

GSCP news

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Message from the GSCP Chair

Marcela Manubens, SVP Global Human Rights & Social Responsibility, Phillips-Van Heusen

Welcome to the March 2011 edition of the Global Social Compliance Programme newsletter. As I am writing this introduction, the world is in turmoil. Headlines on Japan's tragic earthquake and tsunami, its nuclear crisis, uprising and change in the Middle East and Northern African countries have impacted the world at large. On the business front, increasing costs and related supply chain challenges present us a daring year ahead. As responsible Global Corporations and Organisations, we all need to step up and meet our obligations. At the GSCP, it is our hope that our work will help us bring positive change.

This year at the GSCP, we are well-positioned to meet compliance challenges with the launch of the GSCP Equivalence Process and the Programme's work on Remediation and Capacity Building. Our goals are the alignment of compliance initiatives, sustainable improvements, collaboration on the ground and consistent resolution of non-compliance issues.

It is our hope that other companies will join us in using the GSCP tools so together we can have the greatest positive impact on the global workplace!

Finally, I'm very pleased to welcome our new members: Adidas Group, JCPenney and Timberland. Enjoy the read and please let us know your comments on this newsletter and our work.

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New GSCP Task Force members

The Global Social Compliance Programme is happy to announce the joining of 3 new members. We would like to welcome the adidas Group (Germany), JCPenney (USA) and Timberland (USA), whom we very much look forward to working with! All three of these companies have a proven long standing commitment to corporate social responsibility and experience in working towards sustainability in their supply chains. We believe their input will fuel the GSCP's work, especially as the programme moves into remediation and capacity building.





Governance matters – election of GSCP Executive Board Chair and Vice-Chair



We are happy to announce that the GSCP Executive Board have formally appointed their new Chair and Vice-Chair, for a 2 year term starting February 1st 2011.

Marcela Manubens, Senior Vice President Global Human Rights and Social Responsibility at Phillips – Van Heusen, and who has since April 2010 successfully shouldered the responsibilities of interim chairperson of the GSCP Executive Board, has been formally appointed to the position of Chair.

The position of Vice-Chairman will be held by **Johann Züblin** (right) Deputy Head of Issue Management and Sustainability at Migros, who has been with the GSCP from the word go, has helped shape the programme and contributed time and expertise to the GSCP's work throughout the years.



We'll also take this opportunity to welcome **Paul Dearman** (left) to the Executive Board. Paul is International Ethical Trading Manager for Tesco plc in the UK, and has been an active participant in the GSCP's work for the past 2 years.

Congratulations to them all!

Dates set for the GSCP 2011 Members' Meeting and General Meeting

With the GSCP moving towards work on remediation and capacity building, and more on the ground projects and collaboration, it was decided to convene a **members-only meeting for an in-depth discussion on strategy and implementation**. GSCP members will therefore be meeting on April 14th in Brussels, for a very full day of exchange on strategic issues and planned next steps. The GSCP Equivalence Process will also be launched at this occasion (more on the Equivalence Process on page 4).



The GSCP will hold its 2011 **General Meeting in San Francisco on October 31st and November 1st**, just before the BSR 2011 Conference. As usual this event will regroup GSCP members, other buying companies interested and active in supply chain sustainability, along with the many business and non-business stakeholders which will be increasingly involved in the GSCP's work. By invitation only.

Progress highlights

Step 1 - Reference Code V2: published. Year 2 review in progress on www.gscpnet.com

Step 2 - Audit Process and Methodology: published. Year 1 review in progress on www.gscpnet.com

Step 3 - Auditing Competence: published. Year 1 review in progress on www.gscpnet.com
Drafting of Training Syllabus in progress

Step 4 - Management Systems: finalisation of modifications as per comments received through consultation on the draft reference tool for Companies' Social Performance Management Systems

Environmental Module: Reference Requirements and Audit Process and Methodology published. Year 1 reviews in progress on www.gscpnet.com

Equivalence Process: nearing completion – development of IT platform underway, finalisation of integration of reference tools, drafting of supporting documentation and agreements – to be launched in April 2011

Step 5 - Data Sharing: under development with the involvement of Data Sharing Platforms

Step 6 - Remediation & Capacity Building:
forum: ongoing webinars and general meetings;
Expert Working Groups: launch of work on Supplier Management Systems and Implementation of the GSCP Environmental Module 2011-12 strategy to be discussed at the GSCP Members' Meeting

Auditing Competence Training Syllabus – update on development

Since the completion of work on the reference tool for Auditing Competence, the Expert Working Group on Auditing Competence has been focussing on the development of a training syllabus for auditors (reference requirements for the Training of Auditors).

