

## **SLCP Governance Documents**

V5.8

December 2021

### **Foreword**

The SLCP Governance Documents consist of two separate elements, each with different scope and discretion level.

The **By-laws** describe SLCP' vision & mission, its governance, the mandates of the bodies within the Program and decision-making processes on a strategic level. The By-laws were derived from SLCP' s first 5-Year Strategic Plan 2019-2023, which was approved by an all-Signatory vote in October 2018. The SLCP Council, elected and mandated by the Signatories in February 2019, approved the first draft of the Governance Documents at its fourth meeting (CC4) on 3 September 2019. The By-laws can be periodically reviewed and updated at the discretion of the Council, advised by the Governance Committee, except in the case of material changes (which would require an all-signatory vote).

All (minor) updates are discussed in Council meetings and recorded in Council minutes.

The **Operating Policies & Procedures** set out SLCP rules for implementation, in line with ambitions set out in the 5-Year Strategic Plan and best practices developed from the first phase of SLCP' s operation (2016-2018). Updates on of the Operational Policies & Procedures are at the discretion of the SLCP Secretariat, under supervision of the Governance Committee.

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## **A. By-laws**

### **Article 1: Key Definitions**

*This article lists key definitions for SLCP. Other definitions are provided within relevant articles in these By-laws.*

#### **Program**

The Social & Labor Convergence Program (SLCP)

#### **Signatories**

All organizations that have:

- have signed the SLCP Charter, and therefore publicly committed to the Social Labor Convergence Program; and
- have fulfilled the payment of their Charter signing fee by no later than end of each calendar year.

NB: While tripartite organisations may have legal and governance constraints to becoming a Signatory, they may potentially be granted **observer** status if they can provide written commitment of support for SLCP and its commitments and are willing to publicly promote the Program (see Annex 1). This grants them the same rights as Signatories, with the exception of voting rights.

#### **Council**

SLCP's governing body, representing its Signatories, which shapes the strategic priorities of the Program and ensures delivery of the Vision & Mission.

#### **Caucus**

A stakeholder group represented on the Council, based on the following categories:

- Manufacturers, Suppliers
- Brands, Retailers, Agents
- Audit firms, Service Providers
- Standard Holders, MSIs
- Civil Society (NGOs, Trade Unions)
- (Inter) Governmental Organizations

#### **Secretariat**

The staff/team responsible for the implementation of the Program, under the leadership of the Executive Director (ED).

### **Article 2: Vision & Mission**

#### **VISION**

Converged  
Assessment

Collaborative Action

Improved Working  
Conditions

#### **MISSION**

To **implement** a Converged Assessment Framework that supports stakeholders' efforts to improve working conditions in **global supply chains**.

**This Program will help the industry to:**

- Eliminate audit fatigue: avoid duplication and reduce the number of social & labor audits, by replacing current proprietary assessment tools;
- Increase the opportunity for greater comparability of social & labor data;
- Redeploy resources to improvement actions.

SLCP's **Vision** statement expresses our shared ambition with Signatories. SLCP's Council and Secretariat will focus on the development, management and promotion of SLCP's **Mission** - ensuring that it is fit-for-purpose, affordable and workable in practice.

## 2.1 Scope

SLCP's **Converged Assessment Framework (CAF)** will:

- Collect compliance and performance information from production facilities
- Employ a robust verification process
- Facilitate the adoption of the framework through data hosting and sharing.

The use of the CAF is governed by the [CAF Terms of Use](#). The CAF is agnostic and makes no value judgements. It will not set minimum requirements, nor will it be a:

- Scoring/ranking system
- Certification program
- Code of conduct.

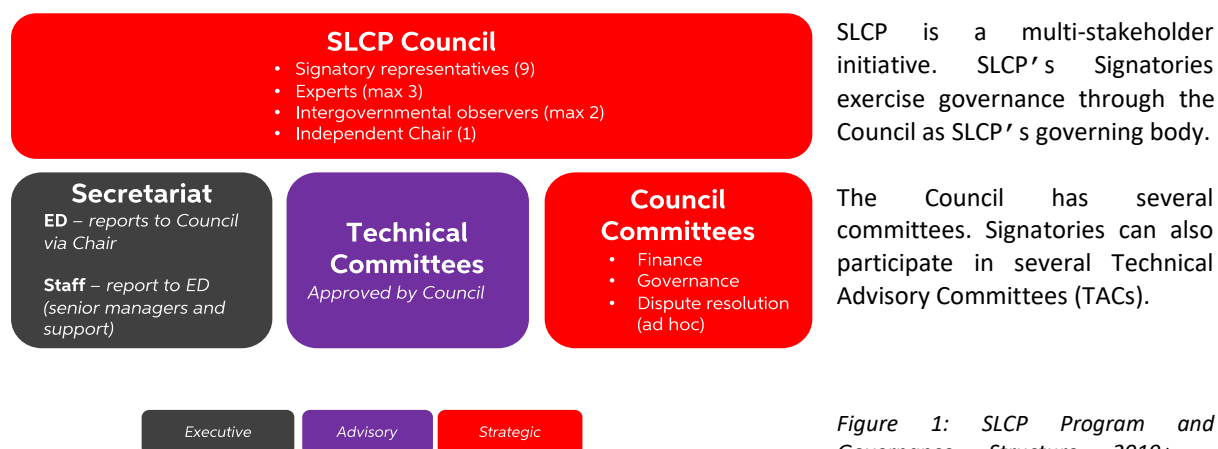
## 2.2 Principles & values

Each Signatory will be asked to sign an implementation Charter based on key principles of inclusiveness, collaboration under equal terms and collective ownership of deliverables including the CAF (Annex I SLCP Signatory Charter).

SLCP's own work and conduct will be guided by the following values:

- **Rigorous:** ensuring the quality of our work, the credibility of our system and the integrity of our data.
- **Impartial:** inclusive and fair in our treatment of colleagues, supply chain actors and others committed to improving social and labor conditions, with the interests of workers at the heart of everything we do.
- **Collaborative:** working actively with our colleagues, Signatories and partners to facilitate change and achieve greater impact.
- **Progressive:** always looking to improve the usefulness and effectiveness of the tools and services we provide.

