



EiQ Glossary

Version 1.0



1 Access denied

Access denied indicates that an auditor has been explicitly prevented from accessing specific resources (e.g., documentation or workers), areas of the facility, or functionalities from a site.

2 Assessment

A systematic examination of a site to measure the facility's compliance with established standards, regulations, and best practices. This evaluation aims to identify strengths, weaknesses, risks, and areas for improvement within the supply chain processes, ensuring that they align with ethical, environmental, and social considerations.

3 Assessment rating

An evaluation or score assigned to measure the environmental, social, and governance (ESG) performance of a site. Assessment ratings help businesses gauge the sustainability and risks of an entity.

4 Average continuous working days

The average # of consecutive days without rest refers to the mean or typical duration of a continuous work period during which an individual has not taken any days off or rest days.

5 Average weekly hours

The average weekly hours worked by employees based on the sample reviewed during an assessment (regular & OT hours included).

6 CAP (Corrective action plan)

A formal plan outlining the actions that will be taken to address and rectify the issues or deficiencies identified in an audit finding or assessment.

7 Civil society risk

The potential negative impact on a company's operations or reputation arising from the scrutiny, criticism, or activism of civil society groups. This risk is associated with social and environmental concerns raised by non-governmental organizations, community groups, and advocacy organizations. LRQA leverages civil society data from trusted multilateral organizations and NGOs to complement risk information when audits are less likely to evidence specific violations – e.g., forced labor – or in countries with a lower audit volume.

8 Disturbances

Refers to the impact from the production process on natural capital and species populations due to disturbances such as noise or light.

9 Domestic migrant workers

Domestic migrant workers refer to individuals that migrate from another state/province within the same country where they are a national for purposes of employment.

10 Finding

A specific observation or violation identified during an audit. It indicates areas of non-compliance, or opportunities for improvement from a site.

11 Forced labor

Relates to audit findings associated with forced labor such as recruitment fees or forced overtime.

12 Foreign migrant workers

Foreign migrant workers refer to individuals who move from their home country or region to another country or region in search of employment opportunities that they are not qualified to pursue without going through a legally required process, often involving obtaining a work visa, permit or registration.

The following are not considered as Foreign Migrant Workers under ERSA:

- Workers who are self-employed;
- Workers who possess permanent residence qualifications in the destination country or region;
- Workers that are not required to go through a legally required process, such as obtaining a visa sponsor, in order to work in the destination country or region.

The following are considered as Foreign Migrant Workers under ERSA:

- Workers who hold a work visa, permit or registration that is sponsored by the employer;
- Refugees that have resettled in a host country where they have the right to seek employment and participate in the labor market like any other individuals.
- Workers who hold a residence and work permit sponsored by their family members.
- Workers who are required to undergo the legal process but have failed to do so, such as individuals working illegally.

13 Freshwater ecosystem

Refers to the impact during production on natural capital such as habitats and freshwater ecosystem due to unsustainable use of freshwater ecosystems.

14 GHG emissions

Refers to the negative impact to the environment and contribution to climate change due to greenhouse gas emissions during operations.

15 Grievance mechanisms

Formal processes or systems established to receive, address, and resolve grievances or complaints from employees on site.

16 Hygiene and sanitation

Relating to poor hygiene and sanitation conditions identified at the site and other employer-owned or controlled areas.

17 Inconclusive

A term indicating that the level of transparency from a site during an onsite assessment regarding the information provided on wages and working hours is of concern. This conclusion indicates potential concerns on transparency are noted, mainly subjective information from the assessor. However, little or no objective and/or strong evidence is found on-site to prove there is a formal violation of transparency. E.g., There is the presence of an external consultant, or the data provided by the site is determined to be too good to be true, but no evidence is provided.

18 Inconsistent

A term indicating that the level of transparency from a site during an onsite assessment regarding the information provided on wages and working hours is low. This conclusion indicates the reliability of provided wage and working hour records is low. There is solid evidence noted during the audit. E.g., Inconsistency between CCTV and records or inconsistency between production records and time/payroll records.

19 Index

A metric that represents the categorization of supply chain risk or performance relating to social and environmental factors identified during assessments.

20 Inherent risk

The level of risk that exists in an area without the consideration of any risk mitigation measures. It represents the natural level of risk associated with a particular supply chain activity or sourcing market based on historical datasets.

21 Juvenile workers

Individuals who are underage, typically below the legal working age, and employed in violation of labor laws.

22 Leverage

Leverage refers to the importance of a supplier to the company. Leverage can be used to influence suppliers to adopt risk mitigation measures, such as aligning with emission cutting targets or ensuring ESG policy alignment.

23 Local workers

Local workers refer to individuals that come from the same province or state of the location of the site.

24 Marine ecosystem use

Refers to the impact from production on natural capital such as biodiversity, habitats and species due to unsustainable use of marine ecosystem use.

25 Metrics

Quantifiable measures or indicators used to assess, evaluate, and monitor performance, compliance, or risk within the supply chain.

26 Monthly take-home wage

The term take-home wage refers to the wages received by workers after all deductions, including tax and legally required social security contributions.

27 Monthly worker turnover rate

Refers to the number of workers left each month divided by the number of workers at the beginning of the month + number of new hires each month.

28 Non-GHG air pollutants

Refers to the negative impact from production, where non-GHG emissions contribute to air pollution.

29 Occupational safety

Relating to occupational safety at the workplace because of insufficient health & safety training or other safety issues.

