



Advisory Board Note on GSCP Priorities and Activities

November 2010

In May 2009, the GSCP Advisory Board published a [note on its experiences](#) from the first 20 months of its engagement in the Programme. Three years have now passed since the GSCP was established and it is believed a solid basis has been created for the roll-out on a large scale of concrete actions and measures in the global supply chains. The GSCP Advisory Board therefore sees it timely to express its opinion about the present priorities in the work of the GSCP, as well as some of the issues that are now being discussed and prepared.

This note builds on the previous one, which describes the approach of this Board to its engagement and work within the GSCP. As the views expressed in the previous note are still valid, this document should be read as an addition to it and will not repeat all the issues.

The Advisory Board hopes that publishing and circulating these two notes will also give an insight into its work, and its position within the GSCP. The Board plans to continue reporting on its reflections through periodical Notes like this.

The present composition of the Advisory Board is as follows:

- Antoine Bernard (*Chair*), CEO of the FIDH
- Alke Boessiger, Head of UNI Commerce Global Union
- Amir Dossal, Executive Director of UNOP
- Stephen Frost, Director of CSR Asia
- Jan Furstenborg, Labour Relations Consultant
- Rafaël Nedzynski, General Secretary of FGTA-FO Trade Union
- Caroline Rees, Director, Governance and Accountability Program, CSR Initiative, Harvard Kennedy School
- David Schilling, Director of Human Rights and Resources Programs, Interfaith Center on Corporate Responsibility

Mission

The Advisory Board sees the mission of the GSCP as one which introduces a broad range of companies into the work on bringing social and environmental considerations into the supply chains. It also drives a convergence between codes, schemes and initiatives which can free resources for remediation and capacity building, with an aim of bringing about real and positive change in supply chain employment and working conditions, and on-site environmental practices.

Driving supply chain paradigm change and expanding the membership

It is the view of the Advisory Board that if the GSCP succeeds in its mission, with its huge and growing coverage and mass, and a serious commitment by participating retailers and brands and other companies, it can contribute to a genuine paradigm change in global trade. To achieve this, major importance must be given to continued growth on a cross-industry basis.

As membership represents a declared and concrete commitment to work for the application of the GSCP Reference Code in the global supply chains, the aim must be that companies join the Task Force rather than only stay unattached and use whatever parts of the GSCP package that they need or want.

Mainstreaming the GSCP principles into retailers' and brands' buying principles and operations

The Advisory Board underlines once again the importance of mainstreaming the GSCP Reference Code requirements into the buying structures and activities of retailers and brands. Taking note of a multitude of positive reports from GSCP member companies, it is still felt that the work should be systematised all through the member community. There should also be reporting mechanisms set in place which would ensure a continuous monitoring by the GSCP of real progress in this respect.

It is also important to explore the possibilities of defining GSCP requirements or recommendations concerning how these issues can be promoted and taken into account in contracts that are concluded with suppliers, and consider producing recommendations or advisories for retailers and brands in this respect.

The buying structures of retailers and brands will under any circumstances form an important target group of any awareness building and training activities within the remediation and capacity building stages of the GSCP process. Without the participation and engagement of buying and sourcing personnel, the objectives of the GSCP cannot be fully realised.

Enabling suppliers to apply the Reference Code requirements

A complicated task, but so more important, is to ensure that suppliers are really able to implement the requirements of the GSCP Reference Code and thus provide the conditions for their workers that the GSCP approach foresees and requires. This calls for retailers and brands to take their responsibility for enabling this, through taking this into account in their price negotiations as well as in setting other conditions in their buying contracts. Well aware that this is influenced by competition legislation, the Advisory Board still thinks it necessary to address the matter and to find the ways and means to outline effective solutions.

This also underlines the need to establish the regional clusters as defined in the strategy framework approved by the Executive and Advisory Boards at their joint March 2010 meeting in Geneva. This may allow for certain minimum conditions to be set, with the contribution of local governments

when possible and in consultation with local employer associations and trade unions, without violating competition rules. Under any circumstances, the regional clusters are essential for a broad, concrete and effective remediation and capacity building work. This is also an area where building a systematic cooperation with and participation by competent and interested initiatives and schemes is essential.

Remediation and capacity building

The overriding priority now is to roll out the concept with the finalised toolkit so that concrete work on remediation and capacity building becomes the major task. Here, remediation and capacity building is the concrete and operative aim, and the Equivalence Process a key to approaching the task.

The Advisory Board underlines the need for this work to move beyond a consideration of corrective action plans that flow from audit processes, and instead to encompass a much broader understanding of remediation, and how companies need to respond to grievances raised by workers, their representatives, and communities themselves.

When expert working groups on remediation and capacity building are established, particular attention has to be given to their composition so that they represent a solid know-how about the issues. The Advisory Board would like to see civil society and worker representation in the working groups, including a representation that is familiar with improving conditions on the ground. It should also be considered to include a supplier representation in the groups.

An important part of the credibility of remediation and capacity building is a reliable monitoring and reporting on change in the realities of supply chains. The Advisory Board sees that a systematic and regular reporting function should be set in place and suggests that the issue be prepared for a discussion between the Advisory Board and the Executive Board.

The Advisory Board expects to be consulted on the full brief for the Expert Working Groups on remediation and capacity building in advance of launching the groups.

