Fact-sheet – What is a social management system?

What is the objective?

The objective is to understand what a social management system is and how to build and implement an effective one.

What is a social management system?

Definition: A social management system is the existence and communication by the factory of policies on child labor, forced labor, discrimination, disciplinary practices, harassment, abuse, freedom of association, working hours and overtime, pay and benefits, health and safety and business ethics.

How to achieve the objective?

What are the key elements of a social management system?

1- *Establishment of policies* **–** there should be policies to cover child labor, forced labor, discrimination, disciplinary practices, harassment, abuse, freedom of association, working hours and overtime, pay and benefits, health and safety and anti-bribery. The policies must be in accordance with local regulation and with ICS Code of Conduct. The top management and ideally the shareholders should be involved in the construction and validation of those policies.

2- *Identification of risks* **–** map the processes in the facility to understand where the major risks are for issues such as health and safety, discrimination, etc.

3- *Management's guiding principles* – management should establish a philosophy of how to approach policies and problems. For example, management should adopt a root cause analysis approach to each issue that arises.

4- **Implementation of policies –** procedures, instructions and records are created to implement the policies at each factory's level. Then all levels of employees need to receive thorough and effective training on the policies and procedures.

5- *Organization of documents* – all documents (policies, procedures, instructions, records, etc.) should be organized according to a system which allows the documents to be stored for the legally required time and easily accessible.

6- *Designated person(s)* – the factory should have management staff assigned to oversee the implementation of the social management system and its effectiveness.

7- *Internal audit system* **–** the social management system should be regularly audited by a senior management staff, which is independent from operating departments, to ensure effective implementation, identify gaps, and suggest continuous improvement actions. The audit plan should be defined every year, and conclusions/action plans should be shared with the concerned department and the top management. On a yearly basis, the system should be reviewed, and adjusted according to changes that may have occurred (internal/external).

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Common non-compliances

➤ **Lack of policies for child labor, forced labor, working hours and overtime, pay and benefits, anti-discrimination, health and safety, anti-bribery, freedom of association, disciplinary practices and abuse;**

➤ **Lack of appointed person(s) to oversee implementation and functioning of the social management system.**

Good practices

➤ **Establish proficient policies**: consider all stakeholders when drafting the policy and have different persons review the policies as your buyers, your customers, your management staff, supervisors or workers' representatives;

➤ **Seek third party evaluation:** you can have an outside source like a consulting or auditing firm, or your customer or buyer evaluate the thoroughness of your social management system.