Social & Labor Convergence Program (SLCP)

Converged Assessment. Collaborative Action. Improved Working Conditions.

5 Year Strategic Plan
November, 2018

SLCP core strategy

Vision	**Converged Assessment. Collaborative Action. Improved Working Conditions**			
Mission	**Implement a Converged Assessment Framework that supports stakeholders' efforts to improve working conditions in global supply chains**			
Industry benefits	**Eliminate audit fatigue and duplication**	**Redirect resources to improvement actions**	**Greater comparability of social & labor data**	
SLCP Specific Aims	**Industry Adoption**	**Resources unlocked**	**Data access & comparability**	**Financial resilience**
2023 Targets	**25,000 verified assessments**	**$130m for improvement actions**	**Industry's #1 source of verified S&L data**	**Self-sustaining through earned income**

SLCP Mission & Vision

Vision

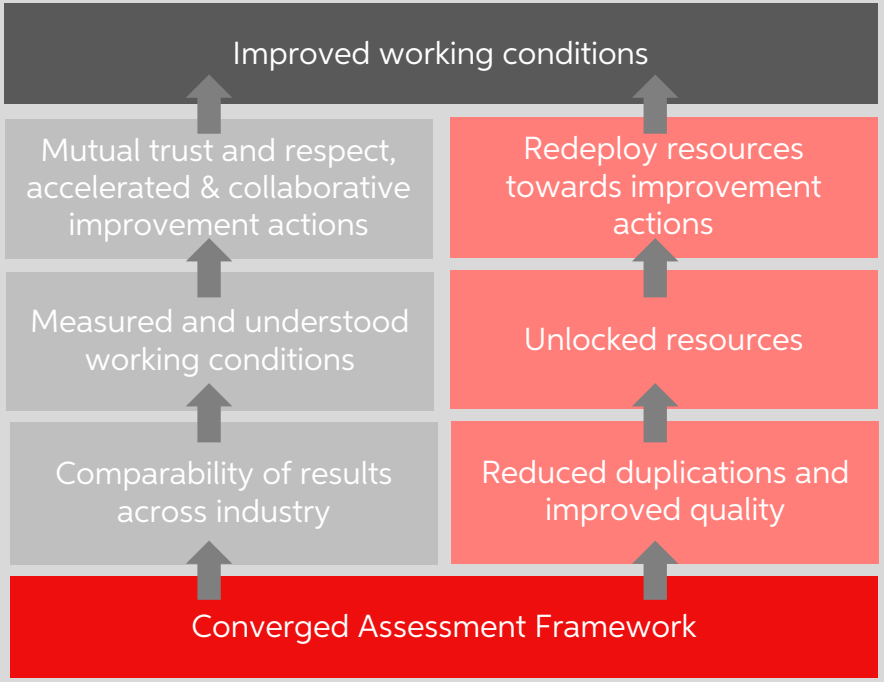
Converged Assessment.
Collaborative Action.
Improved Working Conditions.

The Social and Labor Convergence program

SLCP aims to implement a common assessment framework that supports stakeholders' efforts to improve working conditions in global supply chains.

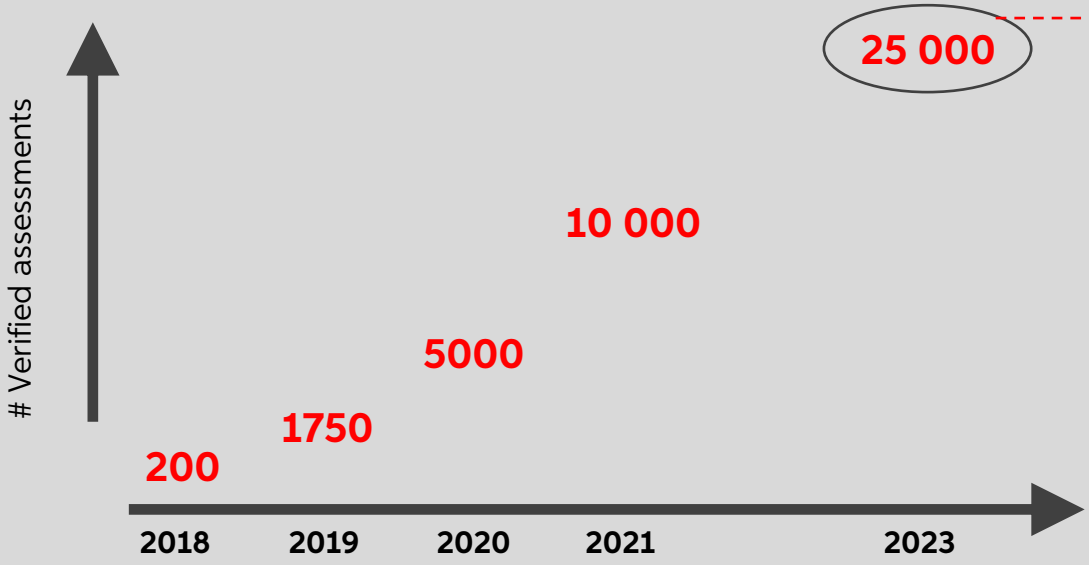
2018/2019-Transition SLCP in new 5Y strategy:

- From Project to Program
- From Creation to Implementation
- From Donations to Volume Related Fees



Possible audit resources unlocked: 5-year strategy targets

SLCP verified assessment adoption targets



This translates to **77% of apparel and footwear facilities** estimated to be currently under social audits: SLCP internal research August 2018.

Rapid increment of adoption over next coming years, after 2018 Light Operation.

'Realistic' scenario: sharing 1.5 (2018) -3.9 (2023)

Year	Resources unlocked for improvement (USD)
2018	$ 41.250
2019	$ 1.837.500
2020	$ 10.312.500
2021	$ 27.225.000
2022	$ 94.312.500
2023	$ 134.371.875

In this scenario,the implementation targets are achieved for 75%: the resources unlocked for 2023 are estimated at **134.371.875 USD.**

Roles for SLCP in achieving vision

Anchor in SLCP 2019-2023 goals and signatory commitment

- Develop charter where redirection of unlocked resources is confirmed
- Increase number of signatories to ensure wide adoption and promotion of shared verified assessments
- Support wide implementation and facilitate aggressive scaling for roll out
- Monitor resources unlocked and redirected

Facilitate collaboration and develop partnerships

- Maintain broad stakeholder engagement
- Collaborate and create selective partnerships with stakeholders that focus on other pieces of the puzzle, e.g. remediation, improvement programs

Enable improvement programs

- Facilitate further comparability and transparency: common data sets and aggregated reporting, e.g. through Gateway
- Promote shared remediation, e.g. through Accredited Hosts
- Stimulate sharing of best practices and solutions to issues among signatories

SLCP Signatory Charter

Vision

Converged Assessment.
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Mission

To implement common assessment framework that supports stakeholders' efforts to improve working conditions in global supply chains.

Specific Aims 2023

- 25,000 verified assessments
- 130 M USD unlocked for improvement actions
- Industry's #1 verified source S&L data
- Self-sustaining through earned income

Commitment Manufacturers, Brands&retailers, Agents

As a signatory to this SLCP Charter, we commit to:

- support the mission of the Program and contribute to the delivery of its aims;
- implement the SLCP's Converged Assessment Framework (the assessment tool and verification methodology)
- encourage supply chain partners to become SLCP signatories and contribute to the mission of the Program;
- adopt the Converged Assessment Framework and share verified assessments among business partners;
- develop adoption plans for the Converged Assessment Framework to replace proprietary social audit tools within our organization;
- redirect resources freed by the savings generated by converged assessment into activities which directly benefit workers and their communities;
- embrace the principles of inclusiveness, collaboration on equal terms, and collective ownership of the SLCP mission among signatories to this Charter;

Undertaking

Within 12 months of signing, we will produce an Action Plan to implement SLCP Converged Assessments in our apparel and footwear businesses, setting clear targets and timelines.
Each calendar year, we will report progress against these deliverables to SLCP, including:

- Our levels of adoption of the SLCP Converged Assessment Framework, and
- Our contributions to the specific aims of the SLCP

We will engage with other signatories to enable collaborative pre-competitive approaches, joint ownership and accountability to address issues revealed by SLCP assessments.

