Social & Labor Convergence Program (SLCP)

Converged Assessment. Collaborative Action. Improved Working Conditions.

Driving audit convergence: An update from SLCP



What is the Social & Labor Convergence Program (SLCP)? SLCP is a multi-stakeholder initiative

implementing the Converged Assessment Framework (CAF)

to:

- reduce audit fatigue
- provide high quality social and labor data

in order to improve working conditions



SLCP signatories – 273

February 2023

SLCP is a signatory-driven multi-stakeholder initiative.

You can find the full list of signatories <u>here</u>.

53 Brands | Retailers

44 Manufacturers

108 Audit Firms

19 Consultancies

29 MSIs | Standard Holders | Civil Society

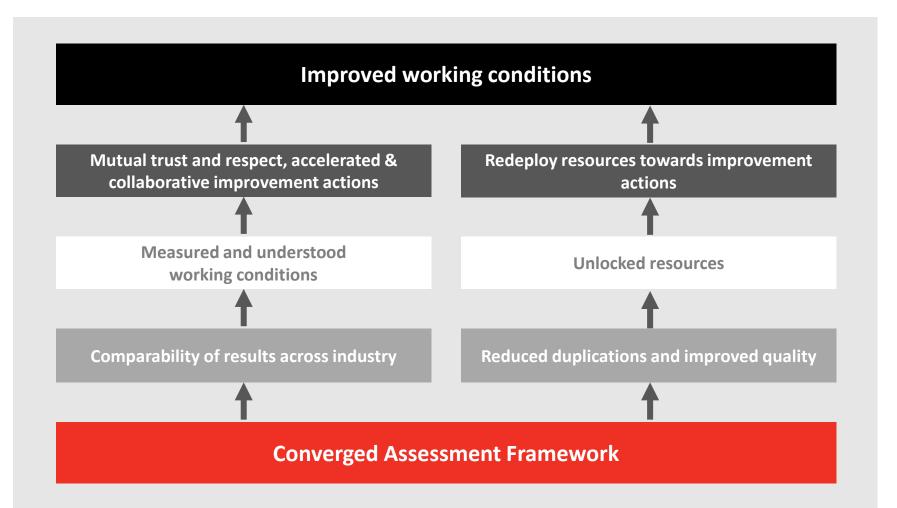
6 Agents

12 Industrial Associations

2 National Governments



Program goal and overall objective









Scaling of SLCP





SOCIAL & LABOR

Growing acceptance of SLCP data

Number of companies and standard holders publicly accepting SLCP rose from 50 to 65 in 2022

(See website for full list)

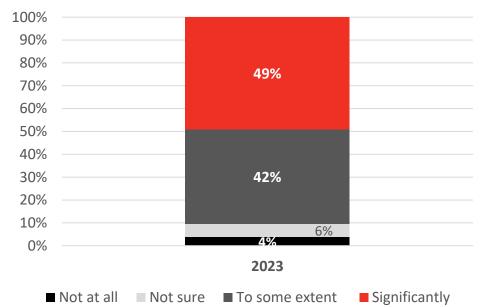


Evidence of reducing audit fatigue

2022 Signatory survey results

Brands & manufacturers (53 respondents)

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



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

70% of manufacturers reported **reduction in total number of audits** through SLCP adoption in 2022. In some cases, over 20 reduced audits.



Evidence of redirecting resources

Shifting resources from auditing to improvements



Better Buying Purchasing Practices Index 2022 Findings

- SLCP questions included in 2022 supplier surveys
- 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 <u>here</u>.





Example of SLCP Adoption : Shahi Exports

SHAHI

- **42** facilities (76% of all Shahi factories) have completed SLCP Verification.
- **5** additional factories will adopt SLCP in 2022.
- **35%** customers have replaced traditional audits with SLCP.
- Embedding a culture of SLCP within the company has resulted in benefits:

Since adopting SLCP, Shahi Exports has saved approximately **4,416 hours** due to reduced audits.

Supporting SLCP:

In 2019, Shahi Exports adopted a new approach to social compliance by becoming an SLCP signatory. Hosted the SLCP India launch in 2019 to bring different stakeholders together. Member of two SLCP Technical Advisory Committees: Stakeholder Engagement & Communications and Converged Assessment Framework.



Why Shahi Exports believes in SLCP:



Value-add

Wide acceptance brings down the turnaround time for onboarding of new factories



Autonomy

Leaner auditing system, reduced dependence on multiple thirdparties; ready tool for post-pandemic compliance

Credibility

Robust and standard framework; vetted by multi-stakeholder technical committees; data customizable to different needs

iii Capacity

All HR, compliance, sustainability teams trained on a standard process; allows resources saved to be diverted towards worker wellbeing

Convergence with standard holders

SLCP is in dialogue with multiple standard holders to explore compatibility and potential convergence



In June 2022, SLCP and Fair Wear Foundation jointly announced a collaboration agreement with two defined projects to explore alignment. Work is underway on both projects.



In 2022, SLCP and amfori issued a joint <u>public</u> <u>statement</u> to inform mutual stakeholders of our plans to refresh work on our roadmap to explore convergence in early 2023.



Began accepting SLCP verified data in Apparel and Home Goods program in late 2021.



OEKO-TEX and SLCP are in discussions to explore potential alignment between the CAF and STeP.

