

# SCORING GUIDE

## FOR THE

# COMPANY PERFORMANCE TRACKER

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# 1. The Company Performance Tracker

The Company Performance Tracker (CPT) allows affiliates to see how companies in their supply chain performed regarding compliance with contractual obligations. The yardstick is the Electronics Watch Contract Conditions (version 2). The data source is the engagement of affiliates and Electronics Watch with contractors and brands. The purpose is for affiliates to use the scores to drive better performance and better conditions for workers.

The CPT includes two basic scores:

- The *Supply Chain Transparency Score* measures the supply chain transparency that contractors are contractually obliged to establish by disclosing data on final-assembly and component factories.
- The *Factory Improvement Score* measures compliance with the contractually required improvement processes in single factories. The Electronics Watch Contract Conditions requires engagement in these processes following an Electronics Watch report on labour rights breaches.

## Keep in mind!

- The focus and scope of the individual scores are tied to and limited by the provisions set out by the Electronics Watch Contract Conditions (version 2)
- The perspective of the CPT is strictly procedural, focusing only on the process of compliance. The CPT neither scores the labour rights situation in a disclosed factory nor the quality of the outcome of an improvement process.
- A central goal of the CPT is to provide effective benchmarks that will incentivise improvements.

## How to use the CPT today

The CPT is a tool for affiliates to transparently set and raise compliance standards with each supplier. Affiliates can:

- Use the CPT to inform regular communication with suppliers to drive improvements in supply chain transparency and factory remediation. In conjunction with the Supply Chain Database and the Affiliates Action Guide affiliates have an overview of the current and past compliance performance of a particular company or its manufacturing supplier;
- Use the CPT in market engagement and other communication preceding a new procurement to discuss desired improvements in supply chain transparency and remediation;
- Use the CPT during procurement to inform bidders and suppliers about the on-going scoring and expectations for certain scores to improve.

## **How to use the CPT in the future**

After initial experience and further development the goal is to develop the CPT into a tool that can be used for award criteria.

To allow for development and adaptations based on experience Electronics Watch will review the CPT scoring system every two years.

## **Focus of this guide**

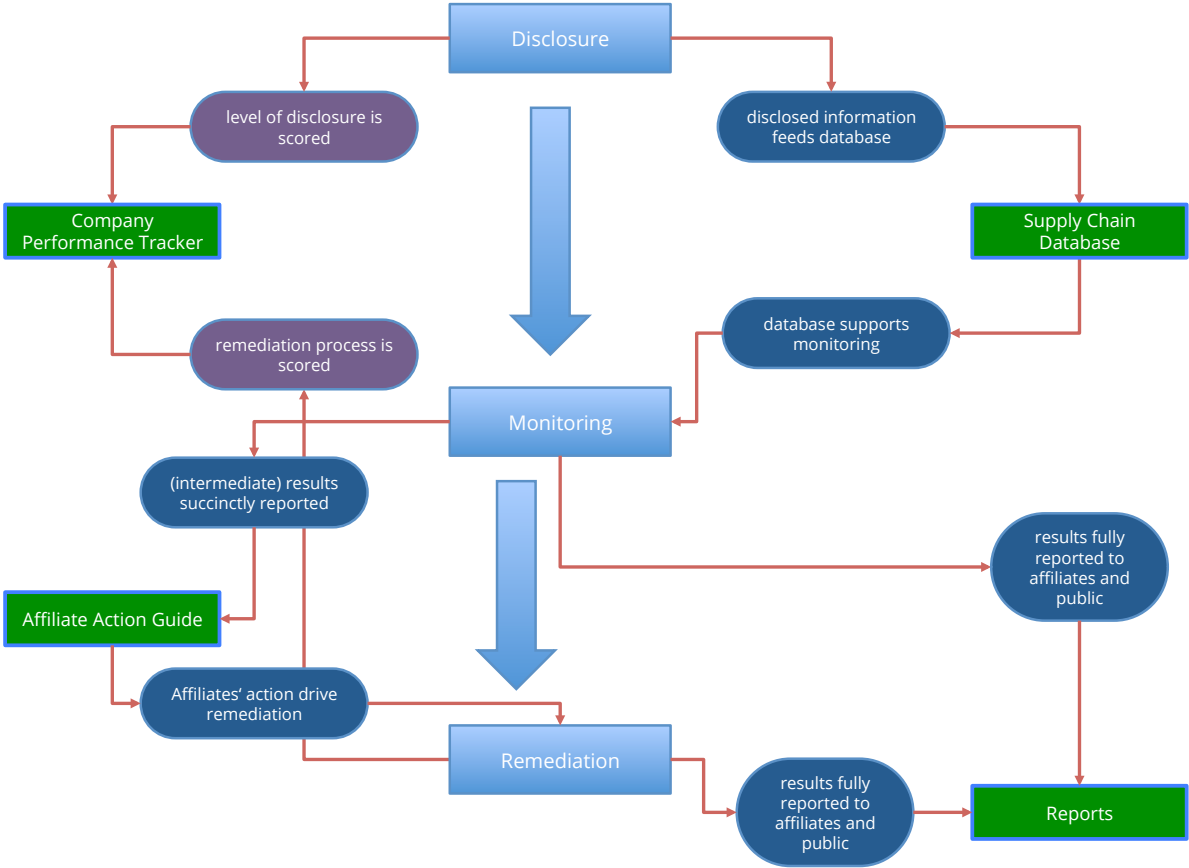
This Scoring Guide explains the scoring methodology of the CPT. It shows the components of the Supply Chain Transparency Score and the Factory Improvement Score and defines the thresholds for the various sub-scores.

