



Together, we can create a better life for workers worldwide.

# Factory Welcome Pack



Introduction to the Ethical Supply Chain Program and guidance on how to get started



# Welcome to the Ethical Supply Chain Program

Welcome to the Ethical Supply Chain Program (ESCP). Congratulations on joining the program and starting your journey towards ESCP Certification of your factory.

As an ESCP Certified factory, you'll be in good company, having joined the world's largest community of certified toy factories.

Experience tells us that adopting ethical business practices is not only good for your employees but great for your business too, with reduced worker turnover and increased productivity rates.

As well as improving conditions for your workforce, ESCP Certification focuses on addressing the social compliance concerns of buyers – helping you to retain existing customers and win new ones. The program saves you time and money too, enabling you to avoid duplication by sharing the same audit information with multiple buyers.

At ESCP, we strive to ensure factories get the most out of their participation in the program. We are

committed to supporting you in this and helping to deliver improvements through workshops, training, and other resources to increase your understanding of ethical manufacturing.

Factories are at the core of everything that we do here at ESCP. We want you to feel confident, supported, and heard in our community of open communication.

We invite you to share your views and feedback with us so that we can ensure that ESCP continues to provide the support you need to manage social and ethical issues in your business.

Thank you for your commitment to ethical manufacturing.

**Carmel Giblin**

President & CEO, Ethical Supply Chain Program

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# About the Ethical Supply Chain Program

## What is the Ethical Supply Chain Program?

The Ethical Supply Chain Program is a responsible supply chain program for the global manufacturing industry. We work with factories, retailers, importers and brands to ensure safe and fair conditions for workers at factories worldwide.

ESCP audits and certifies factories according to the requirements set out in the [ICTI Code of Business Practices](#).

Global buyers join the Ethical Supply Chain Program to source products from our certified factories and to participate in our initiatives to improve the well-being of factory workers.

Factories join Ethical Supply Chain Program to become certified and gain access to the training, education, and support we offer to factories to help them improve labor standards and make continuous improvements in their businesses.

**The Ethical Supply Chain Program operates globally, providing support and training for factories participating in the program**



## Ethical manufacturing is good for your business

Ethical Supply Chain Program Certification is specifically designed to reflect the unique manufacturing environment at factories. It focuses on ethical issues which are of concern to your customers, providing them with confidence that you are addressing these.

ESCP Certification represents a mark of excellence which buyers trust. Given our heritage from the toy industry; over two-thirds of the world's toys are produced in ESCP Certified factories.

By providing a single, common responsible sourcing standard for global manufacturing which is requested and accepted by brands and retailers worldwide, ESCP Certification also plays a major role in reducing audit fatigue.

Our Certification removes the need for thousands of duplicate audits which would otherwise have been necessary if brands were each required to audit your factories individually. This introduces major efficiencies and reduces audit fatigue, saving you time and money. The Ethical Supply Chain Program team go beyond traditional audits by offering on-site visits to provide interactive and informative consultation to help you resolve challenges you face.

ESCP Certification also helps to drive improvements in your business to increase competitiveness, reduce worker turnover, and create a better more productive workplace.



# What does Ethical Supply Chain Program Certification cover?

Becoming ESCP Certified means that you must uphold the following principles in the recruitment – and employment – of your workers:



## Audit Process

Factories are transparent, auditors given full access to premises; able to conduct worker interviews without interference.



## Business Ethics

Factories take adequate steps to prevent and eliminate unethical behavior in all business practices.



## Discrimination

No discrimination in recruitment, workplace or dismissal.



## Disciplinary Practices

Employees are treated with dignity and respect at all times.



## Employee Representation

Rights of freedom of association and collective bargaining are recognized and respected.



## Employment Practices

Compliance with applicable employment regulation and requirements, labor contracts provided to all workers.



## Environment and chemical safety

Compliance with environmental regulations, training to ensure chemicals are handled safely.



## Modern Day Slavery

No forced, involuntary or prison labor, no recruitment fees, all overtime is voluntary.



## Safety

Workplace conditions are safe, employee health is safeguarded, protective equipment provided and utilized, effective emergency procedures.



## Underage Labor

No child labor, enhanced protections for young workers.



## Wages

Legal, fair, and accurate pay received without delay.



## Working Hours

Hours are not excessive, adequate rest breaks provided.

Detailed instructions on how to comply with these core principles are available in the [Ethical Supply Chain Program Audit Checklist](#).



