

MINUTES CC11 – 27 May 2020

Webinar 2-4 PM CEST - Janet's Zoom

Council members present:

1	Pierre Hupperts	Independent Chair, SLCP Council
2	Tamar Hoek	Solidaridad
3	Eranthi Premaratne	SAC
4	Ninh Trinh	Target (joined later)
5	Steve Harris	Expert
6	Nikhil Hirdaramani	Hirdaramani Group
7	Melina Tse	Esquel Enterprises Limited
8	Darren Chastain	Gap Inc.
10	Anna Burger	Expert
11	Daniel Danielsen	Expert
12	Abhishek Bansal	Arvind Limited
13	Aleix Busquets Gonzalez (joined later)	C&A

Apologies

1	Darrell Doren	ELEVATE
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SLCP Secretariat

1	Janet Mensink
2	Holly Menezes
3	Sharon Hesp
4	Adam Castle
5	Susanne Gebauer (joined at end)

Agenda item	Pre-reads	Ask to CC
1. Opening and Welcome	N/A	<ul style="list-style-type: none"> N/A
2. Minutes CC10	2. Draft minutes CC10	<ul style="list-style-type: none"> Approve/amend minutes
3. 2020 Budget	3. Budget Figures 2020	<ul style="list-style-type: none"> Be aware of financial situation: opportunities & challenges
6. Governance: <ul style="list-style-type: none"> Recruitment new Chair 	N/A 6. Memo new SLCP independent Chair	<ul style="list-style-type: none"> Decide on proposed candidate Decide on onboarding and hand-over new chair
4. 2020 Roll-out	4. Roll-out progress update: Trainings	<ul style="list-style-type: none"> FYI. Be aware of progress made Q&A if time allows
7. SLCP in landscape of social audits – Research	7. Memo SLCP and Research Opportunities (NCP)	<ul style="list-style-type: none"> Be aware of latest insights on the effectiveness and impacts of social audits/assessments and its relevance for SLCP Initial discussion with on benefits & needs of future collaboration with a research institute Exploratory conversation on potential direction/opportunities for a collaboration between SLCP and NCP.
5. SLCP collaboration: update joint tool review ILO-BW	N/A <i>Verbal updates/presentation</i>	<ul style="list-style-type: none"> Be updated on progress made
8. AoB	<i>If needed: reflection on previous agenda item(s)</i>	<ul style="list-style-type: none"> N/A
6. Governance - Recruitment new Chair	N/A 6. Memo new SLCP independent Chair	<ul style="list-style-type: none"> Decide on proposed candidate Decide on onboarding and hand-over new chair
4. 2020 Roll-out	4. Roll-out progress update: Trainings	<ul style="list-style-type: none"> FYI. Be aware of progress made ✓ Q&A if time allows

Summary Key Decisions

- Minutes CC10 approved
- 2019 P&L Account and 2020 Q1 budget update endorsed by Council
- Budget will be reviewed in next Council meeting
- Preferred candidate Jonathan Obermeister approved by the SLCP Council as their new Chair
- Transition plan between Chairs agreed by Council with additional agreement to set 1 October as the formal handover date.
- New Chair can attend committees (in particular: Governance & Finance) before 1 October but as an observer, especially when discussing issues that go beyond 1 October.
- New Chair will take the lead on the Strategy Committee
- Governance Committee will meet in July/ August to discuss Council continuity keeping in mind the upcoming election cycle (November – February 2021)
- Recruitment Committee Chair will share the Council's decision with the selected candidate
- Appointment of new Chair will be communicated in third week of June if paperwork (terms and contract) has been finalized
- Potential research opportunities for SLCP discussed with NCP; relevance more on medium term (not short term priority)
- Council and Secretariat to explore research opportunities in more detail after this initial presentation and will come back to NCP on next steps
- Secretariat to review once the relevant (specifically requested) data will be available and to set an (optional) meeting for Council members that are interested in a more detailed update (end of next week/ beginning of the following week).
- Members of the Council that are interested in attending should let Janet & Susanne know their specific questions and concerns.