The scores allotted in the sub-scores are maximum scores, thus defining a range and providing the possibility for more nuanced scoring within the range. A scoring report will be drafted for every scoring to establish transparency.

The Scoring Guide will be public so all stakeholders understand how Electronics Watch measures performance and scores companies. The scores themselves will only be available to affiliates.

The Supply Chain Transparency Scoring Report and the Factory Improvement Scoring Report are companion documents to this Guide. They document the scoring process and rationale for every sub-score making the scoring transparent and reproducible.

# Links between the various processes and tools used by Electronics Watch



## 2. Composite Scores

The *Supply Chain Transparency Score* is a composite score composed of the

- Quality Score – based on the quality of the data disclosed by company and factory brand.
- Quantity Score – based on the percentage of product models included in disclosed data.
- Communication Score – based on the timeliness and responsiveness of brands to disclosure requirements.

The *Factory Improvement Score* is a composite score composed of the

- Quality Score – based on the quality of the data disclosed by brand.
- Communication Score – based on the timeliness and responsiveness of brands to disclosure requirements.

## 3. Share in Final Scores

### 3.1. Supply Chain Transparency Score

	Quality	Quantity	Communication
Assembly Factories	30	30	30
Component Factories	30	30	30
Compliance Findings	40	40	40
<b>Maximum Score</b>	<b>100</b>	<b>100</b>	<b>100</b>

The share of particular sub-scores in the Supply Chain Transparency Score vary accordingly to the importance of the respective area of transparency. Processes to establish transparency regarding assembly and components factories as well as compliance findings are automatic, i.e. companies must comply by disclosing information to Electronics Watch affiliates within a deadline set in advance.

### 3.2. Factory Improvement Score

	Quality		Communication	
	*	**	*	**
Acknowledgement of Responsibility	5	3	5	3
Records of Chemicals Used and Stored	0	15	0	15
Factory Remediation	30	26	30	26
Brand Remediation	30	26	30	26
Worker Engagement	35	30	35	30
<b>Maximal Score</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

\* Excluding records of chemicals used and stored

\*\* Including records of chemicals used and stored

The share of particular sub-scores in the Factory Improvement Score vary accordingly to the importance of the respective area. Records of chemicals used and stored are only requested by Electronics Watch if the actual or potential breach is related to the health and safety standards of the code. Thus this sub-score is considered in the final Factory Improvement Score only if such a request was issued.

