2021
IMPACT REPORT

International Trade Centre

SOCIAL & LABOR CONVERGENCE

Introduction

The growing complexity of supply chain networks and the pressure to understand them has increased the urgency for high-quality social and labor data. In addition to identifying risks and aiding remediation, there is a need for credible and actionable data that can inform interventions that lead to meaningful impact.

Despite an increase in the collection of data over the years, visibility and insight into social and labor conditions in supply chains have been inadequate. Organisations collecting data in silos and not sharing their findings have led to redundant and resource-intensive practices that have restricted the industry's collective capacity to improve working conditions. The Social and Labor Convergence Program (SLCP) was established to develop a systemic solution to this problem.

Since SLCP began implementing the Converged Assessment Framework (CAF) in 2019, it has allowed the streamlining of the audit process to provide high-quality data sets on working conditions. With the critical partnership with the International Trade Centre (ITC) and its technical resource team, the Trade for Sustainable Development (T4SD), SLCP facilitates data sharing, allowing for increased social and labor data comparability. The result is more transparency, efficiency and savings that can be redirected to improving working conditions.

By leveraging the wealth of data, we can also learn to ask better questions and create informed solutions that can stimulate change. As SLCP expands to more sectors and scales in size, there is an increasing opportunity for aggregated data to provide insights that can support policymakers, inform risk assessments, and drive collaborative action.

This report explores how SLCP has evolved as a program and the impact and value we have created for our stakeholders. We also begin tapping into the aggregated social and labor data to discover the type of insights SLCP can produce to inform efforts to improve working conditions. The report provides the industry and beyond, for the first time, a taste of the vast potential of comprehensive, actionable social and labor data.

Collaboration with ITC

![International Trade Centre logo]

The International Trade Centre (ITC) is a joint agency of the United Nations and the World Trade Organization. It enables companies in developing economies to become more competitive and to connect to international markets, thus raising incomes and creating job opportunities, especially for women, young people, and poor communities.

The collaboration with SLCP began through ITC's role as an implementation partner in an ongoing project supported by the European Commission, Directorate-General for International Partnerships, to enhance transparency and traceability of sustainable value chains in the garment and footwear industry.

Aligned with its efforts to identify and reduce trade-related costs and barriers, ITC engages with SLCP by providing IT tools and solutions that empower facilities with data ownership and sharing:

Gateway
The central repository for all SLCP verified data. From their Gateway account, a facility can control how they share their SLCP verified assessment.

E-learning
ITC hosts the SLCP e-learning service that is designed to train users on how to use the SLCP Gateway. The e-learning program is free and open for all stakeholders.

> *SLCP's unified approach to measuring and verifying social and labor conditions is already a game-changer for the apparel and footwear industry, and has the potential to be replicated across other sectors. Through our partnership with SLCP, not only can we support businesses to reduce audit fatigue and unlock resources, but together we have created a global repository of verified data on social and labour compliance that provides insights for policymakers and other stakeholders to make impactful decisions and improvements*
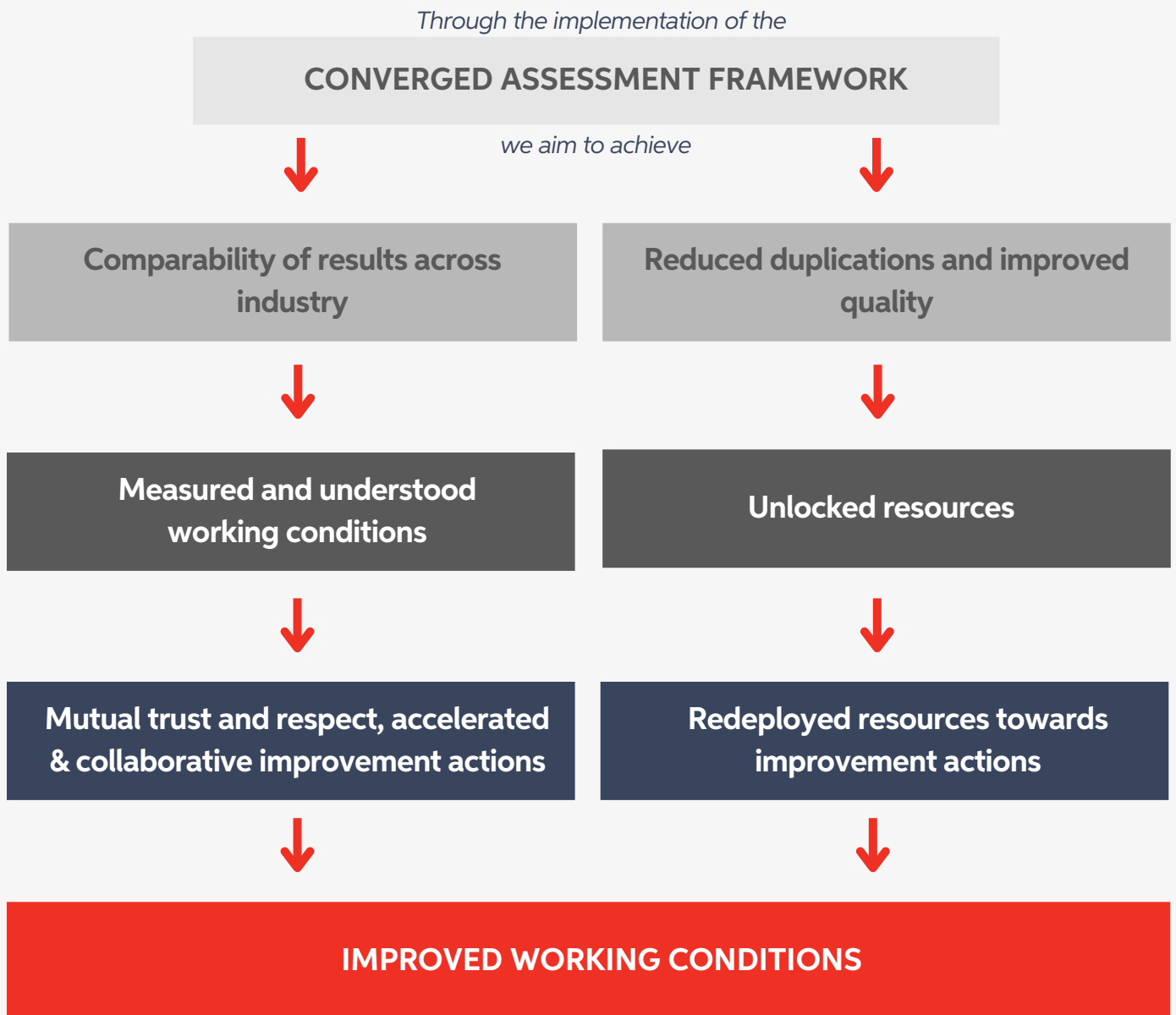>
> *- Joseph Wozniak, ITC*

