Understanding SLCP DQI Key Changes in 2025

Focus on Quality Failure Fees:

New Corrective Action Request (CAR) / Corrective Action Plan (CAP) fee model

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Decent working conditions in global supply chains

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Introduction

Top DQI concerns and DQI priorities for 2025

DQI Focus: Increase stakeholder trust in SLCP data by addressing top concerns

Top 3 DQI concerns

1. Price-driven VB selection

- Facilities choosing VBs purely based on cost. VB quality not considered as selection criteria.

2. No clear differentiation among VB scores (and performance)

- Lack of differentiation among high performing and low performing VBs and no visibility on single VB scoring.

3. Recurring data inconsistency in the verified assessment reports

- Same quality issues recurring overtime and specifically lack of (relevant) narrative in the report.

Sources: Stakeholder QA Program/ feedback and complaint mechanism/direct engagement with stakeholders/VOO QA activities/ SLCP Credibility Survey

Our top priority: Implement a quality-driven VB selection model in 2025

In 2024, we started building the groundwork for a new model to select VBs, focused on pre-selecting VBs based on quality performance, fully reflected in their VB score.

The groundwork for the new quality-driven selection model include:

1) Setting-up a new, fair, and transparent VB scoring model
Ensure the VB score accurately and fairly represents the quality performance of each VB.

- **Integrating "mistake recurrence" into the new VB score**
Factor the frequency of repeated mistakes into the VB score to reflect their impact.

2) Increasing VB accountability for quality mistakes
Introduce fee-based model to manage CAR/CAP process and hire new SLCP Manager focused on quality.

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Groundwork for new VB selection model: Where are we at?

1 — **Established new checks to collect data on every single Verifier/VB** ☑
- o Desktop reviews for new Verifiers.
- o Automated checks expanded to include more data and narrative.
- o Prescriptive and descriptive SLCP analytics models used to flag reports with possible mistakes.

2 — **Integrated "mistake reoccurrence" as criteria impacting the VB scoring** ⧗ **Concept developed Implementation in progress**
- o CARs issued become the main factor impacting overall VB scoring.
- o Established 4 different CAR levels accounting for occurrence of the same mistakes (Initial CAR, Interim Alert, Repeat CAR, and Double Repeat CAR) with weighted scoring applied based on recurrence level.

3 — **Increased VB accountability for quality mistakes** ⧗ **Concept developed Implementation in progress**
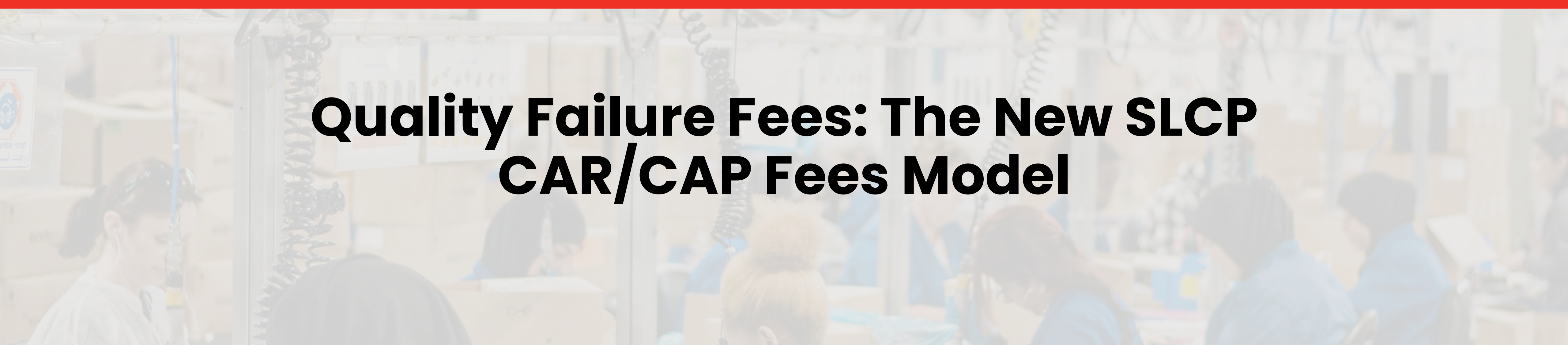- o VB organizational change: Added the role of Quality Manager as mandatory for each VB.
- o VB financial change: Established a fee-based model to manage CAR and incentivize an improvement in performance.

