

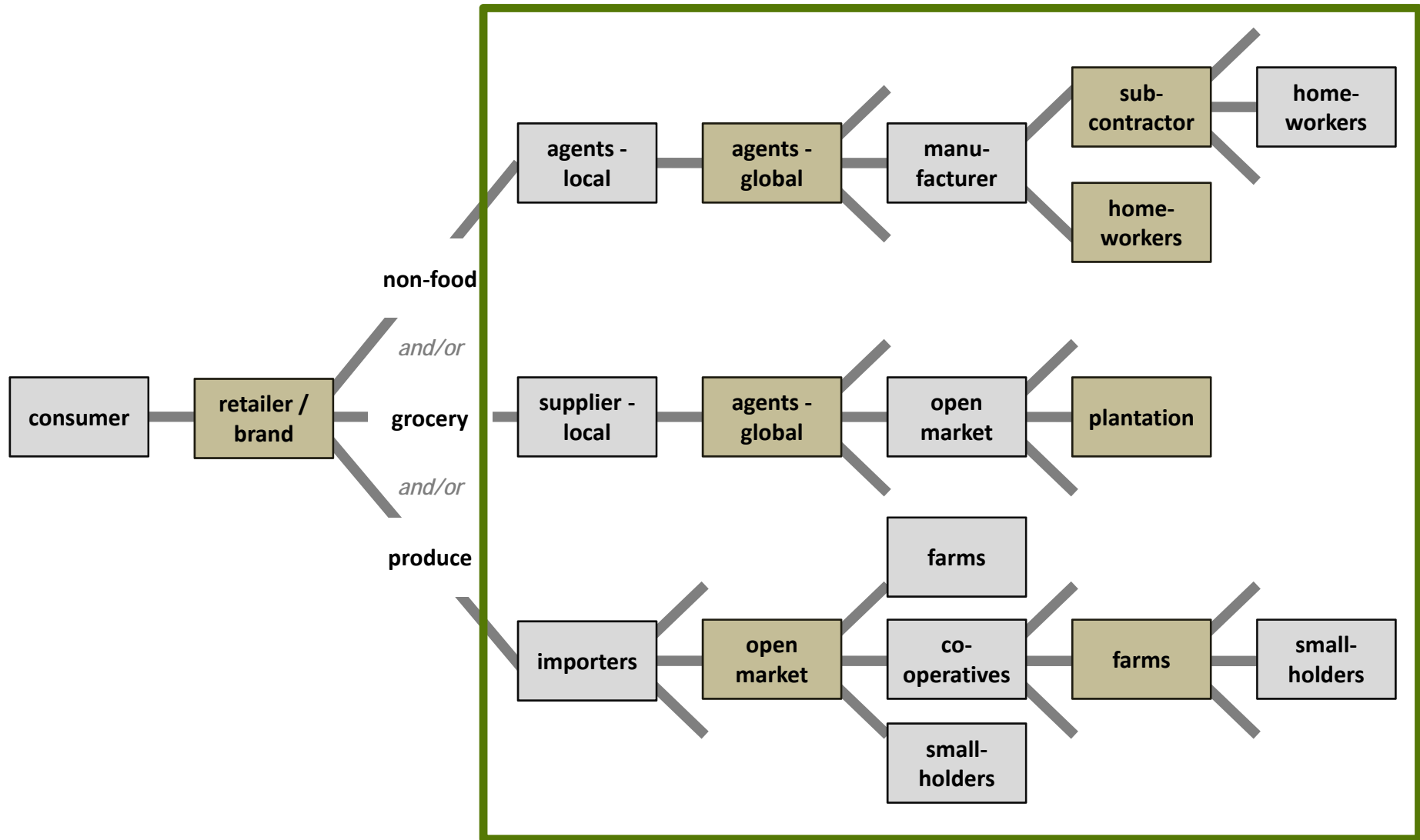


The Global Social Compliance Programme

a global cross-industry platform for the continuous improvement of working and environmental conditions in global supply chains

