

# Activity and financial plan 2018

## October 2017

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# Social&Labor Convergence Project (SLCP)

Converged assessment. Collaborative Action. Improved Working Conditions.

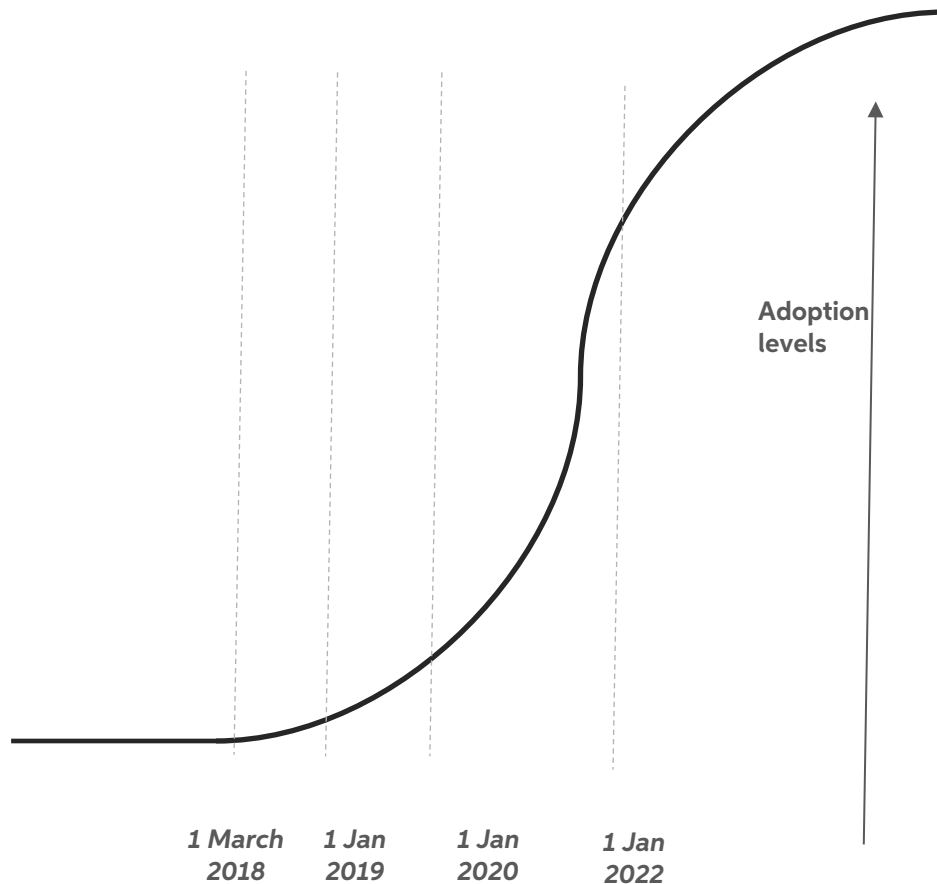
## Mission

To create a converged assessment framework that supports stakeholders' efforts to improve working conditions in the global apparel and footwear supply chain.

## Deliverables

- A simple, unified and effective industry-wide assessment tool, which
  - Is descriptive – standard agnostic and judgement free
  - Collects relevant and essential social &labor data
  - Assesses objectively social &labor conditions
- A verification methodology that ensures the integrity and accuracy of the data collected via the tool
- Terms & Conditions for tool usage by signatories and end-users (e.g. used without amendments)
- Operational plan to facilitate the adoption of the tool and verification methodology
- A future vision and strategic plan for continuing support and oversight of the SLCP converged assessment framework

# SLCP 2018-2023: From development to next practice



- In July 2017, the SLCP Steering Committee agreed 2018 as a bridge year, continuing the project under the same governance structure.
- Key deliverables by the end of the 2018:
  1. Data collection tool
  2. Verification methodology
  3. Adoption & operation model and start implementation
  4. 5Y Strategic plan including business /financial plan and governance model
- Draft future vision and strategic plan 2019-2023, to be presented to the Steering Committee and General Assembly for approval and go/no go.
- In case of approval, in 2019 the implementation of the plan can be started.

