Social & Labor Convergence Program (SLCP)

2020 Annual Report

Photo credit: SHAHI Exports

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Foreword

Looking back on 2020, the past year has not been without challenges. Across global supply chains the effects of the pandemic are evident and reinforce the need for convergence and collaboration to improve the lives of workers. SLCP also faced uncertainties and we revised our adoption targets to adjust and accommodate to the changing landscape that COVID-19 presented.

Through these challenging times we are fortunate that there are successes to share. While SLCP's Mission and Vision is operational, we quickly adjusted to the realities of the pandemic: all trainings and any support meetings were moved to virtual sessions. The 1455 assessments completed in 2020 exceeded our down adjusted plan and SLCP's adoption continues to grow and scale.

The Converged Assessment Framework (CAF) is available in more countries and in more diversified facilities, and the number of approved Verifier Bodies & Verifiers has increased. We have seen an increase and acceleration of signatory support and adoption evident through stakeholder surveys.

Most encouraging is to see the first concrete benefits of shared verified assessments, validating our assumption that implementation of the CAF will create impact and improve labor conditions in supply chains. At the close of 2020 and looking ahead to 2021, SLCP's strategic aims are on track to reduce audits and impact workers lives.

Janet Mensink, Executive Director, SLCP

SLCP Stakeholder Meeting - Paris OECD

Vision & Mission Check

SLCP strategic aims

In our 5-year strategic plan (2019-2023), SLCP identified four strategic aims that guide our work: Industry Adoption, Resources Unlocked, Data Access & Comparability and Financial Resilience.

2020 Progress Check

At the end of the first full year of implementation, the same methodology used in the 2018 research was used to assess whether SLCP is on track to achieve this outcome. Based on the total number of verified assessments completed in 2020 (1455) compared to the average number of shares per assessment (2.1), 2020 operations resulted in a total savings of $4.3M USD. This presents a dramatic increase over the $550K+, USD of savings generated by 2019 operations.

However, in 2019, many signatories continued to invest time and resources to implement SLCP within their supply chains. This included training, raising awareness and updating / changing internal systems to ensure SLCP compatibility. It is possible therefore, that some of the resources unlocked through SLCP are currently offset by the cost of implementation.

In the annual signatory engagement survey in November, 20% of signatories reported redirecting resources saved through the CAF in 2020 and 63% felt confident they would be able to do so by 2023. 72% of signatories had a plan in place to measure the savings and redirection of resources, compared to just 27% in 2019.

2020 SLCP Signatory Survey (46% response rate)

To what extent do you agree…	% agree/ strongly agree	Last year
We redirected resources saved by the CAF in 2020	**20%**	15% anticipated a saving in 2020
We anticipate redirecting resources saved by the CAF in 2021	**31%**	-
We anticipate redirecting resources saved by the CAF in 2023	**63%**	62%
We have a plan in place to measure and track the savings generated by the CAF and to redirect resources to activities which directly benefit workers & their communities	**72%**	27%

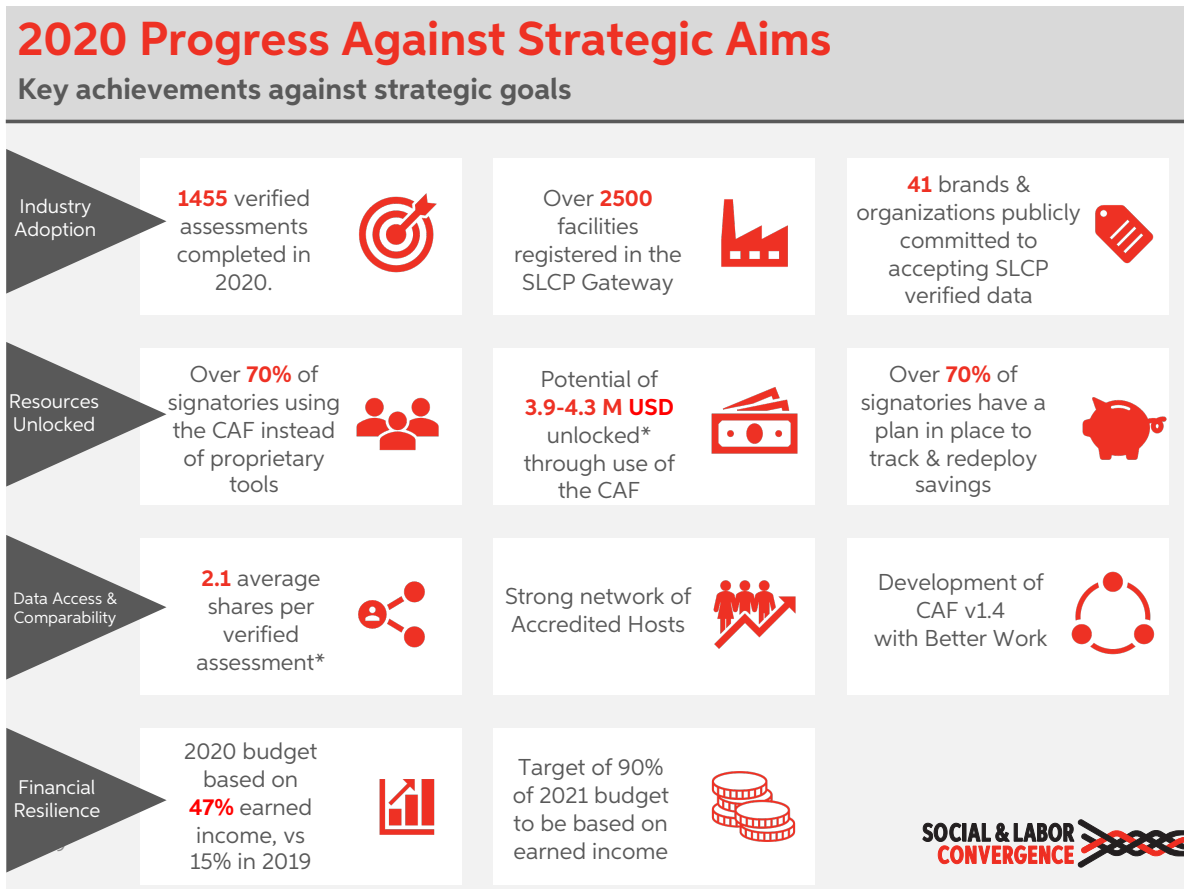*"2020 was an extremely difficult year for the industry and should demonstrate to all of us the urgent need to pursue SLCP's vision of improved working conditions through a converged assessment. Now more than ever, key stakeholders must work together to create efficiencies and comparable data that can drive lasting improvements to working conditions."*

Anna Burger, Expert on SLCP Council

2020 Progress Against Strategic Aims

Key achievements against strategic goals

Industry Adoption	**1455** verified assessments completed in 2020.	Over **2500** facilities registered in the SLCP Gateway	**41** brands & organizations publicly committed to accepting SLCP verified data
Resources Unlocked	Over **70%** of signatories using the CAF instead of proprietary tools	Potential of **3.9-4.3 M USD** unlocked* through use of the CAF	Over **70%** of signatories have a plan in place to track & redeploy savings
Data Access & Comparability	**2.1** average shares per verified assessment*	Strong network of Accredited Hosts	Development of CAF v1.4 with Better Work
Financial Resilience	2020 budget based on **47%** earned income, vs 15% in 2019	Target of 90% of 2021 budget to be based on earned income	