January 2012

Scope



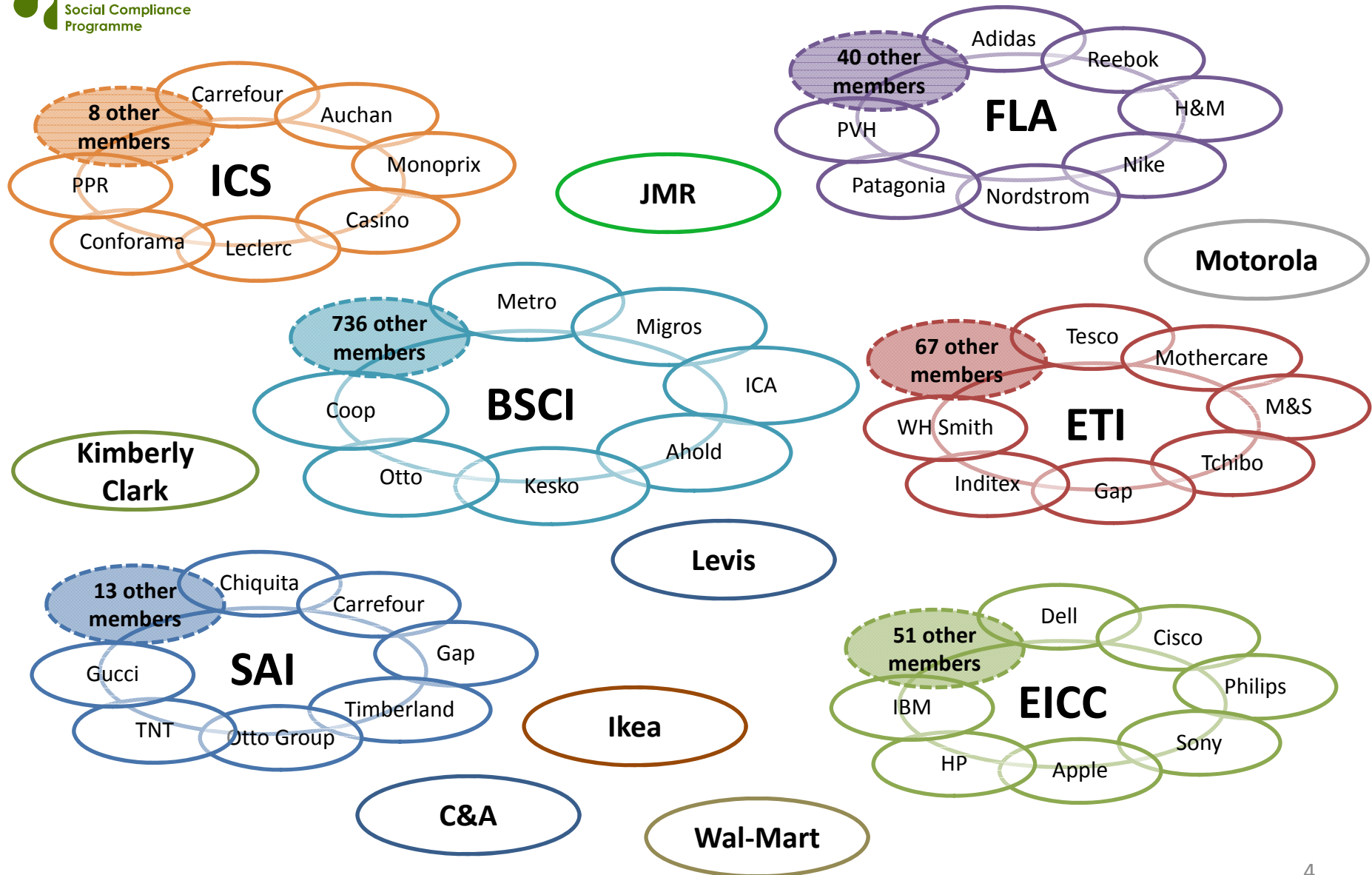
Source: ETI annual report 2002-2003



How do retailers / brands guarantee **fair labour conditions** and **decent environmental practices** in their supply chains?



Over 1000 codes and implementation systems



Meaning for suppliers

BUYING COMPANIES

Carrefour / ICS

soc/env audit

Wal-Mart

soc/env audit

Ikea

soc/env audit

HP / EICC

soc/env audit

Migros / BSCI

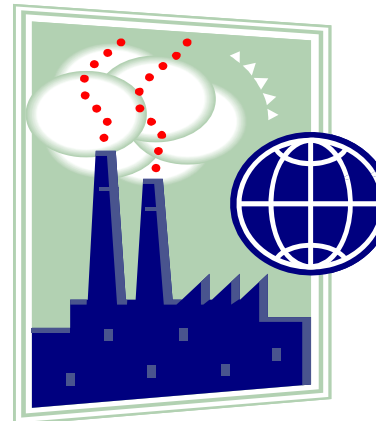
soc/env audit

Company X

soc/env audit

SHARED SUPPLY BASE ALL CONSUMER GOODS

Supplier A



RESULT TODAY

Audit fatigue

Confusion

Inefficiency

High cost

Focus on audits
not on
remediation

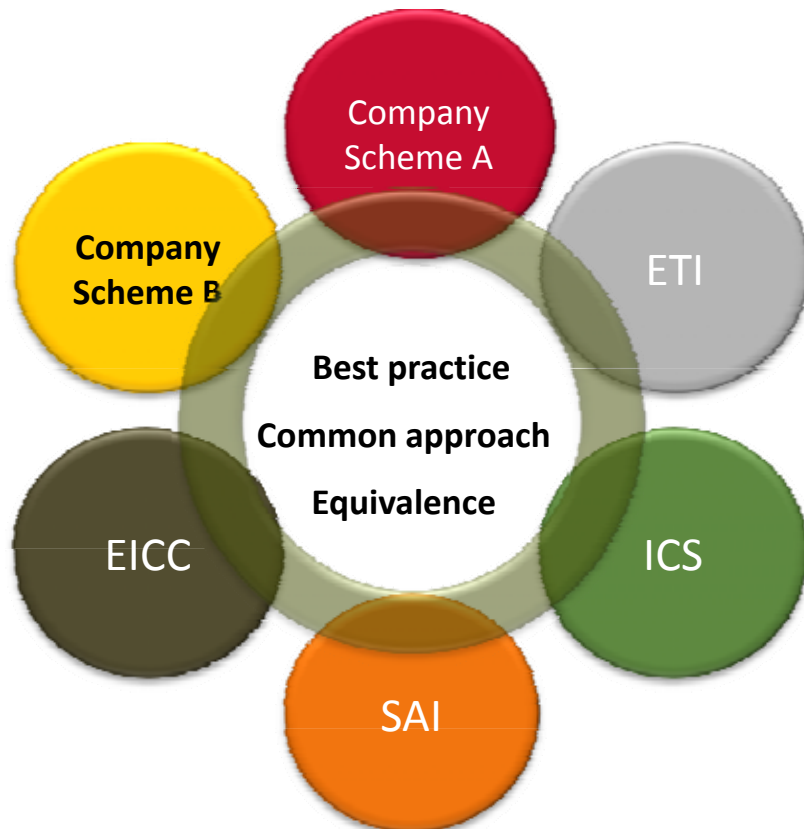
need for convergence and a common approach



