



ANNUAL REPORT 2018



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Mission, values and activities

ICS (Initiative for Compliance and Sustainability) is an international multi-sectoral initiative with a goal of providing its members with a mutual framework and tools in order to facilitate their responsible action within global supply chains.

ICS members act together to sustainably improve working conditions in factories and responsibly support suppliers in order to make them 'actors' of their own approach to progress in global supply chains.

ICS values are:

- Collaboration
- Agility
- Respect
- Commitment





Mission, values and activities

With the following tools and frameworks, ICS and its members continuously work on achieving the 2030 Sustainable Development Goals highlighted above, given that SDGs n°8 and 12 constitute the very core of its values.

ICS makes it possible for its members to:

- Enforce common social and environmental audit frameworks;
- Deploy tools and services that meet this common reference framework in order to engage with actors participating in their supply chain;
- Mutualize tools addressing common production sites in order to avoid redundancies when commissioning audits;
- Promote, while respecting competition law, exchanges of information on social and environmental questions relative to supply chains and corrective actions plans implementation;
- Promote exchanges with stakeholders;
- Define common projects supporting production sites and suppliers;
- Promote transparency and traceability.



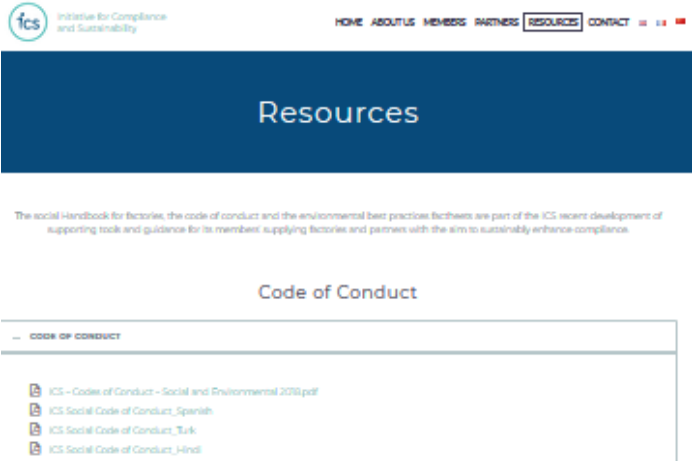


New year, new name

ICS changed its name in 2018! Previously known as Initiative Clause Sociale, ICS is now called *Initiative for Compliance and Sustainability!*

ICS' original name, Initiative Clause Sociale, only referred to the social dimension at the core of ICS activities. Building on ICS' 20 year experience, its members decided to address the environmental compliance of their supplying factories as well and to extend ICS' scope.

Moreover, ICS developed a new website with the aim of becoming more transparent by rendering official documents public!





ICS celebrated its 20th anniversary in 2018!

Initiative for Compliance and Sustainability (ICS) celebrated its 20th anniversary! Building on its 20 years of experience, ICS called upon its stakeholders to join efforts and together improve social and environmental working conditions across global supply chains. Continuing efforts will still be deployed to take corrective actions regarding working hours, decent wages (including social protection) and health and safety.





ICS 20th anniversary event on October 10th 2018

Location: *Salon Opéra, 4th Floor*
Galleries Lafayette, 48 Boulevard Haussmann, 75009 PARIS

10:00-10:30 **Welcome and Introduction**

Welcome by Phillippe Houzé, Executive Chairman, Galeries Lafayette Group;
Frédéric Lecoq, Global Compliance Program Director, Casino Group and **Adeline Cruz Bonilla**,
Regulatory Affairs and CSR Manager, Adeo Group

10:30-12:30 **Roundtables**

On the Social theme: Moderated by **Bertrand Swiderski**, Sustainability Director, Carrefour

**“TOWARDS SAFETY, HEALTH AND PROTECTION: STRENGTHENING SOCIAL PROTECTION
FOR THE FUTURE OF WORK”**

With the pleasant participation of the representatives from: Cooperative for Assistance and Relief
Everywhere (CARE), French Ministry of Foreign Affairs, Foundation “Weave our Future”, French
National Contact Point (NCP) to the OECD, International Labour Organization (ILO), Organisation for
Economic Co-operation and Development (OECD).

On the Environmental theme: Moderated by **Claire Coletti**, CSR Corporate Manager, Vivarte

**“ADDRESS ENVIRONMENTAL RISKS AND LEVERAGE OPPORTUNITIES
IN PRODUCTION PROCESSES”**

With the pleasant participation of the representatives from: Global Compact, International Trade
Centre (ITC), Maisons du Monde, The Forest Trust (TFT), United Nations Environment Programme
(UNEP).

12:30-14:00 **LUNCH**

14:00-14:30 **Technology and supply chains: addressing transparency and traceability**

**“SUSTAINABILITY MAP ADDRESSING THE TRANSPARENCY AND THE TRACEABILITY IN THE SUPPLY
CHAINS”**

With the pleasant participation of the representatives from: ART Informatique, ITC and Global
Standard One (GS1).

14:30-15:00 **ICS Developments and Projects**

15:00-17:30 **INTERACTIVE FORUM ON ICS VISION**

17:45-18:15 Guided visits of **“Go for Good”**

18:15 **Conclusion by Jacques Creyssel**, General Delegate of the French Trade and
Distribution Federation

18:30-20:00 **COCKTAIL**

ICS celebrated its 20th anniversary in 2018!



43 MEMBER COMPANIES

In 2018, GoSport, Grain de Malice, Lacoste, Orsay, Rouge-Gorge and Tape à l'Oeil joined ICS!

ICS is composed of 43 multinational retailers and brands, mainly French, but not exclusively, in the sector of retail, textile, footwear, food, Do it Yourself (DIY), furniture, electronics and accessories.



Twenty years is an important milestone for organizations, which must demonstrate, year after year, how relevant they are to the world they are existing in, or take the risk to become obsolete. To pass the test of time, as the ICS did for the last two decades, is no small feat, even for an initiative whose goals and missions are as fundamental today as they were in 1998, or one may argue, even more so. It is not enough to address meaningful issues, something the ICS was meant to do from the very beginning. You must also take care to do so in a way that answers your members' and stakeholders' needs, as diverse as they can sometimes be, something that the ICS has proven it was able to do. I believe that striking that kind of balance has been key in the successful perpetuation of the ICS over the past 20 years. Galeries Lafayette joined the ICS in 2003. In 2018, with the launch of the Go for Good movement, our group has clearly stated its commitment towards a more responsible fashion. It goes without saying that an event of this scale, handling a subject as sensitive in the eye of the public, required solid foundations. Being an ICS member, and through this mean, addressing crucial compliance and sustainability issues, had been one of such foundations.

Philippe Houzé

Chairman of the Groupe Galeries Lafayette Board

Galeries
Lafayette



"Because of our common objective, we share a real team spirit." This is the spirit of the musketeers; the legendary 1920s team of which René Lacoste was a key member. Lacoste joined ICS in 2018 to reinforce its suppliers' social compliance approach but more than anything to do it within a group of companies that face the same challenges and pursue the same goals. ICS is without doubt the right environment to build a common ground between brands for more sustainable Supply Chains.

