



Global Social Compliance Programme Presentation & Update

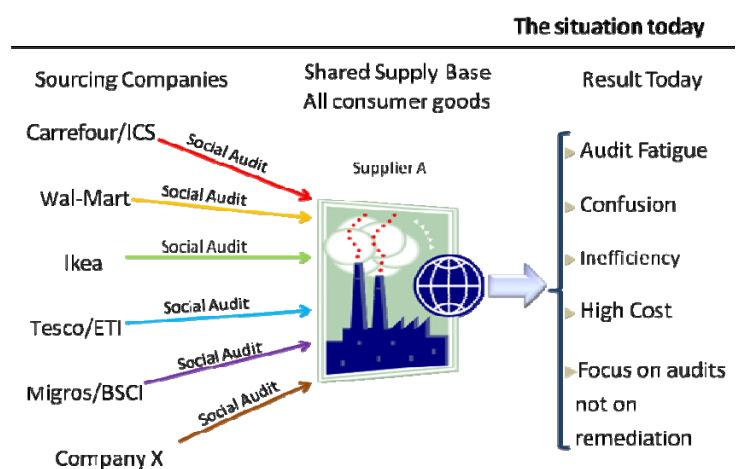
What is the Global Social Compliance Programme ?

The Global Social Compliance Programme is a business-driven programme for companies who want to harmonise existing efforts in order to deliver a shared, consistent and global approach for the continuous improvement of working conditions in global supply chains.

Retailers and brand manufacturers have responded to the challenges around fair labour conditions in their supply chains by developing codes of conduct and monitoring systems.

However, the number of codes has proliferated and approaches have somewhat diverged. This has led to duplication (with the multiplication of overlapping audits per supplier) and sends a confused message to suppliers and to public authorities as to what is expected in terms of fundamental labour rights.

To address the need for consistency, and to focus on the resolution of root causes of non-compliance, leading global companies have decided to work together towards convergence of existing systems worldwide by launching the Global Social Compliance Programme.



What does the Programme do?

The programme provides a platform for building consensus on best practice in labour standards in supply chains, in order to develop a **single, clear and consistent message** for suppliers globally. It also offers a forum to openly discuss issues and challenges among leading companies (e.g. in remediation).

The programme will:

- accommodate *the specificities* of existing systems while building comparability and transparency between them,
- drive convergence and reduce duplication and,
- above all, allow purchasing companies and their suppliers to concentrate on the identification of root causes of non-compliance and remediation of non-compliances.

The programme supports existing efforts by helping users identify and share best practices. The programme is not another monitoring initiative, nor a substitute to existing systems. GSCP will not undertake accreditation or certification activities.

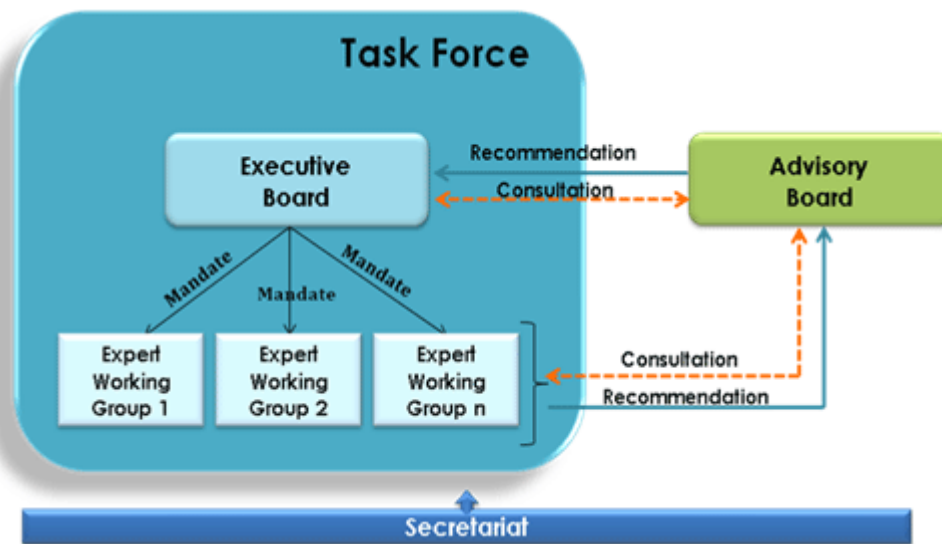
What are the Programme's Shared Benefits?

The programme has been constructed to deliver shared benefits to all players along the value chain:



How is the Programme Managed?