# The Benefits of Ethical Supply Chain Program Certification



Widely recognized standard - accepted by major brands and retailers worldwide



Greater acceptance by brands means fewer social audits - saving you time and money



Provides access to a wide network of international buying companies



Meets the social compliance standards and expectations of your customers



Avoids unethical hiring practices such as child labor and forced labor – each of which have the potential to damage your business



Lets you share social compliance data with customers quickly and easily via the Connect platform



Offers training and support to help you understand and address issues and meet the Ethical Supply Chain Program Standard



Opportunities to learn and share best practice, see how other factories manage the same issues you are facing

## Ethical manufacturing also offers the following benefits to your business:

- A happier, more committed, and more productive workforce
- Reduced worker turnover rates & lower recruitment costs
- Manage disruption to your business
- Comply with rules, regulation, and legislation on ethical issues
- Promote better ways of working to improve business efficiency
- Reduce the risk of products being rejected
- Attract new customers and repeat business
- On-site visits to review and discuss progress to help you make effective improvements





# Getting started with the Ethical Supply Chain Program

Your journey from registration to certification includes the following five steps.

1

Start your application for Ethical Supply Chain Program Certification online [here](#)

2

Pay registration fee to Ethical Supply Chain Program and audit fee to your assigned audit firm

3

Audit will be arranged and then completed by assigned audit firm within one month

4

If all standards are met, certificate will be approved by Ethical Supply Chain Program

5

Once certification fee is paid your certificate will be issued by Ethical Supply Chain Program





# Step 1

**Start your application for Ethical Supply Chain Program certification online**

**Factories who are new to the Ethical Supply Chain Program need to apply for certification online**

**Apply online through the Connect Platform**



[Click here  
to start your application online](#)

Once you have submitted your application you will have an account on the Connect Platform, our online platform.

The Connect Platform enables you to track your progress in your certification journey, connect and share audit information directly with all your customers.

## **What does the Connect Platform do?**

Connect is more than just a registration portal. Connect is an online platform where all your factory information is stored, from details about your production sites to the latest audit report and corrective action plans. Your customers use this platform to 'connect' with you. Once connected your customers can view your data in real time which cuts out the need for you to manually share information with them.

**[connect.ethicalsupplychain.org](https://connect.ethicalsupplychain.org)**

As soon as you have registered for certification you can log into the platform and start connecting with customers. You can also track the progress of your application for certification via the platform and view your reports once they have been submitted.



## Benefits of using the Connect Platform to connect with your customers:



You will be listed on an ethical manufacturing database which increases your visibility to both your existing, and potential, customers.



Once you are connected with your customers on the platform, they will see your certification status and progress in the Ethical Supply Chain Program.



Connected customers can then instantly download your Audit Reports and Corrective Action Plans saving you time and effort.

### Resources to help you get started on Connect



#### Consult

Please consult the [Connect User Manual](#) for clear guidance on how to use the platform.

#### Talk to the Team

Our team can support you to ensure your business is getting the most out of the Connect platform. [Contact the team to book in a consultation call.](#)

**It is important to regularly monitor Connect to ensure you respond to your customers' connection requests.**

You should also ensure that the email address provided on registration is one that is regularly checked as Ethical Supply Chain Program will use this email address to contact you and send you important updates.





## Step 2

**Pay initial fees to Ethical Supply Chain Program and to your assigned audit firm**

**Once you have created your user account on Connect and submitted your new factory application, your initial fees will be due.**



Initial fees consist of two parts: a registration fee payable direct to Ethical Supply Chain Program; and an audit fee payable direct to your assigned audit firm.

Once you register for Ethical Supply Chain Program certification, an accredited third-party audit firm will be assigned to you.



**Registration Fee due to Ethical Supply Chain Program**

New factories are required to pay the New Factory Registration Fee of US \$1,600.



**Audit Fee due to Assigned Audit Firm**

Audit Fee is calculated by a cost per man-day of the audit of US \$500 per man-day.

\*The above Audit Man-Day Rate is applicable to China. Audit Man-Day Rates in other countries should be quoted by the audit firms.

