

# Global Social Compliance Programme

## Reference tool on Social & Labour Management Systems for Suppliers

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### **The Global Social Compliance Programme**

The Global Social Compliance Programme is a business-driven programme for companies whose vision is to harmonise existing efforts in order to deliver a shared, global and sustainable approach for the continuous improvement of working and environmental conditions across categories and sectors in the global supply chain.

It offers a global platform to promote knowledge exchange and best practices in order to build comparability and transparency between existing systems.

To this effect, the GSCP is developing a set of Reference tools and processes that describe best existing practices and provide a common interpretation of working and environmental requirements and their implementation.

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# On the Global Social Compliance Programme | the GSCP

## GSCP objectives and scope

The Global Social Compliance Programme is a business-driven programme for the continuous improvement of working and environmental conditions in global supply chains. The GSCP was created by and for global buying companies wanting to work collaboratively on improving the sustainability (ethical, social and environmental) of their often-shared supply base. To this end, these companies seek to harmonise existing efforts to deliver a shared, global and sustainable approach.

The scope of the Programme encompasses:

- social and labour practices,
- site-specific environmental practices (not product related).

The programme can be applied at all levels of the supply chain.

The Programme is neither a monitoring initiative, nor a substitute to existing systems. **The GSCP will not undertake accreditation or certification activities** as it must remain a non-aligned, neutral reference framework.

## The GSCP Reference tools

To drive convergence, the GSCP has developed a set of Reference tools and processes that provide a common interpretation, based on best existing practice, of fair labour/social and environmental requirements and their implementation in the supply chain.

## Users & Usage

These tools are openly available for all to use. Users can include GSCP member and non-member companies, suppliers and manufacturers.

Multi-Stakeholder Initiatives, auditing bodies and other scheme owners are also able and encouraged to use the GSCP Reference tools.

The Reference tools can voluntarily either be:

- integrated by users into their respective systems; or
- utilised by users as a reference against which to compare their existing tools through the GSCP Equivalence Process.<sup>1</sup>

## Responsibility

The GSCP does not monitor nor audit in any way the compliance by a user's supply chain with the GSCP Reference tools or any standards.

The adoption of part or all of one or more Reference tools cannot be put forward as a proof of adequate due diligence. The responsibility of the implementation of these tools, of the monitoring of the user's supply chain's compliance and of any due diligence linked to it, resides with the user. Any use of the GSCP name or logo has to follow the terms established by the GSCP. These terms are available on the GSCP website ([www.gscpnet.com](http://www.gscpnet.com)).

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<sup>1</sup> The Equivalence Process is a mechanism by which a social compliance scheme and/or an environmental compliance scheme can be objectively benchmarked against the requirements defined in one or more GSCP Reference tools, to determine their level of equivalence. Through the Equivalence Process, the GSCP enables the comparison of various standards and schemes against the GSCP Reference tools, aiming at bringing back convergence in requirements and approaches.

## On the Reference tool on Social & Labour Management Systems for Suppliers | SLMS

In the following document, Social and Labour Management Systems for Suppliers is referred to as SLMS. The particular focus of this tool is to **provide guidance for Suppliers and all relevant actors operating in global supply chains.**

### Basis of the Reference tool

This Reference tool forms part of the **GSCP set of Reference tools** designed to provide a common interpretation of good social and labour requirements and their implementation. It is based on current good and best practices, approaches and standards and takes into account the fact that many Suppliers have already established or are implementing management systems to improve labour standards and working conditions. The framework is intentionally pitched at a general level rather than addressing processes that may be specific to a particular sector or country. As such, this Reference tool can be used to provide a framework to create a new management system or to be used as a benchmark to improve or develop an established management system.

The Reference tool is not intended to be a comprehensive instructional document, nor is it a standard with mandatory requirements. The framework provides a Supplier with ideas and concepts on how a system can be built and improved, leaving Suppliers and other relevant actors in global supply chains to build on this knowledge framework, to meet expectations of business partners, stakeholders, the broader society and their own specific needs and, in doing so, to take ownership of best practice concepts.

### Use of the Reference tool

As for other GSCP Reference tools, this Reference tool is publicly available and can then be used by any organisation that wishes:

- to establish a management system on social and labour policies, processes and procedures based on best practice
- to review the robustness of its existing management systems
- to internally identify gaps and areas for enhancing best practice within its established management system
- to identify gaps within their systems that may present risks to workers or which offer development opportunities for improvement

### Users of the Reference tool

- This Reference tool is intended primarily for use by Supplier companies, at all levels of the supply chain, and other organisations supplying products to buyers.
- However, it can also be used by buying organisations to introduce a good and efficient Social & Labour Management System to their Suppliers and support them with its implementation.

### Review Process

In order to ensure that the GSCP Reference tools constantly reflect best existing practices and represent a wide consensus among stakeholders, all tools are to be reviewed on a regular basis. Reviews are done through public consultations. Timeline for reviews is typically the following: 1st review 1 year after publication | 2nd review 2 years after that | review every 3 years from that point.

## Potential Benefits of Social and Labour Management Systems

There are many types of management systems but all share the common aim of improving efficiency and organisational performance through the application of appropriate policies and procedures. Management systems on social and labour policies are no exception. There are a variety of benefits for workers, Suppliers and their customers, and many of these will be shared by all.

### Benefits for Suppliers

For Suppliers, the benefits of an effective management system on social and labour policies could result in greater workforce stability, efficiency in Supplier operations and costs management by:

- Reducing risks to workers by providing safe and healthy working conditions which can also help minimising costs generated by absenteeism, work accidents and professional illnesses;
- Integrating the management of labour risks with existing relevant management systems and controls (such as quality management, and production management);
- Anticipating and preventing problems and their recurrence;
- Enabling speedy and effective correction of problems;
- Enhancing levels of compliance, resulting in reduction of duplicative audits and associated costs;
- Improving Suppliers' long-term relationships with buyers and investors and enhancing their competitiveness and market access;
- Improving workforce loyalty and the ability to attract and retain skilled workers;
- Enhancing productivity and quality through improved worker-management relationships and co-operation.

### Benefits for buying companies

Buyers and customers can play their part by supporting their Suppliers to develop appropriate management systems. In doing so, they will benefit from and contribute to:

- Creating sustainable improvements in working conditions by utilising harmonised approaches for buyer-supplier relationships;
- Reducing the risks of non-compliance in the supply chain;
- Reducing the frequency and duplication of social audits and their associated costs;
- Improving stability of supply;
- Improving efficiencies within their supply chain;
- Improving product quality;
- Reducing reputational risks.

### Benefits for the workforce

The implementation of effective Social and Labour Management Systems (SLMS) will benefit workers, particularly through:

- an improved working environment:
  - reduced risks of injury,
  - improved social conditions and better social dialogue
  - greater awareness and understanding of their rights at work,
  - enhanced worker-management relationships through better understanding of the organisation and its strategy,
- access to independent grievance mechanisms,
- improved quality of employment,
- access to adequate training and skills development,
- improved morale.

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## Introduction

### The Reference tool on Social & Labour Management Systems for Suppliers | SLMS

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#### Objectives of the tool

The objectives of the SLMS Reference tool are to:

1. Provide a general overview of the management system (MS) approach that can help a Supplier to consistently improve its level of social compliance.
2. Provide a Supplier with the best practice elements of an effective management system on social and labour policy which can be integrated with other management functions and practices to promote continuous improvement.

#### Definition of a management system

A management system is here defined as an operational set of policies and procedures that a Supplier implements to achieve and measure progress in relation to its established objectives and thus contributing towards continuous improvement in working conditions.

The amount of detail contained in a management system will vary according to the size, complexity and resources of the Supplier. It is the responsibility of the Supplier to determine the level of detail and the content of the management system appropriate to its own business and the risks it faces by analysing past and present social and labour aspects, and associated needs for improvements.

#### Scope of the Reference tool

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##### Definition of a Supplier

The term 'Supplier' is here used to denote organisations that supply goods or services to others. The scope of the Reference tool applies to:

- the Supplier's own operations,
- any unit producing on behalf of the Supplier (either owned by the Supplier or its contractors),
- any form of labour contracting (e.g. supplier's roll and contract/agency/temporary/home workers, cleaning and security services),
- the Supplier's supply chain (where appropriate).

It is designed to apply to all types of Suppliers, regardless of their size, sector, geographical location, governance and organisational structure, the maturity of existing social policy management systems and processes. It is recognised that the degree of influence over sub-suppliers and/or sub-contractors varies according to the complexity of the supply chain. While policies and processes should apply as far as possible through the supply chain, Suppliers are expected to clearly define and explicit the extent to which they can apply the processes and systems in this tool and make all reasonable efforts to ensure its requirements are implemented in their own supply chain.

#### Structure

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The Reference tool is organised into 8 Sections covering the key elements of a robust management system dedicated to Social and Labour issues.

Sections 1 to 4 provide basic elements helping Suppliers in developing a coherent strategy and corresponding policies, ensuring leadership and commitment, assigning roles and responsibilities, appropriate target-setting and efficient monitoring.

Section 5 (detailed hereafter) focuses on main social and labour aspects, as being the core of this Reference tool.

Sections 6 to 8 offer guidance to suppliers on how to drive value from external audits set up efficient internal/external communication channels and ensure effective engagement mechanisms with staff and relevant

stakeholders.

As noted above, these chapters should be seen as a reference framework that can be adapted and applied to a Supplier’s own circumstances.

For each chapter the Reference tool aims at defining the following elements:

**Overall objective:**

This sets out the main purpose of the chapter.



**Overall Reference requirement:**

This sets out the high level requirement in terms of procedures that should be in place in order to achieve the objective.

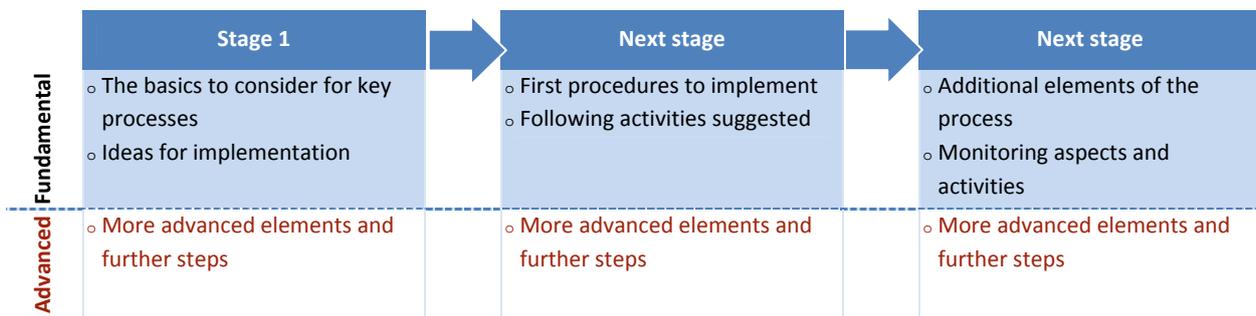
**Detailed Reference Requirements**

These set out the particular requirements that underpin the Overall Reference requirement. They are structured in terms of types of procedure and activity. They are also structured by level of activity, from **Fundamental** to **Advanced**.

Detailed Reference Requirements		
Key Process	Fundamental steps	Advanced steps
N°	Type of process	<p>These should be viewed as the basic building blocks of a Social and Labour Management System.</p> <p>These represent procedures and processes for organisations that are more engaged or experienced in managing their social performance, and which will lead to more sustainable improvements in social and labour conditions.</p>

**Key stages for implementation**

These stages are designed to provide a practical roadmap for putting the requirements into practice. They cover key process elements enabling the integration of the requirements throughout an organisation. They are structured as follows:



**Implementation guidance:** these provide examples to illustrate particular operational activities or to give more details/clarifications about specific issues.

Finally, each chapter finishes by a set of **Key Questions** to consider and which can be used to identify process gaps or areas that need attention and development within the SLMS. Designed for internal use, the Key Questions are provided to help the Supplier in overseeing the efficient implementation of the SLMS but are not intended to ensure compliance or to be used for external monitoring purposes.

## Focus on social and labour issues

Suppliers have management systems in relation to many aspects of their business. This Reference tool relates to those systems that support social and labour policies. Section 5 specifically covers these aspects by providing for 16 key topics detailed Reference requirement on: Policy elements, Relevant Procedures, Monitoring and KPIs. The requirements revolve around:

- respect for universal human rights,
- compliance with international labour standards,
- compliance with national employment legislation,
- effective human resource management,
- compliance with additional customer requirements on social and labour performance,
- continuous improvement in working conditions,

and cover fundamental issues and standards as detailed by the GSCP Reference Code, namely:

- prohibition of forced, bonded, indentured and compulsory prison labour,
- prohibition of child labour,
- freedom of association and the effective recognition of the right to collective bargaining,
- prohibition of discrimination on the basis of race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth, age, marital status, caste, social background, diseases, disability, pregnancy, ethnic origin, nationality, membership in worker organizations including unions, political affiliation, sexual orientation, or any other status,
- health and safety,
- wages, benefits and terms of employment, by providing wages, overtime pay, benefits and paid leave which respectively meet or exceed legal minimum and/or industry benchmark standards and/or collective agreements, whichever is higher. Compensation shall meet basic needs and provide some discretionary income for workers and their families,
- working hours.

The GSCP Reference Code is based on compliance with national laws and internationally-agreed standards, including the ILO Declaration on Fundamental Principles and Rights at Work. These standards are also endorsed in the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy and the OECD Guidelines for Multinational Enterprises. As such, this Reference tool on Social & Labour Management Systems for Suppliers refers to these too.

In addition, the tool is aligned with the UN Guiding Principles on Business and Human Rights, which were endorsed by the UN Human Rights Council in 2011, and are mirrored in the OECD Guidelines for Multinational Enterprises, as well as the ISO 26000 Corporate Social Responsibility standard. The UN Guiding Principles set out the corporate responsibility to respect human rights as a basic expectation that all companies in all situations should avoid infringing on the human rights of others and should address any adverse human rights impacts with which they are involved. They encompass all internationally recognised human rights including, but not limited to, labour rights<sup>2</sup>.

The Reference tool on Social & Labour Management Systems for Suppliers recognises the broader Human Rights framework but focuses on rights and working conditions of workers in global supply chains of buying organisations. In all instances, the international labour standard, national and/or local legislation or GSCP Reference code requirement which affords the highest level of protection shall apply.

<sup>2</sup> The UN Guiding Principles for Business and Human Rights (Principle 14) states: The responsibility of business enterprises to respect human rights applies to all enterprises regardless of their size, sector, operational context, ownership and structure. Nevertheless, the scale and complexity of the means through which enterprises meet that responsibility may vary according to these factors and with the severity of the enterprise's adverse human rights impacts.

In addition, the UN Guiding Principles for Business and Human Rights (Principle 24) states: Where it is necessary to prioritize actions to address actual and potential adverse human rights impacts, business enterprises should first seek to prevent and mitigate those that are most severe or where delayed response would make them irremediable.

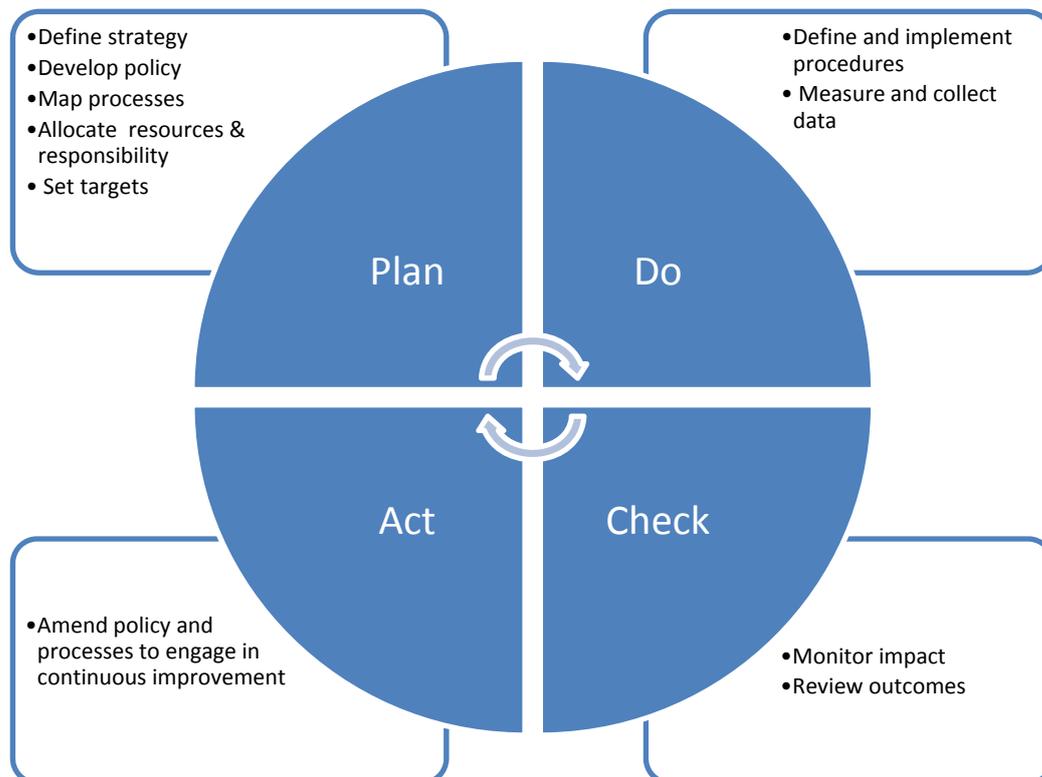
## 1. Overall structure of the management system

The components of a social and labour management system are no different from those of any other management system based on documented policies, procedures, processes and continuous improvement. The components of the standard 'Plan, Do, Check, Act' (PDCA) cycle apply.

The recommended framework for an efficient SLMS revolves around the following steps:

- 1- Definition of the organisation's **strategy** endorsed by the top of the organisation
- 2- Development of a clear **policy or set of policies** to realise the strategy
- 3- Mapping of relevant **processes** to comply with the policies
- 4- Allocation of **responsibilities** and **resources** for implementing the policies
- 5- Corresponding **targets** and **key performance indicators (KPIs)** are set
- 6- **Procedures** are defined and implemented to meet the targets
- 7- **Measurement** is performed against agreed **KPIs**
- 8- **KPIs** results are used **to monitor, review and amend processes** as necessary
- 9- A system of continuous improvement is established

In terms of social & labour policy, cross-cutting themes are to be considered at each stage, including engagement with workers and communication with key customers and stakeholders.



## 2. Creating effective Strategy and Social & Labour Policies

This section addresses how strategy and policies on social and labour compliance are defined, formulated and disseminated.