The GSCP model is based on companies' engagement and direct participation. The programme is open to retailer and brand manufacturer across all sectors and all geographies. All participating companies have an equal stake and a voice in the programme. It also associates civil society stakeholders to guarantee its integrity and inclusiveness and to rely on the widest range of knowledge and expertise.



GSCP Governance Model

Task Force

The Task Force is the backbone of the programme and gathers retailer and brand manufacturer companies from all over the world and across all sectors.

Executive Board

The Executive Board steers the Programme and ensures it delivers its objectives and integrates the expectations of all stakeholders. The Executive Board is a subset of the Task Force and reports to the Task Force.

Expert Working Groups

Expert Working Groups carry out the GSCP working plan.

Advisory Board

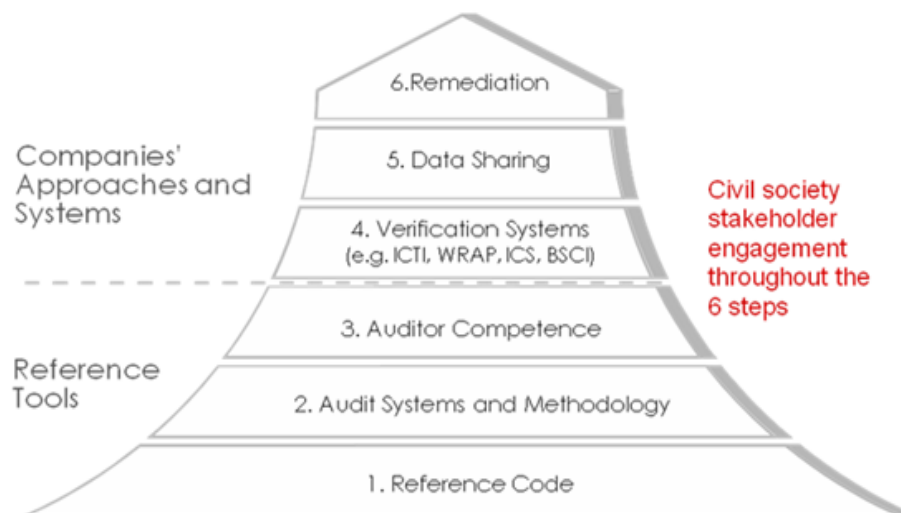
The Advisory Board is composed of influential and knowledgeable experts drawn from NGOs, IOs, Trade Unions, SRIs, Initiatives, etc. The Advisory Board's role is to advise and challenge the Executive Board on the strategy, direction and best practice for each step of the programme and to help monitor and evaluate progress.

The Secretariat

The GSCP Secretariat runs the Programme's operational activities. It is managed by CIES.

How does the Programme work?

GSCP has developed a working plan that represents a staged approach with 6 distinct steps. This slices the task into manageable actions around which to build consensus step by step and move towards a convergence of ideas and actions.



Steps 1, 2 and 3 together aim at developing reference tools and processes based on best practices dawned from existing systems. The purpose is to progressively allow retailers and brand manufacturers to reach mutual recognition of audit results. This will in turn lead to more efficient processes for all concerned and ultimately reduce audit fatigue.

By reducing the number of audits in their shared supply bases, companies will be in a position to free up resources to better work on remediation.

Steps 4, 5 and 6 aim at further building understanding, comparability and transfer of information between the different systems.

Companies will then be better placed to work collaboratively on remediation (through continuous improvement methods, training and capacity building). Suppliers will be able to focus better, while working in partnership with retailers and brand manufacturers, on developing their own systems to deliver fair labour conditions.

Reference Tools

To drive convergence, GSCP is building a set of reference tools that describe best practice (underpinned by the relevant ILO Conventions) and provide a common interpretation for fair labour requirements and their implementation. It will enable retailers and brand manufacturers around the world, in whatever industry, to work towards mutual recognition of audit results.

This toolkit comprises a reference code, reference audit systems and methodology and reference guidelines for auditor competence. Each tool will be developed by an Expert working group whose role is to identify and build consensus around best practices and to ensure it upholds international labour standards.

This toolkit, which will be openly available, can then voluntarily be either:

- Integrated in part or in full by companies into their existing system
- Used by companies or initiatives as a reference against which to compare their existing tools.

How Advanced is the programme?

Methodology

Each step of the working plan is managed by an expert working group composed of experts from participating companies.

