



SOCIAL AND LABOR CONVERGENCE PROGRAM

# 2021 LEARNING & EVALUATION REPORT

PUBLISHED MAY 2022

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**SOCIAL & LABOR  
CONVERGENCE** 



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# GLOSSARY

- AH – Accredited Host
  - CAF – Converged Assessment Framework
  - TB – Training Body
  - VB – Verifier Body
  - VRC – Verification Completed (assessment status)
  - VRF – Verification Finalized (assessment status)
  - VOO – Verification Oversight Organization (Sumerra)
- 
- Accuracy Rate - percentage of the self/joint-assessment that was found to be accurate during the verification
  - Completion Rate - percentage showing level of completeness of the self/joint-assessed data
  - Facility Return Rate - percentage of facilities which are not completing an SLCP assessment for the first time

For a detailed explanation of general SLCP terms, visit the [SLCP Glossary](#).



# FOREWORD

JANET MENSINK

Executive Director, SLCP

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Marked by crises and disruptions, 2021 was yet another challenging year for global supply chains. The increased vulnerability of workers in the past year has heightened the need for transparent and resilient supply chains. By driving convergence, enabling collaborative action, and providing credible data, SLCP has been at the heart of efforts to achieve this ambition.

Notwithstanding the uncertainties of the past year, we are happy to have made progress on all our strategic aims. SLCP continued to grow and scale and saw a significant increase in adoption figures.

By the end of the year, we were able to overshoot our revised ambitious target of 4000 verified assessments by 10%. We were also available in an additional 20 countries and regions (now 50+) and saw more sector diversity in facilities implementing SLCP.

One of the year's major highlights was the launch of the Converged Assessment Framework (CAF) v1.4, co-developed with Better Work. The positive user feedback on the new enhancements encourages us to continue reviewing the CAF to meet stakeholder needs in their efforts to improve working conditions.

The year 2021 also marked a transition phase for SLCP, where we moved beyond adoption and demonstrated tangible impact. We saw encouraging evidence of SLCP's potential to unlock resources for improvements through findings from the 2021 Better Buying Purchasing Practices Index™, signatory surveys, and case studies. The growing list of organizations agreeing to replace proprietary audits with SLCP verified assessments demonstrates increasing industry acceptance and our progress towards convergence.

We are also happy to share that we have hit our goal of financial resilience and self-sufficiency, with 101% of our operating costs in 2021 covered by earned income. Having a robust business model sets us in a solid position to grow our impact in the years ahead.

The following pages highlight the progress made and the opportunities identified in the past year. In summary, even with all its challenges, 2021 allowed us to be more confident about the future. As we enter an exciting phase in our program, we look forward to the many opportunities to accelerate stakeholder efforts in building a resilient post-pandemic industry.

# L&E REPORT OBJECTIVES

This Learning & Evaluation report is an open and transparent review of SLCP’s 2021 operations. We evaluate and measure our progress and highlight opportunities where we can improve. This report holds the program to account and informs signatories of our progress.

This report aims to address the following needs:

## 1. Evaluate SLCP progress in 2021

- Is the Program on track and meeting targets and milestones?
- Is SLCP meeting user-needs: is it scaling, is it user-friendly, is the data credible?

## 2. Evaluate SLCP impact in 2021

- Is the Program achieving the goals set out in the Strategic Plan and in the Vision and Mission?
- Is SLCP working as planned: is verified data being widely shared and reducing audit fatigue? Are resources being redirected to improving working conditions?

## 3. Celebrate success and identify opportunities

- What have we learned from 2021 operations – where have we succeeded and where do we need to make further improvements?












# CONTEXT: 2021 STRATEGIC AIMS

## What were the main goals for SLCP in 2021?

To evaluate whether SLCP has met its 2021 progress and impact goals, it is important to understand what the key objectives were. As detailed in the 2021 Strategic Plan, the following table outlines what the specific key performance indicators were in the context of SLCP’s four strategic aims from the [2019-2023 5-year Strategic Plan](#).

<p style="text-align: center;"><b>INDUSTRY ADOPTION</b></p> <ul style="list-style-type: none"> <li>• CAF v1.4 roll-out, adoption reaching 4000+ VRFs</li> <li>• Ease of implementation</li> <li>• Wide applicability, supply chain</li> <li>• diversification</li> <li>• Compatibility with social standards</li> </ul> <p style="text-align: center;"><b>Satisfied customers &amp; partners</b></p>	<p style="text-align: center;"><b>RESOURCES UNLOCKED</b></p> <ul style="list-style-type: none"> <li>• Reduce costs/ verification (CAF v1.4)</li> <li>• Avoid audit duplication, increase SLCP acceptance</li> <li>• Measure savings and start showing redirection of resources</li> <li>• Partnerships with organizations to improving labor conditions</li> </ul> <p style="text-align: center;"><b>Net cost reduction resulting in more impact</b></p>
<p style="text-align: center;"><b>DATA ACCESS &amp; COMPARABILITY</b></p> <ul style="list-style-type: none"> <li>• Credible &amp; relevant data (CAF v1.4)</li> <li>• Interpretation of verified data: 'Law Overlay' and value add by AHs (ensure options of choice)</li> <li>• Start verified assessment data insights workstream</li> </ul> <p style="text-align: center;"><b>SLCP becoming THE source of social &amp; labor data</b></p>	<p style="text-align: center;"><b>ORGANIZATIONAL RESILIENCE</b></p> <ul style="list-style-type: none"> <li>• Earned income 90% of budget</li> <li>• Well resources and flexibly organized team, clarify on roadmaps and communications</li> <li>• Formalized and well functioning SAC organizational 'hosting'</li> </ul> <p style="text-align: center;"><b>Moving from start-up towards established program</b></p>

# 2021 PROGRESS AGAINST STRATEGIC AIMS

INDUSTRY ADOPTION	RESOURCES UNLOCKED	DATA ACCESS & COMPARABILITY	ORGANIZATIONAL RESILIENCE
 <p>4440 verified assessments completed in 2021.</p>	 <p>87% of signatories using the CAF instead of proprietary tools.</p>	 <p>2.6 average shares per verified assessment.</p>	 <p>2021 budget based on 101% earned income, vs 47% in 2020.</p>
 <p>Over 6458 facilities registered in the SLCP Gateway.</p>	 <p>Potential of 10 million USD unlocked* through use of the CAF.</p>	 <p>Strong network of Accredited Hosts. Introduced 'Brand Hosts' to the data sharing system.</p>	 <p>Leveraged key collaborations with ITC and ILO Better Work.</p>
 <p>52 brands &amp; organizations publicly committed to accepting SLCP verified data.</p>	 <p>46% of signatories reported redirecting resources as a result of SLCP implementation.</p>	 <p>Launch of CAF v1.4 with Better Work</p>	

\*\*Many SLCP signatories invested time and resource in 2021 to implement SLCP within their supply chains. This included training, awareness-raising and updating/ changing internal systems to ensure SLCP compatibility. At this early stage of SLCP roll-out therefore, the resources unlocked through SLCP may be offset by the cost of implementation.

# 01

# SCALING OPERATIONS

A key objective in 2021 was to expand SLCP Operations and to increase the total number of completed SLCP verified assessments. The revised 2021 target was 4,000 verified assessments, with a minimum original target of 3,300 verified assessments.

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# High Level Overview

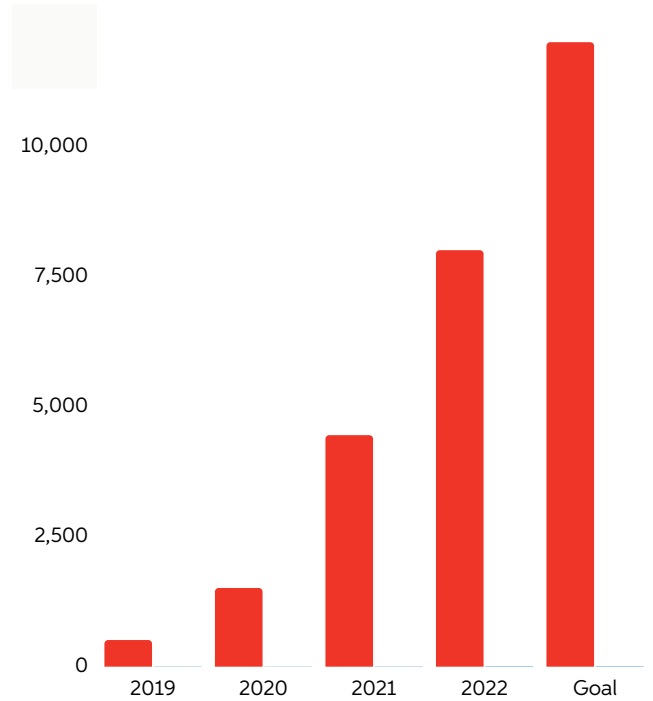
## SLCP Operations

In 2021, the number of verified assessments grew 165% from the previous year to 4440. This was 10% higher than the 2021 target. Furthermore, of the facilities that completed an assessment in previous years, 71% came back in 2021.

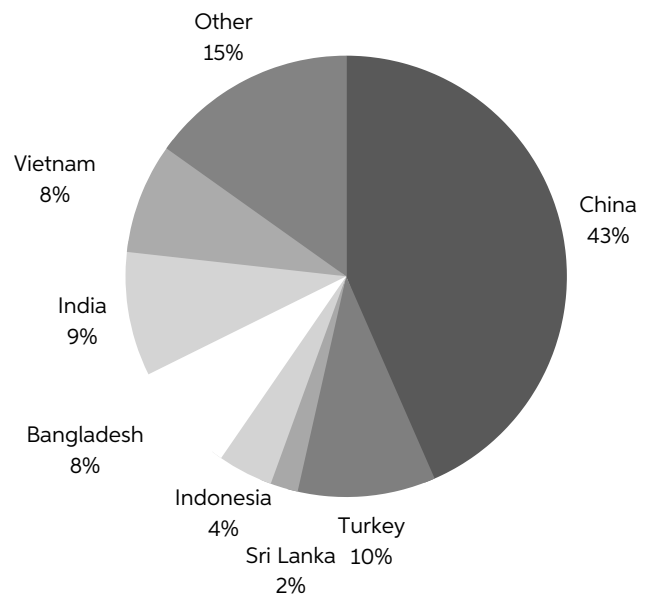
The high level of commitment of around 15 major brands to onboard their supply chain partners has certainly contributed to our adoption successes.

Over 20 countries were added in 2021 and SLCP is now available in 56 countries / regions. The percentage of facilities not based in mainland China (where we first launched) is growing rapidly, proving the global applicability of our tool and system.

