

The background of the slide is a close-up photograph of several spools of thread in various colors (white, brown, black) and some sewing tools like a needle and thread, all resting on a dark, textured surface. The lighting is soft, creating subtle shadows and highlights on the threads and tools.

Social & Labor Convergence Program (SLCP)

*Converged Assessment. Collaborative Action.
Improved Working Conditions.*

Light Operations 2018
Evaluation Report

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Introduction

“On behalf of SLCP I am delighted to share the following summary evaluation report of our “Light Operation”. Light Operation was not a pilot but a ‘real’ launch of SLCP on a limited scale in China & Sri Lanka, to pressure test the full SLCP system and learn through implementation. After three years developing and improving the SLCP Converged Assessment Framework, the time had come to apply it on the ground. The high level take-away is that the SLCP concept works – we are proud to announce that 150 facilities completed an assessment and were able to share verified data with stakeholders. But more importantly, Light Operations provided a vast wealth of learning points. What follows here is a summary of the findings; highlights from a detailed 70 page evaluation document that is driving further improvements to the SLCP system ahead of our 2019 launch. One of the

key success factors of the 2018 Light Operations was the fantastic support and committed participation of a large number of SLCP signatories. Thank you to all signatories that took part – without you this report would not have been possible.”

Janet Mensink, SLCP Executive Director



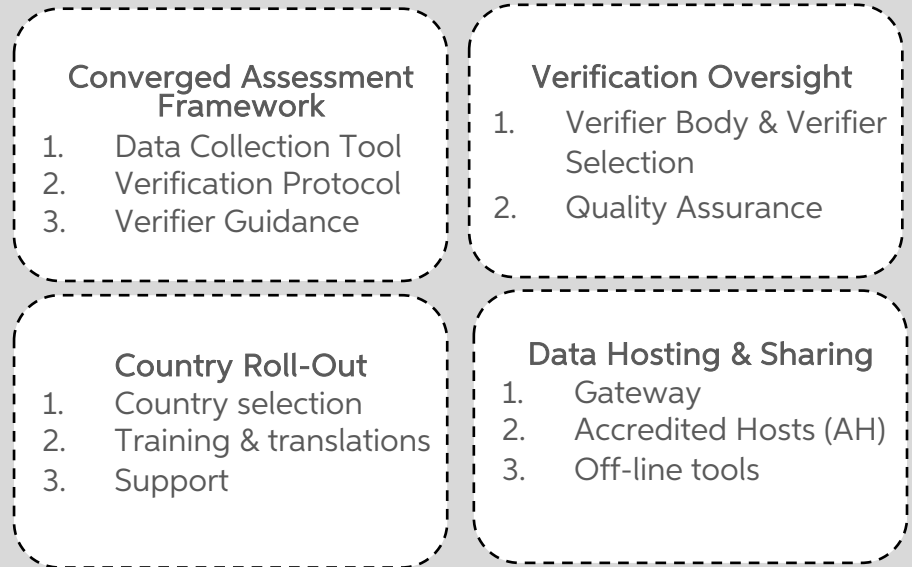
Evaluation Methodology

The report draws information from five data streams:



To identify learnings in four key SLCP areas:

Secretariat Review	Quantitative analysis according to targets set. Feedback from stakeholders
User Feedback	Three surveys were issued: to training attendees; to verifiers about exam; to facilities & verifiers that completed verified assessments
VO-Quality Assurance	Verification Oversight Organization (VOO) completed desktop reviews, counter verifications, Verifier Body Management checks
Working Groups	Seven working groups made up of SLCP signatories were established to evaluate & recommend proposals for 2019
External Analysis	Leading Brands engaged consultancy to review L Ops from brand user perspective



