

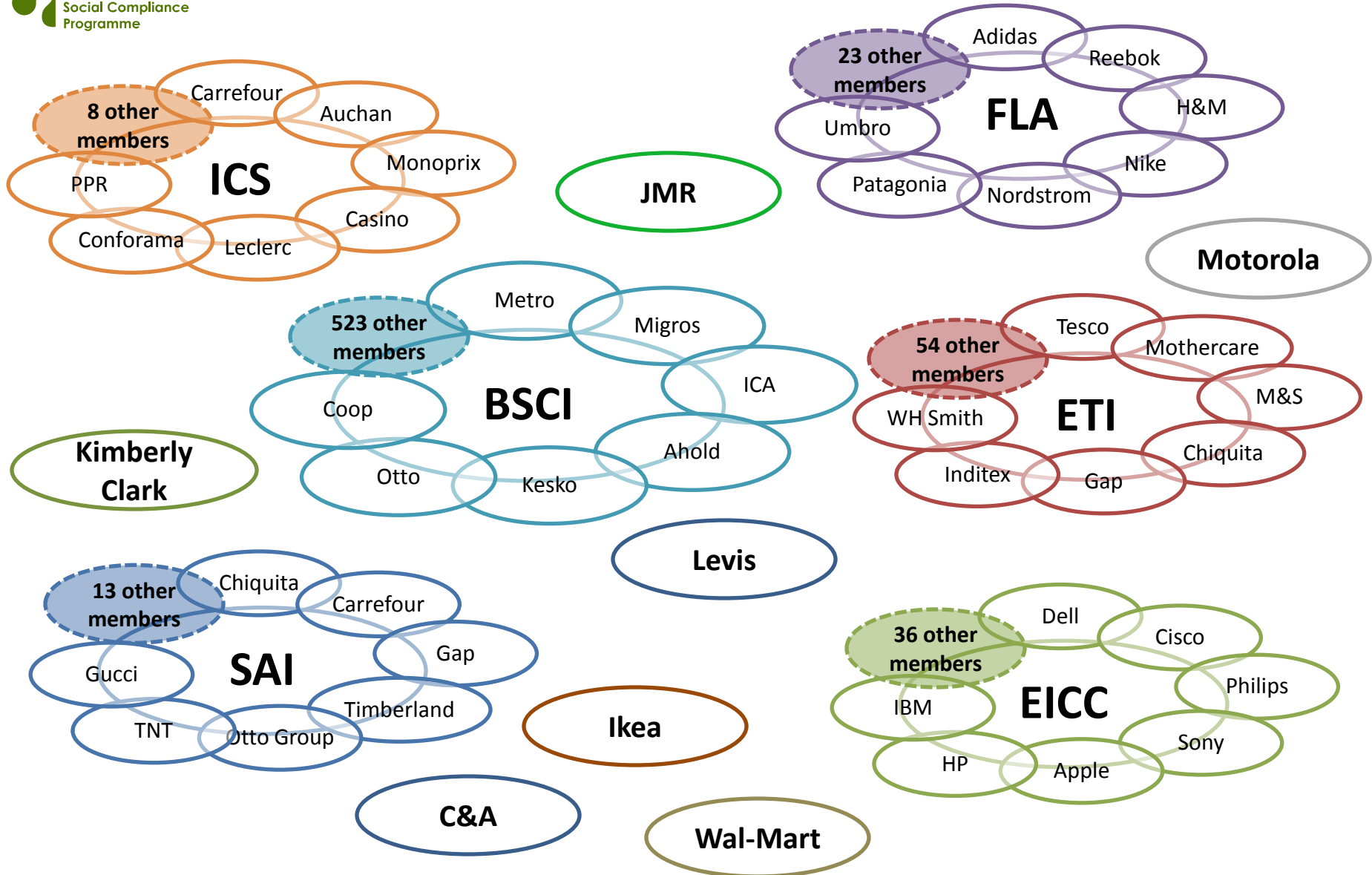


The Global Social Compliance Programme

June 2010



Over 1000 codes and implementation systems



BUYING COMPANIES

Carrefour / ICS

social audit

Wal-Mart

social audit

Ikea

social audit

HP / EICC

social audit

Migros / BSCI

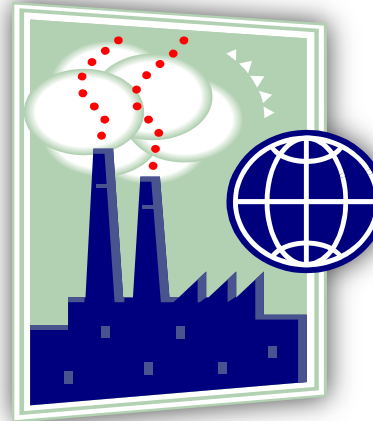
social audit

Company X

social audit

SHARED SUPPLY BASE ALL CONSUMER GOODS