## Article 3: Program Governance



SLCP is a multi-stakeholder initiative. SLCP's Signatories exercise governance through the Council as SLCP's governing body.

The Council has several committees. Signatories can also participate in several Technical Advisory Committees (TACs).

Figure 1: SLCP Program and Governance Structure 2019+ -

Overview

The Council shapes the strategic priorities of the Program and ensures that it fulfils its Mission and Vision. Executive action, in principle, is the sole and exclusive responsibility of the Secretariat.

The Council represents SLCP's Signatories and is accountable to them. The Council delivers an annual report, with an update on performance and information required to hold the governing body to account for delivery of the Program. Signatories receive regular progress updates from the Secretariat.

For some strategic (material) changes to the Program and its governance, the Council will need to take input as well as a support vote from Signatories before taking a final decision (see article 11.2 for threshold and validity). This includes, but is not limited to, (changes in) the composition of the Council, foundational issues related to the structure and management of the Program, or changes in the objectives or specific aims of the Program.

## **Article 4: Council Terms of Reference**

### **4.1 Council role & responsibilities**

The Council has the following primary duties:

- Final responsibility and authority to take all decisions that are relevant for SLCP, including:
  - policies
  - strategy
  - governance
  - organizational structure & resources
  - third party support services and hosting
  - budget and operations.
- Hiring, management & termination of the Executive Director
- Hiring management & termination of the Independent Chair
- Reporting to Signatories via a written Annual Report
- Engaging directly and regularly with the Signatories through webinars, publications, news flashes and an (bi)-annual General Assembly.

The Council will also:

- Define and update the By-laws for the Council and/or all other Committees, and will supervise the Operating Policy and Procedures through the Secretariat
- Set out Terms of Reference and selection procedures for the Executive Director (ED) and Independent Chair
- Define levels and conditions of compensation for members of Council and the Independent Chair.
- Assign executive responsibility and resources for delivery to the SLCP Secretariat, which is accountable to the signatories through the Council
- Set up a small number of standing Committees with specific Terms of References
- Decide on the formation of any Technical Advisory Committees (TACs) as advised by the Secretariat
- Develop and agree a Service Level Agreement with any host organization, if applicable.

### **4.2 Council composition & seats**

The Council comprises up to 14 seats, including:

- A majority directly elected from and by SLCP's Signatories (9 seats)
- A minority (up to 5 seats) without direct Signatory vote or representation, reserved for experts (3 seats) and intergovernmental observers (2 seats).

The Council is moderated by an Independent Chair.

Elected Council members represent the Signatories generally and their respective caucus specifically, putting the interests of SLCP and its Signatories ahead of any individual or corporate interests. They should actively engage with Signatories/caucus members via official channels (e.g. Signatory meetings or TAC sessions) as well as personally and informally.

Council members commit to:

- Participate in meetings, with an attendance rate of 75% or higher
- Represent SLCP at events, webinars etc where relevant
- Allocate 6-12 hours a month, for meeting attendance, engagement with Signatories and other ways to support the Program.

The Chair has the discretion to remove members from the Council, after one official warning and in consultation with the other Council members.

#### **4.2.1 Signatory representative seats**

The 9 seats are distributed among the SLCP Caucus as follows:

- 3 members from manufacturers and suppliers, including manufacturer organizations (max 1 seat)
- 3 members from brands, retailers and agents, including retail or brand associations (max 1 seat)
- 3 members, 1 from each of the following caucuses: civil society organisations (NGOs, trade unions), audit firms/service providers/consultants, and standard holders of a social compliance system/Multi-Stakeholder Initiatives (MSIs) in the social audit field.

The 9 representatives of the Signatory groups are elected through a Signatory vote, and are appointed as named individuals on behalf of a specific organization, subject to the following rules:

- If a member leaves their organization and as a consequence the respective seat becomes vacant, it will remain so until the next election. If the period to the next election is more than 6 months, an interim election may be held.
- Council members may appoint one alternate representative, from within the same organization they are representing. The alternate must be officially nominated by the Council member's organisation and may change once during the tenure of each Council member. To ensure continuity, only in case of longer-term non-availability of the elected Council member, an alternate can participate in Council meetings.
- 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 is no alternate available, the Council may decide to opt in a temporarily Council member from the same caucus until new elections have been completed.

#### **4.2.2 Independent & observer seats**

Experts and intergovernmental observers can be appointed by and to the Council so as to provide (complementary) and specific relevant expertise, advice, networks and perspectives. These independent Council members are appointed in a personal capacity, irrespective of whether or not their organizations are SLCP Signatories. They have no voting rights in the Council.

The Council can add a maximum of 5 seats as follows, by invitation:

- Up to 3 expert seats
- Up to 2 observer seats for eligible tripartite or (inter)governmental organisations.

Any such members will preferably be chosen by the Council after the election of the 9 signatory representatives. This will help to ensure diversity and additional complementary skills and experience.

#### **4.2.3 Council member qualifications**

Candidates should have the following profile:

- Senior-level management within the individual's organization, with significant budgetary responsibility and authority (ideally equivalent level to a VP-level of a US-based organization, although titles may vary and differ by geography)
- Successful Board service for organizations of similar or greater size than SLCP
- Strategic thinker with strong judgement and decision-making skills
- Consensus-driven

- Good communication skills
- Relevant expertise for SLCP
- Able to function as a sounding board for the Executive Director
- Time and availability.

### **4.3 Council meetings**

The Council will have at most 2 in-person meetings per year, chaired by the Independent Chair. These are to be held in alternating geographies so as to distribute the travel burden as fair as possible onto the different members.

Electronic meetings will be held every 2 months in the periods between in-person meeting(s).

In exceptional cases, additional meetings may be required on an ad hoc basis to deal with an emerging strategic/sensitive situation. Council members and Secretariat can request the Chair for an additional meeting (by conference call), with 1 week's notice.

In the Chair's absence, the Vice-Chair will lead the SLCP Council. If the Vice-Chair is unavailable, members will elect from their midst a chair for that meeting, preferably an expert member. The Vice-Chair will not receive remuneration and will not have voting rights while chairing.

