**Labor:** General

**Overview and Management Systems**

Companies should use a management system to facilitate continual improvement and compliance with labor standards. Management systems are dynamic in nature, as represented in the graphic below.

![Management System Cycle](image)

**A Labor Management System should:**

**Demonstrate commitment by allocating appropriate resources. (Commitment and Accountability):**

- Designate appropriate human resources, including at least a senior manager, to ensure proper implementation and execution of all labor component action plans
- Incorporate labor-related trainings and meetings into the annual budget, using labor component action plans to determine resource needs and allocations
- Set the example by maintaining diversity in upper management

**Identify and comply with applicable labor laws, regulations, standards and relevant customer requirements. (Legal and Customer Requirements):**

- Create systems to continuously monitor labor laws, regulations and standards
• Create systems to keep up-to-date on customer requirements and obligations
• Create systems to effectively receive, investigate, and respond to reports of labor violations, whether arising internally or externally

Create mechanisms to determine and manage risks associated with labor violations. (Risk Management):

• Conduct periodic risk assessments to identify, evaluate and prioritize labor compliance risks
• Design risk management plans that identify how to prevent labor violations and how to respond if they do occur
• Identify qualified experts (internal or external) to review results of risk assessments

Maintain documentation necessary to demonstrate conformance with expectations and compliance with applicable regulations. (Documentation):

• Create and follow guidelines, formats and standards for labor compliance
• Document all labor violation complaints, investigations, and outcomes
• Make documents available to all relevant stakeholders while also complying with proper confidentiality and data privacy requirements

Create labor training programs that ensure that management and workers understand labor policies and procedures as well as the consequences for non-compliance. (Training and Competency):

• Create training modules that effectively address the concepts and procedures of all labor components and clearly state consequences for non-compliance
• Create management-specific trainings on how to deal with allegations of labor violations
• Review trainings periodically, incorporating feedback from participants in the trainings and results of employee competency assessments
• Incorporate individual and group awareness and compliance into performance reviews

Improve continually by monitoring performance and effectiveness and by taking necessary corrective actions for deficiencies identified by internal or external assessments, inspections, and management reviews. (Continual Improvement):

• Conduct periodic reviews of company performance and program effectiveness and implement necessary changes
• Compare management systems to other similar organizations to assess progress and identify key gaps
• Create relevant performance objectives and link achievement of these objectives to incentives and other performance measurements