Supplier A



RESULT TODAY

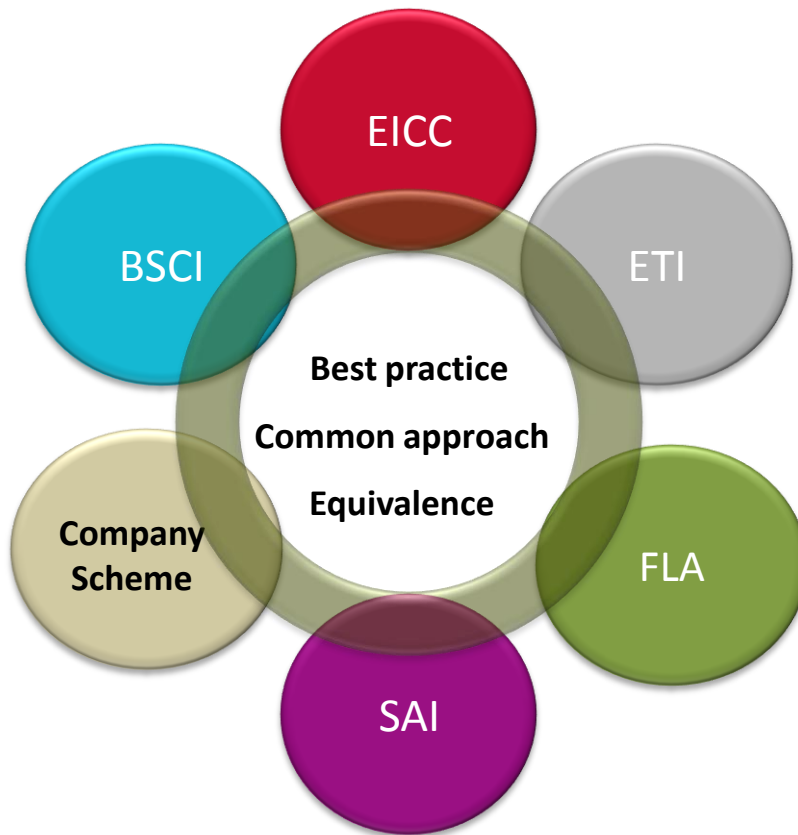
Audit fatigue

Confusion

Inefficiency

High cost

Focus on audits
not on
remediation

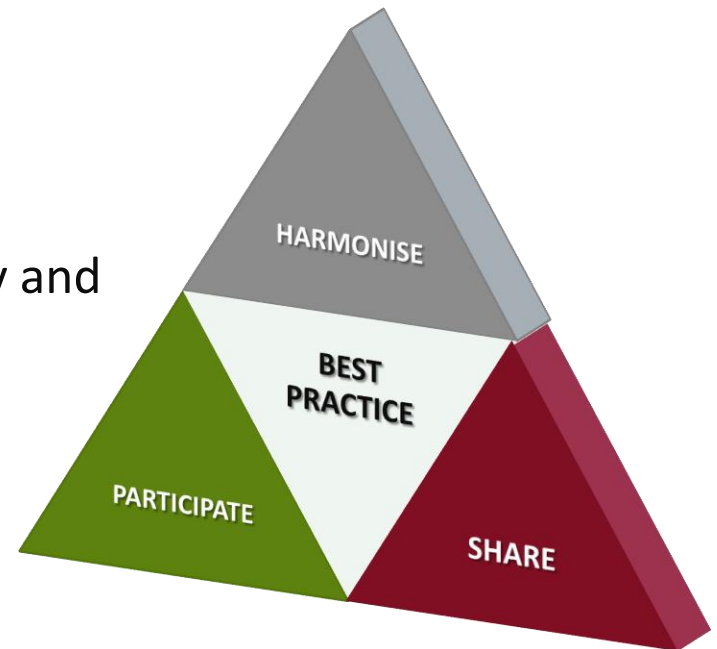


To harmonise existing efforts to deliver a **shared, consistent and global approach** for the continuous improvement of working and environmental conditions in global supply chains

