SOCIAL & LABOR CONVERGENCE

Draft Minutes CC1/SC47 – in person meeting /full day (9 AM – 5 PM)
Amsterdam location Visbar 'Beet', Dapperstraat 26 (Amsterdam)

Participants:

1	Abhishek Bansal	Arvind Limited
2	Aleix Busquets Gonzalez	C&A
3	Melina Tse	Esquel Enterprises Limited
4	Darren Chastain	Gap Inc.
5	Nikhil Hirdaramani	Hirdaramani
6	Maritha Lorentzon	HM group
7	Christian Schindler	ITMF
8	Baptiste Carriere-Pradal	SAC
9	Dan Murray	Sedex
10	Tamar Hoek	Solidaridad
11	Ninh Trinh	Target
12	Peter Higgins	VF Corporation
13	Pierre Hupperts	SLCP chair

By phone:

15	Roopa Nair	International Labour Organization
16	Laura Reinier	Li&Fung

SLCP

17	Janet Mensink	
18	Sharon Hesp	*afternoon*
19	Holly Menezes	*afternoon*

Agenda item	Pre-reads	Ask to CC
1. Opening and Welcome	*N/A*	• SC and Council members get to know each other • Verbal declaration of interest and possible conflicts of interest
2. Minutes SC46	2. Draft minutes SC46	• Approve/amend minutes SC46
3. Governance: Transition SC -> Council 2019+	3. Governance related documents including: SLCP Governance Document 2019, V15 March A. Memo-Governance Document: items to discuss	• Provide recommendations for governance related items (decision Council, agenda item 7): • SLCP Governance Document/Articles of Association, o Council expert seats and intergovernmental observers,

	B. Memo-Council composition: remaining seats experts and intergovernmental C. Memo-Council and Technical Committees D. Memo 2020 organization and further ***Note: this session (partly) without Pierre and Janet***	o Establishment Council and Technical Committees o Process 2019 SAC Service Level Agreement(SLA) negotiation o Process 2020 organization scenarios/direction • Appointment/selection Chair and ED • Communication announcement new Council
Lunch		
4. Evaluation Light Operation	4. Evaluation report Light Operation	• Identify key learnings and priorities for 2019 operation • Set direction for 2019 operation: launch, scope (countries), partners
5. 2019 Annual Plan	5A. Budget update 5B. High level - 2019 Annual Plan and budget (updated from Dec) 5C. Detailed 2019 Operational Plan	• Be aware of financial situation: opportunities and challenges • Approve/Amend 2019 annual plan
6. SLCP Partnerships	6. Memo update SHE and partnerships: (ILO-BW, Amfori, FLA)	• Leverage your network to update/inform MSIs like Amfori, FLA etc and encourage for collaboration • Reach out to Janet/Holly in case you're know/planning on event where SLCP could present/tag along • Planning for high impact press-release(s) Spring 2019.

7. (re)Confirm decisions CC1 – 1.5 hour	***Note: Council will (re)confirm all decisions of the day; CC1 in Council-only session (no SC members)***
	
	See other agenda items for reconfirmation decisions
	
	7. High level 2019 Council meeting agenda
		• Approval SLCP Governance Document/Articles of Association
		• Take decisions on governance related items:
		   o Council expert seats and intergovernmental observers
		   o Establishment Council and Technical Committees
		   o Process 2019 SAC Service Level Agreement(SLA) negotiation
		   o Process 2020 organization scenarios/direction
		• Reconfirm operation related decisions:
		   o Process 2019 SAC Service Level Agreement(SLA) negotiation
		   o Process 2020 organization scenarios/direction
		• Appointment/selection Chair and ED
		• Approve/amend high level calendar CC calls and meetings