### **4.4 Council Committees**

There are 4 standing SLCP Council Committees, whose members are appointed from among SLCP Council members. Each Committee has a discrete and clearly identified role:

#### **4.4.1 Finance**

- Maintains control and reviews SLCP's financial situation, on at least a quarterly basis
- Partners with the SLCP Secretariat to ensure SLCP's financial health
- Leads any remediation actions to improve the status of the SLCP's accounting and/or financial situation if and when needed
- Ensures that relevant Operating Procedures are up-to-date and in-line with best practice
- Oversees/stipulates the remuneration of the ED and the Chair.

#### **4.4.2 Governance**

- Ensures that the SLCP's governance rules are followed and adhered to
- Provides expertise in any kind of governance discussion and/or decision
- Leads the SLCP Council nomination process and oversees the fairness and transparency of the related election and selection processes
- Ensures relevant Operating Procedures are up-to-date, legally compliant and in-line with best practice.

#### **4.4.3 Dispute Resolution**

- Responsible for the smooth, fair and well-governed process in case a (any) dispute(s) are raised by SLCP Signatories or non-Signatory stakeholders.
- Ensures relevant Operating Procedures are up-to-date, and in-line with best practice.

#### **4.4.4 Strategy**

- Development of 5-Year Strategic Plans
- Ad hoc review and recommendations on emerging strategic issues

Each Council Committee appoints a chair, who monitors the committee's adherence to its mandate. The chair of the Dispute Committee will be defined per case and cannot belong to the same caucus as the complainant.

Other Committees may be set up and dissolved ad hoc if and when the need arises, with a clear mandate from the Council, focus and deliverables.

## **4.5 Independent Chair**

The Independent Chair is selected and appointed by the Council based on a pre-agreed profile and selection process led by the Governance Committee. The Chair has no voting rights.

The Chair will be a contractor whose contract will comply with the legal requirements of the country where he/she is based. The appointment is long-term in principle (for continuity), but subject to yearly evaluation and contract renewal. The contract with the Chair can be terminated at any time for cause at the discretion of the Council and with notice to the Chair.

### **4.5.1 Mandate**

The Chair's role is to:

- Be independent
- Build trust
- Prepare the agenda for Council meetings, with the assistance of the ED
- Chair Council meetings in a way that is inclusive and effective, and drives towards consensus
- Facilitate and guide discussions, keeping in mind the strategy and best interests of SLCP
- During Council meetings, summarize the discussion and decisions made
- Play a critical role in reconciling differences in opinion and approach and to resolve disputes arising from them
- Establish and maintain informal and formal contacts with relevant stakeholders
- Be a sounding board for the Executive Director (ED)
- Act as Chair/member of the Governance Committee.

### **4.5.2 Profile**

The Chair should have the following capabilities and experience:

- Strategic and operational leadership, including through periods of change
- Strategic thinker with a strong contextual awareness of the wider environment, including ethical funding, governmental interests, etc
- (Relevant industry) experience of multi-stakeholder organizations
- Prior experience of (non-profit) Chair/Council/Board roles
- Knowledge of the apparel/footwear industry, with experience in Sustainability preferred
- Relevant and broad network, with strong relationship building skills
- Reputation for facilitating consensus, solutions and positive action
- Availability to commit to the role, and make time available flexibly.

External communication and representation of SLCP is led by the Secretariat and elected Council members. While the Chair is an ambassador of the Program, he/she will not be the primary public face.

## **4.6 Other key roles**

The Council will appoint 3 persons from their midst to fulfil the following additional roles, on a one-year basis with the option to renew:

### **Vice-Chair**

Replaces the Chair on an ad hoc basis and temporarily in case of the Chair's unavailability for a Council meeting.

### **Treasurer**

Direct point of contact for the Secretariat for finances (annual budgeting and reporting, remuneration chair etc). Chairs the Finance Committee.

**Counselor**

First point of contact for Council members, SLCP staff and Technical Advisory Committee-members (TACs) to report and/or discuss (potential) cases and behavioral issues which are/could be in violation of SLCP's values, policies and engagement rules, including, but not limited to harassment and discrimination. Reports or discussions can occur on a confidential basis at the discretion of the person concerned. The role of Counselor provides an additional channel to report issues and concerns, next to existing options via the Secretariat and the dispute mechanism & whistle blower policy.

Notes:

- The Counselor is a Council member from one of the independent seats.
- In SLCP's open culture, raising concerns via senior managers and ED is encouraged at any point of time.
- Any signatories and stakeholders can use the official dispute mechanism and whistle blower policy for complaints and reporting concerns, see article 14 of the SLCP By-laws.

**4.7 Remuneration**

Directly elected signatory representative members in the SLCP Council will receive no remuneration for their activities, nor payment for their travel and lodging costs. The same applies to observers.

For Council expert members, travel and lodging costs may be reimbursed for SLCP-related travel and shall be included in SLCP's budget. Decisions on reimbursement are taken by the Council based on the proposal of the Finance Committee.

The Independent Chair will receive a remuneration up to a maximum day rate stipulated by the SLCP Council and at a level commensurate with the responsibilities of the office. Related travel and lodging costs for the Chair will be reimbursed. The costs for the Chair are included in SLCP's budget.

**Article 5: Executive Director (ED)**

Within the Secretariat, the ED has overall responsibility for the implementation of the Program and organization and is accountable to the Council.

**5.1 Role & responsibilities**

The ED is the (statutory) director and responsible person for:

- Implementation of the Program, including Annual Plan and Budget
- Developing sound financial and managerial structures and processes
- Organizational leadership and development, including hiring and termination of staff
- Policy development and evaluation
- Relationship management with partners, donors and other key stakeholders
- Relationship management with any hosting organization that SLCP may use to provide legal entity or support services to SLCP. This includes ensuring SLCP's compliance with any agreed policies and procedures of the host.

**5.2. Relationship to the Council**

The ED is accountable to and reports to the Council via the Chair. The ED advises the Council on the approval of (Multi-)Annual Plans and Budgets and the Annual Reports and accounts and on all other strategic issues. He/she can give the Council both solicited and unsolicited advice.

The ED is responsible for fully and adequately informing the Council, and in a timely manner. The ED acts as secretary to the Council and as such prepares meeting agendas and materials in consultation with the Chair and also ensures implementation of Council decisions.