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Phase I: Development of Assessment framework (current project scope)

Phase II: Roll out (bridge year)

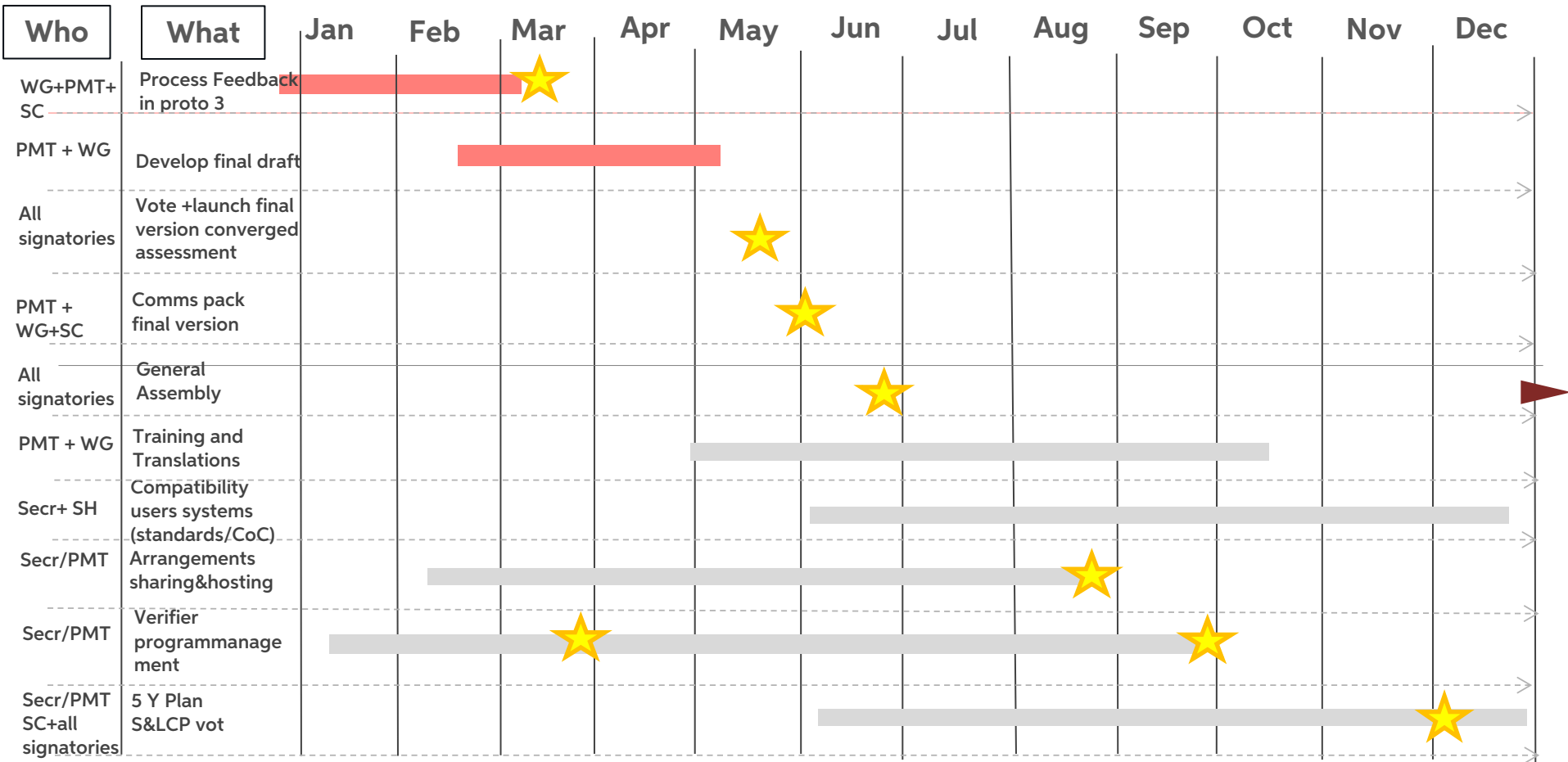
Phase III: Operation and scale

# SLCP Timeline 2018

Bridge year



## Timeline



**Phase I: Development of Assessment framework (within existing grant funding)**

**Phase II: Roll out**





<b>Working Group</b>	<b>2. Verification</b>
Facilitation CS	Co-chairs: Susanne Gebauer, UL Kapil Mathur, Gap Inc.

