



The GSCP Equivalence Process

Benchmarking Sustainability
Standards and Approaches
for Global Supply Chains



www.gscpnet.com

www.gscpequivalenceprocess.com



ABOUT THE GLOBAL SOCIAL COMPLIANCE PROGRAMME

The Global Social Compliance Programme (GSCP) brings together key actors of the consumer goods industry to collaborate on a common goal: driving positive change and business efficiency in the areas of social and environmental sustainability along the supply chain. Motivated by the conviction that the way forward in sustainability is through collaboration and convergence, these experts from various sectors and affiliations, including major retail companies, brand manufacturers, international organisations, academia and government, have joined forces within the GSCP framework to deliver a harmonised, global approach for more efficient and sustainable supply chains. This work is accomplished through a complete suite of Reference Tools, a robust Equivalence Process and regular meetings and working groups.

www.gscpnet.com



ABOUT THE CONSUMER GOODS FORUM

The Consumer Goods Forum (“CGF”) is a global, parity-based industry network that is driven by its members to encourage the global adoption of practices and standards that serves the consumer goods industry worldwide. It brings together the CEOs and senior management of some 400 retailers, manufacturers, service providers, and other stakeholders across 70 countries, and it reflects the diversity of the industry in geography, size, product category and format. Its member companies have combined sales of EUR 2.5 trillion and directly employ nearly 10 million people, with a further 90 million related jobs estimated along the value chain. It is governed by its Board of Directors, which comprises 50 manufacturer and retailer CEOs.

www.theconsumergoodsforum.com

Hello! My name's Emma, and I'm here to guide you through the GSCP Equivalence Process. Let's get started to make global supply chains more sustainable and transparent!



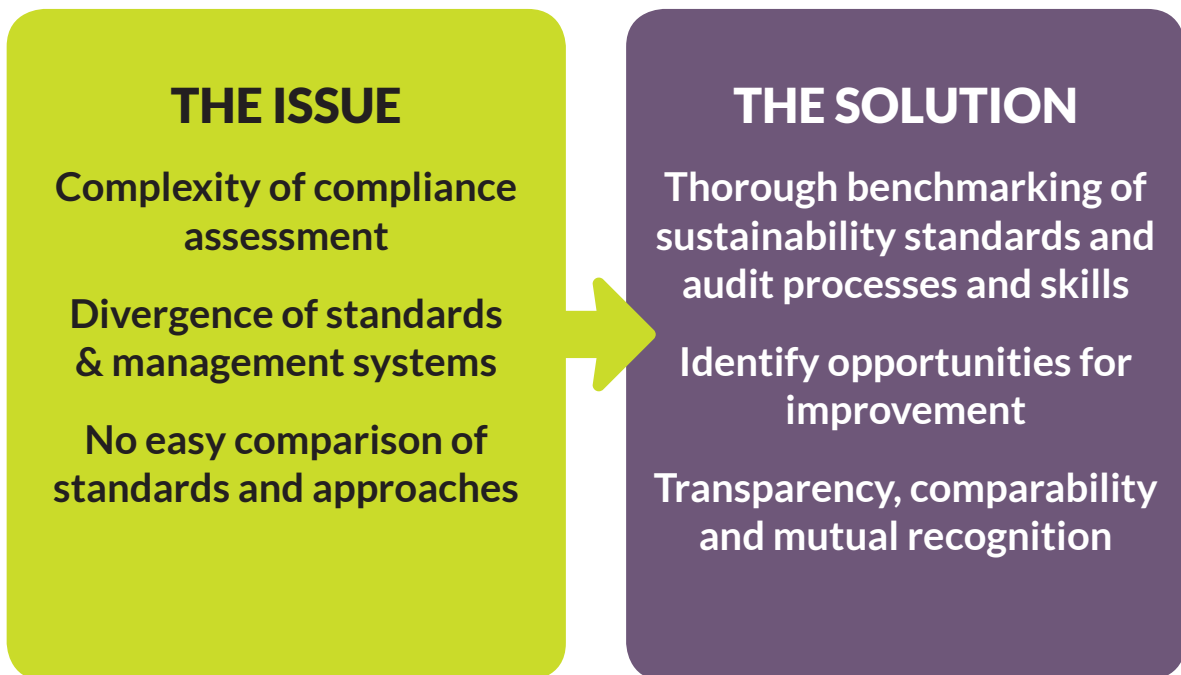
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Why