A global cross-industry platform - objectives



- build consensus on best 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



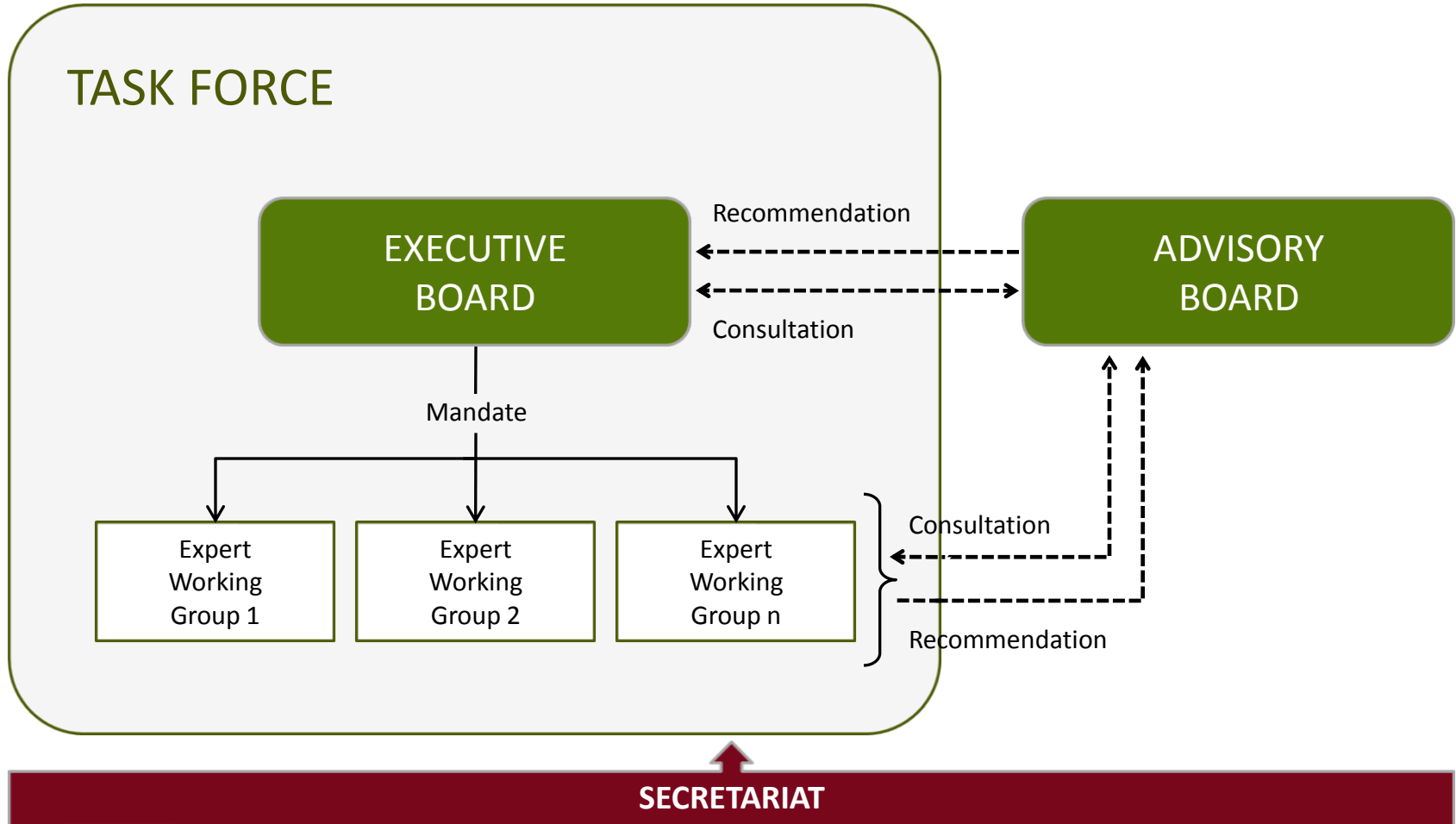
What the GSCP is

- Business-driven
- From the top level
- Global
- All consumer goods
- Non competitive
- Best practice
- No duplication
- Open source
- With civil society stakeholders' oversight

What the GSCP is NOT

- another monitoring scheme
- a substitute to existing initiatives
- an accreditation or certification body