## Step 3

**Audit will be arranged and then completed by the assigned audit firm within one month**

### What to expect from an Ethical Supply Chain Program Audit

- ICA/IAA audits may be conducted as either announced or unannounced audits. Announced ICA/IAA audits will be scheduled in advance, while unannounced audits will be scheduled within one month of application completion.
- Auditors and Progress Visit Specialists are assigned by ESCP.
- Audits are conducted by auditors from third-party audit firms approved and accredited by ESCP.
- Progress Visits can be conducted by the accredited audit firm, ESCP team or other specialist organizations.





## What happens on the audit day

### Introductory Meeting

An audit day will start with a brief introductory meeting.



### Quick Factory Tour

A quick factory tour of production areas and offices will then commence.



### Formal opening meeting

Following this, the formal opening meeting with factory representatives will commence. Formal opening meeting will:

Clarify the purpose and scope of the audit

Review and sign the Integrity Declaration Form, Non-Disclosure Agreement Form, and the Important Message on Ethical Supply Chain Program

Clarify the need for transparency, indicating that violations such as excessive overtime hours should not be obscured by inconsistent records

Obtain consent of the facility management for visiting, taking photo and interviewing

Confirm the list of documents which are required

Emphasize that the audit is based on sampling

Re-confirm the factory profile details



### Formal Audit in the Workshops

A complete detailed tour of the factory including production areas (dormitory and canteen if applicable) will commence. Areas such as other possible production sites, where auditors consider applicable, should also be included in this tour.



### Document Review

Next, there will be a thorough document review of documents such as pay records, personnel files, official certificates, production records, and emergency procedures.



### Worker Interviews

The auditor will then conduct interviews with employees selected at random.



### Closing Meeting

Finally, the closing meeting with the factory management team will be held. Factories should actively engage in this part of the audit and share their comments in the Corrective Action Plan (CAP) with Ethical Supply Chain Program. In this meeting, the CAP will be signed.





## Integrity, courtesy, and respect during audit



Honesty, integrity, rigor and fair play are at the core of the Ethical Supply Chain Program.

All Ethical Supply Chain Program staff – and our appointed third-party auditors – must observe the laws and regulations of the jurisdiction where they are located, and maintain a high standard of professional ethics when conducting business. Ethical Supply Chain Program takes a zero tolerance approach to bribery and corruption.

We expect all Ethical Supply Chain Program auditors – whether internal audit specialists or third-party accredited auditors – to be courteous to factory staff during an audit and perform their work with honesty, diligence, and responsibility.

You can view a list of the third-party audit firms accredited by Ethical Supply Chain Program [here](#).

A list of Ethical Supply Chain Program Audit Specialist Staff is available [here](#).

Guidance on Audit Man-Days required and Interview Sample Size is available [here](#).

Please note that these are the only authorized representatives of Ethical Supply Chain Program who can visit your factory to conduct audits on behalf of Ethical Supply Chain Program.

## Your opinion matters



We urge you to report any concerns regarding auditor identity, integrity, or any other misconduct to us via email at [integrity@ethicalsupplychain.org](mailto:integrity@ethicalsupplychain.org)

### Accredited Auditors & Ethical Supply Chain Program Specialists



[List of Accredited Third-Party Audit Firms, \*\*Auditors and PV Specialists\*\*](#)



[List of Ethical Supply Chain Program Audit Specialist Staff](#)



## Step 4

If all standards are met, audit report will be approved by Ethical Supply Chain Program

Each Ethical Supply Chain Program audit is reviewed by our Program Monitoring & Development team who determine the final result. The result is based on examination of non-compliances identified by auditors and takes into account any comments or responses reflected by the factory in the Corrective Action Plan.

Ethical Supply Chain Program Certification will be issued once all non-compliances have been closed off and you will receive the status 'Certified'.

Ethical Supply Chain Program audits can result in one of five factory statuses depending on the extent to which standards have been met.

### What do the Ethical Supply Chain Program Factory Statuses mean?

	FACTORY STATUS	ELIGIBILITY CRITERIA AND VALIDITY
Valid certification ✓	<b>Certified</b>	Factory has no open non-compliances (NCs) <b>Certification valid for 12 months</b>
	<b>Remediation</b>	Remediation certification is a valid type of certification. Factories in Remediation are committed to remediating non-compliances. Launched on 1st Sept 2020, Remediation program provides factories with both On-site Audit and On-site Engagement; it is only available for factories who have previously been Certified. <b>Certification valid for 9 or 12 months</b>
Not certified ✗ Working towards full compliance	<b>Progressing</b> <i>Pre-certification status</i>	After ICA/IAA factory has no open Critical NCs and a small number of Major NCs. Factory must have submitted CAP <b>Status valid for 6 months</b>
	<b>Assessed</b> <i>Pre-certification status</i>	Factory has completed audit (IAA/ICA) but has too many NCs for 'Progressing' criteria <b>Status valid for 10 months</b>
	<b>Terminated</b>	Zero Tolerance violation found at any time <b>Status valid for at least 6 months depending on severity of violation</b>