The GSCP Equivalence Process was developed for one simple reason: to help drive continuous improvements and harmonisation in global supply chain sustainability.

Variations in social compliance and environmental compliance standards, audit processes and methodologies, as well as requirements for auditing competences, make it difficult for organisations to know which standard, scheme or auditor fulfils their expectations and/or complies with international best practice. It also makes it difficult for organisations to recognise and accept the audits of other players in the field – resulting in the inefficient practice of duplication of audits. The GSCP Equivalence Process (EP) has, therefore, been designed to help organisations and initiatives break through the clutter by allowing them to benchmark and compare their systems, tools and processes against agreed best practices, as described in the GSCP Reference Tools. The Equivalence Process provides the necessary transparency for recognition of standards, company codes of conduct and auditing bodies.



The Equivalence Process helps you build sustainable, transparent and effective supply chains that you – and your customers – can be proud of.

THE PURPOSE OF THE EQUIVALENCE PROCESS IS:

- to benchmark environmental and social standards, codes of conduct, audit processes and competence requirements against international best practice.
- to help increase transparency and allow for comparison and harmonisation between various approaches
- to help you identify opportunities for continuous improvement throughout the process
- to allow organisations to assess sustainability standards and auditing bodies by providing an in-depth overview of which elements they cover and how

THE BENEFITS OF USING THE EQUIVALENCE PROCESS:

Those who sign up to go through the Equivalence Process will be able to assess internal tools and processes against best existing practices and identify any gaps in requirements or implementation processes, allowing them to improve where necessary.

The Equivalence Process has greatly facilitated the review process of our policies and procedures, making them more robust and trustworthy.

Thanks to the EP, I'm now able to provide my suppliers with clear and consistent requirements and ensure internal alignment.

Accessing the EP results helped me to decide which standards meet our organisations' expectations for social and environmental compliance.



JOIN YOUR PEERS ON THE JOURNEY

If you would like to see which organisations are currently on the journey to supply chain sustainability, view the complete list of EP users at www.gscpnet.com.



Depending on whether you are a buying company, initiative, auditing body or an institution, the Equivalence Process will also help you in numerous other areas.

BENEFITS FOR BUYING COMPANIES

You can...

- ✓ drive internal alignment by ensuring internal processes are up to standard and that all business units follow a common approach;
- ✓ compare your internal tools with business partners' and peers' codes, processes & tools, building the required trust to recognise each other's audit reports and set the scene for future collaboration; and
- ✓ assess the robustness and quality of sustainability standards and auditing bodies, making sure your expectations towards your partners are met.

BENEFITS FOR INITIATIVES

You can...

- ✓ double check if your scheme is meeting best international practice and your verification processes are aligned to your policy requirements;
- ✓ allow your member organisations to share and compare your assessment with their business partners, building the required trust for collaboration and the recognition of audits; and
- ✓ promote your scheme by showcasing the robustness of your standard.

BENEFITS FOR AUDITING BODIES

You can...

- ✓ drive internal alignment by ensuring internal processes are up to standard;
- ✓ ensure the right level of competence of your auditors, quality of your management system and consequently quality of audits, as required by your clients, to retain business and/or strengthen partnerships; and
- ✓ promote your organisation by sharing results with other users on the EP Platform to increase recognition and access to new markets.

BENEFITS FOR INSTITUTIONS AND ORGANISATIONS

You can...