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1. Opening and Welcome

- Opening by SLCP Council chair Pierre Hupperts.
- Reminder on SLCP rules of engagement and anti-trust guidelines.
- Pierre explained the changes to the agenda to accommodate speakers in different time zones

2. Minutes CC10

- CC10 minutes were accidentally omitted from Council pre-reads, but sent today. Council has until Friday to send through any comments.

3. 2020 Budget

Context

- 2019 P&L Account: Audited figures received. Details: Earnings lower than expected but expenses also lower than originally profiled due to good budget management by Secretariat, creating a significant saving that can be carried across to 2020. Accredited Host and verification upcharge fee revenue was impacted by lower than expected VRF volumes. 2019 P&L included in Annual Report.
- Reminder of adjusted budget for 2020 with Q1 figures from May 4: operations, admin and staff costs are lower than expected for Q1. Trainings all virtual. No VOO costs incurred so far. AH base fees and verification upcharge fees are on track. Unearned funding: HSBC \$200k received and funding brand donations for 'CAF/Tool Review/Joint project ILO-BW' on track.

Decisions

- 2019 P&L Account and 2020 Q1 budget update endorsed by Council
- Budget will be reviewed in next Council meeting
- Secretariat to make a training calendar

6. Governance: Recruitment of New Chair

Context

- A thorough recruitment process has been followed and the Recruitment Committee have now presented their unanimously preferred candidate to the Council. The nomination phase resulted in five candidates, one was discounted, one withdrew and three were invited to interview. Two of the candidates progressed to a second round of discussions where current Chair and ED were involved. There was an unanimous decision. Due diligence and reference checks were completed.
- Chosen candidate was a strong candidate throughout the process with a strategic view, humour, skillset, see pre-read.
- Candidate's CV and letter of motivation has been shared with Council & Council is now asked to endorse the decision of the Committee.
- Recruitment Committee has also prepared and is proposing to the Council a transition process. This would include:
 - next Council meeting (CC12) to be prepared, planned and chaired by current Chair with input from new Chair;
 - in July and August incoming Chair can speak to Council and Secretariat;
 - at end of August outgoing and incoming Chair swap feedback;
 - in September new Chair introduces himself in a signator webinar;
 - in September outgoing Chair prepares, plans & chairs his last Council meeting (CC13) ,
 - the next meeting (CC14 - November) run by new Chair with outgoing Chair as an attendee.

Decisions

- Preferred candidate Jonathan Obermeister approved by the SLCP Council as their new Chair
- Transition plan between Chairs agreed by Council with additional agreement to set 1 October as the formal handover date.
- New Chair can attend committees (in particular: Governance & Finance) before 1 October but as an observer, especially when discussing issues that go beyond 1 October.
- New Chair will take the lead on the Strategy Committee
- Governance Committee will meet in July/ August to discuss Council continuity keeping in mind the upcoming election cycle (November – February 2021)
- Recruitment Committee Chair will share the Council's decision with the selected candidate
- Appointment of new Chair will be communicated in third week of June if paperwork (terms and contract) has been finalized

4. 2020 Roll-out

Context

- Gateway usage has gone up in the last week and there has been a small increase in new profiles on the Gateway, in particular from China
- Many facilities in Indonesia, Vietnam and Bangladesh joined the recent virtual Facility Training even though SLCP hasn't launched there yet. This demonstrates that there is already momentum in these countries
- Update on the Facility Training Program: 25 Training Bodies approved (and have signed ToU) already and 132 trainers have finished the mandatory preparation. Additional Train-the-Trainer sessions will be run in June. The majority of the approved Training Bodies are in China. *Decisions*
- Secretariat to make a training calendar

