Social & Labor Convergence Program (SLCP)


SLCP Webinar:
Launch - HRDD Toolkit
SLCP’s HRDD Toolkit
Launch Webinar
Agenda

1. Setting the scene
2. SLCP in the context of HRDD
3. HRDD Toolkit explained
4. Spotlight & examples – EU / Germany / US
5. Q&A
Setting the Scene
The rise of regulation in business & human rights

2023 ENFORCED

- UK Modern Slavery Act - In force as of 26th March 2015
- French Corporate Duty of Vigilance Law - In force as of 27th March 2017
- Australia’s Modern Slavery Act - In force as of 1st January 2019
- US Uyghur Forced Labour Prevention Act - In force as of June 2022
- Japan’s Guidelines on Respect for Human Rights in Responsible Supply Chains - In force as of 2022
- Norwegian Transparency Act - Companies required to report by 30th June 2023
- German Supply Chain Act - In force for companies with over 3000 employees as of 1st January 2023
- Mexico’s Forced Labour Regulation - Comes into force 18th May 2023

Disclosure-based legislation

Trade-based legislation

Due diligence-based legislation
Landscape of sustainability initiatives

The last 10 years has seen a substantial increase in the number of sustainability initiatives.

Different features:
- Scope
- Size
- Design
- Governance

Different roles:
- Facilitation Initiatives
- Verification initiatives
Implications of a patchwork: confusion

Brands
- Overwhelmed
- Preparing for a new normal

Manufacturers
- Confusion of the ‘why’
- Recognizing there is a knowledge gap

Workers
- Not clear on what HRDD is
- Not aware of (intended) benefits for them
One solution: transparency from initiatives

What is needed?

- **Practical tools** for users to understand the initiatives mandate
- **Honesty** from initiatives on their usefulness for policy implementation

What are the benefits?

- **Reduced duplicative efforts** for HRDD implementation
- **A greater emphasis on improvement programs**
SLCP in the Context of HRDD
Background - SLCP & policy

Policy Aims:

1. The CAF is an aligned and acknowledged tool to help users implement policy.

2. SLCP data is recognized as a credible source of information to facilitate supply chain policy & legislation implementation, and drive future improvement initiatives.
SLCP’s role as a broad social assessment within the risk-based framework

SLCP is advocating for a risk-based approach aligned with international labor standards.

When undertaking a risk-based approach, understanding social and labor trends on an aggregated level will be needed to understand geographical, product, or sector-specific risks.

A broad social assessment can be useful as a foundational method for identifying human rights risks.
Converged solution to support HRDD

Better Work and SLCP are on common ground in promoting credible and actionable data that is shared between a broad range of industry actors, including governments. The Collaboration includes joint development of the data collection tool and has resulted in further alignment with International Labor Standards and National Labor Legislation.

The Converged Assessment Framework (CAF) is suitable for use in most facility settings as the questions and data are:

- Globally applicable
- Comprehensive
- Aligned with OECD DD Guidance
- Aligned with national labor law

Converged tools allow users to unlock resources which can be directed towards improvement programs.
Credible & actionable data critical for HRDD

SLCP data can only support human rights due diligence implementation if it is high quality.

Data quality is a top priority for SLCP.

We ensure data quality and integrity through our Verification Oversight and Quality Assurance strategy.

SLCP works with an external Verification Oversight Organization (VOO) who is responsible for ensuring integrity of SLCP verifications and quality of verified assessment data.
SLCP Human Rights Due Diligence Toolkit

How the Converged Assessment Framework can support due diligence compliance

Published May, 2023

SLCP HRDD Toolkit explained
Key Objectives of the Toolkit

1. A resource for users to better understand how the CAF can be used for HRDD compliance.

2. To act as a central repository for SLCP’s positioning against HRDD.

3. Build trust in SLCP’s usefulness for policy compliance to external stakeholders such as policymakers.

4. Clarity on the scope of the CAF and SLCP process (including its limitations).
SLCP supporting HRDD

SLCP assessment data provides a credible & actionable foundation for companies to identify human rights risks in supply chains and track & monitor progress.
SLCP’s value add for HRDD

1. The CAF is a foundational social assessment
2. SLCP prioritises credible and actionable data
3. The tool is mapped against international labor standards and national labor laws
4. Capacity to unlock resources for improvement programs
Reminder: SLCP is not a ‘one stop shop’ for HRDD

- Due diligence requires tailored, ongoing implementation
- The responsibility remains on the company
- SLCP data requires an ‘interpretation layer’
Observations from key partner International Trade Center
Spotlight: European Legislation
An Introduction to the legislation
EU Draft CSDDD

Reminders:
• It is still a proposal
• SLCP will update this chapter once the final text is adopted
• The vote is expected to occur in June (1\textsuperscript{st})

Expectations:
• Companies will be able to use accompanying measures such as SLCP to support HRDD efforts
• SLCP assessment could therefore be used as a broad initial social assessment which serves as a baseline for CSDDD compliance
• As the toolkit highlights, the CAF covers many of the human rights and social risks covered in the Annex.
An Introduction to the legislation

SLCP & the German Act on Corporate Due Diligence Obligations in Supply Chains

What is the approach?
Companies must follow a risk-based approach, allocating resources in a targeted way and addressing the most severe and likely human rights issues first.
- An SLCP assessment could be used as a broad initial social assessment. Where risks are known, further in-depth and targeted tools can be used complimentarily.