## What happens when Non-Compliances are found at audit?

### MINOR

#### Examples:

- Workers unable to verify time records
- Refuse not properly managed
- Housekeeping inspections not conducted
- Insufficient PPE signage

If there are any minor non-compliances outstanding the factory will be assigned **Progressing**.

During this time they will have the opportunity to carry out remediation for the issues found. Once they have been resolved the factory can become **Certified**.

PROGRESSING

### MAJOR

#### Examples:

- Cases of historical child labor
- Workers don't receive a signed copy of their labor contract
- No list of appropriate assignments for young workers
- No special allowances for pregnant workers

If there are a few major violations found the factory may be assigned **Progressing**.

If there are more than 30% Major NCs in any section however they will be assigned **Assessed**.

During this time they will have the opportunity to carry out remediation for the issues found. Once they have been resolved the factory can become **Certified**.

PROGRESSING

ASSESSED

### CRITICAL

#### Examples:

- Record Inconsistency with
- Inaccurate time or payment records
- Wages Deficiency
- Delayed Payment

The factory will be assigned the status of **Assessed**. During this time, they will have the opportunity to carry out remediation for the issues found. Once they have been resolved the factory can become **Certified**.

In the case of record inconsistencies with transparency, if the factory has previously held a certificate, they may be placed on **Remediation** based on ESCP's decision.

ASSESSED

### ZERO TOLERANCE

#### Examples:

- Denial of full or partial access to factory premises to meet the objective of the audit
- Bribery and Corruption
- Hidden production areas or hidden workers with the factory's intention to report an untrue scope of audit
- Two or more Child Laborers
- Forced Labor

If any Zero Tolerance violations are found without transparency at any time and factory is unwilling to remediate, the factory will be **Terminated**.

When a factory is Terminated they are no longer Ethical Supply Chain Program Certified. Starting from the date of Termination, the factory will be removed from the Ethical Supply Chain Program and their customers will be informed.

Factories that have been terminated cannot reapply to the program for at least 6 months after termination.