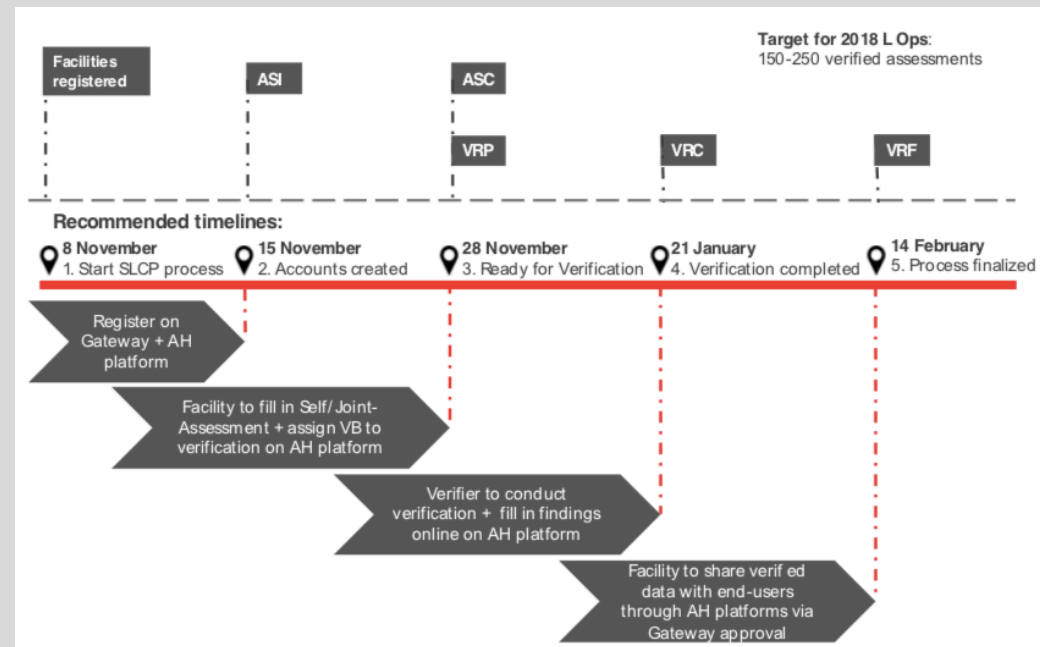
To set priorities for 2019 operations & against SLCP Specific Aims

Context: Scope of 2018 Light Ops

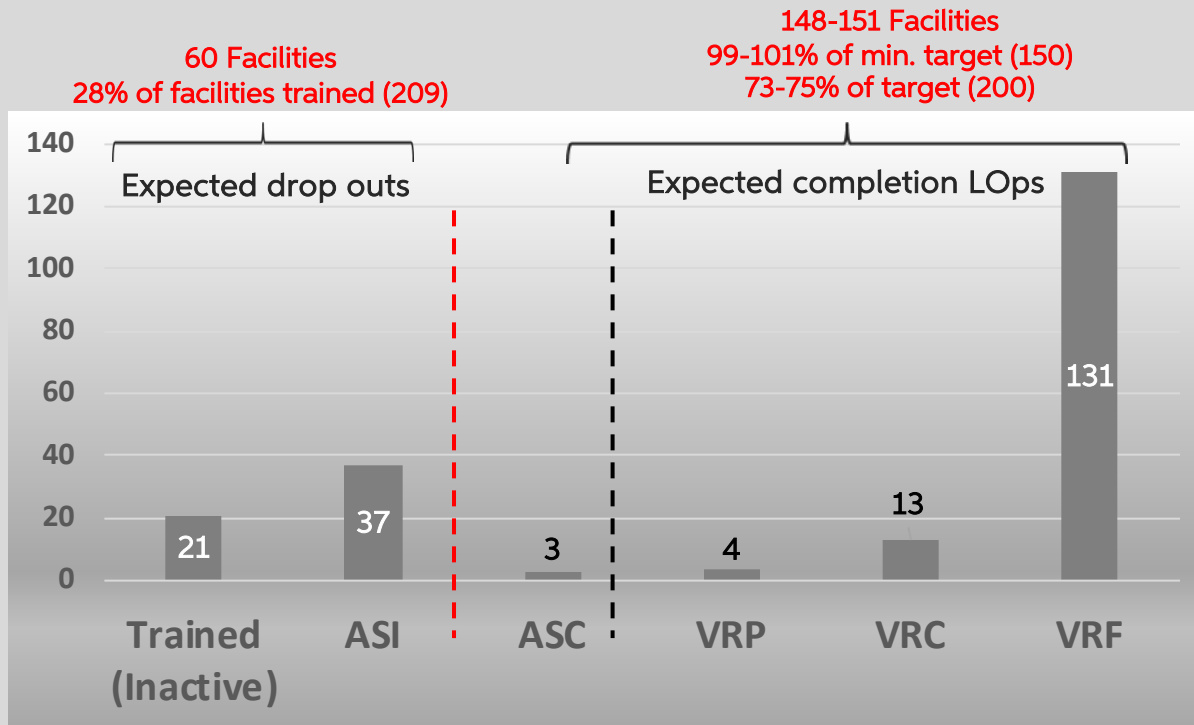
Operation on limited scale (China + Sri Lanka) to pressure test full SLCP system and prepare for scaled roll out from 2019 onwards:

- ✓ Training & data collection at facility level with final Data Collection Tool
- ✓ Verification of that data
Goal of 150-250 verified assessments; 100+ approved verifiers
- ✓ Coordination verification + quality assurance
Sumerra acting as the SLCP Verification Oversight Organization (VOO)
- ✓ Data hosting & sharing semi-decentralized
Gateway built and hosted by ITC; Accredited Hosts (3): Assent, FFC and SAC

2018 L Ops Timeline:



Overview: 2018 L Ops in Numbers



Key: Status of SLCP Assessment

ASI	•Self/ Joint-Assessment Initiated
ASC	•Self/ Joint-Assessment Completed
VRP	•Verification in Progress
VRC	•Verification Completed
VRD	•Verification Disputed
VRF	•Verification Finalized
VRI	•Verification Invalidated

'Drop-outs' in two categories:

1. Participated in training but did not start SLCP assessment ('no action'): **18 = 9%**
2. Initiated Assessment (ASI), but did not proceed: **42 = 21%**

Context: 2018 L Ops Support Structures

Facility & Verifier Training:

	<p>1</p> <p>Context The training sessions took place in Sri Lanka (Colombo) and China (Shenzhen & Shanghai).</p>
<p>In Numbers There were 10 training days: 3 in Colombo, 3 in Shenzhen and 4 in Shanghai. Average number of participants was 50, the majority of which (80%) came from facilities</p>	<p>2</p> <p>3</p> <p>Feedback Overall participants appreciated the training, especially the interactive elements & the opportunity to deep-dive into the SLCP Data Collection Tool & Verification Methodology</p>
<p>Learnings The different knowledge levels of the participants strengthened the interactive elements & enabled active participation. Maintaining a consistent message helps instills trust and enables deeper learning</p>	<p>4</p> <p>5</p> <p>Thank You! Training would not have been possible without the above & beyond support of JAAF members <u>Hirdaramani</u> Group & MAS Holdings in Sri Lanka & SGS in China.</p>

Helpdesk support:

Zendesk: integrated system allowing for effective tracking & resolving of incoming questions; and rapid updates to FAQs on Gateway. Over 400 tickets raised throughout Light Ops: 96.5% resolved.