### 5.3 Qualifications & Performance Criteria

The ED's responsibilities cover 5 main Results Areas (RA). The ED performance against these will be evaluated yearly, overseen by a delegation from the Council.

#### **RA 1 - Strategy development**

- Long-term vision & goals for SLCP
- Robust annual planning for current year
- Credible annual planning for next year
- Strategy/roadmap for industry adoption & development of tools and technology
- Key risks & mitigation identified & tracked
- Clear policy positions/responses on key issues
- Equips Council to perform oversight functions & make decisions

#### **RA 2 - Strategy implementation**

- Delivery of annual plan & key activities
- Achievement of adoption target
- CAF management & development
- Fit-for-purpose technology & updates
- Effective VOO system (credible, scalable)
- Development of new/non-core activities
- Responsiveness to unforeseen issues & events
- Signatory/user satisfaction

#### **RA 3 - Organizational Leadership & Performance**

- Well-resourced & qualified team (HQ, support)
- Staff performance (individual & collective)
- Ways of working & organizational culture
- Relationships with Council, Committees, Working Groups
- Learning & development

#### **RA 4 - Partnering & Stakeholder Engagement**

- Working relationships & arrangements with legal host (SAC)
- Effective management & development of key strategic partnerships
- Targeted & effective outreach with key stakeholders
- SLCP reputation & profile
- Increased SLCP acceptance & public commitment/support
- Engagement with other standard holders

#### **RA 5 - Financial Management**

- Budget development & management for current year (with Finance Committee)
- Budget development & management for next year (with Finance Committee)
- Sound, evolving business model Diversified sources of revenue & funding

Key skills and experience include:

- Knowledge of sustainability, supply chain and social & labor issues
- Organizational leadership, including strategy, HR, finance and quality management
- Strategy development and adaptation to emerging trends and development
- Stakeholder engagement, relationship management and network management
- Multi-stakeholder governance
- Management and empowerment of teams with diverse backgrounds
- Oral and written communication
- Fluency in spoken and written English, with proficiency in other languages desirable
- Educated to Masters level or higher.

## **Article 6: Technical (Advisory) Committees (TACs)**

The Technical (Advisory) Committees (TACs) advise and support the Council and Secretariat in the implementation of the SLCP strategy. Final decisions are taken by the Secretariat when operational and/or the Council when strategic.

TACs can be a steady permanent body or ad hoc. The Council decides on establishing and dissolving TACs, which are facilitated by the Secretariat. TACs may include, but are not limited to:

- Converged Assessment Framework
- Operation/Country Roll out
- Verification Oversight
- Data Hosting & Sharing/Technology
- Stakeholder Engagement & Communication
- Data Insights

### **6.1 Mandate**

- Advise the Secretariat on Program decisions, particularly at critical milestones.
- Support the Secretariat in the Program implementation and rollout
- Flag the strategic relevance of operational decisions, as well as operational relevance of strategic decisions to the Secretariat.

### **6.2 Composition**

TACs should consist of individuals with a high level of authority and expertise to advise the Council, its Committees and the Secretariat on the implementation of the Program and future development of the Converged Assessment Framework, and also to enhance connections with the wider stakeholder community.

TAC members can be drawn from:

- Experts from Signatory members
- Experts from non-Signatory organizations such as MSIs/Standard Holders
- Staff from the Secretariat.

The maximum number of non-Signatory participants is at the discretion of the Secretariat.

### **6.3 Governance**

- Each TAC will have a (co)-chair who are responsible and accountable for reporting into the Secretariat. (Co-)chairs may be asked to update or report in the Council.
- The TAC composition, task and mandate is clearly defined in a short briefing document/one-pager.
- TAC members are proposed by Signatories and/or selected by the Secretariat.
- TAC chairs are nominated by the Secretariat and TAC and appointed by the SLCP Council.

## **Article 7: Other Advisory Committees & Working Groups**

The Council may also consider the formation of other permanent or ad hoc Advisory Committees or Working Groups, based on a clear mandate and terms of reference.

The Council also decides how the reporting from additional Advisory Committees or Working Groups into the Secretariat and/or Council is done, and also if a representative of the Council and/or Secretariat will be part of these Committees and/or chair these committees.

## **Article 8: Terms of Office**

<b>Start of Term</b>	<b>Length of Term</b>	<b>Extension</b>
<i>SLCP Council</i>		
Typically, at the first Council call/meeting after elections	2 years	Upon re-election: Possible, for one further term of 2 years. The Council may decide to limit renewal to 1 year for some seats to ensure continuity by staggering the timing of elections.
<i>SLCP Council Independent Chair</i>		
Appointment by Council, through a due selection process supported by Secretariat	1 year	Upon re-appointment: Possible on a yearly basis (annual evaluation)
<i>SLCP Technical Advisory Committee (TAC) &amp; TAC Chairs, &amp; other advisory committees</i>		
TACs: Confirmation (or rejection) by Council based on proposal of Secretariat.	Standing (unless Council decides to dissolve)	
Chair TAC: Appointment by TAC. Based on proposal of Secretariat.	1 year	Upon re-appointment: Possible, on a yearly rolling basis
<i>Executive Director</i>		
On selection and appointment by the Council	Until contract resolution.	Conditions that apply to typical non-temporary working contract in the country of SLCP residence. Currently: Dutch law

Table 1: Terms of Office of different SLCPs groups and committees.

## **Article 9: SLCP legal entity & organizational hosting**

Since inception, SLCP has had a paid organizational hosting arrangement with the Sustainable Apparel Coalition (SAC). The host acts as SLCP's formal legal representative, employs Secretariat staff and provides financial, legal, HR and other logistical support to the Program and staff.

The host organization has no formal say nor influence on the governance, content and process of the Program. The right to do so is reserved to the SLCP Council and the SLCP Signatories.

The SLCP will have a Service Level Agreement in place with the host organization which stipulates services, deliverables and potential overhead costs chargeable to SLCP.

The Council may review hosting arrangements and recommend a change of host or other scenarios, such as the creation of an SLCP legal entity (with any material change subject to a Signatory vote).