## 4. Supply Chain Transparency

The transparency score measures companies' performance in the area of supply chain transparency as defined in the Electronics Watch Contract Conditions (version 2) and related Guidance.

A single brand has several supply chain transparency scores as every disclosure process is scored individually. This provides insights in regional and historical differences and changes in compliance.

Scores are based on disclosures to Electronics Watch affiliates or Electronics Watch in relation to:

- Quality – how well do the disclosures comply with the standard as defined by the Contract Conditions?
- Quantity – what percentage of product models procured by affiliates is included in the disclosed data?
- Communication – how timely was the data disclosed, based on deadlines defined in the Contract Conditions and related Guidance?

Public disclosures that already meet the requirements also receive credit.

Electronics Watch documents the scoring in a scoring report making the criteria for specific scores transparent and the process reproducible.



## 4.1. Assembly Factories

### Quality Score

	Max. Points
Full compliance	
Legal names and the complete physical addresses of factories that make specific product models disclosed to Electronics Watch affiliates or the general public. <i>The data must connect factories to product <u>models</u>.</i>	100
Partial compliance	
Legal names and the complete physical addresses of factories that make specific product lines disclosed to Electronics Watch affiliates or the general public. <i>The data must connect factories and product <u>lines</u>.</i>	75
or	
Legal names and the complete physical addresses of factories that make specific product types disclosed to Electronics Watch affiliates or the general public. <i>The data must connect factories and product <u>types</u>.</i>	50
or	
Legal names and the complete physical addresses of factories disclosed to Electronics Watch affiliates or the general public, but factories are not connected to the product types, lines, or models they make.	25
Non-compliance	
Legal names and the physical addresses of factories are not disclosed.	0

### Quantity Score

Percentage of product models included in disclosed data	Max. Points
100%	100
90%	90
80%	80
70%	70
60%	60
50%	50
40%	40
30%	30
20%	20
10%	10
<10%	5
0	0

### Communication Score

Meeting of deadlines	Max. Points
Within the deadline set by the contracting authority	100
1 to 14 days after deadline	80
15 to 28 days after deadline	60
Within 29 to 42 days after deadline	40
Within 43 to 56 days after deadline	20
Within 57 to 70 days after deadline	10
Beyond 70 days	0

## 4.2. Component Suppliers

### Quality Score

	Max. points
Full compliance	
Legal names and the complete physical addresses of the factories that make the main components <sup>1</sup> of specific product models disclosed to Electronics Watch affiliates or published. <i>The data must connect the component to the component supplier and product <u>model</u>.</i>	100
Partial compliance	
Legal names and the complete physical addresses of the factories that make the main components of specific product lines disclosed to Electronics Watch affiliates or published. <i>The data must connect the component to the component supplier and product <u>line</u>.</i>	75
or	
Legal names and the complete physical addresses of components suppliers that make the main components of specific product types disclosed to Electronics Watch affiliates or published. <i>The data must connect the component to the component supplier and product <u>type</u>.</i>	50
or	
Legal names and the complete physical addresses of component suppliers specifying components made by the suppliers, but not the product type, line, or model in which they are used, disclosed to affiliates or published.	30
or	
Legal names and the complete physical addresses of component suppliers without specifying components made by the suppliers.	10
Non-compliance	
Components suppliers not disclosed to affiliates or published.	0

<sup>1</sup> For the definition of main components see "Guidelines for Disclosure of Factories".

## Quantity Score<sup>2</sup>

Share of product models covered by disclosed data	Max. Points
100%	100
90%	90
80%	80
70%	70
60%	60
50%	50
40%	40
30%	30
20%	20
10%	10
<10%	5
0	0

## Communication Score

Meeting of deadlines	Max. Points
Within the deadline set by the contracting authority	100
1 to 14 days after deadline	80
15 to 28 days after deadline	60
Within 29 to 42 days after deadline	40
Within 43 to 56 days after deadline	20
Within 57 to 70 days after deadline	10
Beyond 70 days after the deadline	0

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<sup>2</sup> An average of 3 components per product model need to be disclosed to get full a score.