Theory of change

In its 5-year strategic plan (2019-2023), SLCP sets out its vision and mission to implement a Converged Assessment Framework (CAF) that supports stakeholders' efforts to improve working conditions in supply chains. The below diagram outlines the pathway to creating this impact. Following the right-hand side pathway, by the end of 2021, SLCP had expanded its operations and started demonstrating evidence of reduced duplication and redeployment of unlocked resources. SLCP is now beginning to make progress on the left-hand pathway by diving into a new work stream - Data Insights. With nearly 6500 verified assessments in the Gateway at the close of 2021, this workstream enables SLCP to uncover trends that can inform the industry and beyond on where interventions are needed to make systemic change.

Through the implementation of the

CONVERGED ASSESSMENT FRAMEWORK

we aim to achieve

| **Comparability of results across industry**	**Reduced duplications and improved quality**
Measured and understood working conditions	**Unlocked resources**
Mutual trust and respect, accelerated & collaborative improvement actions	**Redeployed resources towards improvement actions**

IMPROVED WORKING CONDITIONS

Progress

Since SLCP's launch in mid 2019, the Program has seen exponential growth.

By the end of 2021:
- SLCP had rolled out to 56 countries and regions
- 6458 facilities were registered in the Gateway.
- The number of verified assessments also grew 165% from the previous year to 4440.

Growth in verified assessments

500 — 2019
1500 — 2020
4400 — 2021
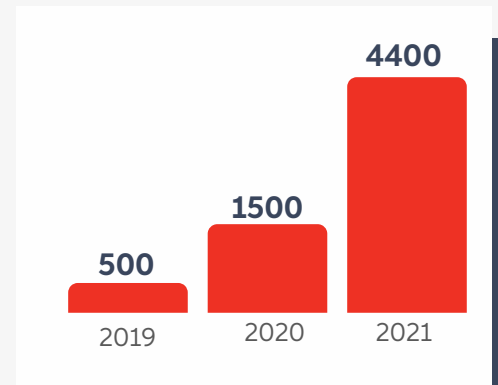
TOOL UPDATE

The Converged Assessment Framework (CAF) is regularly updated to respond to signatory and stakeholder feedback and to remain a relevant tool. As we progress, updates will become less frequent to ensure stability for users.

In April 2021, SLCP launched CAFv1.4. This was a major revision that restructured and streamlined the way data is captured in the Data Collection Tool.

What is included in each step of the CAF v1.4?

Step 1: Essential

Focuses on key social & labor compliance questions, mostly connected to International Labor Standards (ILS) and National Labor Law (NLL), making it well suited for the majority of stakeholders.

Step 2: Progressive

Focuses on management systems and questions that are supportive social & labor compliance questions but less critical to ensuring legal compliance. These questions are often found in social industry and certification standards.

Step 3: Advanced

Focuses on questions that go above and beyond social responsibility industry standards, are not required by national or international law, and seek to elevate workplace well-being and community impact.

GLOBAL APPLICABILITY OF THE TOOL

Sector expansion

In its initial years, SLCP focused on the adoption of the Converged Assessment Framework (CAF) in the apparel & footwear sectors. Nonetheless, verified assessments in other sectors consistently made up about 30% of the total volume. In 2021, as seen in the below graph, adoption in adjacent sectors remained above 30%.

While scaling adoption in the apparel & footwear sector remains SLCP's top priority, the CAF has the potential to be of enormous benefit to other industries, and the long-term strategy has therefore always included sector expansion.

In late 2021, SLCP successfully applied for funding from the Initiative for Global Solidarity (IGS), a program implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ), to support its strategic goals like sector expansion.

With the IGS funding, SLCP can expand further into adjacent sectors such as home textiles and furnishings, and explore opportunities in the consumer goods markets more broadly.