The aim is to provide a comprehensive list of elements to compose a training programme allowing auditors and lead auditors to fulfil relevant competence requirements as defined in the GSCP reference tool for Auditing Competence. This syllabus needs to support a continuous improvement approach and include from basic to advanced training elements. The body in charge of the training of auditors should be able to tailor its training programme according to the initial level of competency of its trainees, working its way up to the “added value” skills so highly sought after in this profession, such as interviewing and detection skills.

As previously announced, the GSCP is working in close collaboration with auditing, training, accreditation and certification bodies on the development of the Training Syllabus. Representatives from 20 different organisations participated in several web-based meetings along with one face-to-face meeting in London early this year. These sessions have served to brief participants on the aims of this work, gather their input on needs and existing practice, and discuss their detailed comments on proposed structure and content.

These organisations' wealth of experience and critical approach, combined with the input of GSCP member companies conducting their own training programmes, will ensure that the Training Syllabus is a strong and usable resource. Watch this space for progress!



Launch of work on Supplier Management Systems

With the development of the reference tools nearing completion, the GSCP has begun work on remediation and capacity building. This work will include the establishment of Centralised Expert Working Groups to address remediation and capacity building-related topics, including the definition of high level requirements for Supplier Management Systems.

While companies and initiatives have begun developing and implementing social and environmental management system programmes for their suppliers, it is believed the diversity in approaches could potentially lead to duplication, confusion and inefficiency. There is therefore a need to leverage companies' efforts and orchestrate the development of a cross-industry shared approach to defining and assessing suppliers' management systems. The ultimate goal is the empowerment of suppliers to enable them to implement their own solutions for remediation and continuous improvement in their daily operations.

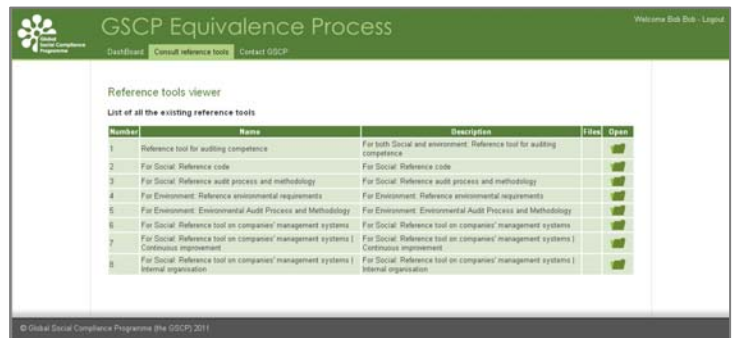
The GSCP therefore set up a dedicated Expert Working Group. One of its first tasks will be to ensure good coordination with existing efforts on the topic by involving also key organisations working on the subject, along with, most importantly, suppliers, as prime stakeholders and direct users.

The GSCP Equivalence Process on the launch pad

The development of the GSCP Equivalence Process has been the focus of 2 whole years of work by the GSCP Equivalence Process Expert Working Group, Marjan Smit the contracted project manager and the GSCP Team. These efforts are now taking tangible form, with the development of the IT platform due to host the Process well underway.

More on the Equivalence Process

The GSCP Equivalence Process represents in a way the concretisation of the Programme's work on reference requirements, for social and environmental practice, auditing practice, auditing competence and management systems. The Equivalence Process is the tool which will allow Users - buying companies, initiatives, auditing and training bodies - to assess their schemes (tools and processes) against the requirements and practices embedded in the GSCP reference tools. It is therefore the vehicle through which transparency will be improved and comparability achieved between systems, paving the way to more collaboration and a shift of focus from auditing to root cause analysis and remediation.



The screenshot shows a web interface titled 'GSCP Equivalence Process' with a navigation menu (Dashboard, Consult reference tools, Contact GSCP) and a user greeting 'Welcome Bob Bob - Logout'. The main content area is 'Reference tools viewer' and displays a table of existing reference tools.

Number	Name	Description	File	Open
1	Reference tool for auditing competence	For both Social and environment: Reference tool for auditing competence		✓
2	For Social: Reference code	For Social: Reference code		✓
3	For Social: Reference audit process and methodology	For Social: Reference audit process and methodology		✓
4	For Environment: Reference environmental requirements	For Environment: Reference environmental requirements		✓
5	For Environment: Environmental Audit Process and Methodology	For Environment: Environmental Audit Process and Methodology		✓
6	For Social: Reference tool on companies' management systems	For Social: Reference tool on companies' management systems		✓
7	For Social: Reference tool on companies' management systems Continuous improvement	For Social: Reference tool on companies' management systems Continuous improvement		✓
8	For Social: Reference tool on companies' management systems Internal organisation	For Social: Reference tool on companies' management systems Internal organisation		✓

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a screenshot of the IT platform currently under development

How does it work?