> "H&M believes SLCP is the solution to a long-standing problem in the apparel and footwear sector, that of duplicative social audits that are a drain on resources and cause audit fatigue. SLCP can help the industry move beyond compliance to real collaboration and the improvement of working conditions with more fact-based data which is measured across the industry. For this reason, H&M has committed to fully adopting SLCP where possible within our supply chain by 2022."
>
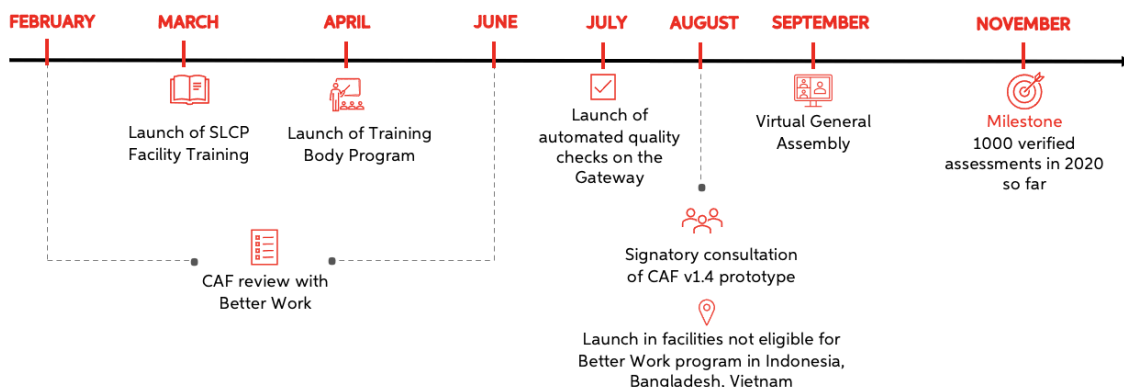> **Payal Jain, Social Sustainability Manager – Global Production, H&M Group**

According to a large Asian manufacturer, approximately **10 unnecessary audits** were saved by the two SLCP verified assessments conducted in 2020.

10

Turkish Manufacturer (SLN Tekstil) was able to share their SLCP verified data with **three brands**, and these brands cover about **80%** of their production volume.

80%

Timeline of 2020 milestones

FEBRUARY	MARCH	APRIL	JUNE	JULY	AUGUST	SEPTEMBER	NOVEMBER

Launch of SLCP Facility Training

Launch of Training Body Program

CAF review with Better Work

Launch of automated quality checks on the Gateway

Signatory consultation of CAF v1.4 prototype

Launch in facilities not eligible for Better Work program in Indonesia, Bangladesh, Vietnam

Virtual General Assembly

Milestone
1000 verified assessments in 2020 so far

Program Governance

SLCP Governance Structure

The SLCP Council was established in early 2019 in line with the governance structure set out in the 2019-2023 Five-Year Strategic Plan. To provide continuity, 2019's Council members remained in place throughout 2020 providing stability to the Program in an uncertain year. The only change was to fill the third and final expert seat and replacing the MSI/ Standard Holder seat (see annex 2 for the full list of council members). Preparations for the next Council election cycle in January 2021 began in late 2020 with a call for the nomination of candidates from the SLCP signatory base.

Council Operations

The Council met nine times throughout the year, with all meetings held virtually due to travel restrictions and lockdowns. The average attendance rate was 88%. The Council committees for Governance and Finance which oversee policy amongst other activities was the most active throughout the year. As well, due to the fact that there were no Signatory disputes throughout the year no committee was set up to address these concerns. We expect the Strategy committee to be more active in 2021 and 2022 as we prepare for the next 5-year strategic cycle.

SLCP Council
9 signatory representatives: 3 manufacturers, 3 brand & retailer, 3 other stakeholders
3 expert members
2 intergovernmental observers
1 independent Chair

Executive Director
Reports to Council via Chair

Secretariat
Senior Managers
Support Staff

Technical Advisory Committee(s)
Approved by Council
1. CAF
2. Roll-out
3. Verification Oversight
4. Technology
5. Comms & SHE

Council Committees
1. Finance
2. Governance
3. Strategy
4. Dispute Resolution (ad-hoc)

| Governance | Executive | Advisory |

Transition to a New Independent Chair

In March 2020, after five years at the helm of SLCP, Pierre Hupperts announced that he would be retiring and stepping down as Chair at the end of the year. This allowed the Council the necessary time to carry out a thorough recruitment and onboarding process for a new Chair. In July 2020, the Council approved the selection of Jonathan Obermeister as the new independent chair of SLCP. He was introduced to the signatories during the General Assembly in October 2020.

New SLCP Chair: Jonathan Obermeister
Jonathan started serving in the Council in October 2020. He is the managing partner of Change Agency, a change consulting and research business. He spent the first half of his career in marketing and communications before setting up Change Agency as an antidote to traditional consultancies. Jonathan was a co-author of SLCP's first 5-year Strategic Plan. He has a long track record in strategic planning for MSIs, funders and other non-profits in diverse areas such as apparel, agricultural commodities, water, chemicals, working conditions and human rights.

SLCP Secretariat & Support Team
Having filled all Secretariat positions in 2019, the SLCP team remained static throughout 2020. There was moderate growth in staffing to support both the new Training Body program and to prepare launching the Converged Assessment Framework (CAF) V1.4 in 2021.

SLCP Technical Advisory Committees (TACs)
The five Technical Advisory Committees also remained in place throughout 2020, with some additions to the CAF TAC to form a Task Force for the 2020 CAF review (see annex 3 for full list of TAC members).

> " *I think the new Council is a good representation of the signatories, with highly dedicated and qualified people. We have active committees that work on governance, finance and strategy and help SLCP to be able to move forward and really settle. But we can also challenge each other and have real discussions on where we feel SLCP needs to move towards, like the collaboration with strategic partners, priorities in countries to expand to, funding opportunities, etc.*"
>
> **Tamar Hoek, Solidaridad, SLCP Council Member**

Interview with the Outgoing Chair: Pierre Hupperts

Given the disruption and uncertainty of 2020 for supply chains, how would you summarize the year for SLCP? Was it possible to make progress, despite the challenging circumstances, or have there been significant setbacks?

Like most companies and organizations, SLCP was impacted by the pandemic. We had to slow down our work, review the implementation of our activities, and lower our budget. As a Council, our focus was on guaranteeing continuity in the organization and taking the opportunity to ensure the Program was fully prepared for significant and rapid scaling of the number of SLCP verified assessments in 2021. We did reduce our target for verified assessments in 2020 by 50%, and we felt that even this may be ambitious given the challenging circumstances. The end of year figure of over 1455 completed verified assessments therefore surpassed our expectations and is testament to the benefits of the Converged Assessment Framework and the unwavering support and commitment of our signatories.

You have now stepped down as independent Chair of SLCP, after five years in the role. What has been the highlight of your five years as Chair?