The role of the Expert Working Groups is:

- to compare and analyse existing practices in order to identify best practices for each step of the GSCP working plan.
- to prepare and manage a web-consultation on the draft tools to gather feedback from a global audience of stakeholders in order to ensure that the draft references best practices and represents a consensus among stakeholders.
- to prepare a recommendation on how the draft reference tools should be amended based on consultation results.
- to submit the recommendation to the GSCP Advisory Board and the GSCP Executive Board for approval.

Foreseen Timeline for the three first steps of the working plan

2007			2008				2009			
Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Reference Code										
			Audit Syst. & Methodology							
						Auditor Competence				

On the working plan

Step 1 - Reference Code

- 6 months open consultation led by an Expert Working Group
- All comments received compiled and analysed
- Recommendations to the Advisory Board
- Approved and launched end of September (reference code available on <http://gscp.myciesnet.com>)

Step 2 - Audit Reference Tools & Methodology

- The expert working group, with the close support of two consultancy groups (CSCC and SGS), has come up with a set of draft guidelines for audit reference tools, gathering best practices for each step of the audit process in order to bring consistency to the way audits are prepared, led and followed-up
- The draft guidelines for audit reference tools relate to:
 - audit process
 - production site profile
 - self-assessment
 - audit indicators
 - alert notification
 - finding summary
 - audit report
 - informal audit report

These guidelines are based on identified best practices drawn from existing systems and processes.

- An open web-based consultation led by the Expert Working Group started in August 08 - <http://gscp.myciesnet.com>
- In parallel the Expert Working Group will test the draft reference tools in production sites
- Finalised reference tools expected first quarter of 2009

Step 3 - Reference guidelines on Auditor Competence

Objective

- To increase consistency between auditors and audits
- To allow common training of auditors to save time & reduce cost
- To send a clearer and unified message to suppliers

How & When

- Expert working group and process to start fourth quarter of 2008
- GSCP will ensure to work with existing efforts in that area (e.g. Verite/CREA)

Step 4 - Building Comparability and Transparency between existing Verification Systems

This fourth step will look at whether companies can understand, share or even align each others' best practices in their individual verification systems. This is an area where diversity can be accommodated without compromising other parts of the convergence project. It is key, however, to build greater understanding, transparency and trust, allowing these various bodies to work together.

Step 5 - Data Sharing

The aim is to develop protocols for data and information sharing in order to reduce duplication, make the best use of the information sourced through steps 1, 2 & 3, improve transparency, gain

better and wider market knowledge and to plan better and help put right the issues found in supply chains.

Again, this step will require a careful analysis of existing best practices.

Step 6 – Remediation

Having built convergence where possible, and having promoted understanding and transfer of information, retailers and brand manufactures will then be better placed to work collaboratively on remediation of non-compliances and improvement of working conditions. Differences in remediation methods will in turn need to be discussed and understood.

GSCP's main goal through convergence is ultimately to facilitate the remediation of the root causes of non-compliance.

Forum on Remediation

Through its General Meeting, GSCP already offers a forum on remediation where companies can:

- discuss openly issues of common interest
- exchange experiences and learn from each other's practice in the field
- strengthen collaborative approaches

Next Meetings planned

- Geneva, 6-7 May 2009
- Shanghai, 8-9 December 2009

On complementary projects

Module on Environment

- Development of an environmental module for the integration of basic site-specific environmental requirements within the Global Social Compliance Programme.
- Work started in August 08 - led by an Expert Working Group
- The Expert Working Group will develop the following tools based on best practices:
 1. Draft reference requirements as well as guidelines for suppliers on how to apply these requirements
 2. Draft reference Audit systems and methodology
 3. Draft reference requirements for auditor competence

Identified *draft* requirements so far (work in progress) are:

Management System:

- Environmental concerns and requirements must be a part of the management system for each company and a commitment has to be made.
- Secure competence and resources: training to all co-workers in how to act in the best possible way to protect the environment for all categories below.

General requirements:

- Fulfill the environmental laws of the countries where manufacturing takes place.
- Secure knowledge of environmental laws as well as monitor updates or changes to the legislation.
- Environmental assessment of the factory/unit
- Set up management goals for continuous improvement of the environment to minimize the Environmental footprint.

Air pollution:

- Compliance with national law
- Permits (when required)
- Measurement procedure and follow-up

Water pollution:

- Compliance with national law
- Permits (when required)
- Measurement procedure and follow-up

Chemicals (management & storage):

- Control of all chemicals used and that chemicals used have low impact on environment
- Assess risk of contamination and leakages
- Secure competence and resources when handling, storing, using and disposing chemicals
- Control of RSL (banned or restricted chemicals)

Waste management

- Routines for handling and disposal of waste, both hazardous and non-hazardous.

