



GSCP news

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Message from the GSCP Chair

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Welcome to the latest edition of the GSCP newsletter! We are pleased to provide you with updates on our work, notably on Management Systems for buying companies – to be published in late summer – and for suppliers, and the successful roll-out of the Equivalence Process. All Board brands and many GSCP member brands have signed up for this process. The first Equivalence Assessments were rolled out last month. We are positioned to make this process very

impactful across all industries participating in the GSCP, helping to bring efficiencies and reducing the duplicative monitoring efforts so predominant in our field. Our goal is to foster collaborations and the reallocation of resources to activities such as capacity building. Sustainability - social and environmental, is at the core of our mission. This topic was discussed at the GSCP Members' Meeting in China last April and was fully endorsed by all participants, including local team members. As we focus on our global impact, the GSCP is facilitating the establishment of regional GSCP networks, a well-received initiative.

Finally, *I am very pleased to welcome three exceptional companies, Li & Fung Trading, S.C. Johnson and Unilever as new GSCP members.* Our Board members, participating brands and the GSCP team join in welcoming our colleagues. We look forward to working together!

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New GSCP Task Force members

The GSCP and its Executive Board are delighted to welcome three renowned companies to the GSCP Task Force: **Li & Fung Trading Ltd**, a global trading group, based in Hong Kong, that supplies high-volume, time-sensitive consumer goods; **SC Johnson**, a leading manufacturer of household cleaning supplies and other consumer chemicals based in the USA, and **Unilever**, a British-Dutch multinational consumer goods company producing foods, beverages, cleaning agents and personal care products.

These 3 new members reinforce the diversity of GSCP membership. Their participation will broaden the reach and impact of the Programme. Their commitment to sharing and working with other members towards convergence and sustainability in their supply chains will help bring positive change in multiple supply chains across the globe. Warm welcome to all!



GSCP Members' Meeting 2012 – Shenzhen, China

GSCP members have just recently got together in Shenzhen, China, for 2 days of updates and discussion on the operationalisation of the GSCP framework and tools. With both corporate and local / regional compliance team members present, this meeting was instrumental in understanding the impact, and facilitating the use, of the GSCP Reference tools and Equivalence Process at local level. This meeting was kindly hosted by Walmart Global Sourcing whom we'd like to thank again for the great welcome and organisational support!

local impact After an induction session to bring everyone up-to-speed on the Programme and its tools, attendees worked on identifying tools and processes required for local teams to use the GSCP tools to their fullest potential. Focus now needs to be placed on strengthening communication to teams, and furthermore that to suppliers, to maximise the positive impact of the GSCP tools on work at local level, and especially on the practices of suppliers and factories.

enabling collaboration Impact was further discussed around the use of the Equivalence Process, with a successful brainstorming on what processes or tools may yet be required to go from mutual recognition of schemes to actual inter-company collaboration on the ground. The outcome of this session points to some areas the GSCP will look at working on, for example around the follow-up of Corrective Action Plans, and tools to be developed with the participation of expert stakeholders.



Finally, attendees discussed how to **local knowledge** foster and frame collaboration between members' teams on the ground. It was agreed as a simple first step to create a directory of local contacts to encourage one-to-one contact and exchange.

It is also key to capitalise on the wealth of knowledge that these teams have on local issues and initiatives, with many of them involved in different collaborative efforts in China, working notably on issues in remediation and capacity building. It was agreed that a broader knowledge of these projects would help prevent duplication in capacity

building efforts and provide opportunities for scaling-up. This exchange and capture of information will therefore be one of the first tasks of the China Regional Network, which will bring together local GSCP member representatives in a first meeting in the coming months (*see page 5 for more information*).

This made for a very productive (and enjoyable) Members' Meeting, and we'd like to thank all members present for their participation, energy and motivation to support the Programme and its success in this major sourcing country and beyond.



Progress highlights

Framework (Reference tools)

Step 1 - Reference Code V2:
published May 2010

Step 2 - Audit Process and Methodology: published Oct 2009

Step 3 - Auditing Competence:
published Sept 2010. Work on Training Syllabus on hold.

Step 4 – Companies’ Management Systems: draft Reference tool under review by GSCP Boards – publication planned Aug / Sept 2012.

Environmental Module: Reference Requirements published Oct 2010 and Audit Process and Methodology published Nov 2010.

General Review Process 2012: all published Reference tools open for review March – June 2012 on www.gscpnet.com – new versions to be published Oct / Nov 2012.

Equivalence Process

www.gscpequivalenceprocess.com

Register of Experts populated (35 experts) and trained.

First Equivalence Assessments started in May 2012.