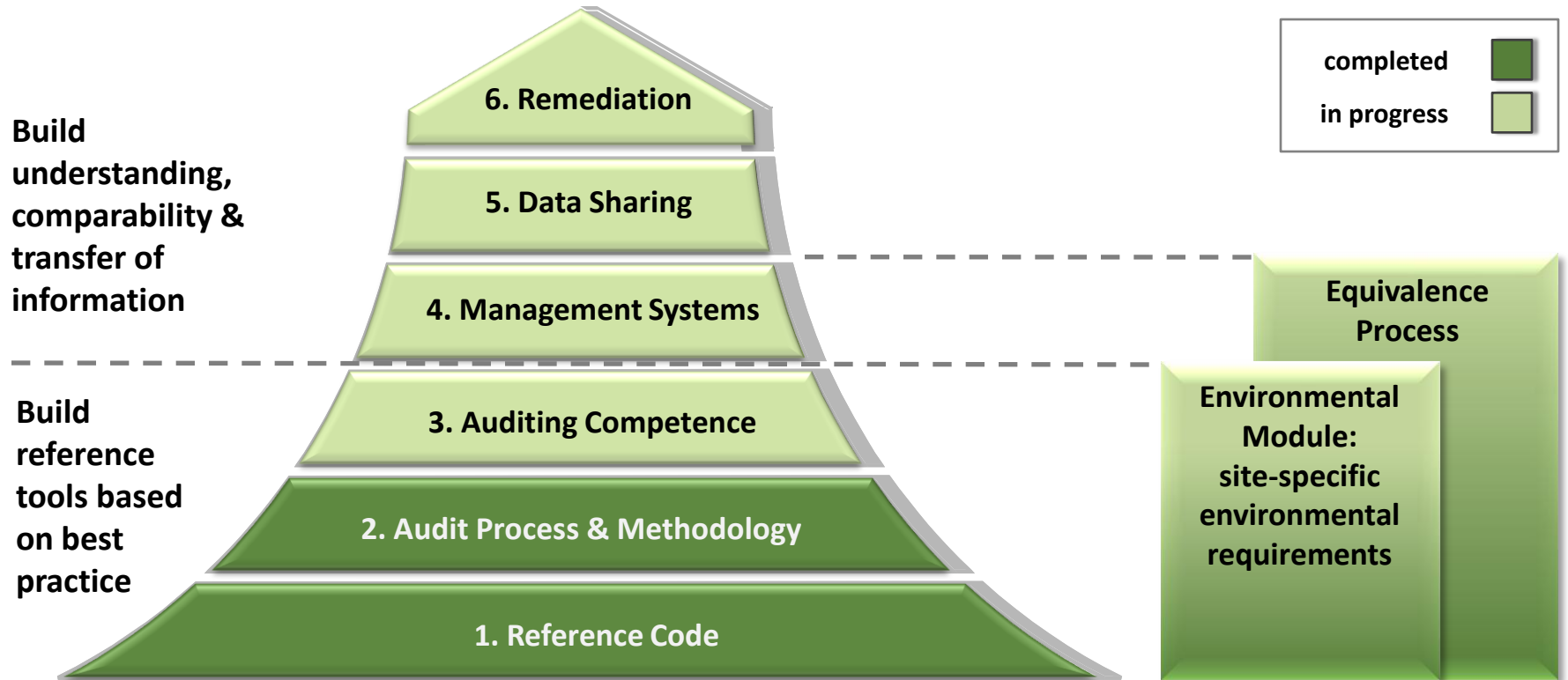






Terry BABBS	Group Ethical Trading Director	TESCO
Véronique DISCOURS- BUHOT	Group Sustainability Director	CARREFOUR
Alan HASSENFELD	Chairman	HASBRO
George JAKSCH	Senior Director Corporate Responsibility and Public Affairs	CHIQUITA
Rajan KAMALANATHAN	VP, Ethical Standards	WAL-MART
Marcela MANUBENS	SVP Global Human Rights & Social Responsibility	PHILLIPS-VAN HEUSEN
Greg PRIEST	Head of Compliance and Monitoring - Social and Environmental Affairs	IKEA
Johann ZÜBLIN	Head of Standards and Social Compliance	MIGROS

Antoine BERNARD	Executive Director	FIDH
Suzanne APPLE	VP and Managing Director for Business and Industry	WWF
Alke BOESSIGER	Head of UNI Commerce	UNI Global Union
Amir DOSSAL	Executive Director	UN Office for Partnerships
Stephen FROST	Director	CSR Asia
Jan FURSTENBORG	Former Head of UNI Commerce	UNI Global Union
Rafaël NEDZYNSKI	General Secretary	FGTA-FO
Caroline REES	Director, Governance & Accountability	Harvard Kennedy School of Government
David SCHILLING	Director of Human Rights and Resources Programs	ICCR