————— **Frédéric Lecoq** —————

Global Corporate Social Responsibility Director



Accredited audit companies

ICS currently works with 9 audit companies around the world. Audit quality is monitored by ICS through statistical indicators and comparative analysis as well as by ICS members' collaborative feedback and review.

ICS and its partners developed a working group, trying to prevent and solve potential future problems by working together. Integrity-related risks are to be tackled by using technology and by improving the auditing bodies' internal structural organisation.



nov-18	Report from 2015 not uploaded / actually uploaded under the wrong factory name	20181106
nov-18	Error in Chapter 5 rating (rated NA instead of rated against the ICS requirement)	20181108

In 2018, the Working Group met twice: in July and December, aiming to find common positions. ICS strives to reinforce this collaboration, all the while closely monitoring audit companies' activities through Key Performance Indicators and errors tracking system as shown in the table on the left.

Environmental audits

In April 2018, ICS successfully launched environmental audits!

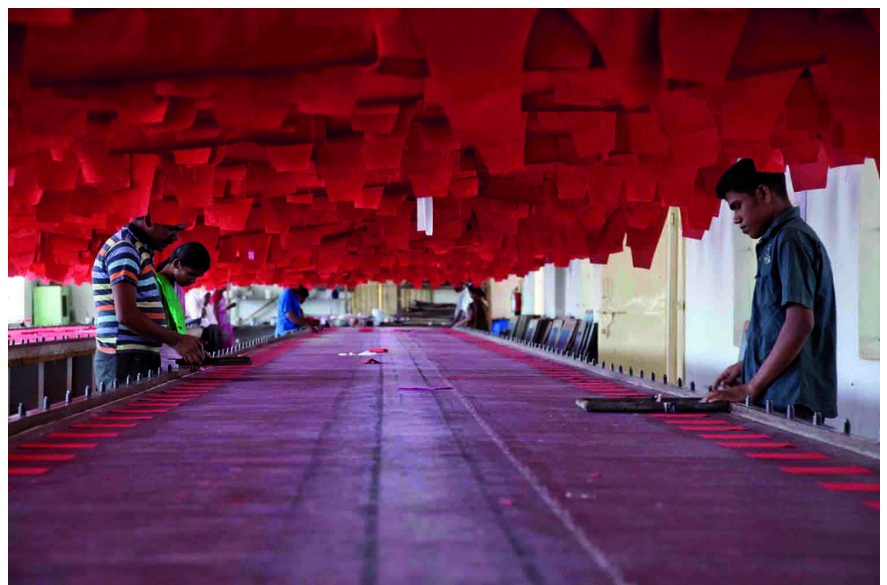
ICS members can send the ICS Environmental Code of Conduct to their supplying factories that can be also complemented by the member's own detailed Code of Conduct.

The Environmental Code of Conduct covers the 8 chapters of the ICS Environmental audit questionnaire:

- 1 – Environmental Management Systems
- 2 – Energy Use, Transport and Greenhouse gases (GHG)
- 3 – Water Use
- 4 – Wastewater and Effluent
- 5 – Emission to Air
- 6 – Waste Management
- 7 – Pollution prevention, hazardous and potentially hazardous substances
- 8 – Emergency response management

The ICS environmental requirements are built around the three levels recommended by the GSCP (Global Social Compliance Programme):

- Level 1 : Awareness and Compliance
- Level 2 : Proactive Management and Performance Improvement
- Level 3 : Leading Practices.

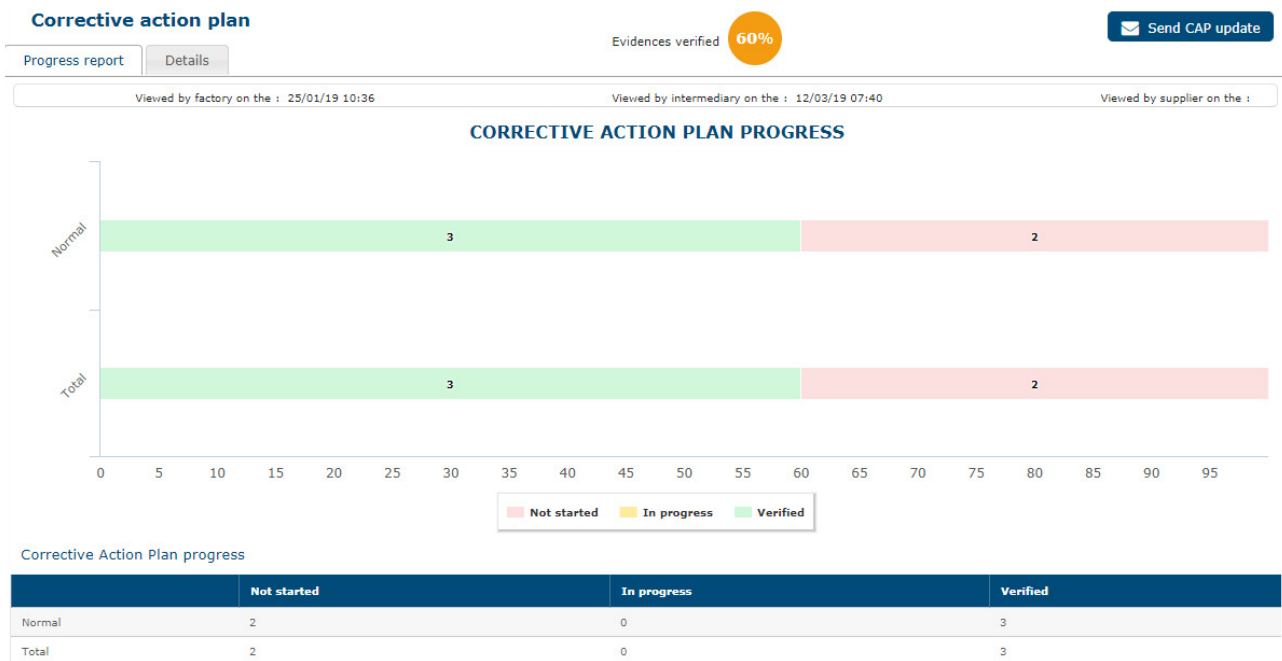


Database

After a successful pilot phase in India in 2017, ICS launched the Online Corrective Action Plan (CAP) for all countries in 2018.

This tool has now been used for more than 1 200 audits around the world. This feature allows audited factories and related actors to upload documents on identified non-compliances after the audit (e.g. renewed permit, non-discrimination policy etc.) on the ICS database. ICS members can verify and validate the evidence for the CAP to progress.

The uploaded documents do not change the audits' rating but they enable brands and factories to engage in collaborative and concrete exchanges. The CAP advancements are then mutualized between linked ICS members (members working with the same factory).