- ✓ make sure you support an initiative, scheme or standard that fulfils your expectations on robust sustainability standards and processes by accessing the Equivalence Process results;
- ✓ benchmark your own guidelines or procurement standards to make sure your policies are aligned to international best practice; and
- ✓ use the EP+ support programme to drive the continuous improvement of standards that you work with or support.

WHOM DOES THAT SUIT?

The EP is suitable for more reasons than you would probably first think. And, no matter what those reasons are for you, it is the one process that will ensure your organisation or initiative is helping to drive global supply chain sustainability in an effective and transparent manner that your customers and partners will trust.

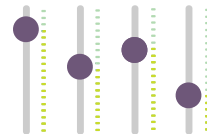
YOU SHOULD DO THE EQUIVALENCE PROCESS IF:



You want to build trust with your customers and partners



You want to get ahead of the curve and be an industry leader



You want to stay ahead of regulation



You recognise the need for supply chain harmonisation



You are committed to continuous improvement and want to meet global best practices



You are an auditing body and want to showcase the quality of your organisation



You are a sustainability standard and want to promote your approach



You are a buying company & would like more transparency about what sustainability standards are actually covering and how



You are an organisation or governmental department that wants to support robust standards

INTRODUCING THE EQUIVALENCE PROCESS

The GSCP Equivalence Process enables the benchmarking of supply chain compliance approaches against international best practice as set out by the GSCP Reference Tools. Users benefit from an in-depth review of the requirements of their code of conduct or standard, with the aim of driving continuous improvement. By completing the EP and sharing results, users gain a thorough understanding of their respective requirements.

There are five key stages to getting the most out of the Equivalence Process and you can see what they are in the table, as well as what they mean to you, the EP user.



Driving Improvements and Harmonisation

Self-Assess...

your system for social and environmental compliance against international best practice. The Self-Assessment will help you to learn about key factors for a robust compliance approach and to identify areas of improvement yourself. Note that you can also stop at this stage, there is no obligation for you to go through the expert assessment.

Improve...

your system, streamline your processes and join leading organisations who already apply international best practice in social and environmental compliance. We can help you to make the best out of your EP journey through the EP+ approach (see next page). The decision to make any changes to your system is of course left up to you.

Benchmark...

your system for social or environmental compliance against the GSCP Reference Tools by going through the Equivalence Process. Three independent experts provide you with an in-depth review of your policy and the related verification processes.

Share & Compare...

your finalised Equivalence Assessment with other users. Accessing and comparing results provides you with a detailed understanding of the policy and verification system of other companies. By comparing requirements, companies are equipped with verified information to mutually recognise their systems.

Access Results...

of your partners if you want to make sure that the companies you work with or the sustainability standards you support meet your expectations when it comes to social and environmental compliance and auditing competence. You can access the results of other EP users without having gone through the expert assessment yourself via the "Share Only" function.

What

INTRODUCING THE EQUIVALENCE PROCESS PLUS (EP+)

To make the process even easier, our new EP+ service helps provide users with their very own EP+ consultant. The EP+ consultant will support and guide you through each phase of the process, providing you with tailored recommendations on achieving best practice, streamlining documentation and improving processes. This new service strengthens the Equivalence Process as a tool for convergence to best practice, harmonisation and transparency in social and environmental compliance worldwide.

INTRODUCING THE EP EXPERTS

Our EP experts have a proven track record in corporate social and/or environmental responsibility and/or related fields. They demonstrate experience in areas related to auditing systems and auditing, as well as experience in international human rights and labour standards and/or (inter-)national environmental standards. Any applicant for the Register of Experts will be trained by the GSCP on the GSCP Equivalence Process and procedures. This training will be undertaken upon selection and prior to inclusion in the Register of Experts. We select three of our independent experts for each EP expert panel based on your needs and their specific expertise.