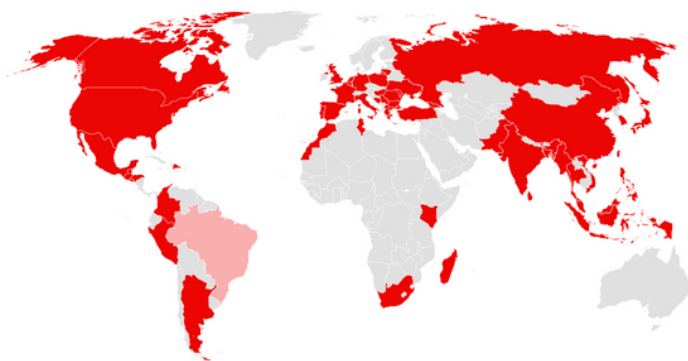
Number of verified assessments



Location of facilities with profiles in the Gateway (%)



CAF available in 56 countries/regions





# Facility Breakdown By Country / Region

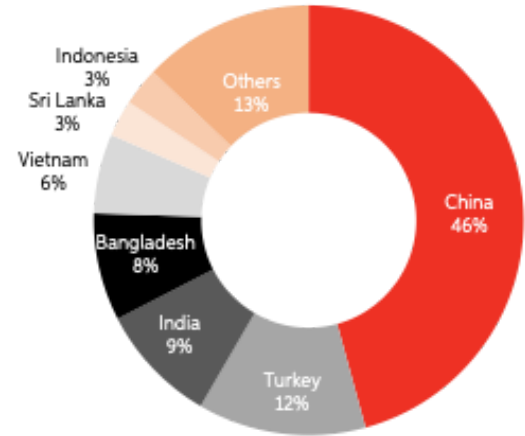
SLCP aims to be relevant for facilities everywhere.

In 2021, more than half of verifications were completed outside of mainland China (where SLCP first launched). We launched in several new countries, including together with Better Work in Bangladesh, Vietnam and Indonesia.

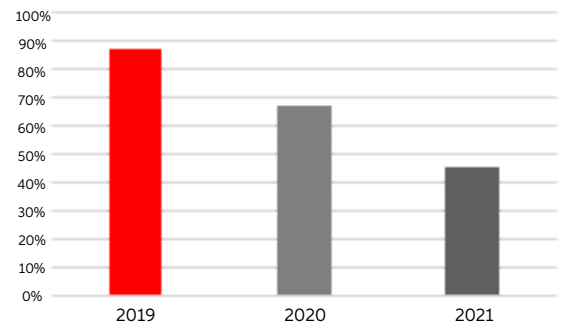
In Turkey we saw the number of facilities completing a verified assessment go up from 82 to 578, an increase of 604%. In our other focus countries (India, Bangladesh and Vietnam) the number of users also increased despite Covid related lock-downs.

To efficiently direct resources, we focus training, support and locally-engaged SLCP staff on 5 key countries: Bangladesh, China, India, Turkey and Vietnam.

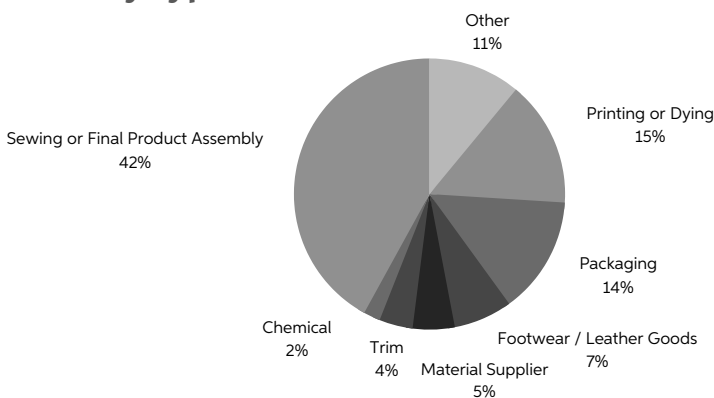
Country/region breakdown 2021  
(verified assessments)



Percentage of total SLCP verified assessments in China



## Facility type 2021



The type of facilities in 2021 closely resembles the data from 2020.

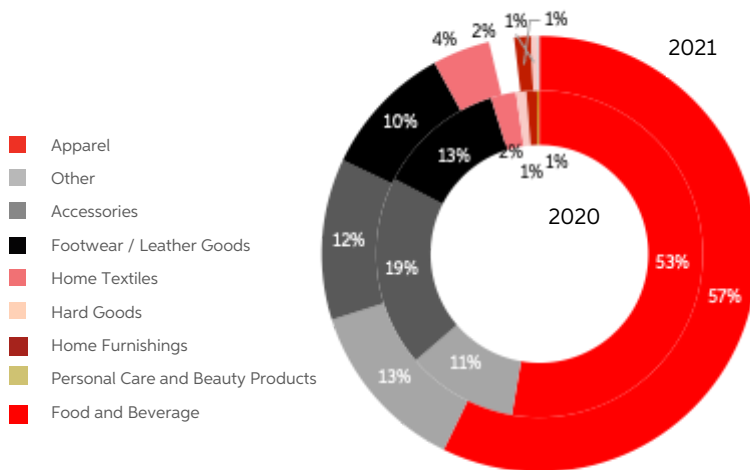
## By Facility Size & Type

In its first years, SLCP was focused on adoption in the apparel & footwear sectors. Nonetheless, verified assessments in other sectors have consistently made up about 30% of total volume. As seen in 2021's results, adoption in adjacent sectors has remained above 30%. Use of SLCP in different industries is expected to grow due to more multi-sector organisations implementing the CAF.

## Breakdown of facility sector coverage

	Apparel & Footwear	Adjacent Sectors
2019	62%	38%
2020	66%	34%
2021	67%	33%

## Industry coverage 2020 vs. 2021



## By Step Selection

When completing an SLCP verified assessment, a facility can choose to complete only Step 1 of the Data Collection Tool or opt to complete Step 2 or Step 3. As indicated by the table below, the number of facilities which choose to complete only Step 1 remains around 20%. There was an expectation that more facilities would opt for Step 1 only with the latest version of the CAF (v1.4) given its comprehensiveness and due to COVID limitations.

The notable trend is a shift towards completing Step 2 which covers “progressive questions” (including management systems), rather than Step 3 which additionally covers “above and beyond” topics such as workplace well-being and community. This seems mainly brand driven (see [SLCP Acceptance List](#)) as 23% (12 out of 53) prefer Step 1 only, 24% Step 2 and 17% Step 3 (with 36% expressing no preference).

## Focus: SLCP & sector expansion

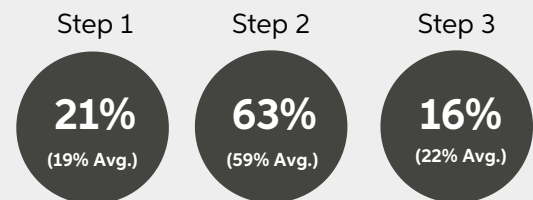
As SLCP grows, evaluating the experience of users outside of the apparel & textile sector will provide key learning opportunities.

In 2021, the verified assessments of facilities not from the apparel & footwear sector had:

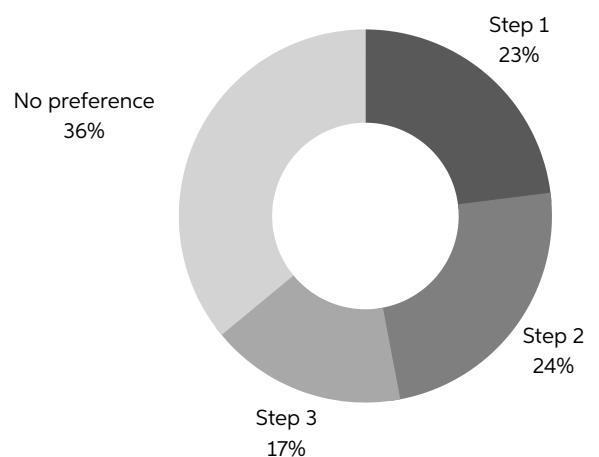
- The same accuracy rate as the overall total average (89%)
- Approximately the same number of data points
- The same completion rate as the total average (99%)

The size of non apparel & footwear facilities using the CAF reflected the size breakdown of those within the sector.

## 2021 Step selection: Adjacent sector facilities



## 2021 Step selection



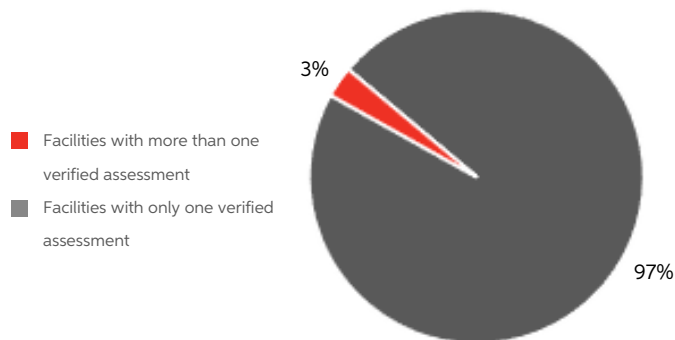
## Facility Step selection

	2019	2020	2021
Step 1	20%	25%	19%
Step 2	27%	48%	59%
Step 3	53%	27%	22%

## Facility Tool Use

### Facility Return Users

#### Facilities with multiple verified assessments



- Only 3% of facilities completed more than 1 assessment in 2021
- As a converged assessment, this is a promising sign of reduced duplicative audits
- This is also an improvement from last year, when 5% completed multiple verified assessments

#### Facility return rate



\*Facility Return Rate = the percentage of facilities which have completed an SLCP verification in previous years and have returned to complete another verification this year.

This high return rate suggests that facilities and their stakeholders are experiencing the benefits of the CAF and as such are largely remaining loyal and returning year-on-year.

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

### Step 1 = Essential

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

### Step 2 = Progressive

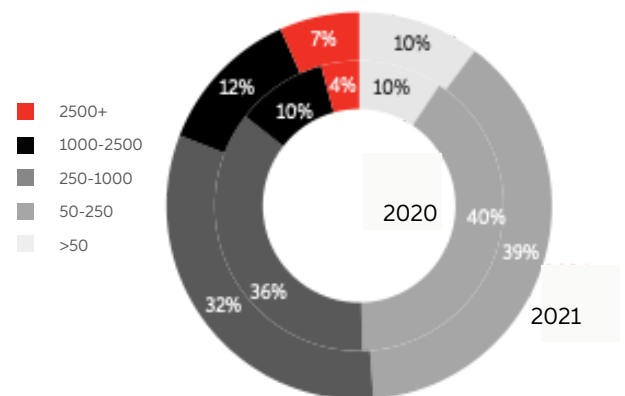
Focuses on management systems and questions that are additional/supportive social & labor compliance questions but less critical. These questions are often found in social industry and certification standards.