The use of SLCP in different industries is expected to grow due to more multi-sector organisations implementing the CAF.
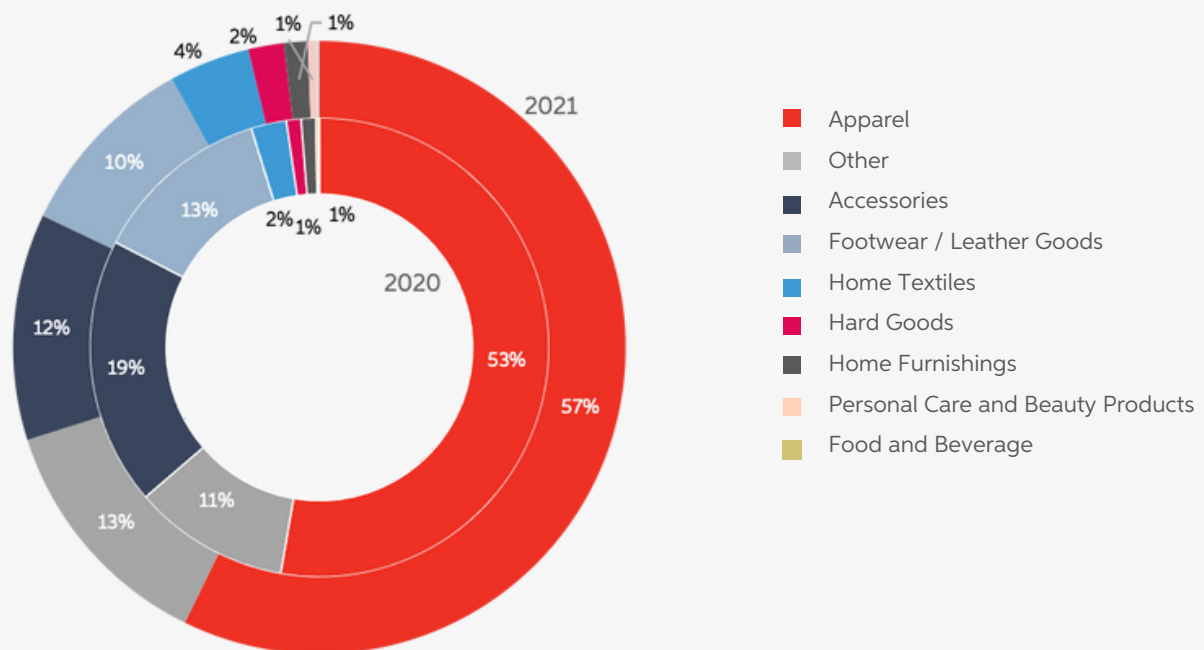
Diversified facilities

SLCP aims to be relevant for facilities of all sizes and types. The variety of facilities that conducted an SLCP verified assessment in 2021 indicates SLCP's broad reach and the potential to create a more significant impact on facilities large and small.
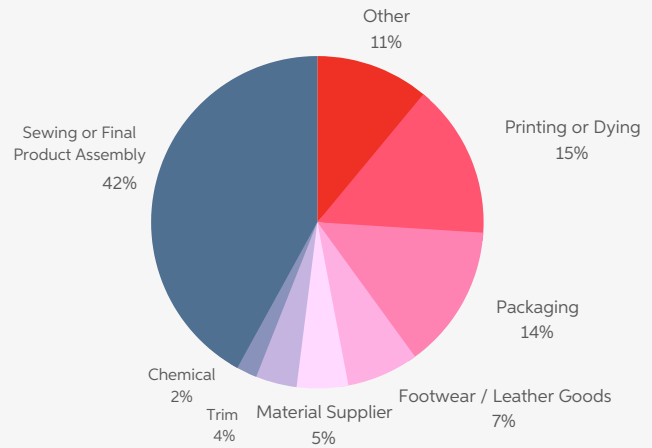

Global reach

In 2021, more than half of the verifications were completed outside mainland China (where SLCP first launched). As the below graph signals, this is a significant drop from previous years, where 67% of the 2020 verified assessments were completed in mainland China and 87% in 2019.

The growth in multiple countries reflects SLCP's increasing relevance, allowing for a richer set of global social and labor data.
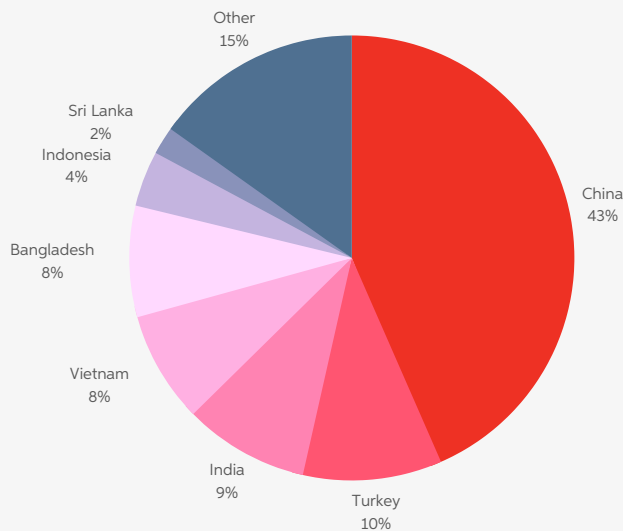
Percentage of total SLCP Verified Assessments in Mainland China
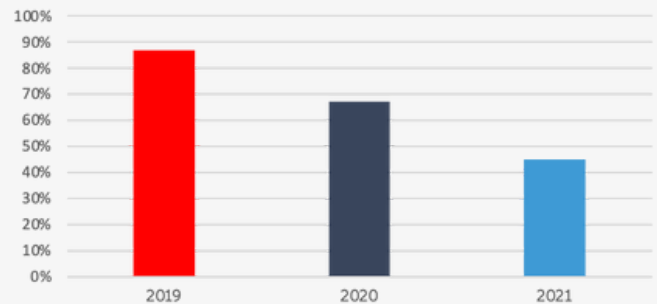
Growing acceptance

