RESPONSIBLE SOURCING WORKPLACE ASSESSMENTS

RESPONSIBLE SOURCING WORKPLACE ASSESSMENTS (RSWA)

BENEFITS	
Institutional Knowledge	With over 20 years in the social auditing industry and over 200,000 audits conducted, UL's Responsible Sourcing group leverages its institutional knowledge and on-the-ground insight to help clients obtain valuable information on workplace conditions within their supply chain.
Turn-key Implementation	Standardized protocols, assessment procedures, and reporting tools allow our global network of auditors to swiftly and effectively execute assessments, without the need for additional auditor training and program set-up.
Scope and Methodology	The areas evaluated as part of the audit (scope) and the protocols followed in the field (methodology) of the RSWA are benchmarked against key industry frameworks such as: Global Social Compliance Programme [GSCP], Sedex Members Ethical Trade Audit [SMETA], Electronic Industry Citizenship Coalition [EICC], ILO conventions and recommendations, and the auditing guidelines set by the International Federation of Inspection Agencies [IFIA].
Quality and Consistency	UL's Responsible Sourcing Workplace Assessment provides the platform for uniform audit execution across countries and industries. Auditor guidance ensures clarity regarding the interpretation of questions that make up the audit tool. All audit reports are subject to a thorough review process to ensure consistent report quality worldwide.
Auditor Experience and Training	UL's social audits are conducted by professionals with college degrees in related fields, as well as specialized skills in conflict management, investigative techniques, and gathering and handling sensitive information. Auditors are evaluated in the field on an ongoing basis to ensure strict adherence to audit guidelines.
Commitment to Integrity	All auditors follow a Statement of Integrity that addresses bribery and unethical behavior during the audit. This statement is presented to the facility and signed by both parties at the start of the audit to ensure mutual acceptance of UL's integrity standards.
Continuous Improvement	UL continually reviews and enhances the scope and protocols that make up the RSWA, keeping our clients abreast of industry trends and changes in prevailing standards related to social responsibility.

AUDIT BASIS

Findings from UL's Responsible Sourcing Workplace Assessment are based on:

- Specific laws and regulations within audit scope
- Relevant international standards
- Minimum recommendations, based on industry standards
- Client's Code of Conduct, as applicable

UL's assessment findings are identified through visual observation, worker and management interviews, and documentation review conducted by auditor(s) on the date(s) of the facility on-site visit.

AUDIT AREAS AND SCOPE

Physical areas covered under the scope of the Responsible Sourcing Workplace Assessment include:

- Production areas
- Storage areas
- Living and eating areas for non-management employees

UL'S RESPONSIBLE SOURCING WORKPLACE ASSESSMENT SCOPE		
Labor Practices: • Abuse, Coercion, Harassment, Disciplinary Action • Benefits • Child Labor, Young Workers, Apprentices/ Trainees • Discrimination • Forced, Bonded, Indentured, Slave, Prison Labor • Freedom of Association and Collective Bargaining • Hiring and Termination • Remuneration • Working Hours	**Health and Safety:** • Accidents • Chemicals and Hazardous Materials • Electrical • Emergency • Equipment Safety • First Aid • Personal Protective Equipment (PPE)	**Environmental:** • Air Emissions • Noise Pollution • Waste • Water and Wastewater
Also included: Facility Supply Chain Profile, Ethics and Business Integrity, and Management Systems		

AUDIT PROCESS

The Responsible Sourcing Workplace Assessment process consists of five steps:

Opening Meeting → Document Review, Employee and Management Interviews, Facility Walkthrough → Closing Meeting

Opening Meeting

Upon arrival at the facility, auditor(s) meets with facility management to review the on-site assessment process. Auditor(s) describes the scope of the assessment, identifies parties involved, and estimates the assessment duration. UL's Statement of Integrity is also presented to management and signed by both factory management and the UL auditor(s).

Document Review

Auditor(s) reviews facility documentation to identify findings. Documents requested from facility management include, but are not limited to:

- Licenses
- Written policies
- Personnel files
- Payroll and working hour documentation
- Collective bargaining agreements
- Employee contracts
- Facility layout/floor plan
- Company policies (examples: child labor, health and safety)
- Grievance/complaint procedures
- Employee handbook
- Hazardous chemicals list
- Emergency action procedures
- Fire drill log
- Evacuation Plan
- Permits
- Operating licenses
- Collective bargaining agreements

Payroll and Time Record Review

Employees' pay and working hour records are compared against the following: employees' statements in interviews, observations made by the auditor(s), and written agreements between employees and the facility.