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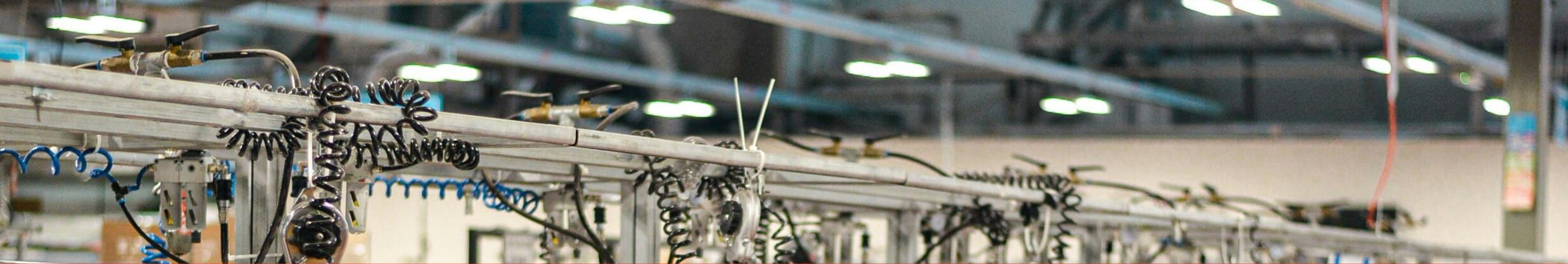
Quality Failure Fees: The New SLCP CAR/CAP Fees Model

Context and Timeline

Context

High Spending on CAR & CAP Management

Significant portion of the 2022 and 2023 DQI budget used for issuing CARs, reviewing CAPs, and repeated communications with Verifier Bodies (VBs).

Recurring Quality Failures

Analysis revealed most CARs were issued for repeated, systemic quality issues.

New Fee-Driven Approach

• Goal 1: Increase VB accountability and oversight on quality failures.

• Goal 2: Optimize DQI budget allocation towards high-value, more impactful activities (e.g., data investigations, development of analytics models, etc.)

Timeline

- **June 2024**: The fee-driven approach was discussed and agreed upon with the Technical Advisory Committee (TAC) members (no details about the fees were discussed). ✓

- **July - December 2024**: SLCP and the VOO collaborated to develop the concept of the new fee structure. ✓

- **January 2025**: Detailed presentation of the fee structure to top VBs (by volume), to TAC members and SLCP Senior Management. ✓

- **Mid January - Mid February**: Second round of concept review, based on feedback collected. ✓

- **19 February 2025**: Presentation of the new fee structure to all VBs. ✓

- **20 February 2025**: Presentation of the finalized model to TAC. ✓

- **28 February 2025: Final detailed concept model shared with all VBs.** ✓

**March 31, 2025
Enforcement of CAR fees model begins**

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How will the new CAR/CAP process work?

Quality failures identification

- Quality issues can be identified through different **sources** : for example, brand complaints, NGO and/or APSCA-led investigations, SLCP´s analytics models on data stored on the Gateway, Confidential Sensitive Information Report, onsite activities and more.

- When an verified report (VRF) is flagged due to quality failures, VOO/SLCP will conduct a **desktop review of the VRF report** and identify all quality issues related to that finalized report (VRF).

- **All quality issues are categorized based on the "Key Quality Issue Category"** (KQIC) **List** (see last slide)**,** which is a summary of common quality issues VOO and SLCP have found from the review of thousand od Verifications.

