SOCIAL & LABOR CONVERGENCE

CC28 Minutes
27th and 28th September – Hybrid (Fashion for Good, Amsterdam and Online)

Caucus attendance
Brands   3 members
Manufacturers   3 members
Standard Holders   1 members
Audit Firms   1 member
Civil Society   1 member
Expert Seats   2 members

	Item	Time	Pre-reads (and notes)
	Day 1 Tuesday		
9.00-9.30	*Coffee in FFG*		
9.30-9.40	0. Welcome	10 min	
9.40-9.45	1. CC27 minutes approval	5 min	
9.45-11.15	2. Looking forward: 2023, including: - Draft 2023 priorities - Key risks - Views from Strategic partners ITC & BW	1.5 hour	
11.15-11.30	*Break*	*15 min*	
11.30-12.30	3. Looking forward: Development of next 5-year strategic plan (2024-2028) - Timeline, scope, process - Horizon scanning: key trends & challenges	1 hour	
12.30-13.30	*Lunch*		
13.30-15.30	4. Mini-workshop / breakouts on 2024-28 strategic plan key themes	2 hours	
15.30-15.45	Break	15 min	
15.45-16.45	5. SLCP / Incorporation/ independence (SAC relationship) – progress and key issues	1 hour	Council + ED only Pre-read will be sent separately 21/22 September
16.45-17.00	6. Day 1 wrap-up/Day 2 look-ahead	15 min	
17.30-19.00	*Council-Stakeholder reception (e.g. ITC, ILO, FWF, GIZ, key signatories in NL)*		
	Day 2 Wednesday		
9.00-9.15	Coffee in FFG		
9.15-9.30	7. Agenda Check in		
9.30-10.00	8. Updates Finance (& Risk) Committee - Financial Progress 2022 - 2023 Budget	0.5 hour	
10.00-11.15	9. Continued items from Day 1 (needs based)	1 hour 15 mins	Items as needed from Day 1.

	- SLCP / Incorporation/ independence (SAC relationship)– progress and key issues - High level priorities 2023 plan - Other		
11.15-11.30	*Break*		
11.30-12.30	10. SLCP Data Quality & Integrity: - Outcome Credibility Survey - APSCA-SLCP collaboration review and recommendations next steps	1 hour	
12.30-13.30	*Lunch*		
13.30-14.30	11. Governance: - 2023 Council elections/continuity - Signatory engagement - General Assembly (December 14) priorities	1 hour	
14.30-15.00	12. Block for upcoming and unresolved items	0.5 hour	
15.00-15.30	13. Wrap up: - Summary key-take aways and next steps - Thanks and closure	0.5 hour	

Key Decisions Summary – CC28

Progress & Strategy
o Council pleased with first SLCP Impact Report, to share further with networks.
o Council endorsed 2023 high level priorities developed by Secretariat. Council suggested some minor changes and additions, to be reflected in the 2023 Strategic Plan.
o Council agreed with key risks as identified by Secretariat and Finance & Risk Committee. Council will support the Secretariat in addressing key risks by strengthening their role as ambassadors and advocates of SLCP.
o For the 2024-2028 Strategic Plan process, Council endorsed the proposal from the Strategy Committee, whereby ownership of strategy development will sit with the Secretariat, in consultation with the Council Strategy Committee.
o Council brainstormed initial thoughts.

Governance & Organization
o SAC / SLCP future relationship: the Joint Working Group (JWG) has agreed on new jointly created North Star document.
o Council endorsed North Star definition document to go to the SAC Board.
o Council members to provide any additional feedback before Thursday 29th Sept.
o Organizationally, SLCP's key challenge continues to be to recruit staff (a general market challenge, not SLCP alone).
o Council approved Governance Committee proposal to postpone Council elections to end of 2023/early 2024, aligned to next 5-year strategy cycle.
o Council to have input into and actively participate in General Assembly (Dec 14th, 2022).
o Two (different) virtual sessions.
o Two keynotes from speakers within our ecosystem.
o Council members to facilitate breakout groups.

- o Opportunity to tell signatories about our plans to engage them during 2023 (Q1). on development of the next 5-year strategy.

Finance
- o Strong overall financial position for 2022, based on #progress to date:
- o Based on expected VRF achievement end 2022, baseline adoption scenario for 2023 is 11K VRF.
- o Council largely endorsed initial 2023 Budget, with asks to consider potential impact of inflation and to review the communications budget.

Partnerships
- o ITC (and their back donors) are highly appreciative of the SLCP partnership, as an example of a scaled program with clear impact.
- o Better Work values the continued progress and alignment in their partnership with SLCP. BW see SLCP as an opportunity particularly for due diligence implementation.
- o Council endorsed proposed APSCA-SLCP staggered approach to full alignment (meaning SLCP to only allow APSCA VBs in the future).