### Step 3 = Advanced

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

## Facility Size

### Number of workers at SLCP facilities 2020 vs. 2021

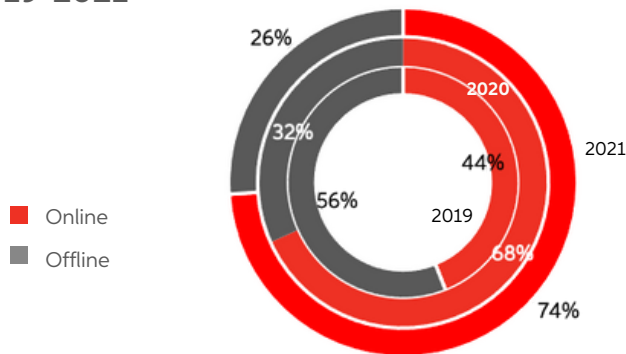


### Key observations:

- The size of facilities adopting SLCP remains similar to the breakdown from 2019 and 2020. However, there are less facilities opting for Step 1 and Step 3, and more choosing Step 2.
- SME facilities seem to use (only) Step 1 of CAF v1.4 more than larger facilities.

## Facility Breakdown by Tool Access

### Online vs offline assessment completion 2019-2021



The online tool is the recommended option when using the CAF. In 2019, 44% of facilities used the offline Tool. Two years later, we can see the use of the online Tool substantially increased to 74% of facilities. The offline Tool has limited data validation, which reduces the efficiency of the Tool. As the online platform better guides the completion and better enforces data collection rules, it results in less mistakes and greater efficiency.

### Focus: SLCP & SMEs

As SMEs represent a large part of production in global supply chains, it is important to understand their adoption level and experience with the CAF.

**SME definition:**  
A facility with less than 250 workers

**66%**

SMEs provided positive feedback compared to 63% for larger facilities

**49%**

of all verified assessments were completed by SMEs (50% in 2020)

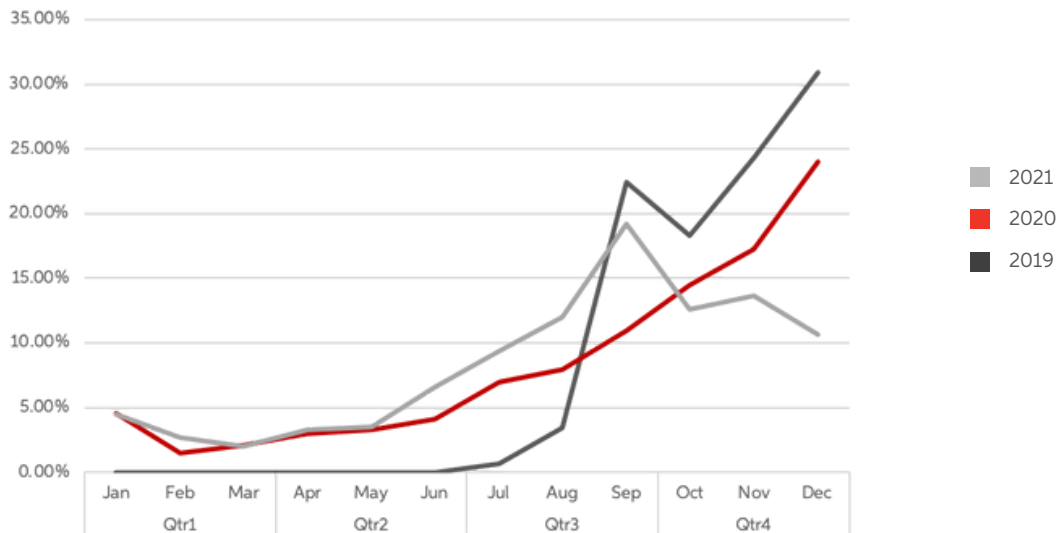
#### Observations from 2021 data:

- 43% of gateway profiles and 49% of verified assessments were SME facilities
- SMEs accuracy rate was the same as the global average (89%)
- SMEs completion index was the same as the global average (99%)
- 3% more SMEs provided positive feedback compared to larger facilities higher than large facilities, at 66%
- The number of extra large facilities (over 1000 employees) was 19%, this represents an increase of 5% compared to 2020 operation.
- Overall, the use and experience of the CAF for SMEs appears similar to that of larger companies.

## Adoption Cycle

The following graph demonstrates when verifications are completed throughout the year compared to previous years. In 2021 there is a continued trend of facilities completing their verified assessment in the second half of the year. There are a number of factors which contribute to this, including demands from stakeholders. Some facilities which supply to certain brands are required to complete their assessment by a certain date, while others complete an assessment every 12 months, ensuring they will continue on their annual cycle.

## Assessment growth per month



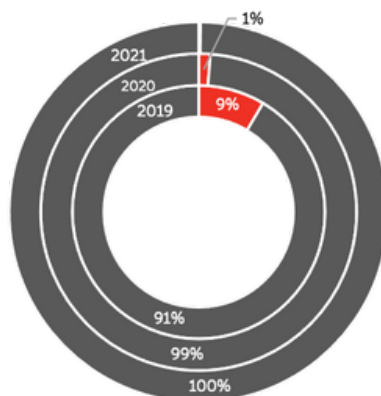
## Verifier Bodies & Verifiers

Verification of assessments is an integral part of the SLCP process. This is because it upholds the credibility and quality of the data. At the core of this function is the Verifier Bodies (VBs) and Verifiers. As outlined in the below data, the number of SLCP approved Verifiers increased in 2021 and the Verifier retention rate remained high.

Year	Approved VBs	Approved Verifiers	Total verified assessments
<b>2020</b>	<b>70</b>	<b>530</b>	<b>1655</b>
<b>2021</b>	<b>68</b>	<b>748</b>	<b>4440</b>
<b>Difference</b>	<b>-3%</b>	<b>+29%</b>	<b>+63%</b>

### Verified assessments by VB type 2019 - 2021

- 2nd party (Brand/Retailer/Manufacturer/Agent/Licensee)
- Independent 3rd Party (Service Provider)



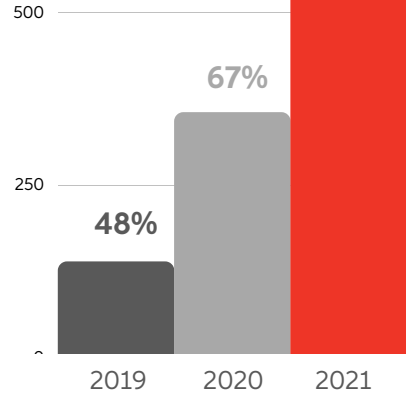
Verifier retention rate of **90% in 2021.**  
(91.4% in 2020)

**Top 5 VBs accounted for 52% of total verifications conducted in 2021.**  
(55% in 2020)

**Total 56 Active VBs and 601 Active Verifiers.**

Active VBs and Verifiers are those that conducted verifications during the time period specified.

**Active Verifiers 80%**



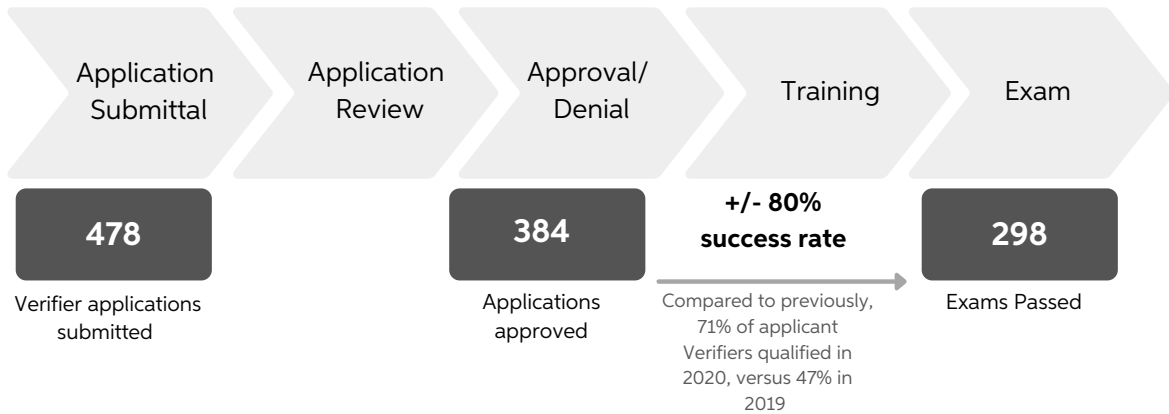
**Verifier gender breakdown**

	2020	2021
Female	37%	39%
Male	63%	61%

# Verifier Bodies and Verifier Training

**Verifier applications in 2021**

**+/- 62% success rate**



**Agenda of 2021 calibration meetings:**

- Q1**
  - CAF v1.4 Transition
  - Other Common Issues
- Q2**
  - CAF v1.4 Reminders
  - Shadow Verification Schedules
  - Verifier Requirements
  - Facility Changes After Self-Assessment
  - Impartiality/Confidentiality
- Q3**
  - Updated VB Requirements
  - Protocol Reminders
  - Common Mistakes
- Q4**
  - Verifier Status Maintenance
  - Verification Protocol Reminders
  - Common Mistakes and Best Practices
  - Corrective Action Plans

**APSCA & SLCP in 2021**

- 51% of Verifier Bodies are APSCA members
- 85% of verified assessments were conducted by APSCA members

### Achievements

- Surpassed baseline (3300) and revised (4000) verified assessment targets with 4440 verified assessments
- Increased availability of the CAF – SLCP live in 50+ countries/regions
- Progress in scaling SLCP globally, beyond initial launch in China in 2019: diversification in countries, with SLCP becoming a truly global operation
- Increased use of the online tool, up 6% from 2020 to 74%
- 80% of approved Verifiers completed a verification in 2021 (an increase from 67% in 2020), with more verifications per Verifier (5.9 verifications) than previously (3.1 verifications in 2020)
- Aside from China, the cumulative share of assessments is growing in the focus countries. In 2021, they had 36% of all assessments, up from 20% in 2020 and 7% in 2019.