GSCP

GSCP vision & objectives

to harmonise existing efforts to deliver **a shared, consistent and global approach** for the continuous improvement of working and environmental conditions in global supply chains



Primary objectives:

- build consensus on best existing practices
- develop a clear and consistent message for suppliers globally
 - drive convergence by building comparability and transparency
- reduce audit fatigue and duplication
- strengthen collaborative efforts for building capacity and training

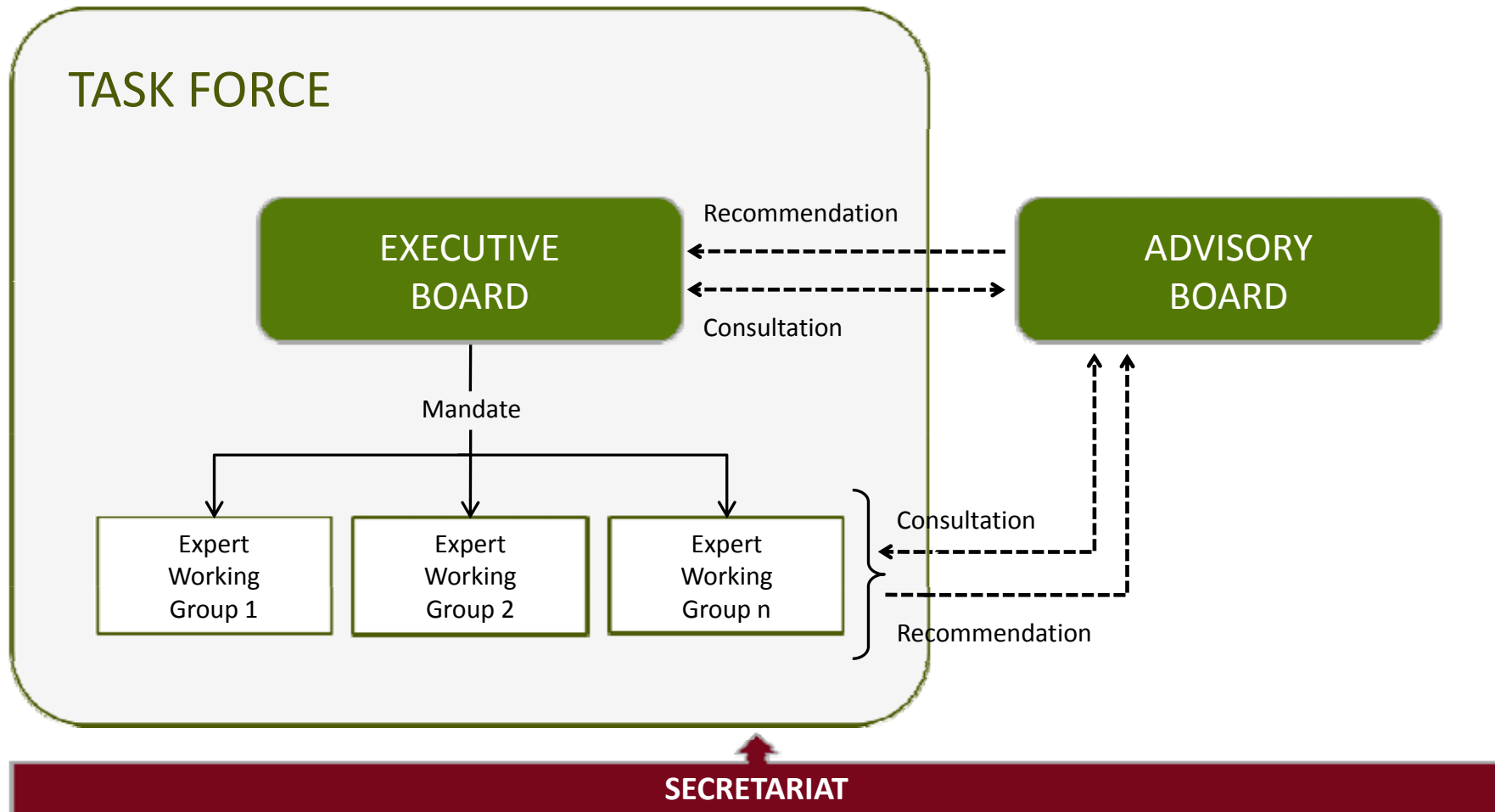
non-competitive

stakeholder-oversight
open-source

inclusive

business-driven

NOT
accreditation/certification
monitoring-initiative
substitute



Governance & membership

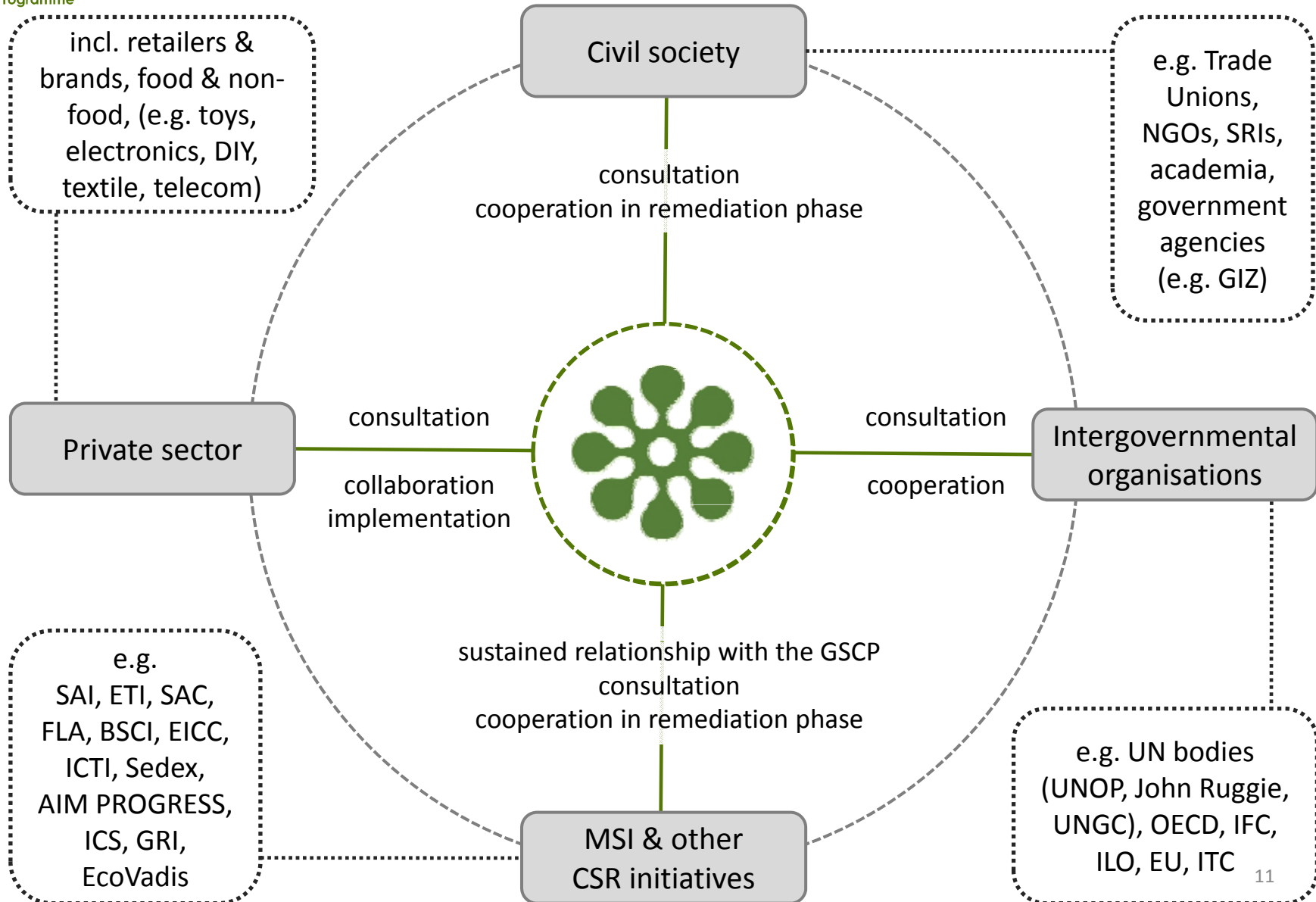
TASK FORCE



ADVISORY BOARD



GSCP as a collaborative platform



To collaboratively assist remediation & capacity building at supplier site

What is needed to achieve that? A necessary preamble:

1 Convergence

build consensus on basic requirements and best existing practice

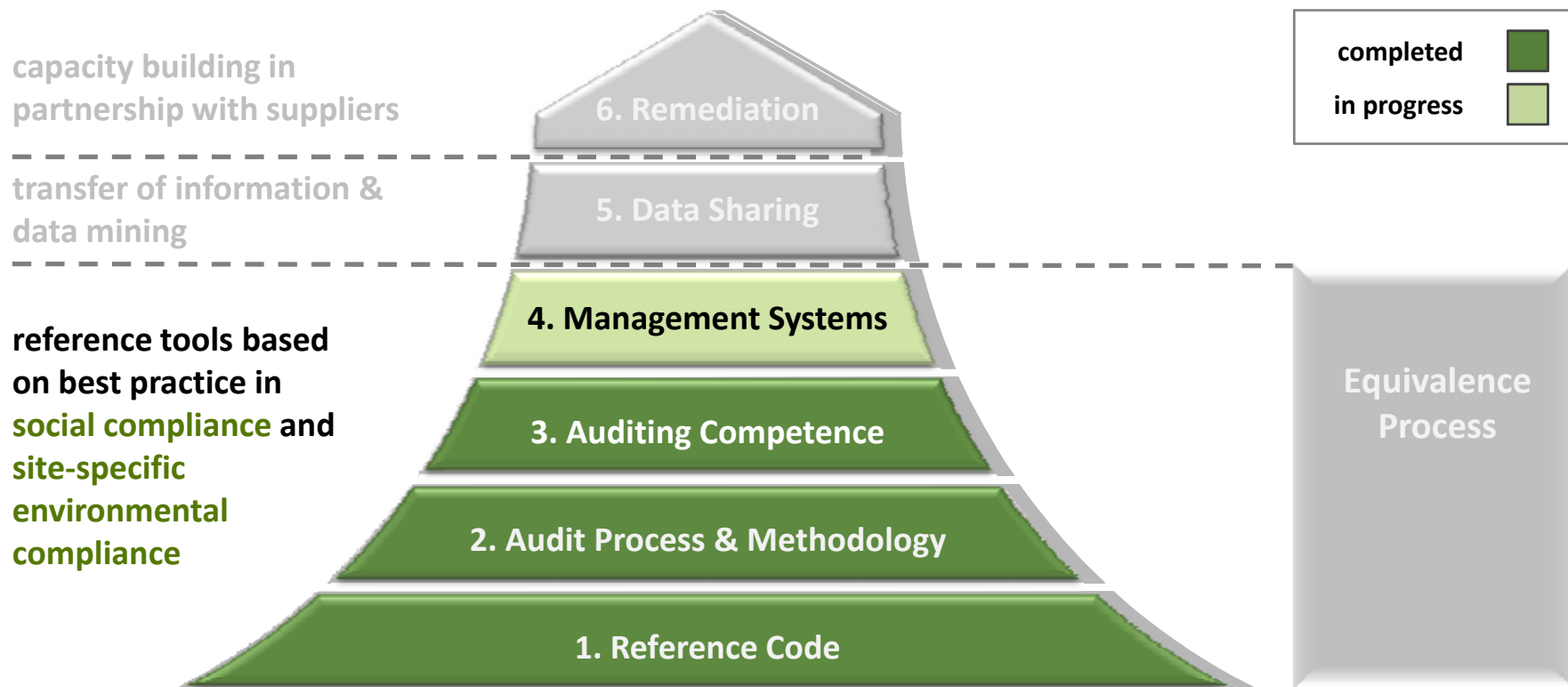
2 Common language

send a clear & common message to suppliers

3 Transparency

allow comparability & recognition of existing schemes

The GSCP working plan



Purpose

- to provide a common interpretation of fair labour and environmental requirements and their implementation
 - to build consensus around *what good looks like*
 - to create comparability and transparency between systems
 - to uphold relevant international standards where they exist
-

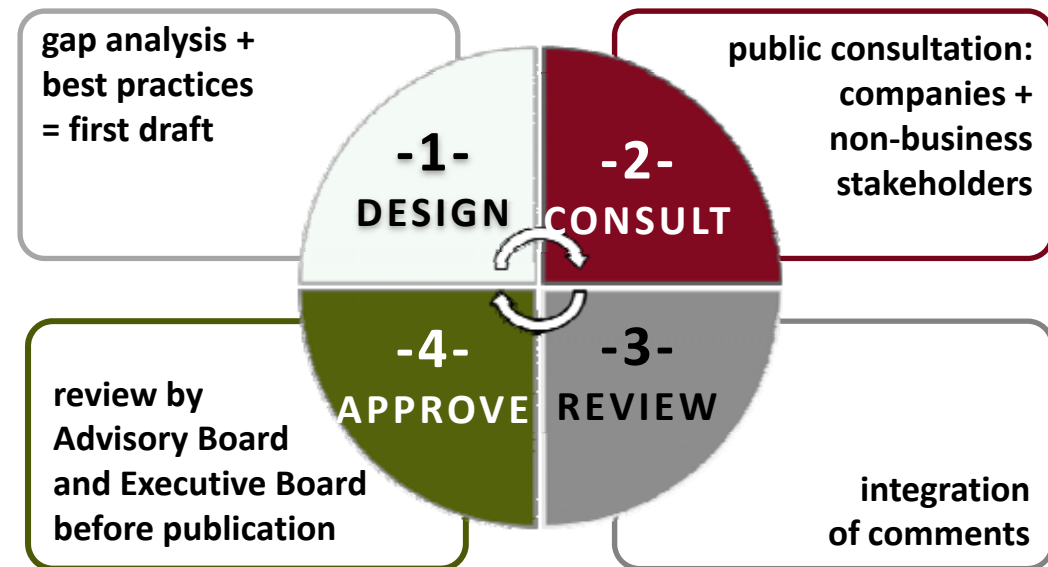
These tools can voluntarily either be:

Use

- integrated by companies / initiatives into their existing systems
- used by companies / initiatives as a reference to compare their existing tools through **the GSCP Equivalence Process**

>> UPWARD CONVERGENCE

Methodology



Responsibility

- the GSCP: not a monitoring or implementation system
- adoption of tools ≠ proof of due diligence
- responsibility of implementation, monitoring and due diligence > resides with users

But support from GSCP network for newcomers in CSR

1. the GSCP Reference Code

Objectives