7. SLCP in Landscape of Social Audits- Research

Context

- Reminder that CC11 was meant to be held in-person in Copenhagen, and would have been the occasion to discuss future opportunities for SLCP. We had been planning to invite New Conversations Project (NCP) to speak at our General Assembly. As SLCP will have significant data in the future, there could be an opportunity to partner with a research organization such as NCP. In today's meeting we will take the time to begin exploring this.
- Sarosh Kuruvilla (Professor) and Jason Judd (Executive Director) from NCP have therefore been invited to join for this section of the meeting.
- Jason presented some of the research and findings from NCP on the problems of private regulation. Governance of labor practices is dominated by private regulation systems. Growing consensus that it is failing. NCP analysis & findings supports this theory:
 - **Decoupling:** gap between practices and outcomes – data from 40,000 audits from an audit firm demonstrated that the average number of findings per audit didn't change over a six year period. Number of labor standard violations grew over time; same for health & safety findings (although reduction in Bangladesh after Rana Plaza); slight fall in overtime hours over time. Decoupling is caused by "opacity":
 - **Opacity** (lack of transparency) is caused by
 - **Behavioral invisibility:** audit data is false or unreliable. In apparel, 40% of audits are considered unreliable.
 - **Practice multiplicity:** lots of codes with minor variations and the different programs that flow from them. Myriad demands on suppliers from different brands. Use of different weighting of violations/ different scales etc.
 - **Causal complexity:** difficulty in determining what drives change. Audit score/ leverage (of the brand)/ length of buyer-supplier relationship: none of these can be shown as significant drivers of change

- **Need to reduce opacity:** NCP has published study on how to reduce opacity and a book will be published in Spring 2021. Their study shows that freedom of association is a strong driver of change.
 - **Unions & Collective bargaining agreements:** strong correlation with facilities that have CBA & unions and better compliance levels
- Jason presented NCP priority research questions:
 - How can risk, responsibility and cost be shared effectively along the supply chain? What mechanisms work on a large scale? (What would a private social protection scheme look like – how would you distribute costs and what would the impact be)?
 - How do we facilitate disclosure of brand/ supplier/ regulator data for clearer understanding of supply chain governance results, failures and remedies?
 - What kind of outcomes reporting is necessary in private regulation in view of new public regulation?
- Jason presented potentially relevant questions for SLCP:
 - Are self-assessments reliable?
 - If we see improvements in compliance, how do we isolate the cause of this improvement?
 - Where and why is the audit burden falling and where are the savings?
 - How can brand level analysis and predictive modeling help sync labor conditions and sourcing?

Decisions

- Potential research opportunities for SLCP discussed with NCP; relevance more on medium term (not short term priority)
- Council and Secretariat to explore research opportunities in more detail after this initial presentation and will come back to NCP on next steps

5. SLCP Collaboration: Update on Joint Tool Review

Context

- Update on the details of the timeline of the review, which has shifted slightly
- Focus has been on establishing the “essential” data points (current Steps 1 and 2) and deadline for finalizing this is 10 June
- Task Force is heavily involved in the review of eight key sections but there won’t be time for them to review the entire “essentials” set before the pilot starts. There will however be time for feedback at a later stage.
- The new excel format will need to be finalized by 15 June in order to start the pilot
- Preparing now for the pilot (e.g. selecting facilities). Indonesia facilities already selected. Struggling slightly to identify facilities in China, Taiwan and Turkey.
- The Facility Guidance & Protocol is delayed slightly due to some necessary revisions
- Work ongoing to address concerns over potential ambiguity for facilities in choosing how many Steps to take – several options being considered (e.g. advising which brands/ standards require which number of steps)
- Net reduction of 360 data points so far

Decisions

- Secretariat to review once the relevant (specifically requested) data will be available and to set an (optional) meeting for Council members that are interested in a more detailed update (end of next week/ beginning of the following week).
- Members of the Council that are interested in attending should let Janet & Susanne know their specific questions and concerns.

8. AOB