By the end of 2021, <u>over 50 </u>of the world's leading brands, retailers and standards holders publicly committed to accepting SLCP verified data instead of proprietary audit tools. It opens up the huge potential for a facility to share one verified data set with a large number of buyers, clients and partners, resulting in reduced audit fatigue. This impact is seen through the increased average shares per assessment in 2021.

In 2021, there were
2.6 average
shares per verified assessment.

(This is a 23% increase from 2020)

Read more about it in the <u>Annual Report</u>.

Impact and evolution

The year 2021 also marked a transition phase for SLCP as it moved beyond adoption and began to demonstrate tangible impact. Although still in the early stages of implementation, there is growing evidence that SLCP is beginning to achieve its vision and mission of shifting resources from auditing to improving working conditions.

With 4440 facilities having completed an SLCP verified assessment in 2021 alone, SLCP estimates that this unlocked **savings of up to 10 million USD *** that can be reinvested in improving working conditions.

In the 2021 annual SLCP signatory engagement survey, **46% of signatories reported redirecting resources saved through the CAF** in 2021 (up from 20% in 2020).

In the 2021 Better Buying Institute annual ratings cycle, 20% of the suppliers surveyed reported that their buyers were accepting SLCP data, and that this resulted in **savings of thousands of dollars,** sometimes as high as $20,000.

CASE STUDIES

Manufacturer: ⟡ TAYPA (Taypa Tekstil)

SLCP saved Taypa 12 unnecessary audits in 2021.

Due to reduced audits at 4 facilities, Taypa saved a total of 32 days worth of working hours.

Taypa shared their SLCP verified data with brands that make up 65% of their production volume.

*See Appendix I

Brand: **C&A** (C&A)

Converted Sustainable Supply Chain team from Auditors & Developers to Developers only - keeping the same headcounts.

Resulting in 50% more staff working in supplier development.

By fully moving to SLCP in 2022, staff expects to free more time for supplier development, further increasing capacity towards improving working conditions.

View more examples of SLCP adoption here.

Manufacturer feedback on CAF impact

2021 Signatory Survey:
Have you made use of SLCP verified assessments within your company, and if so, how?

- *"We are using the verified assessment data as baseline to set target for future factory performance improvement and to monitor the progress in the future".*
- *"Sharing ONE verified SLCP assessment with all brands helped us to focus on other areas".*

SLCP's increasing support and rapid scaling proves the global applicability of the tool. This expands the potential for more resources to be redeployed to initiatives that improve working conditions. It also introduces the possibility of deriving insights from a rich and growing data pool. This positions SLCP and ITC to leverage the aggregated verified data and become a leading source for credible social and labor data insights to support stakeholders in making decisions that advance impactful reforms.

Insights and trends

The joint review of the CAF by SLCP and Better Work strengthened the link between Step 1 of the CAF (v1.4 and future iterations) with international labour standards and national legislation.

Enhancing the alignment between the CAF and labor standards and law is a fundamental step for SLCP to support stakeholders to determine facility compliance, and to continue working towards good working conditions in global supply chains.

BetterWork

Collaboration with Better Work

Better Work and SLCP have found common ground in promoting credible and actionable data to be shared between a broad range of industry actors to act upon, including governments and workers' and employers' organizations.

Informed by SLCP's 2021 operations, the following pages provide insights into the legal non-compliances findings, and offer insights into social and labour standards and trends in all SLCP facilities.

LEGAL COMPLIANCE

8.5

2020 average: 8

Average number of legal non-compliances per verified assessments in 2021
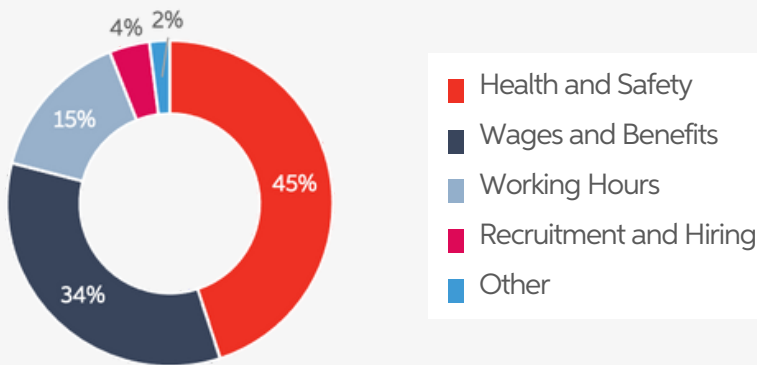
91%

2020 average: 94%

of all verified assessments included at least one non-compliance in 2021

? How are legal non-compliances assigned to a data point?

