

Social Responsibility Best Practices	SUBJECT Social Responsibility Policy For Distributors	LAST UPDATE July 2019
	APPLIES TO • Distributors	FOCUS ON Creating A Distributor Social Responsibility Policy
	QUICK LINKS <ul style="list-style-type: none"> • PPAI Social Responsibility: https://www.ppai.org/corporate-responsibility/social-responsibility/ • PPAI Business Partner QIMA: industries.ul.com/responsible-sourcing • Fair Labor Association: www.fairlabor.org/ 	

Italic grey text indicates a hyperlink listed in the Online Resources section of this document.

Overview

A social responsibility policy describes an organization’s social responsibility program, supplier requirements and assessment methodology. In addition, it may include an organization’s philosophy and policy for good environmental stewardship practices. Each organization will need to assess its own needs in order to determine the best approach for its particular business.

Social responsibility policies are generally easier to implement for industry distributors due to the standard promotional products industry business model of procuring through suppliers. While less intensive, it provides for greater risk as distributors must put a great deal of faith in suppliers. Generally, suppliers have the relationships with factories, and distributors do not have complete visibility into the supply chain. The following steps will guide a distributor when establishing an effective social responsibility program within the confines of the traditional promotional products business model. Ideally, the supplier will have an acceptable program in place that aligns with your code of conduct and requirements.

Scope

A social responsibility policy is designed as a practical tool for the implementation of an organization’s social accountability and environmental stewardship program at the factory level to ensure that the organization’s social accountability and environmental stewardship policies are implemented and monitored to protect the organization and its clients’ reputations and brands. It applies to all parties that manufacture, assemble, or distribute any product or package on behalf of an organization.

Risk Assessment

A distributor organization conducts a risk assessment of its supply chain based on the model it currently employs. For promotional products distributors, this is most commonly industry suppliers. However, distributors that source direct from overseas partners

assume all responsibilities and obligations that would normally fall under an industry supplier. If this is the case for your organization, refer to *PPAI’s Social Responsibility Policy for Suppliers Best Practice*.

Before entering new agreements with suppliers, an organization will need to undertake a due diligence process to identify potential risks and act accordingly. In order to mitigate risks associated with social non-compliance, a distributor should have a social responsibility program and share those expectations with suppliers. This program will center on working with suppliers that are able to demonstrate effective policies and practices in the areas of worker treatment, wages paid, hours worked, environmental responsibility and product safety and quality. These areas of risk will be specifically addressed through the organization’s social responsibility program, training, assessment and remediation.

Elements Of A Social Responsibility Policy

1. Goals and Strategy:

Ensures active compliance with the domestic and international regulations, ethical standards, environmental standards and human rights. Exerts a positive influence throughout the entire supply chain on to the end customer.

2. Statement of Beliefs:

Demonstrates to all stakeholders that the company invests in environmental, legal and ethical standards, environmental stewardship, the local community and ultimately the global community.

3. Code of Conduct:

Tangible representation of an organization’s effort to meet the expectations of the end buyer for product safety, social and environmental assurances. It is a document a supplier can hand a distributor, and a distributor can hand to an end buyer

as a public statement of the organization's environmental, safety and quality commitments. Refer to *PPAI's Code of Conduct webpage for more details* and to *adopt the PPAI Code of Conduct*.

4. Management Systems

Monitoring: A distributor organization manages compliance with a code of conduct through internal monitoring of its facilities and the policies and procedures of its supplier partners.

Implementation: An organization should require all its supplier partners to contractually obligate themselves to comply with the code.

Corrective Action: Unsatisfactory monitoring results shall be addressed through corrective action plans (CAPs) within a time frame agreed upon between the organization and the supplier partner.

Non-Compliance: A distributor organization will reserve the right to suspend any purchase orders and contracts with its supplier partners until corrective actions have been implemented, or to terminate the business relationship if gross non-compliance with the code is determined.

5. Training:

Staff training is essential for embedding social responsibility throughout the organization's culture. Conduct social responsibility training for staff before implementing the program. The training provided to suppliers can be as simple as covering your policy and code of conduct with a supplier to highlight the areas of risk and to raise supplier's awareness of your expectations and concerns related to their operations.