For facilities with piece-rate payments to employees, piece-rate production records are reviewed in order to evaluate the facility's system for tabulating piece-rate counts and calculating wages based on the relevant unit price of items.

Samples are reviewed from three (3) months of wages, selected from the most recent 12 months for which wages have already been paid. Samples must include:

- Most recent month for which wages were paid
- One (1) peak month for which wages were paid (selected by auditor(s), based on statements from facility management)
- One (1) non-peak month for which wages were paid (selected by auditor(s), based on statements from facility management)

Employee and Management Interviews

To obtain information on facility policies and procedures and a clear understanding of facility's management systems and documentation, auditor(s) conducts formal and informal interviews with management personnel, e.g. Human Resources Manager, EHS Manager, and Operations Manager.

UL conducts employee interviews following the minimum sampling method below:

FORMAL EMPLOYEE INTERVIEWS	
Number of facility employees	Minimum sample size
1–24	5
25–100	10
101–500	15
501 and above	20

Half (50%) of the interviews conducted may be performed in groups of no more than three (3) employees per group.

Employees considered for interviews include:

- Non-management, direct employees (both production-related and non-production-related employees)
- Indirect employees that are involved in production (e.g. on-site contractors)

In order to gather supplementary data points, informal "spot" interviews with service staff such as security, canteen, and cleaning personnel may be conducted in addition to formal employee interviews.

If auditor(s) feels that sharing concerns around findings could endanger interviewed employees' welfare or auditor's safety, auditor(s) withholds this information from the management of the audited site and shares the sensitive information with only the Client through a separate Flagged Findings Report.

Facility Walkthrough

Auditor(s) conducts a walkthrough of any areas where workers may be present including, but not limited to: production floors, warehouses, chemical storage units, dormitory, lavatories, clinic, canteen, and nursery. The walkthrough does not include management eating or living areas.

A health and safety manager, or someone equipped to answer questions about the safety practices at the facility, typically accompanies auditor(s). Human Resources staff members will also be interviewed to answer questions on HR policies that may arise from observations made during the walkthrough.

Photos are taken during the walkthrough to capture findings and the general layout of the work floors, dormitory, canteen, warehouses, etc.

During the facility walkthrough, auditor(s) pays particular attention to the following issues:

- Notices informing employees of anticipated overtime hours
- Documentation showing rest day work, when these working hours are not reflected on the facility's time records
- Indications of restrictions to movement, such as notices restricting the use of the lavatories or restrictions from leaving the facility area and/or returning to the dormitory (curfews)

Closing Meeting

At the conclusion of the audit, UL shares a Summary of Findings directly with the facility's management, who is asked to sign and confirm that management understands the Summary of Findings.

UL'S APPROACH TO EMPLOYEE INTERVIEWS	
Foster Open and Honest Dialogue	In localities where employee coaching is prevalent, such as in China, auditors strive to randomly select employees directly from the work floor and immediately interview them. Auditors rely on training in interview techniques to make employees feel comfortable and ensure them that information revealed will remain confidential.
	Interviews are conducted between the auditor and the employee in a private setting without the presence of management, such as a room or vacant area near the work floor. Any interference from management during the interview process would result in a "partially denied" audit.
Minimize Disruption to Production	In highly mechanized production processes where it may be difficult for employees to leave their machines while still keeping production running, employees may be selected from an employee roster at the start of the audit, and appointments may be made with employees to schedule interviews throughout the audit.
Provide Accurate Representation	To obtain a representative sample of the facility workforce, auditors endeavor to select employees from diverse backgrounds such as different ethnic groups, ages, and genders, as well as different departments. When possible, employees of different levels of seniority at the facility are also invited for interviews.
	If necessary, auditors may exercise judgment when deciding between individual and group interviews; in facilities where coaching appears to be an issue, auditors will generally conduct a larger proportion of individual interviews. In group interviews, auditors will invite no more than three (3) employees to interview at once. For reasons of confidentiality, employees in group interviews are not asked questions pertaining to wages.

