

Social Impact Assessment Program

Overview and Introduction

ESCP Social Impact Assessment is a tool for both Vendors & Manufacturers to measure and improve the management systems in place for labor standards in the supply chain



measure



manage



improve

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What is the Social Impact Assessment?

The assessment is designed to look at a company's social impact by measuring the effectiveness of management systems in place for labor standards. Social impact covers the effect an organization has on people and communities as a result of its actions, activities, projects, programs or policies.

We believe that ethical businesses should have a positive impact on their workers and other people affected by their operations. The assessment is based on an ethos of 'you can't improve what you don't measure' – to improve social impact the first step for a company is to measure what it is doing now. From there it can map a path to improvement.

The assessment allows us to determine the capacity of a manufacturing site to effectively manage labor, environmental, and health and safety compliance in their facility or the capability of a licensee/vendor/agent to manage labor standards in their supply chain.

The assessment is not an audit; it is a capacity building exercise which is designed to help the organizations completing it by providing them with advice, coaching and a tailored improvement plan based on the findings.

What is the Social Impact Assessment Process?

1. Registration form completed and payment made
2. Self-assessment completed by manufacturing site and submitted to ESCP along with supporting documents
3. ESCP evaluation conducted over the phone with manufacturing site and ESCP
4. Verified score confirmed, and an improvement plan issued by ESCP with priority areas identified

Who is the assessment designed for?

The assessment can be undertaken by any manufacturing site or company who outsources manufacturing to another site under a license/vendor/agent agreement. It is a remote assessment delivered by ESCP expert staff. It can be used to provide independent, trusted verification of the facility's capability to implement effective management systems that appropriately manage labor standards or as a development

program to provide understanding of the areas which need further support and capability building.

1. Manufacturers

The Social Impact Assessment for Manufacturers is suitable for manufacturing facilities with a lower risk profile, for companies who want greater supply chain visibility beyond tier 1 suppliers and as a development and education program for suppliers who may never had participated in any form of labor standards program before.

2. Licensee, Vendor, Agent

The Social Impact Assessment for Vendors is suitable for any company you work with who produces product on your behalf and outsources the manufacturing process – this version of the assessment looks at a company's capability to manage labor standards in their supply chain. It is designed to provide you with assurance and visibility over their processes.

How does the Social Impact Assessment relate to Ethical Supply Chain Program certification?

The ESCP Social Impact Assessment Program complements ESCP Certification. Social Impact Assessment focuses on management systems and breaks it into component processes. It allows companies to take targeted steps towards improvement. It creates a pathway to improvement and breaks the journey into smaller steps. Taking the Social Impact Assessment can be a steppingstone to full ESCP Certification for manufacturers as it identifies issue areas and gaps which would need to be addressed in order to achieve Certification. However, it is not mandatory for any facility to continue on to become ESCP Certified.

How is the Social Impact Assessment different to Ethical Supply Chain Program certification?

ESCP Certification involves on-site unannounced audits, compliance verification and a requirement that all issues must be addressed before a manufacturing site becomes

Certified. The Social Impact Assessment takes a different approach, the manufacturing site starts with a self-assessment to be completed in their own time followed by a scheduled independent evaluation with a member of the ESCP team conducted remotely. The focus is on the management systems – policies, procedures and processes – the manufacturing site has in place regarding labor standards. At the end of the process a verified score will be awarded which reflects the maturity of the manufacturing site’s systems with no minimum standard required.

	ESCP Certification	Social Impact Assessment
How is assessment conducted?	Unannounced on-site audit	Self-assessment to take in your own time followed by prescheduled remote evaluation
What does assessment cover?	Covers full ESCP audit scope	Focus on management systems for social compliance
What is required from factories?	All issues must be addressed to become certified	Score out of 100 given with no minimum standard required
How long does it last?	Valid for 12 months with Progress Visit after 2-4 months to review progress and offer support	The Verified Score is valid for 12 months. We encourage facilities to repeat the process every 12 months to ensure it remains up to date

How much does the Social Impact Assessment cost?

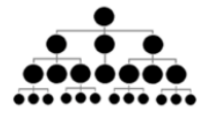
\$715 for the one-off assessment. Suggested time frame for reassessment depends on the score received by the supplier and the benchmarks for improvement required by the customer. We would recommend lower scoring suppliers implement suggested changes and be re-assessed after 12 months. For suppliers with higher scores, re-assessment over a longer time frame such as 24 months could be recommended to keep the score up to date, this can be set by the buyer.

How long does the Social Impact Assessment take to complete?