**Overall Objective:** To develop a clear strategy for managing social and labour performance.

**Overall Reference Requirement:** There is a clearly defined strategy for addressing social and labour performance, which is driven from the top of the organisation and integrated into the broader business strategy. The strategy is based on an assessment of the risks and opportunities related to social and labour issues. There are targets, specific policies, identified processes, relevant procedures, key performance indicators, and allocated resources to support the implementation of the strategy.



### 2.1 Developing strategy

#### Detailed Reference Requirements

Key Process	Fundamental steps	Advanced steps
<b>2.1.1</b> <b>Development of strategy</b>	<p>There is a written strategy which sets out the overall goals in terms of social and labour outcomes.</p> <p>The strategy ensures full respect for and compliance with universal human rights, national and international law, regulations and standards. The strategy upholds and reinforces existing Supplier standards and customer codes of conduct, and meets the reasonable expectations of workers and key stakeholders. [See Section 7 on Internal worker engagement systems]</p> <p>It is designed to provide for continuous improvements in performance.</p>	<p>Key stakeholders and customers are consulted as part of the drafting process.</p> <p>Strategy is extended to include wider human rights impacts, including on the community and within the supply chain, and existing best practices. [See Section 8 on External communication &amp; Stakeholder engagement]</p>
<b>2.1.2</b> <b>Risk assessment</b>	<p>The Supplier maps all relevant business processes and understands the context in which it operates (including the ones related to onsite contractors).</p> <p>The Supplier conducts a risk assessment to determine potential impacts connected to its activities.</p> <p>Risk assessment takes into account the views of workers and key stakeholders.</p>	<p>The Supplier deepens risk assessments to include its own suppliers and contractors.</p> <p>Wider stakeholder views are systematically considered. [See Section 8 on External communication &amp; Stakeholder engagement]</p>
<b>2.1.3</b> <b>Integration with business objectives</b>	<p>The strategy ensures social performance objectives are reflected in the organisation's broader commercial and business objectives.</p> <p>The Supplier reviews social and commercial objectives to identify potential tensions and implements actions to address these.</p>	<p>The Supplier involves its customers and tries to develop common objectives integrating social compliance and business objectives.</p>

**Key stages for implementation:**



**Implementation guidance:**

**Consideration for strategy development**

Organisations will have diverse ways of developing strategies for different aspects of their business, and the detail of an organisation’s strategy will depend on its circumstances. However, in developing a strategy, the following issues are to be considered:

- Ensuring that the strategy addresses at minimum all applicable international and national legal requirements including the core ILO Labour Conventions as per the GSCP Reference Code or equivalent.
- The social performance challenges that need to be addressed, the country context and relationships with buyers/customers.
- The capacity of workers’ representatives/trade union to negotiate and defend workers' interests.
- External factors that influence the organisation, its supply chain and its social performance. These could be risk factors, particularly risks to workers’ rights, safety and welfare as covered by the GSCP Reference Code or equivalent. They may also relate to location or changes in markets or customer requirements. Identifying external factors and addressing them effectively can also provide business opportunities.
- The severity of the risks to human rights impacts including in the supply chain.
- How social performance objectives relate to other business objectives and how these can be integrated with each other.
- Whether there is a general process that can be associated with each objective identified.
- Indicators that can be used to measure performance.
- The best ways of consulting internal and external stakeholders on strategy development
- Strategy is sufficiently robust to uphold the organisation’s standards and meet the reasonable expectations of all stakeholders.

**Engaging with customers**

Key customers and buyers can be consulted and involved at all stages of the development of the management system in order to ensure that policies are in line with their requirements and that procedures developed to implement policies will deliver the standards they expect. They can also provide support, advice and examples of good practice.

### Engaging with stakeholders

Internal and external stakeholders that can be consulted include:

- Senior members from other functional areas within the organisation;
- Workers’ representatives, trade unions and members of health and safety or other committees at production site/factory level;
- Employees more generally may be surveyed to assess their perception towards the organisation’s social performance. The survey should be done in cooperation with trade unions and / or workers’ committees when available [see Section 7 on Internal worker engagement systems];
- External stakeholders who can provide an understanding of the social context, risks and challenges in the supply chain (e.g. trade unions at international and local level), NGOs and organisations working on specific issues, international bodies, development organisations), peer companies/suppliers located in the same region and industry associations;
- Investors or shareholders. [see Section 8 on External communication and Stakeholder engagement]

### Understanding types and levels of risk

Understanding risk is a key component in developing the strategy, since they can affect workers, the site and its production processes but also surrounding communities and environment. Risks can be specific to a production site or a particular manufacturing process and be associated with social and labour conditions in an employment site, such as fines associated with non-compliance with legal requirements. Another risk could be to experience major damages to the production site due to inadequate maintenance and fire prevention systems, lose important customers or face labour unrest within the employment site. Once these risks are understood, a strategy to address each should be developed. Risks can arise in relation to:

- Types and complexity of manufacturing process,
- The way in which the operations are organised,
- Lack of awareness of social and labour issues and related rights and unclearly defined responsibilities among personnel at all levels,
- The nature of business, including its products/services,
- The location of the production site,
- The demographic composition of the workforce,
- The level of training of workers,
- The seasonality of production,
- The structure and complexity of the supply chain,
- Local cultures, values and trends,
- The political environment,
- Gender issues (discrimination, specific needs, etc.),
- Health & Safety conditions at production site.

### Risk assessment

Factors to be considered when performing risks assessment at Suppliers’ level may include some or all the following:

- employment site location, function, size, age and general building condition;
- ownership structure;
- production patterns and inventory management ;
- products and services provided and associated production processes;
- employment patterns (migrant, temporary labour etc.);
- presence/absence of workers’ representatives / trade unions at site level;
- quality of grievance mechanisms;
- level and nature of any subcontracting (including sub-suppliers, contractors, home workers etc.);
- other customers supplied by the site (i.e. to determine whether there may be ongoing social performance programmes with other customers);
- quality of labour relations and social dialogue at the workplace;
- records of on-going excessive hours of work;
- quality and delivery performance;
- records of past accidents and prevention measures, health hazards and risks of fire;
- level of knowledge and understanding of labour rights at all levels of workers’ management.

### Key Questions:

- Does the strategy provide for compliance with applicable national laws and international labour-standards?

- Does the strategy include issues that are of overall importance to the industry and region in which the business operates?
- Does the strategy encompass requirements from buyers / contractors on social compliance?
- Are there clear targets, objectives and key performance indicators in terms of social and labour performance?
- Do you understand the key social and labour risks affecting your business?
- Have workers, their trade unions and representatives been included in the development of the strategy?
- Have stakeholders, notably customers, suppliers and contractors been involved in the development of the strategy?

## 2.2 Senior level commitment

### Detailed Reference Requirements

Key Process		Fundamental steps	Advanced steps
2.2.1	<b>Strategic leadership</b>	<p>Senior management level provides strategic leadership for the development and operation of the SLMS.</p> <p>Senior management level provides written endorsement of key commitments and approves the policies.</p> <p>Senior management level ensures that its endorsement is communicated internally.</p> <p>Senior management level regularly reviews the strategic direction behind the SLMS.</p>	<p>Senior management communicates its endorsement externally (appropriate trade unions, local communities, service providers, subcontractors, etc).</p>
2.2.2	<b>Responsibility at senior level</b>	<p>There is a member of the senior management team with designated responsibility for social performance.</p> <p>The designated individual or senior management level collectively receive regular reports on the progress of the SLMS and ensure that it is reviewed.</p> <p>The senior management representatives have the authority to allocate resources and to determine policy.</p> <p>If there are multiple production sites, senior management representatives of each site are explicitly responsible for implementation of the SLMS in all locations.</p>	<p>The senior manager or board member reinforces his/her own understanding of the issues and ensures development of the SLMS.</p>

#### Implementation guidance:

##### Senior level commitment

Leadership from the highest level is vital for:

- demonstrating that social performance is prioritised and integrated into wider business strategy,
- ensuring ownership of the SLMS by senior decision-makers,
- creating accountability within the organisation for the implementation of the policy,
- driving implementation of the SLMS throughout the organisation.

#### Key Questions:

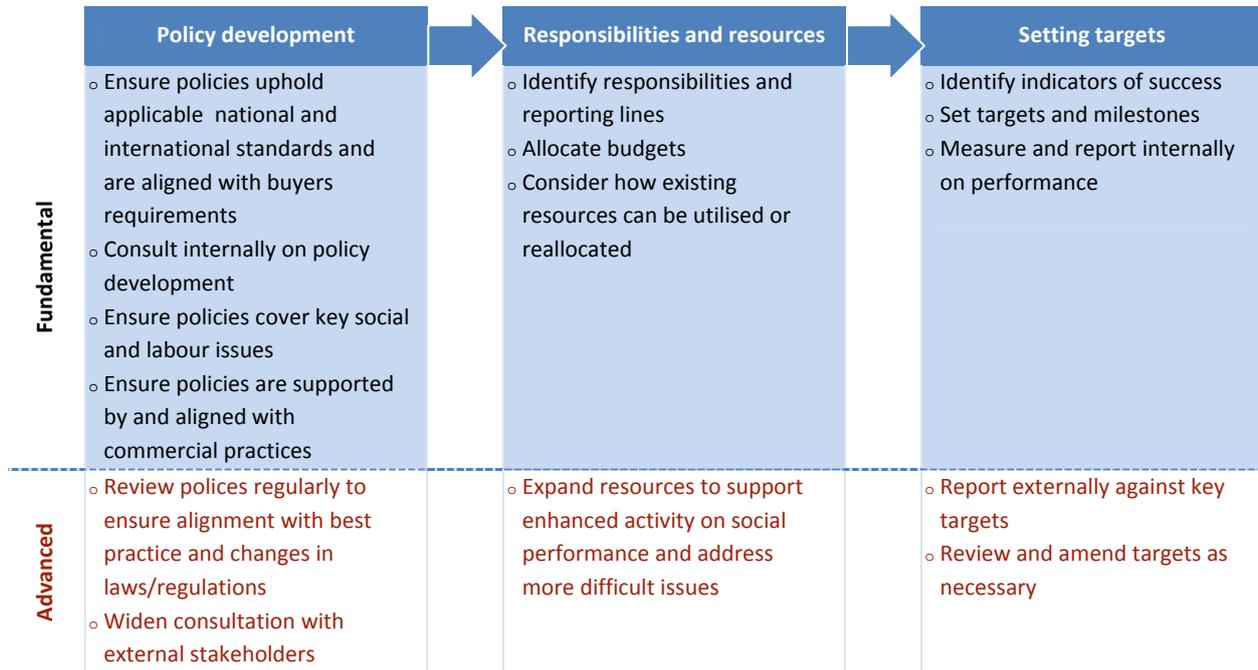
- Does the company have a written social and labour strategy?
- Has the Board or equivalent endorsed the social and labour strategy?
- Is this commitment widely known within the company?
- Are there regular updates on progress and performance?
- Is there a specific senior individual responsible for social performance?
- Is there a specific procedure job description for staff responsible for the implementation of the SLMS?
- How does senior management address necessary improvements and revision of the strategy?

## 2.3 Policy development

### Detailed Reference Requirements

Key Process		Fundamental steps	Advanced steps
2.3.1	Consultation on policies	In formulating policies, management engages with relevant internal stakeholders such as worker representatives and trade unions when applicable, HR representatives and health and safety committees.	There is a process for engagement with relevant external stakeholders on policy development. [see Section 8 on Stakeholder Engagement]
2.3.2	Policy content	The Supplier has policies that outline its strategy and objectives in relation to social and labour aspects [see Section 5]. These policies are aligned with applicable international standards and the GSCP Reference Code or equivalent, as well as with complementary Codes of Conduct where relevant. Policies cover all relevant issues in relation to protecting workers' rights and improving working conditions, as well as good practice in human resources management. [see Section 5]	Policies are periodically reviewed and updated, as required. The Supplier considers policies related to broader human rights impacts of their operations such as employees' other civil cultural, economic, social, political rights and the community.
2.3.3	Setting targets	The implementation of policies is supported by appropriate objectives, targets and review processes. [see Section 4 on Monitoring and Review]	Targets are extended and set in consultation with customers and suppliers, notably on issues related to production planning.
2.3.4	Allocating resources	The Supplier ensures that adequate resources are allocated to support the implementation of policies. Resources for the SLMS are integrated in regular financial planning.	The Supplier reviews resources allocated, and leverages additional resources as its activities in relation to the SLMS expand.
2.3.5	Integration with business structures	The KPIs and resources required for the SLMS are directly linked to and supported by general governance, management systems and decision-making structures.	The Supplier ensures close co-operation and integration between business, commercial and social functions by developing and implementing shared KPIs.

**Key stages for implementation:**



**Implementation guidance:**

**Consultation on policy development**

Policies are formulated by management; there is engagement with workers or their representatives and also with relevant external stakeholders. In particular, policies related to terms and conditions are either negotiated with trade unions / workers’ representatives, if there is a negotiating structure, or are subject to consultation with workers, so that there is the widest-possible understanding and buy-in to such policies. Consultation involves input from:

- Owners;
- Senior management;
- Heads of operational departments;
- The HR department;
- Corporate Social Responsibility (CSR) department (if applicable);
- Workers and their representatives;
- Relevant internal and external stakeholders (e.g. trade unions, labour administration/labour inspectors, expert NGOs, community groups, industry associations, customers/buying companies).

**Allocation of resources**

Implementation of any management system requires adequate resources. Whether these are redeployed from elsewhere or are additional, it is important to note that the efficiencies gained from implementation could also outweigh costs. The areas which require resourcing will vary by organisation, but may include:

- funding for staff position(s),
- training for managers and workers,
- internal communication materials,
- support for human resource processes,
- analysing how production processes can be adapted to efficiently meet social and labour requirements,
- complying with objectives of the SLMS on adequate working conditions, which may require funding for upgrades to machinery, equipment, buildings.

### Policy content

A policy, essentially, is a set of rules on any given issue that must be adhered to. The Supplier's policies outline the strategy and objectives on social and labour aspects and form the basis for the processes and procedures it uses to implement its strategy.

The issues covered by policies and the detail with which they are written will vary according to the Supplier, its business sector and the expectations of stakeholders.

Policies cover all relevant issues and are developed by reference to and in compliance with:

- National laws and regulations and existing collective agreements;
- Applicable international labour standards and conventions;
- Good practice in the sector and industry of operation;
- Sector-wide, multi-stakeholder and buyer codes of labour practice;
- The specific context(s) of the Supplier and the risks it identifies.

Issues for which policies should be developed include:

- All issues as covered in section 5 of this tool
- Assessments and internal reviews of the effectiveness of processes, procedures and outcomes through KPIs.

### Key Questions:

- Do policies cover all relevant national, international and common industry standards and customers/buyers requirements?
- Do all policies exist in written format?
- Are all procedures documented?
- Is there a process to assess and understand risks within operations and supply chain?
- Do policies cover key social and labour issues as outlined in the strategy? [see Section 5]
- Have policies been developed in consultation with internal and external stakeholders?
- Have tangible targets and key performance indicators been established to measure implementation of policies?
- Have sufficient resources been allocated to ensure implementation?

## 2.4 Communication of social and labour policies

Detailed Reference Requirements		
Key Process	Fundamental steps	Advanced steps
2.4.1 Internal communication	Social and labour policies are effectively communicated to all functions, departments and sites and to all workers including managers and supervisors via appropriate means and on a regular basis. The Supplier displays its policies in a prominent, easily viewable place on the company's premises in the workers' language(s) and/or pictograms.	The Supplier has a system in place to regularly check that employees are aware of policies, understand them and adhere to them. The Supplier organises regular meetings with workers' representatives to ensure their involvement in the preparation of internal communication.
2.4.2 External communication	Policies are communicated to sub-contractors and suppliers (where appropriate) via contracts and terms of business.	The Supplier maintains records of suppliers' and subcontractors' social commitments including contractual agreements and other written commitments. Policy is communicated to external stakeholders and feedback documented.

### Implementation guidance:

#### Communication to workers

Examples of appropriate methods of dissemination to workers are:

- providing information when joining the production site and during their induction,
- include policies in available documentation and communication material such as the standard employee handbook,
- displaying policies on posters on notice boards,
- creating illustrative cartoons,
- showing videos,
- sending letters,
- holding regular meetings to reinforce messages and update on any changes and assess workers' understanding of standards and policies.

Suppliers ensure policies are communicated in all workers' languages so that they understand their rights, entitlements and obligations. Workers' representatives and trade unions should be involved appropriately. Any changes to policies should be communicated immediately to all workers.

It is recommended that assessment is made of workers' understanding of the social performance policies.

#### Communication to subcontractors and suppliers

Communication of social performance strategy framework allows the Supplier organisation to ensure that:

- Its suppliers and subcontractors' commitments conform to the organisation's requirements;
- Its suppliers and subcontractors allow compliance monitoring to be undertaken as requested by the company.

It is important to avoid duplication and proliferation of codes and policies. Suppliers' requirements should be reviewed and aligned with the GSCP Reference code and relevant Codes of Conduct. Where sub-contractors have their own policies, the Supplier should ensure that these are aligned with its own policies. This can be achieved by reviewing sub-contractor policies, and assessing their acceptability. Suppliers should work with their suppliers and sub-contractors to improve and upgrade policies, where there is a need to do so.

#### Key Questions:

- Are all managers, supervisors and workers aware of the Supplier's policies?
- Is there a process to ensure that managers', supervisors' and workers' understanding is regularly reinforced?
- Have policies been communicated to all subcontractors and suppliers?

### 3. Roles and Responsibilities

This section describes how the Supplier assigns and defines responsibility for implementing its management systems to deliver social compliance and improved working conditions.

**Overall Objective:** To identify and empower the responsible functions and persons that will implement the Social and Labour Management System.