Legal non-compliances are assigned to a data point in SLCP's Data Collection Tool when the Verifier identifies that the facility's situation is not in line with local legal requirements. This occurs during verification of the data, regardless if the facility self-assessment data is 'accurate' or 'inaccurate'. An overview of the facility's legal non-compliances is captured in the verification summary in the verified assessment report.

2021 legal non-compliances by category (from all legal non-compliances)

- **Health and Safety** — 45%
- **Wages and Benefits** — 34%
- **Working Hours** — 15%
- **Recruitment and Hiring** — 4%
- **Other** — 2%

> Out of the total number of legal non-compliances found, the majority related to three CAF categories – **health & safety, working hours, and wages & benefits.**

Key takeaways from the 2021 legal compliance data

▶ **The data continues to show that a very high number of facilities (91%) are not legally compliant**
- SLCP is working to ensure savings unlocked from implementing the CAF are redirected to improvement programs, with the goal to increase the number of facilities that comply with international labor standards and national labor laws.

▶ **The CAF is effective at identifying legal non-compliances but should be used as one of a number of tools particularly in addressing core labor standards**
- Adherence to core labor standards continues to be a significant issue particularly in the context of COVID-19 and under the current regulatory framework, according to research by Cornell's New Conversations Project.**
- Instances of forced labor, discrimination, freedom of association, child labor, and sexual harassment are often extremely difficult to uncover through audits due to a number of factors. SLCP continues to advocate that stakeholders looking to identify, prevent and mitigate these severe human rights violations need to conduct proper due diligence by using a number of tools and mechanisms in conjunction with the CAF.

▶ **The findings are largely reflective of broader social audit findings**
- According to 2021 research, health & safety, wages & benefits, and working hours were the most common categories of violations found in social audits.* This indicates that SLCP, while replacing duplicate proprietary tools, can also provide comparable results.

What topics are covered in each category?

Category	Topics
Health & Safety	General Work Environment; Building Safety; Risk Assessment; HS Policy; Qualified HS Staff; HS Committee; HS Worker Engagement Emergency Preparedness; Flammable And Combustible Materials; Chemicals And Hazardous Substances; Worker Protection; Materials Handling and Storage; First Aid and Medical; Dormitories; Canteens; Childcare; Facilities
Wages & Benefits	Minimum Wage; Facility Information; Records; Overtime Wage; Other Premium Pay; Piece Rate Workers; Wage Payment; Legal Withholdings; Social Insurance; In-kind Benefits; Leave; Compensatory Leave; Work Stoppages; Work-related Activities; Overtime Allowances; Wages; Wage Increase; Bonus; Deductions; Performance Evaluations; Loans & Advances
Working Hours	Records; Regular Hours; Overtime Hours; Breaks; Break Payment; Rest Days; Forced Labor; Overtime; Total Working Hours
Recruitment & Hiring	Child Labor; Apprenticeship / Trainee; Internship Programs; Discrimination; Recruitment Practices; Employment Practices; Homeworkers

Top 10 Legal Non-Compliances

The below list includes the most frequent legal non-compliance data points in 2021. Non-compliances were detected in every category and this list only describes the top ten data points.

The percentage value shows how many of the total 2021 verified assessments flagged this data point as a legal non-compliance. The accompanying codes are question IDs from CAF v1.4.

1 — **60.6%** Answered 'No' | **Working Hours** — wh-6
Are all overtime working hours in line with legal limits?

2 — **40.9%** Answered 'No' | **Wages & Benefits** — wb-21-1
Are facility social insurance contributions (both calculations and types required) in line with legal requirements?*

3 — **24%** Answered 'No' | **Health & Safety** — hs-32-2x
Are legally required guards properly installed and maintained on all dangerous machinery and equipment?

4 — **22.3%** Answered 'No' | **Working Hours** — wh-9-1
Are the weekly rest days provided by the facility in line with legal requirements?

5 — **21.1%** Answered 'No' | **Wages & Benefits** — wb-21
Are workers' social insurance contributions (both calculations and types required) in line with legal requirements?*

6 — **18.1%** Answered 'No' | **Health & Safety** — hs-50-3
Are health checks of workers conducted in line with legal requirements?

7 — **17.7%** Answered 'No' | **Health & Safety** — wh-31-1-6x
PPE equipment and clothing provided is consistently and effectively used by workers?

8 — **11.3%** Answered 'No' | **Health & Safety** — hs-bui-1
Are building/construction, structural safety and fire permits and certificates in line with legal requirements?

9 — **10.2%** Answered 'No' | **Health & Safety** — hs-26-1-4x
Are chemicals and hazardous substances stored in line with legal requirements?

10 — **7.2%** Answered 'No' | **Health & Safety** — hs-che-2
Are chemicals and hazardous substances labelled in line with legal requirements?

The 2021 top 10 CAF questions with a legal non-compliance largely resemble that of 2020 (See Appendix IV).

While this report focuses on the ten most common points of non-compliance, it is worth noting that SLCP verified assessments in 2021 uncovered a wide-range of non-compliances across all topics covered by the Converged Assessment Framework (CAF). This includes freedom of association, discrimination and forced labor legal non-compliances.

*For CAF v1.4, the facility and worker social insurance questions were sub-devided into 7 sub-categories – pension (etc). The total percentage outlines how many assessments had at least 1 of the subcategories marked as a non-compliance.

