# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glossary</td>
<td>03</td>
</tr>
<tr>
<td>Foreword</td>
<td>04</td>
</tr>
<tr>
<td><strong>Introduction</strong></td>
<td>05</td>
</tr>
<tr>
<td>• Objectives of the Report</td>
<td></td>
</tr>
<tr>
<td>• Context &amp; Overview - 2023</td>
<td></td>
</tr>
<tr>
<td>Plan and Progress</td>
<td></td>
</tr>
<tr>
<td>Scaling Operations</td>
<td>07</td>
</tr>
<tr>
<td>User Experience</td>
<td>20</td>
</tr>
<tr>
<td>Data Quality</td>
<td>31</td>
</tr>
<tr>
<td>Data Usage</td>
<td>38</td>
</tr>
<tr>
<td>Progress on Vision &amp; Mission</td>
<td>46</td>
</tr>
<tr>
<td>Acknowledgements</td>
<td>52</td>
</tr>
</tbody>
</table>
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
- Repeat User 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.
At SLCP, we value continuous improvement, and to drive that, we have embraced a culture of evaluation and a solid commitment to learning. We are pleased to present this Learning & Evaluation report, a transparent review of our 2022 operations. Through this report, which holds our program to account, we aim to inform you of our progress and opportunities for improvement.

Looking back, 2022 was a year of significant momentum for SLCP. We saw growth in the number of assessments, increased industry acceptance, expansion in new sectors and regions, and progress towards convergence. The gains in adoption have helped us advance towards a new phase, where uptake of the Converged Assessment Framework remains a priority but with an increased focus on data quality, insights, and impact.

We made noteworthy progress in these areas last year, such as publishing our inaugural Impact report, further developing the Stakeholder Quality Assurance Program to integrate end-user feedback, and seeing growing evidence of redirection of unlocked resources.

Our experiences from the last year have shown us the immense potential we, in collaboration with our stakeholders, have in moving the needle in the social and labor landscape in global supply chains. As a learning organization, we strive to draw lessons and adapt through increased capacity and effort to reflect the knowledge and insights shared in the following pages.

"Our experiences from the last year have shown us the immense potential we, in collaboration with our stakeholders, have in moving the needle in the social and labor landscape in global supply chains"

JANET MENSINK
Executive Director, SLCP
INTRODUCTION

L&E REPORT OBJECTIVES

This Learning & Evaluation report is for signatories only and is a part of our accountability to our signatories.

The report aims to address the following needs:

1. Evaluate SLCP progress in 2022
   - 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 2022
   - 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 2022 operations – where have we succeeded and where do we need to make further improvements?

CONTEXT: 2022 STRATEGY

What were the main goals for SLCP in 2022?
To evaluate whether SLCP has met its 2022 progress and impact goals, it is important to understand what the key objectives were. As detailed in the 2022 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.
2022 Progress Against Strategic Aims

Industry Adoption

- 7255 assessments completed in 2022.
- 9805 facilities registered in the SLCP Gateway.
- 66 brands & organizations publicly committed to accepting SLCP verified data.

Resources Unlocked

- 87% of signatories using the CAF instead of proprietary tools.
- Potential of 25 million USD unlocked* through use of the CAF.
- 37% of signatories reported redirecting resources as a result of SLCP implementation in 2022.

Data Access & Comparability

- 2.67 average shares per assessment.
- Launch of CAF v1.5 with Better Work.
- Strong network of Accredited Hosts. Introduced ‘Brand Hosts’ to the data sharing system.

Organizational Resilience

- 2022 budget based on 115% earned income.
- Leveraged key collaboration partnerships with ITC and Better Work.

*From anecdotal/qualitative feedback from our signatories, we hear that costs for shifting to SLCP are significant and could be 2-2.5 times as high as a ‘normal’ audit. We’re looking into this more deeply, with more information to follow in the 2022 Impact Report.
A key objective in 2022 was to expand SLCP Operations and to increase the total number of completed SLCP assessments while strengthening the quality assurance processes to ensure credible verified data while scaling. The 2022 baseline target was 7,000 assessments, a significant increase from 2021’s 4,400 assessments.

- High level overview
- Facility breakdown by country/ region
- Facility breakdown by size & type
- Facility breakdown by Step selection
- Facility CAF tool use
- Focus: SMEs & SLCP
- Focus: SLCP & sector expansion
- Adoption cycle
- Verifier Bodies & Verifiers
- Verifier Body & Verifier recruitment & training
- Key takeaways
High Level Overview

SLCP operations

In 2022, SLCP operations grew significantly. The number of assessments grew 63% to 7,255. Furthermore, of the facilities that completed an assessment in previous years, 77% came back in 2022 (up from 71% last year).

SLCP is now available in 61 countries or regions. In 2022, SLCP prioritized increasing growth and quality of data in existing countries or regions, which was demonstrated in the increased adoption and enhanced training programs. The percentage of facilities not based in mainland China (where SLCP first launched) is growing rapidly, proving global applicability of the Converged Assessment Framework.

7255 assessments completed in 2022

77% repeat users in 2022

9805 facilities registered in the SLCP Gateway
Facility Breakdown
By country / region

SLCP aims to be relevant for facilities everywhere.

SLCP adoption is now scaling at a faster rate outside of mainland China. In 2022, more than 60% of verifications were completed in other countries or regions.

In 2022, Vietnam saw the greatest increase in user group growth from 275 to 775 assessments, a 182% jump. As a result of the end of COVID lockdowns, coupled with the joint-launch with Better Work in 2021, facilities increasingly adopted the CAF. On average, other countries and regions also maintained continued growth of 40% of more.

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

<table>
<thead>
<tr>
<th>Country</th>
<th>2021 Facilities</th>
<th>2022 Facilities</th>
<th>% Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turkey</td>
<td>578</td>
<td>826</td>
<td>43%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>275</td>
<td>775</td>
<td>182%</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>370</td>
<td>657</td>
<td>78%</td>
</tr>
<tr>
<td>India</td>
<td>417</td>
<td>697</td>
<td>67%</td>
</tr>
<tr>
<td>China</td>
<td>1996</td>
<td>2835</td>
<td>42%</td>
</tr>
<tr>
<td><strong>Global total assessments</strong></td>
<td><strong>4440</strong></td>
<td><strong>7255</strong></td>
<td><strong>63%</strong></td>
</tr>
</tbody>
</table>

Breakdown of 2022 assessments in focus countries

Percentage of total SLCP assessments in China
By facility size & type

Breakdown of facility sector coverage

SLCP continued to focus on adoption in the apparel & footwear sectors, with assessments in other sectors making up around 30% of total volume.