- When there are multiple Key Quality Issue Categories identified during a single source (ex: Desktop Review), each KQIC will be addressed in an individual CAR (e.g., 12 different Key Quality Issues will result in 12 CARs). One source can also be associated with multiple VRF reports and multiple CARs (one CAR per KQIC). **But still only one fee will be charged for that one source.** So, for one Desktop Review with 12 KQIC and 12 CARs only one fee will be charged.

- When **different types of CARs are generated from the same source (e.g., one source has 1 Initial, 1, Repeat, 1 Double)**, the VB **will only be charged one fee** that is determined by the most severe CAR type identified from that source (in this example the Double CAR fee).

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How will the new CAR/CAP process work? (Cont.)

CAP implementation windows

- **Initial CARs** will be granted a **70-day CAP implementation window** to allow the VB to address the root cause of the Key Quality Issue Category.

- Only Interim Alerts are issued during the 70-day CAP implementation window for the same Key Quality Issue Category (Interim Alert process). **During the CAP implementation window Interim Alerts (fee $0) will be used to monitor and notify the VB if/when the same Key Quality Issue Category is identified.**

- CAP implementation window for Initial CAR ends on day 70 and **from day 71 onwards the identification of the same Key Quality Issue Category from a source that is on day 71 or later will result in a Repeat CAR.**

- **Repeat CARs** will have a CAP implementation window of **30 days** and **Double Repeat CARs** will have a CAP implementation window of **15 days**. Again, only Interim Alerts are issued during CAP implementation windows. From day 31 onwards (16 onwards) the identification of the same Key Quality Issue Category from a source that is on day 31 or later (16 or later) will result in a Double Repeat CAR (also Double Repeat CAR).

- The submission of CAP will be managed in a newly developed platform: the CAP portal.

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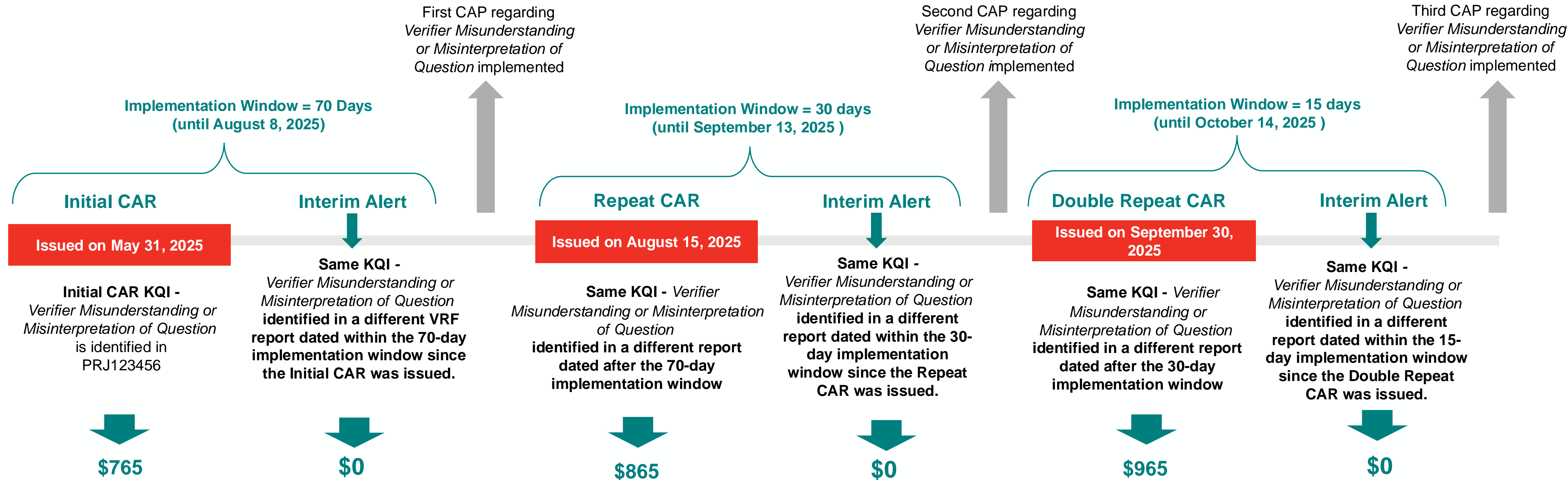Program