Environmental and Efficiency improvement

- Define objectives and goals to be able to monitor and to reduce the environmental impact. Eliminate, reduce, re-use and recycle.
- Set up goals for minimizing the use of fossil fuels like Petrol, Diesel, Coal to reduce CO2 emissions.
- Actively work to replace fossil fuel with renewable energy like solar power, wind power etc.
- Set up goals for minimizing the use of water.

Traceability

- Tracing raw materials

Benchmarking/equivalence

- Development of a process for mutual recognition between major existing codes using the GSCP reference tools as a benchmark

Who is on the Programme?

1. GSCP TASK FORCE

ALCAN PACKAGING	USA	ICA	Sweden
AUCHAN	France	IKEA	Sweden
C&A	Germany	JERONIMO MARTINS	Portugal
CARREFOUR	France	METRO	Germany
CASINO	France	MIGROS	Switzerland
DAIRY FARM	Hong Kong	MONOPRIX	France
DELHAIZE	Belgium	ROYAL AHOLD	The Netherlands
DOLE	USA	SOBEY'S	Canada
EL CORTE INGLÉS	Spain	TESCO	United Kingdom
HALLMARK	USA	WAL-MART	USA
HASBRO	USA	WOOLWORTHS	Australia
HEWLETT PACKARD	USA		

2. GSCP EXECUTIVE BOARD

CARREFOUR	France	Véronique DISCOURS-BUHOT
HASBRO	USA	Alan HASSENFELD
HEWLETT PACKARD	USA	Bonnie NIXON
IKEA	Sweden	Greg PRIEST
METRO	Germany	Knut ENGELS
MIGROS	Switzerland	Johann ZÜBLIN
TESCO	United Kingdom	Terry BABBS
WAL-MART	USA	Rajan KAMALANATHAN

3. GSCP ADVISORY BOARD

CSR ASIA	Hong Kong	Stephen FROST
FIDH	France	Antoine BERNARD
UNI COMMERCE	Switzerland	Jan FURSTENBORG
UNITED NATIONS OFFICE FOR PARTNERSHIPS	USA	Amir DOSSAL

EXPERT WORKING GROUPS

1. GSCP EXPERT WORKING GROUP ON CODE REVIEW (project completed)

CARREFOUR	France	Virginie SAUDRAIS
TESCO	United Kingdom	Lara LADIPO
WAL-MART	USA	Chris McCANN

2. GSCP EXPERT WORKING GROUP ON AUDIT SYSTEMS & METHODOLOGY

AUCHAN	France	Alain SOUPPART
CARREFOUR	France	Virginie SAUDRAIS
CASINO	France	Bruno COLOMBANI
HALLMARK	USA	Brian COLLINS & Simon HERBERT
ROYAL AHOLD	The Netherlands	Hugo BYRNES
TESCO	United Kingdom	Hayley GAUNTLETT
WAL-MART	USA	Daniele GIOMI

3. GSCP EXPERT WORKING GROUP ON ENVIRONMENTAL MODULE

ALCAN PACKAGING	USA	Clément WARTHER
CARREFOUR	France	Hervé GOMICHO
C&A	Germany	Michael KOCH
IKEA	Sweden	Greg PRIEST & Kalle NILSSON
HP	USA	Jay CELORIE
LEVIS	USA	Manuel BAIGORRI
TESCO	United Kingdom	Jonathan GORMAN
WAL-MART	USA	Duccio ANCILOTTI

How to participate in the Programme?

Companies willing to support GSCP's objectives can do so by joining the programme's Task Force. The Task Force is the backbone of the programme. It is a wide inclusive constituency of companies who are interested in discussing, understanding and sharing best practices.

By joining the **Task Force** participants will:

- share leadership with their peers
- contribute to shaping and steering the Global Social Compliance Programme
- identify and share best practices with other world leaders to build the reference tools
- have the opportunity to benchmark or otherwise review their system
- openly discuss key short- and long-term issues in remediation methods with other companies in order to map out the spectrum of existing priorities, define common guidelines based on best practices & develop collaborative approaches to remediation.

Joining the Task Force does not mean that you have to adopt a code or a system.

Participation in the Task Force can be **as active as the company wishes**. Task Force Members:

- are expected, at the very least, to attend the bi-annual General Meeting, share their best practices and actively participate (by electronic means) in the consultation on each step of the working plan (e.g. on the definition of the reference tools)
- have the opportunity, if they wish to, to participate more actively and extensively by nominating themselves or one of their company's experts to participate in one or more expert working groups
- are eligible to sit on the Executive Board