Despite the large increase in the number of assessments from 2021 to 2022 (63% growth rate), the sector breakdown remained relatively consistent compared to 2021, with only a slight dip in the accessories sector from 12% to 10% in 2022.

Top 5 facility types with a 2022 SLCP assessment

- Sewing or Final Product Assembly: 48%
- Printing or Dying: 15%
- Packaging: 9%
- Footwear/Leather goods: 7%
- Materials Supplier: 6%

The type of facilities in 2022 closely resembles the data from 2021, with almost half being sewing or final product assembly (tier 1).

Industry coverage 2021 vs. 2022 (% of total assessments)

<table>
<thead>
<tr>
<th></th>
<th>Apparel &amp; Footwear</th>
<th>Adjacent Sectors</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>66%</td>
<td>34%</td>
</tr>
<tr>
<td>2021</td>
<td>67%</td>
<td>33%</td>
</tr>
<tr>
<td>2022</td>
<td>70%</td>
<td>30%</td>
</tr>
</tbody>
</table>
Step selection

2022 Step selection

To complete an SLCP assessment, facilities must at minimum complete Step 1 of the Data Collection Tool. As indicated by the adjacent table, the number of facilities that choose to complete only Step 1 increased slightly. This is unsurprising given the increase in facilities registered in Better Work Programs sharing assessment data (Better Work shares data for Step 1 only in select countries), and the number of new users overall. In addition, there was an uptake in Step 3. This could be due to an increase of repeat users eager to progress to the “advanced” section of the Tool.

What is included in each step of the Converged Assessment Framework?

**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.

<table>
<thead>
<tr>
<th>Facility Step selection</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Step 1</strong></td>
<td>25%</td>
<td>19%</td>
<td>22%</td>
</tr>
<tr>
<td><strong>Step 2</strong></td>
<td>48%</td>
<td>59%</td>
<td>52%</td>
</tr>
<tr>
<td><strong>Step 3</strong></td>
<td>27%</td>
<td>22%</td>
<td>26%</td>
</tr>
</tbody>
</table>

A facility’s Step selection will dictate the number of questions the facility answers. In 2022, facilities completing Step 1 answered far fewer questions than the average.

<table>
<thead>
<tr>
<th>Step Selection</th>
<th>Average number of data points in 2022 assessments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Step 1</strong></td>
<td>343</td>
</tr>
<tr>
<td><strong>Step 2</strong></td>
<td>857</td>
</tr>
<tr>
<td><strong>Step 3</strong></td>
<td>952</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td>772</td>
</tr>
</tbody>
</table>
Facility Tool Use

Facility repeat users

Rate of repeat use*

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>60%</td>
</tr>
<tr>
<td>2021</td>
<td>71%</td>
</tr>
<tr>
<td>2022</td>
<td>77%</td>
</tr>
</tbody>
</table>

This high rate of repeat use 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.

*Rate of repeat use = the percentage of facilities which have completed an SLCP assessment in previous years and have returned to complete another assessment this year.

Only 3% of facilities completed more than one SLCP assessment in 2022.

- As a converged assessment, this is a promising sign of reduced duplicative audits.
- This is also an improvement from last year, when 5% completed more than one assessment.
Facility size and breakdown by tool access

Size of SLCP facilities

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;250</td>
<td>50%</td>
<td>49%</td>
<td>49%</td>
</tr>
<tr>
<td>250-1000</td>
<td>36%</td>
<td>32%</td>
<td>30%</td>
</tr>
<tr>
<td>1000-2500</td>
<td>10%</td>
<td>12%</td>
<td>13%</td>
</tr>
<tr>
<td>2500+</td>
<td>4%</td>
<td>7%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Size of facilities selecting Step 1 (% of total)

<table>
<thead>
<tr>
<th>Size of Facility</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;=250</td>
<td>22.31%</td>
<td>22.4%</td>
</tr>
<tr>
<td>251-1000</td>
<td>16.05%</td>
<td>19.1%</td>
</tr>
<tr>
<td>1001-2500</td>
<td>19.05%</td>
<td>24.7%</td>
</tr>
<tr>
<td>Above 2500</td>
<td>13.8%</td>
<td>19.9%</td>
</tr>
<tr>
<td>Overall Average</td>
<td>19%</td>
<td>21.5%</td>
</tr>
</tbody>
</table>

Key observations:
- The size of facilities adopting SLCP remains similar to the breakdown from 2020 and 2021.
- SME facilities seem to choose to complete (only) Step 1 of CAF v1.4 more often than larger facilities.

2020-2022 online vs. offline completed assessments

2022:
- 93% online
- 7% offline

2021:
- 74% online
- 26% offline

2020:
- 68% online
- 32% offline

The 2022 data further demonstrates an increased uptake of facilities using the online version of the tool.
Focus: SLCP & SMEs

As small and medium enterprises (SMEs) make up a large part of production in global supply chains, it is important to understand their adoption level and experience with the CAF.

Size of facility 2020 - 2022 (with an SLCP assessment)

![Graph showing size of facility 2020 - 2022 with an SLCP assessment]

SME compared to average completion & accuracy rate

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMEs</td>
<td>Total</td>
<td>SMEs</td>
</tr>
<tr>
<td>Accuracy rate</td>
<td>88.6%</td>
<td>89.6%</td>
</tr>
<tr>
<td>Completion rate</td>
<td>98.9%</td>
<td>97.9%</td>
</tr>
</tbody>
</table>

Observations from 2022 data:
- 47% of Gateway profiles (43% in 2021) and 49% of assessments belonged to SME facilities
- SMEs' accuracy rate (89.6%) was higher than the global average (88.9%)  
- SMEs' completion index (97.9%) was almost the same as the global average (98.0%)
- 3% fewer SMEs provided positive feedback compared to larger facilities, at 64%
- The number of extra large facilities (over 1000 employees) was 21%, similar to 2021.

