

GSCP News

Message from the GSCP Chairman

Terry Babbs, Group Ethical Trading Director, Tesco Stores Ltd



Welcome to the first newsletter from the Global Social Compliance Programme! GSCP would first like to thank everyone who has contributed their time and knowledge to help the Programme become what it is today. It seems not so long ago that just a few of us started to talk about sharing this challenge. GSCP has

made successful advances since its beginning, two years ago, and now is in a position to push the boundaries of what already exists by creating a global, harmonised and consistent approach to working and environmental conditions in global supply chains.

This newsletter, aimed at all those interested in learning more about the programme, will provide updates on progress made as well as goals for the future and up-and-coming events.

I would like to take this opportunity to welcome a new member to the GSCP Advisory Board, Rafaël Nedzynski, the Secretary General of the general federation of union workers in the food and agriculture sector, FGTA-FO. GSCP is also happy to announce that three new companies have joined the Task Force, Dell and Best Buy from the USA and Globus from Germany.

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Presentations

“The Cultivar Project”,
Chiquita

“Worker hotlines: lessons from operating grievance procedure mechanisms in Supply Chains”, CSR Asia

“How HP tackles emissions in Supply Chains”, Hewlett Packard

“Child Labour Remediation in India”, IKEA

“CSR in Primary Production”, Migros

“Purchasing Practices: Small and practical changes to help suppliers”, Tesco

“Wal-Mart Supplier Development Program”, Wal-Mart

A review of GSCP’s last General Meeting

GSCP held its bi-annual General Meeting in Paris on 6th and 7th May. Over 70 participants from across the globe convened in the French capital to discuss a broad range of topics from child labour to auditor competence, and listen to presentations from leading businesses on case studies that put words into practice.

GSCP’s General Meetings are open to the GSCP Task Force members as well as any other interested company. Besides the meeting with companies, other stakeholders such as auditing bodies, representatives from other initiatives and international organisations are involved in *ad hoc* sessions on the first day. Ensuring the participation of both stakeholders and business in shaping the programme, sharing information and raising awareness on each others’ projects was crucial to GSCP’s progress. Since the first *ad hoc* meeting in San Francisco in 2008, this combination has proven invaluable for GSCP. It adds a new and necessary dimension to discussion and at the same time offers transparency and openness.

During last May’s General Meeting, stakeholders made useful and positive contributions, actively participating in debates and dialogue with businesses. Following an introductory presentation from Terry Babbs of Tesco, participants took to the floor to propose and challenge ideas on four main issues, which led to thought-provoking debates.

Child Labour inspired a lively discussion. The general consensus was that finding and stopping child labour on production sites was a difficult challenge, but the true crux of the issue was in identifying and addressing the root causes of the problem. Working on remediation requires a collective effort, and as a neutral body GSCP can strengthen ties with governments and International Organisations.

The topic of **Auditor Competence** sparked heated debate among participants, highlighting several important issues. While auditors are involved in the remediation process, their role in conducting the audit is to use their local knowledge and skills to highlight the problems effectively. The audits should not be an end in themselves, but a powerful tool to start the remediation from. In response to the discussion, GSCP is looking at the best way to involve auditing and training bodies in the work on the Reference Tools on Auditor Competence.

The attendees clearly stated the need for improved **Data Sharing**, involving increased dialogue between existing data sharing systems. Up to now, incongruity between data and data gathering systems often presented an obstacle to distribution. A possible role for GSCP in this field could be in guaranteeing the quality, accuracy and comparability of the data collected.

During the debate on the **Equivalence Process**, several participants highlighted the key role of GSCP in achieving compatibility, transparency and trust through the process of equivalence. Moreover, it was noted that GSCP can use its neutrality to play an active part in communicating between the different systems.

On the second day of the meeting, leading business representatives gave a series of insightful presentations on show-case projects, illustrating their commitment to corporate social responsibility. Each presentation initiated an open forum for a question and answer session. Highlights included an illustration of CSR Asia’s grievance mechanism in China and Tesco’s sustainable purchasing practices worldwide, giving an indication of companies’ work on remediation of issues arising in the supply chain.

Next General Meeting

19-20th October 2009
San Francisco

GSCP's Advisory Board: 20 months down the line

Having spent 20 months working as an effective sparring partner to the Executive Board, GSCP's Advisory Board decided to issue a public note which gives an insight into the way in which the group of experts works. The note reveals the Advisory Board's views on GSCP's governance, on its progresses so far and its role in promoting sound labour relations.

To summarise: since GSCP's launch in 2007, a business-driven model has been followed, reflecting the nature of the programme and increasing the potential for wider participation. This governance model facilitates effective decision-making and enables change to be enacted quickly. With the Executive Board leading the way in decision-making, GSCP needed to respond to the expectations of stakeholders with a body that would represent them and ensure transparency and trust.

