Social & Labor Convergence Program (SLCP)


5 Year Strategic Plan
November, 2018
SLCP core strategy

**Vision**
Converged Assessment. Collaborative Action. Improved Working Conditions

**Mission**
Implement a Converged Assessment Framework that supports stakeholders’ efforts to improve working conditions in global supply chains

**Industry benefits**
- Eliminate audit fatigue and duplication
- Redirect resources to improvement actions
- Greater comparability of social & labor data

**SLCP Specific Aims**
- Industry Adoption
- Resources unlocked
- Data access & comparability
- Financial resilience

**2023 Targets**
- 25,000 verified assessments
- $130m for improvement actions
- Industry’s #1 source of verified S&L data
- Self-sustaining through earned income
The Social and Labor Convergence program
SLCP aims to implement a common assessment framework that supports stakeholders’ efforts to improve working conditions in global supply chains.

Vision

2018/2019-Transition SLCP in new 5Y strategy:
- From Project to Program
- From Creation to Implementation
- From Donations to Volume Related Fees
Possible audit resources unlocked: 5-year strategy targets

SLCP verified assessment adoption targets

This translates to **77% of apparel and footwear facilities** estimated to be currently under social audits: SLCP internal research August 2018.

**‘Realistic’ scenario:** sharing 1.5 (2018) -3.9 (2023)

<table>
<thead>
<tr>
<th>Year</th>
<th>Resources unlocked for improvement (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$ 41,250</td>
</tr>
<tr>
<td>2019</td>
<td>$ 1,837,500</td>
</tr>
<tr>
<td>2020</td>
<td>$ 10,312,500</td>
</tr>
<tr>
<td>2021</td>
<td>$ 27,225,000</td>
</tr>
<tr>
<td>2022</td>
<td>$ 94,312,500</td>
</tr>
<tr>
<td>2023</td>
<td>$ 134,371,875</td>
</tr>
</tbody>
</table>

In this scenario, the implementation targets are achieved for 75%: the resources unlocked for 2023 are estimated at **$134,371,875 USD.**

Rapid increment of adoption over next coming years, after 2018 Light Operation.
Roles for SLCP in achieving vision

**Anchor in SLCP 2019-2023 goals and signatory commitment**
- Develop charter where redirection of unlocked resources is confirmed
- Increase number of signatories to ensure wide adoption and promotion of shared verified assessments
- Support wide implementation and facilitate aggressive scaling for roll out
- Monitor resources unlocked and redirected

**Facilitate collaboration and develop partnerships**
- Maintain broad stakeholder engagement
- Collaborate and create selective partnerships with stakeholders that focus on other pieces of the puzzle, e.g. remediation, improvement programs

**Enable improvement programs**
- Facilitate further comparability and transparency: common data sets and aggregated reporting, e.g. through Gateway
- Promote shared remediation, e.g. through Accredited Hosts
- Stimulate sharing of best practices and solutions to issues among signatories
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;
• implement the SLCP’ s Converged Assessment Framework (the assessment tool and verification methodology)
• encourage supply chain partners to become SLCP signatories and contribute to the mission of the Program;
• adopt the Converged Assessment Framework and share verified assessments among business partners;
• develop adoption plans for the Converged Assessment Framework to replace proprietary social audit tools within our organization;
• 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 the SLCP mission among signatories to this Charter;

Undertaking

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

Each calendar year, we will report progress against these deliverables 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.
Commitment other stakeholders ((Audit firms/Service Providers/Consultancies, Standard Holders/MSIs, Civil Society)

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

- support the mission of the Program and contribute to the delivery of its aims;
- promote and support supply chain actors to become SLCP signatories and contribute to the mission of the program;
- embrace the principles of inclusiveness, collaboration on equal terms, and collective ownership of the SLCP mission among signatories to this Charter;

Undertaking

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.
Governance structure 2019-2023

SLCP Council
9 signatories representatives: 3 manufacturers/suppliers, 3 brand&retailer 3 other stakeholders
3 independent members (personal title)
2 intergovernmental observers
1 Independent Chair