First of all: we did it, we achieved convergence by creating the Converged Assessment Framework! When I started in 2015, a lot of people said that SLCP would fail because nobody would be prepared to let go of their own systems, tools, and ideas. But by the middle of 2018, we were able to say, look – here is the converged tool we dared to dream of! Secondly, and perhaps even more importantly, since then we have been able to prove that the tool and the technology works, and that it is getting better all the time. Overall, seeing the level of collaborative cooperation that has been possible with SLCP has been an incredibly enriching experience. The success to date has only been possible thanks to the determination and willingness of signatories to make it happen.
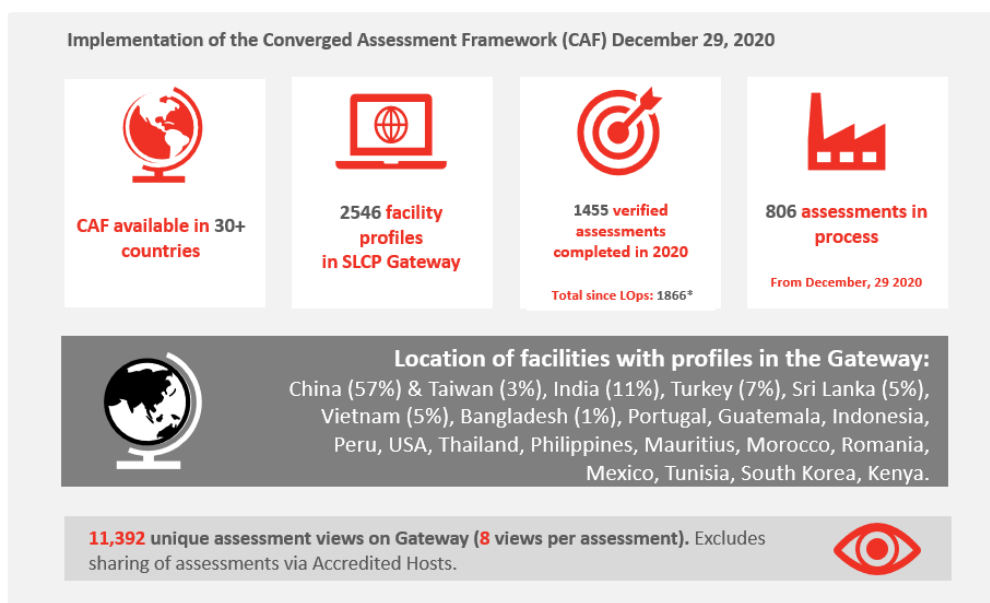
Finally, do you have any advice for SLCP's new independent Chair, Jonathan Obermeister, as he embarks upon the role?

The success of SLCP really depends on the strong commitment and hard work of the signatories and the Secretariat. However, the Chairperson can play an important role behind the scenes to support this work. As collaboration and co-creation are at the heart of SLCP, soft skills such as building and maintaining relationships are very important. The Chair also needs to be tough and resilient, in order to break through gridlock and to drive consensus building, when this leadership is required.

In early December 2020, SLCP held a virtual farewell party for Pierre to recognize the huge contribution he has made to both the Program and sustainability in the apparel & footwear sector in general. Guests included the Council, former members of the Steering Committee, as well as Pierre's friends and family. Speakers included SLCP's Executive Director, as well as a former Dutch minister. The biggest surprise for Pierre came at the end of the event, when the mayor of Utrecht – Pierre's city in the Netherlands - knocked at the door to present him with a royal decoration for his services to the industry.

SLCP Implementation in 2020

Scaling Operations

Implementation of the Converged Assessment Framework (CAF) December 29, 2020

CAF available in 30+ countries

2546 facility profiles in SLCP Gateway

1455 verified assessments completed in 2020

Total since LOps: 1866*

806 assessments in process

From December, 29 2020

Location of facilities with profiles in the Gateway:
China (57%) & Taiwan (3%), India (11%), Turkey (7%), Sri Lanka (5%), Vietnam (5%), Bangladesh (1%), Portugal, Guatemala, Indonesia, Peru, USA, Thailand, Philippines, Mauritius, Morocco, Romania, Mexico, Tunisia, South Korea, Kenya.

11,392 unique assessment views on Gateway (**8** views per assessment). Excludes sharing of assessments via Accredited Hosts.

Geographic Expansion

Having already launched in 13 countries by the end of 2019, SLCP expanded operations to over 30 plus countries by the end of 2020. SLCP became available in Kenya, Madagascar, Malaysia, Myanmar, Philippines, South Korea, Thailand, Bulgaria, Macedonia, Poland, and Romania in April and in Argentina, Colombia, Dominican Republic, Morocco, Peru, Portugal, Tunisia in October 2020. In August, SLCP launched in Indonesia, Bangladesh and Vietnam for facilities that are not enrolled in or not eligible for the Better Work program.

VRFs per country / region in 2020
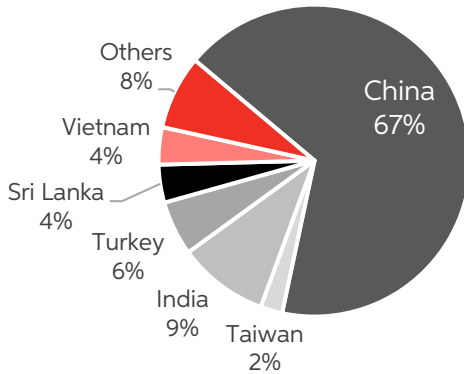
> "It is very encouraging to see the extent to which SLCP has managed to expand operations in 2020, despite the challenges of COVID-19. Now that the Converged Assessment Framework is available in over 30 countries, manufacturers can really start to realize the benefits of reduced audit burden and to utilize the resources saved to focus on continual improvement."
>
> **Melina Tse, Esquel,
> SLCP Council Member**

Geographical diversification

At the start of 2020, China represented over 87% of all SLCP verified assessments to-date. While China remained a focus country in 2020, SLCP actively pursued growth in other markets, in particular in India, Indonesia, Bangladesh, Vietnam, and Turkey. As a result, by the end of 2020 67% of all verified assessments had taken place in China with the other focus countries making up the rest of the volume.

Growth in Additional Sectors

While SLCP has focused on adoption in the apparel & footwear sectors, other industries have consistently made up at least a third of verified assessments. We are seeing indicators of potential opportunity beyond apparel & footwear to drive improvements in working conditions across product-based supply chains.

Sector coverage over time 2019 vs. 2020

- ■ Apparel
- ■ Accessories
- ■ Footwear
- ■ Home Textiles
- □ Home Furnishings
  Hard Goods
- ■ Other
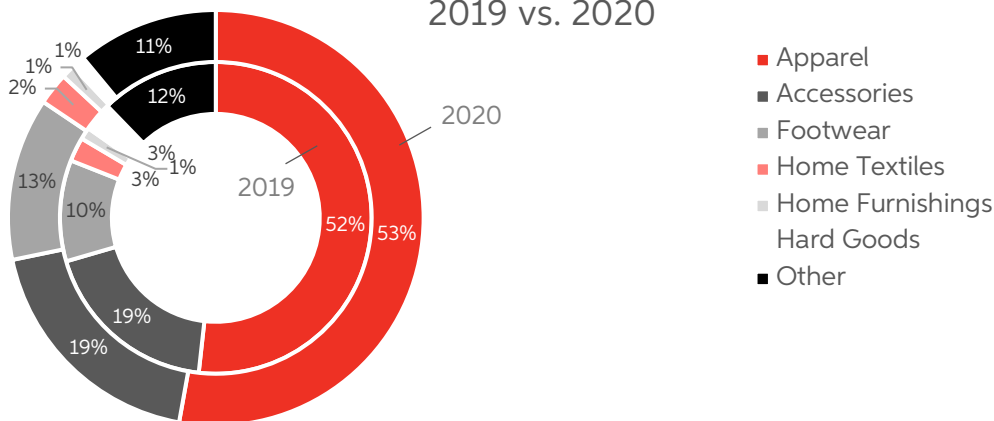
Scaling in the Context of COVID-19

When the initial impact of the pandemic became apparent at the end of Q1 2020, the Council revised the target for verified assessments in 2020 from 2000 to 1000. Although assessment volume remained low throughout the first half of 2020, activity increased significantly in the second half of the year, with over 800 verified assessments completed in Q4 alone. By 31 December 1455 verified assessments had been completed, significantly surpassing the revised target.