USING THE CAF TO ADVANCE THE UN SDGs

SLCP contributes to the advancement of UN Sustainable Development Goals (SDGs) by:

Enabling conditions for decent work

SDG 8: Decent Work and Economic Growth
Through the CAF, users can leverage credible and actionable data to understand working conditions in their supply chains. With a greater understanding of the conditions and savings facilitated by data sharing, stakeholders can redeploy resources to make targeted efforts that promote decent work for all.

SDG 8 TARGETS WITH DIRECT RELEVANCE TO SLCP

8.5
Full and productive employment and decent work for all.

8.7
Eradicate forced labor and child labor, end modern slavery, human trafficking.

8.8
Protect labor rights and promote safe and secure working environments for all.

Steering Collaborative Action

SDG 17: Partnerships for the Goals
As a multi-stakeholder initiative, SLCP enables inclusive conversations and stakeholder collaborations that prompt action to address deep-rooted problems, accelerate sustainable development, and adapt to the challenges of a post-pandemic world.

SDG 17 TARGETS WITH DIRECT RELEVANCE TO SLCP

17.16
Enhance the global partnership for sustainable development.

17.17
Promote effective public, public-private and civil society partnerships.

17.19
Build on existing initiatives to develop measurements of progress on sustainable development.

8 DECENT WORK AND ECONOMIC GROWTH

17 PARTNERSHIPS FOR THE GOALS

10 REDUCED INEQUALITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

While SLCP's areas of work directly contribute to SDGs 8 and 17, SLCP also positively influences the progress of several other SDGs in the social and economic domains.

Read more about SLCP and the UN SDGs in our blog here.

REPEAT USERS AND LEGAL COMPLIANCE

Repeat users are facilities who have previously completed an SLCP assessment. In 2021, 71% of assessments were from repeat users.

Observations on repeat users

- 44% of facilities have found more legal non-compliances when using CAF v1.4 compared to their assessments using previous versions of the tool*.
- The average number of legal non-compliances for repeat users in 2021 was 7.7. This is marginally lower than the overall average (8.5).
- On returning, facilities have largely opted for the same step selection, only with some selecting Step 2 rather than Step 3. This mirrors the overall year on year step selection trends**.

2398
Total
repeat users

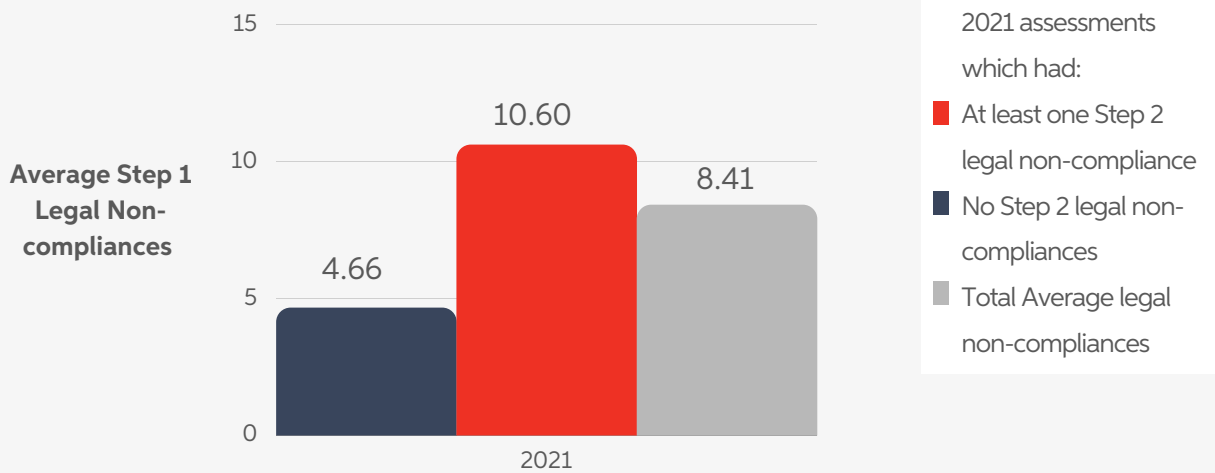### Opportunities for further insights:

As the volume of verified assessments increase, we can start investigating about:

- *Are SLCP facilities reducing their overall legal non-compliances?*
- *Are facilities with certain attributes improving at a greater rate?*
- *How do repeat users compare to new facilities?*

By exploring these insights, we can measure the impact of SLCP's process and fill a data gap prevalent in the industry.

CORRELATION BETWEEN MANAGEMENT SYSTEMS AND LEGAL COMPLIANCE

In 2021, 59% of facilities completed a Step 2 assessment. Step 2 of the CAF is largely focused on management systems*. Below we have compared facilities that flagged legal non-compliances in the Step 2 questions vs facilities that did not.

Average Step 1 Legal Non-compliances

4.66 | 10.60 | 8.41

2021

2021 assessments which had:

- 🟥 At least one Step 2 legal non-compliance
- 🟦 No Step 2 legal non-compliances
- ⬜ Total Average legal non-compliances

🔍 Observations

- The notable finding is that facilities with no legal non-compliances in the questions primarily focused on management systems (Step 2) have fewer social compliance (Step 1) legal non-compliances.
- The data seems to suggest that facilities that have good management systems in place, on average, have less legal non-compliances.