Types of CARs and Fees

CAR types	Description
Initial CAR - $765	The first instance of a Key Quality Issue Category (KQIC) found. A CAR has a 12-month active period starting from date of issuance of the Initial CAR.
Interim Alert - $0	Used when the same KQIC is found while an Initial, Repeat, _Double_ CAR is still **within the 70-day (30-day, _15-day_) CAP implementation window**
Repeat CAR - $865	Issued when the same KQIC is identified **after the 70-day implementation window on a source dated after the 70-day implementation window** of an Initial CAR and within the 12-month active period of the Initial CAR. **Repeat CARs have a 30-day CAP implementation window.**
Double Repeat CAR - $965	Issued when the same KQIC is found **after the 30-day implementation window on a source dated after the 30-day implementation window** of a Repeat CAR and during the 12-month active period. Another Double Repeat CAR is issued when the same KQIC is found **after the 15-day implementation window on a source dated after the 15-day implementation window** of a previous Double CAR and during the 12-month active period. **Double Repeat CARs have a 15-day CAP implementation window.**
DISCLAIMER: SLCP reserves the right to revisit the fee structure and change the fees at any time. SLCP will periodically review the fee structure and fees to ensure fairness.	

Timeline for CARs issuance and fees

Simple scenario: Same Key Quality Issue (KQI) *Verifier Misunderstanding or Misinterpretation of Question* identified over time

First CAP regarding *Verifier Misunderstanding or Misinterpretation of Question* implemented

Second CAP regarding *Verifier Misunderstanding or Misinterpretation of Question* implemented

Third CAP regarding *Verifier Misunderstanding or Misinterpretation of Question* implemented

Implementation Window = 70 Days (until August 8, 2025)

Implementation Window = 30 days (until September 13, 2025)

Implementation Window = 15 days (until October 14, 2025)

Initial CAR

Interim Alert

Repeat CAR

Interim Alert

Double Repeat CAR

Interim Alert

Issued on May 31, 2025

Issued on August 15, 2025

Issued on September 30, 2025

Initial CAR KQI - *Verifier Misunderstanding or Misinterpretation of Question* is identified in PRJ123456

Same KQI - *Verifier Misunderstanding or Misinterpretation of Question* **identified in a different VRF report dated within the 70-day implementation window since the Initial CAR was issued.**

Same KQI - *Verifier Misunderstanding or Misinterpretation of Question* **identified in a different report dated after the 70-day implementation window**

Same KQI - *Verifier Misunderstanding or Misinterpretation of Question* **identified in a different report dated within the 30-day implementation window since the Repeat CAR was issued.**

Same KQI - *Verifier Misunderstanding or Misinterpretation of Question* **identified in a different report dated after the 30-day implementation window**

Same KQI - *Verifier Misunderstanding or Misinterpretation of Question* **identified in a different report dated within the 15-day implementation window since the Double Repeat CAR was issued.**

$765

$0

$865

$0

$965

$0

REMINDER: Initial CARs will be retained for 12 months and be subject to subsequent Interim Alert and Repeat and Double Repeat CARs. After 12 months the Initial CAR will be archived and no longer be subject to subsequent CARs or an Interim Alert.

Any additional instances of '*Verifier Misunderstanding or Misinterpretation of Question'* for a verification done by this VB in the 12-month period and identified by SLCP/VOO, will be connected to this Initial CAR and will result in an Interim Alert, Repeat CAR, or one or multiple Double Repeat CARs.

