2020
Insights into SLCP Data

Context and Purpose

In 2019 the Social Labor Convergence Program implemented the Converged Assessment Framework (CAF) to support stakeholders' efforts to improve working conditions in global supply chains. Throughout 2020 SLCP exceeded 240 signatories, the CAF became available in 30+ countries, and we partnered with ILO Better-Work to continue to scale and impact working conditions throughout global supply chains.

SLCP's aim is to reduce audit fatigue, redirect resources towards improvement, and to have comparable social & labor data. To that effect, SLCP developed a Data Insights workstream based on Operations in 2020. Through an internal analysis, we began to tap into the wealth of aggregated and comparable data. This publication provides some highlights from our internal study and gives a snapshot of future opportunities.

The Data Insights work succeeds the Learning and Evaluation (L&E) report, which is published annually and looks back on 2020 operations. Based on the L&E report, we begin to see an anonymized aggregated directional view of social labor conditions emerge that are aligned with industry trends. As SLCP continues to grow and scale, we seek future alignment with research and/or academic partners that will provide interpretation of this data for the industry, NGOs, and Policy makers to improve working conditions globally.

It is SLCP's ambition to transparently publish a Data Insight report in tandem with the International Trade Centre (ITC) and our future research and/or academic partners. As 2020's verified assessments are a limited data pool (1455 verified assessments) this report provides a snapshot of opportunities to come in 2021 and beyond.
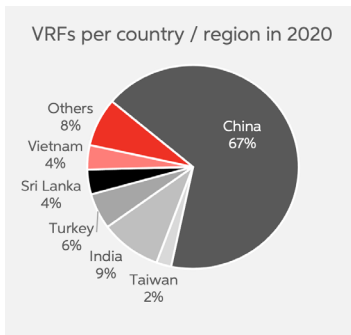
DISCLAIMER:
The underlying internal Data Insights report is a proof-of-concept report to demonstrate potential opportunities. This report does not provide conclusions or strategic direction. The pool of data available from 2019 and 2020 operations is narrow compared to the number of verified assessments that will be available in future years. As such, the findings cannot be generalized noting the statistical significance of the findings diminishes for data sub-groups in a more detailed analysis. As the number of verified assessments expands in in 2021 and 2022, results will be less affected by outliers and more detailed findings will be possible.
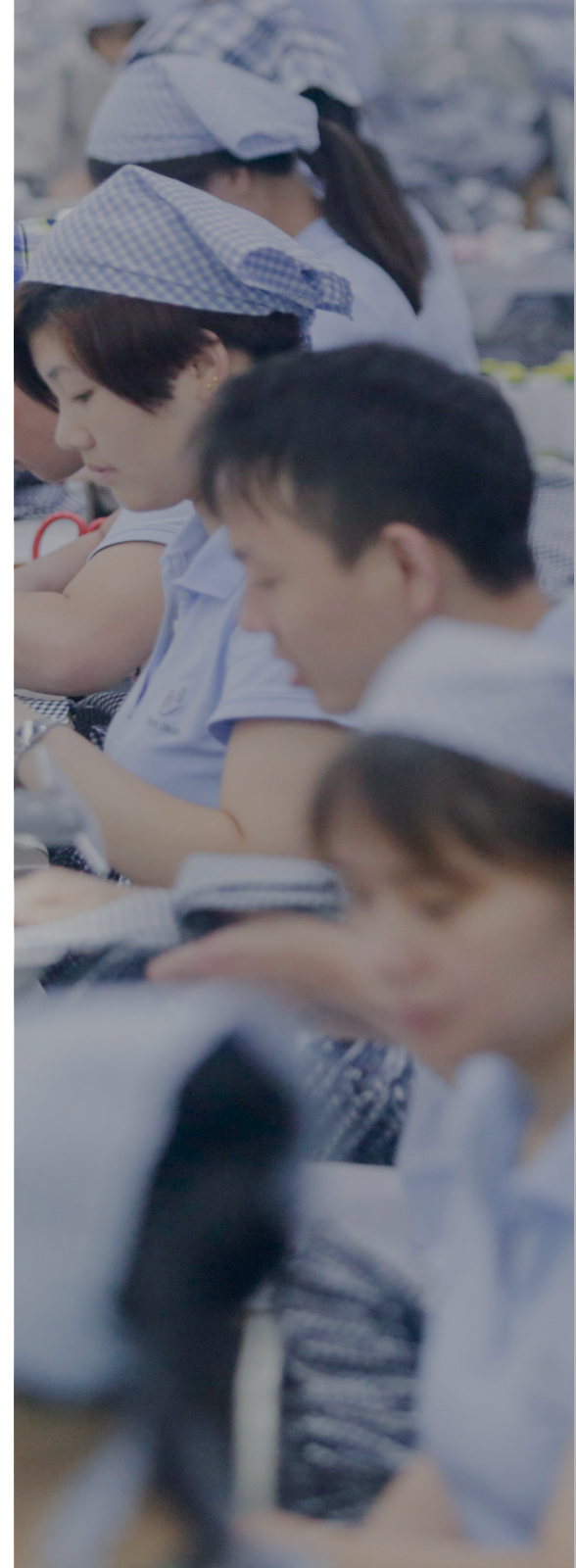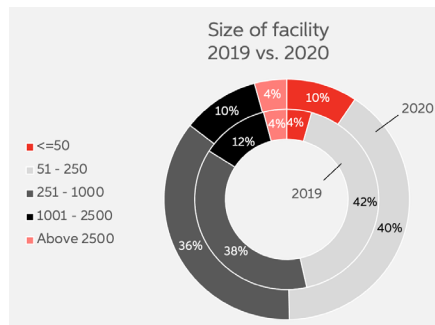
2020 Operations

By the end of 2020, the Converged Assessment Framework (CAF) was available in 30+ countries with 2,546 facilities profiles in the Gateway. With a total of 1,455 verified assessments completed in 2020, this report puts forward an initial analysis of some of the data within those verified assessments.