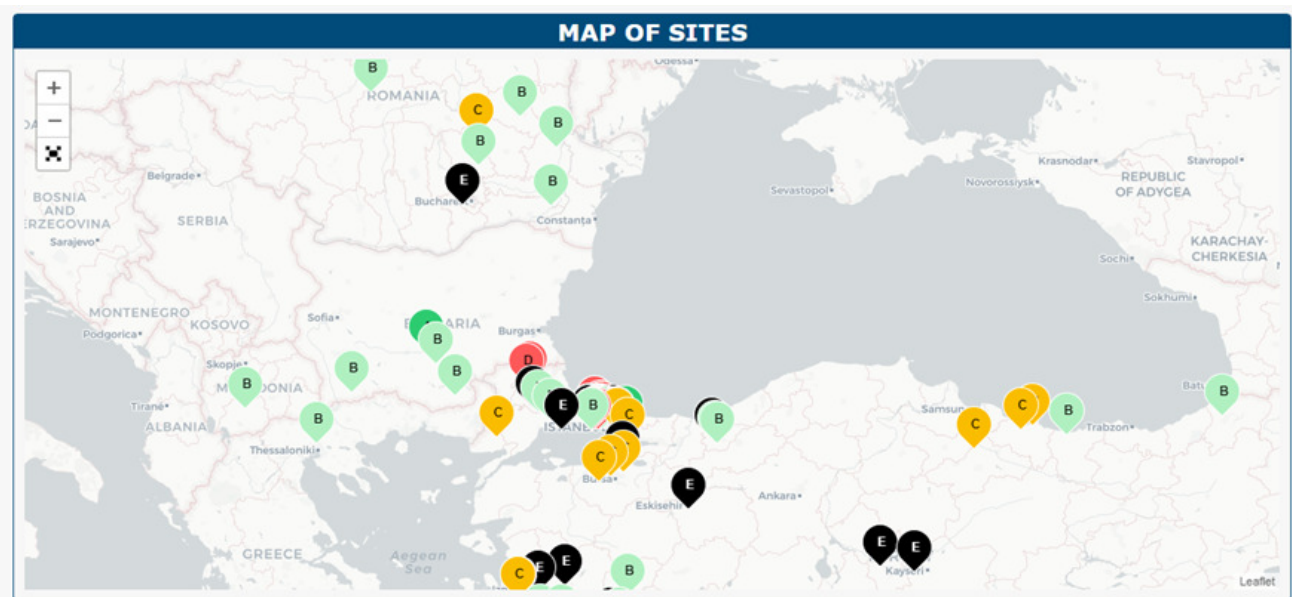


Database

In 2018, ICS also launched a new tool called Factories' Key Performance Indicators (KPI).

This reporting includes data on the ICS member's factories and their rating evolution:

- The Map of sites identifies the active factories on a worldwide map that allows the member to follow the level of compliance by region. Each factory is displayed with a summary of the main points (name, city, country, last audit rating, number of employees, maximum of working hours);
- ICS members can assess through KPIs the progress of the active factories and the evolution of their level of compliance, therefore making their remediation policy more efficient;
- This new tool also permits ICS members to better compare the evolution of the rating distribution per country allowing them to act quicker and more efficiently.



Common positions

ICS continued its investigation on specific issues in 2018. ICS worked closely with the ICS-accredited audit firms on multiple matters such as legal requirements on assembly points in India, on how compensation days are given to the workers in Bangladesh and on the security checks conducted by guards in Cambodia for example.

These investigations help ICS to further evolve its audit tools and guidelines and render them ever more precise and detailed.

India: Assembly Point

Question sent to audit firms:

Could you kindly send us the applicable legal requirements for assembly points in Indian factories?
Is there a minimum or maximum distance to observe for the assembly point?

SUMMARY:

ICS accredited audit companies consider that there is no specific national law referring to India Assembly point. The only law providing informations is THE UTTAR PRADESH FACTORIES RULES stating that all exits shall provide continuous means of egress to the outside of a building or to an outside open space leading to a street.

Security Checks

Question sent to audit firms:

ICS social audit question 4.6 relates to security practices and checks by guards.

- Could you please share with us the most frequent non compliances that you observe on this question?
- Do you often observe abusive practices in terms of frisking?
- Do you consider as abusive the systematic search of handbags at the entrance and exit of the factory?
- Could you please comment specifically the situation in Pakistan on this issue?

SUMMARY:

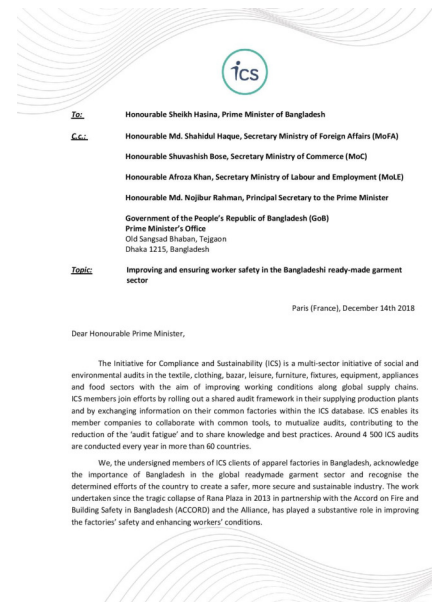
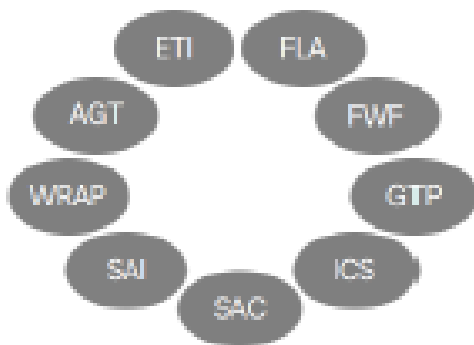
ICS accredited audit companies consider that searches done by security guards are not seen as abusive as long as they respect the workers, they do not have any inappropriate behavior and more importantly searches are conducted by security guards having the same gender as the workers searched. They also observed that in Pakistan (and other countries) searches are never done by opposite gender security guards as it is considered unethical.



Common positions

ICS also acts to collectively address identified issues. One such example is the Joint Letter sent to the Bangladeshi government in support of the ACCORD (Accord on Fire and Building Safety in Bangladesh).

ICS respectfully called upon all the parties involved to work together, to take all necessary steps to find solutions to the current challenges facing this partnership so the ACCORD may continue to contribute effectively to the growth and development of the sector in Bangladesh.



Furthermore, ICS has joined a quick response group, funded by the C&A Foundation, which aims to better uphold the rights and security of workers by quickly coordinating actions of apparel industry organisations and their members in cases of extreme human rights violations.



Working Groups

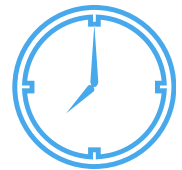
Environment



ICS set up Environmental WG to promote and follow the newly-launched ICS environmental audits. ICS' approach of environmental compliance is to accompany factories in understanding their practices and impacts and to tackle these issues by a progressive methodology.