Executive Director
Reports to Council via Chair

Secretariat
Senior Managers
Support staff

Technical Committee(s)
Approved by Council

Council Committees
Finance & Audit
Governance & Nominations
Dispute Resolution

Roles & Responsibilities: clear distinction between Council and Secretariat:

Council
• Develops the constitution
• Reviews and approves strategy & operational policies
• Sets & implements governance policies
• Approves annual plan
• Monitors operational and financial performance against the annual plan
• Oversees election processes
• Recruits and oversees performance of Executive Director
• Oversees risk planning and management
• Reports to SAC on finance

Secretariat
• Proposes strategy
• Develops annual plan & budget
• Implements the annual plan
• Oversees and monitors all operations
• Recruits and manages staff within approved annual plan
• Manages expenditure within approved budget
• Proposes operational policies e.g. finance, HR, communications
• Identifies and mitigates risks
• Communicates with all stakeholders
• Reports to Council on performance
Business model

Focus on earned income: volume-related fees

- Focus on maintaining and operating the Converged Assessment Framework (tool, verification protocol and guidance) and avoid duplicating the work of other actors
- Remain as lean as possible and work in partnership with other organizations
- Become self-funding as soon as possible through earned income, rather than donor support
- Costs should be borne fairly by the main participants/beneficiaries of the system
- Fees/charges should be built around natural steps/events in use of the system, including billing and payments
- Fees/charges should be volume-driven, to link costs to usage and drive sustainability of the system
- Start-Up fees (2019-20) will need to be higher to get the system off the ground, with the real cost benefits for participants starting to flow through from 2021 onwards

<table>
<thead>
<tr>
<th>Fee type</th>
<th>Amount</th>
<th>Payable by</th>
</tr>
</thead>
<tbody>
<tr>
<td>Verification upcharge fee</td>
<td>$300 2019-20</td>
<td>Whoever pays for a facility verification, included in the cost of the verification</td>
</tr>
<tr>
<td></td>
<td>$150 by 2023</td>
<td></td>
</tr>
<tr>
<td>Verifier access fee</td>
<td>$200</td>
<td>Verifier/verifying body annually, as a business cost</td>
</tr>
<tr>
<td>Accredited Host partner base fee</td>
<td>$30,000</td>
<td>Accredited Hosts annually, as a business cost</td>
</tr>
<tr>
<td>Accredited Host usage fee</td>
<td>$50</td>
<td>Accredited Hosts when retrieving verifications from the Gateway, potentially re-chargeable to end-users</td>
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SLCP Adoption Targets

<table>
<thead>
<tr>
<th></th>
<th>Light Op</th>
<th>Start-Up</th>
<th>Established</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>Implementing countries</td>
<td>2</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Verified Assessments</td>
<td>200</td>
<td>1750</td>
<td>5000</td>
</tr>
<tr>
<td>Approved verifiers</td>
<td>45</td>
<td>250</td>
<td>500</td>
</tr>
<tr>
<td>Accredited Hosts - Active</td>
<td>3</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Accredited Hosts - Passive</td>
<td>0</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
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## SLCP – the benefits for signatories

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Key benefits of SLCP</th>
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| Manufacturers                      | • Reduction in audit fatigue  
• Increased ownership of, and accountability for, social assessments  
• Ability to redirect resources saved to improvement activities in line with company strategy and desired impact |
| Brands, retailers, agents          | • Reduced management burden  
• Credible S&L data: facility level and aggregated  
• Ability to redirect resources saved to improvement activities in line with company strategy and desired impact  
• Enhance/protect brand reputation |
| Service providers                  | • Value-add for current/future clients  
• Reasonable commercial terms/return for system investment  
• New opportunities e.g. data, improvement consulting  
• Progressive business & best practice |
| Non-profits and (inter)governmental| • A single, consistent measure of social & labor conditions globally  
• Trusted comparable data  
• Greater transparency  
• Positive impact on working conditions |