The experts will check and validate your Self-Assessment criterion per criterion. During the assessment, they will identify areas of improvement, point out potential gaps and the need to streamline your documentation and processes.



“Knowing which standards meet your expectations in terms of social or environmental compliance can be a tricky exercise. Accessing and comparing Equivalence Process results will help your organisation to be better informed about the scope, the verification process and the coverage of the sustainability standards you trust”.

Catherine Benoit Norris PhD

*VP Social Sustainability at New Earth
Adjunct lecturer Harvard Extension School*

“I’m really glad to be able to support our users to implement improvements through the Equivalence Process Plus. We help streamline procedures and guide the user on how to close gaps the panel experts point out. The new EP+ process certainly facilitates the assessment and improves the outcomes”.

Anna Buxaderas

CSR and Sustainability Consultant



“Three heads are better than one! The fact the Equivalence Process utilises a panel made up of three experts means the process is able to give the very best advice, and the fact we are handpicked based on experience and skillset means EP users know they are getting a level of support they can trust”.

Dr. Yogendra Chaudhry

Vice President, Professional Services, ECO Canada

How

THE PATHWAY TO SUCCESS

To help better guide users through the Equivalence Process, we have broken it down into three bite-sized phases: the Self-Assessment, the Equivalence Assessment and the Share & Compare phase. These processes can be completed via our online platform.