**Activities, milestones, KPIs from strategy document 2016**

- June – September 2016: Comparative study of different verification methodologies
- October – December: Development of Protocol V1 and Verification Report V1
- Jan-April 2017: Pilot test Protocol V1 and Verification Report V1 (together with proto 2 of the tool)
- April – September 2017: Develop Protocol V2 and Verification Report V2 and Verifier Approval & Monitoring Process V1
- October – December 2017: Pilot test Verification: Protocol V2, Verification Report V2, Verifier Approval & Monitoring Process V1
- January - February 2018: Finalize Verification Methodology
- February – March 2018: Selection of VPM

<b>Milestones and Activities annual plan 2018</b>	<b>Forecast Month(s) plan</b>	<b>Comment / Notes / Explanation / Actions</b>
Verification Program Manager RFP for review/ approval and launch	October – December	<ul style="list-style-type: none"> <li>- The RFP to be prepared by Nov and rolled out by Dec 1<sup>st</sup> week.</li> <li>- Proposals to be received by Jan 15</li> </ul>
Review of Pilot 2 feedback and public consultation	January - February	<ul style="list-style-type: none"> <li>- Need support in analysing and consolidating feedback</li> </ul>
Revision of Protocol and Verification aids inside and along tool	February - March	<ul style="list-style-type: none"> <li>- Learnings 2017 of process included in estimated time frame</li> </ul>
Selection of VPM	March	<ul style="list-style-type: none"> <li>- Need to coordinate VPM with online tool management platform/ organization</li> </ul>
Final vote for entire tool package including Verification and (public) launch	April, launch May	
Selected/ appointed VPM and Platform Organizations to coordinate on tool and verification launch (qualification, training, metrics/KPI establishment)	March– September	<ul style="list-style-type: none"> <li>- The roll out date discussed in HK was Sept 2018</li> <li>- Tight coordination with A&amp;O group; perhaps roll in of VPM into A&amp;O working group before RFP is issued December 1</li> <li>- Long timeframe for set up, training, etc.</li> </ul>

<b>Risks / Issues / Assumptions</b>	<b>Action / Decision Required</b>
Hosting&sharing model for (verified) data collected in tool needs to be coordinated with selected VPM to enable coordinated program management	<ul style="list-style-type: none"> <li>- Include clear language/ expectations/ responsibilities in RFP</li> <li>- Align timelines, selection of candidates</li> <li>- Need to determine if and when VPM is rolled into A&amp;O working group</li> </ul>

Working Group	3. Stakeholder Engagement
Facilitation JM	Co-chairs: Mary Bean, Columbia Sportswear Samantha Kuchmak, MEC

**Activities, milestones, KPIs from strategy document June 2016**

- Ongoing: Outreach plan and implementation critical stakeholder (groups), including producing countries
  - Informing and consulting stakeholders (non-signatories) on project progress: Most influential stakeholders are informed on the project and have a neutral or positive opinion on the project
- April 2018: All relevant stakeholders have been consulted on the tool development and implementation
  - High satisfaction level signatories (through survey's)
  - Support adoption cadence
- September 2018: Stakeholder buy in of strategic plan

Milestones and Activities annual plan 2018	Forecast Month(s) plan	Comment / Notes / Explanation / Actions
Wrap-up (Pilot 2 and) External Stakeholder check (public consultation)	January	- Meeting in Paris in January - Provide Pilot results via webinar
Continue informal stakeholder gatherings	Ongoing	- Plan events every quarter – adoption / new signatories focus
Continue SHE stakeholder mapping	Ongoing	- identify new priority stakeholders for the new activities and focus in 2018
Assess compatibility with various codes of conduct/standards (benchmarking)- facilitate on operation	June	- See also highlighted in Tool Development - TBD to team up with the Industry Summit group that has started this work
Stakeholder/WG Webinar updates	Quarterly	

Risks / Issues / Assumptions	Action / Decision Required

Working Group	4. Communication and PR
Facilitation JM	Co-chairs: Samantha Kuchmak, MEC Shelly Gottschamer, Outerknown Mary Bean, Columbia Sportswear

#### Activities, milestones, KPIs from strategy document June 2016

- April/June 2018: converged assessment framework release support through all channels; Web, Press, Social
- Sept/Nov: 2018: Strategic plan effectively communicated