Facility Training Program

As the previously planned in-person training in-country was impossible in 2020, SLCP quickly developed a virtual facility training program which was delivered online in April and May 2020. The virtual format allowed for wider attendance and the training attracted high numbers of attendees despite the ongoing disruption caused by the pandemic. Training was delivered in English, Chinese and Spanish by the SLCP team with huge support from signatories who provided speakers for all sessions.

Training Body Program

To further scale facility training opportunities, SLCP launched a Training Body program which enables signatories to follow a "train-the trainer" model to become an SLCP approved Training Body. By the end of 2020, 43 Training Bodies and 184 individual trainers had been onboarded which delivered 54 training sessions in total to facilities. The Training Body Program assists in scalability and ease of use increasing the customer experience.
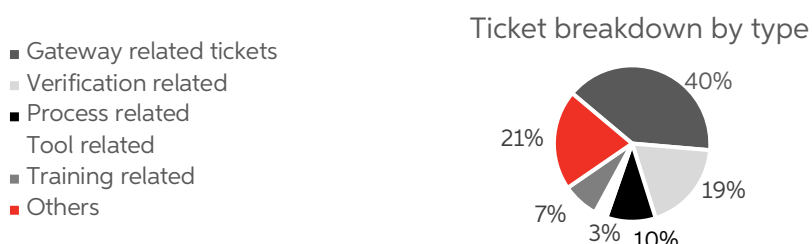
Facility Training (delivered by SLCP)	Number of sessions	Unique attendees	Avg. number of sessions attended by individuals	Average course rating (Out of 3)
In English	5	265	2.47	2.9
In Chinese	5	526	2.78	2.9
In Spanish	4	201	2.55	3.0

Training Program	Number of sessions	Average number of attendees per session	Average course rating (Out of 3)	Average trainer rating (Out of 3)
Training by Training Bodies	54*	70	2.9**	3.0**

*15 introductory sessions and 39 deep-dive sessions
**Based on feedback forms received for 35 of the training sessions

Helpdesk Support

In 2020, Helpdesk FAQs were reviewed, updated, and restructured to be more user-friendly. By the end of 2020, over 125 FAQs were available in 8 languages. The SLCP Helpdesk Support Team responded to tickets in 3 languages, escalating to the Verification Oversight Organization (VOO) or Accredited Hosts (AH) where necessary. Straightforward enquiries received a response within one-two working days. In 2020 there were 1.6 tickets for every verified assessment, compared to 2.5 in 2019. This drop in support tickets suggests that the enhanced training materials and FAQs resulted in a smoother customer journey for facilities going through the assessment process. This is also reflected in the number of days taken to complete an assessment, which reduced from 120 in 2019 to 60 on average in 2020. The month-on-month average decreased steadily throughout 2020 with facilities taking on average 10-20 days to complete the process in November and December 2020

Ticket breakdown by type

- Gateway related tickets
- Verification related
- Process related
- Tool related
- Training related
- Others

40%
21%
19%
7%
3%
10%

Enhancing Data Quality

Selection of Verification Oversight Organization for 2020-2021

Sumerra was selected as the Verification Oversight Organization (VOO) for 2020 and 2021 operations, providing continuity for the Program, where 2020 focused on further operationalizing processes and procedures and 2021 will focus on further enhancing the program and increasing the quality of verified assessments.

Ensuring Verifier Body (VB) and Verifier Capacity

With the geographic expansion and growth in volume of SLCP operations, it is the role of the Verification Oversight Organization (VOO) to ensure enough Verifier Body and Verifier capacity to meet increased demand. The VOO established a traffic light system for monitoring Verifier readiness in each country, and the number of SLCP approved Verifiers almost doubled from the end of 2019 to the end of 2020.

70 approved Verifier Bodies

530 approved Verifiers
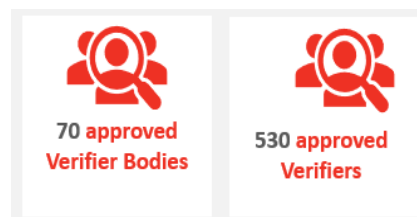
Introduction of VB Calibration Meetings

To support consistency in quality across Verifier Bodies, mandatory quarterly calibration meetings were introduced in 2020 to align on both general and subject specific items.

QA Activities & VB Scoring

The Verification Oversight Organization (VOO) conducted a range of quality assurance activities including desktop reviews, counter verifications and Verifier Body management systems checks. Desktop reviews found an average of 7.9 issues per report, down from 13 in 2019. 88% of reports reviewed were found to be of sufficient quality (ranging from acceptable to very good), up from 76% in 2019. The VOO scored Verifier Bodies on their performance and provided feedback, as necessary.

Agenda of 2020 calibration meetings

Q1
- SLCP Verifier Body (VB) requirements
- VB Management Checks
- Verification Process

Q2
- COVID-19 Updates
- Verifier Status Maintenance
- Automated Quality Checks
- SLCP Scheme Documents Updates

Q3
- CAF 1.4 Update
- Virtual Verification Activities
- Common Mistakes and Reminders

Q4
- VB Requirements and Clarifications
- Internal QA Review
- 2012 / CAF 1.4 Update
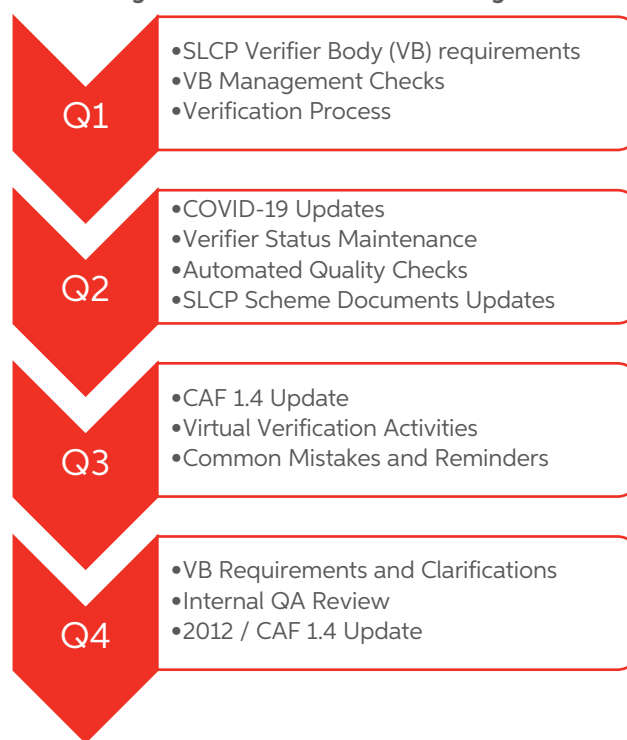
Introduction of Automated Quality Checks

To support both the scaling of SLCP operations and a continued focus on data quality, automated quality checks were introduced in the second half of 2020. This technological QA solution is efficient and allows the Verification Oversight Organization (VOO) the ability to focus their resource on qualitative data checks. Approximately 20 checks are carried out automatically on each assessment entering the Gateway following verification, covering 3000+ data points in total. If an issue is found, Verifiers are informed immediately and the VOO can monitor the follow-up action taken by the Verifier. These checks further enhance the consistency and accuracy of SLCP verified data. A full list of the checks currently carried out can be found on the SLCP Helpdesk.