0. Opening and Welcome
- o Welcome to all – online and in-person.
- o Reminder on Chatham House rules and anti-trust guidelines.
- o Review of CC28 Agenda.
- o SLCP released its first Impact Report (sent with pre-reads). Council widely endorsed this report as a powerful demonstration of SLCP's progress SLCP and growing impact.
- o Welcome to SLCP's new Senior System Delivery & Data Insights Manager.

1. CC27 Minutes

- o CC27 minutes approved.

2. Looking forward: 2023

A. *Draft 2023 Priorities*

Context / Discussion
- o Developed by Secretariat following a mid-term review (shared at CC26) and reviews of the Adoption Barriers and Risk Registry.
- o Secretariat proposing 6 Focus Projects for 2023:
    1. Preparing for independence;
    2. Develop next 5Y strategic plan;
    3. Reaching adoption targets;
    4. CAF v1.6 development;
    5. Expand SLCP in adjacent sectors (accessories, home textiles) and beyond (e.g. electronics);
    6. Building out Quality & Integrity Program, increasing SLCP credibility score (TBC).
- o Following CC28, the Secretariat will develop workstream-specific plans to feed into the 2023 Strategic Plan (to be presented by Secretariat at CC29).

1. Industry Adoption
- o Context
  - ▪ SLCP has now reached the majority of Tier 1 facilities within apparel & textiles, so need to look beyond Tier 1 and/or other (adjacent) sectors in 2023.
  - ▪ To achieve this, we need to continue to reduce the complexity of the tool, ensure quality of data, and demonstrate the relevance of the CAF for key stakeholders.
  - ▪ Need to recruit a Business Development Manager.

2. Unlocking Resources
- o Context
  - ▪ More attention and scrutiny around impact, especially as SLCP scales. Impact is a key value-add of the program: we need to be able to demonstrate it in practice.

3. Data Access & Comparability
- o Context
  - ▪ 'Measurable, actionable, credible data' is SLCP's new language when talking about Strategic Aim 3 'access and comparability of data'.
- o Discussion
  - ▪ Important to understand where the CAF could be improved/optimized to be useful for policy implementation and due diligence.
  - ▪ Data for policy: what is the data governance required for this - is the data representative of the key issues of interest to stakeholders?
  - ▪ Also important to ensure quality across verifiers for comparability.
  - ▪ How can our data contribute to the ecosystem - driving business resilience, better working conditions? CAF as a driver of transparency and accountability.
  - ▪ ILO can help to scale overlays and data with standards.
  - ▪ (How) can social and labor data be connected with climate change/environmental. How can SLCP fit into ESG frameworks?
  - ▪ Reducing complexity for tier 2/3/4. More brands are being asked about this. Raw materials could also be important here.
  - ▪ Access to remedy - elaborate on this more now, not just on top issues but also on ways to access remedy.
  - ▪ Can we capture/demonstrate the connection between business and social performance.

4. Organization & Financial Resilience
- o Context
  - • Importance of maintaining SLCP's financial health and culture as the organization grows and prepares for the next phase of the Program.

Decisions
- o Council endorsed 2023 high level priorities developed by Secretariat.
- o Council suggested some minor changes and additions, to be reflected in the 2023 Strategic Plan (to be presented at CC29).

B. 2022 Key Risks Update

Context
o   Risk Registry developed by Secretariat and reviewed by Finance & Risk Committee.
o   Focus on Top 5 overall risk.
o   37 risks, grouped under 7 themes.
o   4 asks to Council in relation to risks:

1.   Support advocacy with key stakeholders (priority ask);
2.   Caucus engagement;
3.   Future Planning: drive adoption;
4.   Feedback on SLCP, operation and data quality.

Decisions

o   Council agreed with key risks as identified by Secretariat and Finance & Risk Committee.
o   Council will support the Secretariat in addressing key risks by strengthening their role as ambassadors and advocates of SLCP.

C. Partner perspectives – ITC & Better Work

o   Reflections on collaboration, re-emphasizing criticality of both strategic partnerships.

3.   Looking forward: Development of next 5-year strategic plan (2024-2028)

Context
o   Start with clear sense of what it is to be produced: a longer version for SLCP internally and close stakeholders, plus a shorter version to be shared more broadly.
o   Propose ownership of the process and plan by the Secretariat, in consultation with a Council Strategy Committee (representing the Council) – and with ultimate oversight and approval from the Council.
o   Unlike SLCP's first 5-year Strategic Plan, which necessitated engaging a consultancy for end-to-end support/heavy lifting, SLCP is now a more mature organization and should be more self-sufficient. So consultancy support might be more targeted this time.

Decisions
o   Council endorsed the proposal from the Strategy Committee, as set out in the pre-read note.

4. Mini-Workshop: 2024-2028 Strategic Plan key themes: Breakout groups on 3 key topics

o   *Scaled CAF adoption in apparel and other industries;*
o   *SLCP's Scope;*
o   *Towards outcomes & Impacts.*

Decision

N/A

5. SLCP Incorporation/Independence (SAC Relationship) – progress and key issues

Context
o JWG discussions progressing well.
o SLCP Council asked to endorse the paper now at CC28, followed by SAC Board agreement 30 October.
o Paper sets the ultimate goal of a fully independent SLCP.
o Includes a timeline for making this happen by January 2024 (start of new SLCP 5-year strategy cycle).