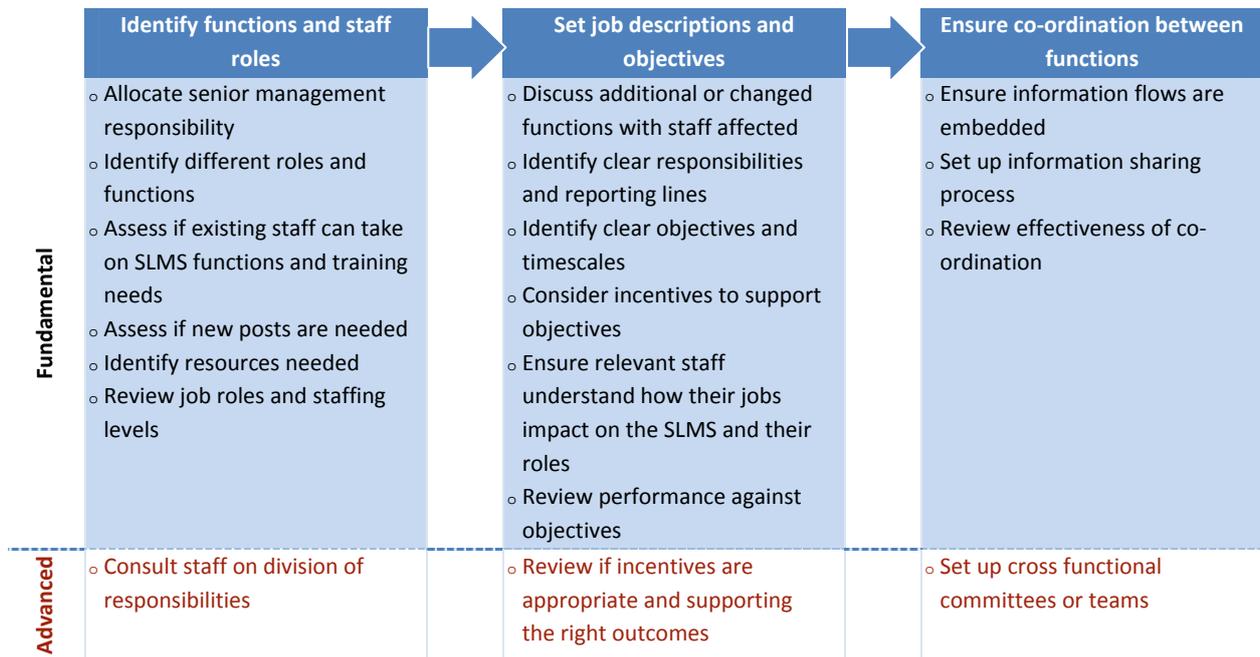
**Overall Reference Requirement:** Roles, responsibilities and resources necessary to efficiently operate the various elements of the management system are defined and allocated to identified staff or functions. These responsibilities are reflected in job descriptions and objectives, and appropriate training is provided. There is a process to ensure active co-ordination between operational functions throughout the organisation.



#### 3.1 Assigning responsibility for implementation

Detailed Reference Requirements		
Key Process	Fundamental steps	Advanced steps
<b>3.1.1</b> <b>Assigning roles</b>	<p>Selection criteria for staff with SLMS responsibilities are transparent and non-discriminatory. An assessment is performed to define if new positions/staff are needed. Responsibility is allocated at appropriate levels and between different functions within the company (e.g. HR and production staff, etc.), notably those whose decisions or actions have an impact on workers.</p> <p>Staff with responsibilities in relation to the SLMS have clear roles allocated to them.</p> <p>Social performance responsibilities are reflected in job descriptions and roles and staffing levels are reviewed regularly.</p>	<p>Staff are consulted on the best way of dividing responsibilities in order to create stronger buy-in and understanding of respective roles.</p> <p>The Supplier ensures that its internal targets and any systems of incentives or rewards support its social and labour performance objectives.</p>
<b>3.1.2</b> <b>Integration &amp; coordination</b>	<p>There is effective communication between different functional areas to ensure that the SLMS is implemented in a co-ordinated manner.</p> <p>Staff with responsibilities related to the SLMS understand these roles and how their responsibilities relate to other staff.</p> <p>Allocated resources are accessible for the staff responsible for implementing the SLMS.</p> <p>The effectiveness of internal co-ordination is reviewed and processes are strengthened.</p>	<p>The Supplier implements an internal SLMS committee with representatives from all operational functions that meets regularly, reports on progress and proposes amendments to strategy and policies.</p>

**Key stages for implementation:**



**Implementation guidance:**

**Appropriate levels of responsibility**

Responsibilities may be broadly structured as follows:

**Managerial responsibility:**

- determining strategy, defining policies, setting objectives,
- defining roles, developing procedures, communicating procedures with staff,
- assessing results, reviewing impacts,
- engaging with customers, worker representatives and their trade unions where they exist, and other stakeholders,
- reporting internally and externally on progress,
- evaluating effectiveness.

**Operational responsibility:**

- HR functions in relation to staff (e.g. recruitment, payment, etc.);
- Supervisory functions (line management, assigning tasks, recording hours, appraisal);
- Compliance functions;
- Production and capacity planning.

### **Coordination and effective communication: social compliance team**

In smaller companies, communication and collaboration between managers and those with operational responsibility may be informal. However, if there is a clear delegation of responsibilities and a number of different functions responsible for aspects of the management system, the Supplier can create a social compliance working group to ensure cross-functional co-ordination and clear understanding of respective responsibilities. This working group should include worker representatives and/or trade union representatives when applicable.

A social compliance team would involve meetings of the HR manager(s), operations manager(s), line managers and worker representatives at regular intervals (e.g. monthly, quarterly) and in urgent situations. Other departments should be present at the meetings when their duties are relevant to decisions of the social compliance team.

### **Key roles and responsibilities**

Each organisation will involve different staff according to its own structure. However, the following categories of staff will generally be involved in implementing social and labour management systems:

**Senior management** - As outlined above, there should be clear commitment from the top of the organisation. This may be from the owner, the board of directors, or the CEO. This function has overall responsibility for ensuring:

- appropriate policies are developed and updated (by the Social Compliance Team if there is one),
- policies and procedures are implemented throughout the company and with subcontractors,
- appropriate internal controls are developed and implemented, recorded and maintained,
- policies and procedures are communicated as appropriate within the company,
- policies and procedures are reviewed regularly,
- appropriate training is provided,
- customers' social compliance requirements are being met.

If there are multiple production sites, there is a senior manager designated at each site with responsibility for implementation of the SLMS.

**Human resources staff** - The human resources (HR) department plays a central role in delivering the SLMS through its responsibility for implementing key policies and systems. These can include:

- developing the company's HR strategy in terms of jobs required, deployment of staff, people and skills needed,
- maintaining up to date knowledge of national law and employment regulations,
- defining terms and conditions of employment,
- issuing contracts,
- conducting inductions for staff
- monitoring use of agencies supplying workers,
- planning and monitoring staff development and training,
- recruitment and dismissal,
- handling of complaints and grievances,
- personnel record keeping,
- payroll,
- liaison with Production staff about staff human resource planning,
- managing relationships with labour agencies.

**Corporate responsibility staff** - Where there are separate departments or staff with a responsibility for corporate social responsibility (CSR), they have appropriate responsibilities and authority for defining policies, supporting other staff and monitoring implementation. They also keep up to date with changes in national law on matters such as calculation of wages, social benefits, environmental regulation and health and safety by bridging with the relevant departments within the organisation (HR / Environment department / Legal affairs...).

**Purchasing and procurement staff** - Where Suppliers have their own supply chains, staff responsible for buying and procurement should be closely involved in the implementation of the system. They have particular responsibilities for:

- communicating policy and promoting high social and labour standards to suppliers,

- providing an initial assessment of labour risks at suppliers,
- ensuring that their buying practices do not negatively affect the ability of suppliers to comply with labour standards,
- following up with suppliers to ensure that key improvements are put in place, where these are identified.

*[There is more detailed information on the role of buying organisations and buying staff in the [GSCP Reference tool on Social Performance Management Systems](#)]*

**Managers** - Managers responsible for operational areas have appropriate, defined and documented (e.g. Job descriptions) responsibilities with regard to the implementation of the SLMS. It is important, for example, that production plans and hiring requirements are communicated to the HR function. All managers receive training on the SLMS tailored to their function.

Relevant functional areas with impacts on workers and working conditions may include:

- Production planning and management;
- Financial planning and management;
- Purchasing and procurement;
- Product development;
- Sales and customer relationships;
- Technology and systems.

**Supervisors/line managers** - Supervisory staff or team leaders have appropriate and defined responsibilities for ensuring that social compliance policies are implemented effectively and fairly in such areas as:

- freedom of association and effective right to collective bargaining,
- record keeping on hours worked and holidays,
- non-discrimination and harassment,
- discipline,
- grievances,
- health and safety in the workplace.

There may also be other specialised staff with implementation responsibilities such as welfare officers or in-house medical staff.

**Worker representatives** are consulted on the development and implementation of the SLMS. They are informed of performance and there are processes for them to provide input and feedback and worker views. [see section 7 on Worker Engagement].

#### Key Questions:

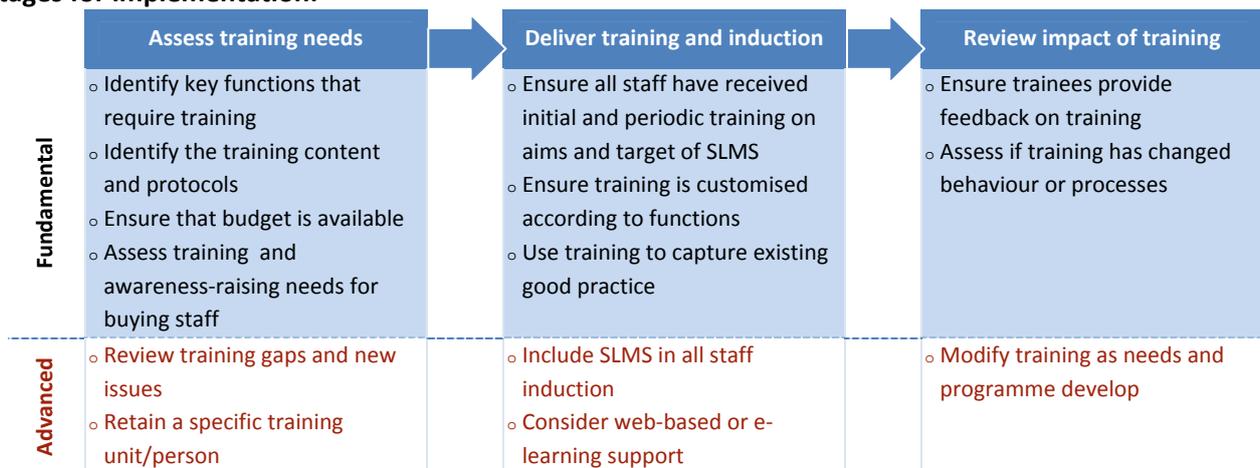
- Does a member of senior management have overall control over the implementation of the SLMS?
- Are roles and responsibilities related to SLMS implementation clearly communicated to relevant staff?
- Is there a process to ensure that responsibilities are clearly understood by staff and all staff members have had relevant training in order to ensure competence in their roles?
- Are social performance roles included in job descriptions?
- Is there a structure or process to facilitate communication and coordination among staff with social performance responsibilities, such as a social compliance team?
- Does staff's incentive structure support compliance activities and boost/improve the SLMS?

## 3.2 Training

### Detailed Reference Requirements

Key Process	Fundamental steps	Advanced steps
<b>3.2.1 Training</b>	<p>The Supplier implements training on the SLMS for all relevant staff (covering all categories of workers, e.g. temporary...), in line with their roles and responsibilities.</p> <p>The training provided includes some generic components, but is tailored to the roles and business activities undertaken by relevant staff and it covers key issues related to the social &amp; labour policies.</p> <p>Roles, responsibilities and legal implications notably on health &amp; safety are clearly outlined during the training.</p> <p>All new staff receive an introductory training on the SLMS and its main components.</p> <p>Feedback from trainees is gathered after each training session.</p>	<p>The organisation provides detailed training for key employees operating within the organisation and periodic refresher training to update and train staff on updated policies and developments.</p> <p>Feedback from trainees, workers' representatives and internal consultations are used to improve training.</p> <p>There is an assessment helping in defining if training has changed behavior or processes.</p>

#### Key stages for implementation:



#### Implementation guidance:

##### Training programmes

The organisation should choose from a range of training methods and platforms to raise internal awareness of social performance and the SLMS. Training in general covers:

- an explanation of the purpose of the SLMS and its aims and targets,
- the main components of the SLMS and how these interact with the various functions,
- key responsibilities within the organisation,
- key procedures and tools,
- a more detailed explanation of policy and procedures according to job functions,
- the development of skills such as effective communication, negotiation, grievance handling, conflict resolution.

The organisation may consider web-based training or e-learning to support workshops, briefings and external training. Third-party and independent trainers should be considered for potentially sensitive topics. Further social performance management support systems are available for all staff employed in core business functions. These support systems direct staff towards sources of additional resources, guidance or more information.

### Examples of training content for staff

The main categories of staff receiving customised training can include:

- All management: training on the SLMS and their role in implementing it, including targets, performance management and incentives plan.
- Human resources staff: training on policies, legal compliance, common social and labour issues, worker engagement, specialised training on handling sensitive issues such as harassment and abuse.
- Purchasing and procurement staff: labour standards performance in contractors and suppliers, supply chain mapping and risk assessment, purchasing and contracting practices and their impact on labour standards performance.
- Production managers: production benefits from improved labour standards performance, links between quality management, production.
- Supervisors/ line managers: training on policies such as recruitment, selection & hiring policies and procedures including provisions that uphold the standards on non-discrimination, issues of particular importance for women workers, avoidance of forced labour & child labour, not restricting freedom of association and effective right to collective bargaining, law restrictions on young workers' employment, good working conditions, etc. For managers and supervisors, training may involve attendance at training and awareness-raising seminars run by buyers.
- All staff: orientation on the employer's policies and procedures that uphold the principles of non-discrimination, avoidance of child labour and forced labour, support on freedom of association and effective right to collective bargaining providing equal employment opportunity, lawful usage of juvenile workers, anti-harassment and abuse, labour and ethics policies, procedures and improvement objectives, and, to explain their individual job-description, the written workplace regulations, disciplinary guidelines, resignation, appeal, termination, and grievance procedures. Health & Safety training applies to all staff too and should be provided on a regular basis.

### Training for workers:

All workers receive training on the following issues within 4 weeks of employment (and preferably during induction of workers) and in case of job transition:

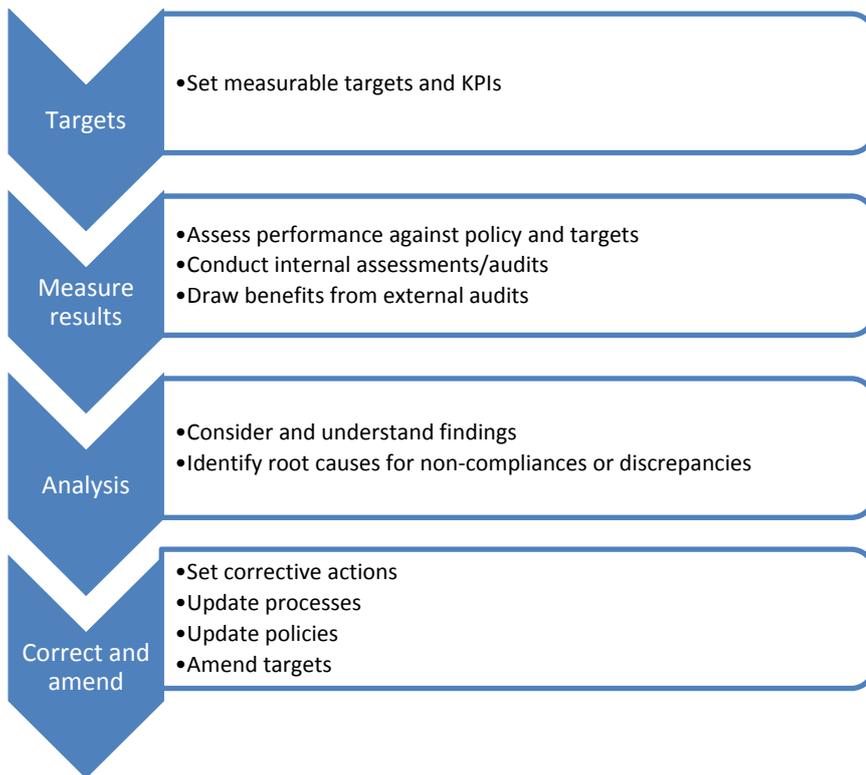
- Overview of the production site and generic staff rules and regulations
- Supplier policies on non-discrimination and behaviour towards co-workers
- Understanding contracts of Employment, Terms of Employment, Notice period etc
- Discipline and grievance procedures
- Workplace health & safety (this might be necessary before entering into work)
- Methods of payment (payslips, tax)
- Wage & benefits entitlement (including holiday, maternity etc.)
- Hours of work – how to decline overtime
- Financial notions to understand and calculate overtime and due wages
- Worker representative / Trade union organisations & how to be involved
- Understanding of workers and employers roles and responsibilities
- Where to go if they have a problem
- Tour of the facilities

### Key Questions:

- Is there a training process for all relevant staff in relation to social performance responsibilities?
- Does the training explain the purpose of the SLMS and how it relates to the company's operations?
- Is the training tailored according to the relevant roles and responsibilities of staff, the political, economic and social context, the country, the particular risks of the sector/products being supplied, cultural needs, particularly vulnerable groups and other circumstances relevant to make training truly tailored and effective?
- Is there regular refresher training offered?
- Is the training and its content evaluated by trainees?
- Is the training evaluated against overall performance of the SLMS?

## 4. Monitoring and reviewing performance: ensuring continuous improvement

This section looks at how policies and procedures are monitored and measured so that they can be improved over time. Efficient monitoring relies on a coherent document management system as outlined under requirement 2.3.6 and follows the below general framework:



**Figure: Monitoring framework**

**Overall Objective:** To develop and implement a continuous cycle of monitoring and review that fosters continuous improvement of all relevant policies, processes and procedures of the SLMS, allowing the organisation to effectively adapt to changes.



**Overall Reference Requirement:** The Supplier has a process for evaluating and monitoring the management system so that it can evolve and adapt to changing business needs and risks.

Continuous improvement is ensured by developing monitoring systems and KPIs for all policies needed to fulfil the objectives of the strategy.