Overall, the use and experience of the CAF for SMEs appears similar to that of larger facilities.
Focus: SLCP & Sector Expansion

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

### 2022 Facility size: apparel vs adjacent sectors

<table>
<thead>
<tr>
<th>Number of Workers</th>
<th>Apparel</th>
<th>Adjacent Sectors</th>
<th>Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 50</td>
<td>431</td>
<td>452</td>
<td>883</td>
</tr>
<tr>
<td>51 - 250</td>
<td>1,600</td>
<td>1,045</td>
<td>2,645</td>
</tr>
<tr>
<td>1000 - 2500</td>
<td>776</td>
<td>179</td>
<td>955</td>
</tr>
<tr>
<td>251 - 1000</td>
<td>1,480</td>
<td>704</td>
<td>2,184</td>
</tr>
<tr>
<td>&gt; 2500</td>
<td>418</td>
<td>156</td>
<td>574</td>
</tr>
<tr>
<td>Grand Total</td>
<td>4,705</td>
<td>2,536</td>
<td>7,241</td>
</tr>
</tbody>
</table>

### 2022 Facility size: apparel vs adjacent sectors*

<table>
<thead>
<tr>
<th>Step Selection</th>
<th>Apparel</th>
<th>Adjacent Sectors</th>
<th>Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1</td>
<td>21%</td>
<td>23%</td>
<td>21%</td>
</tr>
<tr>
<td>Step 2</td>
<td>48%</td>
<td>60%</td>
<td>52%</td>
</tr>
<tr>
<td>Step 3</td>
<td>31%</td>
<td>17%</td>
<td>26%</td>
</tr>
<tr>
<td>Grand Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

*All figures have been rounded to the nearest %

In 2022, adjacent sector facilities which completed an SLCP assessment had:
- The same accuracy rate as the total average (90%)
- The same completion rate as the total average (98%)

Adjacent sectors using the tool in 2022:
- Accessories
- Home Furnishings
- Hard Goods
- Home Textiles
Adoption Cycle

Assessment growth by month

This graph demonstrates when assessments were completed throughout the year compared to previous years.

In 2022 there was a continued trend of facilities completing their assessment in the second half of the year. However, assessments were more evenly distributed in 2022 compared to previous years.

A group of leading adopter brands made a focused effort from to flatten the curve, including:

- Asking new facilities to start their assessments at the beginning of the calendar year
- Encouraging returning facilities to complete their assessment earlier in the year than previously.
Verifier Bodies & Verifiers

Verification of assessments is an integral part of the SLCP process. This is because it increases the credibility and quality of the data. At the core of this function are the Verifier Bodies (VBs) and Verifiers. As outlined in the below data, the number of SLCP approved Verifiers increased in 2022 and the Verifier retention rate remained high.

<table>
<thead>
<tr>
<th>Year</th>
<th>Approved VBs</th>
<th>Approved Verifiers</th>
<th>Total assessments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>70</td>
<td>530</td>
<td>1655</td>
</tr>
<tr>
<td>2021</td>
<td>60</td>
<td>748</td>
<td>4440</td>
</tr>
<tr>
<td>2022</td>
<td>68</td>
<td>866</td>
<td>7255</td>
</tr>
<tr>
<td>Difference</td>
<td>+13%</td>
<td>+22%</td>
<td>+63%</td>
</tr>
</tbody>
</table>

Active Verifiers grew +4% from 2021 to 2022

61 Active VBs and 866 Active Verifiers.
Active VBs and Verifiers are those that conducted verifications during the time period specified.

Verifier retention rate of 93% in 2022.
(90% in 2021)

Top 5 VBs accounted for 47% of total verifications conducted in 2022.
(52% in 2021)

Verifier gender breakdown

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>37%</td>
<td>37%</td>
<td>39%</td>
</tr>
<tr>
<td>Male</td>
<td>63%</td>
<td>63%</td>
<td>61%</td>
</tr>
</tbody>
</table>
Verifier Bodies and Verifier Training

Verifier applications in 2022

- Application Submittal: 422
- Application Review: 318
- Approval/Denial: 190

+/− 45% success rate

Agenda of 2022 calibration meetings:

Q1
- Protocol Exceptions
- Root Cause Analysis
- Verification Protocol Reminders
- Case Studies

Q2
- Country Specific Guidance
- Verifier Rotation
- Verifier Requirements
- Question Interpretations
- Case Studies

Q3
- Updated VB Requirements
- Country Specific Guidance
- 1.5 CAF Launch
- Case Studies

Q4
- VB/Verifier Scoring
- Country Specific Guidance
- 1.5 CAF Launch
- Case Studies

APSCA & SLCP in 2022

- 53% of Verifier Bodies are APSCA members
- 83% of assessments were conducted by APSCA members

Previously, 62% of applicant Verifiers qualified in 2021, versus 71% in 2020
SCALING OPERATIONS

Key Takeaways

Achievements

- Surpassed baseline target (7000) to 7255 assessments
- Increased availability of the CAF: SLCP live in 60+ countries/regions
- Progress in scaling SLCP globally, with increasing diversification in adoption and SLCP cementing itself as a truly global operation
- Increased use of the online tool, up to 93% in 2022 (from 74% in 2021)
- The number of active Verifiers jumped to 90%, with VBs completing more verifications per Verifier (8.4 verifications) than previously (5.9 in 2021, 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 facilities, up from 20% in 2020 and 7% in 2019.

Learnings & Opportunities

- Most facilities went through the SLCP assessment process in the second half of the year. To ensure Verifier availability, a more even spread over the year is needed.
- Growth trends in facility profiles suggest an opportunity to further diversify countries where SLCP is available and the need to look into local language support options.
- Growing number & percentage of small facilities are finding SLCP useful, with SMEs use of the tool similar to larger businesses.
- The steady use of SLCP in sectors adjacent to apparel & footwear suggests there are opportunities for further sector expansion in future years
- A handful of (global) third party firms are taking a majority of SLCP assessments
- Ensure SLCP VB qualification selection remains inclusive:
  - Retain options of VB choice and healthy competition on services
  - Focus on availability of local Verifiers to ensure continuation of the assessment process when restrictions (travel or otherwise) are in place
  - Strict quality standards for VBs to ensure only good performers remain in SLCP system
To increase user experience in 2022, 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 smooth user-journey for end-users to access reliable SLCP verified data, with the facility’s permission.