Working Hours

ICS continued its investigation on working hours' issues and national legislations to ensure better compliance from the factories. Currently, ICS ratings follow the ILO's conventions with several thresholds and provided guidelines to non-compliant factories.



Database



In 2018, ICS extended the Database WG in order to add Transparency and Traceability goals in partnership with ITC Sustainability Map. The aim of the latter is to cover the entire supply chain, from the producer to the factory to the instructing party.

4360

Audits in 2018

1200

CAP initialized

3195

Corrected Actions



Working Groups

Tools



ICS updates its tools and develops new resources for its members and their supplying factories annually. In 2018, ICS developed the social small audit questionnaire (for factories with less than 50 workers) and published social best practices factsheets to help non-compliant factories. As part of the Environmental audit launch, ICS developed numerous detailed resources, on each chapter of the Environmental audit questionnaire (publicly available on the [ICS website](#)).

Food

Working groups dedicated to the food sector were organized in 2018 to better understand the food industry's special needs, given that audits should often take place during harvest season or on a boat for the fishing industry. This WG will continue to be explored in 2019.

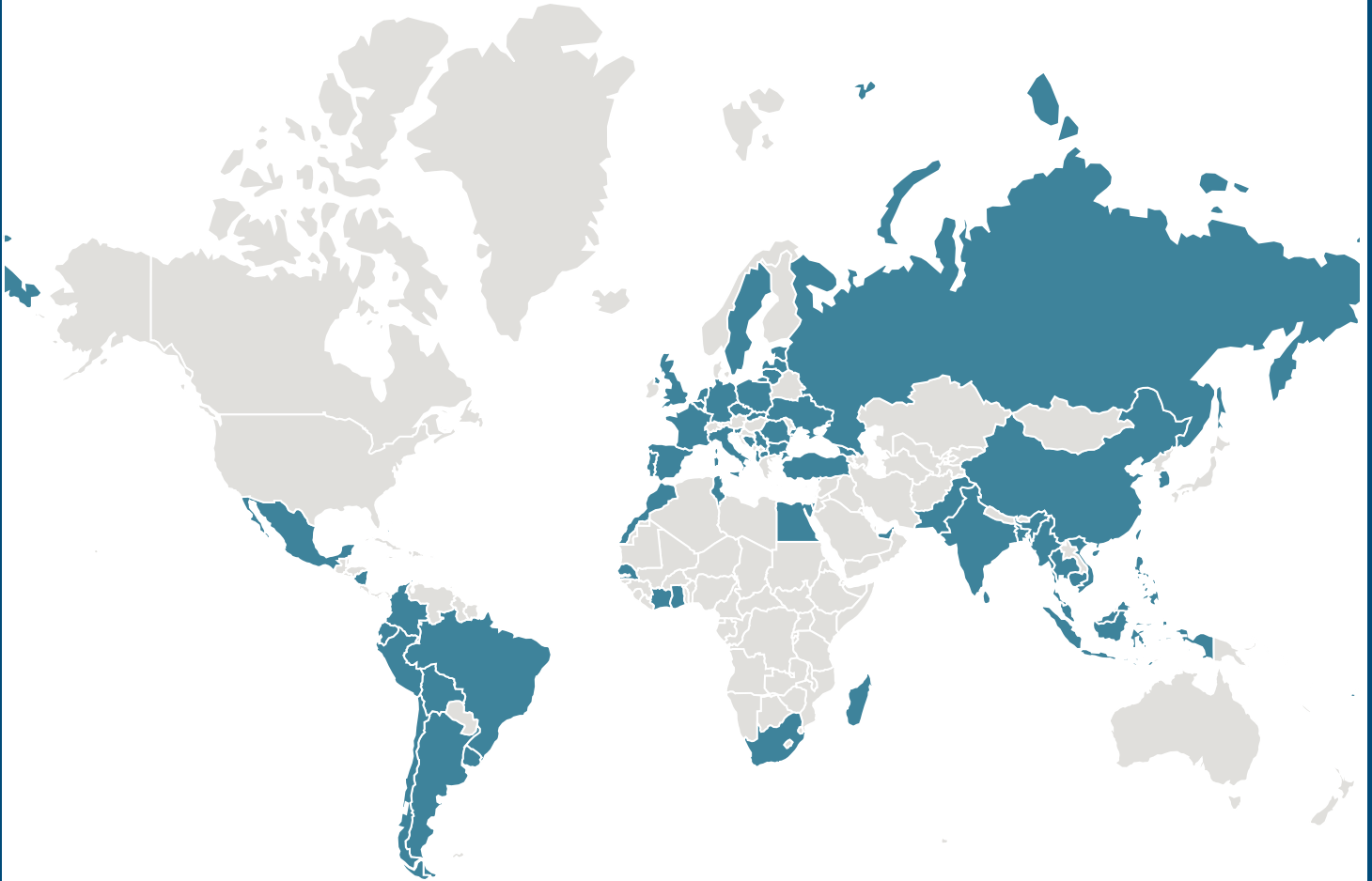


Risk Mapping

In 2018, ICS members decided to share consolidated statistics and information between themselves as part of the risk-assessment. Moreover, ICS will make use of its weekly news monitoring, providing information on the country, sector and/or specific factory and render it available to all participating members and the factories themselves.



Statistics



4360

Audits in 2018

65

Audited Countries

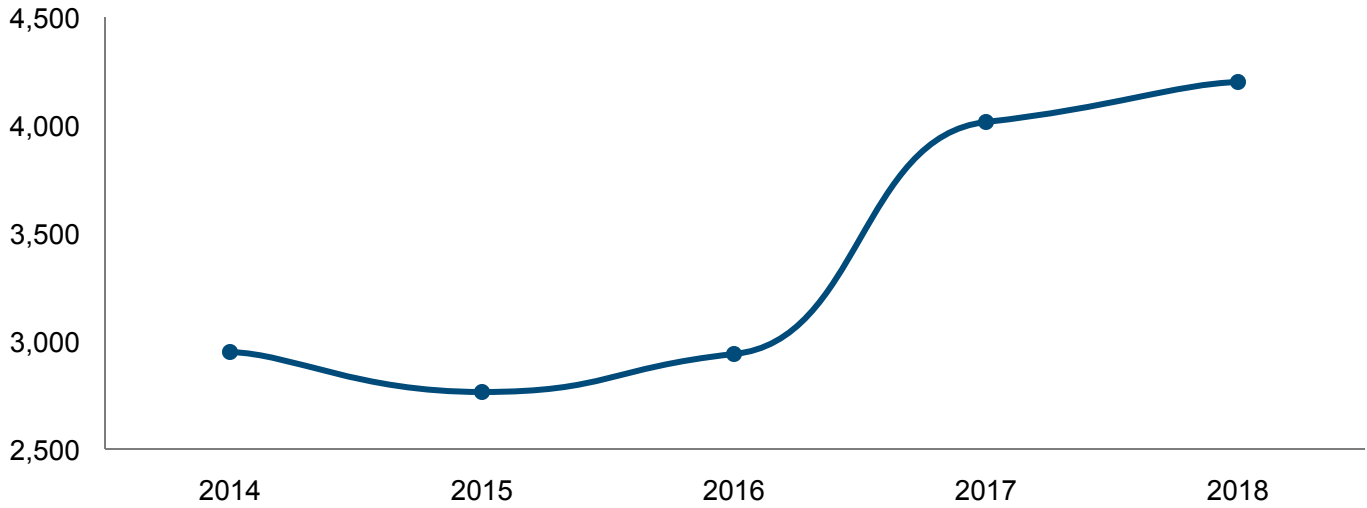
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Workers