30 Other resource use

Refers to the impact from production on natural capital such as species populations due to unsustainable practices, such as fishing and hunting.

31 Overall risk

LRQA's Overall Supply Chain Risk reflects the overall level of risk related to sourcing from a specific country based on LRQA's audit dataset. It is generated by aggregating the values of LRQA's five pillars' ratings: labor, health and safety, environment, business ethics and management systems.

32 Paid correctly

Refers to the percentage of workers paid as per legal requirements, both for regular and overtime wages.

33 Paid above hourly

Refers to the percentage of workers paid above the legal hourly minimum wage for regular wages.

34 Program trend reports

Reports that provide insights into the trends and changes in ESG performance, risk levels, or compliance within a specific supply chain program over time.

35 Risk exposure

Risk exposure shows what risks suppliers are exposed to by virtue of their sector, country, operating context and aggregate industry metrics. Informs risk assessment and design of what engagement is required by a corporate client (or supplier) to manage and mitigate this exposure and build resilient supply chains.

36 Risk management

Risk management reflects how well a supplier manages the above risks as estimated from the audit, workers survey and grievance mechanism data. A supplier can be exposed to significant risks but still manage these risks well via compliant and productive production processes and working conditions.

37 Segmentation

The process of dividing the supply chain into distinct segments based on various metrics to determine risk prioritization. Segmentation can occur using many determinants such as risk exposure vs risk management, risk management vs leverage, risk exposure vs media incidents. Segmenting allows for better visibility over high-risk sites in a supplier base and which areas of a supply chain require more urgent allocation of time and resources.

38 Segmentation category

Refers to the metrics used to conduct segmentation outcomes for supply chain programs. Examples of segmentation categories include risk exposure vs risk management, leverage vs. Risk exposure, or Sentinel vs. Overall risk.

39 Self-assessment questionnaire (SAQ)

SAQs are structured sets of questions and statements that a supplier is required to complete to assess and communicate its compliance with certain standards, regulations, or contractual obligations. The purpose of an SAQ is to gather information directly from the supplier, allowing them to self-evaluate their adherence to specific criteria related to quality, compliance, and other relevant aspects.

40 Sentinel

A machine-learning algorithm that scans media channels for ESG risk incidents related to a supplier. Sentinel is a beyond-audit tool which supports near real-time monitoring of a supply chain and alerts stakeholders to potential risks or issues by detecting ESG incidents in near real-time.

41 Sentinel incidents

Significant ESG incidents or events that serve as indicators of broader issues or ESG risks within the supply chain. Incidents refer to a media article detected by Sentinel which relates to a specific supplier that has been uploaded onto the EiQ system.

42 Service

A service refers to the offering or provision of products, solutions, or assistance that may have environmental, social, or governance implications. Evaluating the ESG aspects of services is crucial for comprehensive sustainability assessments.

43 Service category

A grouping or classification of services based on common characteristics or functions. Categorizing services helps in analyzing and managing ESG risks and impacts specific to each service type.

44 Service standard

A set of guidelines, criteria, or specifications that define the expected quality, sustainability, and ethical considerations associated with a particular service. Adhering to service standards is integral to maintaining ESG compliance.

45 Service location

The physical or geographical area where a service is provided. Assessing the ESG implications of service locations involves considering local environmental conditions, social dynamics, and adherence to governance standards.

46 Severity of findings

An assessment of the seriousness or criticality of issues identified in an audit or assessment.

47 Site

A physical location, facility, or establishment within the supply chain, such as a manufacturing plant, warehouse, or distribution center.

48 Site performance

Site performance refers to the risk level of a site based on both its risk exposure and risk management. This includes performance indicators based on audit history and results, as well as its inherent risk based on indicators such as geographical location, etc.

49 Soil pollutants

Refers to the impact from production on natural capital such as soil quality and contributions to pollution from soil pollutants such as discharged waste.

50 Solid waste

Refers to the impact from production which contributes to environmental pollution through increased waste, hazardous waste disposal, choice disposal, among other factors.

51 Terrestrial ecosystem use

Refers to the impact from production on natural capital such as species habitats and rainforests due to usage of terrestrial ecosystem.

52 Third-party audit

An audit conducted by an independent party not directly involved in the operations being assessed and not conducted by LRQA. In supply chain risk management, third-party audits provide an objective evaluation of practices.

53 Transparency

Openness and visibility in communication and operations. In supply chain risk management, transparency involves sharing relevant information with stakeholders.

54 UNSPC (United Nations Standard Products and Services Code)

A coding system used for the classification of products and services in EiQ. UNSPC provides a standardized way to categorize goods and services for supply chain and procurement purposes.

55 Vendor

A supplier, seller, or provider of goods or services within the supply chain.

56 Water pollutants

Refers to the impact from production which contributes to water pollution or the discharge of water pollutants such as nitrates, phosphates, heavy metals, chemicals.

57 Water use

Refers to the impact from production on natural capital such as water reserves, or the increasing risk of draught due to unsustainable water consumption.

58 Weighting

Assigning relative importance or significance to different factors, metrics, or risks based on their impact on overall objectives. Weightings in EiQ may be customized based on program priorities. For example, if you wanted to focus your EiQ risk view on zero tolerance issues such as forced labor and child labor, you could create a custom index using these two indexes and view countries based on a more specific risk view.

59 Worker survey

A survey conducted among workers within the supply chain to gather feedback on various aspects such as working conditions, safety, and compliance.

Get in touch

Visit eiq.ai for more information

→ Request a demo

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