Verifier Body & Verifier Selection:

Verification Oversight Organization (VOO) approved Verifier Body (VB) applications & sifted Verifier applications (200 in total) according to SLCP criteria



Selected Verifier candidates undertook proctored online exam to qualify as SLCP Verifier (152 took exam & 116 [76%] passed)

Overview: 2018 L Ops in Numbers

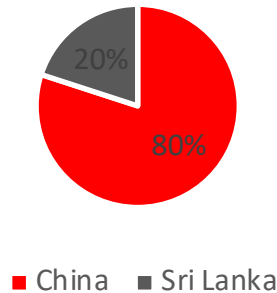
Facility Stats:

- 99% used off-line Excel Tool
- 79-94% did self-assessment (not joint)

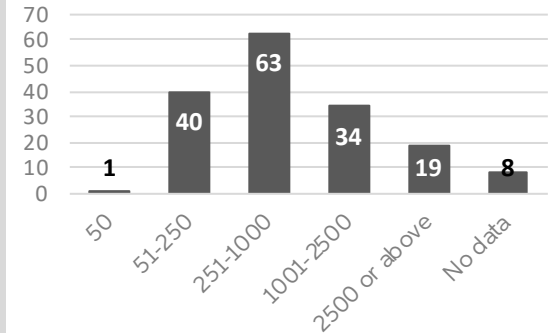
Breakdown of Steps Completed:

- 27% Step 1 only (compliance)
- 30% Step 1+2 (+management system)
- 43% Step 1+2+3 (+above & beyond)

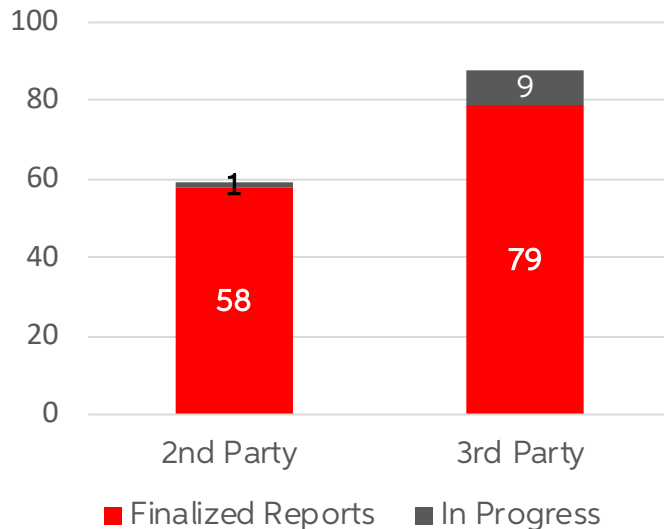
Facility Location



Facility By Size



Verification Breakdown



Stats on Verifiers & Verified Assessments:

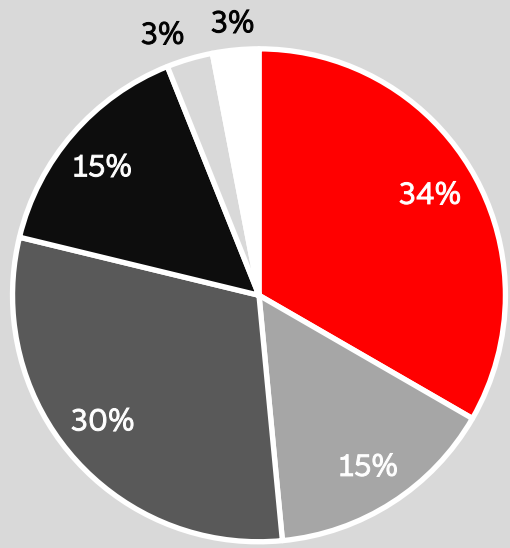
- 101 approved verifiers with a Gateway account
- 58% of verifiers were male and 43% female.
- 34% working for 2nd party Verifier Body and 66% for 3rd party Verifier Body
- 100% of Verifications were announced
- 1 disputed verified assessment (VRD), related to question level disagreement. Not substantiated and dispute has been resolved (VRD -> VRF status).