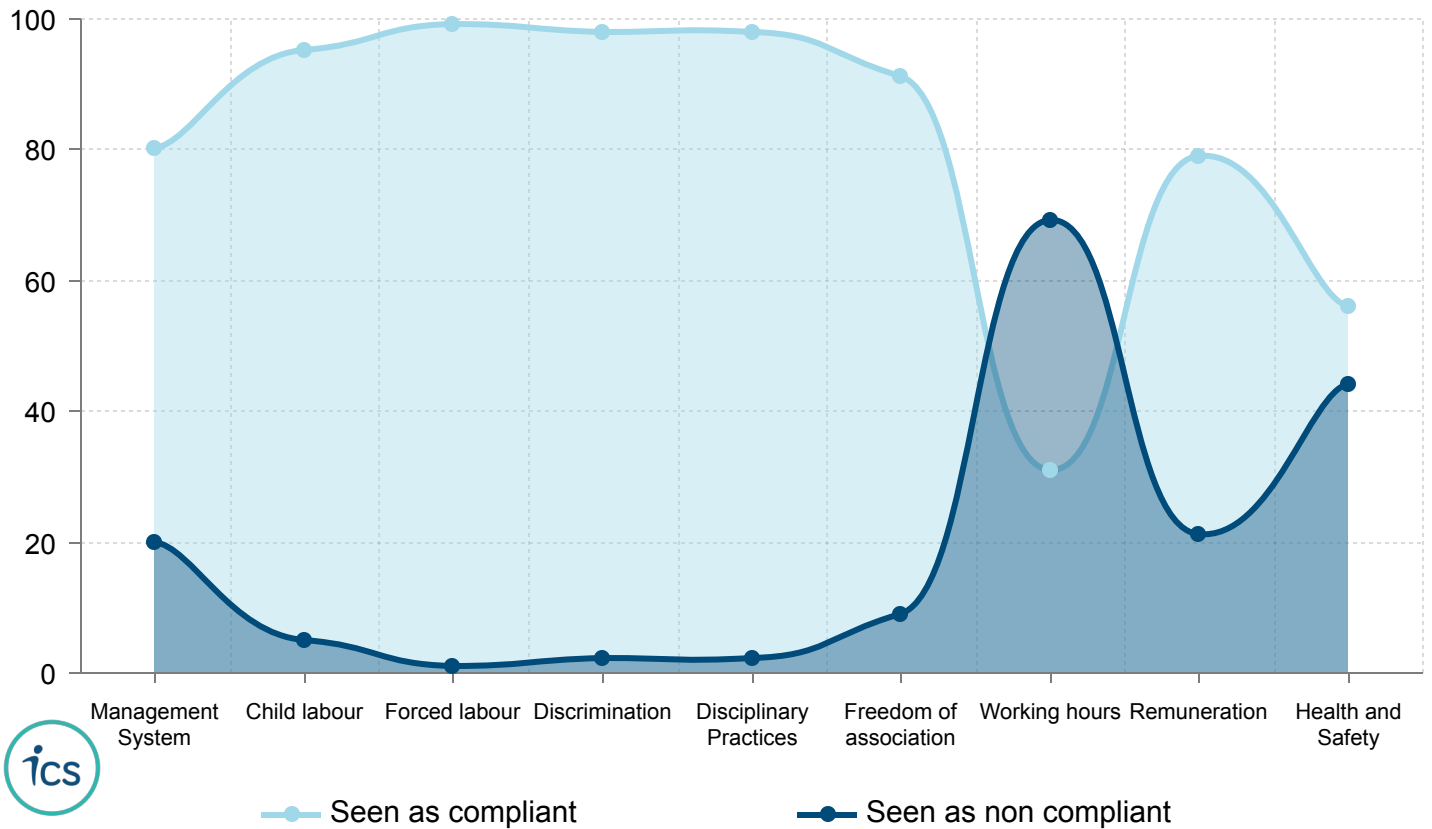
Statistics

Number of ICS social audits



*The number of audits notably rose with the increasing number of members.