What are automated checks?
- Introduced in Q4 2020 and already completed 700+ verified assessments submitted by Verifiers (in 2020 Ops)
- 20 checks on each verification prior to report going to facility for review, covering 3000+ data points in total
- It takes 3 minutes to automatically check each verification
- If an issue is found, Verifiers are immediately informed
- VOO is informed whether the Verifier takes action as a result.

Total Number of verifications automatically checked in 2020	1145
Total number of verifications that had at least one error	503
Total number of verifications which had some fixes by the Verifiers after checks failed.	239
% of failed assessments which had fixes	47.5
% of total assessments which had one failed check	43.9

Public QA Dashboard
To enhance transparency, SLCP developed a public dashboard in 2020 to give stakeholders visibility of the Quality Assurance activities carried out and their results. The dashboard launched in January 2021.

Stabilizing Technology

Increasing Data integrity and Efficiency Through Automation
A key focus of 2020 on the tech side was to reduce the number of manual processes and to automate data validation. In addition to the new automated QA checks, SLCP introduced a JSON scheme to ensure data quality and incomplete/poor data is automatically rejected.

Stable and Secure System
As SLCP entered its second year of operations, efforts were made to stabilize the data hosting and sharing system to ensure effective collaboration with key technology stakeholders such as the Accredited Hosts. A change management policy and a tech roadmap were implemented to better communicate, prioritize, align, and roll out changes jointly. A transparent system for reporting and following up on technical issues was also established.

Accredited Host Network
In 2020, SLCP worked with three active Accredited Hosts Fair Factories Clearinghouse (FFC), Higg Co, and Sedex, and with one passive Accredited Host, Inspectorio. SLCP did not allow additional active Accredited Hosts to join the ecosystem in 2020 in order to ensure continuity. In late 2020, Sedex decided not to continue in their role as an Active Accredited Host due to other development and strategic priorities. SLCP and Sedex coordinated closely to ensure a smooth transition for the small number of facilities using the Sedex platform to complete SLCP assessments.

Key Collaboration Partner: ITC

The International Trade Centre (ITC), the joint agency of the United Nations and the World Trade Organization, supports small businesses in developing economies to connect to international markets through inclusive and sustainable trade. ITC leverages its expertise in trade-related technical assistance and customized IT platforms to provide the Gateway, the central database of all SLCP verified data, which is hosted on protected UN servers. Additionally, SLCP partners with ITC for training, stakeholder engagement, and benchmarking the Converged Assessment Framework. Since 2019, ITC's activities in the sector have been supported by the European Commission – DG-International Partnerships – through the Action, *Enhancing transparency and traceability of sustainable value chains in the garment and footwear industry*.

Joseph Wozniak, Head, Trade for Sustainable Development at ITC said: "*ITC's collaboration with SLCP, a multi-stakeholder industry game-changer, will bring harmonization and convergence to social compliance at a scale not seen before. SLCP shares ITC's priorities of reducing the cost and frequency of audits whilst enabling the facilities themselves be in the driver's seat when it comes to data ownership and sharing.*"

Close Collaboration with Tech Stakeholders

SLCP continued to work closely in 2020 with key technology stakeholders including the Accredited Hosts, the International Trade Centre (ITC) who administers the Gateway, and the Verification Oversight Organization (VOO). The Tech group met twice in 2020, in person in Paris in February and again virtually in October.
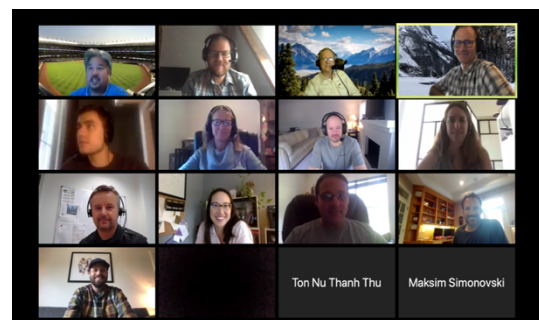
Virtual Tech group meeting in September 2020

Future Proofing the System

In late 2019 and early 2020, the SLCP technical eco-system had been reviewed by PricewaterhouseCoopers. The analysis, sponsored by leading SLCP signatory brands, assessed SLCP's technical infrastructure and documentation. The review validated that the technical setup was fit for purpose and identified additional features to enhance the infrastructure moving forward. Many of the review's recommendations were implemented in 2020, including improved documentation for new Accredited Hosts and a system to monitor outages.

"*SLCP has not only continued to scale operations in 2020 but also to evolve and grow as a program. Improvements to SLCP's data hosting and sharing ecosystem, such as the introduction of automated data validation checks, are further enhancing data quality, as too are the additional Verification Oversight measures introduced, such as the Verifier Body calibration meetings. Through these continual improvements, SLCP is demonstrating its credibility as a provider of trusted, high-quality data.*"

Darren Chastain, Gap Inc., SLCP Council Member

Increasing Industry Acceptance

Signatory Commitment to Implement SLCP
Despite the disruption caused by COVID-19, SLCP signatories remained committed to their SLCP adoption plans in 2020. In the annual signatory engagement survey conducted in November:

> **71%** reported using the Converged Assessment Framework (CAF) instead of proprietary tools (compared to 46% in 2019).
>
> **93%** reported that they expect to be able to use the CAF instead of proprietary tools in 2023 (compared to 73% in 2019).

2020 Signatory Engagement Survey

As an SLCP signatory, to what extent do you agree...	2020 Agree/Strongly Agree	2019 Agree/Strongly Agree
We are supportive of the mission of the program	95%	91%
We have set internal objectives to support the delivery of the program	84%	68%
The impact of the pandemic has accelerated the need for a converged social assessment	72%	-
SLCP's vision of improved working conditions has increased in relevance due to the pandemic	74%	-
SLCP is inclusive of all signatories	86%	61%
SLCP allows for collaboration on equal terms among signatories	83%	59%
There is collective ownership of SLCP among signatories	76%	57%
SLCP has facilitated wider collaboration between signatories beyond the scope of SLCP	64%	45%

Signatory Engagement
Although in-person meetings were not possible for most of 2020 and led to the cancellation of SLCP's long-planned General Assembly in May, SLCP engaged regularly with signatories through virtual meetings, webinars and newsflashes. A virtual General Assembly was held in October with strong turnout by signatories (163 participants with 86 signatory organizations represented). The results of the annual signatory engagement survey suggested high levels of engagement.