- Training program 21
- E-learning usage 22
- Helpdesk support 23
- Facility experience 24
- Continued improvements to the CAF 25
- WE Tech pilot 26
- Signatory feedback - adoption barriers 27
- Facility feedback 28
- Verifier feedback 29
- Key take-aways 30
Training Program
Facility training & Training Bodies

In 2022, SLCP continued to expand the training opportunities offered to facilities, including offering 13 training webinars across 7 languages, updating the e-learning in 7 languages and supporting SLCP approved Training Bodies (TBs) to conduct 57 (in-person and virtual) trainings for facilities.

<table>
<thead>
<tr>
<th>Facility training (delivered by SLCP)</th>
<th>Number of sessions</th>
<th>Unique attendees</th>
<th>Recording views^</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangla</td>
<td>2</td>
<td>731</td>
<td>628</td>
</tr>
<tr>
<td>Chinese</td>
<td>2</td>
<td>947</td>
<td>813</td>
</tr>
<tr>
<td>English</td>
<td>2</td>
<td>795</td>
<td>284</td>
</tr>
<tr>
<td>Kannada</td>
<td>2</td>
<td>77</td>
<td>60</td>
</tr>
<tr>
<td>Spanish</td>
<td>1</td>
<td>96</td>
<td>111</td>
</tr>
<tr>
<td>Turkish</td>
<td>2</td>
<td>389</td>
<td>326</td>
</tr>
<tr>
<td>Vietnamese</td>
<td>2</td>
<td>434</td>
<td>252</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Training program</th>
<th>Number of sessions</th>
<th>Average number of attendees per session</th>
<th>Languages trainings were offered in</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training by Training Bodies</td>
<td>57*</td>
<td>65</td>
<td>8**</td>
</tr>
</tbody>
</table>

^Recording views (YouTube/QQ) as of 1/12/23
^4 introductory sessions and 53 deep-dive sessions
**Bangla, Chinese, English, Hindi, Portuguese, Spanish, Thai, Vietnamese

Language of Training Body training sessions

In the image, there is a chart showing the language distribution for Training Body training sessions. The chart indicates that Bangla has the highest percentage with 37%, followed by Vietnamese at 24%, Chinese at 21%, English at 10%, Hindi at 2%, Portuguese at 2%, Spanish at 2%, and Thai at 2%. There is an image of a classroom setting with students, presumably the audience for these training sessions.
SLCP E-learning
E-learning usage overview

SLCP E-learning is available in 7 languages with over 13,000 registered users.

E-learning accounts created in 2022

As SLCP assessments are in English, it is no surprise English was the most chosen language option for the e-learning courses. SLCP recommends using the English version of the Data Collection Tool where possible.
Helpdesk Support
FAQs and Helpdesk tickets

In 2022, Helpdesk FAQs were reviewed, updated and restructured to be more user-friendly. By the end of 2022, over 130 FAQs were available in 4 languages and visited 245,000+ times in 2022 (+10% over 2021).

There was a reduction in the number of tickets per assessment, suggesting that:

- Repeat users have less questions
- FAQs and trainings have been effective in answering user questions

Ticket breakdown by type in 2022

Helpdesk tickets per assessment
- 2019 - 2.54
- 2020 – 1.54
- 2021 – 0.98
- 2022 – 0.57

+12% shift from 2019-2022 in basic to advanced ticket submission

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.

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

The average time taken to complete the SLCP assessment process was **40 days in 2022.**
(down 12 days from 2021)

Methodology for calculating time taken to complete an SLCP assessment

To determine the average verification time, the difference between date the verification was completed (VRC) and the date the verification was finalised (VRF) is calculated. When determining the average yearly verification days, the standard deviation method is used so outliers are not included, with a 95% confidence index.

One of the 2022 priorities was to continue to ease implementation of the tool. An indicator of this could be the time a facility requires to complete the SLCP assessment process. Completion time has decreased year on year. There are a couple of reasons for this:

- **CAF v1.4 & 1.5:**
  Further efficiency gains due to matured tool

- **Familiarity with the tool:**
  With 77% of facilities returning from previous years, previous experience using the tool 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
Continued Improvements to the CAF
User experience with the revised version of the CAF

In 2022, SLCP launched the CAF v1.5. The CAF is regularly updated to respond to signatory and stakeholder feedback and to remain relevant. CAF v1.5 provides continuity while delivering key improvements and increased flexibility. SLCP aims to implement an annual CAF update cycle in future.

Why did we need CAF v1.5?

1. Making the data more meaningful in the context of local law
2. Flexibility in data validation methods (including enabling virtual verification)
3. Better interpretation options for SLCP data

What changed for CAF v1.5?

- Country-specific questions
- Improvements to question wording & More Info
- Introduction of full virtual verification
- Introduction of WE Tech
- Improvements to report readability
- Limited impact on mapping

Since December 2022, in countries where ILO Better Work program supports facilities to have “SLCP compatible” compliance assessments, the Better Work assessment tool has been fully aligned with Step 1 of CAF v1.5.
Worker Engagement Technology (WE Tech)

2022 Pilot results

In early 2022, SLCP ran a pilot to test the use of WE Tech during the SLCP assessment process. 10 facilities across 5 countries & regions took part. SLCP worked with 5 service providers & developed and trialled 2 surveys during the pilot.