Compliance by chapter

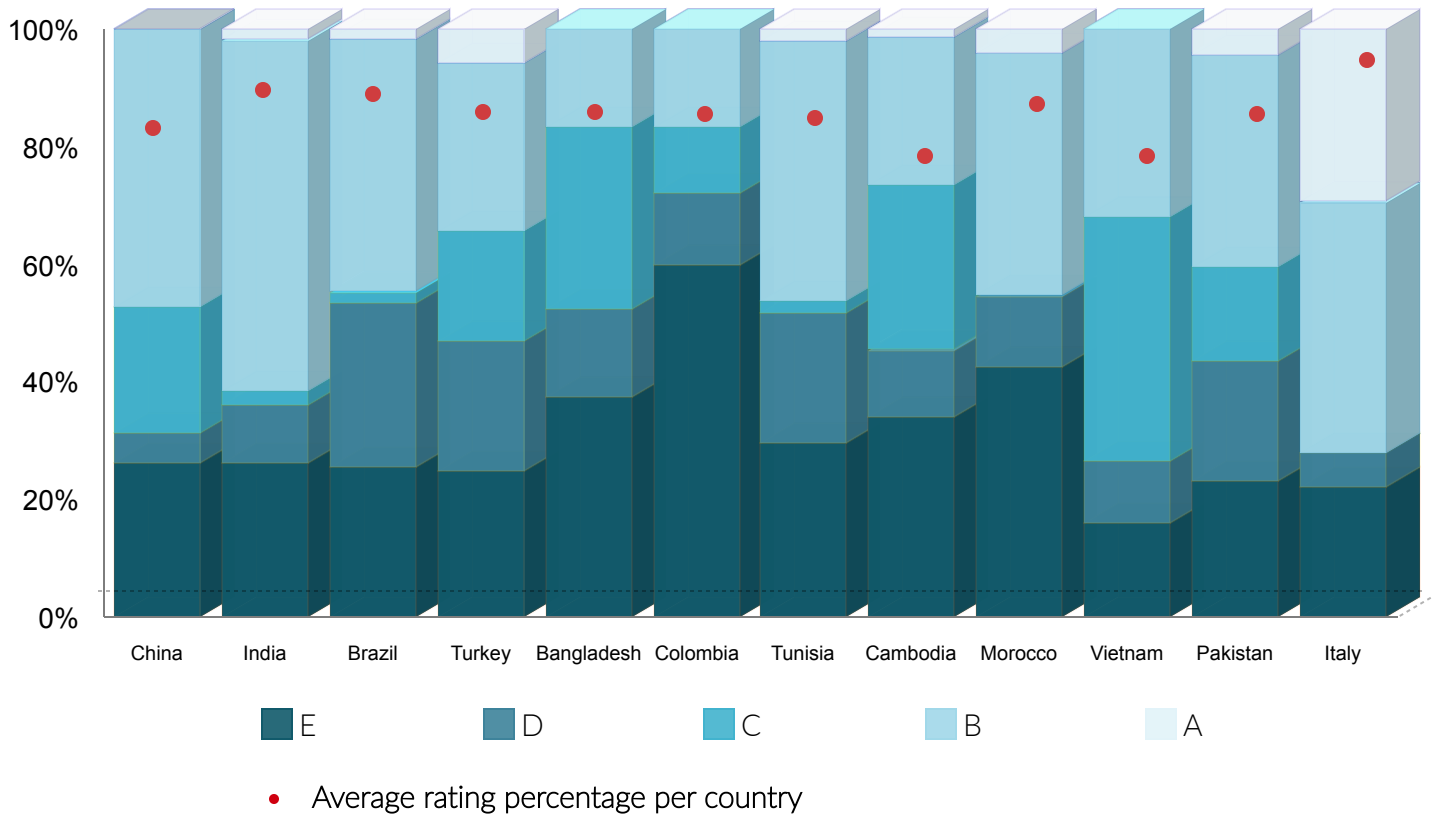


—●— Seen as compliant

—●— Seen as non compliant

Statistics

Social audit results for large audit volume countries

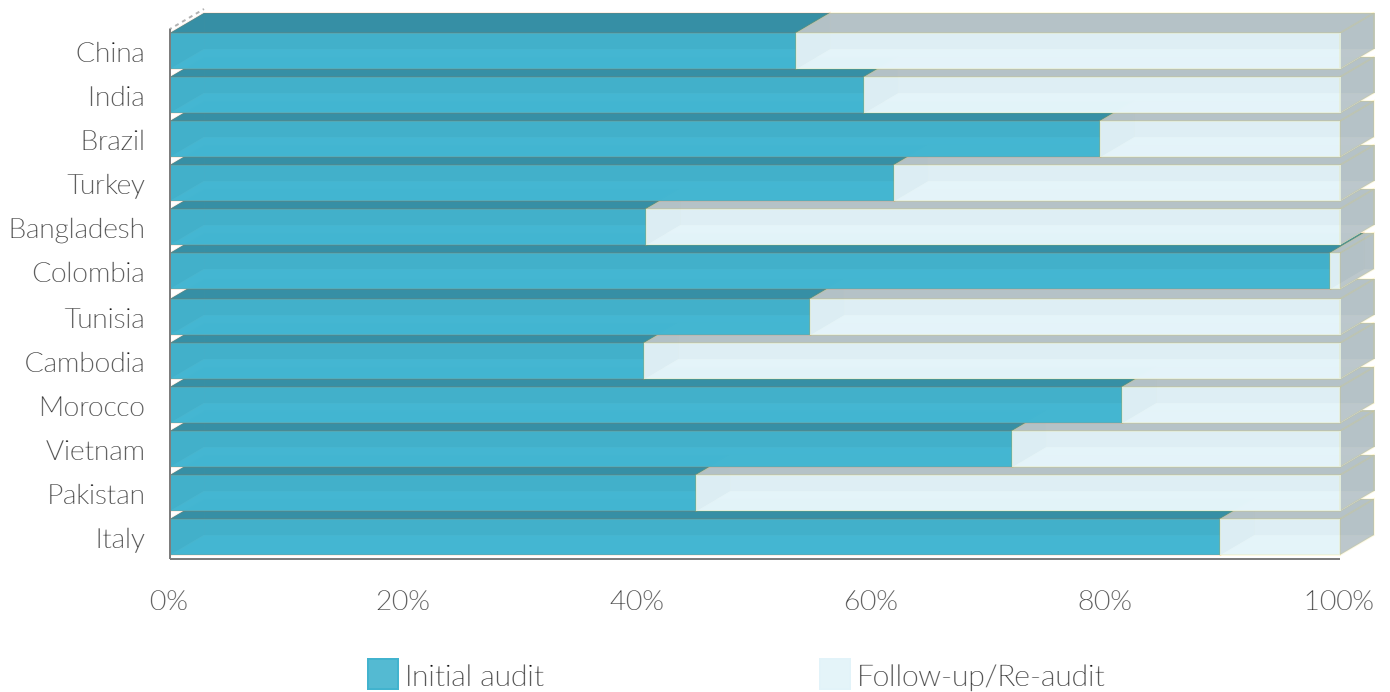


This graph shows the average results of ICS audits by main country, separating the letter and the percentage of the rating. It constitutes a double rating scheme, i.e. 90%B, 60%C etc. The percentage reports the degree of compliance of the factory and the letter reports the degree of criticality related to defined major non-compliances, where A is the highest and E the lowest rating possible.



Statistics

Audit type distribution

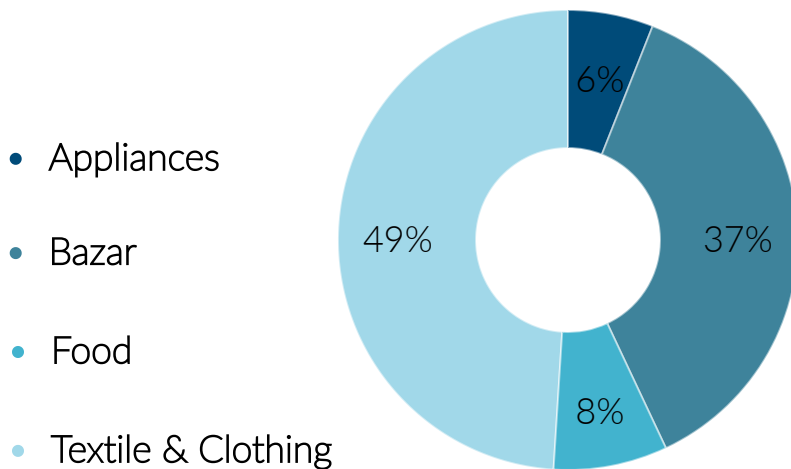


When comparing the data shown on this graph with the one on the previous page, one might understand more clearly why certain countries might have a bigger percentage of audits rated "E". For example, Colombia has the highest percentage of audits rated "E", but also the highest percentage of initial audits. Therefore, when countries are less accustomed to audits, primary results may seem worse than they might soon be, given that the factories implement the corrective actions.