0. Summary decisions – shared over email 1 April

- Council and SC members have provided verbal declaration of interests and areas of potential conflict of interest, taken in minutes. New council members will be asked to provide written declaration (as part of new Governance Document).
- **Governance Document:** The council is in general supportive of the V4 draft as presented.
  - Items modified/refined:
    - Associations in Brand&Retail, Agent and Manufacturer/Supplier category, max 1 seat
    - Alternates to (elected) Council members:
      - Include: only in case of multiple consecutive council meetings (not a single of meeting) to ensure continuity
      - may replace the member elected if that member leaves the organization, or has a temporary leave, for a maximum of 6 months. If there's no alternate, the Council may opt for another signatory from the same caucus until elections have been completed.
    - The Council selects the three independent members/ experts (and observers) without signatory vote.
    - Expert seats have no voting right in the Council
    - Include: Role Finance committee: oversee salary ED and remuneration Chair
    - Include: line on responsibilities Vice-Chair and Treasurer
    - Data ownership: review closely. This will be important for future!
    - Include: In case of Vice-Chair taking over temporarily (occasion Chair not available): no remuneration and no voting rights
    - Include: Chair: contract could be terminated any time, at discretion Council
    - Include Whistle-blower policy (input Aleix, Dan M)
  - Updated version (items above) for legal review and to be presented and for approval in April meeting.
- **Remaining Council seats:**
  - Intergovernmental observers: Ask officially:
    - ILO-BW/Roopa Nair and
    - OECD/Jennifer perhaps on temporarily basis, until we find a suitable alternative from OHCHR (Office of the High Commissioner on Human Rights) or similar organization. ILO to provide suggestions. Also check suggestions through ITC.
  - Expert seats: Ask officially:
    - Anna Burger, (New Conversations, University of Cornell)
    - Steve Harris, (Chief Information Officer SEDEX)
    - Profile third seat still under discussion
- **Council Committees**
  1. Finance: Abhishek and Ninh
  2. Governance: Pierre, Nikhil and Tamar
  3. Dispute resolution: ad hoc, depending on topic (particularly the independents?)
  4. Strategic review: Abhishek and Aleix

Technical Committees
1. CAF
2. Country roll out
3. Verification Oversight
4. Data Hosting & Sharing/Technology
5. ITC-SLCP Collaboration
6. Stakeholder Engagement&Communication
   o For committee 3 we invite external parties FLA and APSCA
- Pierre to be appointed as **independent chair**, Janet as **Executive Director**
- **SLCP organizational set up**: members from the Council to work together on both short term (1. SLA for 2019) and medium/long term (2. scenario's future organization): Pierre, Aleix, Darren
- **LOps evaluation -** Create a summary report to send to all of our signatories and for public availability.
- **2019 Annual Plan**
   o high-level annual plan approved and budget 2019 approved (with 250K gap and mitigation strategy).
   o Go-ahead with recruitment Technology manager.
   o Adjust targets 2019 to 1,250 Verified Assessments, in 7 (+0-3) markets/regions (avoid language countries). June meeting assess feasibility of 2020 targets from 5Y strat plan.
   o Sensitivity analysis Verified Assessments vs budget (earned income) 2019.
   o Addressing budget gaps:
      ▪ 1) brand signatories extra donations (Industry Summit- Council Lead: Aleix/C&A and Ninh/Target) ,
      ▪ 2) manufacturers' signatories extra donations, Council Lead: Abhishek/Arvind and Nikhil/Hirdaramani , supported by Christian/ITMF,
      ▪ 3) grant funding, Council to support in leads, (Nikhil-HSBC) and US government /ILAB (Council contact Darren/Gap and Ninh/Target).
- **Partnerships -** Continue elaborating partnerships with ITC and ILO-BW and keep engaging with MSIs (FLA, FWF, Amfori) for exploring collaboration. Add ETI to this list.

1. **Opening and Welcome**
- Welcome by Pierre
- Reconfirmation on SLCP rules of engagement, including anti-trust guidelines
- Introduction round: SC and Council members get to know each other
- Verbal declaration of interest and possible conflicts of interest

2. **Minutes SC46**
- Minutes SC46 approved

3A. Governance – Articles of Association/SLCP Governance document
Context
- This governance document sent as pre-read represents a final draft (V4) of the SLCP Governance document 2019 onwards. This document follows the principles as laid out in the approved 5 Year Strategic Plan 2019-2023. The intention is to support and speed up the transition and on boarding process of the new SLCP Council.
- The SLCP Council will be in charge of implementing both the new governance rules as well as the first phases of the 5 Year Strategic Plan.