AUDIT REPORTING

The audit reporting documents provided as part of UL's Responsible Sourcing Workplace Assessment are as follows:

DOCUMENT	PROVIDED TO		NOTES
	FACILITY	CLIENT	
Summary of Findings	■	■	• Provided to the facility management during Closing Meeting • Summarizes findings of assessment • Facility management signs to confirm understanding of findings
Audit Report		■	• Captures the findings identified during the audit • Contains photo evidence from audit • Undergoes thorough review; typically issued within ten (10) days of the audit
Flagged Findings Report *(as needed)*		■	Contains sensitive information that fits any of the following descriptions: • If shared with facility management, employees onsite could be endangered or singled out for having reported sensitive information to auditor(s) during private interviews • If shared with facility management, safety of audit team may be compromised • Relates to unconfirmed data points that arouse auditor suspicion • Relates to actions outside of the country of audit (e.g.: actions that relate to a recruitment process that occurred outside the country of audit) Note: This report may not be shared with the Factory or Vendor/Agent/Supplier and is normally issued within one (1) business day unless additional clarification is needed from auditor(s).

Alert Notification *(as needed)*		■	• Highlights issues requiring Client's immediate attention
			• Types of issues generating an Alert may be decided upon consultation with the Client
			• Typical issues are as follows:
			  – Child labor
			  – Forced labor (including bonded, indentured, and prison labor)
			  – Sexual harassment or abuse
			  – Discrimination
			  – Union intimidation
			  – Confirmed fraud or manipulation of documentation
			  – Attempted bribery of the auditor(s)

AUDIT SCORING

UL's audit grading standard is a valuable tool to assess the criticality of audit results by examining the severity of findings and uniformly measuring progress over time. Key to UL's grading standard is the incorporation of statistical science as well as quantitative research when rating the severity of findings based on the guidelines of the Global Social Compliance Programme (GSCP).

Findings are classified as Critical, High Risk, or Intermediate Risk, as described in the table below:

SEVERITY	DESCRIPTION OF FINDINGS
Critical	• Threaten workers' safety and/or risk the loss of life or limb, as per the Global Social Compliance Programme's (GSCP) definition • Alter the course of the audit through fraud, coercion, deception or interference • Fall under the International Labor Organization's (ILO) four fundamental principles and rights at work, which include discrimination, minimum age, forced or restricted labor, and freedom of association and collective bargaining • Are often cited as zero tolerance issues by other entities and brands within their respective supply chain monitoring programs
High Risk	• Only partial access granted to one or more of the components that form the assessment: facility walkthrough, employee interviews, and document review • Reflect missing items that have material bearing on the assessment (e.g. documentation) • Denote systemic inconsistencies between employee testimonies and documentation • Disclose lack of management systems to protect the rights of workers • Pose serious harm to the employees
Intermediate Risk	• Indicate existing processes and policies are in place to protect the rights of workers, but they are not properly implemented or regulated • Reflect unintentional errors that lead to non-compliance with legal requirements or international standards • Denote non-systemic inconsistencies between employee testimonies and documentation

The final qualitative rating and numerical score (on a scale from 0-100, with 100 indicating lowest risk) are dependent on the most severe finding(s) encountered during the assessment. Examples:

• If at least one Critical finding results from the audit, the overall grade for the assessment is "Critical" and the overall score will be 40 or less.

• If at least one High Risk finding is encountered, but no Critical findings are present, the overall grade for the assessment is "High Risk" and the corresponding score will be between 41 and 80.

AUDIT DURATION

UL's Responsible Sourcing Workplace Assessments begin at two (2) days, which allows for sufficient time for auditor(s) to execute the scope and methodology of the assessment.

Employee headcount will be required prior to scheduling in order to determine auditor-days needed for assessment.

UL recommends that additional auditor-days be allocated for audits of facilities with a workforce of 500 employees or greater to allow for a thorough audit including additional employee interviews and a longer walkthrough of the facility compound.

AUDIT DURATION	
Number of facility employees	Number of Auditor Days
1–499	2
500–1999	3
2000–5999	4

The Audit Report provides only a summary of findings and other applicable information gathered during the audit process within a specified timeframe. The Audit Report does not confirm or certify compliance with laws, or industry or international standards. The Audit Report is compiled through a process of sampling — sampling of documents, sampling of employees for interviews, and sampling of areas for observation. This sampling activity does not guarantee that the audited facility is in full compliance with the requirements against which it was audited. The Audit Report does not constitute legal or other professional advice.

For additional information on UL's Responsible Sourcing Workplace Assessments, contact RSinfo@ul.com, or visit ul.com.