TERMINATED

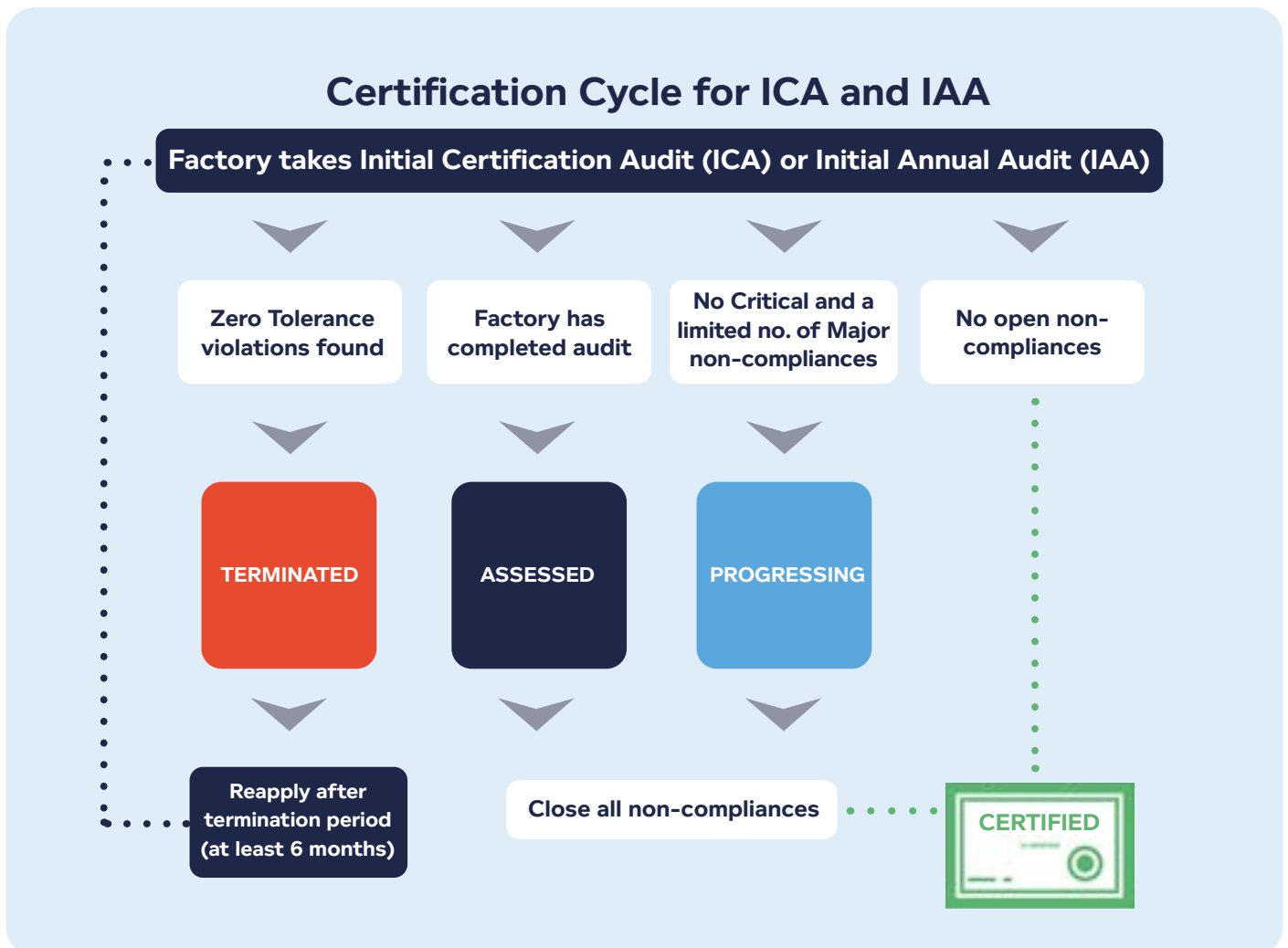


## How does the Ethical Supply Chain Program Certification cycle work?

Factories applying for certification for the first time must take the Initial Certification Audit (ICA).

After completing the audit the factory will be assigned the status of Assessed.

If all non-compliances are closed off they will be Certified. If this is not the case, they may be assigned one of three factory statuses, depending on the severity of issues. After 6-10 months they will either have to close off all issues or have to take ICA again to become Certified.



### Step 5

Once certification fee is paid your certificate will be issued by Ethical Supply Chain Program

The final stage is receiving your Ethical Supply Chain Program Certificate. Once your audit report has been approved, you will be eligible to receive your Certificate on receipt of the final payment of the certification fee.



#### Certification Fee paid to Ethical Supply Chain Program

To receive their Certificate, factories must pay the Certification Fee of US \$800.





# Beyond certification

## Training & Capability Building Programs for factories

We understand that your compliance journey does not stop as soon as the auditor leaves which is why we offer a full range of training and capability building programs to equip you with the skills needed to tackle these issues in your business.

We invite you to participate in one of our many training and capability building programs designed to help you make continuous improvements on your ethical manufacturing journey.



View which training sessions are coming up in your area [here](#)

## Ethical Supply Chain Program offers a variety of different training programs for factories:

### Ethical Supply Chain Program Training Course - Introduction

These comprehensive, two-day training courses provide participants with a detailed understanding of the Ethical Supply Chain Program. An in-depth explanation of Ethical Supply Chain Program's procedures and requirements is provided, along with practical operational examples. An unmissable session for anyone new to the Ethical Supply Chain Program.

### Ethical Supply Chain Program Training Course - Advanced

This advanced course is tailor-made for certified factories that are eager to take their compliance practices to the next level. Participants have the option of either one or two-day courses dedicated to the topics of Labor Practice (Labor Law/Working hours/Wages) or Environment, Health and Safety. The training will provide valuable case studies, thought-provoking discussion, and networking opportunities for factory management.

### Ethical Supply Chain Program Best Practice Roundtable

This half-day, peer-to-peer capability building roundtable is specially designed for factory owners and senior managers. The session offers a chance to explore the business benefits of ethical manufacturing; share best practices; understand the needs of your customers, and learn how to incorporate the Ethical Supply Chain Program into daily operations to advance the performance of your business.

