

We are excited to introduce ERSA 3.0, available for all ERSA clients on October 16, 2023. ERSA 3.0 enhances our renowned responsible sourcing assessment, used by clients worldwide to assess factory performance and inherent ESG risk exposure.

ERSA 3.0 updates include:



Upgraded assessment standard

The new ERSA standard includes a more rigorous set of criteria to enhance the assessment process and improve site diagnostics.



Additional data collection points

ERSA 3.0 includes new data points to align with the latest ESG trends and surfacing risks.



Add-on Foreign Migrant Worker Assessment (FMA) upgrade

ERSA 3.0 includes an upgraded Foreign Migrant Worker Assessment add-on with an updated checklist refined specifically for this topic. We have also updated the staff day allocation mechanism for this add-on and the operational process. The updated FMW assessment integrates seamlessly with the ERSA assessment report. ERSA 3.0's FMA assessment promotes more transparency on this issue and allows for more in-depth reporting to better manage and mitigate risks related to foreign migrant workers' rights.



Sleek new report format

Our new report format reflects our brand transition to LRQA and our new identity as a global leader in business assurance. The new format enhances the report's visual identity for clearer reporting and comprehensive assessments.



Staff day allocation

ERSA 3.0 includes an updated staff day allocation mechanism which will allow for more staff days based on the site size. This updated mechanism ensures auditors have sufficient time onsite and better aligns with industry best practice.



Streamlined process for worker sentiment surveys

ERSA 3.0 updates the worker sentiment survey process and streamlines delivery through EiQ for better data quality and security management.

ERSA continues to be the industry's most comprehensive assessment framework, aligning with LRQA's supply chain due diligence platform EiQ to support program effectiveness. ERSA 3.0 introduces this series of enhancements to further reflect LRQA's philosophy of transparency and continuous improvement. Read more on the updates below.

Enhanced ERSA Standard

ERSA 3.0 is reflective of a new, more rigorous standard to enhance your site assessments. ERSA is designed to gather more than audit finding data, but also quantitative metrics on key supplier profile and compliance performance. The data-driven insights derived from ERSA 3.0 allow clients to better understand their ESG risks.

Topic		Key changes			
\$2)	Hours of work and wages & benefits	More detailed standard related to social insurance and extreme levels of excessive hours			
	Forced labor and migrant workers	More detailed standard on recruitment and repatriation fees			
(+)	Health and safety	Enhanced standard on occupational hazards, machine safety and employee training			
0	Environment	Alignment with ERSA Environmental Assessment with more comprehensive coverage on critical areas			
(\$)	Management systems	Strengthened requirements related to supplier management incl. upstream suppliers and service providers			

New data points

ERSA 3.0 also includes new and updated data points related to key ESG topics and issues. Climate change and diversity have increasingly been highlighted in the media and in new laws requiring companies to strengthen their emissions reporting. Our updated standard expands our data collection to ensure more robust data and more quality, transparent reporting for companies. New data points include:



Languages spoken by workers and management

We have expanded our assessment by adding data points assessing languages spoken on site by employees and management. This update will streamline the coordination process for translator and auditor arrangement based on language requirements. The update will also provide new data points to uncover potential gaps and risks in managing foreign and domestic workers.



Diversity / recruitment fees / employee information

ERSA 3.0 now includes data points related to diversity, recruitment fees, and other employee details. These data points include the lowest hourly wages by gender, the average and maximum amount of recruitment fees paid, and the breakdown of workers by recruitment method.



GHG emissions

ERSA 3.0 also includes carbon data collection, which targets a supply chain's Scope 1 and Scope 2 emissions and enable clients to better manage and report their Scope 3 emissions. It covers 23 energy types and includes standardized datasets of emissions factors and calculation functions to enable consistent and comparable reporting across supply chains.

Add-on Foreign Migrant Worker Assessment

Foreign migrant workers are often more susceptible to human rights violations and forced labor entrapment. Forced labor continues to plague supply chains worldwide and more laws are being implemented aimed at mitigating the issue. Our Foreign Migrant Worker Assessment add-on has been updated for ERSA 3.0 with a revised checklist and seamless integration into the ERSA report. This upgrade will provide further visibility into issues foreign migrant workers face in your supply chain and how to properly manage these risks to prevent future exposure.

This round of update aims to streamline the operational process and delivery. The updates to the FMW Assessment include:

A new checklist:

supplementing the ERSA standard, covering the following areas:

- → Management systems
- → Recruitment and deployment
- Employment
- → Return or onward migration

ERSA report integration:

the new FMW Assessment report integrates seamlessly into the Labor pillar of the ERSA assessment report.