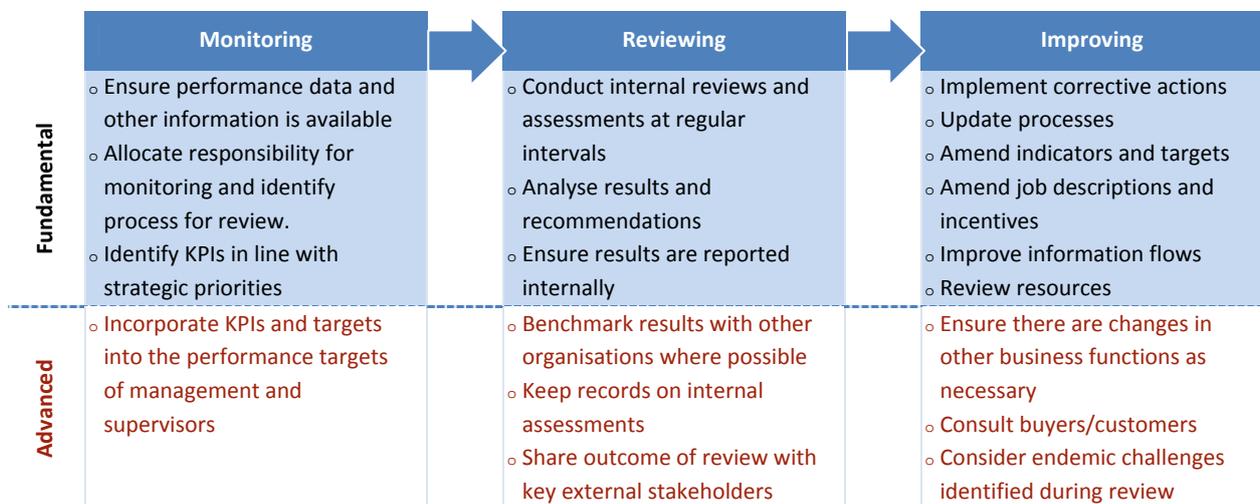
## Detailed Reference Requirements

Key process		Fundamental steps	Advanced steps
4.1	Setting targets	The Supplier sets clear and measurable performance indicators or goals related to its employment practices and social compliance based on the defined policies. These goals and indicators are aligned with its key priorities and enable it to assess whether progress is being made.	Organisational indicators and goals are incorporated into the performance targets of managers and supervisors.
4.2	Reviews and assessments	The Supplier conducts regular internal reviews and/or assessments at each of its sites and keeps records of these. These reviews assess both implementation of the company's processes, and regulatory compliance, compliance with the Supplier's own social policies and compliance with buyers' and customers' expectations. These reviews also cover onsite contractors. Responsibility for undertaking periodic reviews and risk assessments is allocated. Results are reported to senior management. The supplier informs workers' representatives/trade unions about the main findings of these reviews and consults them appropriately about issues that have a particular relevance for the workers.	Findings from external audits, commissioned by the Supplier or customers, are monitored and results compared with those from internal assessments. The Supplier makes records of internal assessments available on request to customers. The Supplier makes results of internal assessments available to workers.
4.3	Supply chain monitoring	There is a system to monitor the social performance of subcontractors, suppliers/sub-suppliers and service providers. The Supplier keeps records on all assessments and external audits of suppliers and subcontractors, monitors suppliers' performance on ongoing basis.	The Supplier makes audit results available on request to customers, and potentially to external parties.
4.4	Analysis of results	There is a process for recording and analysing the results of both internal and external assessments, and for considering the root causes for results. This is based on pre-defined metrics and KPIs. The Supplier distributes key findings to other relevant sections of the business.	Analysis identifies trends and evaluates the significance of findings leading to identification of intractable issues.

## Detailed Reference Requirements

Key process	Fundamental steps	Advanced steps
<p><b>4.5</b></p> <p><b>Updating processes, addressing non-compliances</b></p>	<p>The Supplier implements improvements to address problems and risks identified as part of reviews.</p> <p>The results of periodic reviews and audits are used as a basis for improvements to the operation of the SLMS.</p> <p>The Supplier engages with subcontractors about their non-compliances.</p>	<p>The Supplier monitors corrective actions taken by its subcontractors to rectify problems. There is also a process for benchmarking social policies and procedures against evolving good practice in the industry both locally and internationally.</p> <p>The Supplier has a process for engagement with relevant external stakeholders to address endemic and intractable challenges or repeated non-compliances identified.</p>
<p><b>4.6</b></p> <p><b>Document management</b></p>	<p>The Supplier has a process for managing key documents which covers who must approve them, how they are updated, how they are distributed and to whom, and how they are retained.</p>	<p>The SLMS document management system is fully integrated into other systems for managing commercial documents and records.</p>

### Key stages for implementation: Monitoring and continuous improvement



### Implementation guidance:

#### Managing documents

As with any management system, it is important to ensure that documents related to the SLMS are managed effectively, and are communicated and accessible to all those who need them. Some key points include:

- Set up templates for key documents that you need regularly (e.g. internal assessments, personnel records)
- Identify all functions that must approve changes to document formats or content (e.g. policy changes)
- Identify who must sign-off documents before they are issued, and who must be informed (e.g. internal audit reports)
- Allocate responsibility for distributing external documents that are relative to operations (e.g. new customer Codes of Conduct)
- Set up a revision policy for documents including frequency and internal reviewers
- Allocate responsibility for managing the document retention system so that is up to date. For example, current policies and the most recent internal reports must be available and previous versions clearly labelled as obsolete

#### Setting targets:

Identifying the right targets is important for both monitoring key changes and for incentivising staff to work towards improvements that will have the most beneficial impact on workers. Key performance indicators (KPIs) **for which targets can be set** may include:

- |   |  |
|---|--|
| • Workers' turnover or retention rates  | • Number of cases of misconduct            |
| • Absenteeism rates                     | • Workplace accident rate                  |
| • Employee satisfaction surveys         | • Rates of non-compliance on key issues    |
| • Issues raised during exit interviews  | • Trends in production quality and returns |
| • Number and trend in worker complaints |  |

#### Internal social performance monitoring:

Commonly, there is specific responsibility allocated to a designated senior manager for performing internal reviews/assessments of implementation of social policy. This can be, for example, a Compliance Officer or a multi-disciplinary team responsible for the overall social performance within the organisation.

Various tools may be used to review and measure SLMS implementation including:

- Risk assessments
- Informal assessments of process implementation
- Formal periodic reviews of processes, conducted by internal staff or external third parties
- Internal audits of working conditions and compliance
- External audits and inspections
- Focused investigations of particular issues

Internal assessments should be aligned with any external assessments or audits required by customers to avoid unnecessary duplication of effort. It is important that priority is given to implementing improvements rather than undertaking assessments for their own sake.

### Staff surveys

Conducting workers surveys is often the best source of information during an internal assessment. Some key considerations for worker surveys include:

- Survey should be confidential / anonymous if desired
- Staff survey is set up to measure workers' level of contentment at work
- Survey should give opportunity for any concerns/areas of improvement to be raised
- Topics that should be covered in the survey include a general measure of contentment, whether workers feel satisfied with various areas of their work and work environment, whether they feel they are fairly treated and whether they feel there are equal opportunities to progress within the business
- Survey can be on online/computer-based with staff given opportunity to complete it in the site computer room or all staff can be given a paper copy of the survey, in case of illiterate workers, interviews led by non-management staff could be a solution.
- Survey should be done at least every 2 years
- Sites may wish to set up their own staff survey or use an external firm to conduct the survey.

Results and action plans should be communicated to staff with clear timeline related to their implementation.

### Updating processes

The Supplier may, in light of findings from assessments and reviews, consider improvements or changes to:

- |   |   |
|---|---|
| • Strategy;   | • Procedures and internal reporting;                              |
| • Policy content and scope;                           | • Internal resources, guidance and ways of sharing best practice; |
| • Targets, objectives, indicators;                    | • External reporting and stakeholder engagement.                  |
| • Operating processes including production processes; |   |
| • Staff training and internal guidance;               |   |

### Addressing endemic and challenging issues

Poor social performance can be caused by a wide range of underlying problems which can be outside the immediate power of the Supplier to address. These may include poor legislation and local social, political or cultural practices. The Supplier may become aware of intractable or endemic social issues through internal consultation or through its own knowledge and experience. However, addressing these issues may require more than amending policies and procedures; rather, it could involve long-term engagement with external stakeholders [See below, Section 8: External communication and stakeholder engagement]. Examples of ways to address these issues include:

- Engaging and collaborating with customers to help them understand the challenges and possible solutions.
- Engaging with workers and relevant stakeholders to understand emerging issues, regulatory developments and new standards to heighten awareness of social risks and challenges, and the impacts that they may have on workers.
- Working with customers to develop a timeline for improvements that is realistic, achievable and agreed by both parties.
- Sharing information about challenges and issues, and adopting a collaborative approach (where appropriate) to solving them, with other organisations.

### Key Questions:

- Is there a member of senior management responsible for conducting reviews, assessments and monitoring social performance?
- Are documents on social performance managed effectively?
- Do top management regularly review implementation of the SLMS?
- Have quantifiable targets for improvements been identified?
- Are there regular internal assessments or reviews, including workers representatives when appropriate?
- Do you use findings from reviews and assessments to update processes and generally improve performance?
- Is there a process for developing, updating and recording documents that clarifies levels of approval required, internal and external distribution and frequency of review?
- Is there a documented process ensuring feedback from internal and external stakeholders is collected and used to improve the SLMS?

## 5. Implementation: translating Strategy into effective policies and procedures

This section looks at the detailed policy elements and corresponding procedures necessary to implement the strategy. It is the responsibility of the Supplier to define and develop the procedures that are needed to support the policies allowing to operationalise the strategy. In many cases, the procedures required are forms of **internal control** that reduce and mitigate the risk of labour abuses and contribute to improvement of social conditions on site.

The detailed requirements cover major social and labour issues and provide guidance on policy element, relevant procedures, additional considerations and monitoring aspects. The following sections set out the main policies and processes that are likely to be required. They are not exhaustive. The issues covered are:

- Recruitment
- Personnel documents and record keeping
- Informing workers
- Freedom of association and the effective right to collective bargaining
- Managing working hours
- Managing wages
- Training and employee development
- Prevention of child labour
- Prevention of harassment and abuse
- Prevention of discrimination
- Prevention of forced, bonded, indentured and compulsory prison labour
- Managing worker complaints and grievances
- Disciplinary practices
- Maintaining a safe and healthy working environment
- Managing retrenchment

**Overall Objective:** To develop specific policies and procedures which put the social and labour strategy into practice.



**Overall Reference Requirement:** There are policies and procedures on all relevant social and labour issues that ensure compliance with national law, compliance with and respect for international standards and implementation of good human resource practices.

### 5.1 Recruitment

#### Detailed Reference Requirements

<b>5.1.1</b>	<b>Policy</b>	Work performed must be on the basis of a recognised employment relationship established in compliance with national legislation and practice and international labour standards, whichever affords the greater protection. This policy applies to all categories of workers, including workers supplied by labour agencies.
<b>Key Process</b>	<b>Fundamental steps</b>	<b>Advanced steps</b>

<p><b>5.1.2</b></p>		<p>There is an established procedure for hiring new workers that meets local and international legal requirements. This includes methods of advertising or notifying vacancies, and the methods to be used for recruitment, such as application forms and interviews.</p> <p>Workers are documented according to the nature and type of employment arrangement, including all non-regular workers (temporary / apprentices / seasonal, and others).</p> <p>Only licensed and reputable agencies and labour brokers are subcontracted with a particular attention to their own recruitment processes (e.g. fees).</p>	<p>The Supplier has an established process for undertaking periodic self-audits to monitor and evaluate its own recruitment, selection and hiring practices, as well as the practices of its recruitment agencies (if applicable), and ensure compliance with law and policy requirements.</p>
<p><b>5.1.3</b></p>	<p><b>Relevant Procedures</b></p>	<p>Recruitment procedures use objective selection tools and criteria for all types of workers, and job descriptions available for all types of work.</p> <p>Staff, managers and supervisors who are involved in the selection process, are trained in competency-based hiring/interviewing skills, and principles of non-discrimination.</p> <p>The HR department is responsible for ensuring all staff appointments are in accordance with local and national laws and applicable international labour standards.</p>	<p>The Supplier reviews workforce statistics on issues like age, gender, nationality, cultural background to identify potential discrimination during recruitment.</p>
<p><b>5.1.4</b></p>		<p>There is an induction programme for new workers to ensure that they are informed about the Suppliers' policies and procedures (e.g. Health &amp; Safety, wages...), in a language that they understand.</p> <p>Home workers and agency workers receive induction on the Supplier's policies and on any differences in the employment relationship that applies to them.</p>	<p>Training plans are put in place for workers and reviewed at regular intervals.</p>
<p><b>5.1.5</b></p>	<p><b>Monitoring and KPIs</b></p>	<p>Statistics are available and are used to improve the efficiency of the recruitment process.</p> <p>Procedures are amended as necessary.</p>	<p>Surveys are performed with new workers to assess the efficiency of the recruitment process and the induction provided.</p>

**Implementation guidance:**

**Agency workers**

It is important that agency workers are treated fairly and that their terms and conditions are in line with those enjoyed by directly employed workers. In addition, agency workers should be recruited on a temporary basis.

Where labour contractors are used, Suppliers should:

- have a written and signed agreement with each labour contractor
- ensure the agreement with the agency clearly defines the labour standards and hiring procedures and practices the labour provider must apply and the working conditions of agency workers with particular attention to possible forms of forced, bonded and indentured labour as described in section 5.11
- allocate a specific unit / person assigned to manage and monitor usage of employment agencies or labour brokers
- regularly monitor the wages and benefits provided to workers by the labour agencies
- guarantee equal treatment (in particular rights to equal remuneration and access to permanent employment) and rights to freedom of association and collective bargaining for placed workers, as well as how these rights are to be realised
- set rules and practices defining when an agency or temporary worker is offered permanent employment.

**Job descriptions**

There is a process of formal job analysis resulting in job description for all workers that includes:

- (a) functions /responsibilities;
- (b) required competencies (knowledge, skills).

This is used as the basis for recruitment, selection and hiring procedures. Workers' representatives/trade unions can be involved in the definition of the job descriptions.

Workers should have access to job descriptions.

**Migrant workers**

The Supplier has a process in place to monitor the respect of human rights throughout the process of employment of migrant workers, and to safeguard their rights. In particular, processes exist to ensure that migrants have the legal right to work, that they have not been recruited using exploitative methods (e.g. recruitment fees), and that they understand their rights, that they are not discriminated against and that their documents are not retained by management.

Good practice: Processes to assist migrant workers/minority groups integrate in the workplace may include:

- assistance in setting up a bank account,
- assistance in getting a social security number, or other relevant equivalent,
- opportunities to meet with other workers outside working hours e.g. social events etc.,
- mentoring programme with experienced migrant/minority workers,
- involving workers' representatives where they exist,
- language/conversation classes,
- access to medical health care, when required,
- induction programme that covers e.g. practical and cultural aspects, and do's & don'ts of the country if applicable.

### Homeworkers

As homework is more difficult to monitor and control, efforts should be made to arrange for all work to be done at proper workplaces. When homeworkers are recruited, the Supplier keeps records including their compensation in accordance with the calculated working time, and the nature of the goods produced. The Supplier conducts visits to the home workers, to check compliance with the contractual conditions, and engage with them about their working conditions. Where contractors manage homeworkers, there are processes to ensure that they are complying with the Suppliers' policies and particular attention is given to child labour and indentured labour (see GSCP Reference Code for further guidance). There is a process of formal job analysis resulting in job descriptions for all workers.

#### Key Questions:

- Are hiring practices compliant with local law and applicable international standards?
- Do you have an adequate HR policy covering specificities of your workforce (e.g. migrant labour, home workers, contract/temporary workers)?
- Do you ensure that your recruitment procedures are fair and promote equal treatment?
- Are managers / supervisors aware of the policy and are they accountable for ensuring workers' awareness?
- Are recruitment agencies or other labour contractors clearly aware of your policies?
- Do you conduct regular checks on the recruitment agency and/or other labour contractors?

## 5.2 Personnel documents and record keeping

### Detailed Reference Requirements

<b>5.2.1</b>	<b>Policy</b>	The Supplier shall implement an efficient document management system ensuring all social and labour aspects can be monitored thanks to relevant and accurate documentation.	
<b>Key Process</b>		<b>Fundamental steps</b>	<b>Advanced steps</b>
<b>5.2.2</b>	<b>Personnel Document Management System</b>	<p>The Supplier has a system for maintaining confidential personnel records for all workers relevant to their employment.</p> <p>Records include information required by law and needed in relation to the working environment (e.g. records on exposure to hazards and toxic products) to fulfil all responsibilities as an employer.</p> <p>Responsibility for maintaining records is clearly allocated.</p> <p>The Supplier maintains records related to recruitment, pay, leave, training, discipline, appeal, resignation, and termination procedures in a proper and systematic way.</p> <p>Records are maintained for at least 2 years at each production site, or in line with local legal requirements, whichever is higher.</p> <p>A backup system exists to ensure recovery of digital data in case accidental loss or damage.</p>	<p>The Supplier has documentation available through a central database.</p> <p>Documents are kept for a minimum of 3 years, or in line with local legal requirements, whichever is higher.</p>

5.2.3	<b>Confidentiality</b>	<p>The Supplier ensures that information on employees is kept confidential and used only for its intended purposes, known to employees and as required by law.</p> <p>Document management procedure complies with data protection laws where available.</p>	<p>Managers and supervisors are trained on confidentiality requirements and procedures. Staff and workers are informed about their rights in relation to confidentiality of personal data.</p>
5.2.4	<b>Monitoring and KPIs</b>	<p>The key documents and records are kept up-to-date, are subject to regular review and are amended as necessary.</p>	

**Implementation guidance:**

**Personnel file**

A personnel file can be created for each worker. These should contain at minimum a copy of the ID card and a copy of the employment contract. If ID cards are not provided in a country, it is possible to use other documents such as a copy of birth certificate or doctor's certificate (dental, orthopaedic...), or school or college certificates.

It is good practice that a list of key documents, including storage system/place, responsibility, period of retention, confidentiality level and method of disposal is maintained. The list is revised each year and KPIs are set to monitor compliance.

A backup system should exist to ensure recovery of digital data in case of accidental loss or damage.

**Data protection & confidentiality**

The company's document management system should process private employee data in a fair and lawful way. In the absence of a comprehensive data protection law as a benchmark, it is good practice to ensure:

- Data is only obtained from the employee for a particular use by the Supplier (e.g. ensuring correct pay)
- The employee knows what information is being held by the employer
- Information is kept secure against unauthorised processing or loss, destruction, damage
- Information kept is up- to-date and accurate
- Confidential information is as long as necessary and is disposed of securely.

**Key Questions:**

- Is there a document management system in place?
- Is responsibility for maintaining personnel records clearly allocated?
- Are documents and records kept confidentially?
- Are documents kept for at least 2 years or as required by local law?
- Are they disposed of confidentially and securely?