Decisions
o Council endorsed North Star paper document to go to the SAC Board.
o Council members to provide any additional feedback for the JWG prior to Thursday (29th Sept).

8. Update Finance & Risk Committee

A. *Financial Progress 2022*

Context
o Pre-read: 8A. H1 2022 Financial Report
  ▪ 2022 budget looking positive (view shared by Secretariat and F&R Committee)
  ▪ Expected meeting of self-reliance target: earned income covering 104% of expenses.
  ▪ Expected year ending with balance of 504K USD and simple profit of 289K USD (10%).
  ▪ Despite this, there are uncertainties (notably adoption and instalments of grant funding). We need a proper surplus to build our reserves.

Decisions

N/A

B. 2023 Budget

Context
o V1 high-level draft budget.
o Baseline 2023 scenario of 11K VRFs adoption - achievable, but still ambitious.
o Still good to consider scenarios of 13K and 15K VRF's - not for communication externally, but as potential stretch goals internally.
o Additional focus projects 2023, with allocated additional funding.

Decisions
o Endorsement of 2022 financial report: strong overall financial position.
o Based on 2022 expected end of year VRFs, 2023 baseline adoption scenario is 11K VRF.

- Council broadly endorsed initial 2023 Budget, with asks to consider impacts of inflationary pressures and review of communications budget.

9. Continued Items from Day 1 (needs based)

N/A

10. SLCP Data Quality & Integrity

SLCP Credibility Survey Results
   <u>*Context*</u>
- SLCP Credibility Survey Results: First survey of this kind.
- We received 179 individual responses:
    - Good breakdown of signatory groups.
- Overall pleased with results – more positive than anticipated.
- Inconsistency between VBs is a root cause for a lot of brand concerns.
- Key priorities and action items based on result (all in relation to data quality & integrity):
    - Building brand confidence (in SLCP and in-consistency between VBs):
        - More transparency and clarify on how complaints are handled.
        - Collaboration with SAC to engage member brands.
        - Comms showcasing the measures in place to drive VB consistency.
        - Increased alignment with APSCA.
    - Raising awareness of SLCP VO and QA Strategy:
        - Promoting new Impact Report.
        - Publishing revamped FAQs on data quality & integrity.
        - Developing short, engaging content on VO & QA strategy (videos, infographics).
    - Honesty of data:
        - New question in CAF v1.5 on honest data.
        - QA Manual update to define "honest data" and the roles of stakeholders.
        - Honest data as a VB Calibration webinar topic.
        - Develop specific training module for facilities and mandatory Verifier training.
        - CAFv1.6 additional questions to determine honesty of data and gather metrics for SLCP reporting over time.
    - These priorities will be reflected in the 2023 plans.
    - The survey will be re-run next year and we will engage further with brands, on their concerns surrounding adoption.

APSCA Collaboration

<u>*Context*</u>:
- <u>We have a multi-year collaboration agreement with APSCA.</u>
- In 2022, further alignment with APSCA has become more urgent because we are seeing a lot more brands and potential adopters focusing only on acceptance of audits from

APSCA members. This study aimed was to explore the potential benefits of further collaboration and alignment with ABSCA.

o Report recommended a staggered approach to full APSCA alignment - meaning we would only allow APSCA member VBs and certified verifiers into SLCP.

 o Pre-conditions rely on APSCA to:

  ▪ 1. Revise collaboration agreement;

  ▪ 2. 2nd party VBs: Coordinate on a framework for the inclusion of 2nd party VBs as APSCA member audit firms for the 2024-2028 timeframe, pending SLCP's own Strategic Plan;

  ▪ 3. SMEs: APSCA to revisit financial model and make it more enticing for smaller audit forms.

 o If these are met, announce 1 April 2023 with various recommendations as outlined in pre-read section 5.2.

Decision:

o Council endorsed proposed APSCA-SLCP staggered approach to full alignment (meaning SLCP to only allow APSCA VBs in the future), with pre-conditions and timing as set out in the paper:

11. Governance

Context

o As discussed at CC27, the bi-annual SLCP General Assembly will occur on December 14th, 2022. The Council should have input on the priority agenda items to be discussed.

Decisions

o Council approved proposal from the Governance Committee to postpone Council elections till end of 2023/early 2024, aligned with next 5-year strategy cycle.

o Council to input and actively participate in General Assembly (Dec 14th, 2022).

o Two (different) virtual sessions.

o Two keynotes from speakers within our ecosystem.

o Council members to facilitate breakout groups.

o The GA is an opportunity to promote the fact we are going to engage signatories. in 2023 (Q1) for the next 5-year strategy development.

12. Block for Unresolved Items

N/A