Overview: Quality Assurance Findings

VOO (Sumerra) QA Activities	% of Verified Assessments
Desktop Reviews	23%
Counter Verifications	5%
Verifier Body Management Checks	16%

18 Average number of issues per Verified Assessment (out of potential 1000+ data points)

Report Quality: Desktop Review Findings



Top 5 Most Common Issues (Desktop Reviews)	% of Total Issues
Verification selection or corrected response left blank	32%
Insufficient Verification data	21%
Tool not completed correctly	14%
Verification Protocol not followed	8%
Verification selection or corrected response incorrect	7%

■	11-20 minor issues or 2-3 significant issues
■	21 or more minor issues or 4 significant issues
■	3 or fewer minor issues
■	7-10 minor issues or 1 significant issue
■	4-6 minor issues
■	Invalidated report

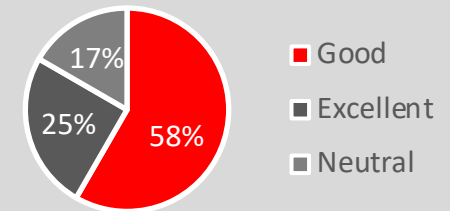
Secretariat Review

- 3-part CAF (Tool, Protocol, Guidance) comprehensive
- Questions to Helpdesk were used to continuously improve Verifier Guidance
- Confusion caused by unclear language & lack of mandatory fields helped identify opportunities to clarify wording & enforce mandatory completion
- Offline Excel Tool was slow & had errors
- Some facilities answered in Chinese instead of English in narrative section
- Online verification challenging due to internet connections & technical bugs (off-line option needed)

User Feedback Surveys

- Overall positive feedback from facilities and verifiers
- Feedback identified specific details that needed changing in the Tool, Protocol & Guidance
- Offline Tool for facilities proved necessary
- Hick ups in offline and online Data Collection Tool
- Verification Protocol: number of man-days prescribed was sometimes excessive

Facilities: Verification met our needs/ expectations



Learnings: Converged Assessment Framework

VO – Quality Assurance

- Verification training materials should be improved to highlight common mistakes & Verifiers should be required to complete a quiz on Verification Protocol with at least 80% accuracy
- Nearly 70% of issues found in desktop reviews due to incorrect or insufficient completion by facility or Verifier which has helped identify:
 - areas in Data Collection Tool where automation/ mandatory fields can be added to reduce errors;
 - areas in Verification Protocol that can be improved to facilitate better data entry (e.g. better 'More Info' clarification or examples)

Working Group

- Confirmed that the structure of the Tool, Guidance & Protocol worked well
- Recommendation to make language in Data Collection Tool clearer/more specific
- Recommendation to restructure Guidance to include general themes with examples at beginning

Secretariat Review

- Partnership with ITC for Gateway, training & translation worked well
- Huge support from signatories
- In-country workshops well-attended but resource intensive & sometimes attended by managers instead of those completing assessments
- Collaboration with National Textile Associations was invaluable
- Helpdesk & open-office hour worked well once established & enabled agile updating of FAQs
- As Data Hosting & Sharing & Data Collection Tool were still being finalized, training did not fully reflect final process

User Feedback Surveys (Training)

- Interactive nature of training was appreciated
- Deep dive on Data Collection Tool & Verification Methodology was useful
- Need for step-by-step process flow
- More in-depth explanation of the workings of the Data Collection Tool & Accredited Host platforms required
- More practical elements/ examples required
- Need for tailored comms materials

Learnings: Country Roll-Out

VO-Quality Assurance

- Provide a more in-depth instructions (training, movies, FAQ) of how to complete a full assessment, particularly verification (protocol).
- Training content should be translated to (more) local languages
- Training/support must clarify that free text in S/J assessment & verification need to be added in English only

Working Group

- Face-time with facilities & verifiers led to high level of engagement
- Synergetic & flexible collaboration with ITC
- Scalable training solution needed for 2019 & beyond
- Translation needs vary by country & will need to be prioritized accordingly
- Ensure all tools and system are all in order before further roll-out. Go deep (do it well), before going broad.

Secretariat Review

- VOO selection process was controversial & complex
- Further Conflict of Interest criteria needed for VOO
- External party for Verification Oversight worked well for Verifier Selection
- Pro-active, collaborative & agile Verification Oversight Organization (VOO)
- More engagement between VOO and Verifier Bodies needed to increase rate of assessment completion
- Need for flags & automatic triggers in Gateway to easily identify quality issues in verified assessments
- Desktop reviews labor intensive

User Feedback

- Verifier candidates found the application process fair & appropriate.
- Due to timeline, verifier candidates took the exam before the training
- Some candidates found the exam technology difficult to use
- Verifier Bodies did not take an exam
- On-site Verification days seen as excessive by facilities & verifiers
- Verifier Bodies and other stakeholders didn't have access to QA reports

Learnings: Verification Oversight

VO-Quality Assurance

- QA process was resource intensive:
 - Gateway admin options were limited & the verified assessment data download was not user-friendly
 - Gateway could not filter out verified assessments based on QA flags that highlighted a quality risk factor
 - Dispute process was offline
- Need to strengthen criteria for Verifier Bodies to ensure they can adequately support Verifiers
- Need mix of desk-top review, counter verifications and VB checks. Sample sizes seemed right.

Working Group

- Close coordination between Gateway, AHs and VOO worked well – weekly tech calls
- Alignment between Gateway helpdesk & VOO helpdesk
- LOps selected party Sumerra delivered strong performance as VOO
- Further fine-tuning of Gateway functions & workflows will allow further sophistication of Verification Oversight activities

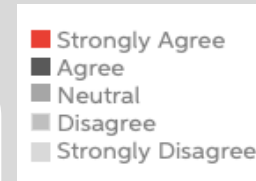
Secretariat Review

Agile approach taken to resolving technical bugs & finetuning processes throughout Light Ops
Automated messaging improved throughout
Confusion for facilities on how to navigate various platforms
Significant issues with full integration of all Tool features & business rules on Accredited Hosts
Need for off-line application/ tools, especially for Verification
Thorough testing & validation process to be completed before launch.

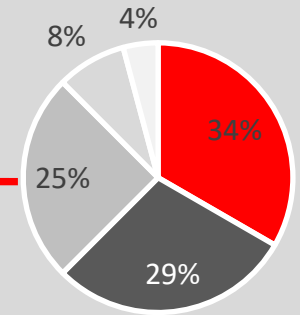
User Feedback

- Loading issues/errors in off-line Excel Data Collection Tool
- Facilities and verifiers experiencing technical issues on AH platform(s)
- Facilities not clear how to share the verified report
- More training needed on how to create accounts on SLCP Gateway and Accredited Host platform
- Users other than facilities (e.g. brands) require better insight into status of assessment

Learnings: Data Hosting & Sharing



Facilities: Linking from the Gateway to my chosen AH was user-friendly



VO-Quality Assurance

Opportunities to build in further checks & balances to strengthen Verification Oversight (e.g. ensuring completion of mandatory fields on AH platform)
Verification Oversight requirements to be further integrated with Gateway & AH platforms
Need to integrate dispute management information into Gateway & AH platforms

Working Group

- Need for improved AH specs & clearer rules to implement the CAF properly
- Need for a common SLCP glossary across all AH platforms & Gateway
- Need for offline Verification Tool
- Need consistent email notifications by AH & Gateway to explain next steps

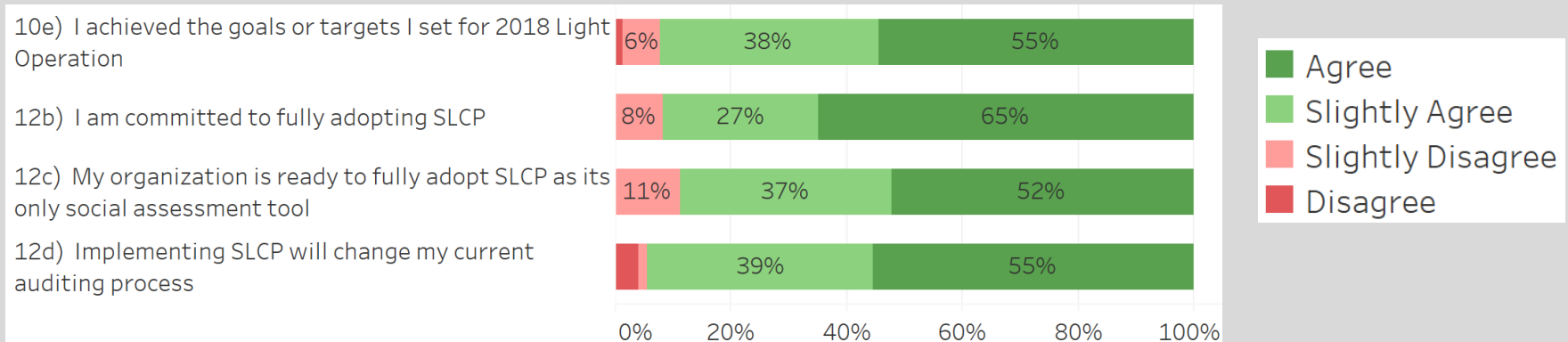
External Analysis - Point B Survey

SLCP CAPABILITY

“Very comprehensive tool that covers all aspects that we cover in factories; more comprehensive than what we are used to, which we hope will reduce audits.”

BRAND IMPACT

“SLCP has moved us toward collaborative auditing (mindset has been there, but doing it has not).”



Conclusion: Key Take-Aways for 2019

Converged Assessment Framework

1. Loading time of Excel will be improved and bugs removed
2. Changes will be made to Data Collection Tool to improve data quality
3. Offline Verification Tool will be made available
4. Use of online platform for data collection will be encouraged
5. Accredited Host platforms will not be able to launch until full testing completed
6. Verification Protocol & Verifier Guidance will be updated to provide more clarity & more examples

Country Roll-Out

1. E-learning will be developed & will include specific content for verifiers & facilities.
2. Launch events will be held in roll-out countries
3. The CAF and all training materials will be available in English, Simplified Chinese and Spanish. Additional languages (Turkish in 2019) will be used for Guidance & training purposes only
4. Helpdesk resolution target will be 48 hours
5. New features will be added to the Gateway to allow SLCP Secretariat/VOO to resolve issues more efficiently
6. Roll-out will be in different geographic locations representing different conditions/risks & all tiers of supply chain

Verification Oversight

1. Further criteria will be added for VOO selection to avoid Conflict of Interest issues
2. There will be stricter criteria & process to select VBs & Verifiers*
3. VOO will provide high level QA reports to VBs and stakeholders
4. Flags & automatic triggers will be added in the Gateway to facilitate identification of quality issues
5. Candidate Verifiers will complete mandatory training before taking an exam
6. The proctored exam technology will be improved
7. Work with partners on Verification Oversight will begin (e.g. APSCA)

* See slide 16

Data Hosting & Sharing

1. Gateway features will be upgraded to integrate Verification Oversight processes
2. Rules will be imposed in AH specs to ensure alignment with CAF Tool & SLCP process
3. SLCP will hold performance reviews with all AHs
4. AH pool will be kept small to enable thorough onboarding & testing
5. Clear Gateway & AH process & shared SLCP glossary will be implemented to increase user understanding

