



The Global Social Compliance Programme

A note from the Advisory Board

Note on the experiences from the first 20 months of our participation in developing GSCP

Introduction

The Advisory Board of the Global Social Compliance Programme GSCP has now been in place for an initial period of 20 months, having launched its work in October 2007.

This period has seen the emergence of the GSCP Reference Code, the fundamental document for the whole initiative. The governance structure has been worked out and the role and competence of the Advisory Board has been agreed and defined. The tool box that companies can use to benchmark and develop their own approaches begins to receive its first contents as guidance documents on auditing and other implementation of codes of conduct are reaching the final stages of consultation and approval.

Although much remains to be done before the foundations have been laid for a fully operational GSCP system and structure, the Advisory Board at its meeting in Paris on 6 May 2009 thought that it could be useful for businesses, stakeholders and others to take part of some of the experiences and reflections from this initial stage of work.

From the start, the Advisory Board consisted of four representatives of external stakeholder entities – The International Federation for Human Rights (FIDH), UNI Commerce Global Union, the UN Office for Partnership and CSR Asia.

As of 6 May 2009, the composition of the Advisory Board was:

Antoine Bernard, FIDH

Amir Dossal, United Nations Office for Partnership

Steven Frost, CSR Asia

Jan Furstenborg, UNI Commerce Global Union

Raphaël Nedzynski, FGTA-FO, who joined on 5 May 2009

The Role and Work of the Advisory Board

GSCP was established to promote decent work in the supply chains of companies who do sourcing and purchasing in countries and markets where this cannot reliably be done through applying legislation and collective agreements through national social partners and governments. Through its Reference Code which draws on the best practice of existing corporate social responsibility schemes, GSCP also promotes convergence between applications which are often similar although they are based on different code texts.

GSCP does not accredit auditors, conduct audits, issue certificates to workplaces or conduct training or competence development activities in the field. It seeks a good cooperation with existing initiatives and schemes.

GSCP is not a multi-stakeholder but a business driven initiative. Formal decisions are made by its Executive Board, which consists of senior corporate representatives. To each individual member of the Advisory Board as well as for the entity which thus is represented this posed the question whether stakeholders could still play a role that is significant enough to justify an engagement for the initiative.

Before the Advisory Board began its work, the role of the board and its members in the decision making procedures, as well as in the overall work and activities of the GSCP, were discussed with the Executive Board. From these discussions it was concluded that the members of the Advisory Board have the right to all information and documentation generated within the GSCP system. All issues related to setting and implementing the GSCP standards are decided only after a consultation between the Executive and Advisory Boards, usually at joint meetings. The Advisory Board has the right to raise any issues with the Executive Board, for a consultation which has to take place within a limited and set time frame.

The experiences from getting these agreements in place have been positive. Joint meetings between the two boards have been held regularly, even more often than what was initially planned. There has been a complete openness in the discussions between the Executive Board and the Advisory Board. All questions posed by the Advisory Board or its individual members have been responded to in a serious and positive manner by the Executive Board. Conclusions have been reached in a good cooperation and in a way that has taken into account the needs and views of all those concerned. The Advisory Board has noted with satisfaction that the approach of the Executive Board has been to guard the standards and the quality of the GSCP and its work on a high level that represents the best practice of the corporate social responsibility community.

The Advisory Board has been invited to participate in the General Meetings of the GSCP, also when they have comprised only of member companies and other enterprises, and have dealt with company specific issues. At these meetings, a multitude of serious and well managed programmes and activities have been presented, that address various aspects of promoting decent work in the supply chains.

The GSCP Advisory Board welcomes the successful work done in establishing the structures, procedures and practices of internal governance and the roles of the Task Force, the Executive Board and the Advisory Board. The formal procedure for this interaction that was agreed and decided in 2008 provides a solid foundation for this, while not restricting flexible and efficient communications and task oriented cooperation.

