



Building Vendor Accountability: Supplier Program Assurance Assessments (PAA)

Verité helps companies build accountability among critical supply chain partners by evaluating the compliance programs of Tier 1 and other key business partners. We have identified a range of strategic interventions that aim to build the capacity of critical suppliers to manage risk of non-compliance with their client's Code of Conduct, including, for larger suppliers, in their own supply chains. The objective of our PAA approach is to identify:

- ❖ The robustness of Social Responsibility (SR) programming at the Supplier level
- ❖ Strengths and weaknesses of the program in terms of the supplier's ability to ensure adherence to the brand's standards in its manufacturing facilities and in its sourcing practices
- ❖ Structural, management-oriented and training-related obstacles to implementation of effective labor protections within the company's supply chain
- ❖ Next steps for bridging gaps in the SR program's effectiveness

The focus of the program assessment

The PAA Process

Phase 1: Preliminary research and on-site information gathering

Phase 2: Facility level assessments (10%-20% sampling)

Phase 3: Analysis and Reporting

Phase 4: Performance improvement action planning

- ✓ To what extent does the company's existing SR program ensure that their client's Code requirements are being met?
- ✓ Does the program ensure that the company's key risks to labor and environment are identified and addressed, given the industry it operates in, where it sources/or manufactures and the types of products it produces?
- ✓ What structure and procedures are in place to do this?
- ✓ To what extent is the SR program integrated into the rest of the business (internal alignment among the company's different departments or business units to meet SR goals)?
- ✓ How well does the program screen & monitor vendors.

The on-site information gathering takes place at company headquarters typically over two days. Interviews are conducted with representatives from the departments managing social and labor compliance as well as procurement/sourcing, merchandising, quality management, health and safety, category management, human resources, production, and planning.

Results from the interviews and facility assessments are presented and recommendations for improvements discussed with the company and the brand. The report provides guidance and suggested options for where the company can seek follow-on assistance as needed.

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