- show what best social practice looks like
- provide a common interpretation of working requirements and their implementation > **common message to suppliers**
- starting point on which to build a set of harmonised tools and processes



Status:

- **published end 2008**
- 1 year review completed May 2010 (V2 published)
- next review late 2012

1. the GSCP Reference Code

Structure

based on international conventions and guidelines, from which it gathers a set of generic requirements.

7 thematic chapters:

1. Forced, bonded, indentured and prison labour
2. Child labour
3. Freedom of association and the effective recognition of the right to collective bargaining
4. Discrimination, harassment and abuse
5. Health and safety
6. Wages, benefits and terms of employment
7. Working hours



2. Audit Process & Methodology (social)

Objectives

- to foster a common interpretation of auditing at production sites
- to contribute to the definition of a clear and consistent message to auditors as well as to suppliers about reference requirements
- to support the elimination of duplication



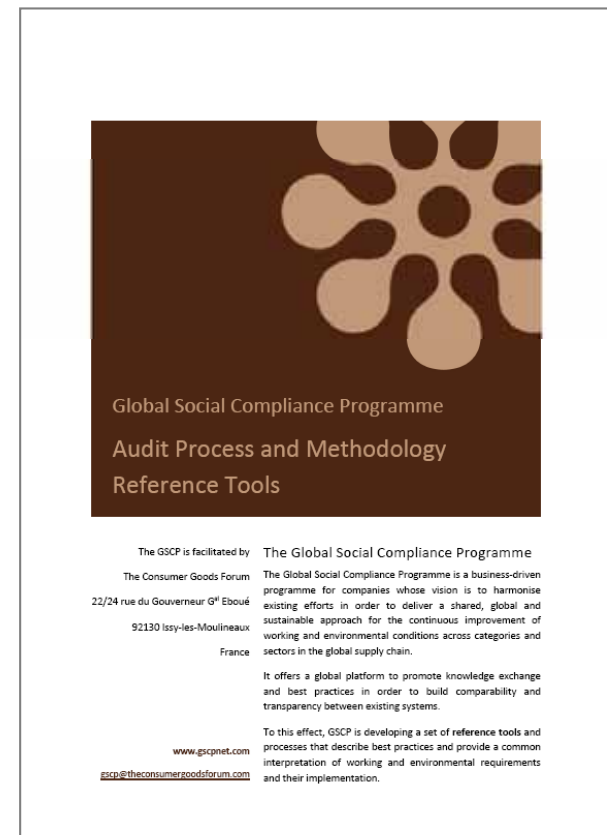
Status: - published October 2009
 - next review late 2011