### Learnings & Opportunities

- Most facilities went through the SLCP assessment process in the second half the year. Mainly to ensure Verifier availability, a more even spread over the year is needed.
- There is a need to further diversify countries in which SLCP is available and used. Facility profile growth is already moving in the right direction. Look into local language support options.
- A growing number & percentage of small facilities are finding SLCP useful, with SMEs use of the CAF similar to larger businesses
- A handful of (global) 3rd party firms are verifying a majority of SLCP assessments. Ensure:
  - SLCP VB qualification selection remains inclusive
  - Options of choice and healthy competition on services
  - Focus on availability of local Verifiers to ensure continuation of the assessment process when e.g. travel restrictions are in place
  - Strict quality standards for VBs to ensure only good performers remain in SLCP

# 02

# USER EXPERIENCE

To improve user experience in 2021, SLCP sought to expand and enhance training, services and support materials to enable more facilities to access and use the SLCP assessment process. These additional measures enabled a smoother journey for end-users to access reliable SLCP verified data, with the facility’s permission.

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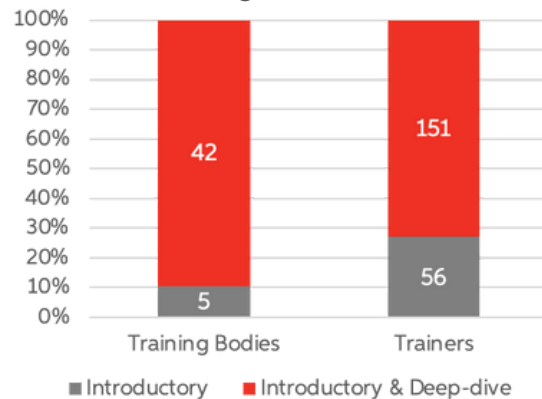


# Training Program

## Facility Training & Training Bodies

In 2021, SLCP continued to expand the training opportunities offered to facilities, including offering 9 training webinars in 3 languages, updating the e-learning in 7 languages and supporting SLCP approved Training Bodies (TBs) to conduct 56 (in-person and virtual) trainings for facilities.

2021 Training Bodies & Trainers



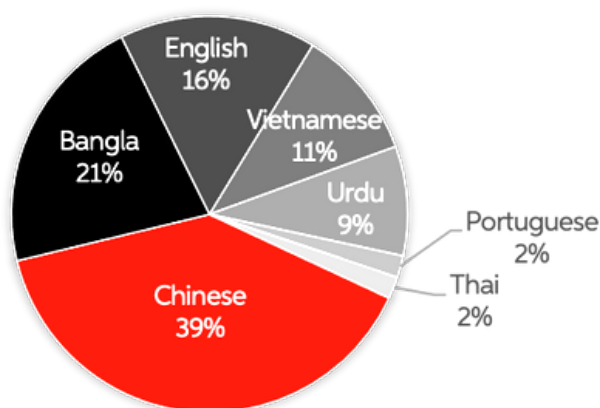
Facility Training (delivered by SLCP)	Number of sessions	Unique attendees	Recording views
In English	3	932	1198
In Chinese	3	695	1001
In Turkish	3	446	759
Training Program	Number of sessions	Average number of attendees per session	Average trainer rating (out of 3)
Training by Training Bodies	56*	60**	2.9^

\*16 introductory sessions and 40 deep-dive sessions

\*\*Based on feedback forms received for 53 of the training sessions

^ Based on feedback from 433 training attendees

### Language of TB training sessions



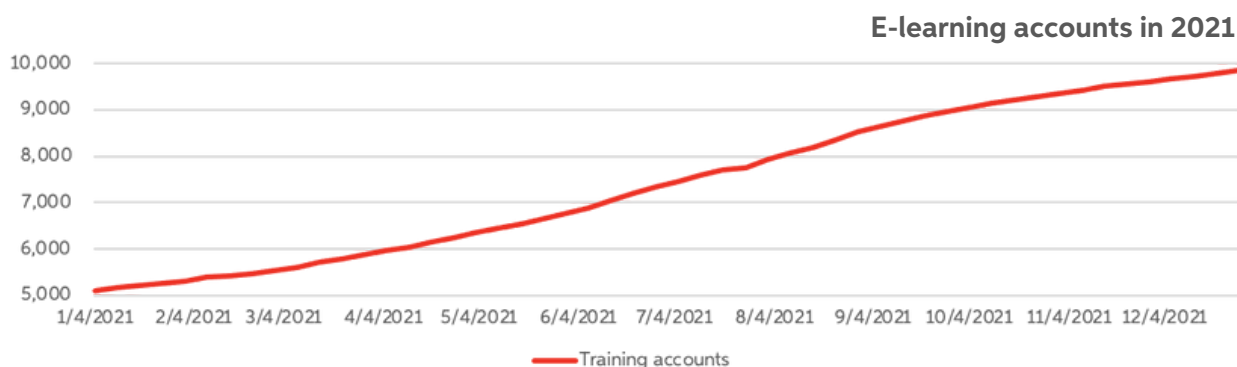
Attendees attended 2 - 3 sessions on average (across English/ Chinese/ Turkish)

**Total Attendees: 3208\*\***

# SLCP e-learning

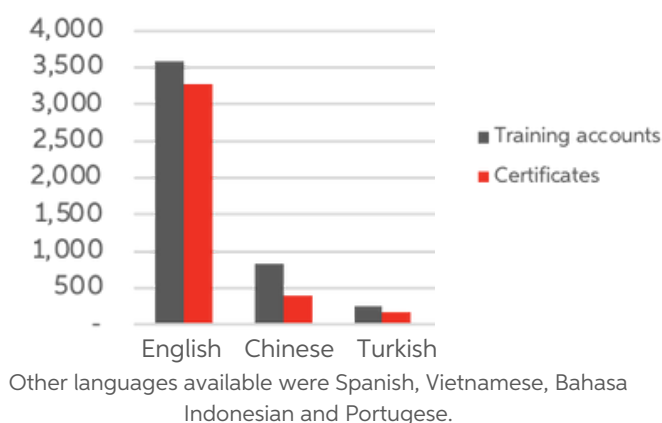
## E-learning Usage Overview

E-learning available in 7 languages with **over 10,000** registered users. This is almost double the number of users in 2020.



As the common language, it is no surprise English was the most chosen language option for the e-learning courses. Similarly with the Data Collection Tool, SLCP recommends using the English version where possible.

Top 3 e-learning usage per language in 2021



Compared to 2020 data, there is growth in non-English language e-learning usage such as in Turkish. This reflects the overall growth of assessments in the region.

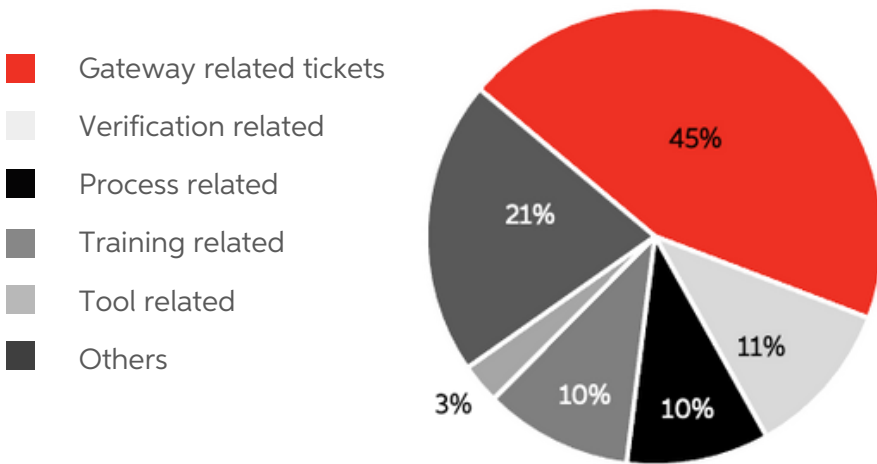
## Helpdesk Support

### FAQs and Helpdesk Tickets

In 2021, Helpdesk FAQs were reviewed, updated and restructured to be more user-friendly. By the end of 2021, over 125 FAQs were available in 8 languages and visited 222,000+ times in 2021.

The SLCP Helpdesk Support Team responded to tickets in 7 languages, escalating to the Verification Oversight Organization (VOO) or Accredited Hosts (AH) where necessary. Straightforward inquiries received a response within one working day.

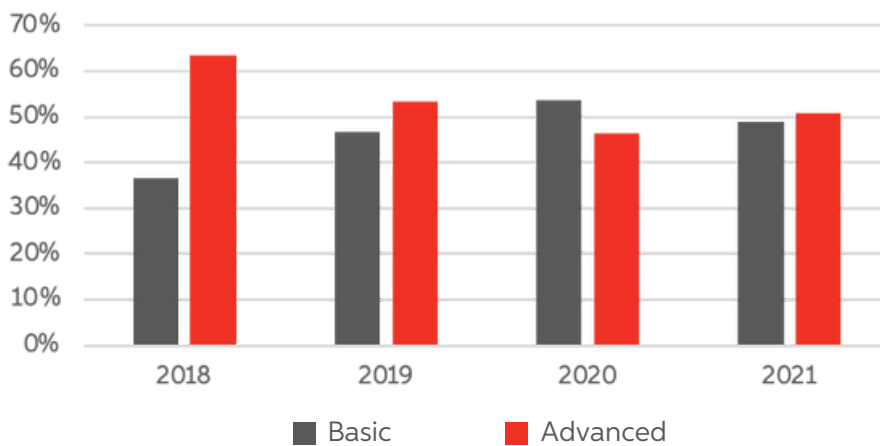
## Ticket breakdown by type in 2021



### Helpdesk tickets per verified assessment

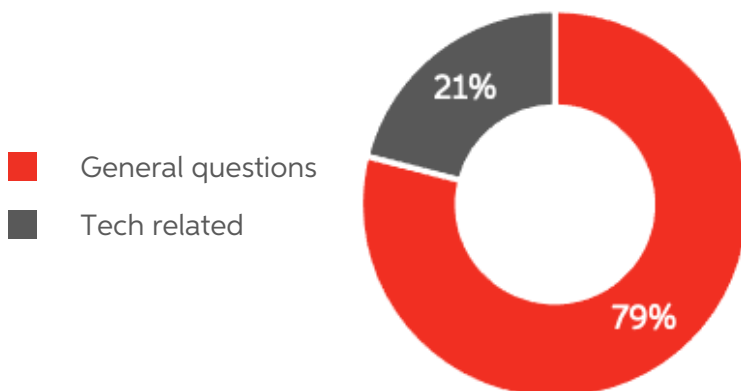
2019 - 2.5  
2020 - 2.65  
2021 - 1.4

## Ticket type over time 2018-2021



Basic tickets relate to queries on starting up such as how to create a profile or training issues, whereas advanced tickets relate to more “complex” questions on assessments or verifications.