### Ethical Supply Chain Program On-Site Training

The on-site training course will be divided into one or two-day course depending on the needs of the factory. The one-day course will focus on ESCP audit checklist and sharing of best practices or experiences while the two-day course will provide a deep explanation of ESCP's key procedures, policies and audit checklist requirements.

### Ethical Supply Chain Program Open Day Event

Open Day Events offer ongoing support to Ethical Supply Chain Program registered factories. The sessions provide direct access to Ethical Supply Chain Program's expert team, providing opportunities for factories to discuss challenges, ask questions, or get feedback on operational issues, Ethical Supply Chain Program audits, transparency requirements, and more.

### Ethical Supply Chain Program Webinars

We also offer regular free online webinars for factories covering topics of interest and offering the opportunity for interactive question and answer sessions.



# Progress Visits

## A new engagement based approach to post-certification monitoring

An essential part of the Ethical Supply Chain Program is providing post-certification follow-up, support and guidance to factories. This is key to helping factories remain in compliance with our standards after the auditors have left.

These announced Progress Visits (PVs) replace the previous unannounced Progress Audits and provide an opportunity for ESCP to engage with factories, helping you to identify and address the root causes

behind issues and share best practices toward any difficulties you are facing. PVs will focus on creating a harmonized environment to exchange feedback, following a PV your factory status will not be changed unless a zero-tolerance issue is found.

You will be contacted by the PV firm within 2 to 4 months of certification and given a four week window in which to schedule the PV.

## What happens in a Progress Visit

### Opening Meeting and Q&A Session

PV Specialists will introduce the PV objectives and provide advice to factories on issues raised in the questionnaire submitted prior to PV.



### Factory Tour

A factory tour will be conducted to assess the risks.



### Document Review

Next, there will be a document review of documents such as pay records, personnel files, official certificates, production records, and emergency procedures. The PV Specialist will also review completion of previous CAPs (if appropriate).



### Worker Survey

The PV Specialist will then survey 10-15 workers depending on factory size.



### Closing Meeting and Discussion

The closing meeting will facilitate a discussion where factories can share their challenges, PV Specialists will work with factory management to identify root causes, share best practices and any policy updates. The CAP will be signed off and next steps agreed.





# What to expect from the Ethical Supply Chain Program

Our commitments to you:



Ethical Supply Chain Program always treats factories with respect.



Ethical Supply Chain Program is committed to providing a prompt, professional, and courteous response to your inquiries.



Ethical Supply Chain Program supports you through training and development opportunities.



All Ethical Supply Chain Program Accredited Third-Party Auditors and PV Specialists commit to behaving professionally and with integrity at all times.



Ethical Supply Chain Program listens to factories' views, feedback, and concerns and is dedicated to ensuring the program works for you.



# Factory Helpdesk

**We are here to help whenever you need and we welcome your comments and feedback.**

Please do not hesitate to contact us with any questions, queries or concerns either by telephone or email. The helpdesk operates 9:30 - 17:30 (GMT +8) Monday - Friday and you can contact the team via email at any time.



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## Resources

### Key Documents



**[Ethical Supply Chain Program  
Program Audit Checklist](#)**



**[List of Accredited Audit  
Firms & Auditors](#)**



**[Fee Schedule of Ethical  
Supply Chain Program](#)**



**[Payment Methods](#)**



**[Connect User Manual](#)**



**[ESCP Policies](#)**

### Guidance Briefings

Ethical Supply Chain Program produces publications on a range of topics to educate and inform all participants in the program.



**[Download Recruitment  
Practices Briefing for toy  
manufacturers](#)**



View our latest publications **[here](#)**.

### Complaints & Appeals

Information on the complaint and appeal procedure is available **[here](#)** where you can also download the necessary application form.

Email **[integrity@ethicalsupplychain.org](mailto:integrity@ethicalsupplychain.org)** to report any concerns regarding the integrity of the audit process.

### Worker Helpline

The helpline is exclusively available for workers at all Ethical Supply Chain Program registered factories in China.

The purpose of the helpline is to provide information that will help factory workers effectively manage their work-related issues and personal lives. The Helpline operates seven days a week, except the Chinese New Year Holiday.



**Worker Helpline:  
4001-583580**

Workers can contact the Helpline from 9:00 - 21:00 daily to confidentially discuss whatever they are struggling with from work related queries about labor contracts or overtime wages to personal support with relationships or homesickness.

Find out more about the helpline **[here](#)**.



Together, we can create a better  
life for workers worldwide.

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