Decisions
- The council is in general supportive of the V4 draft as presented. The following aspects have been discussed, refined and decided upon:
   - Article 1.3: Mandate Council decision versus full signatories vote. Current proposal: All signatories: material change to strategy and governance. All other decisions including annual budget, annual

report are left to Council. E.g. possible change of structure/hosting organization would require signatory vote.

- Article 1.4.1.1: stakeholder categories/Council representation: Slight deviation/specification from 5Y strat plan) Include international industry associations for manufactures and brands into respectively Manufacturer and Brand seats. => Include: maximum one seat per category
- Article 1.4.1.1: Approved (deviation/clarification from 5Y strat plan)
  - If a member leaves the organization, and as a consequent the respective seat becomes vacant, it will remain so until the next round official election will be held. If the period to next election is more than 6 month, an interim election can be held.
  - Council members may appoint one alternate representative, from within the same organization they are representing. The alternate must be officially nominated by Council member's organization, and may change during the tenure of each SLCP Council member. Include:
    - The alternate may replace the member elected if that member leaves the organization, or has a temporary leave, for a maximum of 6 months. If there's no alternate, the Council may opt for another signatory from the same caucus until elections have been completed.
    - Include: Alternates: replacing elected members only in case of multiple consecutive council meetings (not a single of meeting) to ensure continuity
- Article 1.4.1.2: (deviation/clarification from 5Y strat plan). Expert seats by Council appointment
  - Expert seats have no voting right in the Council
  - The Council selects the three independent members/ experts (and observers) without signatory vote.
- Article 1.4.2. Council Committees. Proposed 3: Governance, Finance and Dispute Resolution:
  - add fourth Council Committee: Strategic review
  - Include: Role Finance committee: oversee salary ED and remuneration Chair
  - Include: Vice chair: temporarily back-up option only, no remuneration and no voting rights in such cases (see also 2.1.6)
  - Include: line on responsibilities Vice-Chair and Treasurer
- Article 1.4.4 and 2.4: Confirmed: Mandate ED (implementation Program) and Accountability ED to host organization
- Article 1.6. Data ownership: review closely. This will be important for future!
- Article 2.1(5, 7&8): Confirmed: no need for detailed guidelines on remuneration chair (we have high level 2.1.5)
- Article 2.1.6. Include: In case of Vice-Chair taking over temporarily (occasion Chair not available): no remuneration and no voting rights
- Article 2.1.7. Include: Chair: contract could be terminated any time, at discretion Council
- Article 2.1.1: confirmed included Council responsibility to hire&fire ED and Chair
  - Chapter 3 procedures: recommendation: include Whistle blower policy, despite elaborated dispute mechanism (suggestions to take from Accord-Aleix and Sedex-Dan)
  - Article 3.6.2 Confirmed: Declarations conflict of interest available discretion of Secretariat and Council (not to full signatory base)
  - Annex I: signatory charters: remove the apparel footwear reference
  - Annex IV: [NEW] Approved: Declaration (Conflict of) Interest
  - To be done/further elaborated procedures under operational procedures (chapter 3) in later stage, by Finance Committee Financial management and controls

Next steps:
- Updated version (items above) for legal review and to be presented and for approval in April meeting.

3B. Governance – remaining seats (expert seats+observers)
As discussed in SC45, as a next step the expert seats (3) and intergovernmental observers (2) should be selected.
The observations from Election Committee and Secretariat after the election round should be taken into account

to encourage greater diversity amongst the council representatives as well as complementary background and skill sets. Comments made were presented in SC45, profile for candidates were presented and agreed upon in SC46).