## **Article 10: Accountability to Signatories**

### **10.1 Reporting**

The Council will be accountable to Signatories, informing them on:

- Financial performance
- Operational performance
- Progress towards 5-year-plan goals
- Functioning of the Council (attendance rates, description of activities and decisions taken)

## 10.2. General Assembly

The SLCP General Assembly is held once a year, giving Signatories the opportunity to hold the Council to account for the financial health and operational success of SLCP. Major updates will be provided and any material proposed changes will be presented, with actual voting taking place electronically before/after the General Assembly.

Specifically, the Council will present:

- Progress against deliverables
- Financial outcome of the prior year
- Financial budget for the year ahead
- Delivery plans for the year ahead

New and incumbent SLCP Council candidates may also have the opportunity to present themselves as part of the election process, if scheduling allows.

In order to maximise participation and diversity of attendees in-person, the General Assembly is held in alternating locations in Europe, the Americas and Asia.

## Article 11: Voting

### 11.1 Participation

We strive for maximum participation in any all-Signatory votes. Thus, electronic voting processes and ballots will be used. Voting is limited to eligible Signatories who have signed the Charter and paid their (Charter) fees .

For any election or other vote, the Council will appoint an Election/Voting Committee, consisting of at least 3 members, including the Chair and 2 other Council members with no interest in the outcome of the vote/election.

### 11.2 Thresholds

The following thresholds apply for SLCP’ s decision making, voting and election processes.

<u>Unit</u>	<u>Quorum/ Threshold</u>	<u>Decision Threshold/ Support Levels</u>
<i>All (eligible) SLCP signatories</i>		
Vote	40% of Signatories	Simple majority (50%)
(Council) Elections	40% of Signatories	<b>Contested candidates:</b> candidate(s) with highest number of votes. In case of equal number for the same seat: decide based on highest number of votes from the specific caucus for these candidates. <b>Uncontested candidates:</b> 50% support votes of the votes cast.
<i>SLCP Council</i>		
<u>Unit</u>	<u>Quorum/ Threshold</u>	<u>Decision Threshold/ Support Levels</u>
Proposal approvals/amendments - Decision Method	Consensus (see definition in B.1 Engagement Rules)	
Decision by voting (if required when no consensus can be found in first and second round)	2/3 (66%) of elected Council members	Simple majority (50%)
<i>Technical Advisory Committees</i>		

<u>Unit</u>	<u>Quorum/ Threshold</u>	<u>Decision Threshold/ Support Levels</u>
Decision method	Consensus recommendation, if no consensus: majority and minority proposal to Council	
<i>Other advisory Committees</i>		
<u>Unit</u>	<u>Quorum/ Threshold</u>	<u>Decision Threshold/ Support Levels</u>
Decision method	Consensus recommendation, if no consensus majority and minority proposal to Council	

Table 2: Thresholds for Decision Making, Signatory Votes and Elections

## **Article 12: Conflict of Interest**

SLCP recognizes the importance of appropriately handling ‘interests’ and ‘conflicts of interest’. More detail is provided in Section B. Any unsolvable conflict of interest as decided by the Council may result in the termination of an individual’s or organization’s membership of the relevant body of SLCP.

### **12.1 Definitions**

Potential	A potential conflict of interest arises where an SLCP Council, Technical Committee, working group or advisory committee member has an interest or obligation, whether personal or involving a third party, that has the capacity to develop a conflict with the employee’s duties/responsibilities with us. <i>For example: A SLCP Council member has a pre-existing personal relationship with an employee of a potential contractor (consulting firm or other).</i>
Perceived	A perceived conflict exists where it could reasonably be perceived, or give the appearance, that a competing interest could improperly influence the work-related decisions/activities of the SLCP Secretariat or a member of any of its committees and working groups, including the SLCP Council. <i>For example: A SLCP Council member has an interest in a business that has a commercial interest to obtain increased benefits from the activities within SLCP.</i>
Actual	An actual conflict involves a direct or real conflict between an individual’s commitments and responsibilities to the SLCP, and a competing interest or obligation, whether personal or involving a third party. <i>For example: A Technical Committee member assesses a tender submitted by a business in which the member has a financial or significant non-financial interest.</i>

Table 3: Categories of Conflict of Interest.

## **Article 13: CAF ownership**

SLCP is the sole owner of all intellectual property rights, including but not limited to copyright rights, in the CAF and CAF processes. Each Signatory agrees that any intellectual property it may contribute or have contributed to the development of the CAF is the sole property of SLCP and represents and warrants that any such contribution is original and non-infringing. To effectuate that understanding and agreement, in exchange for the licenses granted pursuant to the Signatory Charter, each signatory hereby assigns SLCP all right, title, and interest in and to CAF and CAF processes and any contributions it makes or has made thereto. SLCP shall have the right to use a copyright notice in SLCP’s sole name and to seek copyright registration of the CAF in SLCP’s sole name as claimant and owner. Each Signatory of SLCP further agrees that all trademarks associated with SLCP and the CAF are the sole property of SLCP and that such trademarks may not be used except with the express consent of SLCP in accordance with the policies of the SLCP and as per the Signatory Charter.

## **Article 14: Data ownership & security**

SLCP recognizes the importance of data ownership and security. SLCP data and verified assessments are owned by the contributor (facility). SLCP and its partners will arrange licenses to analyse, or download the data through [Gateway Terms of Use](#).

SLCP and its partners will maintain the highest standards on data security and data protection but will in no case be held liable for data breach and or actions related to the data itself, as per Terms of Use.

### **Article 15: Legal compliance & Anti-trust**

SLCP fully complies with all applicable laws, including anti-trust laws. All activities of the Program shall be conducted in accordance with Antitrust Compliance Policy as laid out in the Operating Procedures.

### **Article 16: Dispute mechanism and whistleblower policy**

SLCP will establish and maintain a mechanism for its Signatories and other stakeholders to voice concerns without repercussions and to manage disputes by conciliation and conflict resolution. Details are set out in the SLCP Operating Procedures.

## B. Operating Policies & Procedures

### **Description**

These Operating Policies and Procedures describe rules, guidelines and best practices for implementation of the Program.

These should be considered as a 'living document' and will be updated continuously, at the discretion of the Secretariat and under the supervision of the Council's Governance Committee. The latest version of this document will be available to Signatories through the SLCP Connect Platform.

### **1. Engagement rules**

SLCP's engagement rules are designed to facilitate dialogue with the Council and Signatories.