The Social Impact Assessment Self-Assessment Questionnaire takes suppliers approximately 60-90 minutes to complete. Following on from that an Independent Evaluation is carried out between the supplier and ESCP where documentation and supporting evidence is shared. After all relevant information has been gathered the Validated Score and Improvement Plan is generated. The length of time from start to finish is approximately 2 months but this can vary greatly from one supplier to another.

Scope of the Assessments:

What areas does the Social Impact Assessment for Manufacturers cover?

Policies, Procedures & Records 	Social Performance Team 	Identification and Assessment of Risks 	Monitoring 	Internal Involvement & Communication 
Complaint Management and Resolution 	External Stakeholder Engagement 	Corrective & Preventative Actions 	Training and Capacity Building 	Management of Suppliers & Contractors 

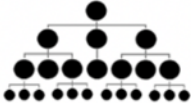
The assessment is broken down into ten areas:

1. **Policies, Procedures, and Records** – what the organization has documented regarding labor standards
2. **Social Performance Team** – the people within the organization responsible for implementing labor standards on a day-to-day basis

3. **Identification & Assessment of Risks** – how the organization conducts labor standards risk assessments
4. **Monitoring** – how the organization monitors its labor practices on an ongoing basis
5. **Internal Involvement and Communication** – how well the organization communicates to its internal stakeholders in regard to labor standards
6. **Complaint Management and Resolution** – how workers come forward with grievances if they arise and how they are resolved
7. **External Verification and Stakeholder Engagement** – how does the organization interact with external stakeholder groups
8. **Corrective and Preventative Actions** – what does the organization do when they find a problem
9. **Training and Capacity Building** – how the organization ensures workers know how to do their job safely and in line with legal and company policies and procedures
10. **Management of Suppliers and Contractors** – how the organization ensures their suppliers uphold their labor standards requirements

For each of the 10 areas there are a series of questions designed to assess the effectiveness of the management systems in place to give an overall score for the maturity of the systems relating to labor standards.

What areas does the Social Impact Assessment for Vendors cover?

Policies, Procedures & Records 	Internal Social Compliance Team 	Risk Assessment & Monitoring of Supply Chain 	Integration of Compliance & Sourcing 
Complaint Management and Resolution 	External Stakeholder Engagement 	Progress on Corrective Actions 	Training and Capacity Building 

The assessment is broken down into eight areas:

1. **Policies and Procedures** – what the organization has documented regarding labor standards and how these are integrated into the business and applied throughout the supply chain
2. **Internal Social Compliance Team** – the people within the organization responsible for implementing labor standards on a day-to-day basis
3. **Risk Assessment and Monitoring of Supply Chain** – how the organization communicates labor standards requirements and how it assesses risks in its supply chain and monitors compliance on an ongoing basis
4. **Integration of Compliance and Sourcing** – how social compliance priorities are factored into sourcing decisions
5. **Complaint Management and Resolution** – how complaints regarding suppliers are dealt with if they arise and how they are resolved

6. **External Stakeholder Engagement** – how the organization interacts with external stakeholder groups regarding labor standards development and implementation
7. **Training and Capacity Building** – how the organization trains employees and suppliers on the requirements of their labor standards program
8. **Progress on Corrective Actions** – what does the organization do when they find a problem with a supplier

For each of the 8 areas there are a series of questions designed to assess the effectiveness of the management systems in place to give an overall score for the maturity of the systems relating to labor standards.

How is the assessment scored?

Each of the categories are rated on a scale out of 100 with 100 being the highest. The overall average score reflects the maturity of management system.

100	Developed and implemented mature management system with continual improvement of the system
80	Developed management system, implemented consistently and regularly
60	Developed management system, but not fully implemented
40	Partially developed management system, but implementation is reactive, inconsistent and mostly ineffective
20	No awareness of labour issues or any system in place to manage social performance

How does the Social Impact Assessment help companies and supply chains improve?

The Social Impact Assessment Program allows companies to identify where they are now and defines a clear path to improvement if needed.

Companies can use the Social Impact Assessment in many different ways. It can be used to create a baseline rating, as well as help identify specific areas for improvement. The training and tools can be used to improve performance in any of the 10 categories.

Companies can communicate that they have undergone the assessment process. Demonstrating to stakeholders, internally and externally, their commitment to enabling and respecting workers' rights in their manufacturing facilities and where needed, that they take action to remedy any issues and respond to development opportunities.

Who should complete the self-assessment and participate in the evaluation call?

For the most useful results it is advised the person who is most responsible for labor standards implementation and supply chain management in the organization should complete the self-assessment and participate in the remote evaluation call with ESCP.