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Scope of CARs subject to fees

- CARs issued on or after March 31, 2025 and that are related to assessment reports dated January 1, 2024 onwards

  YES- Subject to fees

- CARs issued on or after March 31, 2025 and that are related to assessment reports completed prior to January 1, 2024

  No fees

- CARs issued prior to March 31, 2025
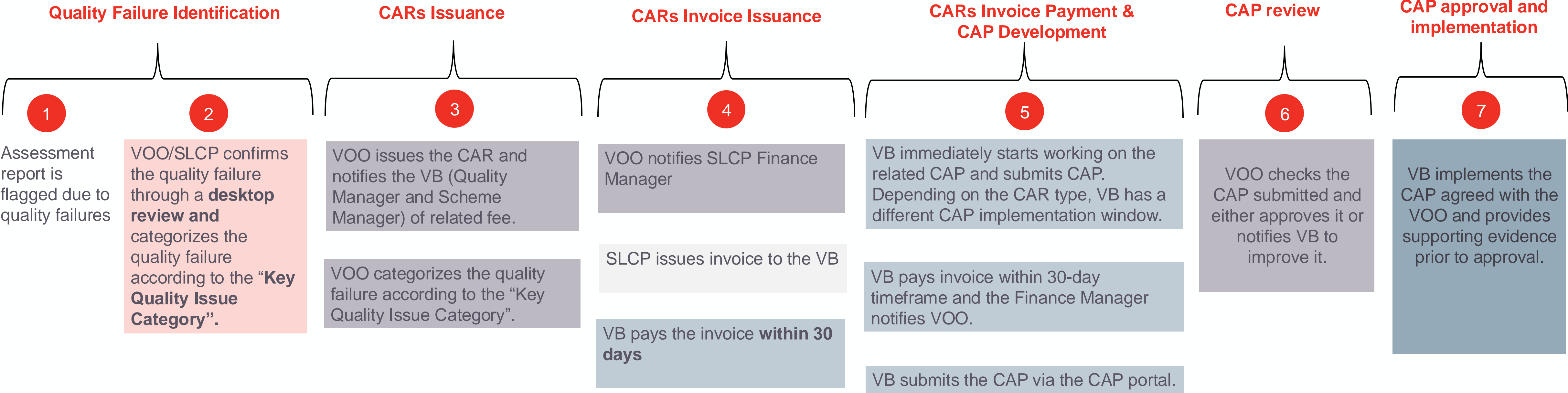
  No fees

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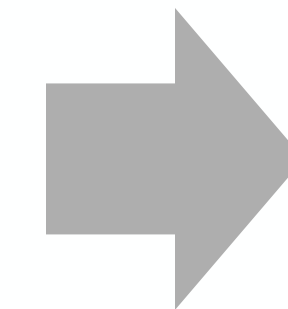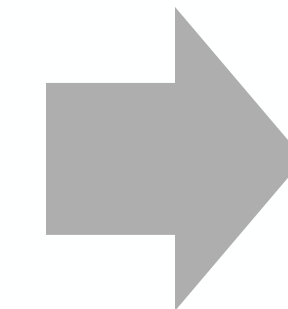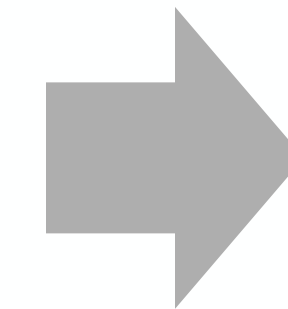
New CAR/CAP Management Process

CAP implementation window refers to the timeframe given to the VB to work on the CAP development and implementation. It varies depending on CAR type. The CAP is ideally written, reviewed and approved within the Initial CAR 70-day CAP implementation window. But depending on how many times the CAP is returned for revision to the VB this may not happen. Also, for the 30-day and 15-day CAP implementation windows, VOO approval of the CAP may not occur within the implementation windows.

Quality Failure Identification   **CARs Issuance**   **CARs Invoice Issuance**   **CARs Invoice Payment & CAP Development**   **CAP review**   **CAP approval and implementation**

1 — Assessment report is flagged due to quality failures

2 — VOO/SLCP confirms the quality failure through a **desktop review and** categorizes the quality failure according to the "**Key Quality Issue Category**".