6. Monitoring, Remediation and Performance Measurement:

Using *PPAI's Social Responsibility Monitoring for Distributors Best Practice* determine the suppliers that will be assessed based on resources available and method chosen for assessing. Thereafter, assessments will be conducted on a pre-determined basis and the frequency will depend on the supplier's performance. If issues arise during the assessment, suppliers are expected to remediate them in accordance with the corrective action plan and the time frames established by your organization.

7. Reporting and Communication:

Provide copies of all applicable policies, procedures and assessment reports (where applicable) to the supplier. The supplier is expected to report back with corrective action plans and proof of remediation.

Governance

Assign the role of compliance officer (or similar title) to the person responsible for administering your organization's program. This representative will have the ultimate responsibility for developing and coordinating the company's overall corporate responsibility efforts. The compliance officer should report directly to the CEO/Owner and serve as the main point of contact for social responsibility related issues both for internal and external stakeholders. Small distributors will likely need to assign this role to the owner or possibly add it to another staff person's duties. The compliance officer:

- Oversees the implementation of the code of conduct and delegates relevant roles and responsibilities to other members of staff
- Defines the company's social responsibility goals and strategy to ensure that they are effectively communicated to all staff members
- Manages suppliers' social responsibility performance, reviews assessment reports and follows up with suppliers if corrective actions are necessary

**Note: Best practice requires the compliance officer to oversee all responsible sourcing activities (social, environmental and product responsibility) under a singular corporate responsibility program.*

Supplier Selection

Ensure every supplier undergoes a due diligence process to benchmark its performance against the code of conduct prior to entering any agreements. In addition, regularly monitor the supply chain to ensure that all suppliers are in compliance with relevant local laws and regulations.

1. Pre-selection Process:

Before entering any business agreements with potential suppliers, ask them to complete a self-assessment questionnaire to measure their performance against your code of conduct. In addition, prospective suppliers should be asked to sign your purchase order terms and conditions, inclusive of a clause on compliance with your code of conduct.

2. Supplier Requirements:

An organization's social accountability program and code of conduct will apply to all parties that manufacture, assemble or distribute any product or package on behalf of the organization. Provide every supplier with a supplier package that they will acknowledgement receipt of and that they will have to complete, sign and return prior to receiving orders.

Audits

A social responsibility audit will identify areas of concern with regard to facility safety, worker safety, working conditions, waste and human rights. Audits are necessary for ensuring baseline expectations and continuous compliance with stated requirements, typically a code of conduct. Realistically, smaller distributors will not have the resources to conduct third-party audits. Therefore, have a concise, well-documented policy and procedure for social responsibility to which you will hold suppliers accountable. Refer to *PPAI's Social Responsibility Audits for Distributors Best Practice* prior to engaging in an audit.

Online Resources:

PPAI Corporate Responsibility: <https://www.ppai.org/corporate-responsibility/>

PPAI Product Responsibility Frequently Asked Questions:

<https://www.ppai.org/corporate-responsibility/product-responsibility/product-responsibility-faqs/>

PPAI Business Partner QIMA: <https://www.ppai.org/members/affinity-partners/#8ed9d94d-cb76-488a-9919-c94f8345d123>

PPAI Code of Conduct: <https://www.ppai.org/media/1420/sr-code-of-conduct-english.pdf>

PPAI Social Compliance Basic Factory Audit Checklist Best Practice: <https://www.ppai.org/media/1898/sr-bp-basic-audit.pdf>

PPAI Social Responsibility Audits For Suppliers Best Practice: <https://www.ppai.org/media/1900/sr-bp-cap.pdf>

PPAI Social Responsibility Monitoring Best Practice: <https://www.ppai.org/media/1904/sr-bp-monitoring.pdf>

PPAI Social Responsibility Corrective Action Plan Best Practice: <https://www.ppai.org/media/1900/sr-bp-cap.pdf>

United Nations Global Compact: www.unglobalcompact.org/

International Labour Organization (ILO): www.ilo.org/global/lang--en/index.htm

International Organization for Standardization (ISO) 26000: www.iso.org/iso/home/standards/iso26000.htm

Social Accountability International (SAI) SA8000: www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&PageID=937

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