

<b>Social Responsibility Best Practices</b>	<b>SUBJECT</b>		<b>LAST UPDATE</b>
	Principles Of Social Responsibility		July 2019
	<b>APPLIES TO</b>	<b>FOCUS ON</b>	
	<ul style="list-style-type: none"> <li>• Suppliers</li> <li>• Distributors</li> </ul>	The Basis For Generally Accepted International Workplace Standards And The Principles Behind These Standards	
	<b>QUICK LINKS</b>		<b>Intended for beginner compliance programs</b>
	<ul style="list-style-type: none"> <li>• PPAI Social Responsibility: <a href="http://www.ppai.org/corporate-responsibility/social-responsibility/">www.ppai.org/corporate-responsibility/social-responsibility/</a></li> <li>• QIMA Responsible Supply Chains: <a href="http://www.qima.com/responsible-supply-chain">www.qima.com/responsible-supply-chain</a></li> <li>• Fair Labor Association: <a href="http://www.fairlabor.org">www.fairlabor.org</a></li> </ul>		

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

### Why social responsibility principles?

Social responsibility principles provide the direction for everyday decision making and are the basis from which ethical policies and procedures are built. “The principles outline the overarching management systems vital for an effective and sustainable compliance program.” - *Fair Labor Association (FLA)*.

In 2013 CONE Communications released a *Social Impact Study*, which found that “Americans’ appetite for corporate involvement in social and environmental issues is voracious. Just seven percent of the U.S. population believes corporations only need to be concerned with their bottom line. More than nine in 10 respondents said they look to companies to support social or environmental issues in some capacity, and 88 percent are eager to hear from companies about those efforts. A whopping 91 percent want to see more products, services and retailers support worthy issues – up eight percentage points since 2010.”

These principles provide sound direction and assurances in the selection of vendors, contractors, agents and factories so as to produce reputable business partners. The result is improved compliance with all legal and cultural requirements. In addition, compliance with ethical standards and business increases a brand’s value.

### The Principles

**Labor standards** provide for a system designed to promote the opportunities for workers to obtain fair and productive work while maintaining dignity, security, freedom and equality. These standards serve as a guide for assisting with the selection and retention of business partners that share similar ethical beliefs and follow similar ethical business practices.

- 1. Code of Conduct (COC)** – A code of conduct lays out the standards by which to measure factories, and it serves as

a statement of principles of compliance with the laws and regulations of the United States. The adoption of a code is one way in which industry companies can publicly demonstrate their commitment to responsible business practices. Many end buyers, particularly larger businesses, have already adopted their own code and often look for their business partners to adopt a code as well.

There is no specific law that requires a code of conduct, but adoption of a code gives buyers an extra level of confidence when doing business with a vendor who posts this code of conduct on their website or in their catalog. For simplicity, PPAI has created a code and recommends that all members—suppliers, distributors and business services companies—*adopt this voluntary Code of Conduct*. Many of the largest and most well-respected companies in the industry have already adopted the code.

It is considered a best practice to translate a code into local languages so that factory personnel understand their rights and responsibilities. The PPAI code has been translated from English to *Canadian French, Chinese and Spanish*.

All employees within an organization and its factories should be aware of the code and trained in its application. Vendors should commit to audits and corrective action plans as part of a sustainable social responsibility program.

- 2. Staff training** involves designating a compliance officer who will be responsible for ensuring compliance with the code of conduct, providing training throughout the organization, leading a compliance committee and

working with agents who may serve as intermediaries during the audit process.

**3. Supplier commitment** is the process of obtaining documented acknowledgement and commitment to compliance with the code from business partners including vendors, contractors, agents and factories. Business partners should educate their workers about the provisions and expectations of the code and agree to audits upon which future business will be determined.

**4. Grievance mechanisms** are procedures for the communication of concerns, issues and complaints. Establishment of these procedures is necessary in order to protect workers who voice complaints. They can be formal or informal as long as they are secure and provide for direct and confidential reporting for the worker.

**5. Monitoring** provides continued visibility and control throughout the supply chain for consistency of code compliance. Through the collection, verification and analysis of data, a company will be able to promptly identify and implement a corrective action plan (CAP) when, where and if applicable.

Audits should be conducted to collect this data and ensure compliance with the code. Steps included within an audit are pre-visit preparation, introductory meetings, on-site facility inspections, document reviews, worker interviews, management interviews, exit meetings with management and data review.

**6. Information management** addresses how a company maintains records and data, which will determine the success of its social responsibility efforts. As with any oversight and process improvement plan, accurate and factual records followed up with thorough analysis will aid in identifying positive and negative trends that affect the ability to identify issues and thus respond appropriately through strategic CAPs.

Most companies will not have the resources for elaborate and sophisticated databases, so start with the basics. The point of this effort is to monitor and take corrective action steps as appropriate in order to ensure compliance with the code.

**7. Corrective Action Plans (CAPs)** are executed once non-compliance has been identified, to remedy the current situation and prevent it from recurring in the future. An effective CAP will document and clearly state the root cause for non-conformance and the expected outcome, and will outline the detailed steps and timeline

for bringing performance back up to code. Specific details, goals, timelines, clear accountability and a commitment to improvement comprise the core elements for the successful execution of a CAP.

**8. Responsible sourcing practices** will provide specific policies and protocols for engaging with vendors. These processes and procedures will provide the direction for how an organization conducts its business and serve as the guiding principles for sound decision making into the future. They provide the roadmap for all vendor engagement activities in addition to confidence and reassurance when dealing with regulators.

**9. Consultation with Non-Governmental Organizations (NGOs)**, also referred to as civil society organizations, which are not-for-profit organizations usually set up by volunteer citizens for a social or political purpose at a local, national or international level. Engagement with these groups will enhance the effectiveness of social responsibility efforts. For social responsibility it is recommended that links be established to these civil society organizations involved in labor rights. Where appropriate, they can be utilized to facilitate communications with company employees at factories and other vendors in the reporting of noncompliance with the code. Local universities and large organizations can be sources for locating local NGOs.

### Online Resources:

**PPAI Code of Conduct:**

[www.ppai.org/media/1420/sr-code-of-conduct-english.pdf](http://www.ppai.org/media/1420/sr-code-of-conduct-english.pdf)

**PPAI Social Responsibility Best Practices:** [www.ppai.org/corporate-responsibility/social-responsibility/social-responsibility-resources/](http://www.ppai.org/corporate-responsibility/social-responsibility/social-responsibility-resources/)

**PPAI Implementing A Social Responsibility Program:**

<https://www.ppai.org/media/1902/sr-bp-implement-program.pdf>

**UL Social Responsibility:** [ul.com/aboutul/corporate-social-responsibility/](http://ul.com/aboutul/corporate-social-responsibility/)

**International Organization of Standards (ISO):**

[www.iso.org/iso/home/standards/iso26000.html](http://www.iso.org/iso/home/standards/iso26000.html)

**International Labour Organisation (ILO):**

[www.ilo.org/global/lang--en/index.html](http://www.ilo.org/global/lang--en/index.html)

**Fair Labor Association (FLA):** [www.fairlabor.org](http://www.fairlabor.org)

**United Nations (UN) Global Compact:** [www.unglobalcompact.org/](http://www.unglobalcompact.org/)

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