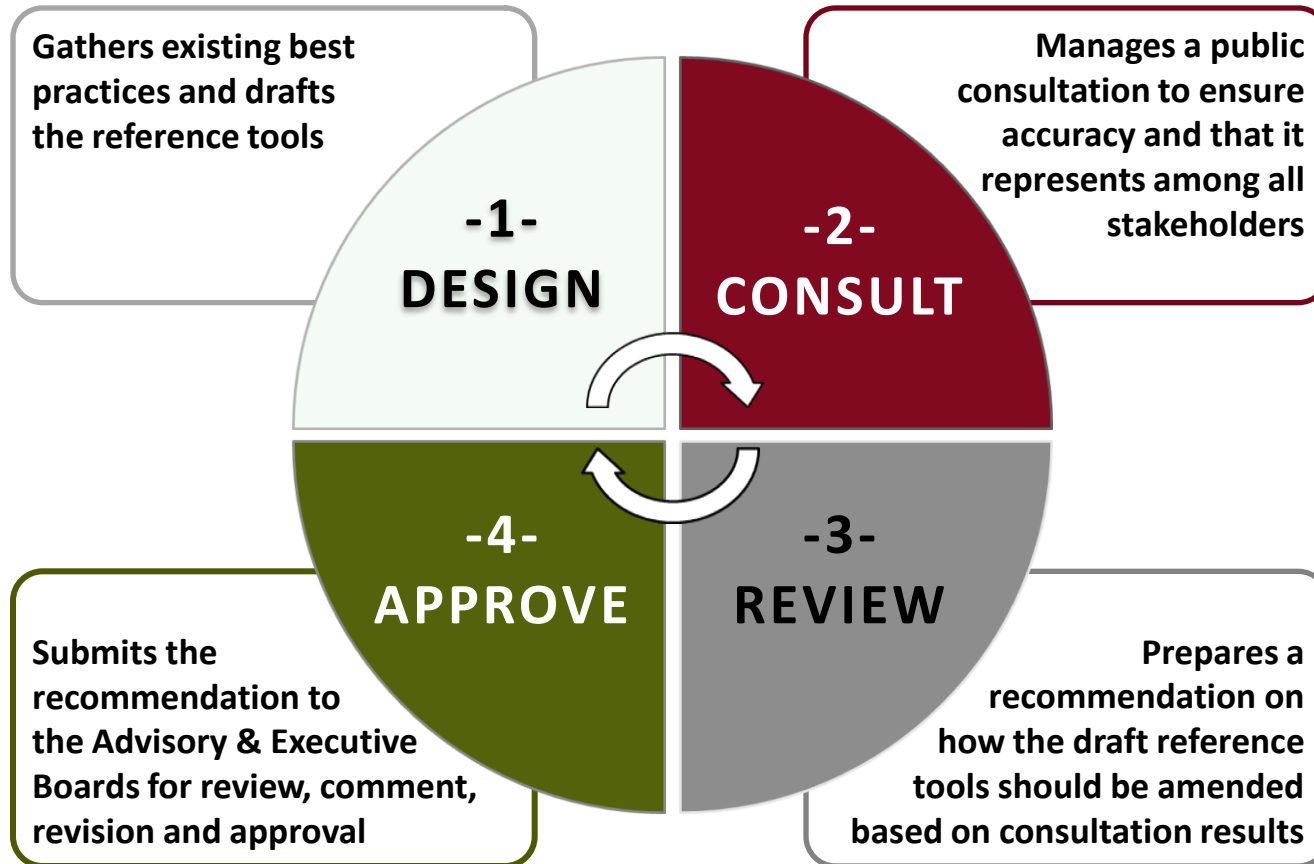
- to uphold relevant international standards where they exist
- to build consensus around *what good looks like*
- to provide a common interpretation of fair labour and environmental requirements and their implementation
- to create comparability and transparency between systems

These tools can voluntarily either be:

- integrated in part or in full by companies into their existing systems
- used by companies or initiatives as a reference against which to compare or otherwise review their existing tools through an **equivalence process**