Intergovernmental observers:
- The council advises to ask officially ILO-BW/Roopa Nair and OECD/Jennifer on temporarily basis, until we find a suitable alternative
- Check also through ITC

Expert seats:
- The council recommends to officially invite the following candidates:
  1. Anna Burger, New Conversations, University of Cornell
     strong background trade union, a lot of experience with government relations, especially in western countries, high level thinker and due to academic position now really independent.
     She could fill the seat with trade union expertise.
  2. Steve Harris, Chief Information Officer SEDEX
     strong IT skills, board level experience, knows other sectors, multi stakeholder experience, combines strategical and operational knowledge, strengthens our relationship with SEDEX, knows our SLCP very well.

On the third seat we have not taken a decision yet.

Options for this profile, to think further on: fundraising, marketing/comms, investor, SME.

3C. Governance – Technical Committees and Council Committees
Context
- In line with the Governance document, Council and Technical Committees would be established by the Council for the operational aspects of the program.

Discussion/validation proposal

Council Committees
According to the Articles of Association, four Council committees should be formed. Council members appointed for each of the committees are:
  5. Finance: Abhishek and Ninh
  6. Governance: Pierre, Nikhil and Tamar
  7. Dispute resolution: ad hoc, depending on topic (particularly the independents?)
  8. Strategic review: Abhishek and Aleix

Technical Committees
The following 6 Committees are proposed:

  7. CAF
  8. Country roll out
  9. Verification Oversight
  10. Data Hosting & Sharing/Technology
  11. ITC-SLCP Collaboration
  12. Stakeholder Engagement&Communication

Composition and way of working
The members of the committee are selected based on expertise. The committees are aimed to be kept lean (unlike the 2016-2018 project phase), ideally 4-8 members with diverse representation (geography, organization representation, expertise). The committees meet (mostly conference calls) needs-based: in preparation of launches/ peak times this can be periodically (e.g. (bi)weekly, in low times this can be less frequent/ ad-hoc.

Each Committee will have one/two (co-)chair(s) and an SLCP Secretariat facilitator.

Decisions:
- Approval 4 Council committees with volunteers from council
- Approval 6 Technical committees. Secretariat to elaborate ToR and composition
- The secretariat is in contact with several people to recruit them for the committees.
- Committee 3. Verification Oversight: ask external parties APSCA and FLA to participate

3D. SLCP organizational set up 2019, 2020 and further
Context:
- SAC has been 'hosting' the SLCP organization from it's inception. This has (had) pro-s and con-s and should be for the Council to review. For the time being there are broadly speaking two options on the table, as laid out in the 5 Year strategic plan;
  1. Hosting model: 'being part of an existing organization'. And within that option; to continue with SAC or find another hosting organization.
  2. Independent organization: 'own legal structure'. If so, where and what? Jurisdiction? What kind of organization? A foundation?

Decisions:
- 2-3 members from the Council to work together on both short term (1. SLA for 2019) and medium/long term (2. scenario's future organization): Pierre, Aleix, Darren
  1. Timeline 2019 set up – Service Level Agreement with SAC
     o ASAP initiate discussions with SAC, should be completed by May/June
  2. Timeline scenario's 2020 and further:
     o April- ToR: Simple Terms of Reference of two pages Council In that TOR the goal, set up and activities (list of internal and external organizations to be interviewed and planning are defined.
     o May-early July – interviews and scenario+SWOT development
     o Mid July – selection one scenario
     o September – elaborated plan for 2020 organization

E. Governance – Other
- Pierre to be appointed as **independent chair**, Janet as **Executive Director**

4. Evaluation Light Operation
Context
There has been an extensive evaluation done on the Light Operation to learn and adjust. See draft report (pre-read to CC1) and summary deck, attached to minutes
In general positive, with robust points to make sure SLCP will be scaleable and credible.

