance audits (the acceptable scope or type of social compliance audit scope defined by Sedex) per year.
- Have a minimum of two separate offices in two or more countries.
- Provide two references who are Sedex Buyer (A) or Buyer/Supplier (AB) members, who can confirm the audit company's capability.
- Commit to participate and pass SMETA foundation training and other relevant SMETA auditor training courses.
- Pay the annual subscription fee, calculated on company turnover (see below).
- Commit to participate in the SMETA audit quality monitor and assessment programme.
- Be able to arrange shadow audits for Sedex staff members if required.

Benefits:

Joining Sedex as an Affiliate Audit Company provides the following benefits:

- Additional functionality on the Sedex Advance platform
- Visibility on the Sedex Advance platform and Sedex website
- Access to Sedex products and services
- A dedicated Sedex Account Manager
- Receive and be featured in Sedex communications, such as the Sedex newsletter
- Receive invitations to participate in a growing number of Sedex events and workshops.

Fees

The following fees are applicable to Affiliate Audit Companies.

- The **annual subscription fee** is calculated based on company turnover and is payable to Sedex annually.

The turnover bandings for annual subscription fees are:

Annual sales turnover	Annual subscription fee
More than £250 million	£7,200
£10 million to £250 million	£2,940
£5million to £10 million	£720
Less than £5 million	£360

- The **application administration fee** is £1,000. This fee covers:
 1. A £500 (non-refundable) for the application review. This fee is payable at point of application.
 2. A £500 set up cost. This fee is payable when the application has been approved.
- **Audit quality assessment fee**
Sedex reserves the right to conduct office and on-site audits of auditors' companies if deemed necessary. The cost will be £800/man-day (excluding travel costs).

Any auditor that does not comply with the rules or criteria outlined above can be terminated by Sedex and will not receive a refund of their subscription fee. The company will cease to have access to Affiliate Audit Company benefits. Re-applications will be accepted one year after the subscription has subsided.

All successful applications will be subject to contract with Sedex and must comply with Sedex rules, terms and conditions.