## General vs technical tickets in 2021



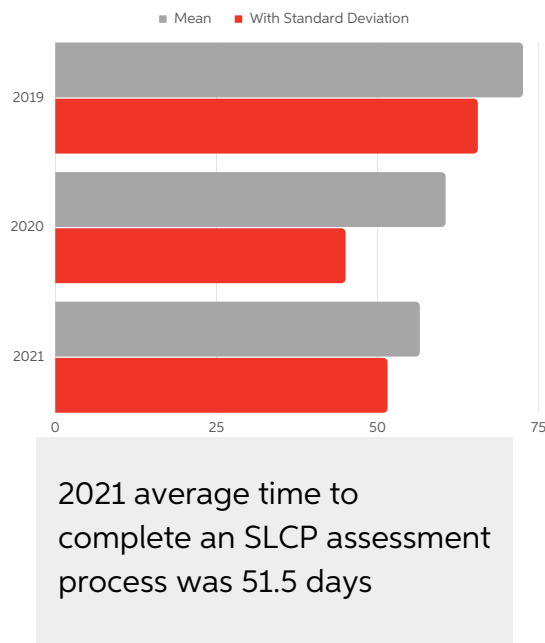
Tech = technical issues on the Gateway or IT issues such as not being able to download a report

General = administration and other general questions

# Facility Experience

## Ease of Implementation

### Average time for facility to complete an SLCP verification (in days)



#### Methodology for calculating time taken to complete an SLCP Assessment

To determine the average verification time, the difference between the date the verification is completed (VRC) and the date the verification is finalised (VRF) is calculated. When determining the yearly average verification days, the standard deviation method can also be used so outliers (which may have inaccuracies) are not included.

One of the 2021 priorities was to ease implementation. An indicator of this could be the time a facility requires to complete an SLCP verification. Looking at the average number of day of a verification, there appears to be a decreasing trend over the years. There are a couple of reasons for this:

- CAF v1.4: streamlined tool, creating efficiency gains
- Familiarity with the CAF: With 71% of facilities returning from previous years, experience using the CAF likely streamlined the process
- Improved facility experience: Additional FAQs, increased training support, and more locally engaged staff to provide support
- Verifier availability: More Verifier availability reduces the time between verification and assessment

We are continuing to investigate the small increase apparent in the standard deviation methodology in between 2020 and 2021.

# CAF v1.4 Specific Feedback

## User experience with the revised version of the CAF

In 2021, SLCP launched a new version of the CAF. Many of our signatories provided specific feedback on their experience.



### Summary of changes in CAF v1.4

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



### CAF v1.4 facility feedback

#### What has improved compared to CAF v1.3?

- 64% - Easier to navigate
- 57% - Less time to complete
- 57% - “More Info” is clearer
- 29% - Improved Step scope

### Example of recommendations for improving the SLCP assessment process:

- *“Possibility to further simplify the questions”*
- *“Data Collection Tool should be available in local language for all SLCP operation countries”*
- *“Mechanism to provide transparency around the quality of different VBs and to push the level of quality up”*
- *“Handling of alerting of critical issues (child labor, foreign workers without working permits, forced labor, etc.) to brands for immediate remediation needs to be defined.”*

On a scale of 1 to 5 (where very clear = 5):

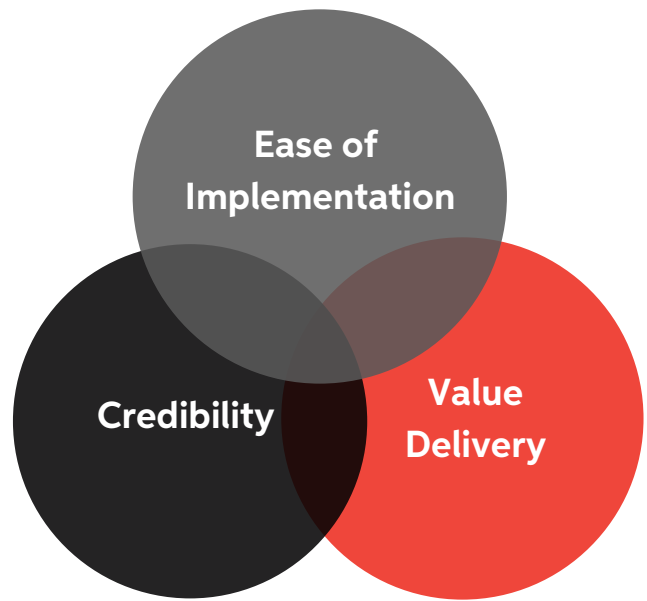
**98% of respondents rated understanding of the different Steps of CAF v1.4 at least a 4.**

# Adoption Barriers

## 2021 Signatory Survey Results

While it is clear adoption barriers are linked, we have identified three “buckets” which are preventing further adoption specifically by brands and manufacturers.

In 2021, signatories indicated practical barriers pose the greatest barrier, while value delivery was a low concern.



To what extent do you consider the following factors to be barriers or obstacles to SLCP adoption?



# Facility Feedback

## Feedback Surveys

Percentage of facility surveys with positive feedback:  
(with 21% response rate in 2021)

2021: 63%

2020: 57%

2019: 62%

### Comments from facilities:

- *SLCP training was fabulous for us and our facility and we gain much of knowledge from that training.*
- *Training & Tool should be country perspective i.e. align with country regulation so that facility can get achieve maximum benefit using this tool.*
- *We must be given the choice to select the verifier as some of them are partnered with several Brands.*
- *Through the comparison between the factory self-assessment and the evaluation of the verification agency, it is found that there are deviations in the understanding of the relevant standard requirements of SLCP, and the auditors of different verification agencies have different opinions on the understanding of the standard requirements of SLCP, which causes confusion to the factories applying for verification.*
- *Provide more SLCP-related legal knowledge training, so that the factory can understand the law enforcement. Provide some good factories to demonstrate the industry and provide improvement direction for the factories so that we can make progress together.*
- *SLCP did not provide any guidance on the number of various modules and levels and the type of options there are. In the self assessment it has been observed that options to answers are inadequate in many cases.*

### Feedback themes identified:

- Most facilities answered 'Agree' to the question, "Overall I was satisfied with the final verified assessment report".
- According to many facilities, they struggled with the training content and not knowing how to apply the training to the self assessment questions due to language barrier in some cases.
- Some facilities would like to have the option to select their own VB without having to choose a VB that is already partnering with the Brand. SLCP allows facilities to choose their own VB, however in reality this choice is often influenced by their business partners.
- Several facilities would like more guidance on the legal requirements relevant to their country or region.
- Some facilities highlighted the inconsistencies in verification approach. This was dependent on the VB's understanding of the program requirements.
- Common complaints related to high number of assessment questions, lost data, instability, crashing and bugs with saving data.

# Verifier Feedback

## Post Verification Surveys & Quarterly Surveys

Percentage of post-verification Verifier surveys with positive feedback (57% response rate in 2021):

2021: 89%

2020: 90%

2019: 87.3%

### Comments from Verifiers regarding the conduct of the facility:

- Facility was open minded and interested to learn more about SLCP and best practices in the social compliance industry
- The facility agreed that the Verifier accessed all facilities, and all requested documents and records were provided in a timely manner
- Facility management positively cooperates with the verification, and provide relevant verification information. At the end of the verification, all findings and suggested corrective actions were accepted by the facility management
- Facility had a positive attitude about the verification assessment and sincerely wanted feedback on improving safety, labor, and environmental practices.
- The facility was transparent during the verification process and was interested to learn more to be consistent with the SLCP Process
- The facility management was very receptive and cooperative throughout the verification process. Took active participation in the verification process
- The facility had a very good team and management system to implement social compliance in the facility. Strong HSE system not only to comply with local regulation but also international requirements as well

### Verifier feedback surveys following verification:

The majority of the feedback was positive. The most negative feedback was related to the preparation of the facility for the verification.

- Most Verifiers answered Agree or Strongly Agree to the question “The facility was well prepared for the verification”
- According to many Verifiers, facilities often misunderstood SLCP, the questions, and the ‘not an audit’ philosophy
- The facility was confused about / misunderstood some questionnaires / requirements. However, they have a good knowledge about SLCP requirements and processes

### Quarterly Verifier feedback surveys:

- Verifiers find the Protocols and Guidance useful resources for understanding the rules of the verification
- The majority of complaints were about the user friendliness of the Accredited Hosts and the Data Collection Tool (consistent with facility feedback)
- Common complaints related to lost data, instability, crashing and bugs with saving data



### Achievements

- Overwhelmingly positive feedback on user experience with CAF v1.4 compared to previous versions
- Widespread take-up & positive feedback for facility training webinars and Training Body onboarding program
- Reduction in Helpdesk tickets - 1.4 tickets per verified assessment in 2021 compared to 2.7 in 2020, demonstrating efficiency gains
- Greater facility use of the online version of the Tool (which is most efficient for the facility)
- Further reduction in average time taken to complete an assessment
- Strong Verifier appreciation of SLCP guidance documents

### Learnings & Opportunities

- Training Bodies are great partners for training in local languages and for general support in translations and training materials
- Continue to build scalable training and support content that can be updated multiple languages
- Collaborate with brands for Verifier availability in all countries where SLCP has a presence
- Helpdesk tickets are increasingly becoming advanced rather than introductory, which indicates facilities do not require (or are able to find on the Helpdesk) introductory support. Continuous improvement to the system will free up Helpdesk resources.
- Highlight the questions that are often misunderstood in 2021 trainings to better prepare facilities for future assessments

# 03

# DATA QUALITY

Data quality and integrity is key to the success of SLCP. In 2021, a range of Quality Assurance (QA) activities were conducted by the Verification Oversight Organization (VOO) and enhancements were implemented. SLCP launched the [public QA dashboard](#) to increase transparency around QA activity and results; the [public Verifier Bodies list](#) was updated to present details on Verifier numbers and local Verifier capacity; the VOO started enforcing the [Integrity Oversight Program](#) to ensure a minimum level of VB and Verifier performance; and SLCP onboarded the first [Stakeholder QA Program](#) member to benefit from QA activities conducted outside of the VOO. SLCP's Verification Oversight Program was well equipped to support the launch of CAF v1.4 through training, communications, and helpdesk support.