It works!!!! We have our 'proof of concept'

- **Facilities and verifiers are using the CAF, the VOO is adding value and the hosting&sharing system is functional.**
- **We encountered challenges (which was the purpose of LOps!) of which some of we've already overcome during LOps and some we'll prioritize in 2019 operation.**
- **Principles and foundation is good. 2019 priorities: remove bugs, make it scalable and make improvements (flows, user-friendliness, actionable functionalities)**

- Massive support from signatories: manufactures, brands, service providers
- Partnership ITC for Gateway, Training&Translations has worked out very well. Tremendous investments by our AH partners made.
- Many issues solved and improved on the fly. Thanks to solid support team/ help-desk
- In-country workshops training well appreciated. Local embedding with National Textile Association added lot of value. On other hand: 2018 L Ops set up: costly, intense and not scalable
- External party Verification Oversight worked well in Verifier selection. Quality Checks (desktop, counter, VB) underway, outcomes expected soon.
- The process flow of the various steps not easy to understand for facilities. A lot of guidance and more clarity on flows is needed.
- Technical hick-ups occurred and caused delays: need for working (bug free) off-line tools, also for verification
- Scope for efficiency and consistency: Full/further implementation of CAF and business rules and admin options to be integrated in data sharing&hosting

15

Descision/next step:
- Create a summary report to send to all of our signatories and for public availability.

5 A. 2019 Annual Plan
- The 2019 operational plan has been developed including all key learnings from the LOps evaluation and in close consultation with the signatory working groups.
- The detailed proposal is presented in the pre-reads, for each of the operational areas (CAF, country roll-out, verification oversight and data hosting&sharing.)

Decisions/next steps
- high-level annual plan approved and budget 2019 approved (with 250K gap and mitigation strategy), see next item.
- Adjust targets 2019 to 1,250 Verified Assessments, in 7 (+0-3) markets/regions (avoid language countries). June meeting assess feasibility of 2020 targets from 5Y strat plan.
- Approved for external communications.

5 B. 2019 Budget
Context:
- See pre-reads: 2019 desired budget is 1,6 M (as decided by SteeringCommittee December 2018). The current gap versus projected revenues is 250K USD.

Decisions/next steps:
Addressing budget gaps: 1) brand signatories extra donations, 2) manufacturers' signatories extra donations, 3) grant funding.
- o (1) Two brands (non-signatories) from the industry summit have not committed yet, but might contribute 50K each. Council Lead: Aleix/C&A and Ninh/Target.
- o (2) Asking manufacturers for a contribution did not render as much yet as we hoped for. One manufacturer contributed with 50K (YoungOne). Christian, Abhishek and Nikhil will reach out together to a group of (large) manufacturers to contribute additionally, to show financial ownership of the project.
- o (3) Fundraising has been very hard in the past 6 months. Dutch Green Growth Fund was the only positive one: 500,000 euro would be given in a loan if we were an own organizations (legal

entity). C&A Foundation came back with a negative response; the NBIM came back with a far lower amount than we asked for. As SLCP focuses on savings, funds do not understand why we need financial support. Only open lead is with Zalando Impact Fund. HSBC lead through Nikhil. And US brands are requested to support a connection with the US government/ILAB (Council contact Darren/Gap and Ninh/Target).

- Sensitivity analysis Verified Assessments vs budget (earned income) 2019. April CC meeting
- Projection 2020 income, CC June meeting
- Technology manager has priority and needs to be recruited. CC1 approves.
- Gap mitigation strategy: July 1st: we need budget certainty, or we need to cut in expenses/activities. Proposal Secretariat, see pre-read.

6. Communications + partnerships

Context:

- Secretariat shares update on communication and partnership relevant eternal organizations, see pre-read. Ask to Council:

  Stakeholder engagement
  ✓ Leverage your network to update/inform MSIs like Amfori, FLA etc and encourage for collaboration
  ✓ Reach out to Janet/Holly in case you're know/planning on event where SLCP could present/tag along
  Communication:
  ✓ Planning for high impact press-release(s) Spring 2019. Practical support required, please coordinate through Holly:
  o Which organization(s) communication department can offer support with developing press release and sharing media contacts
  o Can we get a handful of senior leadership quotes that we can mix in the press release?
  o Can we have some appointed spokes persons available for interviews?

Decisions/next steps

Continue elaborating partnerships with ITC and ILO-BW and keep engaging with MSIs (FLA, FWF, Amfori) for exploring collaboration. Add ETI to this list.