### 4.3. Compliance Findings

#### Quality Score

	Max. points
Full compliance	
Compliance findings and corrective action plans disclosed in summary or in whole (or, if available for disclosure, the audit reports) relating to particular factories conducted within the previous 24 months.	100
Partial compliance	
or	
Compliance findings and corrective action plans disclosed in summary or in whole (or, if available for disclosure, the audit reports) relating to particular factories conducted within the previous 24 months but not provided in writing.	50
or	
Compliance findings disclosed only in aggregate, not linked to specific factories.	15
or	
Compliance findings and corrective action plans disclosed in summary or in whole (or, if available for disclosure, the audit reports) relating to particular factories conducted within the previous 24 months not provided. Disclosed only to contracting authority.	10
Non-compliance	
No compliance findings disclosed.	0

#### Quantity Score

Percentage of compliance findings and corrective action plans disclosed in relation to required number of disclosed factories	Max. Points
100%	100
90%	90
80%	80
70%	70
60%	60
50%	50
40%	40
30%	30
20%	20
10%	10
<10%	5
0	0

#### Communication Score

Meeting of deadlines	Max. Points
Within the deadline set by the contracting authority	100
1 to 14 days after deadline	80
15 to 28 days after deadline	60
Within 29 to 42 days after deadline	40
Within 43 to 56 days after deadline	20
Within 57 to 70 days after deadline	10
Beyond 70 days after deadline	0

## 5. Factory Improvement

Factory improvement scoring is based on brand cooperation and compliance during a particular case reported and addressed by Electronics Watch. A single brand can thus have several factory improvement scores as individual cases can be managed differently.

A case is defined as ended after 12 months or when the final Electronics Watch monitoring report is released to its affiliates, whichever comes sooner.

The Factory improvement quality scores only define the situations of full compliance and non-compliance. This reflects the complex situation and moving targets during a factory improvement process that do not allow for rigid thresholds prior to the process.

Electronics Watch documents the scoring in a scoring report, making the criteria for specific scores transparent and the process reproducible.



## 5.1. Acknowledgement of Responsibility

### Quality Score

	Max. points
Full compliance	
Acknowledgement of receipt of Electronics Watch report on a specific factory and confirmation that the factory is a supplier sent to Electronics Watch via email.	100
Non-compliance	
No response despite the fact that the factory is a direct or indirect supplier.	0

### Communication Score A

Meeting of deadlines (for direct suppliers)	Max. Points
Within 2 days after receiving Electronics Watch notice of findings of breach	100
Within 3 to 4 days after receiving Electronics Watch notice of findings of breach	80
Within 5 to 7 days after receiving Electronics Watch notice of findings of breach	60
Within 8 to 10 days after receiving Electronics Watch notice of findings of breach	40
Within 11 to 13 days after receiving Electronics Watch notice of findings of breach	20
Within 14 to 16 days after receiving Electronics Watch notice of findings of breach	10
Beyond 16 days after receiving Electronics Watch notice of findings of breach	0

### Communication Score B

Meeting of deadlines (for indirect suppliers)	Max. Points
Within 5 days after receiving Electronics Watch notice of findings of breach	100
Within 6 to 10 days after receiving Electronics Watch notice of findings of breach	80
Within 11 to 15 days after receiving Electronics Watch notice of findings of breach	60
Within 16 to 20 days after receiving Electronics Watch notice of findings of breach	40
Within 21 to 25 days after receiving Electronics Watch notice of findings of breach	20
Within 26 to 30 days after receiving Electronics Watch notice of findings of breach	10
Beyond 30 days after receiving Electronics Watch notice of findings of breach	0