Additional staff days:

Additional staff days may be allocated to ensure auditors have sufficient time to cover the additional requirements related to foreign migrant workers. The revised staff day calculation mechanism will be based on:

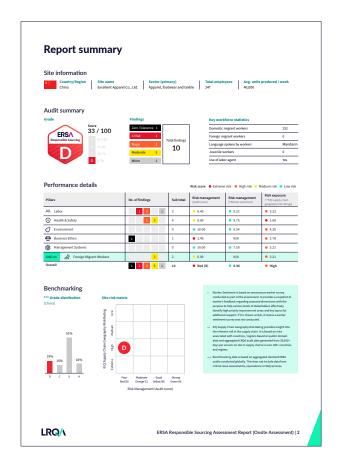
- → The number of foreign migrant workers
- → The number of nationalities of foreign migrant workers
- If there are issues identified in the initial / annual audit (for follow-up audits)

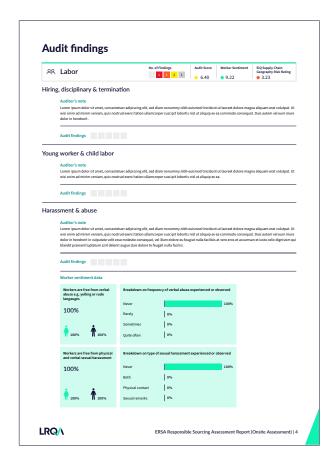
The FMW assessment is designed as an add-on to LRQA's ERSA suite. It is not intended to be a standalone tool for evaluating risks of foreign migrant workers. This is because many aspects of foreign migrant workers are already covered in the ERSA standard already. Quantitative data points are also covered in the ERSA standard, e.g. recruitment fees, breakdown of foreign migrant workers by country / region of origin.

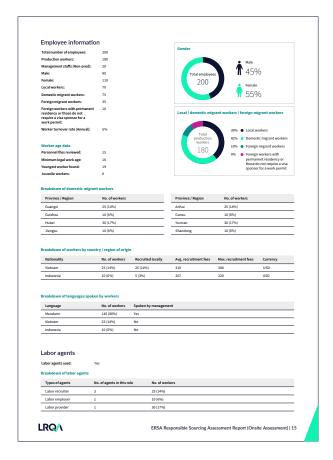
Report format

ERSA 3.0's format has been updated to align with our LRQA branding.









Staff day allocation

ERSA 3.0 have revised the staff day allocation model to better align with industry practices.

This is to help ensure auditors have adequate duration onsite to properly evaluate compliance and gather meaningful findings and data points. For large sites with 1000 or more workers, the onsite time is now 3 staff days. Whereas for small sites with between 50 and 500 workers, it is 2 staff days onsite.

Initial / annual audit

# Staff days	Site size	# Worker interviews	# Worker survey (WSS)	Worker files	Total records	Most recent month	Peak month	Non-peak month
1	1 - 49	5	10	5	15	5	5	5
2	50 - 499	10	30	10	25	10	10	5
3	500 - 999	15	50	15	40	15	15	10
4	1000 - 1999	25	70	25	60	25	25	10
5	2000 +	40	90	40	80	35	35	10

Follow-up audit

# Staff days	Site size	# Worker interviews	# Worker survey (WSS)	Worker files	Total records	Most recent month	Peak month	Non-peak month
1	1 - 1999	5	10	5	15	5	5	5
2	2000 +	10	30	10	25	10	10	5

Worker sentiment survey process

LRQA is the first in the industry that successfully integrated an anonymous worker survey into the assessment process in scale. The survey provides supplementary data points to audits by highlighting risks and high priority issues from workers' point of view.

ERSA 3.0 includes an updated process for survey deployment and delivery:



Coordination

Survey promotion instruction and materials (poster & card) will be shared to supplier together with the audit notification email at once.



Remote deployment

Supplier hosts the posters in common areas showing survey information with QR code and link. Survey cards can also be printed and shared to workers.



Onsite preview

Auditor previews the preliminary result before audit to spot focusing areas. Survey cards will also be distributed to workers interviewed for further feedbacks.



Post-audit feedback

Survey keeps open for 1 day after audit to collect additional responses from workers, as to scan any hidden messgae and aim to ensure optimal sample size reached.



Integrated report

Survey result will be integrated to audit report as valuable supplementary insights. Optional standalone survey report can be shared for more details.

Updates from the previous process include:

- Survey duration: the survey will now start during the coordination process and be extended for another day after the audit, to not take away from core audit activities.
- → Survey delivery: delivery now solely occurs via our in-house system (EiQ Assess) for better data quality and security management.
- → Sample size/staff-day allocation: we have adjusted the sample size with the new staff day allocation mechanism to ensure sufficient time is allotted to conduct the survey.

Questions

Please contact your LRQA representative with any questions about these updates.