Opportunities for further insights:

As the volume of verified assessments increase, we can start investigating about:

- *Are facilities which are compliant with management system questions (largely in Step 2) also more compliant with social compliance questions (Step 1)?*

SMEs AND LEGAL COMPLIANCE

SMEs - small and medium sized enterprises - represent a large part of production in global supply chains. SLCP defines SMEs as facilities with less than 250 workers. In 2021, 49% of all SLCP verified assessments were completed by SMEs (This is consistent with 2020 data). This shows the global applicability of the tool and the role it can play in supporting the resilience of small businesses.

Legal Non-compliances in verified assessments	SMEs	2021 Average
% verified assessments with non-compliance	92%	91%
Average # legal non-compliances per verified assessment	9.2	8.5
% of verified assessments with 10+ legal non-compliances	36.6%	32%

Observations on SMEs

- SMEs appear to have a similar experience to larger facilities.
- As SMEs represent a large part of production in global supply chains, the applicability of SLCP in these facilities helps drive further data comparability.

Opportunities for further insights:

As the volume of verified assessments increase, we can start investigating about:

- *Are compliance levels in small facilities comparable to the global average?*
- *Are non-compliance trends in SMEs similar to larger facilities?*

This is particularly useful given the obligations on many SMEs to adhere to new regulations, like the proposed EU Corporate Sustainability Due Diligence Directive.

Future data use

SLCP data insights and trends can be employed by various stakeholders to make informed decisions. This can help create systemic change to the working conditions in supply chains.

Policymakers can use insights to identify social & labor trends, monitor progress and inform policy decisions.

Example of future application:
The insights can play an instrumental role in executing the European Commission's proposed Corporate Sustainability Due Diligence Directive. This is especially relevant for step 2 to identify human right risks (as required by Article 6) and step 5 to track and monitor risks (as required by Article 10).

Governments can make use of the insights to support implementation of mandatory due diligence in global supply chains.

Example of future application:
European Governments will rely on credible social data to ensure companies operating in Europe are complying with the mandatory Corporate Sustainability Reporting Standards. This will include SLCP data.

Investors are increasingly interested in a company's non-financial impacts and require comparable data to make informed investment decisions.

Example of future application:
The insights based on comparable data sets can be beneficial to investors like Norges Bank Investment Management (NBIM) who are calling for better data comparability in corporate sustainability reports.
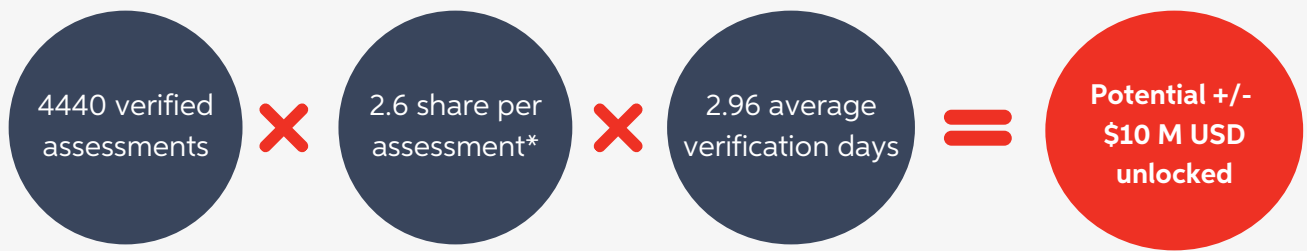
Academics use data to conduct research into social and labor trends.
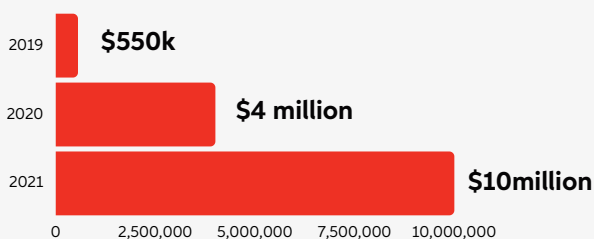
Example of future application:
Cornell University's New Conversations Project conducts research into actions that can measurably improve labor conditions in global supply chains. The anonymised analysis requires rich and verified data sets.

APPENDIX I -   Resources Unlocked

Estimation of resources unlocked in 2021

| 4440 verified assessments | ✕ | 2.6 share per assessment* | ✕ | 2.96 average verification days | = | Potential +/- $10 M USD unlocked |

Savings year-on-year

Year	Amount
2019	$550k
2020	$4 million
2021	$10million

(bar chart axis: 0, 2,500,000, 5,000,000, 7,500,000, 10,000,000)

Each year, we apply the same methodology to assess whether SLCP is unlocking resources that can be redirected to improving working conditions. Based on the total number of verified assessments completed in 2021 (4400), compared to the average number of shares per assessment (2.6), 2021 operations resulted in a total savings of $10M USD.

Many signatories continued to invest time and resources to implement SLCP within their supply chains. This included training, raising awareness and updating/ changing internal systems to ensure SLCP compatibility. It is possible therefore, that some of the resources unlocked through SLCP are currently offset by the cost of implementation

APPENDIX II -   Legal Non-compliances

This table compares the top 10 data points with a legal non-compliance from 2020 and 2021. As made evident through the the highlighted codes, there is significant overlap between 2020 and 2021.