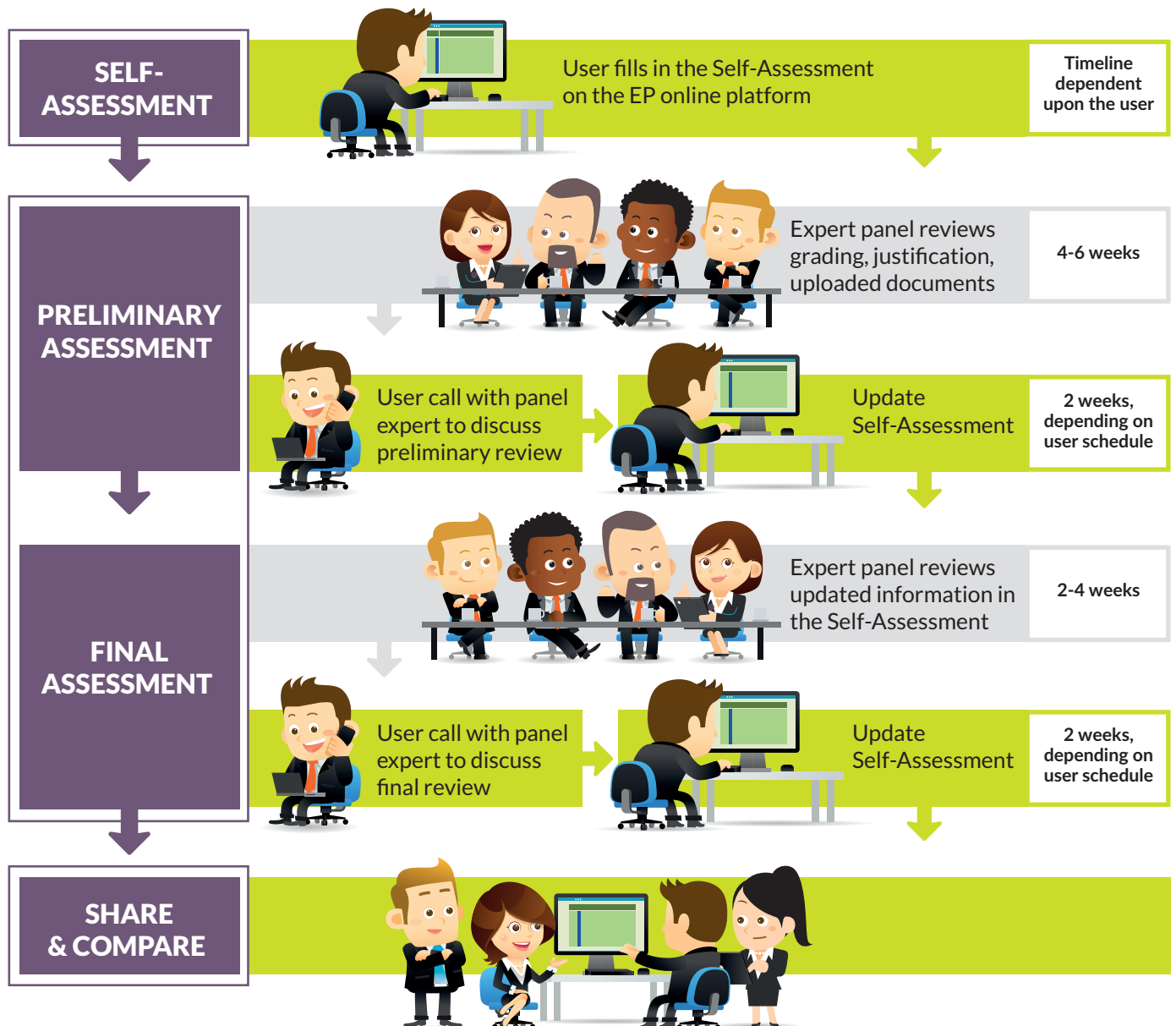


The EP is an online process.

You can go to www.gscpequivalenceprocess.com to learn more and register.

DID YOU KNOW?

80% of EP users are satisfied or very satisfied with the process.



THE SELF-ASSESSMENT

As the EP user, you will need to assess your internal tools, systems and methodology against each criterion of one or more GSCP Reference Tools. The Self-Assessment serves as the basis for the Expert Assessment.

The objective of the Self-Assessment is to help the user to understand where it stands vis-à-vis requirements and practices as defined in the GSCP Reference Tools. This requires a self-critical approach, objectivity and wish for continuous improvement.

As part of this phase, your organisation is required to provide information regarding how each GSCP criterion from the respective Reference Tool is covered on a policy level and how requirements are implemented or verified on the ground (Evidence of a Process for Implementation). You will also be asked to insert your requirements, upload the relevant documents and justify your grading.



THE EXPERT ASSESSMENT

An expert panel, consisting of three independent experts, provides its grading and justification per criterion based on the information and documents you, as the user, have uploaded on the EP Platform. You then have the possibility to revise the Self-Assessment and upload additional documents after the Preliminary and Final Assessment stages.

The experts make sure that the provided evidence is relevant, that the grading corresponds and that the justification provides accurate information about your coverage of each respective grading.

The expert panel then validates the accuracy and completeness of the Self-Assessment. Other users can request to access the updated and validated version of the Self-Assessment through the Share & Compare phase or Share Only function.



THE SHARE & COMPARE PHASE

All registered users on the platform can ask for access to the results of organisations that have finalised the EP. The benchmarking results provide the necessary transparency and detailed information to create the necessary trust for collaboration and recognition. As an organisation that made the results available on the sharing section, you have full control as to with whom and to which extent you wish to share your results.

THE GRADING PROCESS

Of course, to know how your scheme performs compared to our References Tools, you need to know how you are going to be graded. The social and environmental grading scales allow you to assess the level of equivalence of your requirements compared to the GSCP criteria. Note that no overall grading is granted for the benchmarking, nor that you can pass or fail the EP.

The below represents an overview of how the EP grading system works.



GRADE A+



The scheme's requirements go beyond the GSCP criterion.



GRADE A



The essence of each requirement in the GSCP criterion is covered. Details in the text that are missing or different from the GSCP's text have no bearing on workers'/environmental protection.



GRADE B



The essence of each requirement in the GSCP criterion is covered. Details in the text that are missing or different from the GSCP's text have a bearing on workers'/environmental protection.



GRADE C



There are multiple reasons for a C-grading:



- The essence of the criterion is not covered at all.