What does the legislation say about the use of sustainability initiatives such as SLCP?
- The law specifically mentions the possibility of using industry-wide or multi-stakeholder initiatives as a means of implementing due diligence processes.
- Companies may use "generally accepted industry standards or standards developed by recognized multi-stakeholder initiatives" as a basis for their due diligence processes.
- The CAF is not a standard - rather it is aligned with international labor standards and national labor laws. This ensures it is one of a number of useful tools for supporting due diligence efforts.
# Legislation deep-dive

**Steps of Relevance: German Supply Chain Act**

<table>
<thead>
<tr>
<th>Due Diligence Step</th>
<th>Article Number</th>
<th>SLCP relevance</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Establishing an effective risk management system</td>
<td>s4</td>
<td>✓</td>
<td>An SLCP assessment can form part of the risk management system.</td>
</tr>
<tr>
<td>2. Undertaking risk analysis</td>
<td>s5</td>
<td>✓</td>
<td>SLCP can support the initial identification of human rights risks.</td>
</tr>
<tr>
<td>3. Derivation of preventative measures</td>
<td>s6</td>
<td>✗</td>
<td>Companies need to implement their own preventative measures. However, an SLCP assessment could inform this step as brands can use SLCP data to tailor preventative measures.</td>
</tr>
<tr>
<td>4. Provision for remedial measures</td>
<td>s7</td>
<td>✗</td>
<td>Brands can check SLCP data against the policy requirements and implement corrective action plans accordingly.</td>
</tr>
<tr>
<td>5. Establishment of complaints procedure</td>
<td>s8</td>
<td>✗</td>
<td>SLCP does not help a company establish a complaints procedure, but it does help comply brands understand if their suppliers have grievance systems in place.</td>
</tr>
<tr>
<td>6. Documentation and reporting</td>
<td>s10</td>
<td>✗</td>
<td>SLCP assessments can be used as one of the measures included in annual reporting.</td>
</tr>
</tbody>
</table>
# Legislation deep-dive

## Risk Coverage: German Supply Chain Act

### Section in the tool:

- **Step 1: Social Compliance**
- **Step 2: Management Systems**
- **Step 3: ‘Above and Beyond’**

### Risk addressed methodology:

- **Addressed:** The tool extensively covers this risk
- **Partially addressed:** The tool has questions addressing this risk, but it is not comprehensive
- **Not addressed:** The tool does not cover this risk.

<table>
<thead>
<tr>
<th>Risk</th>
<th>Risk Addressed in the CAF</th>
<th>Section in the tool</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child Labor</td>
<td>Addressed</td>
<td>Step 1/2</td>
</tr>
<tr>
<td>Forced Labor and all forms of slavery</td>
<td>Addressed</td>
<td>Step 1/2</td>
</tr>
<tr>
<td>Occupational Safety and work-related health hazards</td>
<td>Addressed</td>
<td>Step 1/2/3</td>
</tr>
<tr>
<td>Freedom of association and the right to collective bargaining</td>
<td>Addressed</td>
<td>Step 1/2</td>
</tr>
<tr>
<td>Equality in employment (Discrimination)</td>
<td>Addressed</td>
<td>Step 1/2/3</td>
</tr>
<tr>
<td>Fair Wages</td>
<td>Partially addressed</td>
<td>Step 1/2/3</td>
</tr>
<tr>
<td>Destruction of vital natural resources through environmental pollution</td>
<td>Not addressed</td>
<td>N/A (However, Step 1 &amp; 2 asks a some high-level questions on this broad topic)</td>
</tr>
<tr>
<td>Land rights</td>
<td>Partially addressed</td>
<td>Step 3</td>
</tr>
<tr>
<td>Hiring or use of private/public security forces without an adequate command structure or proper oversight to prevent harm</td>
<td>Partially addressed</td>
<td>Step 1/2/3</td>
</tr>
</tbody>
</table>
An Introduction to the legislation
US Uyghur Forced Labor Prevention Act

- The UFLPA **prohibits** companies from importing goods made with forced labor into the United States.
- It focuses on Xinjiang, where there is a ‘**rebuttable presumption**’ all goods are made with forced labor from the region.
- While an SLCP assessment could be useful for forced labor risk identification, it alone will not meet the exceedingly high threshold to prove there was no forced labor in a supply chain.
- A **variety of sources of evidence** in addition to an SLCP assessment are needed to successfully prove the supply chain did not touch forced labor.