## 5.3 Informing workers

### Detailed Reference Requirements

5.3.1	<b>Policy</b>	<p>The Supplier shall provide all workers with written and understandable information about their employment conditions, including wage and payment details for each pay period, before they enter into employment.</p> <p>This is applicable to all categories of workers.</p>	
<b>Key Process</b>		<b>Fundamental steps</b>	<b>Advanced steps</b>
5.3.2	<b>Relevant procedures</b>	<p>Workers are provided with access to documented information on the terms and conditions of their employment, their rights under national labour and employment law, international labour norms, any applicable collective agreements and relevant information in relation to the working environment (e.g. records on exposure to hazards and toxic products). Workers receive a written contract, the content of which is explained verbally, in an understandable manner and acknowledged by workers.</p> <p>When necessary, information / training to workers is performed by external / independent and legitimate individuals to cover issues such as discrimination, harassment or freedom of association.</p> <p>Supplier ensures non-employed workers, home workers and employees of temporary labour providers/agencies receive all information relevant to their employment.</p>	<p>Workers receive copies of Supplier's policies in addition to information that relates to the individual worker.</p>
5.3.3	<b>Monitoring and KPIs</b>	<p>Data on worker satisfaction and/or individual feedback from new workers is used to determine the effectiveness of the communication on employment conditions and contract details.</p> <p>Procedures are amended as necessary.</p>	<p>Surveys are performed with new workers to assess the perception of the quality of information provided when entering the company, and on access to information on site.</p>

### Implementation guidance:

#### Employment contract

An employment contract is provided at the start of the employment relationship and when any material changes occur. Information is provided in an understandable manner and is explained verbally as well as provided in written form in a language understood by the worker. The employment contract should be in conformity with any existing collective agreement(s) and local laws.

At a minimum, information on terms and conditions included in the employment contract covers:

- Family name and first name of worker
- Date of birth of worker, if known
- Address of worker
- Company name and address of employer
- Beginning of employment contract
- End of employment contract (if applicable)
- Hours of work
- Wages
- Overtime
- Compensation, including amount of gross pay, bonuses and special payments
- Benefits and any statutory deductions
- Termination terms
- Key policies and processes such as non-discrimination, grievances, discipline, harassment, freedom of association and workers' health & safety
- Working responsibilities and areas of work
- Special agreements, for example references to plant regulations
- Date and signature of worker (or fingerprint if applicable)
- Date and signature of employer.

#### Staff handbook

Common ways of providing information are in the form of a staff handbook or catalogue of standard operating procedures. The handbook should be incorporated into the training given to new workers within 4 weeks of employment. Ways to ensure this information also reaches illiterate workers should also be implemented. A staff/company handbook provides one way of assembling in one place all relevant policies and procedures that would not necessarily be included within the employment contract. It is an opportunity to develop awareness among the workforce about various company policies and to ensure transparency of process. These can include information on:

- Behaviour towards co-workers and others at the workplace (e.g. non-discrimination)
- Child care and family friendly policies
- Trade union recognition/role of shop steward
- International labour norms
- Existing and applicable collective agreements
- Site security
- Insurance policy
- Transportation and accessibility
- Health and safety and Personal Protective Equipment (PPE)
- Personnel records keeping
- Alcohol/ drugs/ tobacco policy
- Dress code
- Meals, snacks and canteen policy
- Policies on leave, absence, sickness
- Disciplinary, appeal, resignation, and termination procedures
- Grievance policy
- Whistle-blowing policy.

#### Key Questions:

- Are the main terms explained in an understandable way to all workers before they enter into employment?
- Do all employees receive a written contract?
- Can workers seek information about any terms they do not understand?
- Are all policies and procedures accessible to all workers?
- Is information presented in workers' own languages and in a format in which they can understand?
- Is your HR personnel trained to provide worker induction?

## 5.4 Freedom of association and effective recognition of the right to collective bargaining

### Detailed Reference Requirements

5.4.1	<b>Policy</b>	<p>There is a documented policy which recognises the rights of workers to form or join a trade union of their choice and states the effective right to collective bargaining. The policy states that the Supplier will not interfere with any such process. Where freedom of association is limited or not provided for by law, the policy allows for workers to freely elect representatives and the supplier is committed to engage with them in appropriate ways.</p> <p>The Supplier declares that there will be no discrimination or sanction against workers who belong to or represent a trade union.</p>	
	<b>Key Process</b>	<b>Fundamental steps</b>	<b>Advanced steps</b>
5.4.2	<b>Relevant procedures</b>	<p>There is a process for communicating to workers that the Supplier is willing to engage workers in a constructive dialogue and negotiate collective agreements in good faith with a trade union that the workers freely choose. If trade unions are not available on site, the Supplier will engage in appropriate ways with other freely elected worker representatives.</p> <p>There are procedures in place on how to effectively engage worker representatives.</p>	<p>The Supplier has procedures in place to actively promote freedom of association and collective bargaining.</p>
5.4.3	<b>Monitoring and KPIs</b>	<p>A risk assessment is performed to identify Supplier operations which could limit workers' right to freedom of association.</p> <p>Management receives training on respect for freedom of association and the effective right to collective bargaining. Joint training for management and trade union / workers' representatives is arranged in cooperation with the appropriate trade union(s) to promote constructive labour relations.</p>	<p>The Supplier and representative trade unions sign an agreement on workers' rights defining the means given to the trade union / workers' representatives to organise activities and members' training.</p>

### Implementation guidance:

#### Freedom of association and the right to collective bargaining policy

Policies respecting freedom of association can benefit from explicit inclusion of the following provisions:

- Workers have the right to a collective bargaining policy.
- Workers have the right to be collectively represented by workers' representatives elected by themselves, or when appropriate, appointed by their trade union, and the Supplier will engage in dialogue and cooperation with them.
- The Supplier will not discriminate against, nor appoint or dismiss any worker on the basis of trade union membership/non-membership or activity as worker representative.
- The employer will, as required by international labour standards and established by law or collective agreement concluded with a trade union, provide reasonable time and space for union members to discuss workplace issues.
- The employer will, as required by international labour standards and established by law or collective agreement taken with a trade union, provide reasonable time and space for trade union and other workers' representatives to deal with workplace and union issues.
- All rules and principles related to freedom of association and the effective right to collective bargaining are applied effectively and in good faith adapted to the possibilities of the particular situation.

[See Section 7 on Internal Worker Engagement Systems]

**Key Questions:**

- Does the Supplier have a policy recognising workers right to join trade unions?
- Does the Supplier have a policy concerning the election and engagement with worker representatives?
- Does the Supplier have a policy that ensures non-discrimination and non-victimisation of trade union and worker representatives and union members?
- Is there a policy clearly stating workers’ effective right to collective bargaining?
- What are the measures in place to favour freedom of association/collective bargaining and to monitor effective implementation?

**5.5 Managing working hours**

**Detailed Reference Requirements**

<b>5.5.1</b>	<b>Policy</b>	<p>Suppliers shall set working hours and relevant policies that comply with national laws or benchmark industry standards and buyers’ codes of conduct or relevant international standards, whichever affords greater protection.</p> <p>There is a policy on working hours which clearly states the basic hours and the Supplier’s policy on overtime including the maximum hours possible, premium rates, the circumstances in which overtime will be applicable and the corresponding rates of pay.</p> <p>Production flows have direct impacts on social and labour issues such as overtime. Dialogue and collaboration with customers takes place to ensure that orders and production requests from customers will not be conflicting with social and labour compliance requirements.</p>						
<b>Key Process</b>		<table border="1" style="width: 100%;"> <thead> <tr> <th style="width: 33%;"><b>Fundamental steps</b></th> <th style="width: 33%;"><b>Advanced steps</b></th> </tr> </thead> <tbody> <tr> <td> <p>Unusual increases or decreases in business activity and other abnormal situations such as peak seasons are given full consideration, to effectively foresee overtime issues and grant workers appropriate compensation and, if possible, mitigated beforehand.</p> </td> <td> <p>Dialogue and collaboration between various departments (e.g. HR, sales, production) takes place to ensure that orders and production requests from customers will not be conflicting with social and labour compliance requirements.</p> </td> </tr> <tr> <td> <p>There is an overtime approval procedure outlining responsibility for offering and approving overtime. The process ensures overtime is consistent with the policy.</p> <p>There is a procedure to guarantee that overtime is voluntary and accessible to all workers.</p> </td> <td> <p>Where possible, workers are given advance notice of the business’s need for overtime and/or reduced hours worked, and the potential for overtime hours to become available.</p> </td> </tr> </tbody> </table>	<b>Fundamental steps</b>	<b>Advanced steps</b>	<p>Unusual increases or decreases in business activity and other abnormal situations such as peak seasons are given full consideration, to effectively foresee overtime issues and grant workers appropriate compensation and, if possible, mitigated beforehand.</p>	<p>Dialogue and collaboration between various departments (e.g. HR, sales, production) takes place to ensure that orders and production requests from customers will not be conflicting with social and labour compliance requirements.</p>	<p>There is an overtime approval procedure outlining responsibility for offering and approving overtime. The process ensures overtime is consistent with the policy.</p> <p>There is a procedure to guarantee that overtime is voluntary and accessible to all workers.</p>	<p>Where possible, workers are given advance notice of the business’s need for overtime and/or reduced hours worked, and the potential for overtime hours to become available.</p>
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<b>5.5.2</b>	<b>Relevant procedures</b>	<p>All Supplier sites have a system to monitor working hours which enables accurate calculation of pay, and which highlights to management when workers exceed contracted hours and how much overtime is worked.</p> <p>Workers have access to records of their hours and wages due or paid on an IT system or through other means safeguarding their data.</p>						
<b>5.5.3</b>	<b>Monitoring &amp; record-keeping</b>	<p>Managers understand that they are responsible for monitoring overtime in their areas of responsibility in order to reduce working time burden on staff.</p> <p>Workers have access to records of their hours and wages due or paid.</p>						

<p><b>5.5.4</b></p>	<p><b>Production planning</b></p>	<p>There is co-ordination between production teams and the HR function to ensure that the overtime policy is followed.</p> <p>All relevant legal requirements related to working hours should be taken into account when forecasting production and planning capacity so as to minimise overtime.</p> <p>Managers and supervisors are responsible for production plan workloads so that working hours are not excessive.</p>	<p>The Supplier proactively reviews working hours and identified practices that result in overtime, so it can adopt the most effective working practices in order to minimise long working hours.</p> <p>The Supplier works closely with customers to plan, and has immediate dialogue with them when they request orders that would lead to excessive overtime.</p>
<p><b>5.5.5</b></p>	<p><b>Relevant Procedures</b></p>	<p>The Supplier has procedures that seek to ensure that production fluctuations do not have negative impacts on working conditions, through, for example, excessive overtime or lay-offs.</p> <p>Production forecasts are regularly communicated to all relevant managers and supervisors.</p>	<p>The Supplier has a process to discuss order flows with customer(s) at appropriate intervals to smooth orders where possible whilst upholding a strong business relationship.</p>
<p><b>5.5.6</b></p>	<p><b>Monitoring and KPIs</b></p>	<p>There are programs and measures in place to not only monitor, but also stabilise working hours (where possible) and reduce overtime hours to a minimum.</p> <p>The policy is reviewed regularly taking into account changes in law and practice.</p> <p>The policy is communicated to customers.</p> <p>The policy is explicitly included in workers contracts and discussed during induction. Regular refreshers on working time policy are conducted.</p>	<p>Workers are consulted on ways to reduce working hours, without unreasonably compromising their income.</p>
<p><b>5.5.7</b></p>		<p>Production capacities and corresponding workforce needs are recorded and analysed to define recruitment needs and mitigate overtime issues.</p>	<p>Regular communication with customers is established and recorded.</p> <p>Invitations for customers to visit the factory and understand production constraints are regularly organised.</p>

**Implementation guidance:**

**Monitoring working hours**

Ways of monitoring working hours include:

- Attendance lists,
- Punch/time cards,
- Pay slips mentioning the hours worked confirmed by the worker.

Time records should contain the following:

- start and end of working time per day,
- start and end of breaks per day,
- overtime worked divided into working days, weekly rest days, public holidays, other rest days,
- sickness and maternity leave or other absences with reason,
- periods of absence without indicated reason.

### Monitoring working hours with customers

In order to avoid excessive overtime, the supplier should accurately evaluate its production capacities and directly collaborate with customers in order to set priorities for the deliveries of the goods/services. Both suppliers and customers should agree on a common evaluation of their respective performance in this respect. Since customers often review the performance of their suppliers by looking at delivery, responsiveness, pricing, quality, compliance with social/environmental requirements etc., it is equally possible for a supplier to review the performance of its customers looking at issues such as order placement times, design changes, pricing cuts and other aspects that may have an impact on the supplier's ability to avoid overtime and maintain decent wages. This can be shared with customers to help them understand how their behaviour impacts suppliers. Sharing respective perceptions between supplier and customer can help in better understanding issues at stake and to find a sustainable balance between commercial objectives and social and labour compliance requirements.

#### Key Questions:

- Does the Supplier use a working hours monitoring system?
- Does the HR department monitor and report working hours to senior management?
- Are records of working hours regularly reviewed?
- Does the Supplier understand the reasons for excessive overtime?
- Is there co-ordination between production teams and HR to minimise long hours?
- Is there a system for authorising overtime and securing voluntary approval?
- Do Suppliers inform their customers on working hours and overtime, and any factors in their behaviour that contributes to it?

## 5.6 Managing wages

### Detailed Reference Requirements

<b>5.6.1</b>	<b>Policy</b>	The Supplier must have a policy to compensate workers by providing wages, overtime pay, benefits and paid leave which respectively meet or exceed legal minimum as well as industry benchmark standards and/or collective agreements, whichever is higher. Wages and compensation for regular working hours shall meet basic needs and provide some discretionary income for workers and their families.	
<b>Key Process</b>		<b>Fundamental steps</b>	<b>Advanced steps</b>
<b>5.6.2</b>	<b>Relevant procedures</b>	<p>There is a process for monitoring changes in national law and collective agreements when they exist, as it relates to wages and benefits.</p> <p>The Supplier's payroll procedure ensures that wage payments comply, at a minimum, with the requirements of national law and with applicable national collective agreements where they exist.</p> <p>The payroll procedure also ensures all payments are made on time and directly to the employee and not to another party or intermediary.</p> <p>Wages are paid in the local currency with any in-kind payments (where allowed in law) expressed in monetary value.</p>	<p>Payments should be made by bank transfer where ever possible, with the company providing support to employees to access their money through provision of cash points or local banking services.</p>

<p><b>5.6.3</b></p>	<p><b>Wage levels</b></p>	<p>The minimum wage is based on standard hours and does not include overtime [see managing hours, section 5.5]. All deductions comply with national law. There is a procedure to ensure that overtime is compensated at a premium rate, as required by law and, where applicable, by contractual agreement. Applicable requirements on severance are integrated in the wage policy. The Supplier has processes in place to ensure that wages are sufficient to meet basic needs and some discretionary income for workers and their families. There are processes to ensure that both male and female workers performing work of equal value are paid at the same rates. This covers all categories of workers and non-employee workers (e.g. agency staff, homeworkers and temporary workers).</p>	<p>There is regular consideration of recalculating wages to meet cost of living increases. The supplier considers providing additional benefits such as healthcare, childcare, meals, and non-statutory insurance, profit-sharing or other forms of bonus that enable workers to share in good performance.</p>
<p><b>5.6.4</b></p>	<p><b>Piece rates</b></p>	<p>Where workers are paid by piece rate, there is a process that can demonstrate that piece rates are at least equivalent to the minimum wage for a standard workweek. For piece rate workers, the rate is clearly communicated to workers prior to the task, and the supplier maintains records related to the number of pieces produced and the time spent in making them to allow it to demonstrate that the minimum wage has been paid. Workers are allowed to check these records and records are confirmed and signed by the worker. There are documented mechanisms to compensate workers when pieces cannot be produced because of external factors or other unforeseen reasons (e.g. unexpected climate events and electricity shortcuts, equipment breakdowns).</p>	<p>Piece rates' effects on production and efficiency are analyzed on a periodic basis and changes are made as necessary. Schemes such as individual piece rates versus production line piece rates are compared.</p>
<p><b>5.6.5</b></p>	<p><b>Provision of wage records</b></p>	<p>Policies on basic pay rates, overtime, and all deductions are included in workers' contracts. There is a document that describes the different benefits/deductions. Suppliers have a process to ensure that workers (including permanent, temporary, agency and home workers) receive a clear written record of payments made to them as soon as they are paid. The wage data is updated regularly. If there are any changes on wage levels, benefits or employment conditions, updated information is included in the worker's contract and clearly communicated to all workers.</p>	<p>Results from worker satisfaction surveys are taken into consideration in the presentation and communication of wage records.</p>

<p>5.6.6</p>	<p><b>Clarifying wage components</b></p>	<p>There is a process that ensures workers fully understand how pay is calculated and understand any additional deductions made. Workers and their representatives have access to a designated manager or senior staff member to raise queries and get information. Worker representatives should receive detailed information about wage components to enable them explaining them to co-workers when needed.</p> <p>There is a process to verify that home workers and agency workers fully understand how their pay is calculated.</p>	<p>There is regular refresher training on all wages, benefits; and deductions. There is a record of workers' participation in the training.</p>
<p>5.6.7</p>	<p><b>Monitoring and KPIs</b></p>	<p>Data on wages, piece rates and premiums is evaluated in connection with productivity ratios on a regular (at least annual) basis to review wage performance and potential improvements. Evaluation of workers understanding of training on wages is performed and analysed to amend programmes accordingly.</p> <p>Any changes that affect pay shall be discussed and where applicable agreed with worker representatives and/or trade unions in accordance with existing law and collective agreements.</p>	<p>Worker satisfaction surveys are performed regularly and are used to review and adapt pay structures.</p>

**Implementation guidance:**

**Understanding a 'living wage'**

In many countries the legal minimum wage is irregularly reviewed and is inadequate. The GSCP Reference Code requires that 'compensation shall meet basic needs and provide some discretionary income for workers and their families.' This formulation is becoming known as payment of a living wage. Suppliers should consider how they can ensure that wages are adequate to meet workers' needs. This may include:

- Establishing bargaining procedures to determine wages with representative independent trade unions.
- Using research and methodological processes for understanding what an adequate level of income is, such as regular wage comparisons, use of industry benchmarks or use of standard purchasing baskets.
- Outcomes of wage comparisons can suggest a reference figure for a 'living wage.' However, there is no one single living wage calculation and the figure will vary from city to city and country to country.

**Ensuring workers understand their pay**

Payslips must show a breakdown of pay and all deductions. This record sets out basic pay, any overtime, all deductions and any social security or welfare payments. This is in the worker's own language and is available free of charge. In order to ensure that workers understand how everything is calculated, Suppliers can provide training and explanations to workers including detailing (where relevant):

- Sick leave;
- Maternity leave;
- Holidays;
- Unpaid leave;
- Information on whether the family is covered by the benefits;
- Information on where to find an affiliated doctor or clinic (if applicable).

In addition:

- The employer should give specific examples for workers to enable workers to have a clear understanding of the calculations of their wages, e.g. if workers are paid a monthly wage, the information should show if there are deductions and how they will be deducted for days of absence from work.
- Communication or training on payslips should provide a high level of transparency and information that workers can understand and have access at any time.