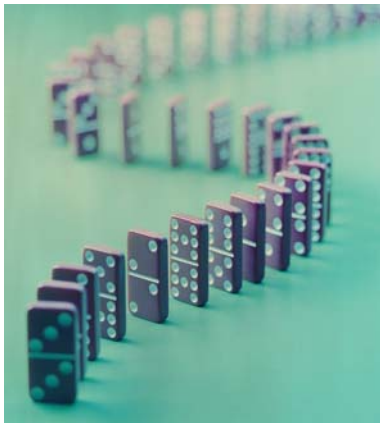
The answer came in the form of the Advisory Board, a team of influential experts from across the stakeholder community. With access to all information and documentation generated within the GSCP system and the right to raise any issue, the Advisory Board functions in parallel with the Executive Board; advising, monitoring and evaluating their progress. The Advisory Board's role in challenging and giving counsel is achieved through the requirement of complete openness between the two boards, as well as regular joint meetings and participation at GSCP's bi-annual General Meetings.

The main aim of GSCP is to harmonise existing standards, foster cooperation and promote the exchange of information and best practices. In order to do this, the programme intends to bridge the gap between the existing initiatives and schemes operating in the social compliance field. The fact that all members of the Advisory Board are already involved in various other initiatives allows for GSCP's aim to be successfully realised, adding value to the Programme by creating links and enabling communication between the different bodies.

The public note from the Advisory Board is a must read for all those wishing to gain a greater understanding of GSCP from the point of view of stakeholders and is available in full on [GSCP's website](#).

"The drawbacks of a business driven structure have been successfully addressed within GSCP, through creating an internal governance model... The members of the Advisory Board, representing stakeholders, have a full oversight of and influence on all issues and activities related to the standards and their implementation. This means that to its foundations, contents, tasks and operations, GSCP does not significantly differ from a formally multi-stakeholder driven scheme."

Extract from the Advisory Board's Note.



Working to strengthen ties

GSCP has been working with the aim to broaden its reach through strengthening ties with International Organisations that include the ILO and the Better Work Programme, several UN agencies such as UNICEF or UNIDO as well as the team of the Special Representative of the UN Secretary-General on business & human rights. To this end, a number of meetings have been organised both in Geneva and New York.

Moreover, in an effort to spread the message of transparency and clarity, GSCP is liaising with initiatives such as BSCI, FLA, SAI, EICC to name a few.



Greg Priest explains IKEA's involvement with GSCP

Swedish home goods retailer, IKEA, has a long history as a socially responsible company. IKEA's "People and the Environment Brochure" lays out the dilemma for any company that faces social compliance issues anywhere in the world: "In some countries it is difficult to resolve

issues relating to working hours and wages as existing legislation is not implemented and is inadequately policed by the authorities. In such situations, the efforts and inspections of IKEA alone are insufficient."

Their customers expect them to ensure decent working conditions, but the reality is that companies working alone can only achieve so much. Last year, as a part of their effort to solve this problem, IKEA joined GSCP and the company's Head of Social Compliance and Environmental Affairs, Greg Priest, became a member of the Executive Board.

"Social responsibility has always been part and parcel of our corporate culture." Priest says, "On the other hand, we also realise that it's not enough simply to mean well. Fine words have got to be matched by action. So what's significant about GSCP, in our view, is that it represents the most powerful business alliance for social justice ever put together."

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work of our Advisory Board, we have been able to develop tools with real credibility. That will give us the opportunity to make the change in attitudes that we all really want to see. This means respect for international labour standards and decent working conditions".

For IKEA's people and the Environment Brochure see <http://www.mypaper.se/show/ikea/show.asp?pid=345224322265443>

"For a supplier, investments in working conditions and the environment can lead to more orders, better productivity and higher profitability."

In 2000, IKEA devised its own ethical standards programme – known as 'The I-Way' – to give structure to the company's response to social and environmental issues. "We found ourselves facing the same problems and frustrations as so many other companies – for instance, looking at ways to improve working conditions, to combat the use of child labour and to minimise our impact on the environment. At the same time, customers, NGOs and co-workers have all been asking more questions in recent years about how companies work. And looking back, it's good that they have, because it has really increased corporate awareness of how things can be improved – and of the link between sustainability and social responsibility." "I believe that the solution to social compliance will be found in a new partnership between the private and public sectors. Thanks to the

"Social responsibility has always been part and parcel of our corporate culture."

GSCP is facilitated by The Consumer Goods Forum

The Global Social Compliance Programme is facilitated by The Consumer Goods Forum, a consumer goods industry body. The Forum was created in June 2009 by the merger of CIES - The Food Business Forum, the Global Commerce Initiative (GCI) and the Global CEO Forum. The Board of Directors of The Consumer Goods Forum includes an equal number of manufacturer and retailer CEOs and chairmen. This new body will continue to develop common positions on key strategic and practical issues affecting the consumer goods industry. www.theconsumergoodsforum.com

Audit Process and Methodology: Reference Tools soon to be launched

In order for audit reports to be reliable, audits have to be conducted following a solid methodology taking into account all aspects related to their preparation, launch and follow-up. It has been the task of the Expert Working Group on Audit Process to identify and consolidate best practice in a first draft.