As a priority issue for 2021 and beyond, data quality remains a key focus for SLCP, and the Verification Oversight team continues to work with key partners such as Sumerra and APSCA to enforce SLCP data quality and integrity.

● Data integrity: verification accuracy, type and length	27
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● QA: Desktop Reviews	28
● QA: Counter, Shadow, Duplicate Verifications	29
● QA: VB Management Checks & VB scores	30
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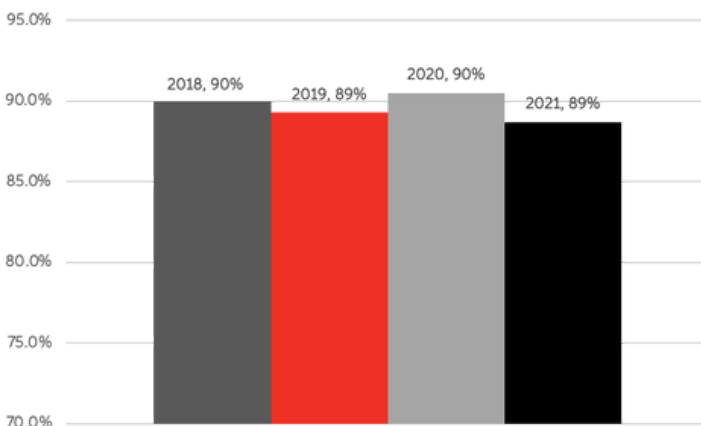
# Data Integrity

## Accuracy of facility self-assessments and type of verification

The SLCP Verification Oversight Organization (VOO) is responsible for ensuring integrity of SLCP verification and quality of verified assessment data, following the procedures as laid out in the [SLCP Verification QA Manual](#).

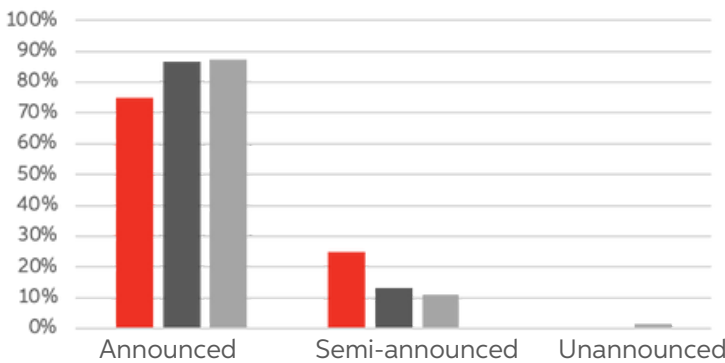
### Average accuracy rates

\*Percentage of the self or joint-assessment that was found to be accurate during the verification



Year	Lowest	Average	Highest
2019	43%	89%	100%
2020	32%	91%	100%
2021	27%	89%	100%

### Verification type



The percentage of announced verifications in 2021 has continued to remain at almost 90%.

# QA Activities and Outcomes

## Automated Quality Checks

### What are automated checks?

SLCP runs a number of automated data quality checks on each verified assessment. The automated checks provide Verifiers with an immediate notification if a quality issue is detected when the verified assessment report is submitted for facility review.

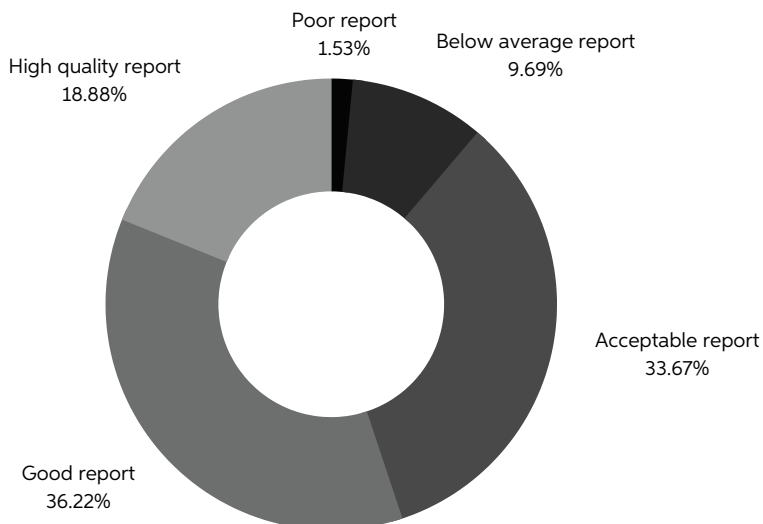
- 20 checks are conducted on each verification prior to the report going to the facility for review. This covers 3000+ data points in total.
- It takes 3 minutes to automatically check each verification
- The VOO is informed whether the Verifier takes action as a result of the failed check

### 2021 key observations

- Far fewer verifications had at least one error in 2021, down from 44% to 14%
- Of the failed assessments, more (61%) had fixes by the Verifier than previously

	2021	2020
<b>Total Number of verifications automatically checked in 2021</b>	4516	1145
<b>Total number of verifications that had at least one error</b>	638	503
<b>Total number of verifications which had some fixes by the Verifiers after checks failed</b>	390	239
<b>% of failed assessments which had fixes</b>	61%	47.5%
<b>% of total assessments which had one failed check</b>	14%	43.9%

## Desktop Reviews



89% of reports reviewed were found to be of sufficient quality (ranging from acceptable to high quality), essentially the same as 88% in 2020 and up from 76% in 2019.

## Desktop Reviews 2021 Ops:

Average of 6.55 'mistakes' found per report, down from 7.9 in 2020 and 13 in 2019.

In 2021, the approximate average number of data points facilities reported on was 676 for CAFv1.4 and 956 for CAFv1.3.

## 2021 Desktop Review findings

- General trend is fewer 'mistakes' with a 18.65% reduction from 2020 Ops
- Close to 90% reports in the range of acceptable – high quality

Similar to 2020, 50% of reports show "Verification Selection not entered properly" or "Insufficient Verification Data"

## Duplicate, Shadow and Counter Verifications

### 2021 Duplicate Verification findings:

- No significant reduction in variance between verification and Duplicate compared to 2020 Ops
- Main issues found:
  - Verifier has different interpretation of laws and application
  - Differing degrees of knowledge and experience between Verifiers

Process:

**Two VBs conduct a duplicate verification to insure consistency**

Duplicate Verification Findings	2020	2021
Max Variance	18%	26%
Average Variance	14%	13%

### 2021 Shadow Verification findings:

- Main issues found were in areas of Time Management, Procedure (e.g. explaining SLCP transparency, union/worker rep meeting before closing meeting), Preparation (insufficient research on facility)

Process:

**VOO representative joins an on-site verification as an observer**

Average Verifier Score:

**3.7/5**

(3.2 in 2021)

### 2021 Counter Verification findings:

- Majority of Counter Verifications were 'acceptable'.
- General increase in quality between (average score of 3.5 compared to 3.2 in 2020)
- Similar to 2020, majority of issue during verification are related missing Health & Safety data. This is a common deficiency in social auditing.

Process:  
**Onsite one-day verification conducted by VOO to conduct QA of key report aspects**

Average Verifier Score:  
**3.5/5**  
(3.2 in 2021)

## Verifier and VB Scores

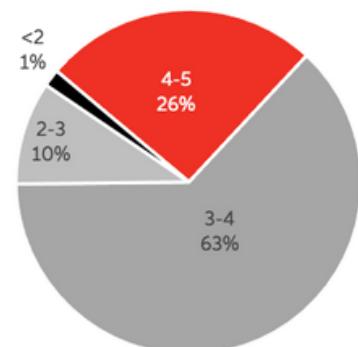
In 2021, the VB approval system was revised to include a 'Provisional' status.

"Provisional" firms (those which are not APSCA members) are subject to a more detailed VB Check. Twenty six (26) of these checks were started in 2021 and are currently in progress. They are scheduled to be completed near the end of Q1 2022.

### 2021 Breakdown of Verifier Bodies by overall performance score

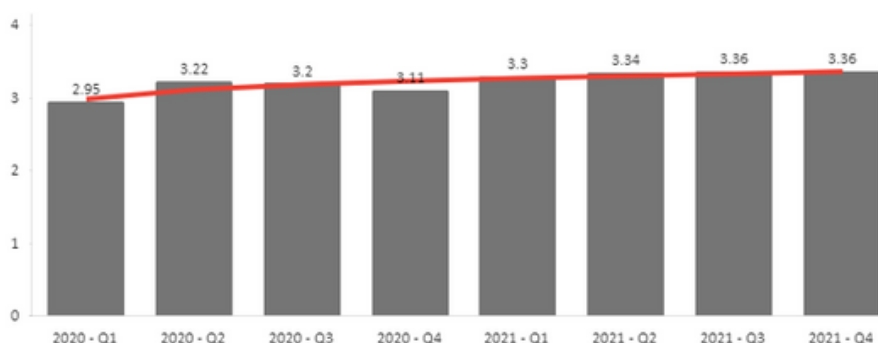
Based on a variety of quality factors (Verifier scores, etc.) the VOO provides a performance score to each VB.

- Average VB score was 3.77.
- The VOO submitted >125 Corrective Action Requests (CAR) to Verifier Bodies based on quality findings
- Verifier scores have generally increased (albeit slowly) throughout 2021 and into 2022



\*Note that some of lowest scoring VB are no longer approved. Currently, lowest active score is ~2.5

### Average Verifier score by quarter



### Achievements

- Implemented a new 'Provisional' status program with enhanced VB checks
- Implemented a new 'Integrity Program' with escalating discipline for low quality scores
- Piloted a new QA Stakeholder program to get additional quality data from other stakeholder participants
- Onboarded approximately 300 new Verifiers in the program
- Added several 'risk' based factors to the VOO process for selection of verifications for QA

### Learnings & Opportunities

- There remain many opportunities for improvement in the consistency of verifications.
- As the data grows, there are opportunities to 'mine' this data for trends that can better focus our QA activities
- There may be a need to require/provide additional specialized training to VB/Verifier
- New stakeholder QA program is expected to provide new insights into verification quality from stakeholder perspective

# 04

# DATA USAGE

SLCP relies on a decentralized model of data hosting and sharing that provides facilities and data users with a range of different platforms to choose from to complete an assessment or access the data. SLCP's objectives is for facilities to share their verified assessment with multiple buyers, thus reducing the need for repetitive social audits. In 2021 our aim was to continue the expansion of the sharing of SLCP verified assessments.