### Step methodology for calculating minimum pay for piece rate workers

1. Keep records of hours worked. Account separately for the number of hours worked beyond the normal workday.
2. Determine how much the worker would be paid for the number of normal hours worked at the minimum and/or basic needs wage rate.
3. Determine how much the worker would be paid for the number of overtime hours at the minimum wage rate. Include the premium rate.
4. Add the hourly rates.
5. If the hourly rate is more than the amount earned per piece, add the difference to the piece rate.
6. Reassess the piece rate as necessary.

### Key Questions:

- Do wages paid comply with the minimum wage and are they made on time, directly to the employee?
- Do you have a process in place to assess whether wages paid are sufficient to meet workers' basic needs including some discretionary spending?
- Do you review wages regularly to ensure they keep pace with cost of living?
- Is clear information provided to workers on all payments, deductions and benefits?
- Do you check that workers understand this wage structure?

## 5.7 Training and employee development

### Detailed Reference Requirements

<b>5.7.1</b>	<b>Policy</b>	The Supplier has a policy ensuring workers and management receive appropriate training to develop their skills and general awareness. Training programmes are tailored to worker needs and regularly evaluated.	
<b>Key Process</b>		<b>Fundamental steps</b>	<b>Advanced steps</b>
<b>5.7.2</b>		There is a process to ensure that the training needs of workers are assessed and that all workers receive initial training, as part of formal induction, on the operation of the SLMS and on their legal rights and responsibilities.	<p>The impact of training is assessed and training programmes amended as necessary.</p> <p>The need for refresher training is assessed and refresher sessions are planned and provided at required intervals.</p>
<b>5.7.3</b>	<b>Relevant procedures</b>	<p>The Supplier has established programmes for the training, education and development of workers more generally so that they can develop their knowledge and skills, and can contribute to the business more effectively.</p> <p>There is an appointment procedure ensuring that training and educational programmes are led by individuals having the appropriate qualifications and expertise and legitimacy. When necessary, external and independent trainers are appointed to perform specific training (e.g. health and safety, discrimination/harassment, freedom of association).</p> <p>Training and educational programmes are tailored to workers' language and literacy abilities.</p>	<p>Clear objectives are set for senior staff and managers, and they are reviewed against these objectives and appraisals result in learning plans. They receive training on the SLMS and on all other relevant aspects of their jobs, including career planning.</p>

**5.7.4 Monitoring and KPIs**

Number of trainings and of staff involved is recorded. Evaluation of workers' understanding of training content is performed and analysed to amend programmes accordingly.

Figures from training are analysed, as needed and plans are adjusted based on feedback from attendees. Training is benchmarked against the best in the industry.  
Analysis includes assessing level of behaviour change.

**Implementation guidance:**

**Learning and professional development plan**

Training and development programmes can be used to develop employees' skills to match the needs of the business and for their own career development. A professional development plan can include:

- Clear written objectives for all staff
- Documentation of appraisals and performance reviews; including attitude to work, any issues experienced at work
- Targets and learning plans
- Training 'needs assessment' report
- Comprehensive training matrix showing training options for all levels of employees

**Key Questions:**

- Does the Supplier have a process to ensure the training needs of workers are assessed to develop their careers?
- Does the Supplier have a clear plan and process of employees' career development?
- Are impacts of training programmes measured and leading to improvement plans?
- Does the Supplier keep track of the trainings delivered?

**5.8 Prevention of child labour**

**Detailed Reference Requirements**

<p><b>5.8.1 Policy</b></p>	<p>The Supplier has a clear policy regarding the prevention of hiring of children and young workers, specifying the minimum age allowable and work restrictions for young workers. Apprenticeship programmes comply with applicable local legal requirements, ILO core conventions 138 and 182 and, and are in line with the policy statement on child labour. The policy applies to sub-contractors, suppliers and to specific working situations such as home working.</p>	
<p><b>Key Process</b></p>	<p><b>Fundamental steps</b></p>	<p><b>Advanced steps</b></p>
<p><b>5.8.2 Relevant procedures</b></p>	<p>The Supplier maps out the risks of child labour in relation to the company's operations and supply chain identifying the structural gaps from which the risks arise, such as legal requirement differentiating minimum age from school going age and having obvious consequences on possible risks on child labour. The Supplier has a commitment to remediating any non-compliance found, in a manner consistent with the child's best interests.</p> <p>The Supplier has a process in place for engagement with relevant stakeholders including NGOs, trade unions, government and others in order to understand particular child labour issues in the sector or geographic area.</p>	

<p>5.8.3</p>		<p>Supplier conducts age verification procedures at hiring stage to confirm eligibility to work. Management tracking system is developed for the supervision of young workers to ensure their jobs are low risk and their schedule permits them to continue schooling. The policy on child labour has to be in accordance with local law and/or ILO labour standards on child labour, whichever is most stringent and offers greatest protection to child.</p>	
<p>5.8.4</p>	<p><b>Monitoring and KPIs</b></p>	<p>Constant monitoring is in place to identify possible risks of child labour. Records of previous cases and lists of actions taken are kept by the Supplier. Relevant procedures to prevent and/or mitigate child labour issues are drawn upon the previous cases and list of actions.</p>	<p>The Supplier maintains a list of possible actions offering the highest level of protection for children, and raises its awareness of new cases of child labour within the company or industry. The Supplier takes a leading role in preventing and remediating cases of child labour in the industry, notably by engaging with buyers to raise awareness on the nature of child labour issues, how to address these and train people to identify children at risk.</p>

**Implementation guidance:**

**Good practice - policy commitment:**

If a breach of the Supplier's child labour policy is identified, the company should have a supplementary policy that specifies how it will address the situation. If children are found to be working directly or indirectly for the supplier, the latter shall seek a sensitive and satisfactory solution that puts the rights and best interests of the child first. This can include:

- A commitment to support the child worker and his/her family.
- A commitment to provide adequate support to any child worker, to attend schooling or provide job to the unemployed parents or siblings of the respective child labourers, until the latter attain the age of adult workers.
- Engagement with the child's communities on specific challenges faced and ways the Supplier can contribute to their improvement [see Section 8 on External communication and Stakeholder engagement].

**Key Questions:**

- Is there a clear policy on not hiring children and young workers?
- Has a risk assessment of child labour in the supply chain been undertaken?
- Does the company monitor implementation of policy by sub-contractors?
- Has the age of the workers been confirmed by way of one of the following documents: Birth certificate, voter ID, school certificate, dental or doctor certificate, driving license, social security document?

## 5.9 Prevention of harassment and abuse

### Detailed Reference Requirements

<b>5.9.1</b>	<b>Policy</b>	There is a policy on appropriate behaviour among workers, as well as between management/supervisory staff and workers on lower grades. Unacceptable behaviours are listed and explained.	
	<b>Key Process</b>	<b>Fundamental steps</b>	<b>Advanced steps</b>
<b>5.9.2</b>	<b>Relevant procedures</b>	There are transparent but confidential procedures to report harassment cases, and a commission to do the follow-up. These procedures are known by all workers, supervisors and managers. These procedures are developed in consultation with workers' representatives.	Staff has access to confidential counselling services, and organization has identified partners, NGOs etc. that can support victims of harassment and abuse outside of work context.
<b>5.9.3</b>		Managers and supervisors receive training on implementing the policy and on recognizing unacceptable behaviour. Procedures on how to report cases, handle complaints and ensure confidentiality are key aspects of the training.	Where possible, workers are trained on national legislation concerning harassment. Refresher training is provided to all staff on regular intervals.
<b>5.9.4</b>		Workers receive detailed training on their rights, behaviour and how to deal with this situation. When necessary, external and independent trainers are appointed to perform specific training. There are clear procedures in place to make sure that a worker reporting a complaint is not disciplined or harassed as a result of filing the complaint. [see section 5.12: Managing worker complaints and grievances]	
<b>5.9.5</b>	<b>Monitoring and KPIs</b>	Reported harassment cases are recorded and outcomes of investigations as well. They are reviewed to help in defining preventive actions on harassment and abuse.	Root cause analysis is undertaken in order to trace the origin of harassment. The results are reviewed to help in defining preventive actions on harassment and abuse and to improve policies.

## Implementation guidance:

### Definition of harassment policy

Workplace harassment is a general term that is used to describe a range of abusive behaviours that create a difficult working environment for the victim. The nature of unacceptable behaviour can also be specific to the cultural context. Getting the definition right is essential to an effective policy.

The policy definition of harassment should also expressly mention some examples of types of management behaviours that are unacceptable under the harassment policy.

Of particular importance is the necessity to have a policy addressing the specific issue of sexual harassment. The ILO defines sexual harassment as a sex-based behaviour that is unwelcome and offensive to its recipient. For sexual harassment to exist these two conditions must be present.

Sexual harassment may take two forms:

- 1) Quid Pro Quo, when a job benefit - such as a pay rise, a promotion, or even continued employment - is made conditional on the victim acceding to demands to engage in some form of sexual behaviour; or;
- 2) Hostile working environment in which the conduct creates conditions that are intimidating or humiliating for the victim.

Behaviour that qualifies as sexual harassment:

**PHYSICAL:** Physical violence, touching, unnecessary close proximity

**VERBAL:** Comments and questions about appearance, life-style, sexual orientation, offensive phone calls

**NON-VERBAL** Whistling, sexually-suggestive gestures, display of sexual materials

The policy definition of harassment should also expressly mention some examples of types of management behaviours that are unacceptable under the harassment policy: *[Please note that the following examples are to be adapted to local and organisational contexts and are just suggestions for consideration]*

- Intimidation and threats
- Unfair treatment
- Aggression and abuse
- Bullying
- Moral / Psychological / Physical / Sexual Harassment

Supplementary materials for workers (in staff handbook, for instance) and training sessions can act as interpretive guidance on the types of behaviours that would not be acceptable under the harassment policy. Guidance materials can be delivered separately or included within the staff handbook. It can include concrete examples of harassment and scenarios which illustrate inappropriate behaviour particularly in relation to 'grey areas.'

### Key Questions:

- Is there a clear policy against harassment and abuse?
- Are workers informed of the company's protocol on making a complaint? [see Section 5.12 on Managing complaints and grievances]
- Do managers and supervisors receive training on harassment?
- Is there a clear internal mechanism for investigating harassment and abuse and taking adequate actions?
- Is there a clear procedure in place to protect a worker who files a complaint from any form of retaliation?

## 5.10 Prevention of discrimination

### Detailed Reference Requirements

5.10.1	<b>Policy</b>	All workers should be treated with respect and dignity. Suppliers shall not engage in, support or tolerate discrimination in employment including recruitment, hiring, training, working conditions, job assignments, pay, benefits, promotions, discipline, termination or retirement on the basis of race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth, age, marital status, caste, social background, diseases, disability, pregnancy, ethnic origin, nationality, membership in worker organizations including unions, political affiliation, sexual orientation, or any other status.	
	<b>Key Process</b>	<b>Fundamental steps</b>	<b>Advanced steps</b>
5.10.2	<b>Relevant procedures</b>	There are documented policies and procedures to prevent all kinds of discrimination during employment decisions and to ensure that such decisions are not made on the basis of personal characteristics unrelated to inherent job requirements. Prohibited grounds of discrimination are consistent with those contained in international law, the GSCP Reference Code or equivalent.	Where legally possible, the HR function reviews workforce statistics on issues such as age, gender, nationality, and cultural background to identify potential areas of discrimination. The confidentiality of any such information is respected. The Supplier takes preventive and appropriate action and remediates discrimination issues where necessary.
5.10.3		Procedures to identify and report discriminatory practices are implemented, including corresponding applicable sanctions. All workers are aware of the organization's policies to prevent discrimination and know the procedures to report discriminative practices or situations, and the applicable sanctions to those practicing discrimination.	Records are kept and used to develop necessary preventive actions.
5.10.4	<b>Training</b>	Supervisors and senior management receive detailed training on avoiding and hindering discrimination, diversity and awareness of equal opportunities.	Awareness raising on discrimination forms and prevention is provided to all workers on a regular basis. Workers are trained on how to identify and report discriminatory situations that may occur. There is training for worker representatives on non-discrimination issues.
5.10.5	<b>Monitoring and KPIs</b>	All identified cases of discrimination are reported and recorded, and procedures are reviewed to ensure preventive actions are effectively set.	Discrimination cases and the results of root cause analysis are reviewed to identify preventive measures.

**Implementation guidance:**

**Grounds of discrimination**

The grounds for discrimination listed below should be implemented during all employment decisions [see Section 5.1 on Recruitment]. These grounds are:

- |                     |                                |                                      |
|---------------------|--------------------------------|--------------------------------------|
| • gender            | • disability(ies)              | • membership in worker               |
| • age               | • pregnancy, maternity and     | organisations/unions/representation  |
| • religion          | nursing mothers                | committees                           |
| • marital status    | • ethnics, tribal and national | • political affiliation              |
| • race              | origins                        | • sexual orientation                 |
| • caste             | • nationality                  | • special favours                    |
| • social background | • migrant status               | • any other personal characteristics |
| • diseases          |                                |                                      |

**Good practice: Monitoring and preventing discrimination**

There are various processes that can be used to monitor whether discrimination is taking place. A key issue to consider is that monitoring should always be based on statistic which is only used to prevent/hinder discrimination. These can include:

- maintaining information on the composition of the workforce,
- comparing this with local statistics when available,
- monitoring the representation of different groups at various levels within the company.

Some techniques that can be used to prevent discrimination include:

- Documented analysis of cultural statistics / trends
- Ensuring documentation and signage is in appropriate languages
- Where legally permissible, all statistics should be reviewed to look for gender, race, religion, age trends as well as other possible areas of discrimination and appropriate action taken
- Ensuring leisure facilities are appropriate to the predominant age group/ nationality
- Any medical exams given are performed only to assess fitness for the job at hand and are not conducted to identify characteristics, on the basis of which a person could face discriminatory treatment.

**Key Questions:**

- Is the policy on discrimination sufficiently clear?
- Is it communicated to workers on a regular basis?
- Is there training on non-discrimination for all staff involved in recruitment, promotion and other employment decisions?
- Is there in-depth training on discrimination for supervisors working directly with workers?

## 5.11 Prevention of forced, bonded, indentured and compulsory prison labour

### Detailed Reference Requirements

<b>5.11.1</b>	<b>Policy</b>	The Supplier has clear policies regarding voluntary employment and avoidance of forced, bonded, indentured and compulsory prison labour as well as labour trafficking, and policies on working hours, overtime, wages, recruitment and termination to minimize the risk of forced labour.	
<b>Key Process</b>		<b>Fundamental steps</b>	<b>Advanced steps</b>
<b>5.11.2</b>	<b>Relevant procedures</b>	The Supplier maps the risk of forced, bonded, indentured and compulsory prison labour in its own operations and sub-contractors and builds understanding of the key factors that create risk.	The Supplier maps the risks of forced, bonded, indentured and compulsory prison labour in relation to its entire supply chain.
<b>5.11.3</b>		The Supplier implements hiring and human resources procedures to ensure company policy is implemented. Policies on working hours, overtime, wages, recruitment and termination minimize the risk of forced labour. Where recruitment agencies are used, the Supplier pays extra attention to recruitment processes (e.g. recruitment fees and labour trafficking).	The Supplier favours direct recruitment instead of using recruitment agencies. The Supplier periodically evaluates a sample of its sub-contractors to make sure no forced or bonded labour is taking place (could be random or stratified/based on risk).
<b>5.11.4</b>	<b>Monitoring and KPIs</b>	Each identified risk is recorded, remediation actions are implemented when non-compliances are found and preventive actions are set up.	If non-compliances are found through the supply chain, the Supplier addresses the issue directly with the sub-contractor and records all communication and actions taken.

#### Implementation guidance:

##### Preventing forced, bonded, and indentured labour

Prevention of forced, bonded, indentured labour and labour trafficking starts with utilising legal means to recruit workers and by favouring direct employment.

An effective policy against forced labour addresses specific issues such as:

- Recruitment fees, wage advances and employee loans;
- Withholding of wages;
- Freedom of movement and possibility to leave the premises freely (e.g. curfew);
- Site and dormitory security;
- Overtime;
- Right to terminate employment;
- Document retention.

The company then implements hiring and human resources procedures to put the policies into practice. Best practices include:

- Undertaking worker interviews, and asking new hires whether they have paid any recruitment fees.
- Developing a procedure for assessing the systems and practices used by recruitment agencies to ensure they conform to the Supplier's own policy.
- Where safe storage is provided for personal documents, workers have sole and unlimited access to it.

**Key Questions:**

- Is there clear policy against labour trafficking, forced and bonded labour?
- Has a risk assessment of forced labour in the supply chain been undertaken?
- Does your company monitor implementation of policy by sub-contractors?

## 5.12 Managing worker complaints and grievances

### Detailed Reference Requirements

<b>5.12.1</b>	<b>Policy</b>	The supplier has a policy to ensure workers have the ability to access appropriate resources and leadership to address their specific concerns, grievances or complaints related to social and labour aspects.	
<b>Key Process</b>		<b>Fundamental steps</b>	<b>Advanced steps</b>
<b>5.12.2</b>	<b>Relevant procedures</b>	<p>The Supplier has a grievance or complaint mechanism for its employees, including a process to manage employees' complaints, investigate and give a considered response that will be communicated to workers. These procedures follow the “Effectiveness Criteria for Non-Judicial Grievance Mechanisms” from the <i>UN Guiding Principles on Business and Human Rights</i>. (Legitimate; Accessible; Predictable; Equitable; Transparent; Rights-compatible; Source of continuous learning; Based on engagement and dialogue).</p> <p>Where a trade union, a workers’ committee or another workers’ representation system exists, it can put forward complaints and grievances and is consulted and involved in handling them.</p>	<p>The Supplier establishes incentive systems that reward workers who provide suggestions to improve work methods or working conditions. The Supplier conducts regular satisfaction surveys as well as exit interviews. The Supplier conducts analysis to identify the root causes of complaints and grievances and any underlying patterns related to e.g. the sector, industrial process and geographical area. Workers’ representatives are involved in analysing trends and identifying preventive measures. Responses to complaints and grievances and root cause analysis lead to changes in internal rules or to the adoption of measures concerning all workers.</p>
<b>5.12.3</b>		The process ensures complainants’ confidentiality, and there is a non-reprisal policy towards workers who bring forward complaints or report grievances.	
<b>5.12.4</b>	<b>Monitoring and KPIs</b>	<p>Records from complaints and solutions are kept for at least 12 months. These records are systematically used as an input for improving policies and procedures. Grievances are systematically analysed to improve mechanisms as necessary.</p>	<p>Worker representatives are consulted for the review of internal worker complaints and grievances. Workers can be assisted by workers’ representatives or trade union when meeting their management about their complaints or grievances.</p>

**Implementation guidance:**

**Complaint and grievance mechanisms**

The *UN Guiding Principle on Business and Human Rights* #31 sets out the “Effectiveness Criteria for Non-Judicial Grievance Mechanisms”. These criteria are the following: Legitimate; Accessible; Predictable; Equitable; Transparent; Rights-compatible; Source of continuous learning; Based on engagement and dialogue. The complaint mechanism should involve the trade union if it exists, the workers committee, or other workers representation structure, and:

- Contain evidence of regular training for the workforce on how to use the mechanism and explanation of what happens when a complaint is received.
- Present clear and documented process to deal with complaints and grievances, including escalation of complaints to an appropriate level within the company.
- Allocate management responsibility to respond to complaints and take action where needed within defined timescales.
- Communicate information to workers on their rights and entitlements and ensure this information is understood.
- Contain evidence that workers are aware of the right of their trade union / workers’ representatives in dealing with complaints and grievances.
- Contain evidence that workers have the right to be joined by a trade union or workers’ representative, or a co-worker when these do not exist, in all grievance and complaint related discussions with management and supervisors.
- Contain evidence that workers are aware of any hotline numbers and are regularly reminded - e.g. a reminder on payslip.
- Be made available in workers’ own languages.
- Include an appeal procedure, notably through the labour administration, inspectors or other applicable/available means.
- Provide for a complaints mechanism for agency workers.
- Provide evidence of regular training for management team and labour agency on how to handle complaints.
- Trade unions can also channel complaints and grievances particularly when workers want to remain anonymous.