2. Audit Process & Methodology (social)

Structure

- Audit process
- Employment site profile
- Self-assessment
- Audit checks
- Audit report
- Alert notification
- Supplementary audit information
- Summary of findings & corrective actions

Social audits preparation + execution + follow-up



3. Ref. tool for Auditing Competence

Objectives

- to ensure a relevant level of competencies
- to enhance professionalism
- to help minimize inconsistencies
- to increase quality of audits and reliability of results
- to increase confidence for suppliers and buyers alike
- to send a clearer and unified message to suppliers



Status:

- Reference tool for Auditing Competence published September 2010 – available on gscpnet.com
- work started on a reference training syllabus, in collaboration with auditing and training bodies – publication expected in 2012

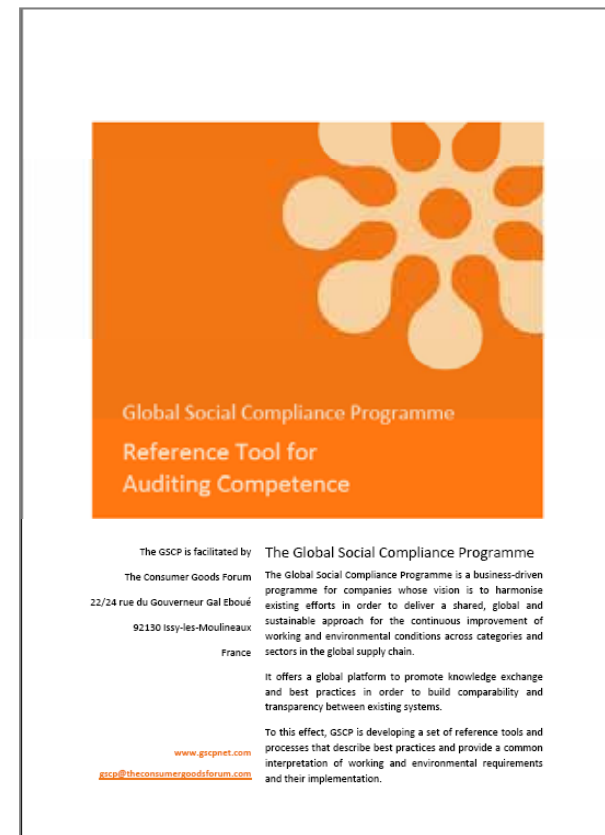
3. Ref. tool for Auditing Competence

Scope

- recognition of individual auditors
- recognition of auditing bodies
- social and environmental compliance audits

Structure

1. Core principles of auditing bodies
2. Requirements of auditing bodies - organisation and management, competence of personnel, continuous professional development and sub-contracting arrangements
3. Audit standards, scope and process
4. Alert and sensitive information
5. Appeals
6. Complaints against the auditor or audit company
7. Fraud prevention
8. Support in the event of any external challenge



4. Companies' Management Systems

Objectives

- understand, share, align best practices in each system
- build greater understanding, transparency and mutual confidence
- allow the different systems to better work together



Status:

- reference tool for Supply Chain Social Performance Management Systems: publication planned Q2 2012
- tool adapted for Schemes (questionnaire) integrated into GSCP Equivalence Process

4. Companies' Management Systems

Structure

1. Internal organisation

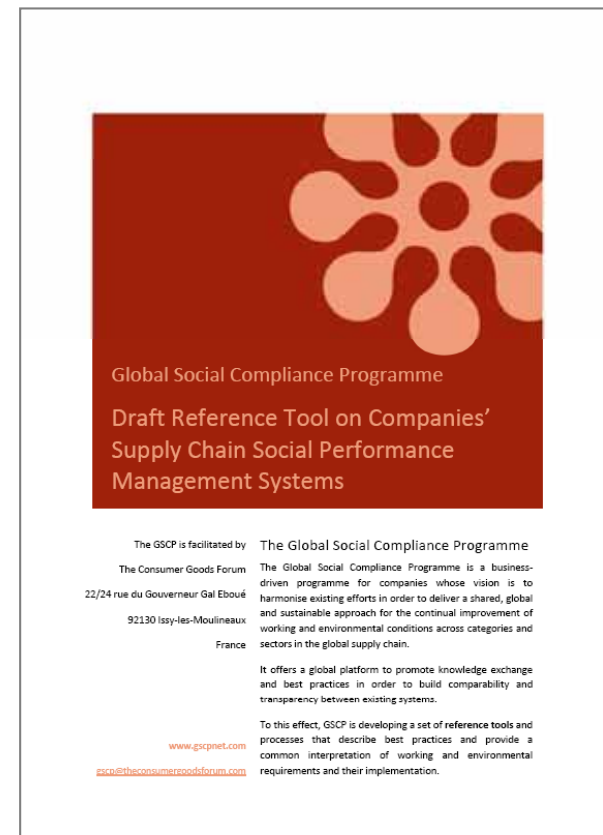
Including requirements for (e.g.) “Organisational governance and senior management commitment”, “Internal training and engagement”, “Working with suppliers” & “Monitoring, review and improvement”

2. Tools

Including requirements for (e.g.) “Supplier ethical code of conduct”, “Risk assessment” & “Data management”

3. Continuous improvement

Including requirements for (e.g.) “Root-cause analysis”, “Incentives to suppliers” & “Grievance mechanisms”