Objectives of WE Tech Pilot
1. Identify benefits of engaging in WE Tech during SLCP assessment for: worker, facility, Verifier, brand
2. Evaluate data quality and (begin to) understand usability of SLCP WE Tech
3. Determine if and what improvements are needed for WE Tech Question Set, protocols and training materials

Should WE Tech be a permanent part of the SLCP process?
- Overall, the majority of respondents said "Yes"
- The most positive response was from brands (~70%) followed by Verifiers and worker representative groups (~50%)
- There was an almost even split between facilities for Yes and No (~40%)
- Currently WE Tech is only mandatory for Full Virtual Verification (in place of onsite worker interviews)

Key Pilot learnings
- Higher worker engagement indicative of higher level of facility investment (comms and encouraging participation)
- WE Tech helps facility management see new problems (over 70%)
- WE Tech helps Verifiers focus on specific areas of concern (~85%)
- WE Question Set: broad applicability; minor revisions needed, supports CAF questions
- When used according to Protocol, the WE Tech survey results support the CAF data and contribute to the rigor of an SLCP verification
- Stakeholders gained a greater understanding into the full potential of WE Tech.

"For the factories which are well organized and willing to take actions based on the survey results it will be good to include WE[Tech] in the verification. For those which have poor management systems, and which have their own WE platform it will not make sense."
- Brand

"With operational streamlining and a more structured communications process, the WE Tech component can deliver strong value to the SLCP process."
- Service Provider

"It is duplicated as some brands would require [the] factory to do the worker satisfactory survey separately"
- Facility
Adoption Barriers
2022 Signatory survey results

In 2022, signatories reported complexity of the tool, lack of demand for SLCP, and cost as the top adoption barriers.

The primary barriers to SLCP adoption (ranked %)

- Complexity of the Data Collection Tool: 20%
- Lack of demand for SLCP from our supply chain partners: 14%
- Cost of SLCP Implementation: 12%
- Technical Issues: 10%
- Our ability to analyze & integrate the data into our internal systems: 8%
- Complexity of the data hosting & sharing system: 6%
- Credibility of verified data: 6%
- Lack of demand for SLCP from our industry peers: 6%
- Availability of Verifiers: 6%
- Credibility of Verification Oversight & Quality Assurance processes: 6%
- Our ability to use the data to determine compliance: 4%
- Our ability to use the data to inform remediation: 2%
- Lack of compatibility with other standards/audit schemes: 2%
- Choice of Accredited Providers: 2%
- COVID-19: 2%

The factors highlighted as the main adoption barriers in the 2022 Signatory Survey were consistent with previous years. SLCP is working continuously to address these barriers. In 2022, this included:

**Complexity of the Tool**
- Improved question wording in CAF v1.5 & additions to “More Info”
- Improved and revised training materials & Helpdesk FAQs

**Lack of demand for SLCP**
- Increasing the number of brands accepting SLCP to 66
- Recruiting a Business Development Manager to increase SLCP acceptance
- SLCP visibility at industry events & in press coverage

**Cost of SLCP implementation**
- Increase in average shares of SLCP assessments
- Increasing the number of brands accepting SLCP
Facility Feedback

Facility surveys

Themes identified in facility feedback

- Most facilities answered ‘Agree’ to the question “Overall I was satisfied with the final assessment report”.

- Many facilities requested more training, or training in native languages, to better understand the Data Collection Tool.

- Many facilities noted that having a translated version of the Tool would be helpful for completion and accuracy.

- Some facilities reported not having full control of their choice of Verifier Body as this was dictated by their buyers.

- Several facilities would like more guidance (e.g. law overlay) on the legal requirement interpretation and how it applies to their facilities within the applicable countries.

- Common complaints related to the high number of assessment questions, lost data, instability, crashing and bugs with saving data.

- Facilities provide more helpful open-ended comments & feedback than Verifiers and Users in their respective surveys.

Percentage of facility surveys with positive feedback:

2022: 65%
2021: 63%
Verifier Feedback
Post verification surveys & quarterly surveys

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 misunderstood / was confused about some questions / requirements. However, they had good knowledge about the SLCP requirements & process.

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.

Percentage of post-verification Verifier surveys with positive feedback:

2022: 89.5%
2021: 89%

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 factory 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.
Achievements

- Overwhelmingly positive feedback on user experience with CAF v1.4 compared to previous versions.
- Widespread uptake & positive feedback for facility training webinars and Training Body onboarding program
- Reduction in Helpdesk tickets per assessment - 0.57 tickets per assessment in 2022 compared to 0.98 in 2021, demonstrating efficiency gains
- Almost all facilities using the online tool (more efficient for the facility)
- Further reduction in average time taken to complete an assessment (average 40 days)
- Increasing positive feedback from facilities in post-assessment survey (65%, compared to 63% in 2021)
- 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) starting up support. Continuous improvement to the system will free up Helpdesk resources.
- Highlight the questions that are often misunderstood in trainings to better prepare facilities for assessments
- There is a need to continue addressing the known adoption barriers, particularly easing the use of the CAF by reducing the complexity of the tool & systems.
DATA QUALITY

Data quality and integrity continued to be a priority issue for SLCP in 2022. A range of enhanced Quality Assurance (QA) activities were conducted by the Verification Oversight Organization (VOO) and enhancements were implemented. SLCP re-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 v1.5 through training, communications, and helpdesk support. Data quality remains a key focus for SLCP, and the Verification Oversight team continues to work with key partners such as Sumerra, APSCA, and brands to better understand key issues and improve enforcement of SLCP data quality and integrity terms of use.

- Credibility survey 32
- Data integrity 33
- QA activities and outcomes: desktop reviews 34
- QA: duplicate, shadow and counter verifications 35
- QA: Verifier and VB Scores 36
- Key take-aways 37
Credibility Survey

In 2022, SLCP ran a “Credibility Survey” for the first time. The survey was open to the public and received 180 responses.