1 There are 2 tools / phases to the Equivalence Process. The first is a **Self-Assessment**, through which Users benchmark their internal tools, systems and methodology against the requirements and practices defined in the GSCP reference tools and based on best existing practice. Users can choose which reference tool(s) they wish to benchmark against, depending on the scope of their work. This will allow Users to understand where they stand vis-à-vis these requirements, and to pinpoint the areas needing to be reviewed to reach best existing practice, thereby encouraging the race to the top. A parallel aim here is to achieve better convergence of requirements: with more schemes aligned in this respect, a clearer message will be sent to suppliers on what is expected of them in terms of human and labour rights, and environmental practices at production site. Suppliers will then be able to focus on what structural changes need to be made instead of trying to “pass” strings of audits based on diverging basic requirements.

2 In the second phase, a User can elect to go through an **Equivalence Assessment**, to validate the results obtained through the Self-Assessment previously completed. This validation will be carried out by an independent panel of experts, tasked with reviewing all claims and objective evidence provided. Once the Equivalence Assessment completed and approved, the User can share it with others: a buying company could share it for example with peers, to compare their social / environmental compliance schemes and, if applicable, recognise them and trust the findings of audits on shared suppliers; an auditing body having benchmarked its system to the Auditing Competence requirements could provide its Equivalence Assessment to its clients, as evidence of their structure's reliability and their auditors' competence.

The ultimate goal: a paradigm shift in compliance management

The objective of the Equivalence Process is to build comparability and transparency between existing systems, while allowing them to maintain their specificities. This comparability will assist in driving out duplication in auditing. In this way, suppliers should in time be subjected to fewer audits, and the focus be shifted from auditing to incremental capacity building.

When will it be launched?

The Equivalence Process is due to be launched at the GSCP Members' Meeting in April 2011. This “soft launch” will give GSCP members the opportunity to make a head start in applying for and using the Process, and to discuss the collaboration possibilities ensuing from the use of the Process.

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The GSCP will then be organising webinars tailored to different User groups (i.e. buying companies, schemes, auditing bodies) to explain how the Equivalence Process can be used and for what purpose. These webinars will be open to any interested organisation – if this is your case please touch base with the GSCP Secretariat on gscp@theconsumergoodsforum.com and we will make sure you participate in the introductory webinar which suits you best.



Time slices – where we were presented and represented

- 23/11** Webinar for OIA social working group members on the Equivalence Process
- 29-30/11** European Union CSR Forum, Brussels
- 15/12** 2degrees network webinar for Sustainable Supply Chain working group members, on the GSCP and the Environmental Module

- 11/01** GSCP presentation at EcoVadis “Comité Client”, Paris
- 17/02** Food Safety Conference 2011 - breakfast session on the GSCP Equivalence Process, London
- 02/03** Sedex AGM and Members’ Forum - presentation on the GSCP Equivalence Process and ties between the GSCP and Sedex, London
- 08/03** GSCP presentation for ICS Paris MBA students (Operational Management & Sustainable Performance, and Logistics & International Sourcing)
- 16/03** International Food Standard Congress, Berlin

GSCP webinar – EcoVadis supplier sustainability ratings platform

January 2011 – this webinar introduced GSCP members to EcoVadis, a collaborative platform allowing companies to assess the environmental and social performance of their suppliers around the world.



This webinar was presented by EcoVadis Co-President and founder Pierre-François Thaler, with the participation of Alcatel-Lucent representatives DeAnn Hargis, Managing Director Purchasing Quality & CSR, and Pierre-Louis Frouein, CSR Purchasing Manager.



DeAnn and Pierre-Louis talked to members about their company's global CSR purchasing programme and how EcoVadis' platform links in to their sustainable purchasing work.

www.ecovadis.com

Upcoming webinar series on purchasing practices: Impactt, Acona and ETI Norway

“Managing supply chains so as to maximise buying power, flexibility and efficiency, while at the same time upholding commitments to responsible supply chain management [...], can be a substantial challenge. [...] Few companies seem to look at the supply chain as an integrated system and most importantly, at how their own buying practices affect suppliers’ ability to meet their own commitments to uphold international labour standards.” [from “Buying Your Way into Trouble?” Acona 2004].

This topic of great interest and sensitive nature will be approached in a series of webinars for GSCP members, presenting them the efforts accomplished by other organisations on the subject.

We’re very happy to have Impactt, Acona and ETI Norway participating in this series. All 3 organisations have worked extensively on this topic and will share their different perspectives – gained through research, work with buying companies and suppliers, development of tools and guidelines for more responsible sourcing practices – with GSCP members.



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