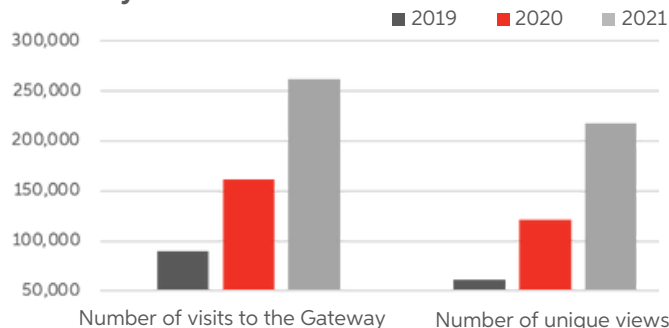
● Gateway platform usage	32
● AH platform usage	33
● Feedback from manufacturers	35
● Feedback from brands and standard holders	36
● Acceptance of SLCP data	37
● Key takeaways	39



# Gateway Platform Usage

## Public List of Facilities

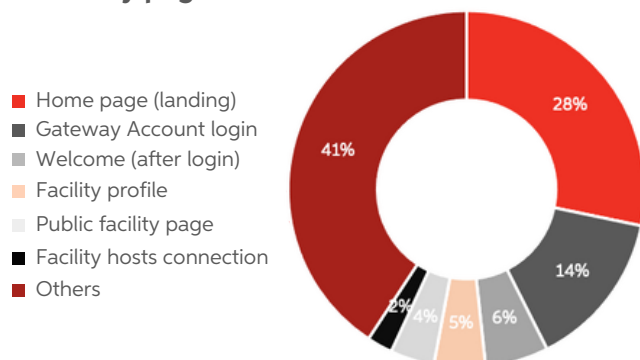
### Gateway traffic



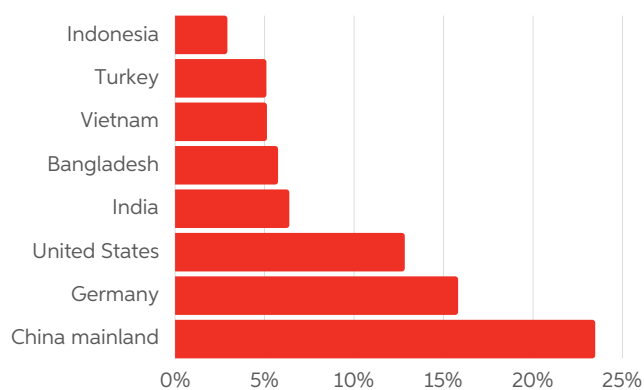
The number of unique visitors to the Gateway more than doubled between 2020 and 2021.

On average, users are not making as many visits to the Gateway as previously.

### Gateway page views



### Top locations of users



All facilities registered on the Gateway can be found in SLCP's [public list of facilities](#).

In many countries and regions, users may use a VPN to access the Gateway. This could be one reason why Germany and the United States have polled so highly.

## Focus: Open Apparel Registry (OAR) SLCP & OAR

- Facilities can include their OAR ID in the facility profile, Gateway, and as a reference on the Public Facility list.
- Using OAR IDs provides a common language for all stakeholders and platforms linking to the SLCP Gateway. It helps everyone to match facilities on the Gateway to facilities in their own operating systems.
- **Increased use of OAR will enable SLCP to transparently identify which facilities use the CAF to generate their verified social and labor data.**



24% of SLCP facilities on the Gateway have an OAR ID.

Find out more through [OAR's SLCP case study](#).

# Accredited Host (AH) Platform Usage

## Verified assessments per AH

**2.6 average shares per verified assessment**  
 (compared to 1.92 in 2020 and 0.76 in 2019)

**Over 1000 AH to AH Shares**  
 23% of total verified assessments, compared to 5% in 2020.

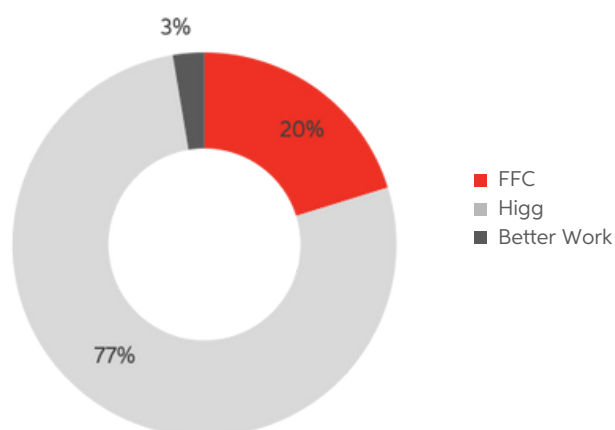
**Assessment reports breakdown by platform (AHs and Better Work platform) where data was uploaded and shared to Gateway (excludes Passive & Brand Hosts)**

Year	FFC	Higg	Better Work
2018	100%	0%	N/A
2019	38%	60%	N/A
2020	37%	58%	1%
2021	20%	77%	3%

### 2021 observations

- Nearly all verified assessments were carried out on two active Accredited Host platforms.
- There is a significant increase in users on the Higg platform compared to previous years
- Better Work platform tripled their share of assessments to the Gateway from 2020
- Inditex was launched as the first Brand Host.
- AH to AH (via Gateway) sharing of assessments is occurring, with a significant increase in 2021 to 23%.

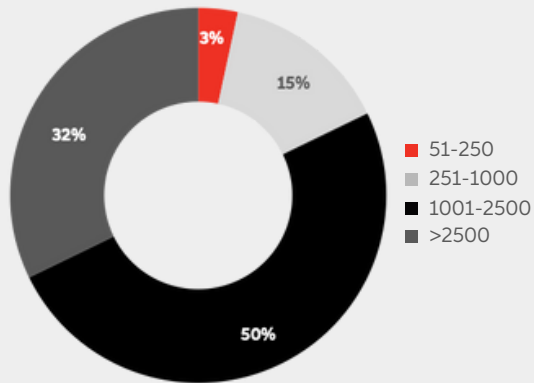
**2021 breakdown of SLCP assessment reports submitted to Gateway by platform (Active AHs and Better Work)**



## Focus: SLCP & Better Work

### Evaluation of 2021 Better Work facilities & SLCP

#### 2021 Better Work facility size



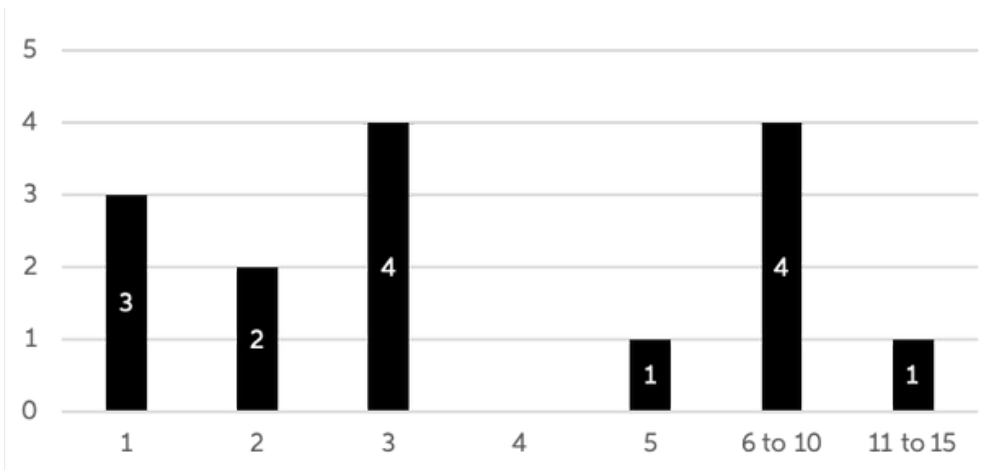
#### Key observations of Better Work facilities

- Verified assessments - 118
- Accuracy rate - 76%
- Average number of shares - 3.13

## Feedback from Manufacturers

### Insights from SLCP signatory survey – 20 manufacturer respondents

How many buyers have asked you to share SLCP verified assessments with them in 2021?



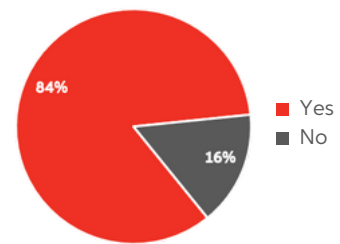
10 manufacturers (62%) had been asked to share SLCP data by 3 or more brands

To what extent do you agree...	2021	2020
Our accuracy rating is important to us	86%	89%
We disclose honest data as this is what our supply chain partners expect	95%	89%

**Manufacturer comments:**

- “The SLCP verified data is one of the internal options and reference for monitoring the factory performance. We also compared the verified assessments with self-assessments to identify the gap for the further improvements”
- “We are using the verified assessment data as baseline to set target for future factory performance improvement and to monitor the progress in the future”

**Have you made use of SLCP data internally in 2021?**



Last year 60% of manufacturers reported making use of SLCP data internally.

**Manufacturer**



- SLCP saved Taypa 12 unnecessary audits in 2021.
- Due to reduced audits at 4 facilities, Taypa saved a total of 32 days worth of working hours.
- Taypa was able to share their SLCP verified data with brands that make up 65% of their production volume.

## Feedback from brands and standard holders

**Brand**



Public commitment to replace proprietary audit with SLCP by December 2022.

- Suppliers use FFC to share their SLCP verified assessment with C&A and receive in return a C&A rating and a link to an online CAP on the FFC platform.
- Converted Sustainable Supply Chain team from Auditors & Developers to Developers only - keeping the same headcounts. Resulting in 50% more staff working in supplier development. By fully moving to SLCP in 2022, staff expects to free more time for supplier development.

## Brand

H&M Group

SLCP verified assessments were completed in more than 1400 Tier 1 and Tier 2 facilities, and helped H&M:

- Understand facility performance
- Shape internal compliance
- 200 data points provided guiding indicators on legal and international compliance

## Standard Holder



Fair Trade  
USA™

SLCP Verified Data Recognized in FTUSA's Apparel and Home Goods program

- Facilities can share their CAF v1.4 SLCP verified data with FTUSA via the FFC platform to reduce the scope of their annual FTUSA factory audit.

**Mapping against FTUSA Factory Standard Audit**

- Depending upon the audit year and SLCP Step of the factory's VRF data, compliance criteria assessed in the annual Fair Trade Factory Standard audit can be reduced anywhere from 45-155 compliance criteria.

# Industry Acceptance of SLCP Data

## List of brands & organizations accepting SLCP verified data

In Q4 2020, SLCP launched a list of brands & organizations accepting SLCP verified data. Signatories and non-signatories opt-in on a voluntary basis. By the end of 2021, the list included **52** brands & organizations, growing from 37 in 2020.