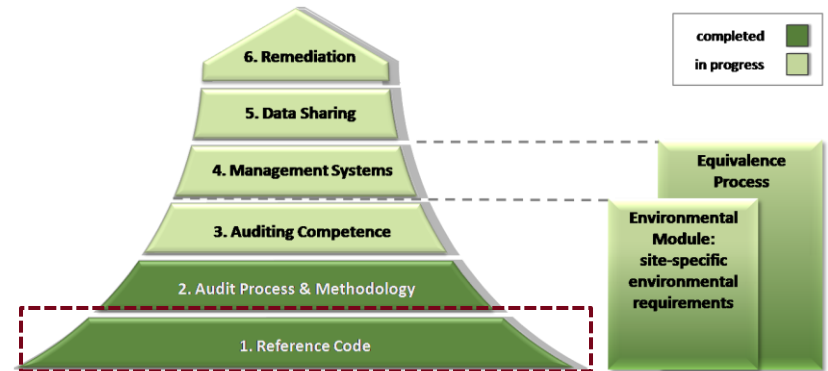


CONVERGENCE



Objectives

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

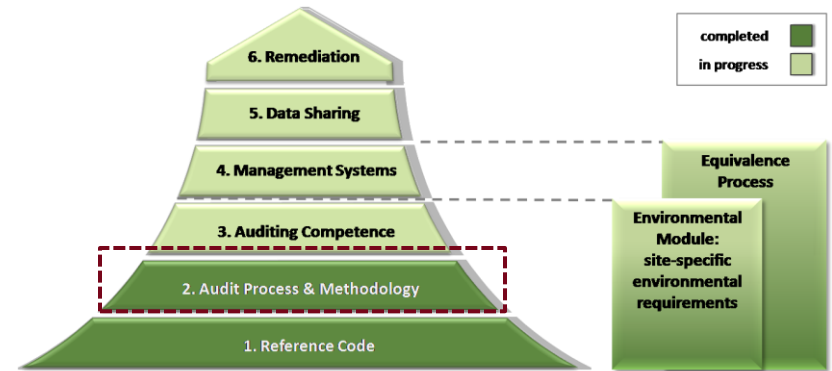


Status:

- published end 2008
- 1 year review completed May 2010 and V2 published
- review protocol of V2 in place on gscpnet.com

Reference tools

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



Objectives

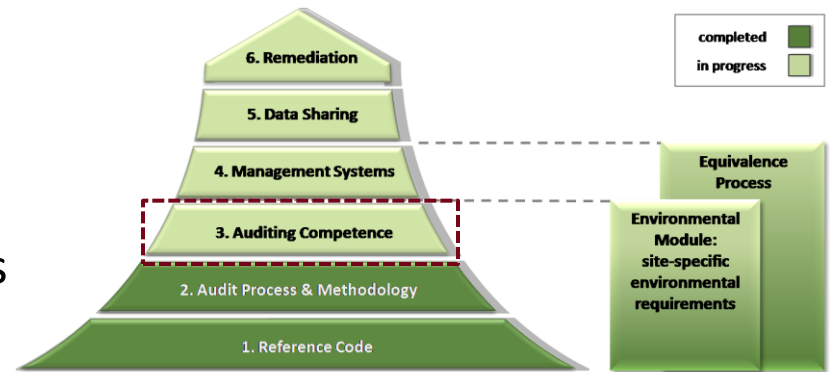
- to foster a common interpretation of auditing at production sites
- to contribute to the definition of a clear and consistent message to auditors as well as to suppliers about reference requirements
- to support the elimination of duplication

Status:

- published October 2009
- review protocol in place on gscpnet.com

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 allow common training guidelines
- to send a clearer and unified message to suppliers



Scope

The reference documents in development under the lead of the Expert Working Group cover the following:

- recognition of individual auditors
- recognition of auditing bodies
- training of auditors (training syllabus)
- recognition of training bodies

Status:

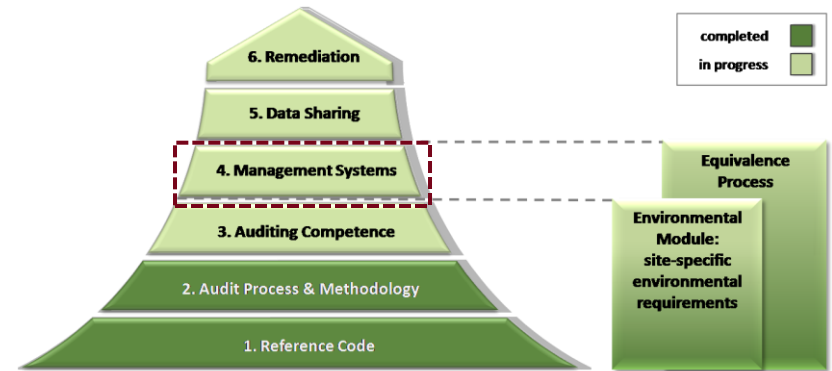
- Expert Working Group (EWG) and process started April 09
- first set of reference tools drafted
- first round of consultation with initiatives, auditing and training bodies completed
- public consultation closed end January 2010 on reference requirements for recognition of auditing bodies and individual auditors – publication expected end 2nd quarter 2010
- work started on the training syllabus (reference requirements for the training of auditors) – publication expected end of 2010

Step 4 - Companies' and Schemes' Management Systems



Objectives

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

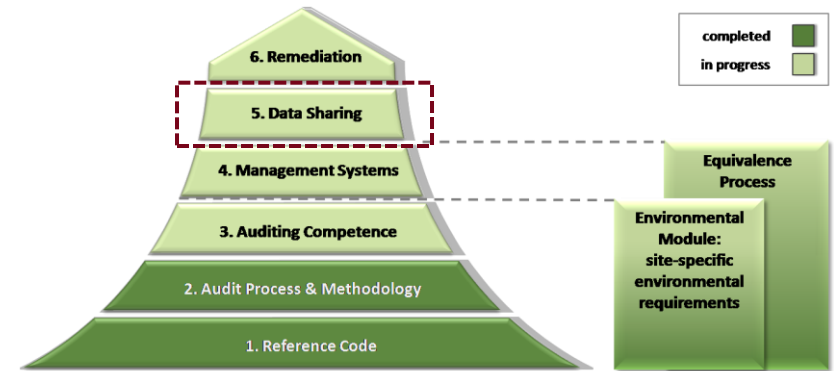


Status:

- work launched in October 09
- publication expected end 2010

Objectives

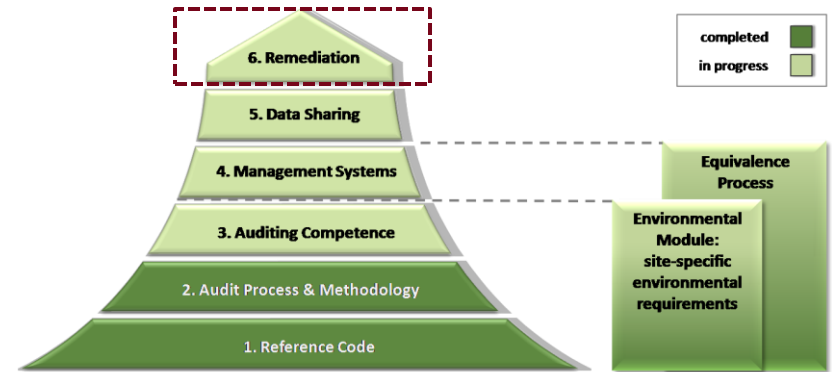
- improve transparency
- gain better and wider market knowledge
- facilitate better planning and remediation
- develop protocols for data ownership and sharing



Status: EWG launched end of May 2010

A forum

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



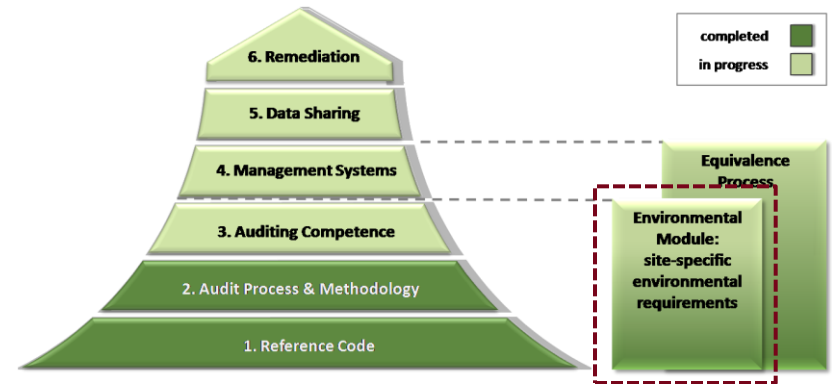
GSCP webinars

GSCP General Meetings

- New York, 1-2 September 2010

Scope

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

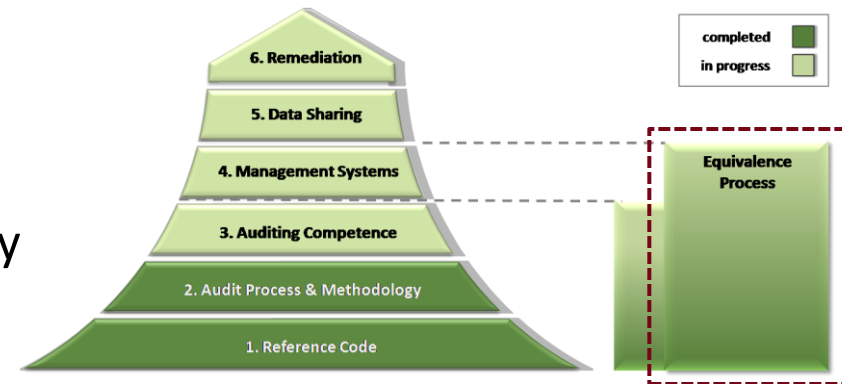


Status:

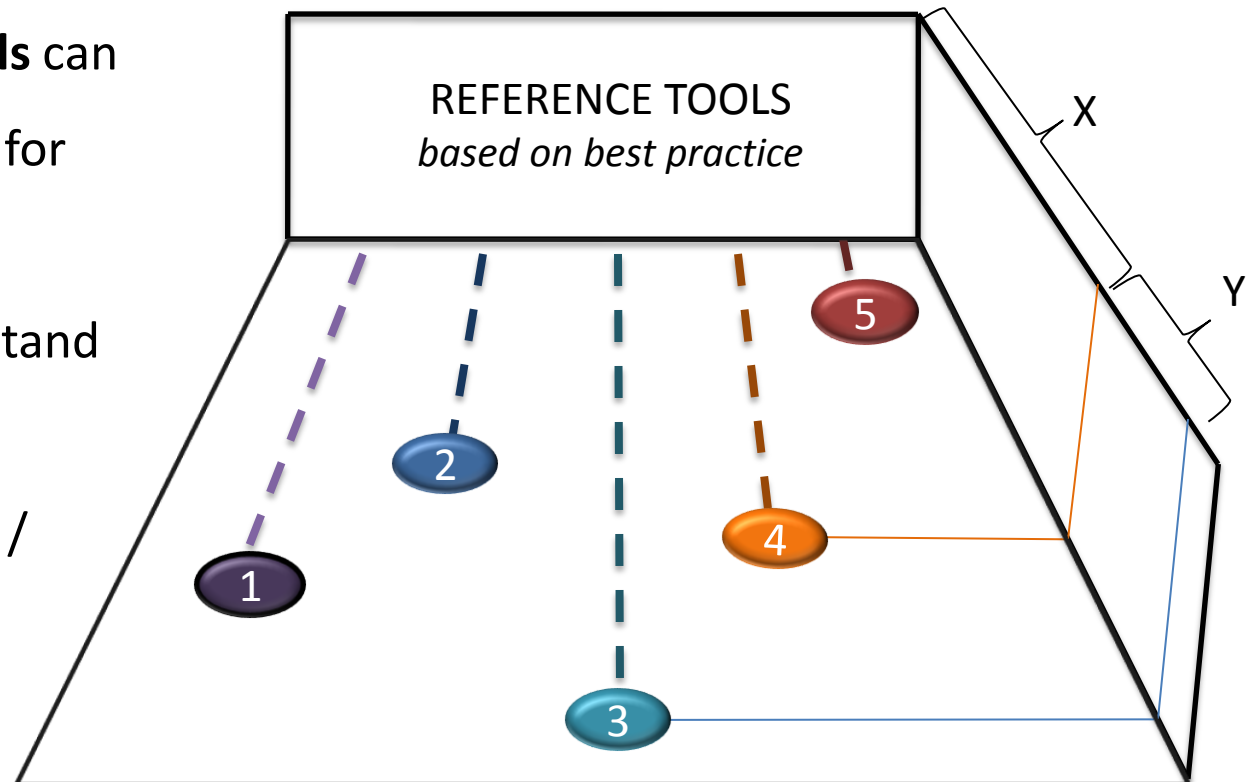
- **Reference requirements & implementation guidelines for suppliers**
 - ✓ draft reviewed by the Advisory Board and currently under review from the Executive Board
 - ✓ publication impending
- **Reference audit process & methodology**
 - ✓ work in progress
 - ✓ first draft opened to public consultation April 2010
- **Reference requirements for auditor competence**
 - ✓ covered by the work of the EWG on Auditing Competence

Objectives

- to contribute to the definition and delivery of a **clear and consistent message** towards global suppliers based on best practice
- to build **comparability** and **transparency** between existing schemes while allowing them to maintain their **specificities**
- to allow interested parties to **trust** each other's **audit reports** with a view to **drive out duplication** in auditing
- to support continuous improvement of existing practices towards best practice



The GSCP **Reference Tools** can be used as a **benchmark** for companies / schemes to understand where they stand against best practice and against other companies / schemes



One process, two tools

1. Self-Assessment

To allow companies / schemes to assess their own tools, system and methodology against the GSCP Reference Tools and understand what needs to be reviewed to reach best practice.

2. Equivalence Assessment

To allow companies / schemes to understand where they stand against best practice and each other and what tools or processes need to be improved for them to become equivalent.

Status:

- developed for the Reference Code
- tested for the Audit Process and Methodology and the environmental requirements
- integration of the remaining GSCP Reference Tools planned as those tools are being completed
- guidance for use of the tool and rules of engagement under development
- expected completion end of 2010

For suppliers

- clarity and consistency in labour and environmental requirements
- fewer audits with a focus on building capacity
- time and resources to reinvest in production quality

For purchasing companies

- simpler buying
- lower complexity and cost
- more resources for remediation
- more leverage through critical mass
- more effective risk management
- exchange of best practices

For workers

- clear understanding of their rights
- ability to monitor and challenge their employer
- improvement of working conditions
- ability to raise issues directly with purchasing companies

For existing initiatives

- exchange and integration of best practices across all sectors and at a global level
- increase reach and value for members
- transparency and comparability

For civil society stakeholders

- guide corporations to stay on the right track while remaining independent
- provide advice and constructive support on the strategic direction of the GSCP
- monitor and evaluate progress
- provide guidance on remediation



Next GSCP General Meeting

1-2 September, New York (TBC)

www.gscpnet.com

gscp@theconsumergoodsforum.com