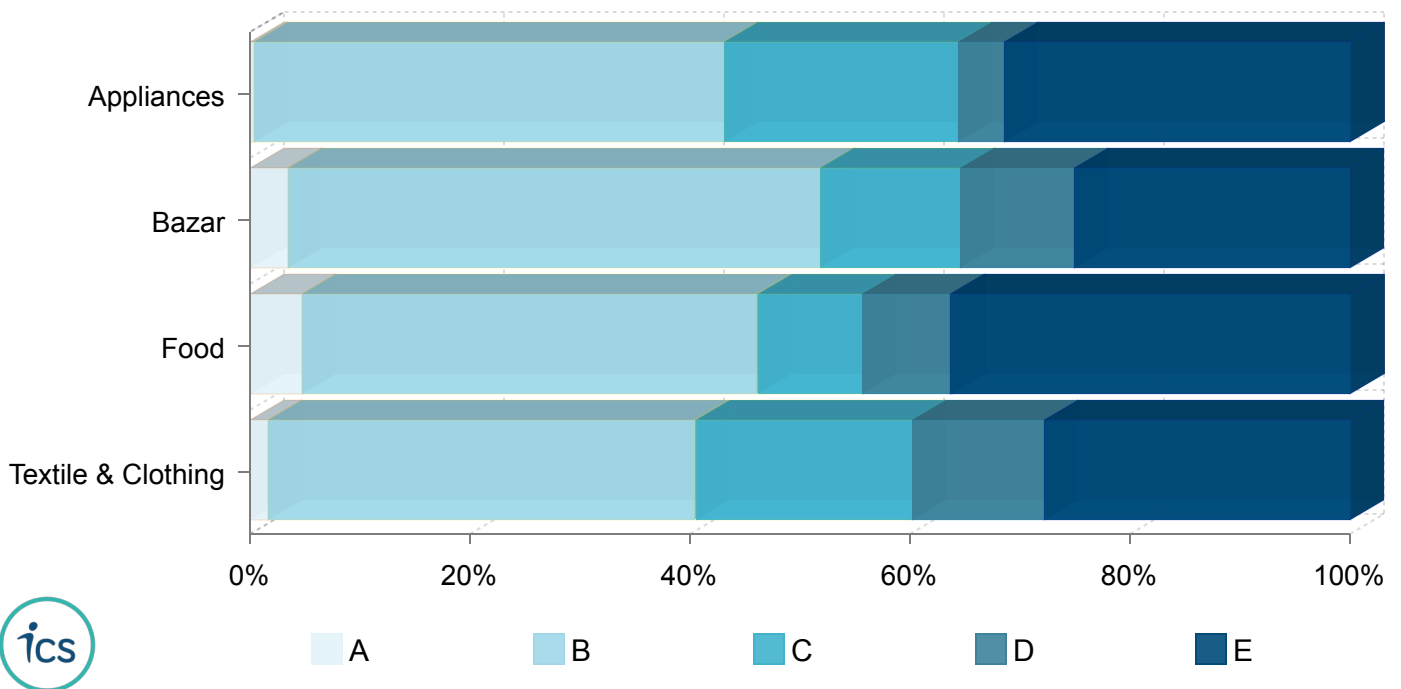


Statistics

Share of ICS social audits per purchase department

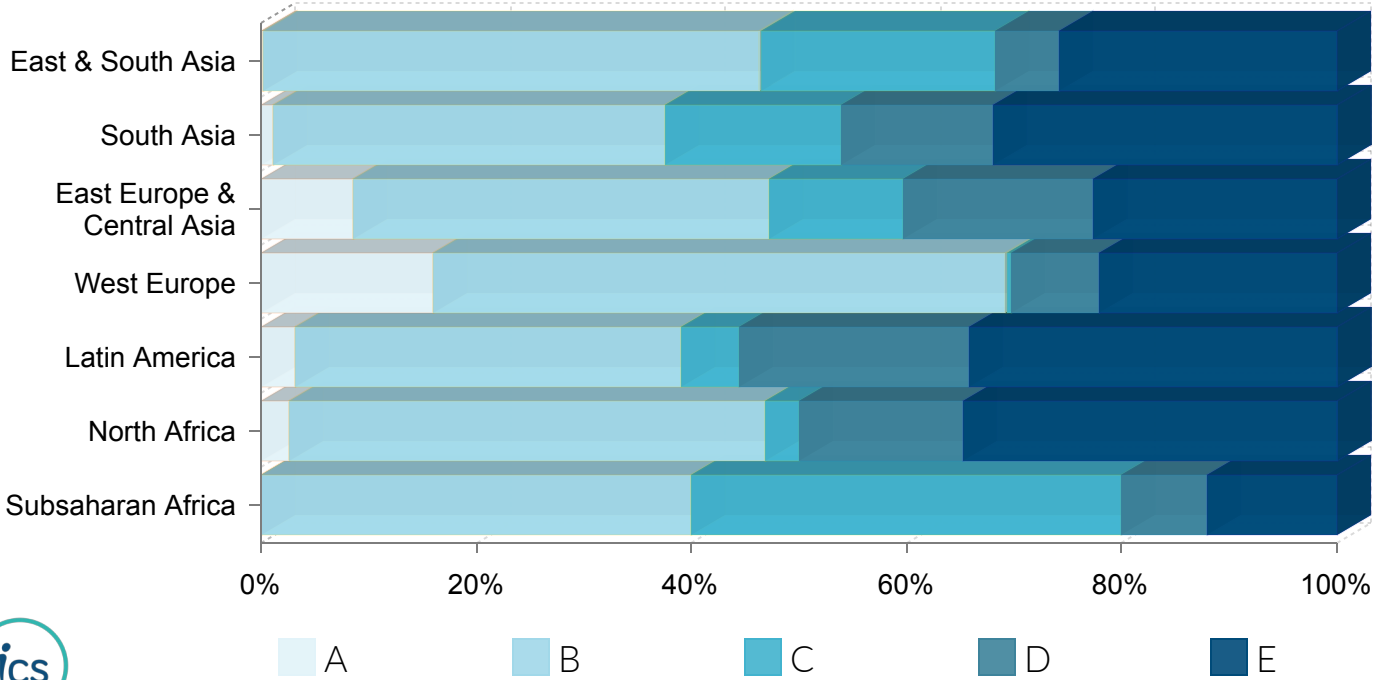
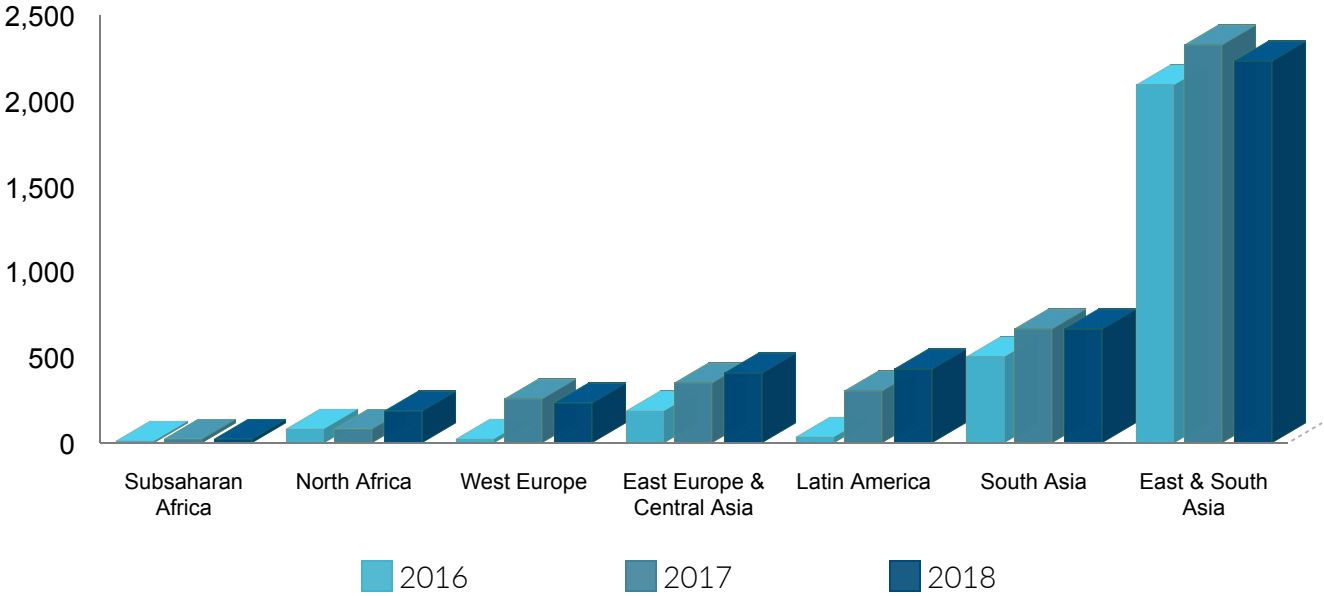