Attendance is encouraged at webinars and meetings, which provide a forum to express and listen to others' views and a platform for proposals, defining next steps and consensus building.

Discussions and concerns about the content and development of SLCP are kept confidential and are shared only internally under the parties that are involved in the implementation of SLCP: Signatories, non-Signatories, Secretariat, contractors, Council and the Chair.

#### **1.1 Consensus**

It is inevitable that in a multi-stakeholder program there will be certain challenges related to opposing views and vested interests that will need to be addressed. SLCP strives for consensus, as defined below:

Consensus is defined as, at a minimum, "no objections" or as being able to "live with" an outcome, perhaps in the light of how it fits into a larger whole.

One person or entity may not prevent the larger group from achieving agreement by simply objecting.

When a member in a conversation disagrees with a consensus proposal, he or she is expected to justify any interest-based objection and obliged to work constructively to ensure that their interests are met while also allowing the proposal to realize its potential as intended by its proponents.

#### **1.2 Meetings**

It is expected that all Signatories, advisors and engaged stakeholders to SLCP commit to the following meeting rules:

- Remain focused on the Program objectives and keep within scope
- Constantly remind themselves and others that the Program is owned and driven by signatories, who elect the Council and participate in the Technical Advisory Committees (TACs)
- Be mindful of the Program's guiding principles of equal partnership, transparency, inclusiveness and credibility
- Welcome everyone's participation
- Strive towards consensus among SLCP stakeholder caucuses
- Invest time in getting up to speed on Program developments
- Follow the webinars or recordings, and come prepared for meetings
- Accept and honour decisions agreed upon by Signatories, Council or Committees
- Deliver on commitments.

In interactions, webinars and meetings, the following should also be respected:

- Follow anti-trust guidelines by not sharing any competitive information
- Have authentic, trust-based and respectful conversations

- Assume good intentions, listen to other viewpoints and be open to learn from others
- Offer additive contributions to the discussion, being aware and sensitive to the tension between open dialogue and efficient use of time
- Be solution-oriented
- Observe Chatham House Rules: *“When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.”*
- Adhere to the strict non-solicitation policy re selling or pitching products or services.

## 1.3 Other provisions

- Stakeholders are free to reach out to the Secretariat for clarifications and concerns on operational aspects of the Program. In case of systemic concerns, parties can approach the Council Chair or Council members.
- All parties are free to use the SLCP’s disputes mechanism and accept its outcomes. Information of the process and outcomes of the dispute are only shared with the parties that are part of the conflict and dispute process.
- Stakeholders share responsibility to maintain and protect the reputation and image of SLCP
- Stakeholders acknowledge that SLCP is innovative may challenge business-as-usual/vested interests. Concerns and questions should be raised with relevant staff or Council members.
- Stakeholders should communicate any positive or negative feedback to the Secretariat and/or Council
- Signatories should actively promote the Program using communications materials provided by the Secretariat.

## 2. Anti-Trust Compliance

SLCP complies fully with all applicable laws, including antitrust laws. Accordingly, all activities of the Program shall be conducted in accordance with the following antitrust Compliance Guidelines.

**Summary:** Participants in this meeting are free to exchange or discuss publicly available information. However, the participants should avoid any discussions or joint efforts regarding confidential competitive information such as non-public cost or price information, non-public volume information, strategic plans or other information that is not “reasonably necessary” to achieve the SLCP goals.

- Do not agree or discuss how each of the Signatories will price their own goods or related products
- Do not agree to allocate certain geographic markets (i.e., territories) or product markets (i.e., types of products) among each other
- Do not discuss or agree to the cost or method of pricing products manufactured or sold by each other or otherwise direct each other’s business activities that are outside the scope of the SLCP
- Do not compare cost information that is confidential, such as labour cost, manufacturing costs or other variables affecting pricing
- Do not agree among yourselves to not do business with certain vendors (potential “boycott”) or otherwise pressure other competitors or vendors to comply with certain pricing or cost policies
- SLCP and its Signatories should not share with each other or discuss confidential, competitive information for individual Signatories or any information that might affect any Signatory’s own day-to-day business decisions related to cost, price or output of their own products. For example, this confidential competitive information may include: price lists or pricing plans, volume, rebate or refund programs, discount policies, credit policies, advertising credits or program allowances, slotting allowances, product cost variables or profit margins, customer lists or specific complaints, supplier contract terms, current or future marketing plans, bidding plans, purchasing plans, planning strategies, capital improvement plans, terms of sale or other contract terms, or competition in the sale or manufacture of competing products
- SLCP Secretariat and SAC acting as its host should not facilitate agreements or coordination among members for the prices they charge for the products they manufacture or sell or other collusive conduct, including market allocation or refusals to deal with suppliers or customers, or organize boycotts against other manufacturers or retailers
- SLCP and SAC acting as its host should not publish or share any information that would be suggestive or conclusory as to how any individual member should deal with individual contracting or other third-party issues



- SLCP and its Signatories may discuss or share non-confidential, publicly available information or data.

### **3. Conflict of Interest**

SLCP is committed to ethical practices and standards. In line with article 12 of the By-laws, the following procedures outline the principles applying to perceived, potential and actual conflicts of interest - and the means to manage them appropriately. They include acknowledging responsibility for decisions and actions, as individuals and as an organisation, exercising power responsibly and acting with transparency, integrity and professionalism.

These procedures apply to all SLCP Signatories, Secretariat staff and members of the SLCP Council, TACs and other Committees.

#### **3.1 Transparency obligation**

SLCP staff and Council members (and to lesser extent the TAC and other committee members), partners and suppliers must be transparent about any perceived, potential or actual Conflict of Interest. They should ensure that declarations are made at an early stage and/or seek advice from the Secretariat, or (in the sole case that a Conflict of Interest arises within the SLCP Council) from the Council Chair.

#### **3.2 Disclosure of Conflict of Interest**

On an annual basis:

- All staff and all members of the Council, including the Chair, shall disclose in writing to the Secretariat and Chair, to the best of their knowledge, any Interest (as defined above) such member may have in any corporation, organization, partnership or other entity which provides professional or other goods or services to the Program for a fee or other compensation, and any position or other material relationship such member may have with any other not-for-profit corporation with which the Program has a business relationship (collectively, a "Conflict of Interest").
- The Secretariat will facilitate Committees and other working groups in a way that Conflict of Interests will be avoided. This may include verbal or written declarations of Interests.