General Assembly Feedback:

Average of **4.3 stars** overall (out of 5)

92% felt more motivated to implement SLCP

83% would take action as a result of attending

Launch of Brand Acceptance List
In October, SLCP issued a press release to showcase a new list of over 30 brands and organizations (signatories and non-signatories) that accept SLCP verified data in the place of proprietary audits. The press release received coverage in Sourcing Journal, Just Style, EcoTextile News, Apparel Resources and Fibre2Fashion. By the end of 2020, 37 companies had opted into the list.
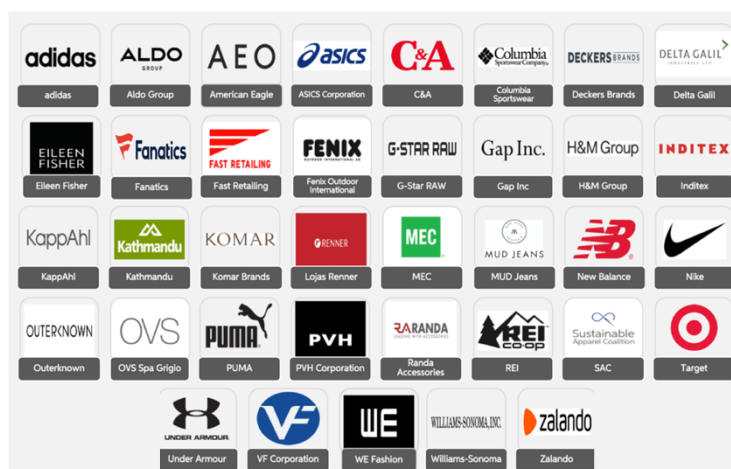
Key Collaboration Partner: SAC

SLCP was created as a multi-stakeholder initiative in 2015, incubated by the Sustainable Apparel Coalition (SAC). Both organizations have shared goals around sustainable supply chains and improving working conditions and act as strategic partners in each other's ecosystems. SLCP's Converged Assessment Framework (CAF) serves as the backbone of the Higg Facility Social & Labor Module (FSLM) and SAC sets requirements for its members to adopt the FSLM (and implicitly accept the CAF). While SLCP functions as an independent organization with its own governance, it is not a legal entity and so continues to use SAC for legal representation and paid-for support services, including finance and HR.

External Engagement: Events and Webinars

In the first quarter of 2020, before the pandemic began to restrict travel, SLCP held a stakeholder meeting at the OECD Due Diligence Forum in Paris and spoke at four in-person industry events across Europe. Throughout 2020, SLCP ran a series of thematic webinars for external stakeholders covering topics such as data quality, Accredited Host services, and ITC's Sustainability Map, as well as two general update webinars.

Increased Industry Awareness of SLCP

Throughout 2020 there was a growing awareness of SLCP throughout the apparel & footwear sector. For example, SLCP was named as one of the 5 Leading Sustainability Programs in Sourcing Journal's Sustainability 2020 report. The number of SLCP LinkedIn followers grew by 60% in 2020 to over 1400.

Engagement with Standard Holders

In early 2020, SLCP worked closely with ITC, our strategic partner, to produce detailed comparisons of the Converged Assessment Framework and a number of industry standards in order to identify overlap and divergences, using the information stored in ITC's Standards Map. The resulting reports were shared with the relevant standards to open a dialogue to explore collaboration and potential convergence. The following outcomes resulted from this work:

FAIR WEAR

Joined SLCP as a signatory at end of 2020.

Aim is for closer engagement in 2021.

amfori Trade with purpose

Collaboration agreement with three-year roadmap started in 2020.

Fair Trade USA™

SLCP signatory, Fair Trade USA, is progressing towards recognition of SLCP verified assessments in 2021.

OEKO-TEX® CONFIDENCE IN TEXTILES **STeP**

OEKO-TEX became an SLCP signatory in 2020 and is exploring recognising SLCP in STeP certification.

Preparing for the Future: CAF Review

A key focus in 2020 was to conduct a full review of the Converged Assessment Framework to incorporate feedback and learnings gathered in the first year of operations. The review was conducted in collaboration with the Better Work Program and a taskforce of SLCP signatories. The Better Work Program is a partnership between the International Labor Organization (ILO) and the International Finance Corporation (IFC). It was launched in August 2006 to improve labor standards and competitiveness in global supply chains. The program assists enterprises to improve practices based on core ILO labor standards and national labor law. It does this with a strong emphasis on improving worker-management cooperation, working conditions and social dialogue.

Aims of the CAF Review

From SLCP's perspective, the main aims for the review of the Converged Assessment Framework were to increase user-friendliness for facilities and to address feedback from 2019 Operations to better meet the needs of stakeholders. Specifically, the review aimed to:

- Consolidate the Data Collection Tool: simplify, improve user interface, and make applicable to a wide array of stakeholders (including to SMEs)
- Increase compatibility between data points & modules and stakeholders' needs
- Enhance alignment with international standards and national legislation to promote the central role of governments
- Create opportunities for worker engagement in the self/joint assessment to increase the quality of data and to highlight worker representation

Key Collaboration Partner: Better Work

In the past few years, Better Work has provided both strategic and operational advice and feedback to the SLCP tool development process. Most recently, in 2019, Better Work supported a pilot of the SLCP tool in Indonesia and worked with SLCP on recommendations for improvements to the tool and framework laying the groundwork for further collaboration. Better Work and SLCP have a shared goal to end duplication and produce actionable data that can be available for all industry stakeholders to act upon, including governments, workers' and employers' organizations. This will enable:

- Measurement of performance against national labor laws and international labor standards
- Joint remediation focused on a common and consistent foundation.
- Sharing of trends and gaps for government action or action by other stakeholders

For 2020, SLCP and Better Work agreed on three collaboration work streams:

1. Review and update of the Converged Assessment Framework
2. Creation and implementation of a country specific 'Law Overlay' to the tool with national laws
3. Coordination on roll-out plan for the updated tool in BW countries (priorities: Indonesia, Bangladesh & Vietnam)

CAF Review Process & Outcome

Following a detailed review process carried out by the SLCP taskforce and Better Work, a prototype for the next version of the Converged Assessment Framework – Version 1.4 – was established. The prototype was tested through a pilot in 11 countries and via a signatory consultation. Additional feedback was then incorporated into the CAF and the final version was locked in late 2020. The CAF Version 1.4 launched in April 2021.