Audit results by purchase department



Statistics

Social audits per region



Stakeholders



International
Trade
Centre

ICS/ITC Partnership

In 2018, ICS partnered with International Trade Centre (ITC) to strengthen competitiveness and climate resilience in the Moroccan textile value chain. The project was launched in Casablanca, Morocco, on 10-12 April 2018, bringing together representatives from the Moroccan, French, German and Spanish textile sectors.

ICS members identified suppliers operating in Morocco, participated in the sensitization workshop and took part in a selection of customized coaching sessions together with their respective suppliers.



The first stage of the project, stretching from April to November 2018, included a practical four-step approach that helps companies analyse climate change risks and opportunities and generate climate adaptation strategies, communicate them, and identify the appropriate technologies, finance, and services needed to implement them.

During its second stage, the project focused on implementation and worked with SMEs in Morocco to develop climate-change adaptation strategies. The participants were exposed to a blended learning approach. It included online learning through the 'Becoming a Climate Expert' course, featuring contributions from the United Nations Framework Convention on Climate Change (UNFCCC) and Sustainability Map, ITC's online toolkit on voluntary sustainability standards (VSS).

UNEP/ICS Partnership



One planet
handle with care

In 2018, ICS and the One Planet network signed a partnership on the Consumer Information Programme for Sustainable Consumption and Production (CI-SCP). By joining the CI-SCP, ICS became part of the One Planet Network, the network of the 10 Year Framework of Programmes on Sustainable Consumption and Production.

As a partner, ICS has agreed to commit to actively engage in the Programme, by participating in specific activities of the CI-SCP (e.g. working groups, road-testing groups); and reporting relevant activities so the Coordination Desk could identify synergies and build cooperation among all CI-SCP actors.

Following this newly-signed partnership, ICS took part in a road testing of the Guidelines for Providing Product Sustainability Information, along with 27 other partners such as brands, initiatives or NGOs. The Guidelines were published in 2017 by UNEP and the International Trade Center, encouraging information providers to communicate credible and reliable sustainability information to consumers.

The purpose of the Guidelines' road testing was manifold, as it aimed to test the practicality of the Guidelines for developing or improving product sustainability information; to identify where most challenges lie for future work of the Consumer Information Program and to collect good practice case studies and lessons learned in different regions and sectors.



International Labour Organization



International
Labour
Organization

ILO and ICS have met on several occasions so far, and in 2018 ICS was able to participate in meetings on working hours, social protection and decent work. Generally, collaborations with the private sector can help promote these questions and achieve decent work for workers globally. Further collaboration was discussed between ICS and ILO on social protection extending into 2019 and beyond.



Partnership for Sustainable Textiles

By the end of 2018, ICS was recognized as a reference within the reporting of the German Partnership for Sustainable Textile. The Partnership for Sustainable Textiles (GIZ) is a multi-stakeholder initiative comprising representatives of business, civil society, the German Government, standards organizations and trade unions. The aim of the Partnership is to pool the strength and expertise of its members in order to bring about social, environmental and economic improvements all along the textile supply chain. The Partnership's member companies represent roughly half of the German textile and clothing market. As part of their reporting for the Partnership, ICS members can refer to the ICS standards or activities undertaken due to their ICS memberships.

The Walt Disney Company



From December 2017 to March 2018, ICS was under review by The Walt Disney Company, and was further recognized by them. It determined that ICS system meets Disney requirements for social compliance. Disney accepts a variety of qualified audit programs and prefers audits conducted by multi-stakeholder or industry initiative programs such as ICS.





EU Commission

ICS participated in the EU-OECD Workshop on Responsible Purchasing Practices in the Garment and Footwear sector - a Bangladesh focus on 26th June 2018. The session sought to make a practical contribution to this topic, to acknowledge the importance of recent research showing that poor purchasing practices can contribute to increased pressure for suppliers and potentially adverse labour impacts, and point towards examples of initiatives that have addressed purchasing practices with positive outcomes as well as to suggest potential solutions to moving towards sector-wide responsible practices.

Cambodia Childcare



Late 2018, ICS joined the Enterprise Based Social Services (EBSS) project aiming to add social services in garment factories, including day-care, to monitor their impacts on day-to-day production and workers' well-being. At the end, the project intends to draw lessons from this experimentation to advice the Cambodian government and policy-makers to improve the national Labor legislation and social standards that should apply to all Cambodian factories. ICS identified relevant factories that could participate in the project in Cambodia. Further developments are planned for 2019.



Interventions



Network France



PRINCIPES DIRECTEURS DE L'OCDE
À L'INTENTION DES ENTREPRISES MULTINATIONALES

FRANCE
POINT DE CONTACT NATIONAL



A powerful
and balanced
voice for business



Meetings



Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH



BetterWork



The Global Network Serving Shopper & Consumer Needs



AFD
AGENCE FRANÇAISE
DE DÉVELOPPEMENT



MINISTÈRE
DE L'EUROPE ET DES
AFFAIRES ÉTRANGÈRES





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