Scope

- integration of basic site-specific environmental requirements within the GSCP framework
- mirrors the structure of the reference tools developed by the GSCP on labour standards:
 1. reference requirements
 2. reference audit process and methodology
 3. reference requirements for auditing competence

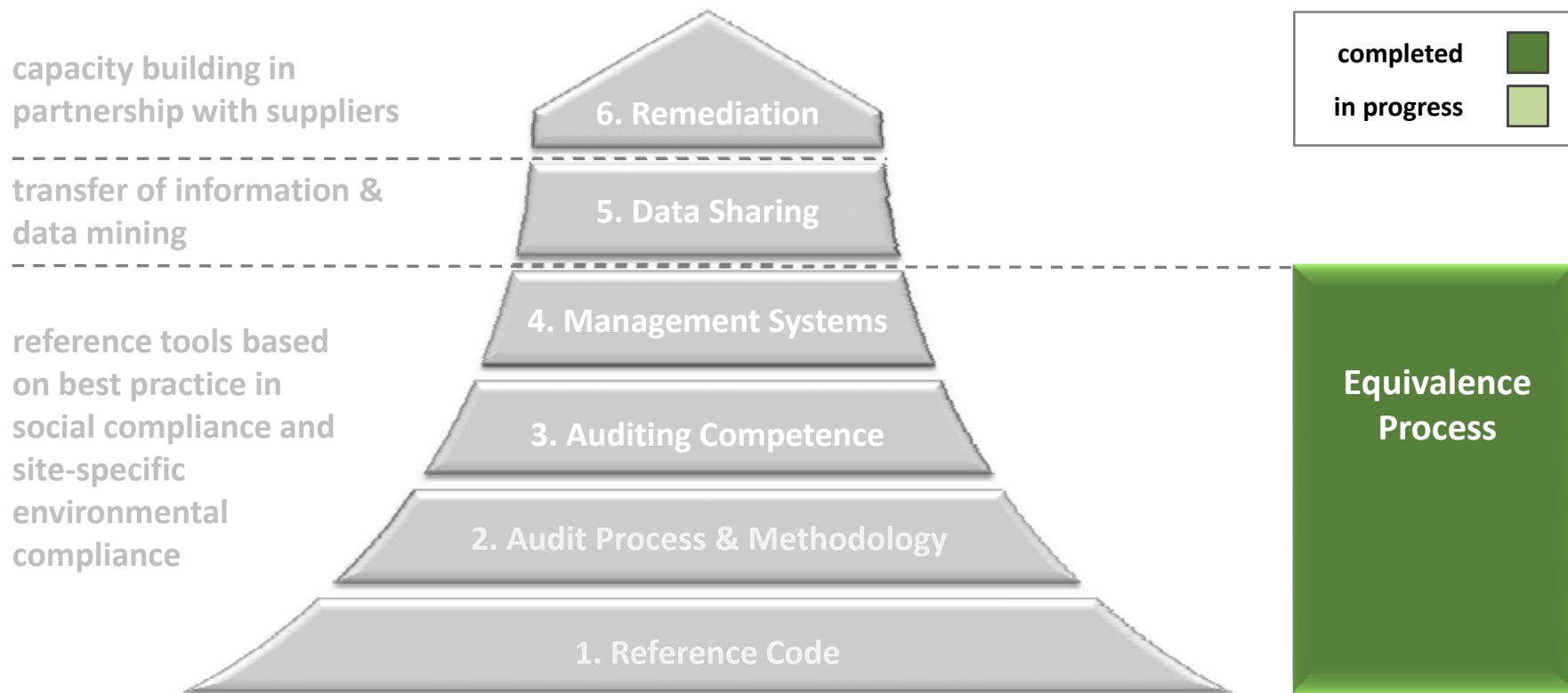


Status:

- Reference requirements & Implementation guidelines for suppliers, Reference audit process & methodology, Reference requirements for auditing competence

Published 2010 – all available on gscpnet.com

The GSCP working plan





The GSCP Equivalence Process

1. Self-Assessment

The companies / scheme owners assess their internal tools, systems and methodology against one or more GSCP Reference tools > internal use

2. Equivalence Assessment

An independent Panel of Experts reviews the Self-Assessment > external use

www.gscpequivalenceprocess.com

Why use the GSCP Equivalence Process

Main purposes for companies

- assess internal tools & processes against GSCP reference tools
- drive internal alignment: ensure internal processes are up to standard and that each business unit follows a global approach
- compare internal tools with business partners' (suppliers, customers, e.g.) codes, process & tools
- assess service providers (auditing bodies) and schemes

Other users of the EP

- schemes
- business initiatives
- auditing bodies and certification bodies
- NGOs that have their own standards & can perform audits
- ...