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Specific Aims 2023

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Commitment other stakeholders ((Audit firms/Service Providers/Consultancies, Standard Holders/MSIs, Civil Society)

As a signatory to this SLCP Charter, we commit to:

- support the mission of the Program and contribute to the delivery of its aims;
- promote and support supply chain actors to become SLCP signatories and contribute to the mission of the program;
- embrace the principles of inclusiveness, collaboration on equal terms, and collective ownership of the SLCP mission among signatories to this Charter;

Undertaking

We will engage with other signatories to enable collaborative pre-competitive approaches, joint ownership and accountability to address issues revealed by SLCP assessments.
We will proactively contribute our expertise, insights, skills and contacts to help encourage adoption of the Converged Assessment Framework over time.

Governance structure 2019-2023

SLCP Council

9 signatories representatives: 3 manufacturers/suppliers, 3 brand&retailer 3 other stakeholders
3 independent members (personal title)
2 intergovernmental observers
1 Independent Chair

Governance | Executive | Advisory

Executive Director
Reports to Council via Chair

Secretariat
Senior Managers
Support staff

Technical Committee (s)
Approved by Council

Council Committees
Finance & Audit
Governance & Nominations
Dispute Resolution

Roles & Responsibilities: clear distinction between Council and Secretariat:

Council

- Develops the constitution
- Reviews and approves strategy & operational policies
- Sets & implements governance policies
- Approves annual plan
- Monitors operational and financial performance against the annual plan
- Oversees election processes
- Recruits and oversees performance of Executive Director
- Oversees risk planning and management
- Reports to SAC on finance

Secretariat

- Proposes strategy
- Develops annual plan & budget
- Implements the annual plan
- Oversees and monitors all operations
- Recruits and manages staff within approved annual plan
- Manages expenditure within approved budget
- Proposes operational policies e.g. finance, HR, communications
- Identifies and mitigates risks
- Communicates with all stakeholders
- Reports to Council on performance

Business model

Focus on earned income: volume-related fees

- Focus on maintaining and operating the Converged Assessment Framework (tool, verification protocol and guidance) and avoid duplicating the work of other actors
- Remain as lean as possible and work in partnership with other organizations
- Become self-funding as soon as possible through earned income, rather than donor support
- Costs should be borne fairly by the main participants/beneficiaries of the system
- Fees/charges should be built around natural steps/events in use of the system, including billing and payments
- Fees/charges should be volume-driven, to link costs to usage and drive sustainability of the system
- Start-Up fees (2019-20) will need to be higher to get the system off the ground, with the real cost benefits for participants starting to flow through from 2021 onwards

Fee type	Amount	Payable by
Verification upcharge fee	$300 2019-20 $150 by 2023	Whoever pays for a facility verification, included in the cost of the verification
Verifier access fee	$200	Verifier/verifying body annually, as a business cost
Accredited Host partner base fee	$30,000	Accredited Hosts annually, as a business cost
Accredited Host usage fee	$50	Accredited Hosts when retrieving verifications from the Gateway, potentially re-chargeable to end-users

SLCP Adoption Targets

	Light Op	Start-Up		Established		
	2018	2019	2020	2021	2022	2023
Implementing countries	2	10	Unlimited			
Verified Assessments	200	1750	5000	10000	15000	25000
Approved verifiers	45	250	500	1,000	1500	2000
Accredited Hosts - Active	3	5	6	7	7	7
Accredited Hosts - Passive	0	1	2	4	5	6

SLCP – the benefits for signatories

Stakeholder	Key benefits of SLCP
Manufacturers	• Reduction in audit fatigue • Increased ownership of, and accountability for, social assessments • Ability to redirect resources saved to improvement activities in line with company strategy and desired impact
Brands, retailers, agents	• Reduced management burden • Credible S&L data: facility level and aggregated • Ability to redirect resources saved to improvement activities in line with company strategy and desired impact • Enhance/protect brand reputation
Service providers	• Value-add for current/future clients • Reasonable commercial terms/return for system investment • New opportunities e.g. data, improvement consulting • Progressive business & best practice
Non-profits and (inter)governmental	• A single, consistent measure of social & labor conditions globally • Trusted comparable data • Greater transparency • Positive impact on working conditions