> Q1/Q2: SLCP Taskforce and ILO-BW conduct review
> August 2020: Pilot and signatory consultation
> September/October 2020: Final changes to CAF v1.4
> Q4: Preparations to implement CAF v1.4
> April 2021: Launch of CAF v1.4

Changes to the Converged Assessment Framework
These are the main changes from the CAF v1.3 to v1.4:

1. Redefinition of Steps: Scope of each Tool section evaluated and redefined as: Step 1 Essential; Step 2 Progressive; Step 3 Advanced.
2. Reduction in number of data points to facilitate completion by SMEs (an overall reduction of 29%)
3. Final verified response visible in Verification Summary and in Gateway report template
4. More detailed Verification Selection options for Verifier evaluation of facility's response
5. Offline Excel user interface
6. New Facility Guidance
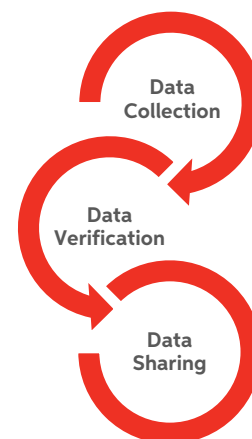
Interview with the new Chair: Jonathan Obermeister

What attracted you to the Chair role and what do you hope to accomplish?
I had the good fortune to work very closely with Pierre and Janet for over 6 months in developing SLCP's first 5-Year Plan. I guess I was attracted by two things. Firstly, it's rare for consultants to get the opportunity to put their own strategy into practice, and secondly, I had seen up close what an incredible job Pierre had done as Chair to get SLCP off the ground. I am inheriting an organization, tools, technology and a partner ecosystem that is already established and - while this of course brings other challenges – it makes my own role a lot easier. For me, this is a 3+ year commitment during which I want to see SLCP scale and to establish itself as THE common social and labor platform for the industry globally.

What do you see as the program's greatest strengths and opportunities?
I think our greatest strength is probably our strategic focus on developing and optimising the CAF. The tighter our focus, the faster we can scale adoption of the CAF and without us getting distracted by other activities which are nice-to-haves rather than must-haves. I see SLCP very much as enabler of positive change that is owned and driven by our signatories and other stakeholders. Basically, we succeed by helping others to succeed, which is why it's so encouraging to such good survey numbers in terms of SLCP signatory engagement and satisfaction. Some are the most exciting developments will be around data, which will help to drive greater comparability and transparency to identify where and how efforts to improve working conditions can be targeted for greater effect.

What do you see as the key priorities for SLCP in 2021 and beyond?
Our No 1 priority is clearly driving adoption of the CAF. Obviously, the pandemic has set us back compared to where we planned to be, but the forecasted verification numbers for 2021 are looking very encouraging indeed and we should reach a real tipping point in 2022. Data quality and integrity are also fundamental to the credibility and success of the CAF, which is why we are planning to invest over 25% SLCP's income this year on QA through our verification oversight system. And finally, I want to see SLCP being fully self-funding ideally within the next 12-18 months and able to scale its operations to fully service and support our growth.

Financial Summary

SLCP Overview 2020 (*1000 USD)

Total revenues	1245
Total expenses	1332
Funds carried forward from 2019	134
Net balance/surplus 2020	**47**

Notes:
- *Earned income this year was 50% of total revenue and 47% of total budget.*
- *Figures have been audited as part of the SAC annual financial audit. SAC is legally representing SLCP.*

Details: SLCP REVENUES 2020

	Council approved budget (CC10 Covid adjusted)	Actual 2020
EARNED/ON-GOING		
Verification Fees	303	444
AH Fees	153	178
sub-total	**456**	**621**
UNEARNED/SEED FUNDING		
Charter signing fees	75	94
Grants	300	230
Donations for Project Tool review (with ILO-BW)	290	298
Other income		1
sub-total	**665**	**624**
TOTAL	**1121**	**1245**

Details: SLCP EXPENSES 2020

	Council approved budget (CC10 Covid adjusted)	Actual 2020
STAFF & GOVERNANCE		
Salaries Secretariat	595	646
Council compensations (chair, independent seats travel etc.)	33	45
sub-total	**628**	**692**
OPERATIONS & ADMIN		
Professional services	15	4
Events	15	5
Marketing & comms	15	13
Travel	30	6
Local country partnering (incl local helpdesk, trainers)	40	40
sub-total	**229**	**201**
CONSULTANCY		
sub-total	**90**	**80**
VERIFICATION OVERSIGHT		
External partner/in-house	235	332
sub-total	**235**	**332**
CONTINGENCY	**60**	**28**
INDIRECT: SAC hosting fee/overhead costs	114	133
TOTAL	**1242**	**1332**

Annex 1: SLCP Signatories

Total in December 2020: 228

Brands/Retailers (51): adidas Group, Aldo Group, Amer Sports (Arc'teryx, Peak Performance), Ann Inc, Arena Italia SpA, Asics Corporation, BESTSELLER, Brooks Sports, C&A, Camelbak, Charles Komar & Sons, Columbia Sportswear (PrAna Living), De Bijenkorf, Deckers Brands, Eileen Fisher, Esprit, Fanatics, Fastretailing/Uniqlo, Fenix Outdoor International AG, G-Star RAW, Gap Inc, Hennes & Mauritz (H&M), INDIGENOUS, Inditex, KappAhl, Kathmandu, Kering, Levi Strauss & Co, LL Bean Inc, Lojas Renner, Loomstate, lululemon Athletica, Macy's, Mountain Equipment Co-op (MEC), Mud Jeans, New Balance, Nike, Outerknown, Patagonia, Pentland Brands, Puma, PVH Corporation, REI, Sanmar Corporation, SewEasy, Target Corporation, The Children's Place, VF Corporation, Williams-Sonoma Inc, Zalando, Zephyr Graf-X

Manufacturers (40): 1888 Mills, Artistic Milliners, Arvind Mills, Avery Dennison Corp, Ceres Dis Ticaret Textile Agency Ltd, Ciel Textile, Chenfeng Group Co., Classic Fashion, Comfit Composite Ltd, Crescent Bahuman Ltd, Crystal Group, DBL Group, Décor Co Ltd, Denim Expert, Delta Galil, Esquel Group, Hanbo Enterprises Holdings Ltd, Hansae, Hirdaramani Ent., Hop Lun, ISKO, L&E Int. Ltd., MAS Holdings, Milteks Group, Pratibha Syntex Ltd, Ramatex Group, Sapphire Textile Mills, Shahi Exports, SaiTex, SLN Tekstil, Soorty Enterprises, TAL Apparel Group, Thread International, W. L. Gore & Associates, VISigma Apparel Group, World Knits Ltd, Yesim, Yousstex, Youngone, Yunus Textile Mills

Agents (6): Ethical Apparel Africa, G-III Apparel Group Ltd, Haddad Group, Li&Fung (Trading) Ltd., MGF Sourcing, Randa Accessories

Audit Firms & Service Providers (74): ABS Quality Evaluations Inc, Accordia Global Compliance Group, ACT Testing Certification Technology Service Co Ltd, AJA Bangladesh Ltd, ALGI, API, AS International, Assent Compliance, Asya CC&C, BCI Compliance Group Ltd, Benchmarks Company Ltd, Best Compliance Ltd, Big Cove Consulting, APCert Technical Services Co Ltd, BSI Group, Bureau Veritas, Bronco Technology, Business Link Consulting Co Ltd, Centre Testing International Group Co. Ltd, Control Union Certifications, CSER Solutions Limited, DNVGL, EasyDone Social Compliance Consulting Institute, ELEVATE Hong Kong Holdings Ltd, ESG360 Ltd, Eurocert SA, Extensive Standard Technical Services Co Ltd (ESTS), Eurofins AQM HK, Fairland Ltd, Footprints, GCL International Ltd, Globalgroup Certification Ltd, GSCS International Ltd, Guardian Independent Certification Ltd, Hong Kong Quality Assurance Agency (HKQAA), HXC (Beijing) Certification Center Co Ltd, Impactt Ltd, International Associates Limited, International Compliance Group, Intertek, Key of Sustainable Improvements Ltd, Leadership & Sustainability, Leverage Ltd, Madeown International Testing Certification Inc, NEWAsia Solutions Ltd, Novi Group, Omega Compliance, OneStep Viet Co Ltd, Onsite Compliance & Technical Service Co Ltd, Openview Service Ltd, Ozone Sustainability Management Systems (OSMS), Partner Africa, QIMA Ltd, Rina Services SpA, SCSA Group, SGS, SMT Global, Standard Testing and Verification Jiangsu Company Ltd, Stantec SpA, Sumations GmbH, Sumerra, Sundar, Sustainable Management System Inc (SMS), Taos Network, Teks Tech Inspection India Private Ltd, TOTALIKA Vertical Solutions, TÜV Rheinland, TÜV SÜD, UL Responsible Sourcing, URS Verification Private Ltd, VJN Global Solutions Ltd, V-Trust Inspection Service, We-Tek Ltd