Purpose of the Equivalence Process

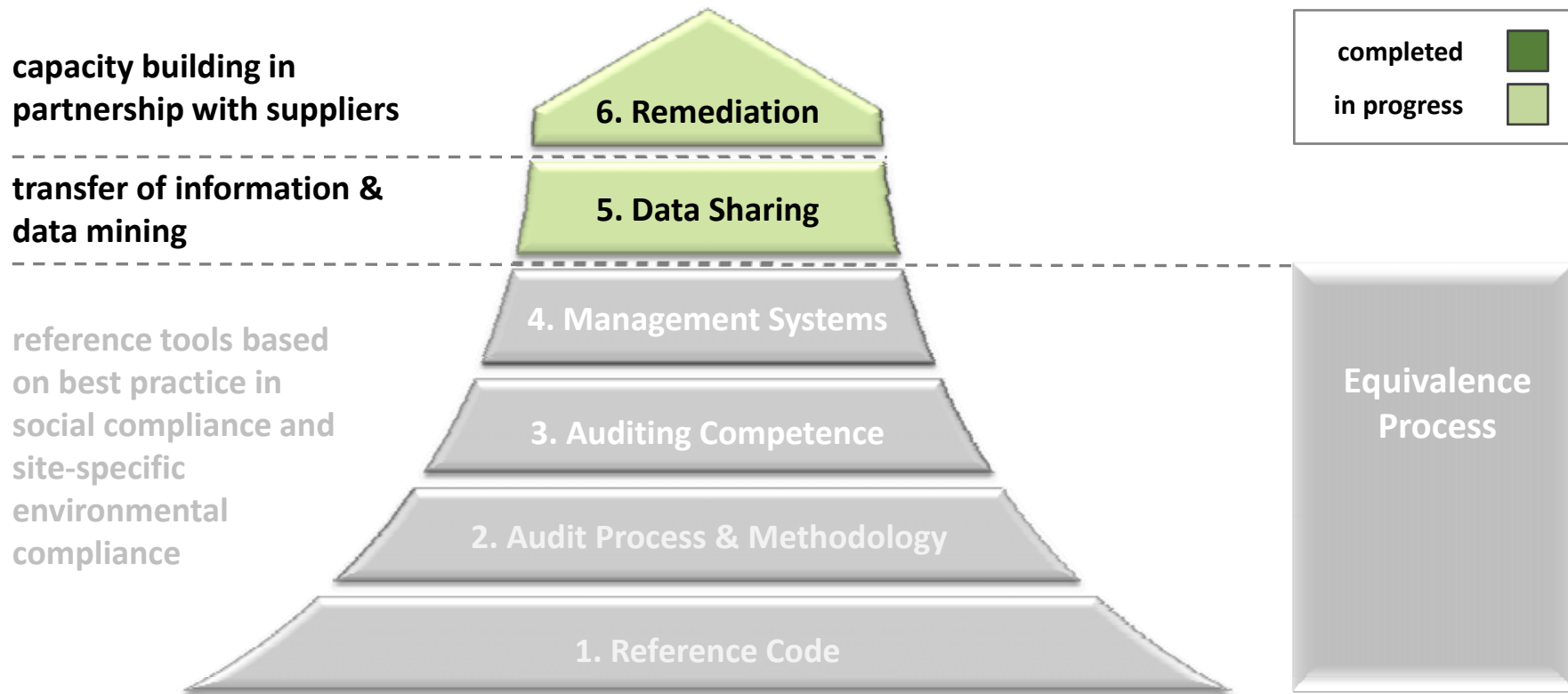
allows to create:

Transparency and mutual confidence

allow objective understanding therefore comparability
between systems & recognition of existing schemes

>> basis for sharing of monitoring data and collaboration
on capacity building projects

The GSCP working plan



- convergence and trust built >> level playing field for exchange of data
- existence of many data sharing platforms and in-house systems > limitations to exchange between systems (technical, legal, procedural)
- > GSCP work with active stakeholders on permitting communication between Data Sharing platforms

The work

- understand the current landscape and existing data sharing models
- understand the potential barriers to data exchange
- look at how to overcome these barriers

Purpose of the work Data Sharing

Objectives:

- enable communication between systems
- reduce duplication
- improve transparency
- allow for the exchange of data from one existing database to another, while protecting their privacy and wholeness (**ARTS**)
- support improvements in remediation through data mining

To support a collaborative approach to remediation and capacity building at supplier site, in collaboration with suppliers and other stakeholders

Development of both centralised & regional deployment and programme activities:

1. Centralised Expert Working Groups
2. Regional Networks
3. Partner Organisations Network

1. Centralised EWGs

role / objective

to tackle significant endemic issues requiring the development of cross-industry guidelines

composition

- GSCP member company representatives
- key organisations with expertise in topic addressed (Partner Organisations Network)
- other key stakeholders
- with input from GSCP Advisory Board members

1. Centralised EWGs

topics

- Supplier Management Systems
in progress
- Implementation of the Environmental Module
initiated

Supplier Management Systems

- duplication / divergence in SMS development?
- aim: develop a cross-industry shared approach
process
- draft tool outline and content through gap analysis of existing tools [completed Nov 2011]
- understand suppliers existing systems > questionnaires sent [feedback due Feb 2012]
- involvement of other organisations working on SMS

1. Centralised EWGs

upcoming topics

3 new potential topics to be addressed in this framework: **Health & Safety; Worker Empowerment; Migrant Labour**

Next step: (1) narrow down topics + (2) identify approach for addressing each (harmonisation of existing guidelines) + (3) involvement of relevant stakeholders. roll-out within next 6 months

2. Regional Networks

objective

develop a more local / regional focus and perspective

composition - “networks” composed of:

- local buyers
- GSCP member companies local compliance teams representatives
- other stakeholders (e.g. local civil society, Trade Unions, government, suppliers)
- GSCP Board or member sponsor

2. Regional Networks

role

- local intelligence platforms (bottom-up communication on issues / topics to be addressed)
- local implementation platforms (e.g. of capacity building guidelines developed through the Centralised Expert Working Groups)
- local engagement mechanisms and awareness building platforms

2. Regional Networks

launch of the first Regional Network
1st half 2012

3. Partner Organisations Network

role / objective

to formalise the relationship and the mechanism of collaboration with stakeholder initiatives

composition

will regroup key organisations:

- working on the improvement of labour and environmental conditions in global supply chains
- with relevant expertise in remediation and capacity building

3. Partner Organisations Network

structure and deliverables

- identification of areas of expertise for involvement in Centralised EWGs

- GSCP member access to this expertise and project information:

participation in projects, scaling-up existing efforts instead of recreation and duplication

>> reduction of duplication at GSCP and GSCP member levels

questions?