- The essence of one of the requirements in a GSCP criterion that has multiple requirements is not covered.



- The user applies a different methodology that is not comparable to the GSCP methodology.



- The criterion is not applicable to the user's scheme.



If the user can't provide evidence how the criterion is implemented/checked on the ground, it automatically results in a C-grading regardless of if it is covered on a policy level.

Remember, when grading you need to look at how the requirement is covered in your scheme's documentation at policy level and how it is implemented or checked on the ground.

THE CRITICAL SUCCESS FACTORS

Even with experts on hand to support you through the entire EP, experience tells us that there are things to be done on your end to help ensure success comes quickly. We recommend you:

- appoint a team with in-depth knowledge of the system and processes;
- involve top management and/or managers;
- adopt a critical approach when carrying out the assessment to better identify potential improvement areas;
- take the time that is necessary for your review; and
- ensure sure you have implemented all the alignments you identified during your Self-Assessment before you begin the Equivalence Assessment.



Get Started

THE REGISTRATION PROCESS

The registration process is extremely simple, and through our dedicated one-on-one kick-off training, you'll be well placed to achieve success.



To learn more about the time required, costs and to ask any questions you may have, please connect with Sonja Schmid, our Equivalence Process Manager.



SONJA SCHMID

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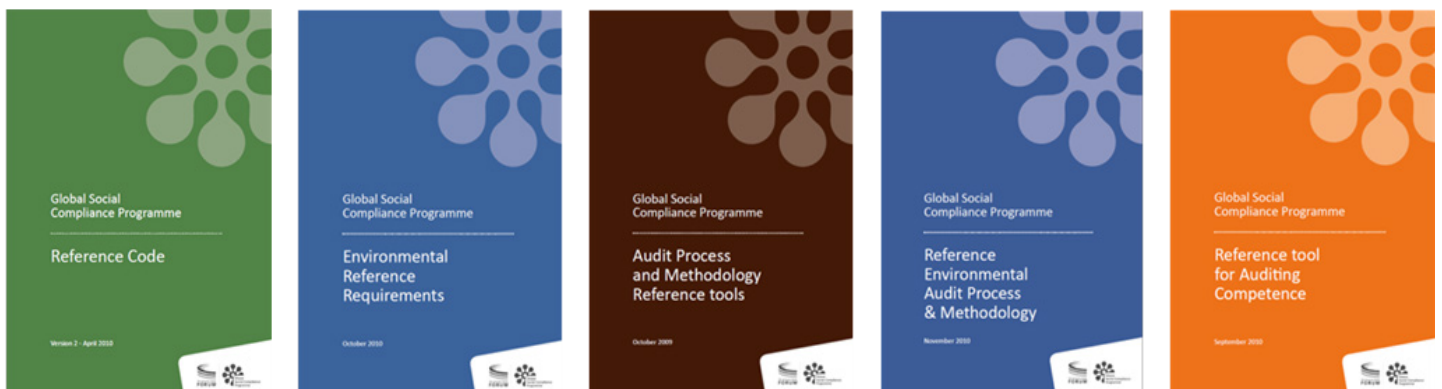


THE GSCP REFERENCE TOOLS

Have a look at our Reference Tools to make yourself familiar with the requirements against which your scheme would be benchmarked during the Equivalence Process.

Our GSCP Reference Tools are a complete suite of documents compiling best practices for managing sustainable supply chains. The tools are open-source, applicable globally and across sectors, while making business sense of international conventions and protocols. They provide a common interpretation of social and environmental requirements in global supply chains, their implementation and best practices for auditing processes and competence.

The following tools are available for the Equivalence Process benchmarking:



<http://www.theconsumergoodsforum.com/gscp-our-work/reference-tools>

THE GSCP EQUIVALENCE PROCESS

for those who actively support transparency and work on
enabling sustainability in global supply chains.



www.gscpequivalenceprocess.com



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