VRFs per country / region in 2020

Others 8%
China 67%
Vietnam 4%
Sri Lanka 4%
Turkey 6%
India 9%
Taiwan 2%

Two-thirds of the total of verified assessments came from China, reflecting the earlier roll-out and the weight of the industry in that region. Smaller but growing percentages by region came from India and Turkey.

As adoption of CAF v1.4 accelerates globally and collaboration with ILO Better-Work begins, we expect an increase in verified assessments from ILO Better-Work countries such as Vietnam, Bangladesh, and Indonesia in 2021.

Nearly half the assessments completed in 2020 were from "medium-sized" factories ranging from 51-250 employees. The breakdown

Size of facility 2019 vs. 2020

<=50
51 - 250
251 - 1000
1001 - 2500
Above 2500

2020: 4%, 10%, 4%, 4%, 12%, 10%
2019: 42%, 40%, 38%, 36%
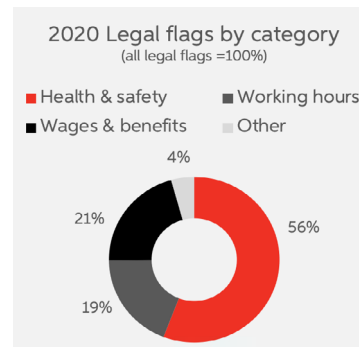
of facility sizes in 2020 was largely similar to 2019.

Data Quality

High-quality, trustworthy data is a key factor for SLCP. Quality assurance activities are conducted

by the Verification Oversight Organization (VOO) alongside regular calibration meetings for all Verifier Bodies and Verifier Body scoring. At the beginning of 2021, SLCP also launched a public QA dashboard.

Social and Labor findings

A 'Legal flag' is a data point within the SLCP verified assessment report. When a Verifier identifies that the facility's situation is not in line with local legal requirements during verification, regardless if the facility data is 'accurate' or 'inaccurate', a legal flag is noted.

2020 Legal flags by category
(all legal flags =100%)

■ Health & safety   ■ Working hours
■ Wages & benefits   ■ Other

56%
21%
19%
4%

Nearly all of the verified assessments (92%) contained at least one legal flag. Analysis shows that legal flags concentrated mostly on Working Hours, Health & Safety, and

Wages & Benefits, respectively. In line with the prevalence of legal flags, nearly half of facilities reported working hours exceeding 60 hours per week. The data also indicates that working hours in smaller factories are longer than in larger factories.

Regarding legal flags, 77% of the data points with legal flags were marked as inaccurate during verification, meaning the facility was unaware they were not meeting legal requirements, or they were not transparent. This reinforces the importance of verification as a credible step in the Converged Assessment Framework process.

SLCP Impact

SLCP is successfully implementing our vision to support stakeholders' efforts to improve working conditions in global supply chains through the Converged Assessment Framework. SLCP'S Signatories are committed to using the CAF in place of their proprietary tools and are redeploying resources towards improvement programs.

41 brands & organizations publicly committed to accepting SLCP verified data

Over **70%** of signatories have a plan in place to track & redeploy savings

SLCP's potential impact for the industry and the worker is highly encouraging. As well, we are seeing the benefits for individual stakeholders, as an example the below case study from a manufacturer's perspective:

SLCP Case Study: Shahi Exports

Shahi Exports is a manufacturer-based in India that operates 65 factories, 3 processing mills and has 100,000 employees, including 67,000 women.

- 33 factories have adopted SLCP: 18 have undergone SLCP verification, 15 are at various stages (eLearning, Registration, Self-assessment)
- 13 more factories will adopt SLCP in 2021.
- 35% customers have replaced traditional audits with SLCP.

Since adopting SLCP, Shahi Exports has saved approximately **1,728 hours** from reduced audits.

Why Shahi Exports believes in SLCP:

- Comprehensive tool and has potential to speed up factory onboarding process by brands.
- Leaner auditing system, reduced dependence on multiple third-parties; ready tool for post-pandemic compliance.
- Robust and standard framework; a collaborative approach, vetted by multi-stakeholder technical committees.
- All HR, compliance, sustainability teams trained on a standard process; allows resources saved to be diverted towards worker well-being.

Call to Action to Manufacturers

Manufacturer's that implement SLCP's Converged Assessment Framework can share verified data with multiple partners and stakeholders, reducing a decades old problem of audit fatigue. Join the list of manufacturers that have implemented the Converged Assessment Framework. Find more detailed information here.

Call to Action to Brands

SLCP call on brands to join a host of 40+ peers who publicly commit to accept SLCP verified data. SLCP's Converged Assessment Framework is publicly available and by following these 5 steps, you'll be guided to roll-out SLCP throughout your global supply chains.

More information

SLCP Gateway

- Converged Assessment Framework
- Account creation (facilities only)
- Public list of facilities
- List of available Verifier Bodies
- Costs related to SLCP

SLCP Helpdesk

- In depth FAQs on SLCP and the Converged Assessment Framework
- Facility Guidance
- Verifier Guidance
- Quality Assurance Manual
- And much more!

SLCP Website

- List of SLCP signatories
- 2020 Annual Report
- Upcoming SLCP events
- The SLCP Story
- SLCP Accredited Hosts
- Case Studies
- Current Collaborations

International Trade Centre

SOCIAL & LABOR CONVERGENCE