The aims of the survey were to:
Gain greater understanding of current perceptions of SLCP to:
a) identify areas of concern/areas where more activity or commis is required;
b) establish a baseline to compare future annual survey results

Credibility survey results overview

<table>
<thead>
<tr>
<th>Statement</th>
<th>Agree</th>
<th>Neither agree nor disagree</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The data in an SLCP verified assessment is accurate</td>
<td>73%</td>
<td>22%</td>
<td>6%</td>
</tr>
<tr>
<td>The data in an SLCP verified assessment is transparent</td>
<td>76%</td>
<td>20%</td>
<td>4%</td>
</tr>
<tr>
<td>I trust the data in an SLCP verified assessment</td>
<td>76%</td>
<td>15%</td>
<td>7%</td>
</tr>
<tr>
<td>The quality of the data in an SLCP verified assessment is equal to or higher than that of other social audits</td>
<td>56%</td>
<td>30%</td>
<td>14%</td>
</tr>
<tr>
<td>The quality of the data in an SLCP verified assessment is the same, no matter which Verifier Body conducted the verification</td>
<td>49%</td>
<td>27%</td>
<td>24%</td>
</tr>
<tr>
<td>SLCP has effective Verification Oversight &amp; Quality Assurance processes in place</td>
<td>69%</td>
<td>23%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Key take-aways from results:

- Scores on accuracy, transparency & trust are overall very positive. However, among brands overall confidence still needs to be improved;
- Compared to other audit schemes, SLCP data is perceived as higher in terms of quality, especially from the VB perspective (65%), while some brands strongly disagree (40%);
- There is a generally positive perception of SLCP QA and Verification Oversight (VO), with a large majority indicating that SLCP has effective Verification Oversight & Quality Assurance processes in place; however, brands were less convinced and seemed to know much less about the QA and VO strategy;
- Consistency between VBs is perceived negatively, with less than half of all respondents agreeing that there is consistency, and 56% of brands believing that data quality depends on which VB conducts the assessment.
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 assessment data, following the procedures as laid out in the SLCP Verification QA Manual.

Average accuracy rates

*Accuracy rate indicates the overlap between self/joint assessed data and verified data

Verification assessment type

The percentage of semi-announced and unannounced verifications has continued to grow in 2022.
QA Activities and Outcomes
Desktop Reviews

Quality of Desktop Reviews

90% of reports reviewed were found to be of sufficient quality (ranging from acceptable to high quality), essentially the same as 2021 (89%) and 2020 (88%).

2022 Desktop Reviews:
Average of 6.86 ‘mistakes’ found per report, similar to that of 2021 (6.55) but lower than previous years.

What happens if a report is found to be insufficient in quality?

- Corrective Action Request (CAR) issued to VB
- Feeds in to VB scores
- Significant issues result in report invalidation

For more information on SLCP QA activities, visit our public QA dashboard.
Duplicate, Shadow and Counter Verifications

2022 Duplicate Verification findings:
- The average variance remains in the ‘Moderate’ range in 2022, similar to 2021.
- There are a few duplicates that were significantly different between VBs. This is evidenced by the relatively high max variance (57%) which involved the below common discrepancies:
  - Verifier has different interpretation of laws and application
  - Differing degrees of knowledge and experience between Verifiers
  - Differing degrees of triangulation and in-depth document review, and scope of records reviewed by Verifiers
  - Verifier has different conclusion based on “point in time” related differences
  - Varied VB internal approaches and effectiveness to ensure consistency among their Verifiers

In 2023 the VOO is looking at ways to improve the process and reduce time between initial and duplicate verifications to reduce the ‘point in time’ factor. We also expect that with additional experience and other VOO interventions (CAR, Integrity program) this will reduce the differing degree of knowledge, experience, level of triangulation, and interpretation of the tool among Verifiers.

<table>
<thead>
<tr>
<th>Duplicate Verification findings</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Max Variance</td>
<td>18%</td>
<td>26%</td>
<td>57%</td>
</tr>
<tr>
<td>Average Variance</td>
<td>14%</td>
<td>13%</td>
<td>16%</td>
</tr>
</tbody>
</table>

2022 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)
2022 Counter Verification findings:

- Majority of Counter Verifications were 'acceptable'.

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

Verifier and VB scores
2022 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
DATA QUALITY

Key Takeaways

Achievements

- Implemented a new ‘Integrity Program’ with escalating disciplinary consequences for low quality scores
- Expanded the Stakeholder QA Program to get additional QA data from other stakeholder participants
- Onboarded approximately 200 new Verifiers into the program
- Added several ‘risk’ based factors to the VOO process for selection of verifications for QA
- Implemented Confidential/Sensitive Information Reporting form for VBs to report any sensitive information, suspicions, or related concerns to the VOO and SLCP

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. SLCP has started exploring QA predictive analysis opportunities
- There may be a need to require/provide additional specialized training to VBs and Verifiers
- There is opportunity to further expand the Stakeholder QA Program to get additional quality data from other stakeholder participants
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 assessment with multiple buyers, thus reducing the need for repetitive social audits. In 2022, our aim was to continue increasing the sharing of SLCP assessments.

- Gateway platform usage
- Focus: Open Supply Hub (OS Hub)
- AH platform usage
- Feedback from manufacturers
- SLCP & policy compliance
- Industry acceptance of SLCP Data
- Key takeaways
Gateway Platform Usage
Public list of facilities

We continue to see a steady increase in assessment views. Between 2019 and 2022, views have increased by 92%.

All facilities registered on the Gateway can be found in SLCP’s public list of facilities.

Top 5 Gateway page views

<table>
<thead>
<tr>
<th>Page Type</th>
<th>Views</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homepage (landing)</td>
<td>99,430</td>
</tr>
<tr>
<td>Gateway Account Login</td>
<td>89,430</td>
</tr>
<tr>
<td>Welcome page (after login)</td>
<td>121,008</td>
</tr>
<tr>
<td>Public Facility page</td>
<td>11,392</td>
</tr>
<tr>
<td>Facility Profile</td>
<td>6,564</td>
</tr>
</tbody>
</table>

Top 10 country locations of Gateway users

<table>
<thead>
<tr>
<th>Country</th>
<th>Views</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>7,127</td>
</tr>
<tr>
<td>Germany</td>
<td>11,303</td>
</tr>
<tr>
<td>United States</td>
<td>7,874</td>
</tr>
<tr>
<td>India</td>
<td>5,570</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>5,391</td>
</tr>
<tr>
<td>Vietnam</td>
<td>5,220</td>
</tr>
<tr>
<td>Turkey</td>
<td>4,741</td>
</tr>
<tr>
<td>Indonesia</td>
<td>2,148</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>1,758</td>
</tr>
<tr>
<td>South Korea</td>
<td>1,513</td>
</tr>
</tbody>
</table>
Focus: Open Supply Hub (OS Hub)

- Facilities can include their OS (formerly OAR) ID in the facility profile, Gateway, and as a reference on the Public Facility list.
- OS IDs act as a unique, open, "decoder" ID 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 OS Hub will enable SLCP to transparently identify which facilities use the CAF to generate their verified social and labor data.