**Key Questions:**

- Does the company have a written complaint or grievance policy?
- Are all grievance procedures clearly communicated to workers?
- Do these procedures follow the “Effectiveness Criteria for Non-Judicial Grievance Mechanisms” from the *UN Guiding Principles on Business and Human Rights*?
- Does the supplier have the appropriate minimum skills and training to properly receive, process, and investigate grievances?
- Are managers and supervisors aware of the grievance policy and procedures and do they know their responsibilities in it?
- Are records kept of complaints and grievances?
- Are grievances dealt with quickly?

## 5.13 Disciplinary practices

### Detailed Reference Requirements

<b>5.13.1</b>	<b>Policy</b>	Possible breaches in discipline have to be clearly listed and explained to workers. Corresponding sanctions are in accordance with relevant laws and workers are granted full rights to appeal on decisions they consider unfair.	
	<b>Key Process</b>	<b>Fundamental steps</b>	<b>Advanced steps</b>
<b>5.13.2</b>	<b>Relevant Procedures</b>	<p>There is a clear set of rules about discipline which identifies issues that will be regarded as a breach of discipline, the possible sanctions available, the process that will be undertaken to address breaches of discipline and the appeal process.</p> <p>There is a process for ensuring that workers understand the disciplinary rules and procedures. This is included as part of inductions and in the employee handbook or equivalent.</p> <p>All workers should know that they have the right to appeal decisions and corresponding procedure should be in place within the management system.</p>	Worker representatives are informed and consulted in setting disciplinary policy
<b>5.13.3</b>		Managers and supervisors in a position to enforce disciplinary rules are trained to administer these fairly. Workers have the right to be joined by a trade union or workers' representative, or a co-worker when these do not exist, in all discipline related discussions with management and supervisors.	
<b>5.13.4</b>	<b>Monitoring and KPIs</b>	The Supplier monitors disciplinary actions and appropriate managers have defined KPIs on disciplinary activity.	Worker representatives are consulted for the review of internal disciplinary procedures.

**Implementation guidance:**

**Disciplinary procedure**

Disciplinary practices must be fair, transparent, predictable and effective in preventing and remediating issues. As a general principle, a sanction has to be proportional to the verified/actual event. Disciplinary measures can only be decided for legitimate work-related reasons and not because of trade union activities or actions. Considerations for constructing or amending disciplinary procedures include:

- The format and course of the disciplinary procedure is written and available to employees.
- The employer should consider raising disciplinary issues with the worker informally before initiating proceedings.
- Workers have the right to be joined by a trade union or workers’ representative, or a co-worker when these do not exist, in all discipline related discussions with management and supervisors.
- The facility maintains records of all disciplinary, appeal, resignation, and termination proceedings.

**Disciplinary procedure checklist**

There is:

- A clear list of disciplinary issues communicated to all workers;
- Clear explanation of specific allegations to worker and explanation of process to be used;
- Worker right to be represented and to present evidence;
- Clear communication of findings and any penalty;
- Right of appeal to a separate manager or committee.

**Key Questions:**

- Is there a formal disciplinary procedure?
- Is the procedure in writing and accessible to workers?
- Is there a policy prohibiting deducting wages as a disciplinary measure?
- Do employees have the right to be accompanied by a representative at disciplinary meetings?
- Do employees have a right of appeal?
- Are disciplinary records monitored to identify trends?
- Do managers and supervisors receive training on implementing disciplinary procedures?

**5.14 Maintaining a safe and healthy working environment**

**Detailed Reference Requirements**

<b>5.14.1</b>	<b>Policy</b>	Relevant Health & Safety principles to cater for specific conditions and related hazards pertaining to the Supplier are in place and ensure the highest level of protection to all workers. The policy is based on precaution and prevention principles, and provides workers with the right to remove themselves from hazardous conditions without possibility of penalty.	
<b>Key Process</b>		<b>Fundamental steps</b>	<b>Advanced steps</b>
<b>5.14.2</b>	<b>Relevant Procedures</b>	The Supplier has procedures covering occupational health & safety and emergency preparedness. Processes and procedures comply with all national laws and applicable international standards.	There is clear and regular communication to all workers on safety issues, and information is displayed prominently on production sites in ways that are easily comprehensible to all workers.

<p><b>5.14.3</b></p>	<p><b>Training</b></p>	<p>All managers receive safety awareness training and are informed about their roles and responsibilities in relation to health and safety. There is formal training and instructions for all workers on general health and safety, accident and emergency procedures, the use of personal protective equipment, and basic hygiene provided to all workers before the start of their engagement. When necessary, external and independent trainers are appointed to perform specific training.</p>	<p>Workers receive regular training on health and safety periodically throughout their employment. There is a documented health and safety training plan and training records are kept for all workers. The contents of the training program are modified based on the evaluation of the performance of the system (using as reference records, feedback from workers, etc.).</p>
<p><b>5.14.4</b></p>	<p><b>Assigning responsibility</b></p>	<p>There is a named manager who is responsible for the Supplier's health and safety policy. Implementation of policy and procedures are the responsibility of line managers. There is a Health &amp; Safety Committee composed of the manager, line managers and workers' representatives. Workers are consulted in determining risks and suggesting solutions and improvements.</p>	<p>There is regular cooperation in place with outside experts and advisers on health &amp; safety issues.</p>
<p><b>5.14.5</b></p>	<p><b>Risk assessment and control</b></p>	<p>The Supplier carries out regular formal health and safety risk assessments and develops priority areas for action. Risks are documented along with relevant remedial actions. A designated health and safety manager takes charge of the risk assessments and this information is utilised to measure and report progress. The Supplier maintains records on accidents and incidents and also makes audit reports available. The Supplier performs root causes analysis to understand the reasons for accidents and incidents and establishes appropriate corrective actions.</p>	<p>The Supplier uses a system of clear, documented key performance indicators (KPI) on health and safety priorities such as prevention of accidents.</p>

### Implementation guidance:

#### Senior management responsibility - health and safety manager

A designated and qualified health and safety manager is responsible for all areas of the Supplier's health and safety policy, and provides technical advice and monitoring of performance. However, dedicated resources are responsible for implementation. The manager should be responsible for maintaining up-to-date information on national regulations and international good practice and updating health & safety processes including in relation to:

- Health and safety and general work place conditions
- On-site accommodation
- Fire safety
- Personal Protective Equipment (PPE)
- Chemicals and hazardous substances
- First aid and health equipment
- Health and safety training
- Natural disasters and response plans
- Evacuation plans.

#### Health and safety risk assessment and mitigation

A health and safety policy based on precaution and prevention depends on risk assessment, or identifying potential hazards in a number of categories depending on the industry and process being undertaken (see below). This policy may be based on standards such as OHSAS18001. The named health and safety manager is responsible for ensuring that risk assessments are carried out and has clear, documented KPIs on H&S priorities such as prevention of accidents.

Examples of categories of risks:

- |   |   |   |
|---|---|---|
| • Asbestos and structural integrity         | • Noise   | • Slips, trips and falls                |
| • Display screen equipment                  | • Pressure systems                                      | • Stress                                |
| • Chemical management and storage           | • Radiation   | • Vibration                             |
| • Electricity                               | • Hazardous substances                                  | • Work equipment and machinery          |
| • Falls from a height                       | • Maintenance and building work                         | • Workplace transport                   |
| • Fire and explosion                        | • Musculoskeletal disorders                             | • Infections from contaminated products |
| • First aid treatment and health programmes | • Obstruction of emergency exits, staircases, pathways. | • Health issues (e.g. additions)        |

Appropriate control systems to prevent or where prevention is not feasible mitigate risks can then be put into place.

This could include measures such as:

- Installing protective guards for moving parts of machinery.
- Improving ventilation.
- Administrative measures (changing work schedules, isolating a hazard by moving its source to a less populated place).
- Provision of appropriate PPE.
- Develop, improve, and amend company policy on cleanliness/personal hygiene.

### **Setting up joint labour / management health and safety committee.**

The Supplier can – and in some countries is legally obliged to – create a workforce representation body on health and safety which serves as a channel of communication between workers and management on health and safety issues. Employees are able to provide input to health and safety decisions and management receives regular up-to-date information on health and safety risks. Below are general considerations in relation to the potential form, structure and responsibility of these committees:

- The form, composition, responsibilities and power structure is likely to vary according to particular workplace characteristics.
- Engagement with local union in establishment of a committee helps to reinforce the capacity of workers to participate and to clarify and concretize the role of the committee in the workplace. Often it is common for the worker side of the committee to be elected through local union structures where present.
- The committee can have responsibility for monitoring hazards, regularly inspecting the workplace, participating in and conducting trainings, informing policy and receiving, communicating and responding to complaints.
- To maximize the committee's potential for identifying and controlling risks, the purpose and function of the committee should be explained to and understood by workers.
- A Health & Safety committee can decide to be assisted by external / legitimate experts.

### **Key Questions:**

- Is there a policy on health and safety?
- Is there a senior manager with responsibility for overseeing the health and safety policy and process?
- Is there a process for regularly assessing risks and instituting controls?
- Do workers receive appropriate training and PPE and is the importance of their use understood and endorsed by supervisors?
- Do workers provide input into the health and safety policy?
- Is there a health and safety committee to streamline this process?

## 5.15 Worker accommodation

Detailed Reference Requirements		
<b>5.15.1</b>	<b>Policy</b>	Provision of on-site (or off-site) housing to workers has to contribute to improving social conditions as it pertains to safety, security and sanitary conditions being core aspects of the accommodation policy.
Key Process	Fundamental steps	Advanced steps
<b>5.15.2</b>	<b>Relevant Procedures</b>	<p>Where housing is provided directly by the Supplier, procedures for monitoring and maintaining adequate conditions in accommodation provided for workers are implemented and regularly reviewed. Wage deductions related to accommodation and food are clearly stated in working contracts and reflected in pay slips.</p> <p>There is a process to identify good practice and upgrade accommodation as necessary.</p> <p>There is a process that allows for communication between site management and the resident workers, such as an accommodation committee.</p>
<b>5.15.3</b>	<b>Additional considerations</b>	<p><b>Freedom of Movement</b></p> <p>The Supplier has a policy on conduct in worker living spaces which balances the need to ensure safety and security of workers, and on the other hand, to preserve workers' freedom of movement and personal integrity and rights.</p>
<b>5.15.4</b>	<b>Monitoring and KPIs</b>	<p>Records of accidents, safety measures security issues and all related issues are kept and corrective actions plans are set up for each type of incident occurring.</p> <p>Workers receive appropriate and regular training on safety issues, including emergency procedures.</p> <p>Regular surveys on workers' perception of the quality on housing provided are performed. Workers have the possibility to formulate suggestions for improvements to which the management provides an answer on their feasibility.</p>

### Implementation guidance:

#### Worker accommodation checklist

- Accommodation complies with legal standards.
- The sanitary conditions are correct and fit for purpose as per basic health needs and the local cultural context/needs.
- There are rules governing the accommodation developed in consultation with workers, and clearly communicated to workers.
- Security procedures are in place to protect residents, while respecting freedom of movement.
- Appropriately qualified and experienced staff is appointed to manage the accommodation.
- There is a process that allows for communication between site management and the resident workers, such as an accommodation committee.
- Conditions are regularly monitored in cooperation with resident workers or an accommodation committee.

#### Key Questions:

- Is there a policy and corresponding process for monitoring and maintaining conditions in accommodation provided for workers?
- Do workers have any input into this process?
- Do security measures implemented in the accommodation allow for freedom of movement?

## 5.16 Managing retrenchment

### Detailed Reference Requirements

<b>5.16.1</b>	<b>Policy</b>	Production sites can face difficult times and collective dismissals might have to be considered to adapt to a tough economic climate impacting the sector/country/factory. Therefore, the management has to assure that collective dismissals are carried out in accordance with the provisions of national law and collective agreements where they exist.
<b>Key Process</b>		<b>Fundamental steps</b>
<b>5.16.2</b>		Collective dismissals are carried out in accordance with the provisions of national law and collective agreements where they exist. A plan is developed and communicated to all workers and their representatives in accordance with the provisions of national laws, and informing them without delay.
	<b>Relevant Procedures</b>	
<b>5.16.3</b>		In the case of planned redundancies, notice is given both to workers representatives and national authorities in accordance with the provisions of national laws. Where trade unions and/or worker representation structures such as workers' committees exist, they should be informed and consulted about applying and following up on collective dismissals. The Supplier engages with workers' representatives on options around proposed redundancy. The Supplier has objective criteria for selection of individuals and informs and where applicable consults workers of this decision.
<b>5.16.4</b>	<b>Monitoring &amp; KPIs</b>	The Supplier reviews the operation of any plans after implementation.
		<b>Advanced steps</b>
		The Supplier engages with competent authorities and appropriate trade union and workers' representatives in assisting workers made redundant in finding new employment or retraining or other options/supporting activities and making these possible. If the Supplier has several plants or workplaces, there will be attempts to find alternative jobs within all subsidiaries. The Supplier will approach other companies in the area to try to find alternative job opportunities. List of proposed options for redundant workers is properly recorded.

#### Implementation guidance:

##### Retrenchment plan

Retrenchment plans are often required by national law and collective agreements. Contents may vary, but below is a list of topics that are normally included in a retrenchment plan.

- The reasons why job losses are necessary
- The timescale
- Who will be consulted
- How employees will be selected
- How alternative jobs will be sought
- How severance pay will be calculated
- What measures are in place to assist those losing their jobs to seek new work / retrain
- How broader community impact issues are to be addressed

### **Selection criteria and special considerations**

Selection criteria for redundancies should be objective, non-discriminatory and related to the needs of the job. This has the added advantage of minimising the risk of discrimination. Typical factors included in selection criteria include:

- Social and human considerations
- Length of service
- Skills assessment
- Knowledge
- Other relevant and legally acceptable elements

Some criteria for dismissals may have disproportionate, but unintended, impact on one group compared to another. For example, selecting workers who are part-time or those with the shortest service will often have a disproportionate impact on women and should be reviewed to see whether there are alternative criteria or ways to mitigate this impact. Also other social effects should be considered when dealing with individual cases.

### **Key Questions:**

- Is there/will there be a plan for effecting redundancies?
- Does management intend to consult with trade unions or workers organisations?
- Has the company, as far as possible, sought to minimise the number of redundancies?

## 6. Managing external assessments and audits

The focus of an internal management system on social policy is to ensure that working conditions are decent and standards are being maintained through the development and implementation of appropriate internal robust management system. However, it is recognised that customers may well want to conduct inspections by external independent auditors. It is important that the management system is able to transparently address the needs of auditors, and to respond to audit findings.

**Overall Objective:** To manage external audits efficiently and responsively to improve conditions for workers and maintain sound customer relationships.



**Overall Reference Requirement:** There is a process for facilitating external audits which ensures an effective response to any findings as well as clear communication of results.

### Detailed Reference Requirements

Key Process	Fundamental steps	Advanced steps
6.1 Responsibility	<p>The Supplier allocates responsibility for dealing transparently with the audit requirements of customers, including external auditors.</p> <p>The Supplier designates relevant members of management teams to facilitate various aspects of the external audit processes. They have appropriate and senior level of responsibilities to have influence and are independent of production or commercial departments.</p>	<p>Supplier should assign a full time manager who will develop and oversee the overall SR program (including offshore facilities, as needed).</p> <p>This manager should work with all their facilities including those that are located offshore, and sub-contractors, to identify and assign internal employees who will be in charge of their day-to-day SR activities on the ground, at the factory level.</p>
6.2 Ensuring remediation	<p>There is a designated senior manager with responsibility for ensuring corrective actions are undertaken, including any amendments to processes or staff training required.</p> <p>There is a process for logging, tracking and correcting any non-compliance identified in internal or external audits, assessments, inspections, or reviews. The process also addresses grievances / deficiencies identified by workers.</p> <p>Root causes analysis is performed to understand the reasons for non-compliances.</p> <p>The process for ensuring remediation is transparent and allows for workers' involvement.</p>	<p>The company has a process for senior management to review, endorse and facilitate the required improvements.</p> <p>There is an incentive system in place for management based on performance in relation to proactive and preventative remediation actions.</p> <p>Communication and training focusing on gaps identified are delivered at all site levels.</p>
6.3 Internal reporting on audits	<p>There is a process for internally reporting the results of audits, inspections and reviews, as well as associated corrective actions to different levels and functions within the company as appropriate.</p>	<p>Relevant information on outcomes of audits, reviews and associated corrective actions are reported to workers.</p>

## Detailed Reference Requirements

Key Process		Fundamental steps	Advanced steps
6.4	Reporting to customers/ stakeholders	The Supplier communicates openly and in a transparent manner with its customers on its compliance and performance status, and on any progress or challenges faced on any particular issues.	The Supplier reports externally to stakeholders on its social and labour performance.
6.5	Sharing results	The Supplier has a process to ensure that audits and associated corrective action plans and implemented remediation are developed and uploaded in a timely manner on shared data-sharing platforms it uses, or used by its customers.	Evidence of improvements is uploaded in a timely manner onto the data-sharing platform (e.g. photos, documents). Wherever possible, Suppliers share the results of all audits conducted, the corrective actions identified and the improvements made with all of its customers, to avoid having unnecessary duplicative audits.