The next step was to ensure all key elements had been identified and included in the draft. The Expert Working Group therefore led a consultation with a large number of other businesses and stakeholders and at the same time tested the draft tools in selected sites of employment. Seven different test audits, led in five different countries for six different types of products, helped assess the quality, efficiency and accuracy of the draft reference tools.

The draft is now finalised and includes guidelines on audit process; pre-audit employment site profile; self-assessment; audit checks; alert notification; audit report; finding summary and corrective actions and supplementary audit information.

The Advisory Board has formulated a certain number of recommendations that are currently being reviewed by the Executive Board.

The GSCP Reference Tools for Audit Process and Methodology will be issued in early September and then made available on the GSCP website.

Introduction

Since its beginnings, GSCP has maintained its stance on the need to reduce the number of audits while focusing efforts on increasing the quality. This can only be achieved by creating a collaborative model that will allow companies to share audit results and data.

GSCP has therefore started developing a set of reference tools based on best practices available in existing standards and schemes, which reflects international labour standards.

The Reference Code was published last year. The Reference Tools on Audit Process and Methodology and Auditor Competence are under development and soon to be published.

Expert Working Group on Auditor Competence

Casino

Bruno COLOMBANI

Tesco

Paul DEARMAN

C&A

Charles DICKINSON

Wal-Mart

Daniele GIOMI,

Costco

Art JACKSON

Woolworths Australia

Belinda MERLINO

Carrefour

Virginie SAUDRAIS

Hewlett Packard

Mike VAUDREUIL

Alcan Packaging

Clément WARTHER

Auditor Competence

As had been highlighted at GSCP's May General Meeting in Paris this year, the appropriate level of competence for auditors needs to be agreed on and guaranteed, so as to achieve a result that truly reflects the situation on the employment site.

The Expert Working Group for Auditor Competence commenced work on drafting the reference requirements and guidelines in the second quarter of this year. This process constitutes the third step of the GSCP Work Plan and complements the previous step on audit system and methodology.

The Expert Working Group is currently working on the definition of reference requirements for the recognition of individual auditors as well as auditing bodies. Also included in the scope, is the definition of reference requirements for training syllabus and training bodies.

As echoed in the General Meeting, GSCP's commitment to include other bodies in its drive to achieve its work-plan remains unchanged. The Expert Working Group has mapped out and started liaising with existing bodies working on auditor competence to ensure a general consistent approach is built. Moreover, auditing and training bodies, as well as relevant schemes, will be involved in an initial consultation process in the Fall, as soon as the first drafts are ready.

Expert Working Group on Environmental Module

Alcan Packaging

Clément WARTHER

Carrefour

Stéphanie MATHEY

C&A

Michael KOCH

IKEA

Greg PRIEST

Hewlett Packard

Jay CELORIE

Levi Strauss

Manuel BAIGORRI

Tesco

Jonathan GORMAN

Wal-Mart

Duccio ANCILOTTI

The GSCP Environmental Module: initiation and development

In response to a call from several companies, the Executive Board launched a module on the environment and offered policy guidance to aid the project's development. The module focuses on site-specific requirements related to what companies are currently sharing, namely suppliers and their production sites. The implementation of the module is optional for companies to complement the work on labour standards.

In April 2009, the GSCP Draft Environmental Framework Requirements, together with their implementation guidelines for suppliers, were opened for three months of public consultation on the GSCP website. With over 100 recorded visits to the consultation website by mid June, the response to the three tier system has been noted very positive. The draft reference tools are now going through their final revision by the Expert Working Group and will, after the approval process by the Executive Board and the Advisory Board will be published.

The Expert Working Group on Environmental Module will work on the next steps in building reference tools on audit process and methodology as

well as on auditor competence in relation to environmental audits in all production sectors.

As with all GSCP tools, outcomes will be made available as open source documents and can be used by companies directly, or as a benchmark, to help drive convergence.

Drawing a map: the Equivalence Process

GSCP has launched its work on the development of an Equivalence Process. The process will help build comparability and transparency between existing schemes while allowing them to maintain their specificities.

The Equivalence Process will provide tools to benchmark existing companies' and initiatives' schemes against the GSCP reference tools. The Reference Code, the guidelines for audit process and methodology, auditor competence and management systems constitute the four pillars of the benchmark. The outcomes of this work will be a Self-Assessment tool and an Equivalence tool. The former will allow companies or initiatives to assess their own tools and system against the GSCP Reference Tools and understand what needs to be reviewed to reach best practice. The latter will allow companies or initiatives to understand where they stand in relation to each other and what tools or processes need to be improved for them to become equivalent. Thanks to these tools, it will be possible to draw a map of where existing schemes stand in relation to best practices and to each other.

The process of benchmarking will offer a practical toolkit to clearly understand what schemes' codes of conduct cover, what are the issues their social and environmental audits look at, how these audits are conducted and by whom. By knowing the positioning of a scheme in relation to one another, interested parties will be able to trust each other's audit reports and accept them, with the intention to reduce audit duplication.

The companies involved in the process development are: Alcan Packaging, Carrefour, Chiquita, Hewlett Packard, ICA, IKEA, Migros, Royal Ahold, Tesco, Wal-Mart and Woolworths.