In this first period, the Advisory Board has consisted of only four members. Its internal work has been easy to organise and the mainly informal internal communications have been sufficient. As the board is now being enlarged and the scope of its work extended from labour and social conditions also to environmental issues, there will be a need to structure its work better without losing the benefits of the informality and flexibility. As long as the foundations of the GSCP system are still being built, such as by developing tools for its implementation, there is a big need for communications and cooperation between board members, which may require some additional meetings or work sessions and an efficient electronic communication. It should of course be remembered that the members of the Advisory Board serve in a voluntary capacity.

GSCP as a Business Driven Initiative

GSCP is a business driven initiative and scheme. It has been formed by businesses which constitute its membership, finance it, and make its decisions. Thus, GSCP is not a multi-stakeholder entity.

Members of the Advisory Board participate also in other corporate social responsibility initiatives and schemes, some of which function on a multi-stakeholder base and others which are business driven like the GSCP.

It is clear that both approaches are and will remain parts of the corporate responsibility community. Although many of the entities represented on the Advisory Board have a general view that favours multi-stakeholder approaches, the board recognises the reasons for the GSCP having chosen a business driven approach. As a scheme with a global outreach, and as an entry point for many companies into an environment where approaches and experiences are being shared and benchmarked, a business based structure may raise a lower barrier for participation than a fully multi-stakeholder organisation.

The drawbacks of a business driven structure have been successfully addressed within GSCP, through creating an internal governance model, as can be seen from the comments above. The members of the Advisory Board, representing stakeholders, have a full oversight of and influence on all issues and activities related to the standards and their implementation. This means that to its foundations, contents, tasks and operations, GSCP does not significantly differ from a formally multi-stakeholder driven scheme.

The GSCP Advisory Board welcomes the ongoing expansion and broadening of its membership, including through an increased trade union representation. As the GSCP will expand its scope to environmental responsibility, strengthening the Advisory Board's

competence of these issues is also essential. There is, however, still a need to address the representation from developing and industrialising economies.

Trade union and NGO participation should be extended also to the expert working groups of GSCP.

The GSCP Reference Code

The GSCP Reference Code was published in 2008 after a long process of editing and refining the initial drafts. The Advisory Board finds it positive that the consultation process was open and transparent and engaged a broad range of companies and stakeholders.

It is also welcomed that the Code known as V.1 can be further improved ; an on-line public consultation is carried out, and suggestions collected.

Internally, the Advisory Board was fully engaged in drafting the final Reference Code. Several joint meetings were held with the Executive Board, where the Advisory Board made a large number of proposals for changes, additions and reformulations. All of these proposals were taken up and included in one form or another in the final Reference Code text.

It is the opinion of the Advisory Board that the GSCP Reference Code represents best practice among the various codes that deal with corporate social responsibility and that it keeps high standards on all aspects of the issue. Full respect for all core international labour conventions as expressed by the ILO Declaration on Fundamental Principles and Rights at Work form the cornerstone of the GSCP Reference Code. These and other applicable Conventions define the minimum level which labour conditions must comply with also in cases where national regulations would allow for a less favourable level of rights and benefits for workers to be applied.

On the important issue of freedom of association and the right to collective bargaining, the GSCP Reference Code is clear and uncompromising, which reflects fully the views of the Advisory Board.

The work on tools and guidelines for applying and benchmarking against the principles of the Reference Code continues. This brings in the important issue of remediation, or corrective action. The essence of the work done by GSCP is of course to ensure that the reality at the workplaces that are covered at least corresponds to the requirements of the Reference Code. Often, capacity building and training as well as other support and consulting measures will be required to enable this to be done.

Remediation only is not sufficient. Management systems must be developed and the necessary skills for them to operate correctively and efficiently must be built up. To support this and to help to ensure that it is done in a correct and efficient way, GSCP need to create necessary tools and guidelines. Whether the principles guiding this are to be included in the

Reference Code itself or added to it as a toolkit and guidance document will have to be determined as soon as possible.