3 — VOO issues the CAR and notifies the VB (Quality Manager and Scheme Manager) of related fee.

VOO categorizes the quality failure according to the "Key Quality Issue Category".

4 — VOO notifies SLCP Finance Manager

SLCP issues invoice to the VB

VB pays the invoice **within 30 days**

5 — VB immediately starts working on the related CAP and submits CAP. Depending on the CAR type, VB has a different CAP implementation window.

VB pays invoice within 30-day timeframe and the Finance Manager notifies VOO.

VB submits the CAP via the CAP portal.

6 — VOO checks the CAP submitted and either approves it or notifies VB to improve it.

7 — VB implements the CAP agreed with the VOO and provides supporting evidence prior to approval.

CAP implementation window:
- **70 DAYS- Initial CAR**
- **30 DAYS- Repeat CAR**
- **15 DAYS- Double Repeat CAR**

VB

SLCP

VOO

VOO/SLCP

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The New VB Administrator CAP Portal

Streamlined CAP submission and communication process for VBs and VOO.

Enhanced efficiency with direct communication and record management.

Implementation Timeline:

- Development: Completed in 2024.
- Launch: Q1 2025.

Key Features of the VB Administrators CAP Portal:

1. **Access:** Limited access view of CAP records for VBs.

2. **Direct Input:** VBs can:
   - Enter CAP details and evidence attachments.
   - Communicate directly within the portal (no email/ticketing).

3. **Filtering:** View CAPs by status (Approved, Unapproved, Open, Closed, etc.).

4. **Revision Tracking:** Full revision history visible for each CAP.

5. **Final CAP Approval:** Locked for editing by VBs post-approval.

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The Key Quality Issue Category List

Key Quality Issues Category List

How are quality mistakes categorized?

The Key Quality Issue Category List includes the 20 main quality issues that VOO has identified over the years while reviewing SLCP assessment reports.

The occurrence of any of the quality issues listed below in SLCP assessment reports compromises the reliability of the verified data and negatively affects SLCP adoption and especially brand confidence in SLCP credibility.

The list should serve as guidance for VB Quality Managers and Quality Reviewers when conducting an internal review of the assessment report. By using this list, they should be able to identify all quality issues in the report and ensure Verifiers can make necessary edits before finalizing it. If used effectively, the Key Quality Issue Category List (KQIC List) will help reduce Corrective Action Requests (CARs) being issued, thereby minimizing additional fees associated with them.

NOTE: Misspellings or incorrect grammar mistakes **will NOT lead** to CARs if the overall Response/Explanation is understandable and accuracy of the data is not compromised.

1. Incorrect Assessor/Verifier Selection
2. Incorrect Assessor/Verifier Response
3. Incorrect Legal Flags/ Legal Non-compliances
4. Verifier Misunderstanding or Misinterpretation of Question
5. Inconsistency with Response
6. Insufficient and/or missing Assessor/Verifier Explanation
7. Insufficient and/or missing Legal Reference
8. Insufficient and/or missing Legal Flags/ Legal Non-compliances
9. Insufficient and/or missing Confidential Sensitive Information Report
10. Mistakes identified through VRQ checks (automated quality check on each report) not fixed
11. Repeat Verifier Violation (Verifier sequentially at same facility without exception approval)
12. Person Day Requirements
    a. Minimum Requirement not met
    b. Exceeded allowed person days and/or more than one Verifier not sent without exception approval
13. Failure to upload attachments or relevant information to report
    a. Verification plan
    b. No evidence for non-compliances
14. Insufficient Facility Background Check
15. Management Systems and/or Ethics/Integrity Issues
16. Any errors identified in the "Highly Relevant Keys" (195 for CAF v1.6/ 179 for CAF v1.7)
17. Any errors covered in General Calibration webinar content
18. Any errors covered in Regional Calibration webinar content
19. Any errors covered in SLCP/VOO published technical bulletins
20. Other quality issues based on Verification Protocol, Verifier Guidance and VB Requirements (at the discretion of SLCP/VOO)

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