Data Sharing

First draft XML standard soon open for public consultation by ARTS.

Remediation & capacity building

Supplier Management Systems:
Work in progress – expected publication Oct 2012.

Models for the implementation of the Environmental Module:
Call for nomination soon to be sent to GSCP members.

Regional Networks

1st meeting of the China Regional Network northern summer 2012

Buying companies’ Management Systems – final round

The GSCP work on Supply Chain Social Performance Management Systems looks at core requirements and best practice elements for an effective management system for organisations seeking (1) to improve social performance throughout their supply chains (2) to integrate social performance with other management functions and practices and (3) to build long-term relationships with their suppliers and promote continuous improvement.

The assigned Expert Working Group produced a first draft best practice Reference tool in 2011, developed through gap analysis of existing systems and a major public consultation. Review of comments received, along with a thorough examination by the Advisory Board, led to a major reshuffle of the Reference tool’s structure and content. The final Reference tool for Supply Chain Social Performance Management Systems is **expected to be published mid- to late summer 2012** after final review and approval by both GSCP Boards.

The content now revolves around two main sections:

Internal Organisation | key requirements to fulfil and major aspects to be considered for a company wanting to implement / improve its supply chain social performance and **Working with suppliers** | main elements to tackle and corresponding key requirements for a company to ensure effective and efficient collaboration with its suppliers.

Several other critical themes, namely convergence, collaboration, stakeholder engagement and purchasing practices, have been integrated throughout the tool. And finally, the structure has been redesigned around a stepped approach, distinguishing between fundamental and advanced requirements at both policy and implementation levels.

We trust the work put into this development will make for a solid, comprehensive and practical tool which companies will be able to use as a basis to either build or review their own social compliance Management System. On gscpnet.com soon!



Supplier Management Systems - shaping up thanks to strong stakeholder support

The GSCP Expert Working Group (EWG) on Supplier Management Systems – now entitled Social & Labour Management Systems for Suppliers – has made good headway in the past few months. Since we last reported on progress, the EWG has gathered detailed information on systems in place in the supply chain, through a **questionnaire submitted to their suppliers**. This questionnaire included items on their social compliance policies, management of assessments, stakeholder engagement etc. The EWG received complete feedback from over 35 suppliers, which they analysed and integrated into a 1st draft of the Reference tool.

Sections of the draft Reference tool were presented and **worked on in groups during the GSCP Members’ Meeting** in Shenzhen in April to gather feedback from local compliance teams working directly with suppliers.

The EWG is now **inviting key stakeholders** with expertise in social and labour issues (international organisations, initiatives, NGOs...) **to contribute** to the shaping of the tool by providing their feedback on the 1st draft of the Reference tool. The reviewed draft will then be opened to public consultation, for publication in or around October 2012.

The Equivalence Process – Register of Experts and first Equivalence Assessments

The Equivalence Process is the GSCP's unique benchmarking system. It allows companies/initiatives to assess their social and/or environmental standards and systems against best existing practices as defined in the GSCP Reference tools. The aim is double: **(1)** to help organisations strengthen their tools and improve their supply chain compliance monitoring processes, and **(2)** to create comparability between 2 organisations' tools and enable mutual recognition.

The benchmarking process is split into 2 phases, followed by a 3rd phase of sharing and comparing results on the Equivalence Process online platform www.gscpequivalenceprocess.com

The first phase is a Self-Assessment, for internal assessment of tools – registrations for this Self-Assessment are ongoing, and 23 different users (buying companies, initiatives and auditing bodies) have already started their online assessment.

The second phase, the Equivalence Assessment, involves 3rd party validation of a user's Self-Assessment to allow the user to share its assessment with others. This will ensure completeness and accuracy of the Self-Assessment and will be performed by independent Experts selected and trained by the GSCP team.

Register of Experts

The Equivalence Process Register of Experts now counts **35 Experts covering both social and environmental expertise areas**. The Experts were selected through 2 rounds of recruitment, interviews and training and are now ready to perform the first Equivalence Assessments. 3 Experts will be assigned to each Equivalence Assessment and will review the requirements inputted, objective evidence and supporting documents provided, and grading awarded by the user. A new round of recruitment for the Register of Experts will be taking place later in the year, and the GSCP is accepting applications on a rolling basis.

Numerous GSCP members, including **all the companies represented on the GSCP Executive Board**, have committed to using the Equivalence Process to align the content of their own standards to best existing practice and/or work towards recognising audit reports outside their own schemes. The GSCP will soon start measuring the impact of these efforts on convergence of core requirements and reduction of audit duplication through the use of an impact assessment questionnaire. Watch this space!