Top 10
(Items in red indicate changes from last year)

	2020	2021
1	WH-6	WH-6
2	WB-21-1	WB-21-1
3	WB-21	HS-32-2x
4	HS-50-3	WH-9-1
5	WH-31-1-6x	WB-21
6	WH-9*	HS-50-3
7	WH-9-1	WH-31-1-6x
8	HS-32-3x*	HS-BUI-1
9	HS-36-2*	HS-26-1-4x
10	HS-50-1-4x*	HS-che-2

*As these data points are not in the 2021 top 10 on page 10, see below an outline of what they refer to:
WH-9 = Does the facility provide a weekly rest day?
HS-32-3x = Sewing machines have installed and maintained needle guards
HS-36-2 = On average, how far apart from the wall (in METERS) are storage racks or stacked goods?
HS-50-1-4x = Are occupational health checks of employees conducted at the end of employment?

APPENDIX III -Tool Development

In April 2021, SLCP launched CAFv1.4. This was a major revision that restructured and streamlined the way data is captured in the Data Collection Tool. It also meant that throughout 2021, as facilities transitioned to the new version, some (19%) still completed their assessment using CAF v1.3.

2021 data provides a first glimpse at what impacts the major CAF v1.4 tool development has on user experience, adoption, and scalability, as outlined in our 2021 Learning & Evaluation Report.

CAF v1.4
Developed with Better Work

Summary of changes:
- Redefinition of Steps
- Reduction in Number of Data Points
- Offline Excel User Interface
- Facility Guidance
- More Detailed Verification Selection Drop-Downs
- Final Verified Response
- Law Overlay for National Labor Law (Indonesia, Vietnam, Bangladesh)

Benefits of removing redundant questions & streamlining data points:
- Better matched data points with needs of stakeholders
- Greatly reduced the number of questions
- Smaller facilities can more easily complete their assessment (Step 1 Essential)
- More efficient tool for facilities and Verifiers

Total Number of data points in CAF v1.3 - CAF v1.4 per topic

TOPIC	1.3	1.4	Difference
FACILITY PROFILE	278	315	+12%
RECRUITMENT & HIRING	353	189	-46%
WORKING HOURS	91	52	-44%
WAGES & BENEFITS	266	182	-32%
WORKER TREATMENT	303	161	-47%
WORKER INVOLVEMENT	175	140	-20%
HEALTH & SAFETY	562	396	-30%
TERMINATION	87	39	-56%
MANAGEMENT SYSTEMS – Step 2 / 3	621	535	-14%
ABOVE AND BEYOND – Step 3	130	139	+7%
Grand Total	2866	2.134	-26%

CAF v1.3	Number of data points	Total	CAF v1.4	Number of data points	Total	Reduction
Step 1 Compliance	2115	2115	Step 1 Essential	901	901	59%
Step 2 Mgmt Systems	621	2736	Step 2 Progressive	933	1834	33%
Step 3 Above & Beyond	130	2866	Step 3 Advanced	300	2134	26%

APPENDIX IV -Step Selection

By first understanding how facilities are using the tool, we can further understand what is driving certain trends. The following graphs outline what steps facilities opted for in 2021 and how this is reflected in the legal non-compliances.

Percentage of Facilities only using Step 1		
Size of Facility	**2020**	**2021**
<250	25.79%	22.31%
251-1000	23.47%	16.05%
1001-2500	26.17%	19.05%
Above 2500	25.8%	13.8%
Overall Average	**25%**	**19%**

2021 Step Selection
(per version of the CAF used)
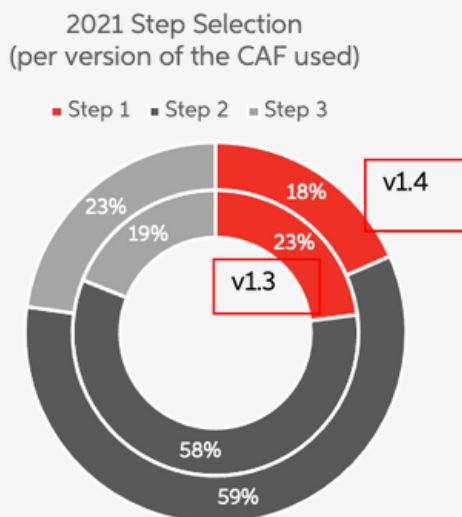
Average legal Non-compliances based on facility step selection					
	2019	**2020**	**2021**	**2021 CAFv1.3**	**2021 CAF v1.4**
Step 1 facilities	9,92	7.64	8.46	8.52	9
Step 2 facilities	11,61	7.32	8.23	6.43	9.23
Step 3 facilities	6,16	7.11	7.07	6.01	7.94

The notable trend is a shift towards completing Step 2 which covers "progressive questions" (including management systems), rather than Step 3 which additionally covers "above and beyond" topics such as workplace well-being and community. This seems mainly brand driven (see SLCP Acceptance List), where 11% (7 out of 60) are indicating to be accepting Step 1 only, 53% Step 2 and 35% Step 3).

- Based on the data, it appears facilities which complete step 3 have an overall lower average number of legal non-compliances. This is consistent year on year and between tool versions.
- There is largely no material difference between the legal non-compliance levels for the facilities opting for Step 1 or Step 2.

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Feedback and further information:

- Please contact info@slconvergence.org for feedback or questions
- Please visit the Gateway (www.slconvergence.org/gateway) for the latest information on SLCP roll-out
- For questions about the SLCP assessment & verification process, consult the FAQs on our Helpdesk (www.slcp.zendesk.com/hc/en-us).

We thank you for your continued support for our program.

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