Outreach plans

The Advisory Board notes the positive developments in relations and contacts with schemes and initiatives that are active in the CSR and environment fields, and acknowledges the important work of the Director and her team in bringing this about. The work has to continue in order to ensure that the strategy of the GSCP can be translated into real results, and the GSCP must be represented and present in any relevant initiatives which have a bearing on this. The GSCP already plays a leading role in the corporate responsibility community, and this role has to be further safeguarded and developed to serve our basic objectives and drive positive changes in the global supply chains.

The division of responsibilities and the differences in the approaches to concrete tasks between the GSCP and other schemes and initiatives used to be sensitive issues, but are now falling in place.

Misconceptions and suspicions have dissolved and there is a strong and growing preparedness among these schemes and initiatives to cooperate.

At the joint Advisory and Executive Board meetings in March this year, it was agreed to structure and activate the contacts and cooperation with these initiatives and schemes. The Advisory Board expects that this now be followed up effectively and actively by both Boards.

The cooperation with these initiatives and schemes must build on a principle of inclusion and openness. All those who have adopted and who work towards the application of the standards set in the GSCP Reference Code / Reference Environmental requirements can be invited to actively participate in the roll-out and application of the GSCP concept. This could include elements such as participation in the regional clusters. The initiatives and schemes could also be important resources both for the GSCP and the member companies, who could utilise their specific competences and skills.

The Equivalence Process, without giving value judgments and while preserving the right of those participating in the process to decide on the confidentiality or the publication of any results, can also serve the purpose of informing about the suitability and preparedness of different schemes and initiatives to undertake particular tasks in this regard.

A broad range of initiatives and schemes have wished to look seriously at possible issues and forms of cooperation. Many such discussions have already been held in different connections, and these should continue be followed up. While considering these discussions and contacts to be an essential part of the daily work of the GSCP, the Advisory Board wants to reiterate that neither the Reference Code nor the toolboxes that accompany it, nor the governance model or the independent role of the GSCP, are or will be open for discussion, except through the regular review processes.

The GSCP should approach all schemes and initiatives and all industries from an equal starting point, underlining its cross-industrial and independent nature. The Advisory Board counts on all such discussions being open and transparent, within and between the governing bodies and the management of the GSCP, as well as properly reported on, and insists on being invited to participate in all these discussions. The Advisory board must participate in these contacts on an equal basis with the Executive Board.

Resources

The Advisory Board acknowledges the high quality of the work done by the Director and the whole GSCP team in driving, managing and producing the tools that allow the GSCP to proceed with its work, to enter the decisive stage of remediation and capacity building in order to bring about real and positive developments in the supply chains, and in general to manage the GSCP project which is not an easy task. If the continuous development as planned is to be accomplished in an effective way, the GSCP resources have to reflect the increasing tasks.

Management and governance

The Advisory Board has discussed the management and governance of the GSCP and reiterated its support for the model that has been created. The report on the Advisory Board's experiences from the first years of work in the GSCP is still valid. The governance model works well and if changes have to be made for any reason they must be prepared in cooperation between the Executive Board and the Advisory Board and agreed by both.

The formal decision-making role of the Executive Board, the consultative role of the Advisory Board, as well as the guidance and control role of both Boards with an operative management with a strong position and broad rights is a structure well placed to meet the challenges of moving increasingly towards developing and supporting capacity development and remediation of working and employment conditions within the global supply chains.

Composition and Work of the Advisory Board

The GSCP has established excellent connections with the main global actors in its field of work, including the International Labour Organisation (ILO), the Better Work partnership of the ILO and the International Finance Corporation (IFC), the Representative of the UN Secretary-General on business & human rights, and many others.

To develop these contacts further and to ensure that all elements of the GSCP and its processes continuously and correctly fill the requirements of international labour standards and their interpretation, the Advisory Board agreed on establishing an independent advisory status. This will not be used to create a new and less responsible member category on the Board, but to allow for a participation of experts from governmental organisations such as the ILO, who cannot take on a formal member position. Any independent advisor should be appointed by the Executive and the Advisory Boards together.

FINAL REFLECTIONS AND SUMMARY

The Advisory Board would like to see the GSCP process moving fast towards an active implementation stage and thus to show major, practical and measurable positive changes in its field of responsibility.

The Advisory Board has full confidence in the way in which the GSCP project has been managed, bringing together a broad group of companies and stakeholders who - while sharing a declared common commitment and determination to bring about change - look at tasks from many different angles and are often at different stages of their own work on these issues. The role of the two Boards is now to support this and keep up the momentum by delivering the decisions and guidance that allows the process to go on.

Finalising the Equivalence Process preparations and launching such processes with companies as well as initiatives and schemes, as well as launching the work of further expert working groups on

remediation and capacity building, are urgent tasks where a search for the optimal perfection should not compromise the need to keep the process moving and respond in a timely manner to the expectations that are clearly here.

The Advisory Board and its background organisations have much confidence in the GSCP process and an open mind towards cooperation and constant development. The Reference Code comprising all its elements as well as the whole tool kit that has been produced, with the governance structures that have been worked out with painstaking care, give a good basis for the continued relevance of the GSCP and its ability to respond to continuous challenges.