1st Equivalence Assessments

The first Equivalence Assessments started early May 2012 and we look forward to seeing users move on to sharing and comparing their results. A list of organisations having undergone the full Equivalence Process will subsequently be available on the platform and on the GSCP website, upon their agreement. Organisations on the platform will be able to identify companies they wish to share their results with, to gain an understanding of the content of their schemes and decide whether to move forward on mutual recognition and further collaboration.

General review of the GSCP Reference tools – 2 weeks left to participate!

All published GSCP Reference tools undergo a regular and thorough review process, in order to ensure that they constantly reflect best existing practices. These reviews typically take place 1 year after publication, 2 years after that and every 3 years from then on.

The GSCP has elected to **align the review dates for all published tools**, so as to simplify and streamline the process. The GSCP has therefore launched a broad online consultation to collect input from a wide array of stakeholders. This consultation will run until mid-June 2012 – we are calling upon all stakeholders (buying companies, auditing bodies, standard setting bodies, consultants etc) who have used the GSCP Reference tools over the past few years to support us in this work. It is particularly important to have the participation of those having used the Reference tools as a basis to create other monitoring tools, so we count on you if you have!

The public consultation will run until June 15 (access it on <http://gscpnet.com/working-plan/public-consultations.html>). All comments will then be analysed by Expert Working Groups set up for this work, who will integrate changes as appropriate to update the Reference tools with current best practice requirements. The new versions of the Reference tools will be published on the GSCP website after completion of this review and validation by the GSCP Advisory and Executive Boards, with **expected publication in or around October 2012**.





Growing the Partner Organisations Network

Many organisations evolve in the world of supply chain social / environmental compliance, and many projects are led to help suppliers build capacity. Despite this, when a company has a specific issue to address, or remediation project to undertake, chances are the company will tackle this issue on its own or start a new project from scratch, from lack of knowledge of existing opportunities for support and collaboration.

The GSCP Partner Organisations Network aims at regrouping key initiatives and schemes working on the improvement of labour and environmental conditions in global supply chains. The GSCP Partner Organisations Network’s intent is to facilitate collaboration between these organisations and the GSCP, and directly between them and GSCP member companies, ensuring each and all seek expertise where it exists

and stop reinventing the wheel (see <http://gscpnet.com/structure-a-governance/partner-organisations-network.html> to understand how it works).

The GSCP has started inviting organisations to join the Network and has signed Memorandums of Understanding with 5 organisations to date: **Business Social Compliance Initiative** (BSCI - initiative of the Foreign Trade Association), **Fair Labor Association** (FLA), **ICTI CARE Foundation**, **Social Accountability International** (SAI) and **Worldwide Responsible Accredited Production** (WRAP). The GSCP is proud and grateful that these organisations are willing to combine forces to reduce duplication of efforts and we look forward to strengthening these relationships in time.

The GSCP Regional Networks – first stop: China

The GSCP Members’ Meeting in Shenzhen in April was instrumental in kick-starting the formation of **the first GSCP Regional Network**. The aim of these structures is to provide a framework for collaboration between GSCP member representatives – and in time, other stakeholders - in major sourcing countries or regions. Local teams play an important role in monitoring but especially in remediation and capacity building efforts, and their regular input, feedback and participation are indispensable to move the work of the GSCP forward.



The Regional Networks will therefore be tasked with - for example - piloting Reference tools / models in development by the GSCP to assess their effectiveness and identify gaps; or with sharing information on local collaborative efforts they participate in (such as that of an initiative), for potential scaling-up; or yet again to develop local Reference tools on specific issues where these are not addressed by other groups, to support alignment as and where it makes real sense at local level.

Local participants in the Members’ Meeting in Shenzhen put their weight behind this concept and agreed to have their **first meeting in China in the coming months**. All GSCP member companies will be invited to participate in this Network and its first meeting, which we trust will bring into focus the areas where collaboration will bring real practical value to its members.

The Regional Networks will hopefully be **replicated in time in many sourcing countries**, led by GSCP members to provide invaluable local knowledge, support implementation and develop awareness on the ground.

Time slices – where we were presented and represented

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| 09/02 | UL Responsible Sourcing Summit, Los Angeles | 30/03 | Ethical Sourcing Forum, New York |
| 29/02 | FTA / BSCI environmental workshop, Brussels | 30/05 | ISEAL Alliance conference, Bonn |
| 13/03 | SEDEX AGM and Members’ Meeting, London | 30/05 | Brands Ethics Working Group meeting, India |
| 28/03 | BRC Global Food Safety Congress, Chicago | | |

next GSCP General Meeting | **Zürich November 2012** | *by invitation only*