Consultancies & Service Providers (16): &Wider, ARCHE Advisors, CSR Solutions Limited, FITI Testing & Research Institute, FutureMade, Huaping Education, iMentor Development Services Private Ltd, Innovatus, Matrix Sourcing / Triple Tree Solution, Micro Benefits, Quizrr, Sustainable Alliance, The Sentio Advisory Group, Timeline Consultancy, Ulula, Workplace Options

Industry Association (11): Abvtex, AIM-Progress, American Apparel & Footwear Association (AAFA), EURATEX, European Outdoor Group (EOG), Istanbul Apparel Exporters' Association (İHKİB), International Apparel Federation (IAF), International Textile Manufacturers Federation (ITMF), Joint Apparel Association Forum (JAAF), Outdoor Industry Association (OIA), Turkish Textile Employers Association (TTEA)

Multi-Stakeholder Initiatives, Standard Holders & Civil Society (28): Better Buying Institute, Cradle to Cradle Products Innovation Institute, Dutch Agreement or Sustainable Garments & Textile, EcoVadis, Enviu, Ethical Trading Initiative Norway (IEH), Fair Factories Clearinghouse, Fair Trade USA, Fair Working Conditions, Fairtrade Foundation, Freedom Fund, Global Fashion Agenda, Higg Co, IDH, Inspectorio Inc, MVO Nederland, New Earth, Norges Bank Investment Management (NBIM), OEKO-TEX Service GmbH, Proudly Made in Africa, Responsible Sourcing Network, Sustainable Apparel Coalition (SAC), Sedex, SIM Supply Chain Information Management, Solidaridad, Textile Exchange, The Mekong Club, Verité

National Governments (2): Denmark - Ministry of Foreign Affairs, Netherlands Government

**Intergovernmental organizations – observer status (1):** Better Than Cash Alliance

> "*Shahi is a proud signatory to SLCP since 2019. We are actively participating in the assessment and the technical advisory committees to reduce duplicity of audits in the apparel supply chain. We believe that more brands and manufacturers need to adopt SLCP for the whole industry to reap the benefits of a converged assessment framework. Collective actions will ultimately free up resources for investing in continuous improvement of working conditions.*"
>
> **Srinivasa Rao Venkatesh, Chief Compliance Officer, Shahi Exports, India**

Annex 2: Council Members

2020 SLCP Council
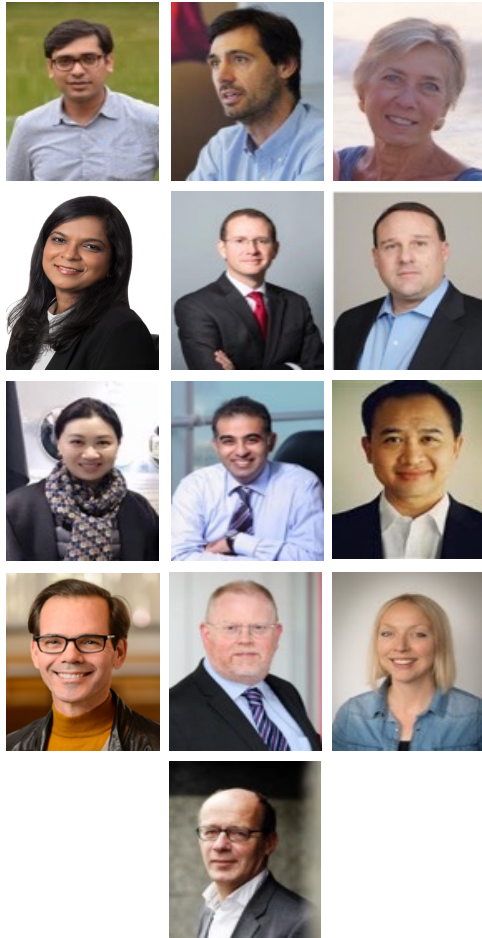
Abhishek Bansal
Representative for Manufacturers & Suppliers

Aleix Busquets Gonzalez
Representative for Brands & Retailers

Anna Burger
Expert Seat

Dan Danielsen
Expert Seat

Darrell Doren
Representative for Audit Firms & Service Providers

Darren Chastain
Representative for Brands & Retailers

Eranthi Premanatne (Baptiste Carriere Pradal)
Representative for MSIs & Standard Holders

Melina Tse
Representative for Manufacturers & Suppliers

Nikhil Hirdaramani
Representative for Manufacturers & Suppliers

Ninh Trinh
Representative for Brands & Retailers

Pierre Hupperts
Independent Chair

Steve Harris
Expert Seat

Tamar Hoek
Representative for Civil Society

Annex 3: Technical Advisory Committee Members

Converged Assessment Framework TAC

Caner Soytas Nike	**Mulyawan Laij** TAL Group
Caren Jakubasck C&A	**Venkat Rao Srinivasa** Shahi Exports
Chaminda Withanage Hirdaramani	**Whitney White** Fairtrade USA
Daniel Wanjama H&M	**William Weng** Target
Laurence Sommers Fairtrade USA	

Verification Oversight TAC

TAC Chair:
Caren Jakubasck
C&A

Dov Brachfeld
H&M

Maria Morell Camacho
Inditex

Effie Marinos
SGS

Mayank Kaushik
Inditex

Ivo Spauwen
ILO-BW

Rona Starr
APSCA

Mallory McConnell
PVH

Tikirimali Silva
MAS Holdings

Country Roll-Out TAC

TAC Chair:
Dr. Christian Schindler
ITMF

Abhishek Bansal
Arvind

Madison Wilcox
ITC

Connie Chen
Bureau Veritas

Sharmila Nithyanand
Gap Inc.

Fatos Huseyinca
Yesim

Sucheta Ramprakash
VF Corporation

Kapil Mathur
Gap Inc.

Tamar Hoek
Solidaridad

Lily Lin
Bureau Veritas

Data Hosting & Sharing TAC

TAC Chair:
Darren Chastain
Gap Inc.

Ana Chiu
PVH

Micah Anceretti
Nike

Grzegorz Tajchman
ITC

Patricia Oliveira
Target

Keith Wong
PVH

Steve Harris

Comms & Stakeholder Engagement TAC

TAC Chair:
Mary Bean
Columbia Sportswear

Bernard Kwok
Youngone

Lyn Ip
REI

Gauri Sharma
Shahi Exports

Vera Galarza
ALDO Group

Loay Tolba
New Balance