The Advisory Board has underlined that much attention must be paid also to the buyers and the role that they can play in promoting better work and implementing the requirements of the Reference Code. Many GSCP members have indeed reported on such initiatives and on the preparedness to act concretely to enable suppliers to comply with the Reference Code. This approach should now be translated into more general requirements and guidelines.

The Advisory Board also welcomes that GSCP members followed its recommendation to consider purchasing practices as a central issue for remediation and prevention. It should remain at the heart of the discussions and should eventually be translated into guidelines, requirements and concrete initiatives led by the members in order to lay the ground for a level-playing field for businesses.

While this important work on tools and guidelines continues, the Advisory Board looks forward to learning about what strategies the members will devise to ensure the incorporation of the tools developed by the GSCP within their respective internal management systems.

The Role of GSCP in Promoting Sound Labour Relations

GSCP is fast establishing itself as a corporate responsibility initiative with a uniquely broad global coverage that comprises a growing range of business sectors and enterprises from various parts of the world. Although much of the weight today is on the North Atlantic axis with North American and European companies actively engaged, there is a growing interest for participation also in other regions such as Asia and the Pacific, the central and southern parts of the Americas, and Africa.

Membership growth can be expected to continue, which gives GSCP a particular responsibility to promote and participate in the cooperation between corporate responsibility initiatives, projects and schemes.

GSCP is focused on protecting and improving the social and labour conditions of workers who are engaged in the supply chains of companies who buy products and services in countries where national and local authorities and social partners for various reasons cannot ensure that the principles of decent work are fully applied on all workers. The Advisory Board has discussed at length the question of scope and whether the principles as defined in the Reference Code should be extended also to other activities of member companies.

Defending and promoting freedom of association and the right to collective bargaining is an important element of any corporate social responsibility scheme. The GSCP Reference Code is completely clear on the point that it requires full compliance with freedom of association and the right to collective bargaining as established in core international labour conventions. The Advisory Board notes with satisfaction that the importance of this has

never been questioned when developing the Reference Code and the application of its principles.

The issue whether applying the principles of the GSCP Reference Code should comprise also issues which would lie outside the supply chain itself has been discussed by the Advisory Board. These discussions focused mainly on freedom of association and the right to collective bargaining. Without compromising its strong support for these fundamental rights, the Advisory Board agreed that the task of the GSCP to improve the conditions of disadvantaged and vulnerable workers in the global supply chains is so important that it should remain the focal point of the work of the organisation through applying the principles of the Reference Code.

The approach and work of GSCP does already as such promote a universal respect for fundamental workers' rights and the core International Labour Conventions. One of the tasks of the Advisory Board will be to continuously monitor and also support developments in this respect.

Social and labour conditions related corporate responsibility schemes such as GSCP are voluntary efforts by businesses themselves to apply decent conditions where normal labour market mechanisms are unable to fill this function. Thus, the role of corporate social responsibility schemes in general and of GSCP in particular is not to substitute for a national regulation of labour conditions, including social dialogue and collective bargaining between employers and trade unions, but to complement it in regions, industries and societies where local labour relations structures are not capable of achieving these aims.

The Advisory Board welcomes the fast and profound development of ties with the Better Work Programme of the International Labour Organisation ILO and the International Finance Corporation IFC, as well as the positive and close cooperation with the ILO. This underlines GSCP's commitment to promoting the empowerment of the concerned national and local social partners and stakeholders, so that they can finally take over the full responsibility for regulating labour conditions. This should be the aim of any corporate social responsibility scheme, including the GSCP. The Advisory Board considers it important and valuable that this principle is fully accepted by and integrated into GSCP.

Extending the cooperation to other parts of the United Nations which are concerned with defending and promoting universal human rights - including the Secretary General's Special Representative on Business and Human Rights, John Ruggie - is an important task and helps to ensure that the very foundations of corporate social responsibility remain in a central and visible role.