Conclusion: Verifier Body Requirements

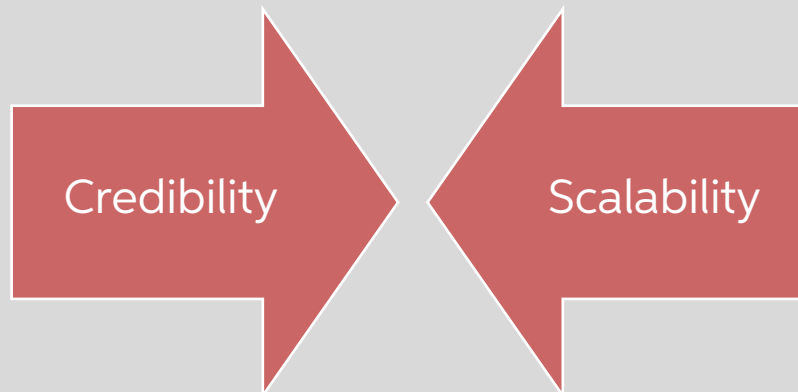
For 2019 Operations & beyond, Verifier Bodies must meet the following criteria:

Criteria	Specifics
Organization type and experience	2 nd party or 3 rd party SLCP signatory with minimal 3 years' track record in auditing of social and labor conditions in (textile, apparel or footwear) facilities
Geographical location	Experience with social and labor auditing in SLCP roll-out country
Internal management system	Management system in place to select and monitor SLCP Verifiers, and assure quality of verification process including: <ul style="list-style-type: none">• Commitment to develop and enforce written policies and procedures on SLCP competence• Commitment to develop and enforce written policies and procedures on training SLCP Verifiers• Commitment to develop and enforce written policies and procedures on internal quality including rule to conduct an internal quality review of each Verification before it is finalized• Commitment to develop and enforce written policies and procedures on calibration• Commitment to require / provide documented integrity / ethics training to verifiers on a regular basis.• Signed indemnification form for all SLCP Verifiers employed by Verifier Body

Conclusion: Key Success Factors for SLCP

Drivers for credibility

- ✓ Strict VB criteria
- ✓ Clear guidance
- ✓ Data integrity through automated checks & balances
- ✓ Thorough QA checks
- ✓ Incentivize actual 'true' data



Drivers for scale

- ✓ User-friendliness
- ✓ Simplicity
- ✓ Compatibility existing systems (e.g. scoring, CoCs)
- ✓ Efficiency of QA checks
- ✓ Cost (e.g. person days)

Summary of Light Ops Conclusions

- **Go deep before going broad:** Focus resources to support roll-out in key countries in 2019
- **Expand the system on a rolling basis:** Focusing on limited number of critical markets and small number of Accredited Hosts in order to meet revised adoption targets
- **Integrate SLCP in existing programs:** to align with ITC & other partners
- **Upgrades that are 'nice to haves' but not essential parked until 2020**
- **Launch when all system elements are ready** but with enough time to allow sufficient time to meet 2019 adoption targets
- **Start working with partners in Verification Oversight** (e.g. APSCA)



Conclusion: Impact on SLCP Specific Aims

Industry Adoption:
25,000 verified assessments by 2020

- 2019 target to be revised from 1750 to 1250
- 2019 Operation will launch in Q2 and run into Q1 2020 to allow solid time period for operation
- SLCP & signatories to communicate the future benefits of sharing

Resources unlocked:
Savings up to \$134m by 2023

- 2019 roll-out to focus on facilities/ regions with immediate sharing potential
- SLCP to coordinate with leading manufacturers, brands, retailers & agents on overlapping supply chain to increase potential for sharing
- Monitor number of shares per facility more closely in 2019 Operation

Data access & comparability:
SLCP will be principle source of S&L data

- Implement recommended improvements to CAF, training & support, and data hosting & sharing to increase user-friendliness
- External VOO to continue role. Look for ways to gain efficiency of scale while maintaining quality and find partnerships in execution

Financial resilience:
SLCP will be self-sustaining


- Drive adoption (#verified assessments) to drive earned income
- Develop back up plan for less earned income in 2019/ 2020/ 2021

Conclusion: 2019 Roll-Out & Targets



2019 SLCP Targets:

- ✓ 1,250 Verified Assessments
- ✓ 5 Active/ Passive Accredited Hosts



The SLCP would like to
thank all signatories
involved in 2018 Light
Operations.