#### **3.3 Declaring a potential Conflict of Interest**

If at any time during his or her term of service, an SLCP staff member or a member of a governing body, a committee or working group, acquires any Interest or otherwise a circumstance arises which may pose a (potential, perceived or actual) Conflict of Interest, that Interest or other Conflict of Interest shall be promptly disclosed in writing to the Chair, or if the governing body member acquiring such Interest or subject to such Conflict of Interest is the Chair, such Interest or Conflict of Interest shall be reported to the Vice Chair, or if there is none, then to the Secretariat.

See Annex IV for the Template Disclosure Statement (Conflict of) Interest.

### **4. Dispute Resolution**

The SLCP Council will deal with all Program-related disputes that are expressed by Signatories and stakeholders.

A dedicated Dispute Committee will be created for each complaint, comprising at least 3 Council members from different caucuses. The Chair is not part of the Dispute Committee but will monitor whether the process steps are done in the right way.

The parties that can file a complaint or notify a dispute are Signatories, non-signatory advisors and stakeholders, funders, technical advisory committee members, contractors and SLCP Council members.

#### **4.1 Dispute mechanism: definition**

A dispute mechanism is a structured process that addresses disputes or grievances that arise between two or more parties engaged in the SLCP. The dispute mechanism is non-judicial in nature, meaning that they are not resolved legalistically. Disputes are internal to the Program and are handled within its governance.

Dispute mechanisms are used in dispute resolution, and may incorporate conciliation, conflict resolution, mediation, and negotiation. SLCP may use any or all of those tools to find a solution that supports SLCP's vision, mission and values.

#### **4.2 Dispute procedure**

The dispute process should be fair, transparent and impartial so as to duly handle and address complaints against parties involved in Program. Dispute resolution should be quick, within a maximum of one or two months.

##### **Step 1: Filing complaint, gathering views and making recommendation**

- The complaint is sent to the Executive Director, explaining the nature and content of the complaint and the parties involved, including names and contact details
- If the complaint is related to the Secretariat, the complaint will be sent to the Chair of the Council or any of the Dispute Committee members
- The Secretariat gathers all relevant information and views on the complaint
- If complaint is related to the Secretariat, the Council Chair will decide who will gather the information and hear all parties
- Secretariat hears all parties and provides a written advice to the Dispute Committee.

##### **Step 2: Decision by Dispute Committee, follow-up actions**

- A Dispute Committee is formed
- The Dispute Committee defines the steps to be followed to solve the dispute, based on the written advice of the Secretariat and with discretion to decide extra steps (such as bringing parties together and negotiating a solution)
- The Dispute Committee decides about the dispute and sends their decision to the parties involved in the complaint
- The Dispute Committee will be responsible for monitoring follow up actions and assessing success of the resolution.

##### **Step 3: making an appeal**

If one of the parties does not agree with the verdict of the dispute mechanism, they may appeal that decision.

- The party sends a written statement to the Council Chair explaining the grounds of rejection of the decision of the Dispute Committee. These objections can be related to the process and/or the content of the decision of the Dispute Committee.
- The Chair, supported by the Secretariat, asks Signatories of the Program to form the Appeal Committee, comprising three members (but not members of the Council nor from the Dispute Committee).
- The Appeal committee will be appointed case by case and should represent three different caucuses within the Program. The caucus of the appealing party is not represented in the Appeal Committee.
- The Appeal Committee has the obligation to hear both the appealing party as well as the Dispute Committee before taking a final decision. The Appeal committee informs directly the party/ies involved and the Dispute Committee. The Chair and the Secretariat receive a copy of the written decision. Further appeal is not possible.
- The Dispute Committee will be responsible for monitoring follow-up actions and assessing its implementation (see step 2)

The Secretariat will be responsible for announcing and explaining the dispute mechanism to stakeholders and providing options to file complaints. The Secretariat logs all complaints, follow up actions and outcomes in a transparent way, with all time access for the Dispute Committee.

## **5. Whistleblowing**

SLCP's whistleblowing procedures are designed to facilitate reporting of possible wrongdoing without the fear of reprisal, discrimination or disadvantage to the person disclosing, irrespective of whether or not the disclosure results in action.

### **5.1 Procedure & steps**

When making a report by Signatories and stakeholder the following steps should be taken:

#### **Step 1: Making the disclosure**

The disclosure can be made directly to any person connected with SLCP '(the Program') and with whom the whistleblower may or may not already be familiar, this includes SLCP staff, Council members and Signatory representatives.

The whistleblower may select any recipient at any level of seniority for the disclosure. It is the responsibility of recipients to manage the disclosure in accordance with the relevant SLCP procedures and confirm compliance to the whistleblower. Both male and female recipients and representatives from various geographies and cultures will be available to receive disclosures.

The disclosure can be made verbally, in writing, or via electronic communication such as email or messaging.

#### **Step 2: Guidance for useful information to include in a disclosure**

Whistleblowers are encouraged to provide as much detail as possible in their disclosure in order to allow effective evaluation and follow-up. This may include specific names, dates, locations and any identifying information as well as documentation or photographs.

Whistleblowers are encouraged to provide their contact information, however this is not a requirement. Providing contact information will enable follow-up (to clarify any information or evidence provided) by the investigator, appointed by the SLCP Council.

#### **Step 3: Evaluation and management of a disclosure**

The information disclosed shall be passed directly from the recipient to the ED, as (whistleblower) incident reporting point, and the investigator appointed by the SLCP Council. Consequently, it will then be evaluated and managed according noting and observing all requirements of anonymity.

- If the whistleblower has indicated that they do not wish the disclosure to be managed by the incident reporting officer (ED) the information and/or SLCP Council whistleblower investigator, the case shall be passed directly to the Chair of the Council for evaluation.
- Depending on the evidence provided and the risk, it will be determined if immediate action is required. An initial evaluation of the disclosure will be started promptly and certainly within 1 month of the SLCP disclosure submitted: i.e. (whistleblower) incident being reported. However, a disclosure may result in a substantial investigation process where timeframes for completion will vary and cannot be specified. Each individual case is assessed on its own merits and action agreed as appropriate.
- Documentation and communications relating to the disclosure will be maintained in the record management system of SLCP incidents unless additional protection of information is recommended by the ED of the Secretariat.