**Enforcement**
21st June, 2022

**Affected Companies**
Companies importing goods into the United States that have been made (wholly or in part) in Xinjiang.

**Scope of Supply Chain**
The ban applies to the whole supply chain.

**Penalties**
The US Customs and Border Force (CBP) are tasked with enforcing the import ban.

Penalties for attempting to import goods from Xinjiang include:
- detention of goods
- exclusion of goods
- seizure / forfeiture of goods
### Legislation deep-dive

Steps for establishing ‘clear and convincing’ evidence

<table>
<thead>
<tr>
<th></th>
<th>SLCP relevance</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Engage Stakeholders and Partners</td>
<td>🟢</td>
<td>Importers can use SLCP assessments to engage with suppliers.</td>
</tr>
<tr>
<td>2. Assess Risks and Impacts</td>
<td>🟢</td>
<td>SLCP can support the initial identification of forced labor risks.</td>
</tr>
<tr>
<td>3. Develop a Code of Conduct</td>
<td>🟥</td>
<td>Importers would need to develop their own code of conduct, which could be mapped against SLCP data for compliance.</td>
</tr>
<tr>
<td>4. Communicate and Train Across your Supply Chain</td>
<td>🟥</td>
<td>By adopting SLCP in the supply chain, suppliers can be made further aware of their social &amp; labor conditions. Training &amp; communication requires more measures than SLCP.</td>
</tr>
<tr>
<td>5. Monitor Compliance</td>
<td>🟢</td>
<td>For repeat users of SLCP, year on year social &amp; labor data can be used to monitor the risk of forced labor in the facility.</td>
</tr>
<tr>
<td>6. Remediate Violations</td>
<td>🟢</td>
<td>Although SLCP does not remediate violations, it supports companies in prioritizing their remediation activities.</td>
</tr>
<tr>
<td>7. Independent Review</td>
<td>🟥</td>
<td>As outlined in the ILAB comply chain, an independent review could be an unannounced assessment (which is possible within the SLCP system).</td>
</tr>
<tr>
<td>8. Report Performance and Engagement</td>
<td>🟥</td>
<td>SLCP assessments can be used as one of the measures included in reporting on performance.</td>
</tr>
</tbody>
</table>
Practical example: the CAF & HRDD

SLCP & Core Labor Standards
The CAF addresses all five ILO fundamental rights at work (‘core labor standards’). SLCP is continually reviewing the tool to ensure it remains relevant for these most severe human rights risks.

Example: ‘Direct’ Data Point

<table>
<thead>
<tr>
<th>hb-1</th>
<th>Question</th>
<th>WORKER TREATMENT</th>
<th>Forced Labor</th>
<th>Violence or Threats</th>
<th>Have any cases of violence or threats of violence to intimidate workers and force them to work occurred at the workplace?</th>
</tr>
</thead>
</table>

Example: ‘Indirect’ Data Point

<table>
<thead>
<tr>
<th>wh-6</th>
<th>Question</th>
<th>WORKING HOURS</th>
<th>Working Hours</th>
<th>Overtime Hours</th>
<th>Are all overtime working hours in line with legal limits?</th>
</tr>
</thead>
</table>

Follow-up actions as a result of a legal non-compliance:

- Evidence to support remediation efforts
- Provide context for future prevention or mitigation measures in the future
- In the following assessment, we can track and monitor progress in addressing the issue
Existing Use of SLCP Data for HRDD

<table>
<thead>
<tr>
<th>“Do you use SLCP data for any of the following purposes?”</th>
<th>% of <strong>Brands</strong> that use SLCP data for these purposes*</th>
<th>% of <strong>Policy stakeholders</strong> that consider SLCP useful for this purpose**</th>
</tr>
</thead>
<tbody>
<tr>
<td>To identify human rights risks in the supply chain</td>
<td>89%</td>
<td>93%</td>
</tr>
<tr>
<td>To monitor and track human rights risks in the supply chain</td>
<td>93%</td>
<td>80%</td>
</tr>
<tr>
<td>To assess if there are instances of forced labor in your supply chain</td>
<td>78%</td>
<td>60%</td>
</tr>
</tbody>
</table>

*Based on SLCP Signatory Survey, 2022
**Based on pre-survey for the SLCP Policy Roundtable, 2023
Benefits of the toolkit for suppliers

- Informed Brands on use of SLCP data for policy
- Reduced burden on manufacturers
- More resources towards improved working conditions
Q&A

For all follow up questions after today’s webinar, please contact tom@slconvergence.org
Thank you