### Implementation guidance:

#### Responsibility for managing audits

Audits may be announced, semi-announced or unannounced, so procedures should be in place to deal with all eventualities. This may well form part of the responsibilities of the manager with overall responsibility for the SLMS. Responsibilities can include:

- completing self-assessments
- maintaining up to date information on all production units, and consolidating all policies, procedures and programs to manage social and labour performance
- ensuring availability and accessibility of internal documents (e.g. internal audits, policies, training records, payroll, working hours, personnel records)
- allowing workers interviews and provide safe places for such purpose while guaranteeing confidentiality of interviews and that no action will be taken against interviewed workers
- liaising with production sites, other staff and departments that are affected by audits (e.g. HR)
- notifying staff and worker representatives, and including them in audit processes
- ensuring access to all areas as well as transparency for auditors when on site

#### Internal reporting

It is important that the results of audits are reported internally so that processes and systems can be improved. Good practices on internal reporting include:

- Root causes are analysed and reported to senior management so that appropriate steps can be taken
- General progress, performance, gaps, risks and opportunities are regularly reported to senior management
- Worker representatives are involved in audit processes and in determining and monitoring improvements. As part of this, they are informed about the results of audits and inspections.
- Performance is communicated internally
- Non compliances are being remediated and regularly checked to ensure they do not occur again.

#### Key Questions:

- Is there clear responsibility for managing and facilitating external audits?
- Is there clear responsibility for ensuring remedial actions are undertaken and reported?
- Are the results of external audits reported to senior management?
- Are workers informed of the results of audits?
- Are customers/buyers informed of the results of external audits?

## 7. Internal worker engagement systems

**Overall Objective:** Develop processes that fully engage workers in the development and operation of the social and labour management system.



**Overall Reference Requirement:** There are processes to ensure workers are aware of their rights and roles within the Social & Labour Management System. There are processes for communicating, consulting and engaging with workers and their representatives.

### Detailed Reference Requirements

Key Process	Fundamental steps	Advanced steps
7.1 <b>Awareness-raising and training</b>	<p>There is a process to ensure that all workers receive full information at the time of recruitment about their working conditions, their legal rights and the company's policies and procedures.</p> <p>The process ensures that workers understand their rights, responsibilities and benefits and how the policies and procedures work.</p> <p>There are periodic updates and training on particular issues to reinforce understanding or if policies or if regulations change.</p>	<p>The Supplier conducts surveys of workers' awareness and undertakes training on particular issues identified (e.g. freedom of association, non-discrimination, and grievances).</p> <p>Training is carried out by independent third-parties, where appropriate.</p>
7.2 <b>Communication</b>	<p>The Supplier recognises the importance of communicating with its workforce and has processes that ensure open channels of communications with all workers.</p> <p>Communication is conducted in appropriate language(s) and is adapted to workers' education level. There is a confirmation procedure to ensure understanding by workers.</p>	<p>The Supplier develops a variety of methods for communicating and consulting with workers and their representatives, including trade unions where they exist, on issues raised by any of the parties to this dialogue.</p>
7.3 <b>Engaging with representatives structures</b>	<p>The Supplier has a policy that is open to the establishment and involvement of representative structures for workers, such as trade unions and/or other company and workplace level representative structures.</p> <p>The Supplier has a process for engagement with trade unions with a view to negotiate and conclude collective agreements. The Supplier also has a process for engagement with other appropriate worker representative bodies for consultation.</p> <p>Worker representatives are freely elected by workers.</p>	<p>The Supplier ensures that workers are aware of their rights to freedom of association and collective bargaining.</p> <p>In order to facilitate communication and engagement, relevant staff receives training on good industrial relations practice, including consultation and negotiation.</p>
7.4 <b>Consultation</b>	<p>There is regular consultation and regular dialogue with trade unions where they exist and other worker representatives on issues that affect workers. Records of all meetings are kept.</p>	<p>Written policy and procedures to guarantee that consultation is part of the system.</p>

## Implementation guidance:

### Communicating with workers

Examples of worker communication methods include:

- Engaging in a collective agreement with trade union(s) freely chosen by workers
- Engaging in a continuous social dialogue with trade union(s) freely chosen by workers
- Allowing and promoting the establishment of worker representation structures decided and elected by the workers themselves, where applicable based on law and/or collective agreement
- Allocating facilities and working time for workplace trade union and other workers' representatives for them to handle their tasks and communicate with workers
- Enabling trade union and other training for workers and workers representatives, including on working time
- Collaborate with workers' representatives to develop effective communication patterns
- Holding meetings and assemblies
- Using posters & bulletin boards
- Suggestion boxes in accessible but discreet locations
- Hand-outs & brochures
- Printed notices on pay-stubs
- Staff surveys
- Newsletters – printed or electronic
- Company web-site
- Letter from the CEO
- Pictograms/pictures/story telling
- Videos, cartoons
- Social media

### Consultation and Negotiation

Where they exist, trade unions and other appropriate worker representatives should be consulted at an early stage and, on the basis of relevant information having been provided to them, on issues such as:

- development of the Social & Labour Management System,
- development of specific policies, and
- improvement to the Social & Labour Management System on the basis of reviews and audits.

Where trade unions exist, there is a process for bargaining with them with a view to concluding collective agreements on terms and conditions in good faith and on the basis of relevant shared information.

There are regular meetings between management and the trade union and/or workers' representatives with clear actions and evidence of changes made as a result.

All workers representatives & trade unions representatives have the right to receive training on negotiation/consultation, representation, influencing and communication skills. The training is normally arranged by trade union structures or other independent organisations.

### Key Questions:

- Are there systems for communicating with workers?
- Are there systems for consulting workers on relevant issues?
- What Processes exist for engaging with workers' representatives?

## 8. External communication and external stakeholder engagement

It is increasingly important that organisations are open and transparent about their performance and policies in relation to working conditions and other social impacts of their operations, in order to maintain good relations with customers and stakeholders. External stakeholders can include non-governmental organisations, national and regional governments and industry associations with expertise on social and labour issues or which advocate workers' rights and interests and/or represent communities impacted by supply chain operations.

Among external stakeholders, local communities play a key role. Production facilities have direct and indirect impacts on local communities where they are established. Positive (employment, economic development, etc.) and negative (health and safety, externalities, etc.) impacts have to be taken into account in a policy on engaging communities to set up appropriate actions allowing to mitigate risks of labour abuses and to improve social conditions.

Engagement with external stakeholders can occur at international, national or site level, depending on the nature of the issue being discussed. For example, it is appropriate to consult these organisations at an international level for a better understanding of global standards and alignment of the company's approach for its global supply chain, whereas developing an approach to a particularly challenging issue in one region will involve engagement with locally-based organisations.

This section looks at how the SLMS is communicated to external stakeholders who may be impacted by the Supplier's operations or have an interest in them, and how to ensure their involvement to engage in continuous improvement.

**Overall Objective:** To promote transparency about social performance and to engage positively with external stakeholders to improve knowledge and awareness of issues and to seek collaborative solutions to difficult challenges.



**Overall Reference Requirement:** The Supplier identifies and engages with key external stakeholders and develops collaborative relationships with them.

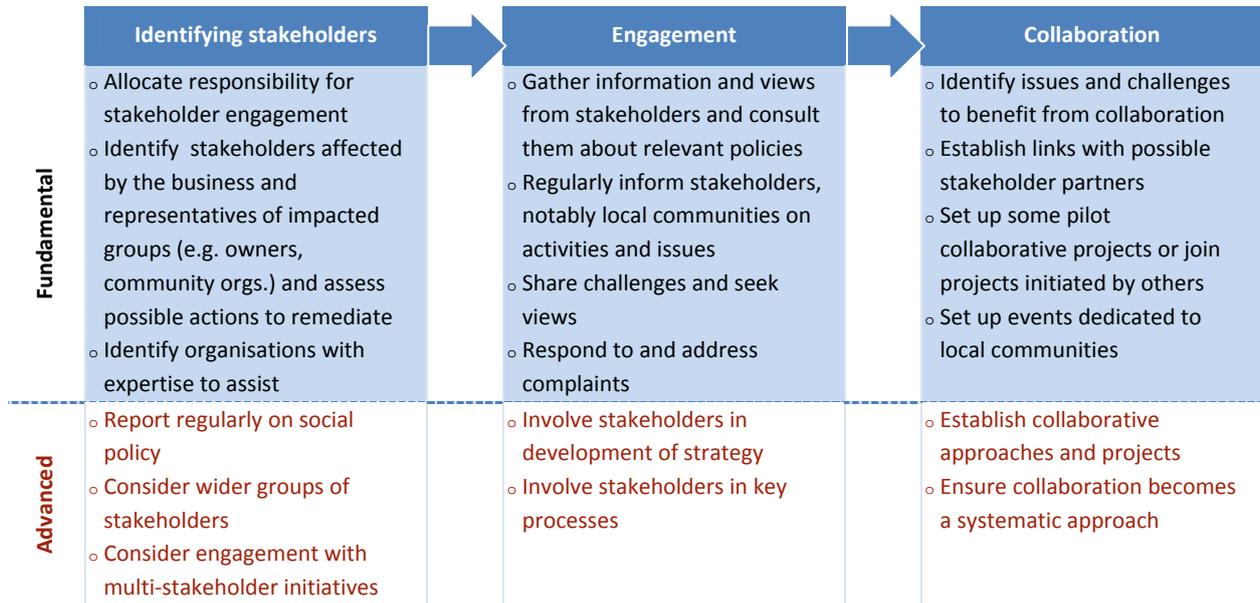
### Detailed Reference Requirements

Key Process		Fundamental steps	Advanced steps
8.1	Transparency & reporting	The Supplier has a policy demonstrating commitment to appropriate levels of transparency with local, national and international stakeholders and the public.	The supplier reports periodically on its social policies, the procedures it employs to implement policy, and outcomes. Reporting covers both positive outcomes of policy implementation and challenges faced.

## Detailed Reference Requirements

Key Process	Fundamental steps	Advanced steps
<p><b>8.2</b></p> <p><b>Stakeholder identification, mapping &amp; engagement</b></p>	<p>The Supplier identifies and engages with key external stakeholders to help identify local issues and develop practical, workable and sustainable local solutions to resolve social performance issues.</p> <p>The Supplier identifies relevant external stakeholders to develop a better understanding of the social context, risks and challenges affecting and being affected by its operations.</p> <p>The Supplier allocates responsibility for the stakeholder engagement process.</p>	<p>The Supplier develops collaborative relationships with relevant external stakeholders.</p> <p>The Supplier documents the results of consultation and outcomes (if any).</p>
<p><b>8.3</b></p> <p><b>Community impacts</b></p>	<p>The Supplier has a process to assess the actual and potential impact of their business on its workers, their families and local communities, taking into account the local culture, nature, scale, location of the business and its interaction with local communities and state agencies.</p> <p>Based on any identified negative impacts, the Supplier identifies the steps it will take to mitigate these impacts.</p> <p>The Supplier has a procedure allowing local communities and stakeholders to communicate with the management to and address suggestions and complaints.</p>	<p>The Supplier has a process for regular engagement, interaction and dialogue with potentially affected stakeholders and members of communities in which it operates. Leaders of communities in which the Supplier operates know the communication channels with the company.</p> <p>The Supplier organises events dedicated to creating links with local communities.</p> <p>The Supplier takes part in initiatives from local authorities aiming at improving social conditions.</p>
<p><b>8.4</b></p>	<p>Consultations and dialogue with local communities and stakeholders are recorded</p> <p>Suggestions, complaints and remarks from local communities are recorded and used to analyse what actions could be implemented as part of the continuous improvement process.</p>	<p>List of partnerships and events attended / organised is recorded.</p>
<p><b>8.5</b></p> <p><b>Complaints management</b></p>	<p>The Supplier has a process to address complaints from external stakeholders. The process involves even-handed investigation of the issues and an open and timely response.</p> <p>The follow-up, results and actions taken as result of investigations are also systematically recorded.</p>	<p>The Supplier reports on the outcomes of complaints and keeps records of complaints available for public consultation.</p>

**Key stages for implementation:**



**Implementation guidance:**

**Stakeholder engagement strategy/plan**

At an early stage in an organisation’s stakeholder engagement process, it is useful to develop a plan that takes into account the Supplier’s priorities, objectives and desired outcomes from engagement activity. Key steps include:

- Setting objectives and priorities – determining what is sought by the stakeholder engagement process and allocating resources
- Stakeholder mapping – selecting stakeholders based on priorities, knowledge and likelihood of impact (see below)
- Preparation – determine how engagement will address key priorities and make arrangements for meetings, letters and other correspondence
- Engagement
- Follow-up – identifying key points from engagement process and incorporating them into the Supplier’s activities; can also include a dispute resolution mechanism.

### Stakeholder mapping

Selecting the appropriate stakeholders can be achieved through an analysis (or ‘mapping’) process whereby the Supplier determines which stakeholders are likely to be affected or have an interest in the Supplier’s operations. It is useful to categorise these stakeholders as specifically as possible to capture the range of interests and concerns of stakeholders. For external stakeholders, mapping should:

- *Assess the impacts of the Supplier’s operations.* Actual and potential impacts of operations are identified such as the socioeconomic impacts of job creation, production impacts on access to clean water or health issues generated by air pollution.
- *Identify stakeholders impacted by the Supplier’s operations.* This is likely to identify individuals and groups who are geographically close.
- *Identify and verify representatives of impacted stakeholders.* Engaging with representatives is an effective way for the Supplier to disseminate information to neighbouring communities in particular. It is important to verify that representatives are not misrepresenting themselves as leaders.
- *Identify all other stakeholders having an interest in the Supplier’s operations.* These can include NGOs, government representatives, advocates not located in the geographic area which have an interest or expertise in issues the Supplier seeks to address through engagement with stakeholders.
- *Analyse which stakeholder groups are priority.* Consultation should be targeted to those impacted stakeholders most vulnerable or most likely to be affected by operations. For non-impacted interested parties such as NGOs, it may be worth considering which stakeholders can contribute best to issues and impacts the stakeholder engagement process seeks to address.
- *Allow input from stakeholders to shape the company’s strategy.*

### Types of external stakeholders

In general, relevant external stakeholders:

- have an impact on or are impacted by the organisation’s activities;
- have knowledge and expertise in labour rights and workplace issues;
- are well informed about local issues and understand their root causes;
- have knowledge about emerging issues and development opportunities that need to be taken into consideration in supply chain relationships.

Stakeholders may be identified at a local level in terms of stakeholders with an interest in a particular production site, and those operating at a national or international level. Stakeholders such as trade unions (at international, national and local level), NGOs and organisations working on specific issues, international bodies, development organisations, and local social support organisations can provide specialist knowledge and also opportunities for partnership in addressing challenging issues.

Local communities also represent a key stakeholder to involve sharing challenges and seeking solutions contributing to positive improvements beyond the workforce of the production site.

### Community impacts consideration

As set out in the Introduction the UN Guiding Principles on Business and Human Rights sets out a framework for managing business responsibility towards human rights. In practice, the main impact on human rights will be on workers, and for this reason, this tool focuses on these issues. However, as well as impacts on workers, Suppliers should consider their impacts on the communities in which they operate. Local communities’ involvement can contribute to continuous improvement in social and labour practices, notably by establishing a dialogue and sharing challenges and possible solutions.

In addition to workers’ rights (as set out elsewhere in the tool) business impacts on communities may include:

- Environmental impacts;
- Impacts on vulnerable persons;
- Impacts on food and water;
- Impacts on civil and political rights.
- Impacts on freedom of speech.

### **Multi-stakeholder and industry initiatives**

There are many collaborative initiatives aimed at improving working conditions in supply chains. These may be sponsored by industry bodies, or exist to address issues within specific product or commodity value chains, or they can be multi-stakeholder, involving private sector companies, trade unions and NGOs. Such initiatives can offer support and advice for improving working conditions in the following ways:

- Standard setting and codes of conduct
- Guidance on policy development and compliance monitoring
- Facilitating transparency and reporting
- Providing a forum for sharing best practice and resolving differences
- Providing practical support and guidance on difficult issues
- Coordinating dialogue with external stakeholders (community groups, NGOs)
- Providing a platform for advocacy around issues that are relevant to all parties.

The Supplier should be open to joining collaborative initiatives and have a process for evaluating the potential benefits of membership, and for engaging with those it joins.

### **Key Questions:**

- Is there a policy that allows for transparent communication?
- Is progress on social performance regularly reported to stakeholders?
- Is there a process for identifying and engaging with key external stakeholders?
- Is there an assessment of the potential impacts (negative and positive) on local communities?
- Are possible actions with local communities allowing remediating negative impacts?
- Has designated staff been assigned responsibilities related to stakeholder engagement?
- How well is your organisation able to engage with these stakeholders? Do you have the right skills, attitudes, information, personalities and experience?
- Are you organising any events / activities targeting the local communities?
- Are you a member of a multi-stakeholder initiative? If not, is the Supplier open to such membership?
- Is there a process for the resolution of complaints by stakeholders?

## Glossary, additional information and useful contacts

### International standards and conventions

#### *International bodies*

- UN: UN Global Compact
- OHCHR: The Corporate Responsibility to Respect Human Rights, an Interpretive Guide
- UNHRC: Guiding Principles on Business and Human Rights
- ILO: Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy
- ILO: Declaration on Fundamental Principles and Rights at Work
- OECD: Guidelines for Multinational Enterprises  
<http://www.oecd.org/dataoecd/43/29/48004323.pdf><http://www.oecd.org/dataoecd/43/29/48004323.pdf>
- OECD: The Corporate Responsibility to Respect Human Rights in Supply Chains: Discussion Paper

#### *Collaborative and certification initiatives*

- Better Cotton Initiative: <http://www.bettercotton.org/>
- Better Factories Cambodia: [www.betterfactories.org](http://www.betterfactories.org)
- Better Work: [www.betterwork.org](http://www.betterwork.org)
- Business for Social Responsibility <http://www.bsr.org/><http://www.bsr.org/>
- Business Social Compliance Initiative (BSCI)
- EICC - Electronic Industry Code of Conduct / GeSI
- ETI - Ethical Trading Initiative
- Fair Labor Association: <http://www.fairlabor.org/>
- Fair Wear Foundation <http://www.fairwear.org/><http://www.fairwear.org/>
- GSCP <http://www.gscpnet.com/>
- Global Reporting Initiative  
<http://www.globalreporting.org/CurrentPriorities/SupplyChain/><http://www.globalreporting.org/CurrentPriorities/SupplyChain/>
- ICS - Initiative Clause Sociale
- ICTI: <http://www.toy-icti.org>
- IDH : <http://www.idhsustainabletrade.com/en/about-idh>
- ISEAL Alliance: <http://www.isealalliance.org>
- Rainforest alliance: <http://www.rainforest-alliance.org/>
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