### Achievements

- Multiple Accredited Hosts (AH) being used for data collection & verifications and sharing
- Significant increase in visitors to the Gateway
- Sharing of verified assessments AH to AH has significantly increased
- Increased manufacturer and brand understanding and appreciation of data use options
- Over 50 brands & organizations publicly committing to accept SLCP verified data
- Launch of compatibility with the Better Work platform
- Data Insights brochure published, and a Data Insights workstream established.

### Learnings & Opportunities

- Continue to drive adoption and acceptance of SLCP data to further increase sharing of verified assessments
- Ensure that quality control measures are in place to give confidence that SLCP data is honest and accurate
- Build out the Data Insights work with key academic partners
- Continue to ensure the CAF is aligned with demands for data from policymakers
- Data Insights as a continued priority for 2022
- There is a continued need for further re-sharing of the data
- There was consolidation of AHs in 2021. As such, SLCP needs to continue to ensure there are platform options, healthy competition for services, as well as business opportunities for AHs

# 06

# PROGRESS ON VISION & MISSION

SLCP's vision is to improve working conditions and our mission is the implementation of the Converged Assessment Framework. To achieve this, SLCP is following a 5-Year Strategic Plan that sets out four concrete aims: industry adoption, resources unlocked, data access & comparability and financial resilience. In the final chapter of this report, we summarize progress against our strategic aims and detail the direct impact SLCP adoption has had on facilities in 2021.

● Relevance and adoption	40
● Scalability	40
● Impact	41
● Key takeaways	43

# Relevance and Adoption

## CAF Review and Collaboration with Better Work

### 2021: Launch of CAF v1.4 (together with Better Work)

- 1.Reduction in number of data points in the Tool
- 2.Redefinition of Steps in the Tool
- 3.Law Overlay for international labor standards and national labor law
- 4.Improved Offline Excel user interface
- 5.Facility Guidance (new)

V1.4 improvements & benefits: legislation alignment; more relevant & actionable; shorter; more user-friendly; more opportunities for worker engagement. This will lead to **more support** for SLCP & the CAF and **wider adoption** in the future.



CAF v1.4 was launched in April 2021. This was followed by a planned joint roll-out in Better Work countries and integration of the Tool in the Better Work program. Find more detail on CAF v1.4 by visiting our [Helpdesk](#).

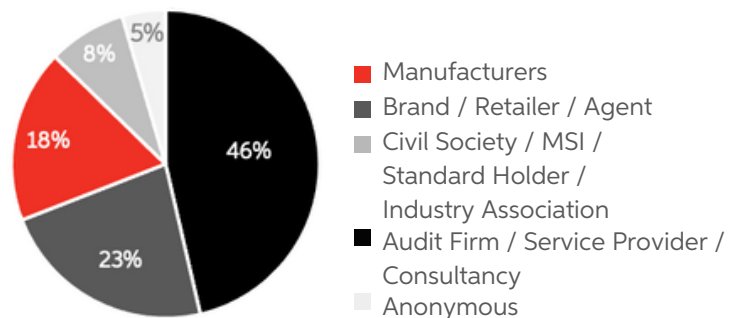
## Scalability

### 2021 SLCP Signatory Survey (50% response rate, up from 46% in 2020)

#### 2021 to 2020 comparison

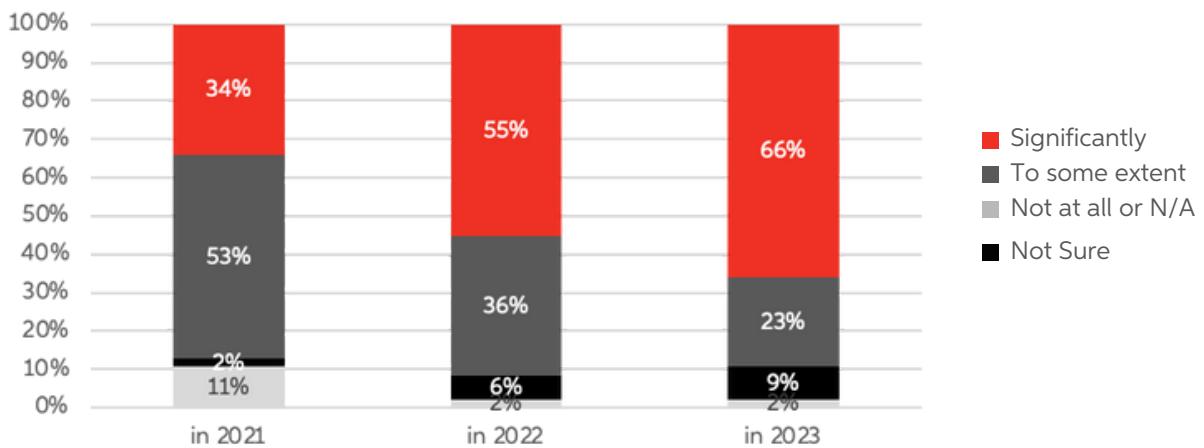
- **87%** reported using the CAF instead of proprietary tools this year (compared to **71%** in 2020)
- In 2020, **91%** reported expecting to use the CAF instead of proprietary tools in 2021 (compared to **87%** who reported actually using it at the end of 2021)
- **89%** expected to use the CAF instead of proprietary tools in 2023 (compared to **93%** in 2020)

Breakdown of survey respondents





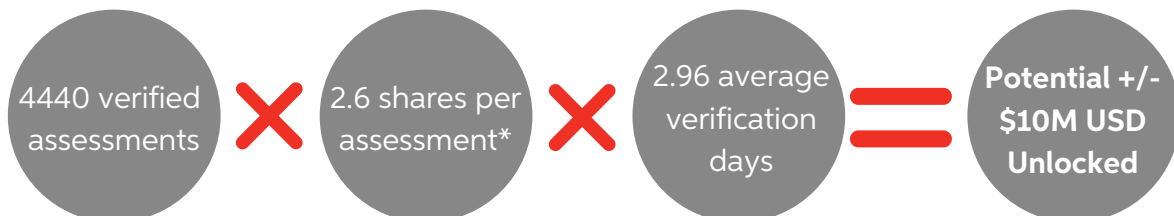
## We have been able /will be able to use the CAF instead of our proprietary tools



## Impact

### Resources unlocked for redeployment in improvement programs

#### Estimation of resources unlocked in 2021



Applying the calculation methodology used in our 5Y Strategic Plan, SLCP 2021 Operations theoretically unlocked over **\$ 10 M USD\*\*** in 2021.

\*This is the estimated average share per report in 2021.

\*\*Many SLCP signatories invested time and resource in 2021 to implement SLCP within their supply chains. This included training, awareness-raising and updating/ changing internal systems to ensure SLCP compatibility. At this early stage of SLCP roll-out therefore, the resources unlocked through SLCP may be offset by the cost of implementation.

Based on SLCP's verifications (which have limited scope & sample), we can get an indication of the average days a verification takes.

In 2021, on average each verification took 2.96 person days; this is a 20% reduction from 2020 (3.7 days) and a further reduction from 2019 (4.2 days). In 2021, the minimum person days required in the CAF 1.4 Protocol were reduced.

## 2021 SLCP Signatory survey results on impact (50% response rate)

To what extent do you agree...	% agree/ strongly agree	Last year
We redirected resources saved by the CAF in 2021	46%	31% anticipated a saving in 2021
We anticipate redirecting resources saved by the CAF in 2022	54%	-
We anticipate redirecting resources saved by the CAF in 2023	59%	63%
We have a plan in place to measure and track the savings generated by the CAF and to redirect resources to activities which directly benefit workers & their communities	33%	72%

### Redirecting resources to improvements

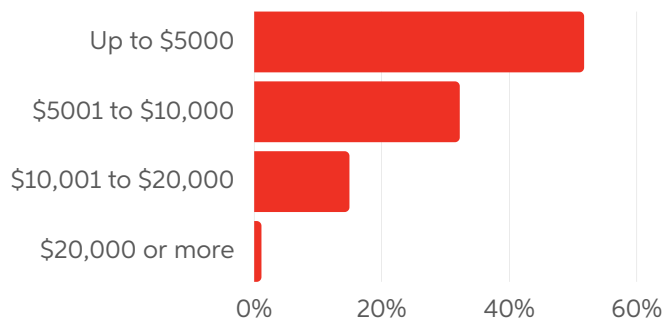
Although SLCP is still in the early stages of implementation, there is evidence that it is beginning to achieve its vision and mission of shifting resources from auditing to improving working conditions.

For example, SLCP partnered with the [Better Buying Institute](#) to include questions about audit harmonization in their annual supplier ratings cycle. In the initial 2021 findings:

- over 20% of the suppliers surveyed reported that their buyers were accepting SLCP data, and that this was resulting in savings of thousands of dollars, sometimes as high as \$20,000.
- 85.4% of suppliers who rated the purchasing practices of their customers in relation to win-win sustainable partnerships reported that their customers are now accepting existing audits or assessments of factory working conditions in lieu of asking for new audits specifically for themselves.



Supplier savings as a result of buyers accepting SLCP



#### Suppliers reinvested savings in:

- Workplace improvements
- New technologies
- Improved social protections for workers
- Community programs

## Key Takeaways

### Achievements

- Signatories are committed to using SLCP in place of their proprietary tools
- 2021 achieved adoption of 4,440 verified assessments which surpassed expectations (revised adoption target was 4000)
- SLCP is financially resilient, operating with 101% of earned income in 2021. This is an increase from 2020 (47%)
- Signatories committed to redeploy resources towards improvement programs, as evidenced by BBI findings and the SLCP Signatory Survey
- Continued to leverage key partnerships with ILO/ Better Work and ITC

### Learnings & Opportunities

- While COVID-19 continued to disrupt global supply chains, it also reinforced the need for convergence and collaboration
- Continued focus on impact: scaling adoption, increased sharing per verified assessment, reduced time taken to complete verification without adversely impacting quality of data
- Broaden scope of acceptance of SLCP verified assessments
- Increase compatibility with standard holders
- Prioritize data insights through expanded workstream and (academic) partnerships
- Retain talented staff and lean Secretariat

# Acknowledgements

SLCP would like to thank all the signatories that supported SLCP implementation in 2021.

## Feedback and further information:

- Please contact [info@slconvergence.org](mailto:info@slconvergence.org) for feedback or questions
- Please visit the [Gateway](#) for the latest information on SLCP roll-out
- For questions about the SLCP assessment & verification process, consult the FAQs on our [helpdesk](#).

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**We thank you for your continued support in our program.**

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