Milestones and Activities annual plan 2018	Forecast Month(s) plan	Comment / Notes / Explanation / Actions
Communications support related to SLCP 2018 activities	Ongoing	<ul style="list-style-type: none"> <li>- Support working groups with training materials as needed</li> <li>- May/June: Tool Launch / Communication pack</li> <li>- May &amp; Sept: Press release</li> <li>- Ongoing: Update website</li> <li>- Blog posts: 10 per year</li> </ul>
Media & Events	Ongoing	<ul style="list-style-type: none"> <li>- March: Movie the tool and the impacts for April launch</li> <li>- April: Infographic</li> <li>- May: Launch LinkedIn and/or Facebook page</li> <li>- June: Support General Assembly</li> <li>- Sept: Movie and infographic – long term strategic plan</li> <li>- Quarterly news letter</li> </ul>
Reporting & Planning	Ongoing	<ul style="list-style-type: none"> <li>- March: SC report to signatories (annual report)</li> <li>- June: Annual public report</li> <li>- Sept: 2018-2022 Strategic plan support</li> </ul>
Signatory Engagement		<ul style="list-style-type: none"> <li>- March/April: proto3 feedback survey signatories + final vote</li> <li>- March/April: Signatory Adoption commitment</li> <li>- Sept: Adoption cadence</li> <li>- Nov: Signatory satisfaction survey</li> <li>- June-November: involvement in developing 5 Y strategy plan</li> <li>- Quarterly all signatories progress webinars</li> </ul>
SHE/Comms WG Webinar updates	Monthly	<ul style="list-style-type: none"> <li>- Quarterly interested parties progress webinars/news flashes</li> </ul>

Risks / Issues / Assumptions	Action / Decision Required



Working Group	5. Adoption&Operation
Facilitation JM	Co-chairs: Reuben Levy, PVH Stuart Cranfield, Clarks (interim)

### Activities, milestones, KPIs from strategy document June 2016

- N/A. new workstream since July 2017. See activity plan on Connect platform

Milestones and Activities annual plan 2018	Forecast Month(s) plan	Comment / Notes / Explanation / Actions
Sharing & Hosting		
<ul style="list-style-type: none"> <li>Determine scope &amp; requirements, reconfirm decentralized network, with including option for central portal =&gt; 1st draft policies and procedures, technical specifications</li> </ul>	November 2017- January 2018	- Data storage & transfer, Accredited hosts, Ownership & Sharing of assessment & verification data, etc.....
<ul style="list-style-type: none"> <li>Final policies and procedures</li> </ul>	April 2018	
<ul style="list-style-type: none"> <li>Draft technical specs for data storage &amp; transfer</li> </ul>	January 2018	
<ul style="list-style-type: none"> <li>Identify &amp; select candidate accredited hosts for initial launch</li> </ul>	December 2018 - February 2018	- Need to develop selection process and criteria-transparent communication
<ul style="list-style-type: none"> <li>Develop &amp; initial test data transfer and storage</li> </ul>	May-July 2018	- Dependent on confirming portal option and selection initial hosts
<ul style="list-style-type: none"> <li>Coordination/integration VPM</li> </ul>	May-June 2018	
<ul style="list-style-type: none"> <li>Data transfer &amp; storage operational with initial hosts</li> </ul>	July 2018	
5 Y strategy plan: Business Plan & Governance		
<ul style="list-style-type: none"> <li>Confirm scope of requirement</li> <li>Identify ongoing governance &amp; business plan options</li> </ul>	January 2018	- Preparations from Jan onwards. More active engagement also with signatories after launch final assessment framework
<ul style="list-style-type: none"> <li>Consultation &amp; Evaluation</li> </ul>	June GA initial consultation	
<ul style="list-style-type: none"> <li>Decision on future governance &amp; business operations</li> </ul>	September-October 2018	
<ul style="list-style-type: none"> <li>Future business model &amp; governance established</li> </ul>	January 2019	

Risks / Issues / Assumptions	Action / Decision Required
Establishing the VPM not integrated into adoption and operation plans and activities.	Is establishing the VPM to remain part of Verification WG or be incorporated in the Adoption & Operation WG?