"We’re pleased to see the steady increase in the number of Gateway facilities now listing their OS IDs on their profile, and we see scope for greater, more rapid uptake - particularly with our expansion to map supply chains across all product sectors. The expansion of SLCP and OS Hub means that any facility type can register for free on OS Hub and access their unique OS ID to display on their Gateway profile which, in turn, drives greater interoperability and improved visibility for stakeholders”.

- Natalie Grillon, Executive Director

Find out more on through OS Hub’s SLCP case study.
Accredited Host (AH) Platform Usage
Assessments per platform

2.67 average shares per assessment
(compared to 2.6 in 2021 and 1.92 in 2020)

Over 3000 AH to AH Shares
46% of total assessments, compared to 23% in 2021 and 5% in 2020.

2022 breakdown of SLCP assessment reports submitted to Gateway by platform
(Active AHs and Better Work)

2022 observations

- 91% of the assessment reports submitted to Gateway came from the two active AH platforms
- The number of BW facilities sharing their assessment to the SLCP Gateway tripled for the second year in a row
- Shares to SLCP Brand Host Inditex almost doubled compared to 2021.
- AH to AH (via Gateway) sharing of assessments increased significantly in 2022 to 46%.
Feedback from Manufacturers

Insights from SLCP signatory survey – 20 manufacturer respondents

How many buyers have asked you to share SLCP assessments with them in 2022?

<table>
<thead>
<tr>
<th>Number of Shares</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 shares</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>1-5 shares</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>6-10 shares</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>11-15 shares</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>16-20 shares</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>21-30 shares</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>30+ shares</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

10 manufacturers (50%) had been asked to share SLCP data by 6 or more brands (Last year: 31%)

To what extent do you agree...

<table>
<thead>
<tr>
<th>Statement</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our accuracy rating is important to us</td>
<td>100%</td>
<td>86%</td>
</tr>
<tr>
<td>We disclose honest data as this is what our supply chain partners expect</td>
<td>100%</td>
<td>95%</td>
</tr>
</tbody>
</table>

Manufacturer comments:

- “SLCP reports are shared to multiple customers. Therefore, the accuracy %, description in the verification data to reflect the actual condition, and transparency level are always top priority”.
- “Accuracy is one aspect, but our brands also want action plans for improvement, especially if we answered "no" to a question which they consider important. It doesn’t matter the answer is accurate, they want this management process or outcome in place”.

75% of CAF users have made use of SLCP data internally in 2022

(down 9% from the previous year)
SLCP & Policy Compliance

Understanding the CAF’s usefulness for uncovering Core Labor Standards

In 2022, SLCP continued to increase its understanding of the CAF’s relevance in light of policy developments. Human rights due diligence has been a key measure used to improve business respect of human rights.

Most human rights due diligence policies require companies to use a ‘risk-based’ approach to address human rights impacts. This means that the most severe and likely risks in the supply chain should be prioritized. As such, SLCP undertook research into how the CAF incorporates the most severe human rights – the core labor standards - into the tool. The learnings from 2022 found that the CAF does capture legal non-compliances relating to all core labor standards to varying extents.

In 2023, SLCP will leverage these findings to understand how the tool is capturing legal non-compliances for these severe risk areas, and where the tool can be developed to maximize its usefulness in the future.

5 Core labor standards, all of which are addressed by the CAF

What are the five Core labor standards?

- Forced Labor (105 data points)
- Child Labor (40 data points)
- Freedom of Association (95 data points)
- Discrimination (155 data points)
- Health & Safety (396 data points)

This is according to the ILO’s Conventions. Note in 2021, a safe and healthy working environment was added as a core labor standard.

854

The potential number of data points which are an indicator, directly or indirectly related to a core labor standard.
Industry Acceptance of SLCP Data
List of brands & organizations accepting SLCP verified data

In 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 2022, the list included 66 brands & organizations, growing from 52 in 2021.
**DATA USAGE**

**Key Takeaways**

**Achievements**

- 2021 Learning & Evaluation and Impact reports published and well received.
- Growing evidence for resources unlocked and redirection of resources
- Signed agreements with ILO-BW and Cornell’s Global Labor Institute for an explanatory review of SLCP data
- Launched the Data Store in partnership with ITC with a focus on a scalable and streamlined way for 3rd parties to access and analyze SLCP data
- Close alignment between the CAF and the proposed European Due Diligence Directive
- SLCP appears to align so far with the draft European Sustainability Reporting Standards (CSRD)

**Learnings & Opportunities**

- Continue to build on the data shared in the 2021 Data Impact with more contextual analysis
- Expand on SLCP’s data product offerings via Factsheets and Joint Publications
- Invest in research to build on evidence for resources unlocked and redirection of resources
- Continue the strategic approach of selective and intentional engagement with interested 3rd parties in SLCP data with the goal of building strong foundational partnerships
- Refine the onboarding process of new research partners for smoother engagement early on
- Continue to refine the usability of the Data Store and onboard more partners onto the platform
- Continue to enhance Verification Oversight & communication around this work to strengthen the credibility of SLCP’s data
- Ensure alignment where possible of SLCP data with key partners to further strengthen credibility
- Strengthen the linkage of SLCP data to policy developments through dedicated resourcing to define and implement successful strategies for policy related impact
PROGRESS ON MISSION & VISION

As outlined in SLCP’s 5 year Strategic Plan (2018-2023), SLCP’s vision is to improve working conditions, and our mission is to successfully implement the Data Collection Tool. To achieve this, SLCP is focused on four 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 learnings and opportunities for further direct impact from SLCP adoption in facilities in 2023 and beyond.

