Social Impact Assessment for Vendors

Overview and Introduction
IETP Social Impact Assessment for Vendors is a tool to measure and improve the management systems in place for labor standards in your supply chain.
What is the Social Impact Assessment for Vendors?

The assessment is designed to look at a company’s social impact by measuring the effectiveness of management systems in place for managing labor standards in their supply chain. Social impact covers the effect an organization has on people and communities as a result of its actions, activities, projects, programs or policies.

We believe that ethical businesses should have a positive impact on their workers and other people affected by their operations. The assessment is based on an ethos of ‘you can’t improve what you don’t measure’ – to improve social impact the first step for a company is to measure what it is doing now. From there it can map a path to improvement.

The assessment allows us to review a company’s management systems across 8 key categories that represent the essential elements of an effective management system. The Social Impact Assessment’s process-based approach is a practical way to help you understand the effectiveness of your current practices and identify opportunities to strengthen any areas if appropriate.

The assessment is not an audit; it is a capacity building exercise which is designed to help the organizations completing it by providing them with advice, coaching and a tailored improvement plan based on the findings.

What is the Social Impact Assessment Process?

1. Registration form completed and payment made
2. Self-assessment completed and submitted to IETP along with supporting documents
3. IETP evaluation conducted over the phone
4. Verified score confirmed, and an improvement plan issued by IETP with priority areas identified

Who is the assessment designed for?

The assessment can be undertaken by any agent, vendor, licensor or distributor. It is a remote assessment, delivered by IETP expert staff. It can be used to provide independent, trusted verification of the company’s capability to implement effective management systems that appropriately manage labor standards or as a development program to provide understanding of the areas which need further support and capability building.
What areas does the Social Impact Assessment for Vendors cover?
The assessment is broken down into eight areas:

1. **Policies and Procedures** – what the organization has documented regarding labor standards and how these are integrated into the business and applied throughout the supply chain

2. **Internal Social Compliance Team** – the people within the organization responsible for implementing labor standards on a day-to-day basis

3. **Risk Assessment and Monitoring of Supply Chain** – how the organization communicates labor standards requirements and how it assesses risks in its supply chain and monitors compliance on an ongoing basis

4. **Integration of Compliance and Sourcing** – how social compliance priorities are factored into sourcing decisions

5. **Complaint Management and Resolution** – how complaints regarding suppliers are dealt with if they arise and how they are resolved

6. **External Stakeholder Engagement** – how the organization interacts with external stakeholder groups regarding labor standards development and implementation

7. **Training and Capacity Building** – how the organization trains employees and suppliers on the requirements of their labor standards program

8. **Progress on Corrective Actions** – what does the organization do when they find a problem with a supplier

For each of the 8 areas there are a series of questions designed to assess the effectiveness of the management systems in place to give an overall score for the maturity of the systems relating to labor standards.
**How is the assessment scored?**
Each of the 8 categories are rated on a scale of 1 to 5 with 5 being the highest. The overall average score reflects the maturity of management system.

<table>
<thead>
<tr>
<th>Score</th>
<th>Description</th>
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<tbody>
<tr>
<td>5</td>
<td>Developed and implemented <strong>mature management system</strong> with <strong>continual improvement</strong> of the system</td>
</tr>
<tr>
<td>4</td>
<td>Developed management system, implemented <strong>consistently and regularly</strong></td>
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<tr>
<td>3</td>
<td>Developed management system, but <strong>not fully implemented</strong></td>
</tr>
<tr>
<td>2</td>
<td>Partially developed management system, but implementation is <strong>reactive, inconsistent</strong> and mostly <strong>ineffective</strong></td>
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<tr>
<td>1</td>
<td><strong>No awareness of labour issues</strong> or any system in place to manage social performance</td>
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**How does the Social Impact Assessment for Vendors help companies and supply chains improve?**
The Social Impact Assessment for Vendors allows companies to identify where they are now with their supply chain management and defines a clear path to improvement if needed.

Companies can use the Social Impact Assessment in many different ways. It can be used to create a baseline rating, as well as help identify specific areas for improvement. The training and tools can be used to improve performance in any of the 10 categories.

Companies can communicate that they have undergone the assessment process. Demonstrating to stakeholders, internally and externally, their commitment to enabling and respecting workers’ rights in their manufacturing facilities and where needed, that they take action to remedy any issues and respond to development opportunities.

**Who should complete the self-assessment and participate in the evaluation call?**
For the most useful results it is advised the person who is most responsible for labor standards implementation and supply chain management in the organization should complete the self-assessment and participate in the remote evaluation call with IETP.