<b>Steering Committee</b>	<b>6. General oversight and governance</b>
Facilitation JM	Independent chair Pierre Hupperts

**Activities, milestones, KPIs from strategy document June 2016**

- N/A

<b>Activity SC</b>	<b>Forecast Month(s)</b>	<b>Comment / Notes / Explanation / Actions</b>
Monthly SC meetings, minutes reported back to signatories	Monthly	
Annual report from SC to signatories	June	
SC 5th round elections	January	
5 Y strategic plan	March- November/December	- Initial discussion in SC think thank, brainstorm/short session during General Assembly with all signatories
General Assembly all project signatories	June	
All signatories vote on final draft SLCP assessment framework	May	
2019 budget and priorities approval	November	
Approval new strategic plan – all signatories vote Roll out new strategic plan	December	

<b>Activity Secretariat</b>	<b>Forecast Month(s)</b>	<b>Comment / Notes / Explanation / Actions</b>
Facilitate and chair PMT	Bi-weekly	- In case of peak time, weekly
Support SC in communication to signatories (together with chair agenda preparation, minute taking, posting on iMeetCentral etc)	Monthly	
Financial management (reporting and donor outreach)	continuous	

<b>Risks / Issues / Assumptions</b>	<b>Action / Decision Required</b>
Best practices in governance is essential in this multi-stakeholder project. Updates constantly needed. This may impact activities described above	Oct/Nov 2017, discussions in PMT and SC on updating decision making framework.

# Funding 2018-bridge year

## Grand picture

- Bridge year will be used to complete the deliverables as defined in our mission, start the operational activities and elaborate Strategy plan 2019-2023 (including business plan/financial plan)
- Current grant funding will run out 1 March 2018, no secured grant funding after that yet. We have one lead/application submitted.
- Goal 2019/20: commercially viable service based financing model
  
- Options for bridge year 2018: hosts, additional grant funding, signatories cash contribution
- Need for mix of these funding options to cover all expected expenses. Signatories contribution is essential for continuation of the project

# Funding 2018-bridge year

## Expected expenses and income

2018 overview					
EXPENSES	USD			INCOME	USD
<b>SLCP secretariat</b>				<b>carry over 2017 grant and match funding</b>	30000
staff: salaries (incl benefits/taxes) and travel	351250				
consultancy support (chair SC, support assessment framework)	169000			<b>Existing grant and matchfunding (phase I-ti</b>	26450
other outside services (meetings, translations etc)	45000				
overheads=office rent, supplies, financial support etc	74750			<b>5 options new revenues</b>	
contingencies/reserve	20000			1.Host contributions:	132500
	660000			2.Income through training	0
				3.Income through verification fee	0
<b>Verifier program management</b>				4.Contributions signatories:	427500
operating VPM costs	150000			5.Additional (new) grant funding	250000
<b>Total expected expenses</b>	<b>810000</b>			<b>Total expected income</b>	<b>866450</b>
<b>Balance</b>	<b>56450</b>				

### Notes:

- The balance will be needed to cover cash flow issues in 2019, where investments will have to be made before commercial revenues will come in SLCP welcomes additional funding from signatories
- Further specification of budget lines are available where possible. Some budget lines (such as VPM) are based on ball park figures only in this stage (800 verified SLCP data reports in 2018 projected). These will be adjusted when we have more clarity on adoption figures (if needed).

# Funding 2018-bridge year

## Fee structure and tiers signatories direct contribution to SLCP – one time off

Brand&Retail and Agents – turn over based	Fee (USD)
Revenues exceeding \$10 billion	15,000
Revenues \$1 billion to \$10 billion	8,000
Revenues \$500 million to \$1 billion	5,000
Revenues \$0 to \$500 million	1,000

Audit firms/Service Providers/consultants - Turn over based on Social compliance services (Audit verification, training, capacity building...) revenue	Fee (USD)
Revenues exceeding \$20 million	10,000
Revenues \$10 -20 million	7,500
Revenues \$5 million to \$10 million	5,000
Revenues \$2.5-5 million	2,500
Revenues \$0 to \$2.5 million	1,000

Manufacturers – flat	Fee (USD)
	1,000

### Notes:

- The above mentioned figures (USD) are minimal contributions
- SLCP welcomes additional voluntary funding from signatories
- Other categories of signatories are requested to contribute according to their ability
- The SLCP secretariat will offer flexibility in payment terms