- Relevance and collaboration 47
- Scalability 48
- Impact 49
- Key takeaways 51
Relevance and Collaboration
Examples of collaboration

2022 saw SLCP continue to cement key existing partnerships. As an organisation, SLCP is proud to work closely with credible organisations and sees collaboration as an opportunity to leverage collective efforts to drive further impact. In this sense, 2022 saw SLCP build new collaborations with aligned organisations. This page provides some clear examples of what was achieved in 2022.

**Strengthening existing collaborations**

**ILO - Better Work**

2022 progress: identifying how data can be better aligned with national labor laws and international labor standards in the CAF

**International Trade Centre**

2022 progress: Jointly publishing the Impact Report, outlining key trends and insights in SLCP data

**Building new collaborations**

**Global Fashion Agenda**

2022 progress: SLCP becomes an Impact Partner as part of GFA’s The Monitor

**Fair Wear Foundation**

2022 progress: FWF & SLCP started a pilot to map SLCP assessment data to a FW remediation plan

The 2022 Impact Report, to be released in Q2, will elaborate more on how work with our partners has facilitated further impact.
Scalability
2022 SLCP Signatory Survey (55.65% response rate, up from 50% in 2021)

Key Highlights

- 87% reported using the CAF instead of proprietary tools this year (consistent with 2021 – 87%)

- 49% have been able to use the CAF “significantly” more than proprietary tools (compared to 40% in 2021)

- In 2021, 91% reported expecting to use the CAF instead of proprietary tools in 2022 (compared to 87% who report actually using it this year)

- 91% now expect to use the CAF instead of proprietary tools in 2023 (compared to 89% in 2021)

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

- Significantly
- To some extent
- Not at all or N/A
- Not Sure
Impact
Resources unlocked for redeployment to improvement programs

Review of methodology to calculate resources unlocked

As a learning organization, SLCP uses different sources of information to evaluate progress. One aspect of understanding SLCP’s success is to estimate the resources saved through CAF implementation and to what extent these were directed to improvement programs.

In 2022, SLCP sought third-party advice from Manaus, a social impact research consultancy, to review and validate the methodology and calculations to measure resources unlocked.

Overall, the review validated the underlying assumptions in the existing methodology, particularly for the use-case of larger manufacturers in the textile and apparel industry. However, there are avenues to capture the costs and benefits of implementing the CAF more precisely and accurately.

The Manaus report provided SLCP with a number of recommendations in two areas:
1. Uncaptured deviations in costs, including start-up costs, cost of updating, high-risk factories, unique factors beyond tier 1 and new sectors, language, geographic differences, and other additional costs.
2. Limited data including further incorporating partner data (such as that from the VOO, Sumerra).

Manaus provided three key recommendations to strengthen the methodology:

- Utilize past data to develop and test assumptions
- Enhance current data protocols around sharing
- Utilize user feedback to calibrate assumptions

In 2023 and future years, SLCP aims to implement the recommendations and to continue to explore avenues to better understand the impact in terms of improving working conditions.

Reduction in verification days

Based on SLCP’s verification data, we can get an indication of the average days a verification takes.

In 2022, on average each verification took 2.79 person days. This is a further reduction from previous years, which could be a result of more experienced users who understand the SLCP verification process.

"The methodology provides a base, upon which the assumptions can be tested, refined, and strengthened as the data and usage become more robust over time."

Bryn Philibert, CEO, Manaus
Estimation of resources unlocked in 2022
Applying the calculation methodology used in our 5-Year Strategic Plan, SLCP 2022 Operations theoretically unlocked:

\[
\text{7255 assessments} \times 2.67 \text{ shares per assessment}^* \times 2.79 \text{ average verification days} = \text{Potential +/- $25M USD Unlocked}
\]

*This is the estimated average share per report in 2022.
**Many SLCP signatories invested time and resource in 2022 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.

Redirecting resources to improvements

2022 SLCP Signatory survey results on impact (55.65% response rate)

<table>
<thead>
<tr>
<th>To what extent do you agree...</th>
<th>% agree/ strongly agree</th>
<th>Last year</th>
</tr>
</thead>
<tbody>
<tr>
<td>We redirected resources saved by the CAF in 2021</td>
<td>37%</td>
<td>31% anticipated a saving in 2021</td>
</tr>
<tr>
<td>We anticipate redirecting resources saved by the CAF in 2022</td>
<td>43%</td>
<td>-</td>
</tr>
<tr>
<td>We anticipate redirecting resources saved by the CAF in 2023</td>
<td>17%</td>
<td>63%</td>
</tr>
<tr>
<td>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 &amp; their communities</td>
<td>33%</td>
<td>72%</td>
</tr>
</tbody>
</table>

SLCP is increasingly seeing 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. According to 2022 findings:

- Over a fifth (22.5%) of respondents reported their buyers are accepting SLCP
- Many reported saving thousands (up to $20,000) as a result
- Savings are being reinvested in workplace improvements, new programs for workers & higher wages.

Read more about the findings here.
PROGRESS ON VISION & MISSION

Key Takeaways

Achievements

- Signatories are committed to using SLCP in place of their proprietary tool
- 2022 achieved adoption of 7,255 assessments which surpassed expectations (revised adoption target was 7000)
- SLCP is financially resilient, operating with 115% of earned income in 2022 (compared to expenses). This is an increase from 2021 (102%)
- Signatories committed to redeploy resources towards improvement programs, as evident by BBl findings and the SLCP Signatory Survey
- Well received inaugural Impact Report
- Continued to leverage key existing partnership with ITC
- Collaboration on tool review with ILO-Better Work, by identifying how data can be better aligned with national labor laws and international labor standards.
- Built on new partnerships with Fair Wear Foundation and Global Fashion Agenda.

Learnings & Opportunities

- Continued focus on impact: scaling adoption, increased sharing per assessment, reduced time taken to complete verification without adversely impacting quality of data
- Broaden scope of acceptance of SLCP assessments and increasing the number of shares per verified assessment
- Increase compatibility with standard holders
- Prioritize policy, business development, and data insights through expanded workstreams
- Retain talented staff and lean Secretariat.
ACKNOWLEDGEMENTS

SLCP would like to thank all the signatories that supported SLCP implementation in 2022.

Feedback and further information:
- Please contact 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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