## 5.2. Records of chemicals used and stored

### Qualitative Score

	Max. points
<b>Full compliance</b>	
Records of chemicals used and stored in specific factories provided on request by Electronics Watch or affiliates. <i>Brands can disclose the inventory records auditees are required to maintain under the RBA Validated Audit Program or a list of chemicals factories are required to maintain under hazardous substances regulations and programs in the European Union, the United States, and other countries.</i>	50
<b>and</b>	
Reports on related health and safety and environmental impact monitoring reports in specific factories provided on request by Electronics Watch or affiliates.	50
<b>Non-compliance</b>	
No records of chemicals used and stored provided and no explanation as to why this is not possible and no commitment to do so at later time.	0

### Communication Score

Meeting of deadlines	Max. Points
Within the deadline set by the contracting authority	100
1 to 14 days after deadline	80
15 to 28 days after deadline	60
Within 29 to 42 days after deadline	40
Within 43 to 56 days after deadline	20
Within 57 to 70 days after deadline	10
Beyond 70 days after deadline	0

### 5.3. Factory Remediation

#### Quality Score

	Max. points
<b>Full compliance</b>	
Compliance findings and corrective action plans shared, addressing all Electronics Watch findings listed in the report.	50
<b>and</b>	
Ongoing updates on the progress of the corrective action plan provided, including evidence of remediation of labour rights and safety breaches and compensation to workers as necessary.	25
<b>and</b>	
Compliance findings and corrective action plans shared in full and in writing.	25
<b>Non-compliance</b>	
No compliance findings or corrective action plans shared.	0

#### Communication Score

Meeting of deadlines	Max. Points
Within 15 working days of receipt of the report or within a mutually agreed period of time (deadline)	100
Within 1 to 7 days after deadline	80
Within 8 to 14 days after deadline	60
Within 15 to 21 days after deadline	40
Within 22 to 28 days after deadline	20
Within 29 to 35 days after deadline	10
Beyond 35 days after deadline	0



## 5.4. Brand Remediation

### Quality Score

	Max. points
<b>Full compliance</b>	
Written assessment on trading conditions related to particular factory cases presented.	50
<b>and</b>	
Ongoing updates on the progress on the key issues provided, as necessary, and evidence of positive impact for workers presented.	50
<b>Non-compliance</b>	
No assessment presented.	0

### Communication Score

<b>Meeting of deadlines</b>	Max. Points
Within eight weeks of receipt of the Electronics Watch report or within a mutually agreed period of time (deadline)	100
Within 1 to 3 weeks after deadline	80
Within 4 to 6 weeks after deadline	60
Within 7 to 9 weeks after deadline	40
Within 9 to 11 weeks after deadline	20
Within 11 to 13 weeks after deadline	10
Beyond 13 weeks after deadline	0

## 5.5. Worker Engagement

### Quality Score

	Max. points
<b>Full compliance</b>	
Evidence presented to Electronics Watch that relevant recommendations in the Electronics Watch report have been implemented, <i>Recommendations may pertain to steps necessary to support or strengthen an independent union, a health and safety committee, or other structures and processes that advance social dialogue and allows workers to negotiate with management.</i>	100
<b>or</b>	
Alternative acceptable measures to strengthen workers' collective voices proposed and implemented and evidence of implementation presented.	100
<b>Non-compliance</b>	
No evidence of action presented.	0

### Communication Score

Meeting of deadlines	Max. Points
Within four weeks of receipt of the report or within an agreed period of time. (deadline)	100
Within 1 to 2 weeks after deadline	80
Within 3 to 4 weeks after deadline	60
Within 5 to 7 weeks after deadline	40
Within 8 to 10 weeks after deadline	20
Within 11 to 13 weeks after deadline	10
Beyond 13 weeks after deadline	0

## 6. Appendix

### 6.1. Examples for product type, line and model

Product Type	Product Line	Product Model
Notebook	Elitebook	840 G3
Tablet	Ipad	Air 2
Workstation	Precision	450
Smartphone	Galaxy A	6
Printer	Laserjet Enterprise	M750dn
Multifunctional Device	MFC	J6535DW
Screen	Ultrasharp	U2718Q
Switch	Catalyst 6800	6880-X
Server	Poweredge	T440
Storage	SC	V2000