**Step 4: Action following a verified risk highlighted by a disclosure**

The type of action that may result following evaluation, and following verification that the information in a disclosure is valid and substantiated, cannot be predetermined. However, as far as possible action will remain in line with the incident reporting and management process and with expectations in the SLCP signatory agreement and charter.

Subsequent action could potentially involve the suspension of SLCP signatory registration or suspension of employment for a staff member of the Secretariat or a signatory, the termination of a contract with a service provider, a review or change in SLCP procedures and increased monitoring and evaluating of (some) aspects of our Program.

**Step 5: Closure/reporting**

- If the whistleblower has provided contact details, they will be informed of the outcome of the evaluation and the actions taken.
- The incident reports originating from the whistleblowing process will be summarized and reported in line with the normal SLCP incident reporting processes.

**5.2 Intended use**

Whistleblowers should not use the mechanism for making false allegations against competitors or others that could affect their business.

Disclosures which are found to have ulterior motives such as related to financial gain, competition, or are false and malicious statements deliberately injurious to a person or body's reputation will be dismissed.

Following local law, the Council and/or Secretariat may consider action against any Signatory and/ or (its) staff who deliberately raises a false concern and deliberately abuses the SLCP Whistleblowing Policy or Procedure.

**5.3 Protection of whistleblowers**

Whistleblowers who disclose information in good faith will be protected irrespective of the quality of the evidence provided or the outcome of any review or subsequent investigation undertaken by SLCP.

- Complete anonymity of the Whistleblower by recipient will be maintained if requested
- Protection will also be afforded for verbal or other similar disclosures made directly to any person connected with the Program (the recipient). In such cases, the source of any disclosure stated to be made in relation to this policy and procedure will not be revealed to any other person connected with the Program, but will be passed into the SLCP incident reporting procedure as from an anonymous source. The ED of the SLCP secretariat will manage that procedure
- Any follow up required with the whistleblower who has provided contact information will be passed back from the incident reporting procedure to the whistleblower via the original recipient of that information who will remain the only person with knowledge of the whistleblower's identity
- The whistleblower's identity, if shown on any submitted documents, will be removed by the recipient
- An exception on the above will be necessary if the source is required to be disclosed as part of a legal process under the relevant laws. In these cases, effort will be made to protect the source from retaliation in collaboration with the relevant authorities, and in conformity with national and international laws/procedures that may apply
- All individuals qualifying as a recipient will be required to sign a confidentiality agreement confirming their understanding of, and willingness to participate in, the whistleblowing process including their obligations to respect anonymity and confidentiality.

## **Annex I: Signatory Charter**

### **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;
- encourage supply chain partners to become SLCP Signatories and contribute to the mission of the Program;
- accept SLCP verified assessments in place of third party or proprietary social audits;
- implement SLCP's Converged Assessment Framework (CAF) (the assessment tool and verification methodology) and share verified assessments among business partners;
- develop adoption plans for the CAF to replace proprietary social audit tools within our organization;
- respect the principle of true data in SLCP verified assessments by recording and accepting honest data, and by prioritizing remediation over punishment;
- 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 SLCP's CAF and mission among Signatories to this Charter;
- support SLCP's multi-stakeholder governance as laid out in the SLCP Governance document.

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

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

- publicly support the mission of the Program and contribute to the delivery of its aims;
- promote supply chain actors to become SLCP Signatories and contribute to the mission of the program;
- support supply chain actors to adopt SLCP's Converged Assessment Framework (CAF);
- where relevant, accept SLCP verified assessments in place of third party or proprietary social audits and/or implement SLCP's Converged Assessment Framework (CAF);
- embrace the principles of inclusiveness, collaboration on equal terms, and collective ownership of SLCP's CAF and mission among Signatories to this Charter;
- support SLCP's multi-stakeholder governance as laid out in the SLCP Governance document.

The signatory charter also contains the following:

#### **Undertaking (Manufacturers, Brands & Retailers, Agents)**

Within 12 months of signing, we will produce an internal Action Plan to implement SLCP Converged Assessments in our apparel and footwear businesses, setting clear targets and timelines.

Each calendar year, we will share our plans with SLCP (via facility nominations) and we will report progress against our internal targets 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.

#### **Undertaking (Audit firms/Service Providers/Consultancies, Standard Holders/MSIs, Civil Society)**

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.

## **Annex II: Template Disclosure (Conflict of) Interest Statement**

All staff and members of the Council shall disclose in writing to the Secretariat and Chair, to the best of their knowledge, any Interest (as defined below) such member may have in any corporation, organization, partnership or other entity which provides professional or other goods or services to the Program for a fee or other compensation, and any position or other material relationship such member may have with any other not-

for-profit corporation with which the Program has a business relationship (collectively, a “Conflict of Interest”).

**Definition/categories (conflict of) interest:**

Potential	A potential conflict of interest arises where an SLCP Council, Technical Committee, working group or advisory committee member has an interest or obligation, whether personal or involving a third party, that has the capacity to develop a conflict with the employee’s duties/responsibilities with us. <i>For example: A SLCP Council member has a pre-existing personal relationship with an employee of a potential contractor (consulting firm or other).</i>
Perceived	A perceived conflict exists where it could reasonably be perceived, or give the appearance, that a competing interest could improperly influence the work-related decisions/activities of the SLCP Secretariat or a member of any of its committees and working groups, including the SLCP Council. <i>For example: A SLCP Council member has an interest in a business that has a commercial interest to obtain increased benefits from the activities within the SLCP.</i>
Actual	An actual conflict involves a direct or real conflict between an individual’s commitments and responsibilities to the SLCP, and a competing interest or obligation, whether personal or involving a third party. <i>For example: A Technical Committee member assesses a tender submitted by a business in which the member has a financial or significant non-financial interest.</i>

**STATEMENT**

Name:

Organization:

Role in SLCP:

My personal/organizational interest in SLCP in general:

Topics where there may be a Conflict of Interest (please classify Potential/Perceived/Actual):

My proposal how to mitigate Conflict of Interests on this/these topics: