Initiative for **C**ompliance
and **S**ustainability

ANNUAL ACTIVITY REPORT 2023

ICS Roads to Compliance and Sustainability

« **Prehistoric humans** were threatened in ways we can hardly conceive today. They had similar bodies, but primitive technology gave them only minimal protection from the environment and predatory animals, and virtually no remedies for injury or other health problems. A toothache could end in death.

They lived short, hard, and probably terrifying lives. And yet they survived.

Why?

One important reason is a trait that early Homo sapiens shared with many other successful animal species :

their bodies and brains had evolved to encourage cooperation. »

R. Waldinger and M. Schulz, The Good Life, "lessons from the world's longest scientific study of happiness", Simon and Shuster, 2023

You wish to
join the ICS

or

become an ICS partner

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ICS 2023-2024

EDITORIAL

THE ICS: 3.3 MILLION WORKERS
COVERED BY 5,000 AUDITS

This 2023 activity report, like the previous one, highlights ICS's actions and KPIs concerning the **duty of vigilance** requirements. It allows the reader to appreciate its scope when implemented within the ICS framework, which is defined and continuously reviewed by its **70 members.** In 2023, these members gathered **46 times for over 100 hours**—equivalent to 3 weeks—of collective intelligence to align their ambitions and analyses.

Duty of vigilance starts with knowledge of supply chains. By the end of 2023, ICS had mapped **30,543 active production sites** that were either in business relationships or possibly about to be so. The cascading mapping tool, launched by ICS in 2022, continued to gain momentum. Out of **17,678 new production sites** identified by ICS in 2023 (an 8% increase), **8,439** (nearly half) came from supplier declarations rather than distributors, strengthening risk control over indirect business partners.

Following their internal risk assessment policies and field inspection campaigns, supported by the ICS risk matrix, retailers conducted **4,970 social and environmental audits** across **77 countries** in 2023, ranging from factories to raw material fields. This represents a **7% increase** compared to 2022. The audit volume also exceeds pre-pandemic levels by a quarter, thanks in part to the growth of the environmental standard, which now amounts to nearly 800 audits annually.

Although duty of vigilance is often associated with audits, it may be more closely linked to the **Corrective Action Plan (CAP)** that follows. Far from being a simple «passport» to business relationships, audits initiate and pace the **sustainable transformation** of production chains, which is driven by **digitalized CAPs** managed through the ICS interface. Following these CAPs, **61% of re-audited production sites** showed improved social compliance in 2023 (with **78% improvement** in environmental compliance) compared to the 2020-2022 cycles.

The strengthening of duty of vigilance policies is embedded in a robust ICS ecosystem: In addition to its 70 members, ICS could also rely in 2023 on the new or renewed **certifications of 11 international audit firms**, as well as on its **French and UN institutional partners.** Moreover, in 2023, ICS intensified its strategy of meeting, evaluating, and training auditors in China, India, Portugal, Greece, and of course, France. These sessions presented the revised **ICS social standard for 2024**, as well as the «Social Audit Essentials» course project developed by the **ILO and ITC**, funded by ICS. Expected in 2024, this course aims to contribute significantly to harmonizing audit practices worldwide, especially as the **CS3D** approved in trilogue in December 2023, will bring a new dimension to the duty of care starting from **July 26, 2027**, a deadline that will guide ICS's work in 2024.

ICS team

SUMMARY

Dear reader, the below calendar reports the major 2023 ICS achievements and milestones regarding the following topics :

Governance and cooperation

Human rights

Environment

Trainings for brands, factories, and auditors

Risk monitoring and common leverage

SA : Number of social audits

EA : Number of environmental audits

New ICS members

Sum up : **Activity 2023**

JANUARY

264 SA
38 EA

- Alinéa Membership
- Steering Committee 1
- Data monitoring training 1
- ICS Panel IOMC-OECD

FEBRUARY

286 SA
47 EA

- Zadig & Voltaire membership
- Steering Committee 2
- Data monitoring training 2
- Plenary Meeting 1
- Environmental WG 1
- Transparency and Traceability WG 1
- Specific risks call 1
- Operational call 1
- OECD Due diligence forum

MARCH

286 SA
65 EA

- Plenary meeting 2
- Data monitoring training 3
- Specific risks call 2
- Operational call 2

APRIL

368 SA
43 EA

- MF Brands membership
- Steering committee 3
- Social specific WG 1
- Transparency and Traceability WG 2
- Specific risks call 3
- Data monitoring training 4

MAY

364 SA
51 EA

- Steering committee 4
- Portugal: Audit monitoring
- Audit monitoring WG 1
- Specific risks call 4&5
- Operational call 3
- France: audit moniroting

JUNE

344 SA
49 EA

- Plenary meeting 2
- Social tools WG 1
- Environmental WG 2
- Audit monitoring WG 2
- Specific risks call 6
- Operational call 4
- France: audit monitoring

JULY

338 SA
58 EA

- Data monitoring training 5
- Auditors' interviews campaign
- ICS Expertise France / AFD Panel

AUGUST

288 SA
73 EA

- Steering Committee 5
- China : audit monitoring
- Auditors training 1

SEPTEMBER

334 SA
86 EA

- Plenary meeting 3
- Audit partners tour
- China: audit monitoring
- Specific risks call 7
- Operational call 5
- Social specific WG 2
- France: audit monitoring

OCTOBER

383 SA
104 EA

- Audit firms & members gathering
- Steering Committee 6-10
- Auditors training 2
- Environmental WG 3
- Specific risks call 8
- Operational call 6
- Grece: audit monitoring

NOVEMBER

435 SA
76 EA

- Fnac-Darty Membership
- Data monitoring training 5
- India: audit monitoring
- Auditors training 3
- ICS ILO-ITC Panel
- Specific risks call 9
- Operational call 7

DECEMBER

435 SA
76 EA

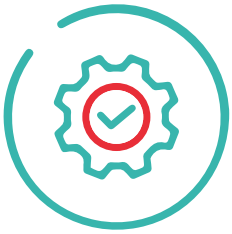
- Fusalp membership
- Le Slip Français membership
- Plenary meeting 4
- Environmental WG 4
- Primary production audit WG 1
- Specific risks call 10
- Operational call 8
- France: audit monitoring

Annual activity report 2023

READING GUIDANCE

Below, you will discover icons that will assist you in navigating the 2023 annual report

FOCUS: this icon encourages readers to explore the section related to social and environmental compliance technicity.



METHODOLOGY: this icon signals readers to delve deeper into the section that explains the ICS' compliance methodology. It's an invitation to understand the processes and procedures.

2023 ACHIEVEMENT: this icon draws attention to a specific achievement or accomplishment related to the ICS in the year 2023.

ASTONISHMENT: this pictogram invites you to take a closer look at social and environmental compliance counter-intuitive facts.

All photos of workers and production sites in this report were taken by the ICS after receiving their written consent.

1

Cooperate

1.1. The ICS: brands and CSR officers united
1.2. ICS missions and processes
1.3. Memberships growth and sectors diversity
1.4. The ICS partners: interexperts cooperation

2

Map

2.1. Understanding tiers 1 to 4 and their ranks
2.2. Building a reliable supply chain Map

3

Assets

3.1. Turning regulations into assessments tools and processes
3.2. Assessing production areas
3.3. Cross-checking assessments
3.4. Assessing specific risks

4

Control

4.1. From supply chain mapping to supply chain assessment: audits
4.2. ICS audit methodology and updates 2022
4.3. Audits statistics 2023: consolidated volume data
4.4. Audits statistics 2023: consolidated results' data

5

Change

5.1. Training sustainability stakeholders
5.2. Transform production cultures
5.3. Conforming global supply chains:
ICS re-audit results

Part 1

COOPERATE

Competing peers united by common standards

ics

1.1. The ICS: brands and CSR officers united
1.2. ICS missions and processes
1.3. Memberships growth rate and sectors diversity
1.4. ICS partners: inter-experts cooperation

1.1 | ICS : BRANDS AND CSR OFFICERS UNITED

Before delving into the analysis of the ICS figures (as outlined in sections 4 and 5), it's worth highlighting **the remarkable cooperation among competing companies**, as they come together to share their time and resources in support of human and environmental rights.

The ICS is a non-profit multisectoral initiative (MSI), a collaborative effort established to promote and enforce social and environmental compliance and sustainability throughout the global supply chain. It accomplishes this by pooling resources for the protection of human rights and the environment. Recognizing the pressing need to transition our globalized economy into a sustainable one and the importance for brands to ensure compliance, this peer-cooperation approach proves invaluable in achieving maximum effectiveness.

The inter-peer cooperation multiplying effect is such that in 2022, **both the OECD and the European Union promoted the MSIs in their normative tools**, enhancing companies to seek MSI's membership.

40
services RSE

70
budgets audits

900
responsables RSE

1
direction d'exécution et coordination

While agreements between brands that result in anti-competitive behaviors are strictly forbidden, collaborations in the realm of Corporate Social Responsibility are
highly recommended

FOCUS 1

OECD BACKGROUND NOTE 2022
THE ROLE OF SUSTAINABILITY INITIATIVES IN MANDATORY DUE DILIGENCE

« These initiatives play a critical role in promoting collective action to solve problems, scaling up responsible and sustainable practices, and driving best practices that go beyond legal requirements. »

FOCUS 2

PROPOSAL FOR A EUROPEAN UNION DIRECTIVE ON CORPORATE SUSTAINABILITY DUE DILIGENCE

Explanatory memorandum, part 2:

« This Directive allows for company cooperation, use of industrial schemes and multi-stakeholder initiatives to reduce the cost of compliance for the companies with this Directive. »

Whereas 37

« Therefore it should be possible for companies to rely on such initiatives to support the implementation of their due diligence obligations laid down in this Directive. »

Article 14 :

« Companies may rely on industry schemes and multi-stakeholder initiatives to support the implementation of their obligations referred to in Articles 5 to 11 of this Directive »

1.2 | ICS : MISSIONS AND PROCESSES

To proactively mitigate and address risks related to human and environmental rights violations within their global supply chain, ICS members **pursue four primary missions :**

Mapping the supply chain

step 1

Embracing tiers 1 to 4 traceability challenge is **ICS Database, Traceability and Transparency Working Group's task** (see part 2)

Defining risks

step 2

Converting the numerous international regulations into assessable and practical on-site checklists falls under the purview of the **ICS Social, Environmental and Primary Production Working Groups' task** (see part 3)

Assessing production sites

step 3

Monitoring vast social and environmental audit campaigns and monitoring the audit firms conducting these campaigns is entrusted to the **Audit firms Working group task** (see part 4)

Comply and engage the sustainability journey

step 4

The sustainability journey starts with Corrective Action Plans, follow-up audits and re-audits, and gain momentum through acculturation and learning, facilitated by global training programs designed for factories and auditors.

ICS MEMBERS DECISION PROCESS

3
weeks dedicated to CSR collaboration

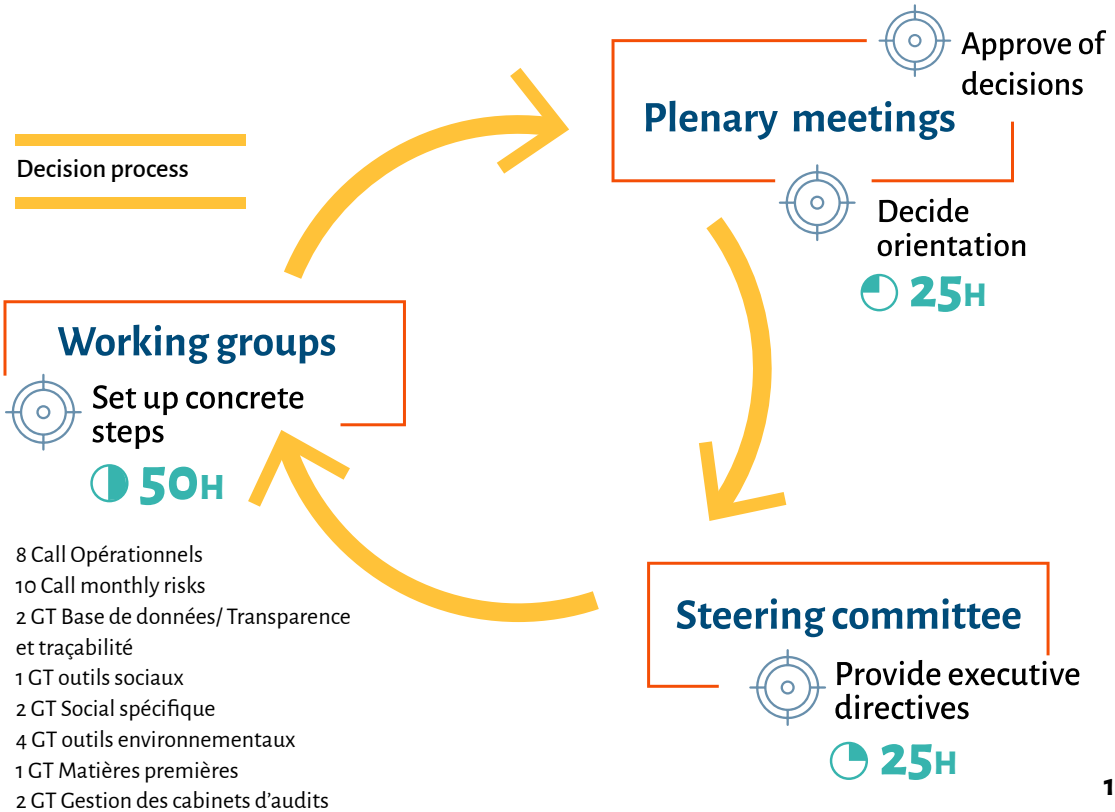
46
meetings

100
hours of collective thinking

The plenary sessions (equivalent to a general assembly) decide on the **main directions**, while the Steering Committee (equivalent to a board of directors) translates them into guidelines for the working groups, who are tasked with proposing **methodologies and tools** to achieve them, which the next plenary will then approve definitively. Their **implementation** is then the responsibility of the ICS management.

The working groups and Steering Committee meet as needed, depending on priorities, while the plenary sessions take place on average five times a year.
In 2023, ICS members met **46 times**, amounting to nearly a hundred hours of **collective intelligence** or the equivalent of three weeks dedicated to CSR cooperation, serving as an unparalleled **accelerator of solutions.**

In addition to CSR executives who are present throughout the operational or strategic decision-making processes, **900 purchasing managers and CSR officers connect to the ICS platform daily.** With one voice and following a single methodology, they assess risks, request inspections, and enforce corrective actions within a supplier base covering 3.3 million workers per audit cycle.



8 Call Opérationnels
10 Call monthly risks
2 GT Base de données/ Transparence et traçabilité
1 GT outils sociaux
2 GT Social spécifique
4 GT outils environnementaux
1 GT Matières premières
2 GT Gestion des cabinets d'audits

LET'S SURPRISE OURSELVES

Indeed, let's surprise ourselves and celebrate a member's courageous decision, made after thorough deliberation, to embark on the remarkable journey of cooperation.
These brands have chosen to open their internal processes and subject their long-standing suppliers to a fresh and rigorous standard. They dare to challenge themselves through peer review and, with a mix of enthusiasm and apprehension, commit to the changes that the pursuit of human and environmental rights sustainability demands of them.

1.3 | ICS MEMBERSHIP GROWTH RATE AND SECTORIAL DIVERSIFICATION

More companies from more sectors joining the ICS

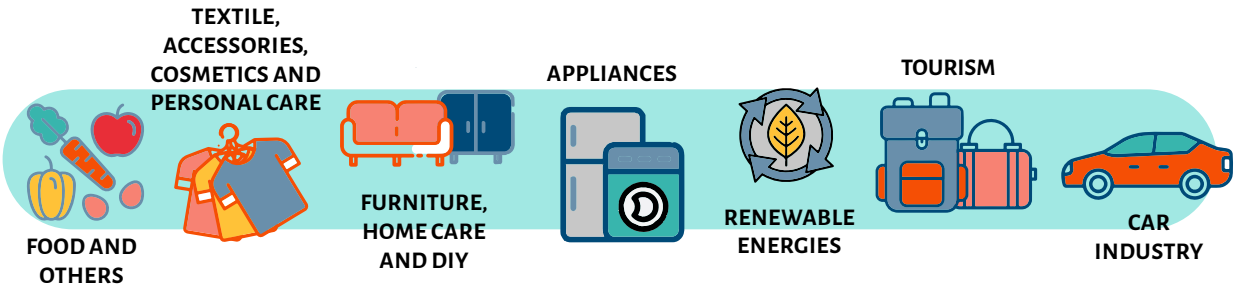
When it was created in 1998 as a working group of the FCD, the ICS had 3 members. With the French Duty of Vigilance Law of 2017, the number of ICS members grew by an average of nearly 15% per year, reaching 70 brands in 2023, following the addition of Alinéa, Zadig&Voltaire, Fusalp, Le Slip Français, and the Fnac-Darty group.

With this expansion, the range of sectors represented by the ICS has also grown: textiles, accessories and cosmetics, food and others, furniture, DIY, household appliances, renewable energy, automotive, and tourism.
The ICS thus covers an ever-wider field of retail, a historical showcase of consumer society and a long supply chain.

+15%
members growth rate

40
groups or single companies

2023
+5
new brands



The ICS is open to all companies and sectors

The more inter-sectoral and international cooperation increases, the stronger and faster the application of international standards on human and non-human rights becomes. Since there is no reason to have different standards across sectors—international labor and environmental rights must be the same everywhere—the ICS is open to any company, regardless of its size or sector.The revenue of ICS members ranges from €5 million to €80 billion.

Therefore, it is not necessary to be subject to the French or European standards regarding the Duty of Vigilance to join the ICS. In fact, companies not subject to the Duty of Vigilance law make up the majority of ICS members. Their membership helps meet the expectations of investors, insurers, consumers, business partners, and civil society organizations.

1.4 | ICS PARTNERS : INTER-EXPERTS' COOPERATION

The ICS is not limited to its internal members; inclusivity and openness is at the heart of Corporate Social Responsibility values. Therefore, the ICS actively engages with experts, and experts also approach the ICS for collaboration. These external partnerships can take the form of long-term joint projects or shorter-term, temporary collaborations, reflecting the commitment of the ICS to foster broad cooperation and expertise in pursuit of its goals.

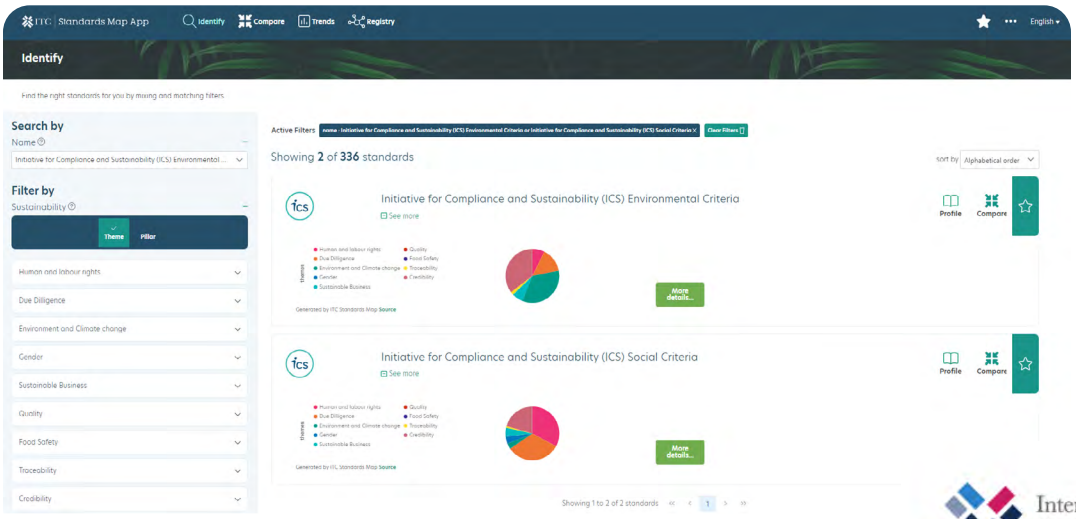
COMMON PROJECTS

External cooperation can be direct, in the service of a common goal shared by the ICS and a third-party institution.

This is the case with the ICS's historic partnership with the International Trade Centre (ITC), a joint UN-WTO agency based in Geneva, which, with the contribution of the ICS, developed the Sustainability Map, a public and general-interest mapping tool for transparency and traceability, mentioned by the NGO Human Rights Watch in 2022.

In 2023, the ICS continued to contribute to the ITC's mapping of production sites, reaching a total of 3,700 currently active sites from the ICS, out of 4,660 that have agreed to contribute to the transparency of global supply chains.

The ICS also published its environmental standard in the ITC's Standards Map, the ITC's benchmarking tool for evaluation frameworks, as it had done for its social standard in 2021.



International Trade Centre

ÉVÉNEMENTS

Traceability Matric UNECE project

In 2023, the ICS, in partnership with the ITC, continued to contribute to the UNECE's work on the recommendation of traceability standards. This requires consolidating the mapping of production sites—a mission of the ICS—with data produced through interfaced tools, which are then integrated into the work presented by the ITC and primarily aimed at the UNECE. The ICS is also collaborating with the ITC on the «Certified Business Registry» project.

OCDE – IOMC

The ICS was contacted by the Inter-Organization Programme for the Sound Management of Chemicals (IOMC) to participate in their workshop on advancing the management of chemicals and waste in high-chemical-intensity sectors and value chains, which was held on January 18 at the OECD headquarters.

The ICS was able to present its expertise in auditing chemical management in factories and explain how the use of social and environmental standards helps uniformly implement best practices in chemical management across the industry.

UNECE (May)

The ICS participated in the third working meeting of the Team of Specialists (ToS) on ESG traceability of sustainable value chains in the circular economy on May 9 in Geneva, during the roundtable: Where do we currently stand on ESG traceability?

Building on the results of the project The Sustainability Pledge, the objective of the meeting was to delve deeper into the fundamental elements of an ESG monitoring and reporting protocol, examining the issues from both an intersectoral and sectoral perspective in key value chains for the transition to a circular economy.

UNECE (November)

As a member of the team of specialists dedicated to environmental, social, and governance traceability issues in sustainable value chains within the circular economy, the ICS was present on November 23 in Geneva to participate in discussions on harmonizing traceability systems and methods.

The aim was to improve interoperability between systems and facilitate the reporting of this information, particularly within the framework of the European Digital Product Passport.

ILO

The ICS maintains close relationships with the ILO, particularly with its training center. In November 2023, the ICS joined the ILO Geneva's Platform for the Elimination of Child Labour and participated, in the same month, with audiences at the ILO training center in Turin.

Alliance 8.7

As a «pioneer» country and President of Alliance 8.7 for the prevention of forced labor and child labor worldwide in 2023, the French delegation to the ILO requested the ICS to contribute to the report France: Progress Report on the SDG Target 8.7, available here.

REQUESTS
for ICS expertise

Interview dans le podcast Responsabilités !

The ICS was also invited to the podcast Responsabilités! hosted by Charlotte Michon to discuss how sectoral initiatives from companies can serve as effective tools for implementing due diligence processes. This opportunity highlighted our work and the measures we have put in place to fulfill the duty of vigilance, aimed at improving the social and environmental conditions of production. You can find the intervention here.

International Convention on Sustainable Standards in New Delhi

At the invitation of the International Trade Center, the ICS participated in the 3rd Convention on Sustainable Trade and Standards on November 2, 2023, to share information about the partnership between the ITC and ICS on the Sustainability Map and the joint auditor training programs in a changing regulatory context.

The roundtable organized by the ICS included a representative from each stakeholder in the supply chain: two ICS member retailers, their supplier, and a factory, demonstrating the chain of cooperation for transparency and compliance in global supply chains.

The ICS expresses its gratitude to all trusted stakeholders who have embarked on the sustainability journey alongside them, working together to strengthen human and environmental rights worldwide.

Part 2

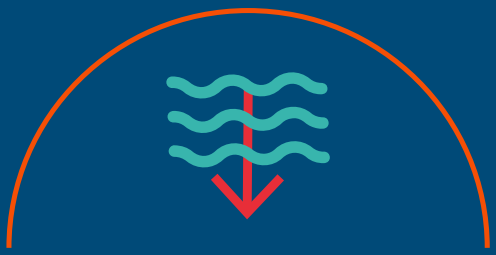
MAP

Collecting production sites data to map the value chain

2.1. Understanding tiers 1 to 4 and their ranks
2.2. Building a reliable supply chain map

UNDERSTANDING TIERS 1 TO 4 AND THEIR RANKS

The history of globalization has not been characterized by transparency or direct relationships between producers and retailers. Historically, suppliers valued their confidential knowledge of production sites around the world. The call for transparency from retailers, however, shifted this paradigm, thanks to extensive discussions and negotiations. Gradually, the «supplier screen» of secrecy was lifted, and ICS's members first requirement is to integrate and continually update all their production site data in the ICS database.



Mapping then just begins, for known producers are only but the last link of a very long supply chain.

Going down the supply chain first demands to distinguish between production relations and links, called tiers. **Tier 1** is the final production step, such as assembling and packing, before a product is sent to a retailer for sale to the end customer. **Tier 2** involves processes related to finished materials, such as dying, while **Tier 3** pertains to the primary transformation of materials, such as weaving. Last but not least, **Tier 4** refers to the primary production itself, such as harvest and fishing.

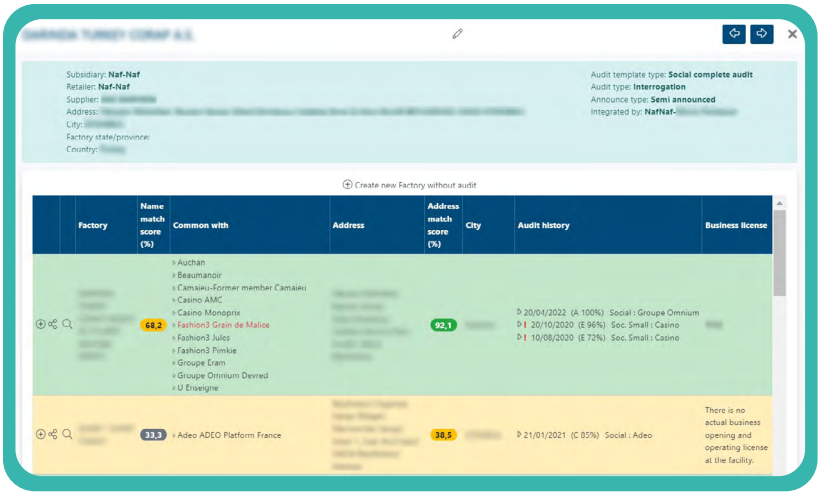
Additionally, within each tier, a producer may decide to sub-contract the order to another party, which is referred to as a sub-contracting rank. What makes this mapping particularly challenging is that each tier and sub-contractor can have their own sub-contractors, creating a complex and multifaceted supply chain.

The ICS has been engaged in this monumental task for 25 years. Production sites are dynamic and can undergo changes, such as growth, relocation, duplication, or mergers. These changes necessitate a continuous update of their addresses. Similarly, retailers' sourcing practices can also shift in response to global political and economic factors, further fuelling the need to map an ever-evolving supply chain.

To ensure highest level of reliability, the ICS continuously update, cross and double-cross its data.

Building a reliable supply chain map through double-crossing brands data

When an ICS member uploads a producer profile into the ICS database, a matching algorithm is employed to determine whether the declared production site is already known or could be found in the database under a similar or different name, address, or production unit. This algorithm is designed to identify production sites that may have relocated, split into multiple locations, or undergone name changes over time.

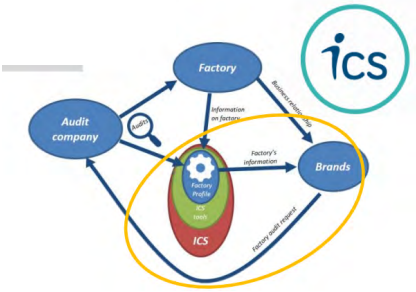


Declaration example

The algorithm is tasked with evaluating whether the new producer profile should be merged with an existing one or if it warrants the creation of a new producer profile. However, if the matching rate falls short of the desired level of accuracy or satisfaction, the database system notifies the ICS team to conduct a manual and more extensive research to ensure the accuracy of the database.

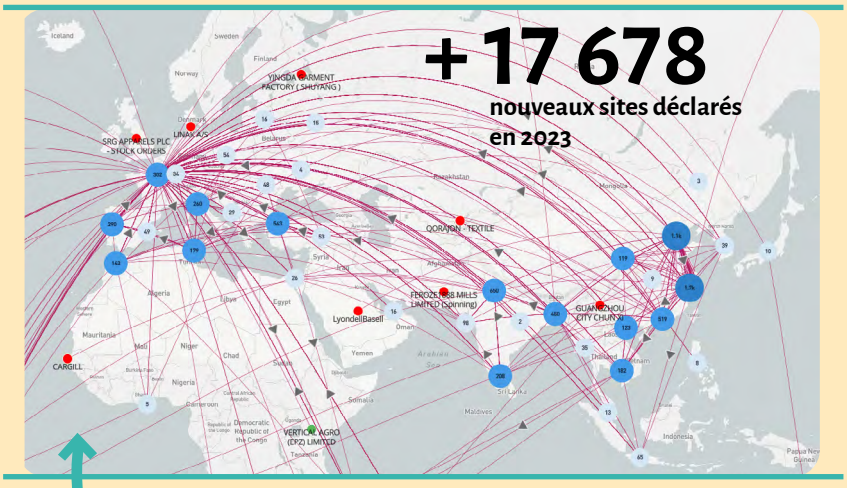
Auditors and producers data crossing

After a producer has been integrated into the ICS database for the first time, it is required to complete a factory profile form that consists of 81 traceability questions. This factory profile form serves as a comprehensive data collection tool. During on-site audits (as described in Part 4), the auditor's responsibility includes verifying the accuracy of the information provided in this factory profile. The Factory Profile is indeed a fundamental component of the ICS data collection process.



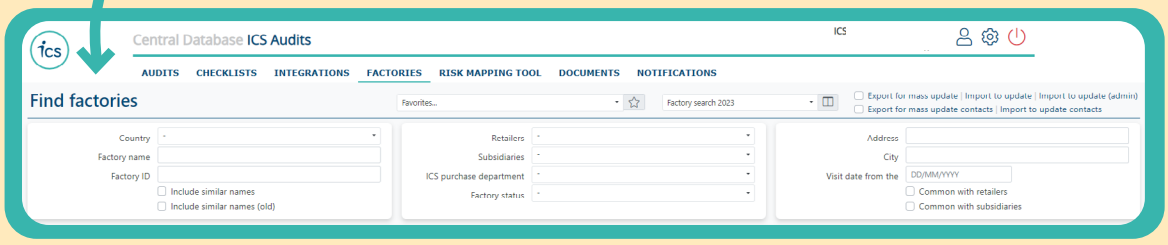
What is a factory profile?
It is a Questionnaire completed by the facility prior to the audit with data needed by the audit company to prepare for the audit. Factory profile includes data such as workforce profile, facility size, production processes, etc.

In 2022, the ICS introduced an innovative feature within its factory profile process known as «Cascading Traceability.» Under this feature, the ICS requires declared producers to declare their own suppliers, automatically requested to complete their own factory profiles. This creates a cascading effect contributing to enhance transparency and traceability.



In 2023, 9,239 production sites were reported by retailers and 8,439 by suppliers through the Cascade traceability system, with the latter figure showing a 25% increase year-on-year, bringing the total number of active factories at the end of 2023 to 30,547.

Each ICS member is thus able to generate its own sustainability map



BEHIND THE MAPS

In total, for the factories audited in the past two years by ICS members (excluding unverified declarations), it is ultimately **3,3 million workers** who benefit from the preventive and corrective measures addressing risks to Human Rights and their Environment.t.

9 239

Production sites mapped by ICS members

8 439

Production sites mapped by ICS members suppliers

Part 3

ASSESS

ON MARCH 27TH 2017, FRANCE ADOPTED A LAW

(Code of Trade L. 225-102-4-I), defining the Duty of Vigilance as a set of measures meant to identify and prevent serious risks of violations to human rights, freedom, health and security (which we refer to as "social risks") as well as the environment (which we refer to as "environmental risks"), stemming from a company activity including its subsidiaries', as well as the one of its suppliers and subcontractors provided they share an established business relationship. The European Union Directive Proposal (see part 1) widens these broad principles in its article 4 to 7.

ics

3.1. turning regulations into assessments tools and processes
3.2. Assessing production areas
3.3. Cross-checking assessments
3.4. Assessing specific risks

3.1 | TURNING REGULATIONS INTO ASSESSMENT TOOLS

One of the key missions of the ICS is to identify and specify the regulations that fall within the broader scope of «preventing harm to human and environmental rights.» This involves translating these regulations into concrete requirements and practical processes that can be used to assess the effectiveness of these rights on the ground. For instance, if a convention or regulation requires the assurance of health and safety at work, the ICS would work to clarify and define what constitutes compliance. This might involve specifying details such as the proper distance between a workstation and an emergency eyewash station, among other practical requirements.

Regarding *social* risks, the ICS refers - mainly but not limited to - to the UN Guiding principles, the OECD recommendations and ILO international Conventions on Responsible Business Conduct and International Labor standards and structure them into 9 categories – chapters – of risks to be assessed :

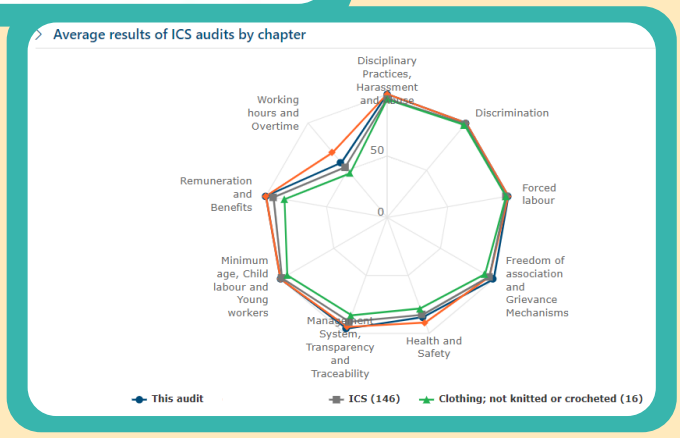
1. MINIMUM AGE, CHILD LABOR AND YOUNG WORKERS
2. FORCED LABOR
3. DISCRIMINATION
4. DISCIPLINARY PRACTICES, HARASSMENT AND ABUSE
5. FREEDOM OF ASSOCIATION AND GRIEVANCE MECHANISMS
6. WORKING HOURS AND OVERTIME
7. REMUNERATION AND BENEFITS
8. HEALTH AND SAFETY

To these chapters is added a **chapitre 0** meant to assess the Management system, Transparency and Traceability, whose compliancy or non-compliancy impact all other chapters' assessments.

Letter and % rating by chapter

AN	Chapter	Letter and % rating
0	Management System, Transparency and Traceability	B 96%
1	Minimum age, Child labour and Young workers	A 100%
2	Forced labour	A 100%
3	Discrimination	A 100%
4	Disciplinary Practices, Harassment and Abuse	A 100%
5	Freedom of association and Grievance Mechanisms	A 100%
6	Working hours and Overtime	D 58%
7	Remuneration and Benefits	A 100%
8	Health and Safety	B 86%

Example of a summary of content of an ICS social audit per chapters.



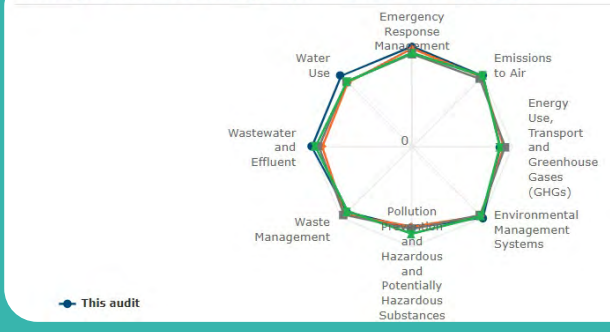
Regarding *environmental* risks, the ICS assesses the below risks structured as followed :

1. ENVIRONMENTAL MANAGEMENT SYSTEM
2. ENERGY USE, TRANSPORT AND GREENHOUSES GASES (GHGS)
3. WATER USE
4. WASTEWATER AND EFFLUENT
5. EMISSIONS TO AIR
6. WASTER MANAGEMENT
7. POLLUTION PREVENTION AND HAZARDOUS AND POTENTIALLY HAZARDOUS SUBSTANCES
8. EMERGENCY RESPONSE MANAGEMENT

Letter and % rating by chapter

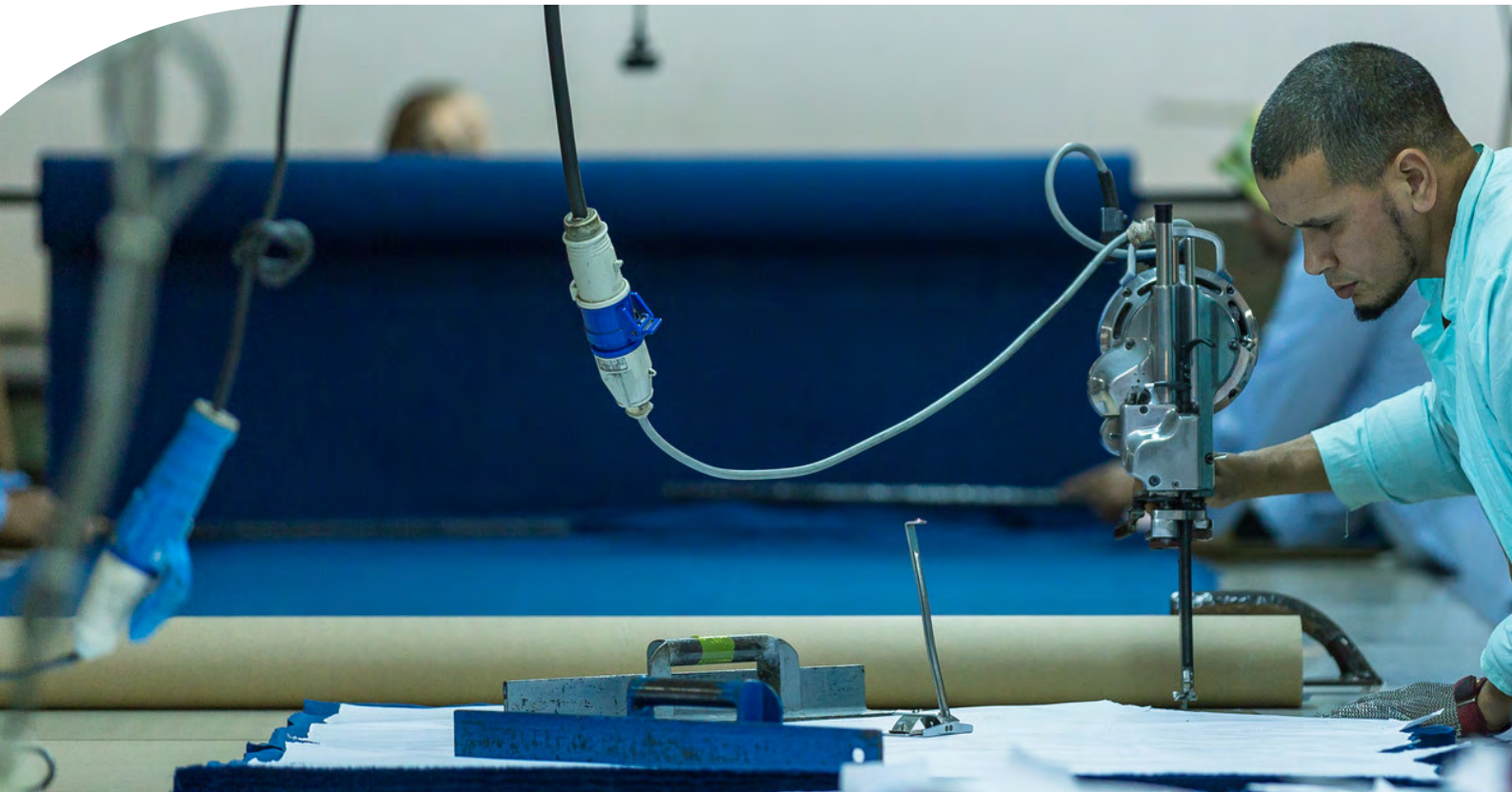
AN	Chapter	Letter and % rating	Advanced requirements
1	Environmental Management Systems	A 100%	
2	Energy Use, Transport and Greenhouse Gases (GHGs)	B 88%	
3	Water Use	A 100%	
4	Wastewater and Effluent	A 100%	
5	Emissions to Air	A 100%	
6	Waste Management	B 92%	
7	Pollution Prevention and Hazardous and Potentially Hazardous Substances	B 81%	
8	Emergency Response Management	A 100%	

Average results of ICS audits by chapter



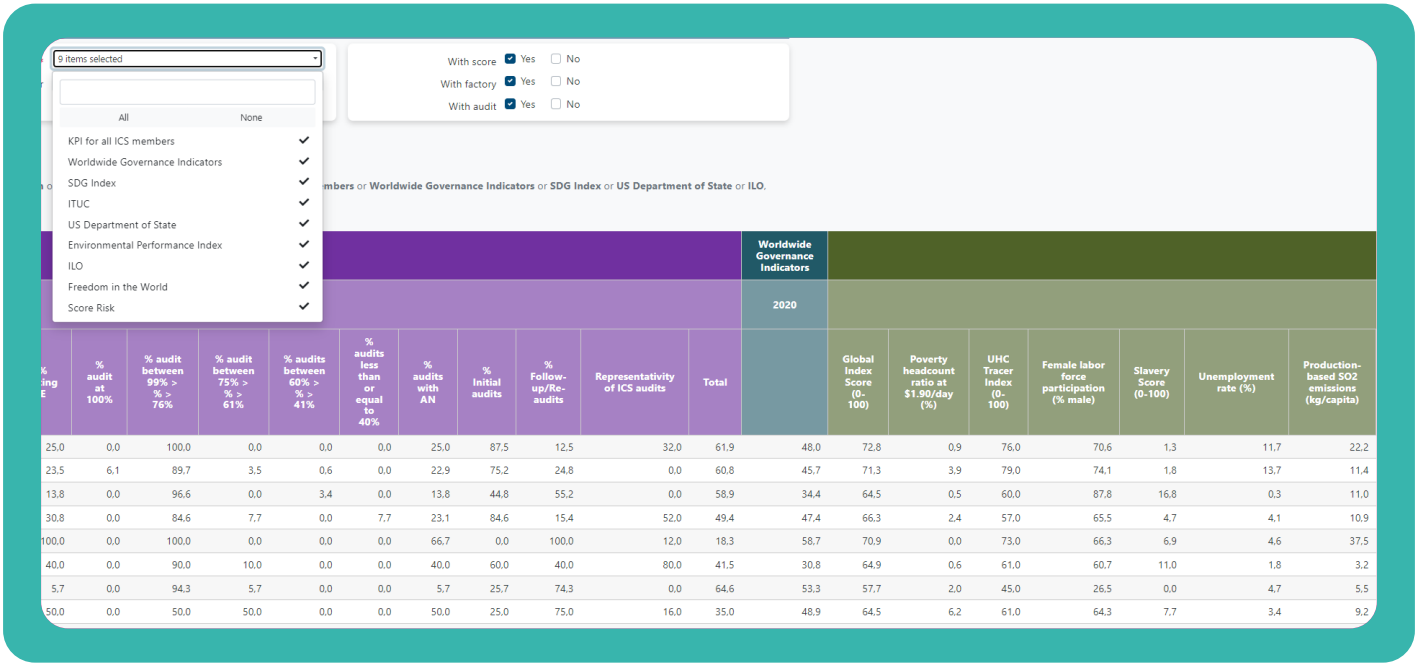
3.2 | ASSESS PRODUCTION AREAS

To effectively allocate resources at the appropriate level, whether it be at the country, industrial zone, factory, or field level, for the purpose of preventing and correcting risks related to human and environmental rights, the ICS equips its members with a suite of tools and data. These resources are structured within a meticulously cross-checked methodology.



STRUCTURAL RISK

Structural risk refers to **production zones national drivers**: public institutions, ILO Conventions ratification processes, social and democratic background, legal and political stability, public investments and infrastructure quality, CSR maturity etc. In 2022, ICS members' sourcing countries underwent assessments based on world public institutions' indicators and ICS consolidated audit results (as outlined in Part 4). These assessments were summarized and integrated into an advanced risk matrix for CSR and buying officers to make informed decisions regarding their sourcing strategies.



											Worldwide Governance Indicators							
											2020							
	% audit at 100%	% audit between 99% > % > 76%	% audit between 75% > % > 61%	% audits between 60% > % > 41%	% audits less than or equal to 40%	% audits with AN	% Initial audits	% Follow-up/Re-audits	Representativity of ICS audits	Total		Global Index Score (0-100)	Poverty headcount ratio at $1.90/day (%)	UHC Tracer Index (0-100)	Female labor force participation (% male)	Slavery Score (0-100)	Unemployment rate (%)	Production-based SO2 emissions (kg/capita)
25,0	0,0	100,0	0,0	0,0	0,0	25,0	87,5	12,5	32,0	61,9	48,0	72,8	0,9	76,0	70,6	1,3	11,7	22,2
23,5	6,1	89,7	3,5	0,6	0,0	22,9	75,2	24,8	0,0	60,8	45,7	71,3	3,9	79,0	74,1	1,8	13,7	11,4
13,8	0,0	96,6	0,0	3,4	0,0	13,8	44,8	55,2	0,0	58,9	34,4	64,5	0,5	60,0	87,8	16,8	0,3	11,0
30,8	0,0	84,6	7,7	0,0	7,7	23,1	84,6	15,4	52,0	49,4	47,4	66,3	2,4	57,0	65,5	4,7	4,1	10,9
100,0	0,0	100,0	0,0	0,0	0,0	66,7	0,0	100,0	12,0	18,3	58,7	70,9	0,0	73,0	66,3	6,9	4,6	37,5
40,0	0,0	90,0	10,0	0,0	0,0	40,0	60,0	40,0	80,0	41,5	30,8	64,9	0,6	61,0	60,7	11,0	1,8	3,2
5,7	0,0	94,3	5,7	0,0	0,0	5,7	25,7	74,3	0,0	64,6	53,3	57,7	2,0	45,0	26,5	0,0	4,7	5,5
50,0	0,0	50,0	50,0	0,0	0,0	50,0	25,0	75,0	16,0	35,0	48,9	64,5	6,2	61,0	64,3	7,7	3,4	9,2

Structural risk may also refer to a specific industrial zone that ICS's watch or consolidated audit results would identify as regularly non-compliant due to, for example, local management culture or global unsafe infrastructure or polluting practices.

At a sharpest scale, a structural risk can refer to a single factory that wouldn't comply with ICS standards despite the corrective actions requested by an ICS brand following an audit (see part 5).

CYCLICAL RISKS

At the national level, a conjunctural risk may manifest as recent political instability with an uncertain outcome, or as an economic, health, migratory, or seismic crisis.

At the level of a region or a production site, a risk may stem from an economic situation under tension or from non-compliant management practices for individual non-systemic reasons. Clearly, a conjunctural risk always poses a threat of becoming structural, and the distinction is primarily theoretical. Levels of conjunctural or micro-level risks are identified through audit cycles, which we will detail in Part 4, as well as through innovative tools such as the remote assessment tool used during the Covid-19 health crisis and surveys sent to workers.

The detection of conjunctural risks is also carried out through a weekly monitoring of local, regional, and national press sources in all supply areas of ICS members worldwide.

Utilizing a comprehensive approach, the ICS tracks alleged human rights violations reported by the press, NGOs, or local actors, and conducts geolocation work to identify the concerned sites when the provided information is partial or imprecise. The ICS then issues an alert to retailers in established commercial relationships with the identified site. In 2023, the ICS issued over 200 alerts (twice as many as in 2022) indicating the probable or possible materialization of a serious risk to a human right or the environment, allowing retailers to engage with the supplier and take necessary preventive and corrective actions.

[redacted]- India- [redacted]

GH

Dear All,

For your information, the factory, [redacted] might be the one quoted in the following article: India- [redacted]

[redacted] have referenced this factory.

Here you can find the articles abstract: [redacted]

Here is the full article: [redacted]

Cordialement / Best regards,

[redacted]

ics

3.3 | CROSS-CHECKING ASSESSMENTS

To assess the risks of its own supply chain, each ICS member is granted an access to its producers data history, made of social and environmental information of different reliability:

Assessment level 1

Factory data filled by the supplier in the factory profile

Factory certifications history

Factory media alerts

Assessment level 2

Country-based consolidated audit results

Audit history results, specific risk and level of seriousness

Corrective Action plans, factory negociations and follow-up audits history

Inter-brand discussions regarding a production site history

Database available

Common with

Retailer	Subsidiary	Factory status	CAP follower
Beaumanoir	Beaumanoir	Referenced	
Galeries Lafayette - BHV		Referenced	✓
Groupe Omnium	Devred	Referenced	
La Redoute		Prospect	

Damart - API	Damart - API	Lacoste - Bureau Veritas	Lacoste - Bureau Veritas
Social Initial audit	Social Partial followup	Social Re audit	Env. Initial audit
87% D	97% B ↗	91% B =	Waiting for planification
22/03/2018	12/02/2019	26/06/2020	

Audits & Certifications

Audit type	Certification	Valid until
Environmental	amfori BEPI	26/06/2021
Environmental	Environmental certification	25/06/2021
Environmental	Gots	01/02/2020
H&S	OHSAS18001	31/01/2023
H&S	Veterinarian approval reference	05/06/2021
Product	Fair Trade	01/01/2022
Product	Oekotex	30/11/2021
Product	Responsible Mohair Standard (RMS)	23/10/2021
Quality	ISO9001	29/06/2023
Quality	ISO/TS16949	26/06/2021
Social	amfori-BSCI	16/09/2021
Social	ICTI	23/06/2021
Social	SEDEX-SMETA	17/01/2019

THE ICS DATABASE : ROOM FOR CONSTANT DIALOGUE

Every user of the ICS database becomes part of daily notification network regarding mapping updates, audit results, media alerts, queries from auditors or brands, responses to these queries, factory certifications uploads, corrective actions evidences, photos, comments and updates for a total of 475 122 notifications sent in 2022 to the 21 766 users by December 2022.

The notification number increase over the years reflects, on the one hand, the expansion of CSR requirements and the massive upgrade of the tools to meet them, and on the other hand, the growth in the number of companies joining the ICS.

372 313

notifications issued by the ICS database

+76 %

over 5 years

3.4 | ASSESSING SPECIFIC RISKS

En cas de risque conjoncturel, ou structurel en devenir, la réponse apportée par les enseignes doit être analysée et proportionnée, de sorte de **ne pas brutalement ou injustement pénaliser l'activité économique d'un producteur, et par extension, le niveau de vie des salariés et de leurs familles.**

INTELLIGENCE COLLECTIVE : LES GROUPES DE TRAVAIL RISQUES SPÉCIFIQUES

A chaque fois qu'un risque nouveau survient, ou qu'un risque se complexifie mais avec un niveau d'éléments encore insuffisant pour prendre des décisions radicales comme la rupture de la relation commerciale, les adhérents de l'ICS concernés par la zone ou le producteur se rassemblent pour faire œuvre d'intelligence collective, partage d'information et franches discussions. Ce sont les ateliers de travail dits « risques spécifiques », rassemblés à la demande (8 groupes de travail) et pouvant accueillir des tiers experts de la zone (ONG, délégation institutions diplomatiques, consultants…).

L'enjeu est toujours le même : celle d'une réponse responsable à un risque, c'est-à-dire, chaque fois que possible et en première intention, qui ne déstabilise pas le tissu socio-économique local, et permette d'embarquer les managers du monde entier dans une démarche d'amélioration continue en matière RSE plutôt que dans une démarche de sanction, risquant la perte d'emploi des travailleurs et travailleuses ou le renvoi de la production au marché domestique dépourvu de contrôles dans les pays à risque.

2023 Specific risks

02/14	03/14
ICS Country Specific Risk Call: 03/23	ICS Country Specific Risk Call: 04/25
04/11	05/09
06/13	09/12
10/10	11/14

COLLECTIVE THINKING : AUDIT FIRMS RETEX

When confronted with a specific and technical legal change in a country or administrative zone or when there are increasing reports of likely non-compliant practices, the ICS takes a proactive approach to gather insights and expertise. This involves reaching out to its network of audit partners and regional offices.

Relying upon 11 audit partners, the ICS can consolidate their contributions and expertise – return of experience or RETEX – in order to adapt or explicit its standards and recommendations for specific situations, in a fast and appropriate manner to be shared to all ICS members

11
audits partners

SEE FOR OURSELVES : THE ICS ON THE GROUND

In 2023, ICS conducted several audit monitoring campaigns across different countries.

ICS visited Portugal in Porto, Guimaraes, and Barcelos, and in France in May (Valenciennes) and June (Saône), and in August and September in China in the regions of Shanghai, Shenzhen, and Hong Kong, enabling the meeting, training, and evaluation of 30 auditors and 8 audit firms. In October, ICS traveled to France (Pantin), then to Greece (Pyrgos) in the textile raw material fields, mainly cotton, before heading to India in November, where 30 auditors were again trained, evaluated, and listened to in the regions of Jodhpur, Agra, Noida, Coimbatore, Moradabad, and Gurugram, before a final inspection in France (Lyon) in December.

Part

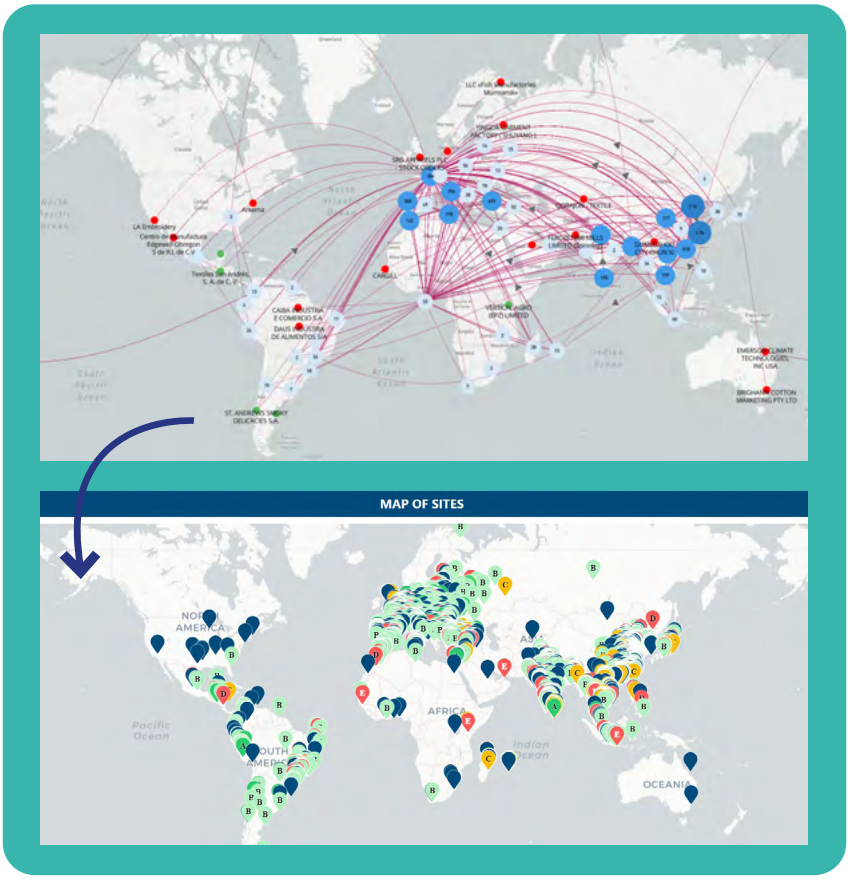
4

CONTROL

4.1. From supply chain mapping to supply chain assessment: audits
4.2. ICS audit methodology and updates 2023
4.3. Audits statistics 2023: consolidated volume data
4.4. Audits statistics 2023: consolidated results' data

4.1 | FROM SUPPLY CHAIN MAPPING TO SUPPLY CHAIN ASSESSMENT: AUDITS

Throughout the process, from mapping production sites to assessing compliance, audits play a pivotal role. Auditing involves sending a trained individual to physically visit a factory. They use their own eyes to witness production processes' compliance and their own ears to listen to what workers have to say about their working conditions and their company's environmental practices. Auditors are more than just models, reports, suspicions, or allegations; they represent the most reliable means of truly understanding what is happening within a factory. To have confidence in audit reports and their analyses, it is crucial to establish processes, methods, and safeguards that ensure the highest level of trust possible. In this section, we present the audit results and the methodologies from which they are derived.



Caption : From site mapping to risk mapping

In 2023, ICS had 11 audit partners, whom we acknowledge here, including one in a probationary period (DNV), with Kappa having successfully completed its probationary period in February 2023.

ACT4SUSTAIN

api CUSTOMIZED QUALITY ASSURANCE

ARCHE ADVISORS

BUREAU VERITAS 1828

DNV

eurofins

intertek Total Quality. Assured.

Kappa Assessment

LRQA

QIMA YOUR EYES IN THE SUPPLY CHAIN

SGS

ICS AUDIT METHODOLOGY AND STANDARDS ARE:

RIGOUROUS

Why doesn't the ICS simply ask the audit firms to conduct their own standards and methods? Due to the 2017 Duty of Vigilance law requirements, first of their kind, and its 25 years long history, the ICS has gain the reputation of a stringent and specific initiative regarding method, content and framing regarding the UN, OECD and ILO guidelines, standards, recommendations and regulations, as well as regarding national and local ones.

HARMONISED

To ensure their understanding of social and environmental world standards is secured in a harmonised way across the globe, the ICS members continuously discuss, establish, and update their unique processes and standards that will ensure the same quality regardless of the selected audit firm as well as the audited industrial sector.

4.2 | ICS AUDIT METHODOLOGY AND UPDATES

ICS standards are meticulously framed by methodological application processes and are subject to daily monitoring by the ICS team and its audit partners' management. This continuous oversight ensures that auditors worldwide adhere to the ICS requirements effectively, with attention paid to the feedback they provide. Among the significant ICS methodological requirements, which total around a hundred, are **the following principles that both ICS members and ICS audit partners are expected to follow:**

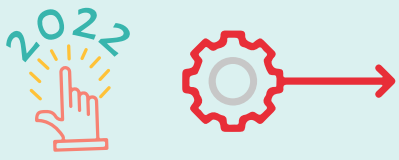
Audit campaigns are driven and ordered by ICS members and not by suppliers for the latter not to choose the audit firms and exert a pressure on the audit result.

The auditor visit date can not be announced to the factory for social audits
They are unannounced or semi-announced (the factory is provided a window period).

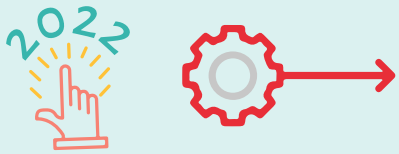
Suppliers and producers are not provided with the ICS standards details nor full audit report for them not to get familiar with the methodology de notation.

ICS is allowed by its audit partners to shadow audits
of their auditors on-site and to conduct ICS standards trainings.

Regarding audit impartiality continuous securement and audit efficiency, the ICS members notably adopted the below measure in 2022:

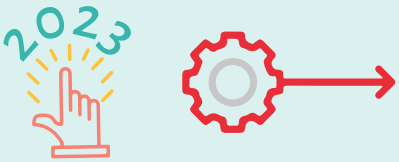


Updating the cap recommendation for an auditor to audit the same site several time, so as to guarantee a non-biased approach to the factory.

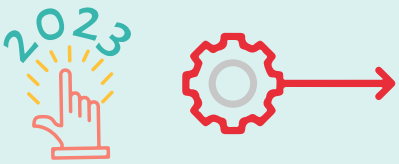


Granting access to ICS standards notation and questions level of criticality to ICS brands only, to protect the auditor from any pressure and to commit into a prioritized corrective action plans logic rather than just a sterile criticality assessment report.

Granting auditors a specific access to the ICS database so they can access the audited factory's data on-site during the audit, for more efficiency.



Leveraging technology for sustainable development
Leveraging technology for sustainable development Auditors now have the ability to communicate directly with the ICS member who initiated the audit through the database on the day of the audit. Auditors also have access to new parameters and can interact differently with audits they are about to perform or have already completed, using protocols and communication channels designed to mitigate the risk of conflicts of interest



Auditor Behavior and Professionalism Verification Checklist:
This new feature, published in the ICS database in 2023, is a checklist focused on the behavior of auditors during and after the audit. It allows the ICS team to gather complaints from factories regarding the conduct of audits. The tool consists of both open and closed questions, enabling factory contacts to report their experience of the audit and to clarify, if necessary, any grievances or perceived satisfaction.

4.3 | AUDITS STATISTICS 2023 : CONSOLIDATED VOLUME DATA

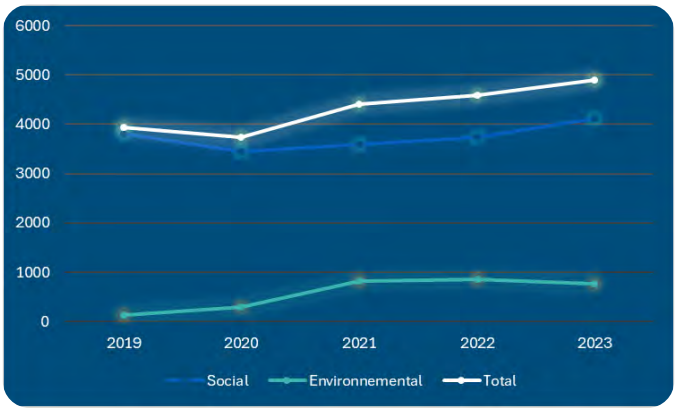
1 Annual growth in the volume of social and environmental audits combined

It stands at 4,949 in 2023, representing a 7% increase that confirms the sustainability of the recovery and the surpassing of the social audit volume that was slowed down in 2020-21 due to the health context, particularly in China, the leading production country for ICS brands.

However, it is worth noting the 9% decrease of the volume of environmental audits, reflecting the cyclical trend of audits. Environmental audits are conducted by a smaller group of brands (compared to social audits), so this cyclicality has not yet been smoothed out by the number of brands, despite a steady growth of 20% in newly audited sites according to the environmental standard since 2019.

4 949
audits

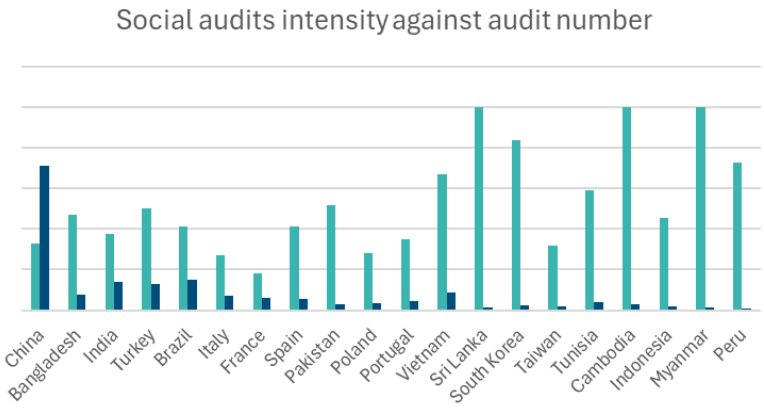
+7 %
compared to 2022



2 Social audit repartition per country

For the highest volumes, China remains the most audited country in 2023, followed by Brazil, India, and Turkey. Italy, France, Spain, and Portugal are experiencing a slight resurgence, in contrast to 2022. The most significant changes are observed in Myanmar, Japan, and Mauritius. There is a slowdown in Brazil (-33%) and to a lesser extent in Bangladesh (-12%).

Note: These data should not be confused with the intensity of audits by country, meaning the number of audits in relation to the number of factories.



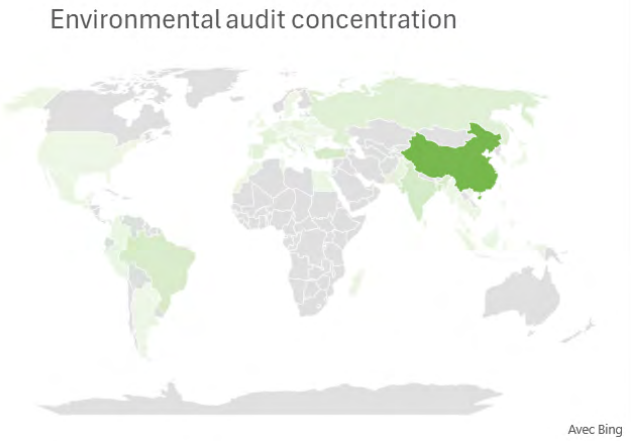
3 Intensity of social audits by country

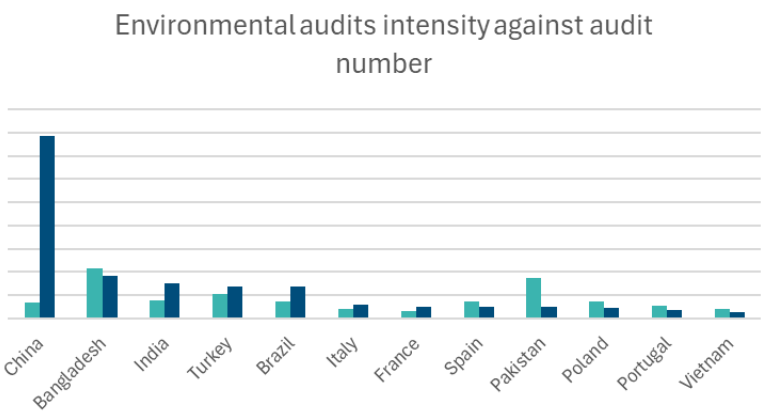
China remains the most audited country in absolute terms. However, when normalized, it is Cambodia, among the high-production countries, that has the highest number of ICS social audits relative to their number of registered production sites.

4 Environmental audit repartition per country

For the highest volumes, China remains the most audited country in 2023, followed by Bangladesh, India, and Turkey. The most significant changes are observed in Portugal and Sri Lanka, with triple-digit growth rates. Italy and France remain stable, while a significant slowdown is noted in Spain. There are also strong slowdowns in Vietnam and Cambodia, with a respective decrease of 45% and 44% in environmental audits compared to 2022.

Note: These data should not be confused with the intensity of audits by country, meaning the number of audits in relation to the number of factories.

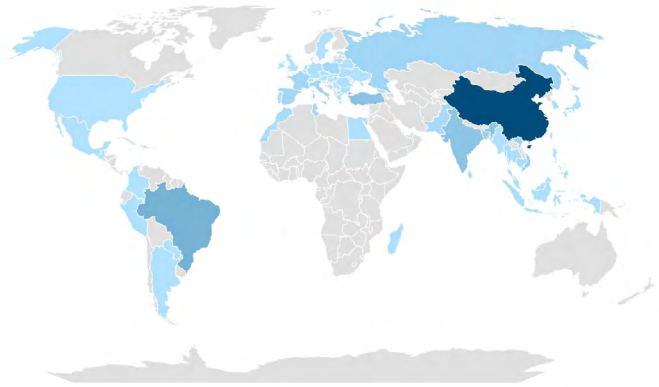




5 Intensity of environmental audits

China remains the most audited country in absolute terms. However, when normalized, it is Bangladesh and Pakistan, among the high-production countries, that have the highest number of environmental audits relative to their number of registered production sites.

Audit concentration (social and environmental)



6 Volume of Audits (All Types) by Country

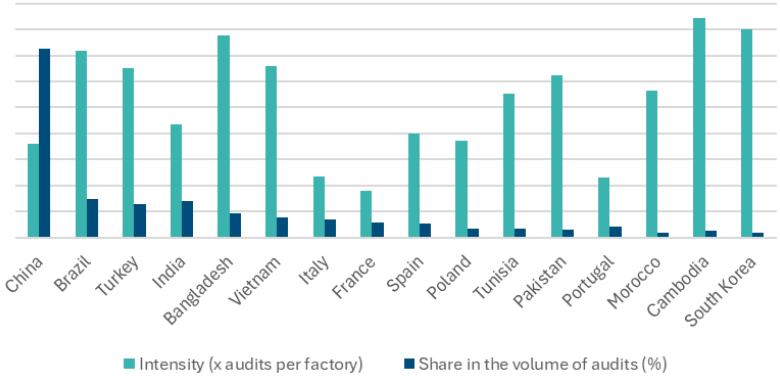
For the highest volumes, China remains the most audited country in 2023, followed by Brazil, India, and Turkey. Italy, France, Spain, and Portugal are experiencing some changes, in contrast to 2022. The largest changes are observed in Myanmar, Japan, and Mauritius. There is a slowdown in Brazil (-33%) and to a lesser extent in Bangladesh (-12%).

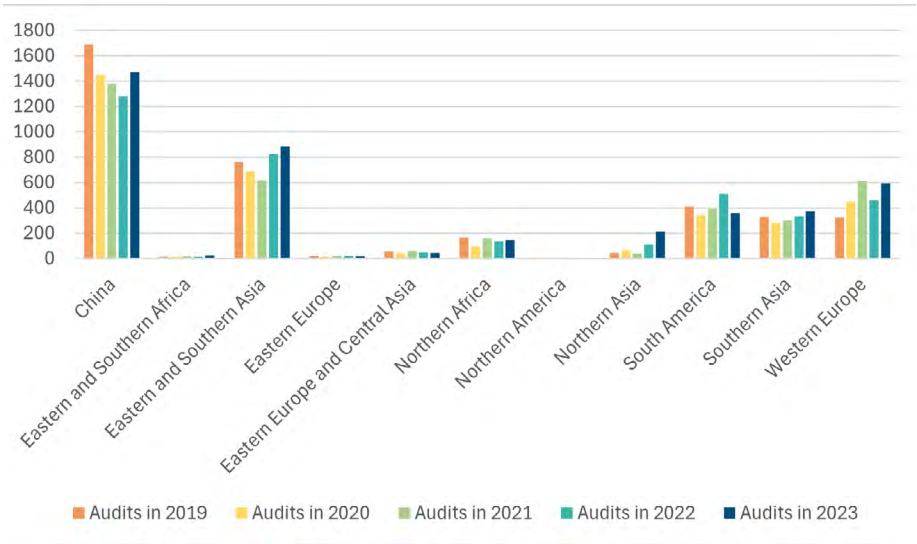
Note: These data should not be confused with the intensity of audits by country, meaning the number of audits in relation to the number of factories.

7 Audit Intensity by Country

While China is the most audited country in absolute terms, this is only due to the volume effect. Relatively, it is Cambodia and Bangladesh, among the high-production countries, that have the highest number of ICS audits relative to their number of registered production sites.

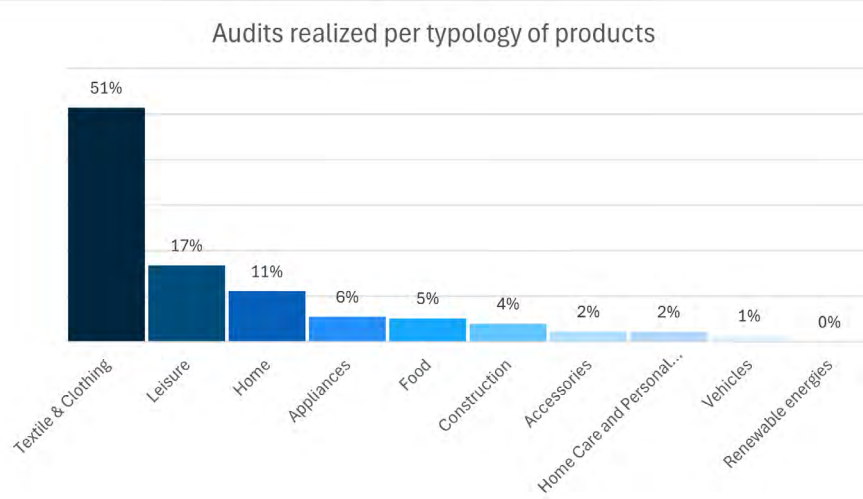
Global audit intensity against audit number





8 Zoom on the average growth rate in social audit volume by zone since 2019

The trend from 2019 to 2022, marked by the global health crisis, shows a significant decline in the volume of audits in China and South Asia, in favor of all other regions of the world, notably North Asia, East Asia, and Western Europe. However, a recovery of this trend is observed in 2023, with the number of audits increasing again in China and South Asia, while audits in Europe are not neglected.

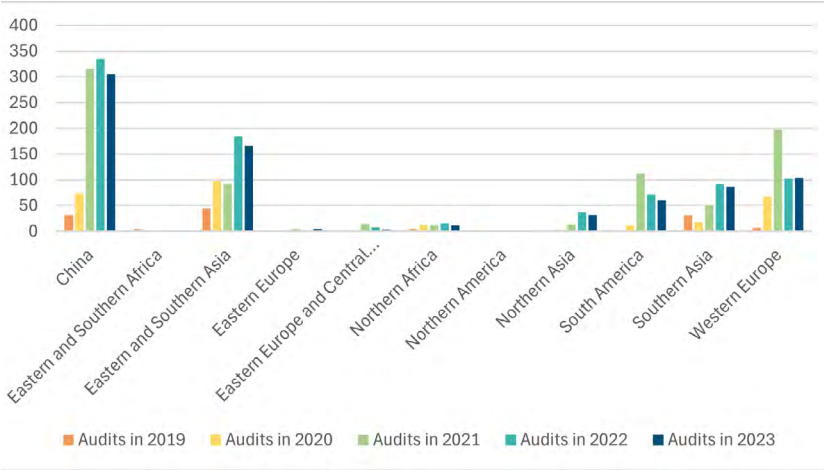


9 DDistribution of social audits by sector

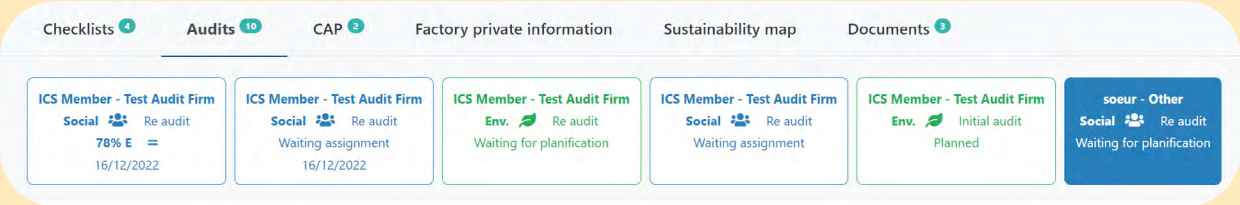
It is observed that the textile sector remains the most audited sector by ICS brands, with a proportion more than three times greater than the second most audited sector, which is leisure. Following closely are the housing and food sectors, then electrical appliances and construction.

10 Volume of environmental audits by zone since 2019

As in 2022, China is the country with the highest number of audits in 2023, followed by South Asia, which sees a slight decrease in its volume, while the volume of audits in Western Europe and South Asia has remained similar.



4.4 | AUDITS STATISTICS 2022: CONSOLIDATED RESULT'S DATA



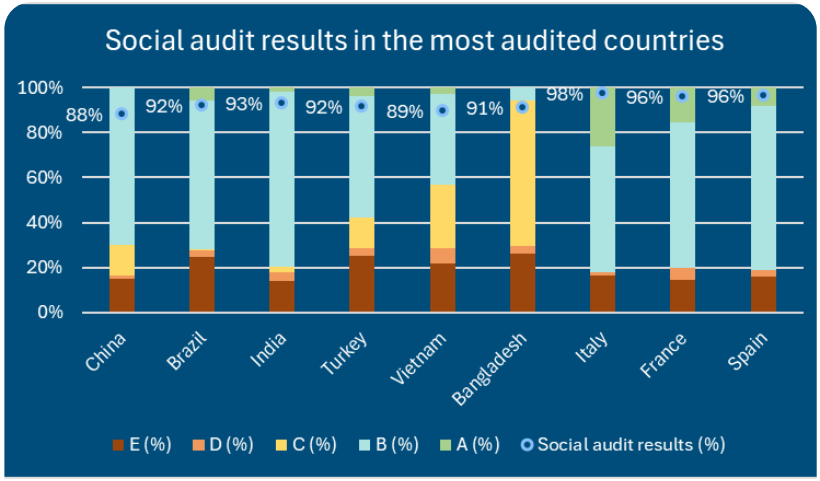
The results of ICS audits consolidate initial audits and re-audits. They therefore include compliance with Human Rights and Environmental standards at production sites that have, by definition, never previously benefited from an ICS action plan and may have been initially assessed by the CSR teams of ICS brands as being at risk before the business relationship began. Thus, these results are not the tool for measuring the impact of ICS action regarding compliance and commitment to sustainability, which is addressed in part 5 of this report through the analysis of follow-up audit results.

The ICS dual notation audit system

The result of an ICS audit is expressed by a letter (A to E) and a percentage (from 0% to 100%). The percentage increases with the overall level of compliance of the audited site, while the letter indicates the level of criticality (urgency and severity) of the observed non-conformities. 'E' indicates a maximum risk of violation of rights. The rating system is actually more complex than this, as the letter and the percentage influence each other: certain letters can never correspond to a certain percentage level and vice versa. This allows for an initial assessment based either on the percentage rating or the letter rating.

- Anything that cannot be proven compliant is presumed non-compliant.
- A rating of A-B typically indicates a low level of risk, while ratings C-D-E are more likely to be considered as requiring monitoring, being at risk, or being at severe risk.

2023 SOCIAL AUDITS RESULTS

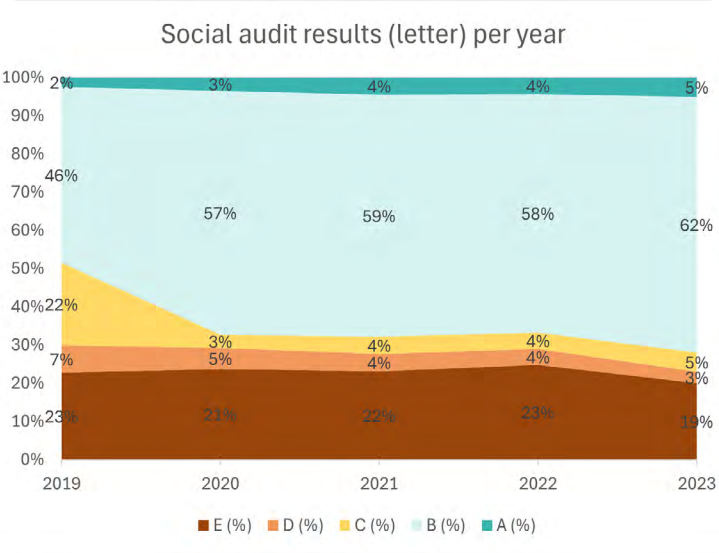


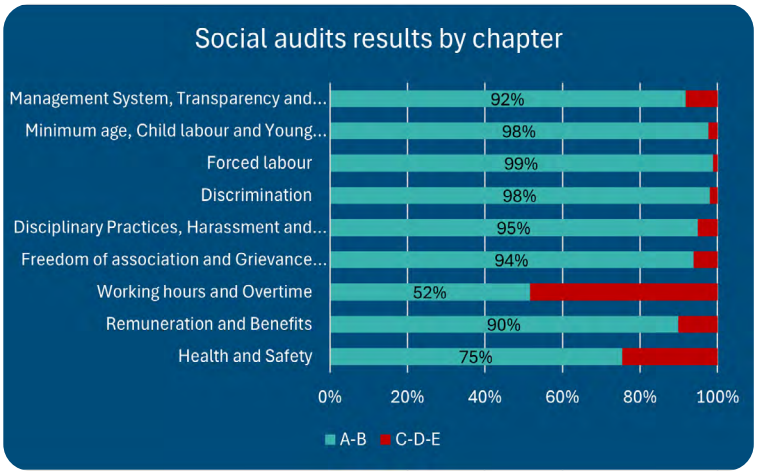
11 Social audit results for the 10 most audited countries in 2023

It is observed that, with the exception of Vietnam and to a greater extent Bangladesh, where more than half of the production sites show non-conformities indicating a level of risk (at least C), despite a rating above 90%, more than two-thirds of the audited production sites are compliant on average. A quarter of the major audited sites worldwide present non-conformities indicating a high level of risk (at least C).

12 Evolution of social audit compliance, 2018-2023

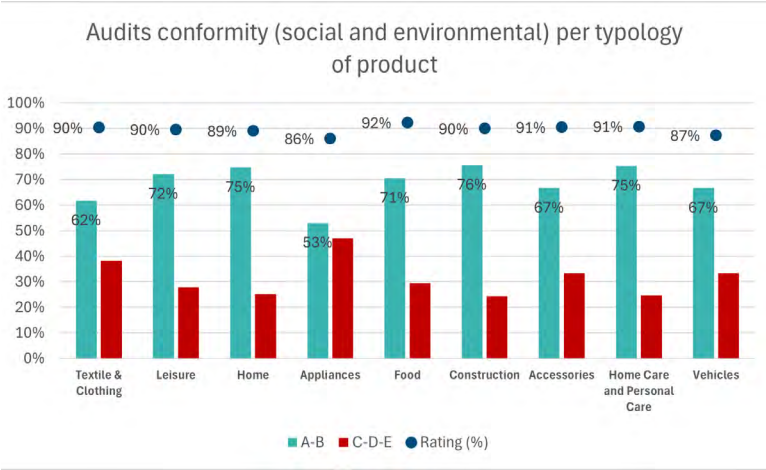
For the most audited countries, there is an increase of +19 percentage points in the share of factories compliant with the ICS standard from 2019 to 2023, with a stabilized level of 64% over three years. There is also an increase in social compliance compared to 2022, with a positive delta of +5 percentage points. Consequently, the rate of non-compliant factories decreases, particularly the share of ratings D and E, both down by 4 points.





13 TCompliance rate by social chapter

The chapter related to working hours is where the most risks are detected (50% of cases), followed by health and safety (nearly 25%), and then remuneration and management systems, both with just over 10% of non-compliant sites. For severe cases of child labor and forced labor, 3% and 1% of audits have resulted in the detection of critical non-conformities.



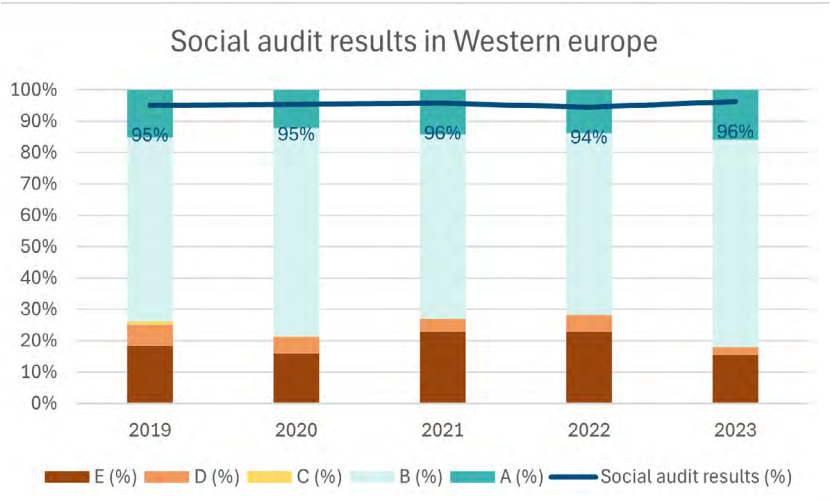
14 Compliance rate by sector

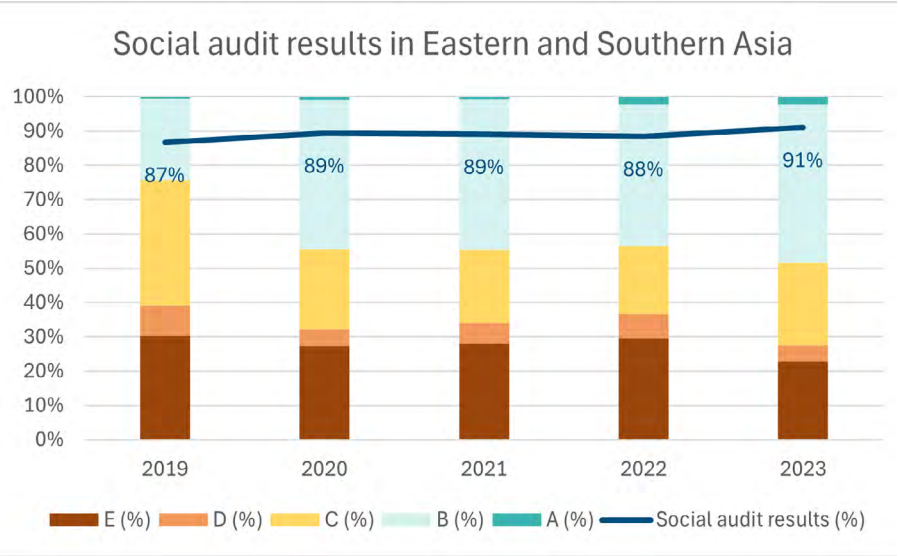
All 9 audited sectors according to the ICS standard have an overall rating above 85%, with 6 of them reaching 90%. Nevertheless, an average of 66% of sites are ultimately compliant. This highlights the importance of assessing the urgency and severity of non-conformities in the ICS rating: a result may show a very high percentage but still not be compliant due to a single serious non-conformity, which the production site will be required to correct as soon as possible.

FOCUS
SOCIAL AUDITS RESULTS IN COUNTRIES UNDERGOING INCREASING AUDIT DEMAND

15 Distribution of social audit ratings in Western Europe 2019-2023

The average rating of social audits in Western Europe remains stable over the period at 95%. The distribution of compliance remains the same as in 2021, slightly above its levels in 2019, 2020, and 2022.



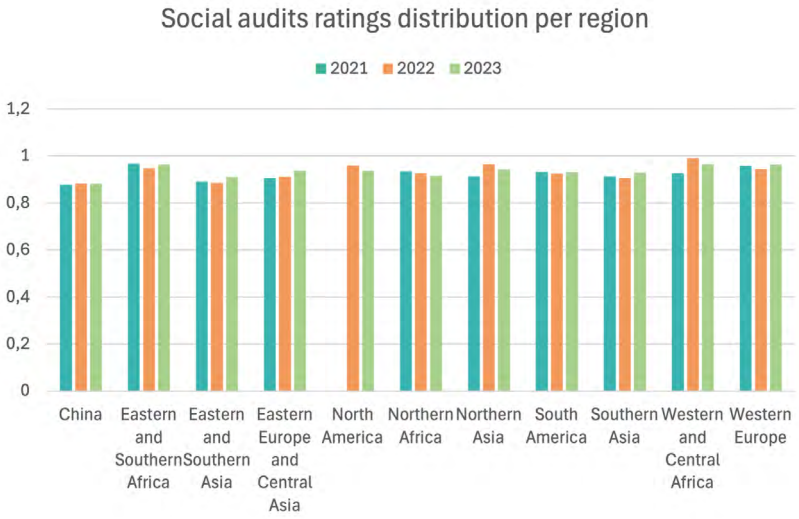


16 Distribution of social audit ratings in East and South Asia

The average rating of audits in East and South Asia fluctuates within a narrow range between 86% and 91%. Compliance levels have been stable since 2020, a year that marked a significant improvement in non-conformities at level 'C'. The highest level of non-conformity, 'E', appears to be slightly decreasing.

17 Distribution by Regions of the Overall Rating of Social Audits

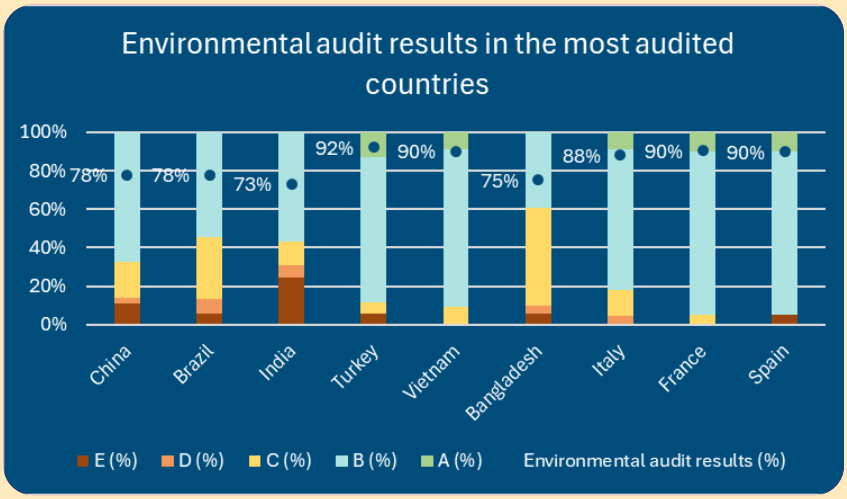
In 2023, East and Southern Africa has the highest average rating, taking the place of North Asia. Following are Western Europe and West and Central Africa. China has the lowest average rating.

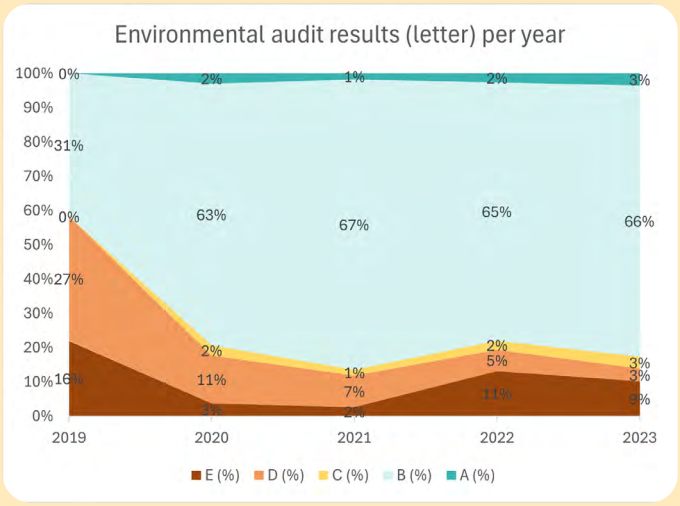


ENVIRONMENTAL AUDITS RESULTS 2023

18 Environmental audit results for most audited countries

It is observed that audited factories in India have a higher rate of critical non-conformities than average. Turkey has the highest overall rating and the highest rate of 'A' ratings, and, along with France, Spain, and Vietnam, has a rate of compliant production sites exceeding 90%.



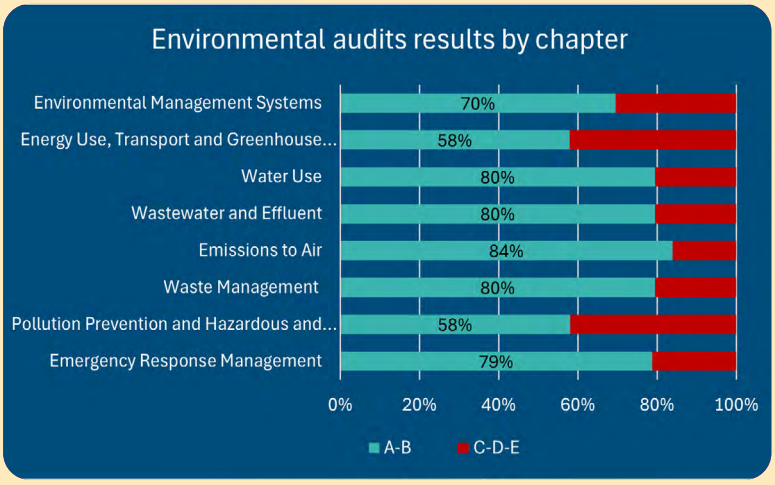


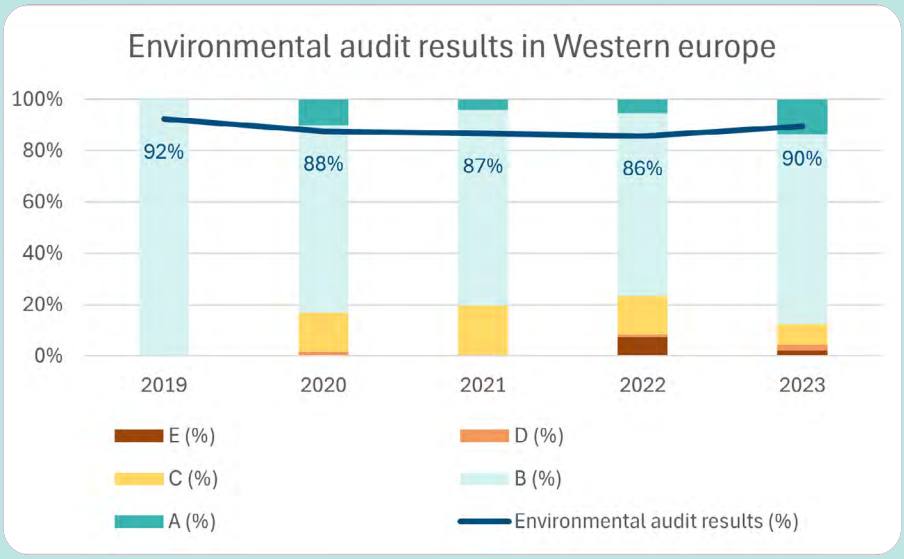
19 Environmental audit results for all audited countries, 2019-2023

There was a significant improvement in the compliance of environmental audits between 2019 and 2020, which stabilized between 2020 and 2022, but with a slight decrease in 'A' ratings and an increase in critical non-conformities in 2022. In 2023, this trend improved with an overall reduction in audits showing critical non-conformities, benefiting compliant audits.

20 Distribution by chapter of environmental compliance in 2022, most audited countries

The chapter related to energy use, transportation, and greenhouse gases, as well as the chapter on pollution prevention and hazardous product management, are the ones where the most risks are detected (just over 40% of cases), followed by the environmental management system. The overall average compliance for the remaining chapters is around 80%.



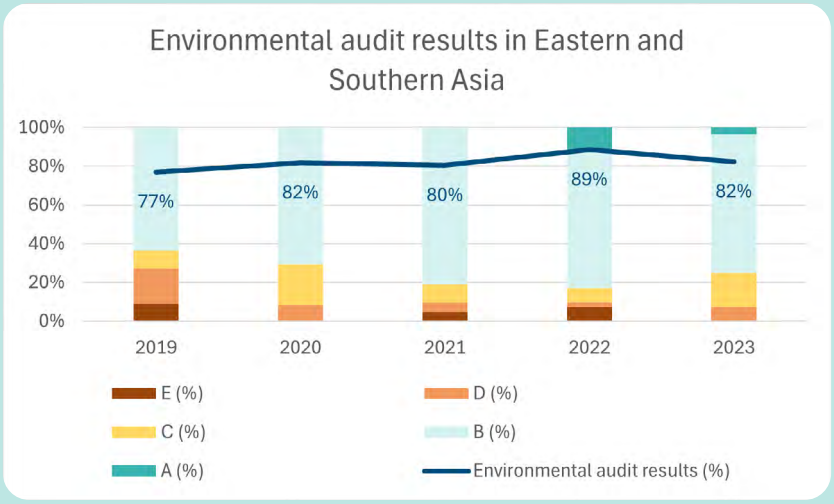


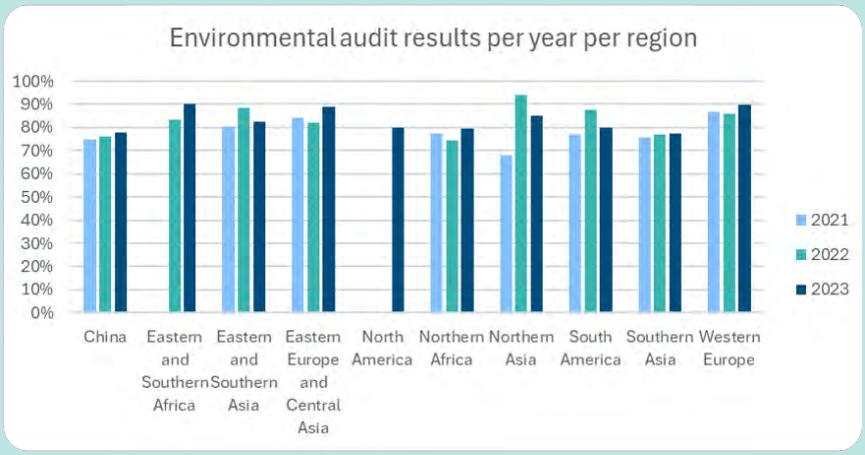
21 Distribution of Environmental Audit Ratings in Western Europe 2019-2023

It is observed that the sites audited in 2023 achieved a better overall rating and compliance than in previous years in Western Europe. Indeed, compliance levels increased by nearly 10 points, while the overall rating of the audits improved by 4 points between 2022 and 2023.

22 Distribution of Environmental Audit Ratings in East and South Asia

It is observed that the sites audited in 2023 experienced a decline in the overall rating and compliance compared to previous years in South and East Asia. Indeed, compliance levels dropped by a few points, while the overall rating of the audits fell by 7 points between 2022 and 2023. The year 2022 had been particularly good for environmental audits in the region, with an overall rating close to 90% and nearly 10% of audited sites achieving a perfect score of 100% A.





23 Distribution by region of the overall environmental audit score

In 2023, Western and Eastern Europe, as well as East and Southern Africa, have the highest average ratings, thus replacing North Asia, which holds the 4th position for the best ratings by region. China has the lowest average rating.

Part 5

CHANGE

The activities of uniting, assessing, and controlling, while integral to the ICS's operations, serve a greater purpose beyond themselves. If audits and assessment tools were merely undertaken for their own sake, the primary focus would be on legal risk management. However, that is not the sole mission of the ICS.

For ICS members, the true objective lies in what comes «after the audit.» This ultimate goal is to ensure that our global economy can fulfill our needs in a sustainable manner, while respecting the rights of both human beings and the environment.

Three tools to bring about sustainability Training

Educating: production sites' managers, auditors, and ICS members on international organization social and environmental standards.

Transforming: patiently instilling an understanding of human and environmental rights in production site managers, by conveying concepts and requirements raising awareness among all producers, whether or not their sites have been audited.

Complying: through corrective action plans, the ICS cornerstone to ensure audited factories change.

5.1. Training sustainability stakeholders
5.2. Transform production cultures
5.3. Conforming global supply chains

5.1 | FORMER LES ACTEURS

TRAINING RETAILERS

ICS database trainings

The digital ICS database brings together all functionalities related to information collection, audit launching (except payments), audit management, audit result tracking, risk management, media alerts, and statistical extractions. Mastering this digital tool is therefore a prerequisite for the successful implementation of compliance, even on the other side of the world. As a result, ICS regularly offers training sessions (five in 2023). ICS thus reaches over 900 CSR and purchasing managers worldwide, all of whom are daily users of the database.

The stakeholder training catalogue

The ICS takes a proactive approach by sharing pertinent training materials from international organizations. This sharing ensures that ICS members and factories have access to continuous and in-depth knowledge about social and environmental standards. Given that these standards are numerous, continually evolving, complex, and often specific to individual countries, maintaining an up-to-date catalog of ongoing and ad-hoc training courses is essential. In 2022, the ICS shared the following training opportunities with its members :

OECD's e-learning Academy on Responsible Business Conduct

→ OECD Due diligence in agricultural and maritime supply chains
→ OECD Due diligence in textile supply chains
→ OCDE Due diligence in electronic supply chains

ILO-International Training Center for labor conditions

→ The e-learning course on Labour inspection
→ Training of trainers on building inspections systems
→ Webinair on ILO Global Busniess network on forced labour

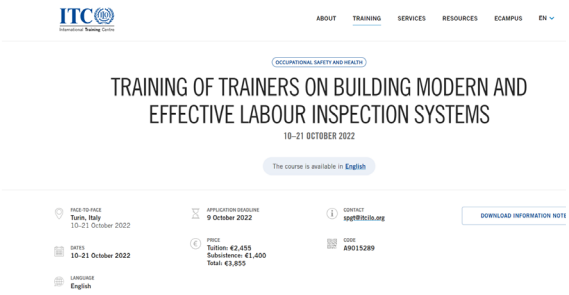
The International Trade Centre (UN-ITC), such as :

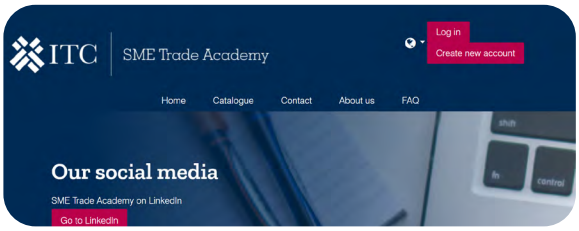
→ Introduction to the international cocoa industry
→ Respecting standards in the food industry
→ Introduction to CSR
→ Introduction to Standards and sustainability
→ Becoming a climate-resilient SME
→ Standards and technical requirements in the leather industry
→ Measuring and monitoring social impact
→ Business competitiveness through sustainability

The UN Food and Agriculture Organisation (FAO)

→ Communicate effectively to eliminate Child labour in agriculture
→ Transparency and Forest in the context of the Paris Agreement → ntroduction to the links between water and forests
→ SDO 15.1.1 and 15.2.1
→ Introduction to Child labour in agriculture

The ICS takes a comprehensive approach by **combining international standards and methodological training with the efforts of its working groups**, which are tasked with translating regulations into practical assessment tools. This integrated approach plays a vital role in continuously improving the skills of ICS CSR officers, whether they are newcomers to the field or experienced professionals adapting to the evolving landscape of CSR regulations and practices worldwide.





TRAINING AUDITORS

Like the CSR managers of ICS member companies, auditors are among the top professionals in CSR. ICS contributes to their ongoing training in two ways:
The efficiency, fluidity, and speed of audit campaigns and subsequent corrective actions also depend on the proper handling of the database by audit firms (scheduling teams, review teams, and auditors), as well as the mastery of ICS standards, which are known for being clear and strict.

In 2023, ICS conducted several international training sessions aimed at audit firms and auditors, all of which were hybrid, with some auditors and representatives from audit firms attending on-site, while others participated online. ICS brought together and trained international auditors in person in Shanghai, Shenzhen, Hong Kong (China) in August and September 2023, New Delhi (India), and finally Roubaix (France) in November 2023. ICS also provided training twice for international delegations from non-EU Ministries of Labor.

Auditor Training: Purpose and Practical Application of CSR : In 2022, ICS, the ILO Training Center, and the ITC gathered in Turin to outline a unique training program on the Social Audit Essentials, tailored to the needs of social auditors. Letters of intent were signed in 2023, and an unprecedented survey was sent to 1,500 international auditors, aiming to understand the disparities in practices, expectations, and well-being at work for social auditors, who are on the ground daily assessing and sustaining the sustainability of global supply chains.

TRAINING PRODUCERS

In line with its commitment to comprehensive stakeholder coverage, the ICS takes an active role in forwarding or collaborating on relevant training programs for production site managers. These programs address both general compliance issues and specific topics outlined in ICS chapters, particularly those related to specific regions or issues identified through consolidated audit results. Here are a few examples of the ICS's involvement in training initiatives :

For example, the ICS forwarded to all its relevant production sites network the Septembre 26th ILO-ITC training on Companies and Decent work in Africa.

The ICS also contributed to the Madagascar Better Work Training program (ILO/World Bank initiative) providing its aggregated audit results so as to target the highest and recursive social risks to be addressed in the country working on the project from May to July 2022 up to the presentation at the Madagascar Better Work Forum on November 10th.

As excessive working hours and overtime is the main recursive social non-compliance in the world supply chain, the ICS and the ILO-ITC co-built a training directly addressed to the relevant factories thanks to ICS data.

Four modules were displayed, regarding the foundation of working hours regulation, working hours compliance, scheduling management and collective bargaining on working hours. From October 2022 to March 2023, a total of 683 factory managers registered for these training programs. Out of those, 365 participated in the opening and follow-up webinars. The training is still ongoing.

5.2 | TRANSFORM PRODUCTION CULTURES

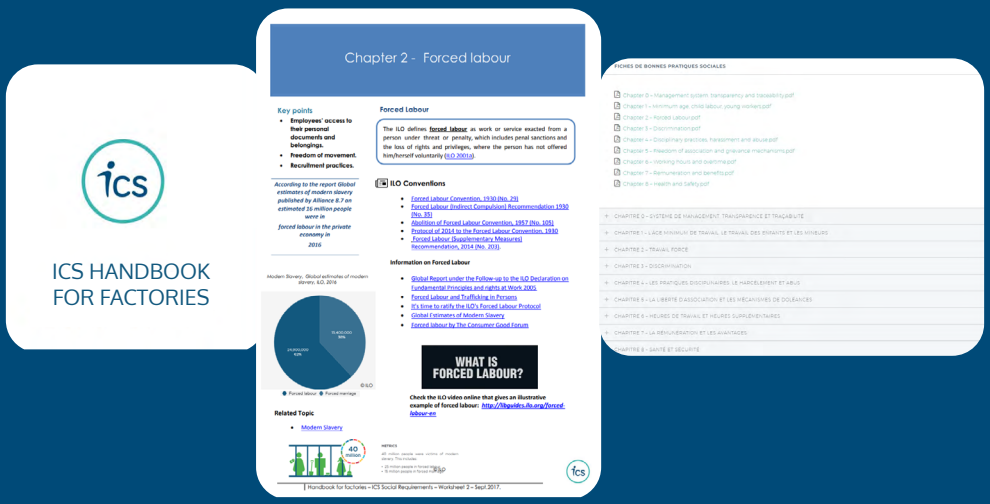
Initiate, strenghten and share the sustainability culture

Within the ICS framework, prioritized and targeted audit campaigns are complemented by a gradual and middle-run acculturation to Human and Environmental rights. To foster to this cultural change, the ICS employs a range of tools bridging the gap training and control.

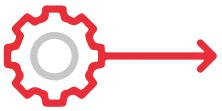
Once a production site is integrated into the ICS database, its management receives an invitation to complete its **Factory Profile**. This profile includes a total of 81 questions related to compliance, serving as an initial step to raise awareness about human and environmental rights. Additionally, the site is provided with :

→ A social handbook
→ An environmental handbook
→ Thematic memos and focuses

In total, in 2023 and since its launch, **8,457 production sites have received these documents, with 80,287 notifications, including reminders.**



The environmental checklist, piloted in a test phase in 2022, was made available to all factories and retailers in April 2023. In addition to being a data collection tool complementary to audits, it offers an opportunity for production site managers to self-assess their environmental maturity, allowing them to identify strengths and areas for improvement. By the end of 2023, nearly 500 factories had completed their environmental checklist, either at the request of retailers or independently.



Lastly, the ICS Team, in collaboration with its audit partners, maintains a continuous assessment of the effectiveness of its standards and methods. This involves monitoring closely audit reports and results on a daily basis. The aim is to identify any discrepancies or inconsistencies in ratings over time, both within a specific audit firm's reports and between different audit firms. When errors or discrepancies are identified in the ICS process, the ICS team and audit managers engage in discussions and implement appropriate corrective measures.

In 2023, 35 contradictory procedures for the review of audit reports were conducted by ICS, followed by the necessary corrective actions. These procedures focused on the most serious cases and the most significant deviations from our processes and procedures. **The significant variation in this number compared to 2022 (236) is explained by a methodological change in evaluation, now refocused on major risks, with minor deviations being subject to differentiated monitoring.**

WHY DO AUDITORS NEED TO BE MONITORED ?

As any profession, auditors themselves are under continuous monitoring by their management, supported by the ICS Team regarding the ICS standards and processes. Auditors are thus audited, either by audit firm internal teams or by the ICS directly, leading to investigations and counter-audits when necessary, followed by the necessary corrective measures.

To this end, the ICS hold a specific and reliable position to support audit firms in their continuous improvement processes: partnering with 11 audit firms conducting the same ICS standards in more than 70 countries, the ICS has the view to identify and question discrepancies.

5.3 | CONFORMING GLOBAL SUPPLY CHAIN: ICS RE-AUDIT RESULTS

Corrective action plans

To assess the ICS's performance, one needs to underline the ICS's strong understanding of compliance and sustainability: IICS member's work isn't about solely controlling a supplier or producer risk level to include or exclude it from its supply chain. Much further, and following international recommendations, the ICS's members duty is to onboard suppliers and producers on a lasting compliance process, that is to onboard them on to the sustainable economy journey.

To do so, the ICS unfolds a master tool: **Corrective action plans, set up at the audit's end.**

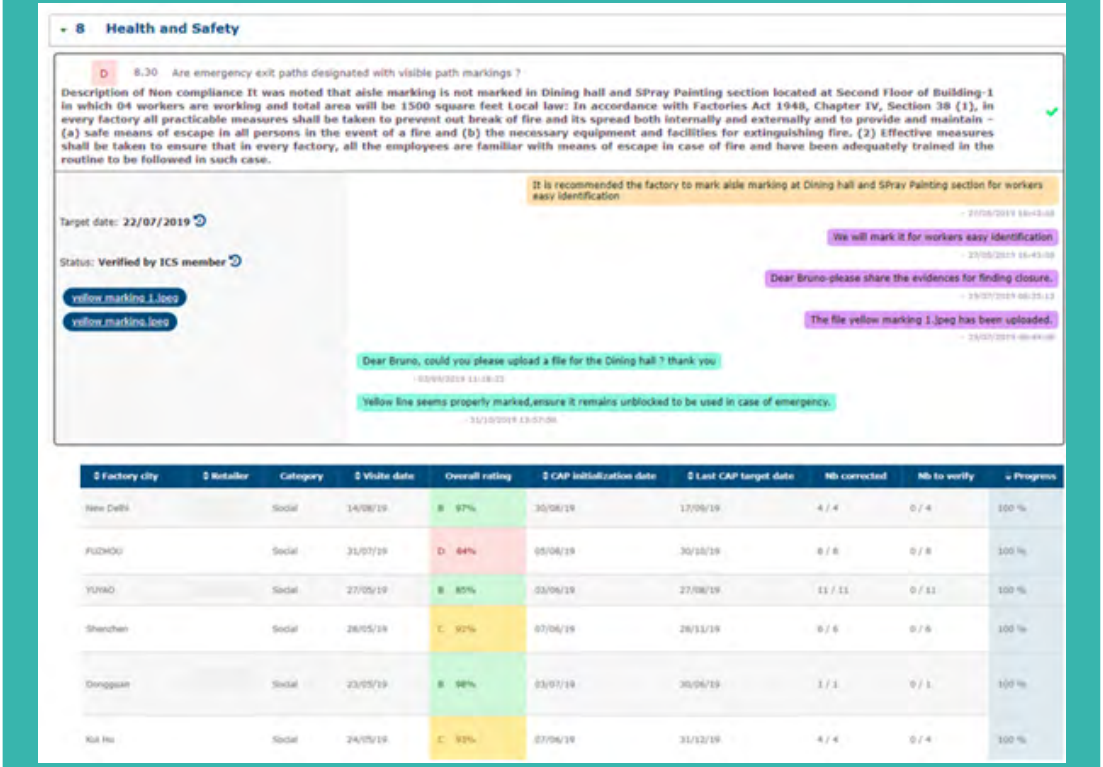
After the audit, comes the CAP

Following up to several intense days, the audit process typically concludes with a significant and formal event known as the «closing meeting.» It brings the factory management and the workers representatives around the table, to present overall conclusions and list the non-compliant items and best practices. Non-compliant items will be reviewed by the audit firm reviewing team before being sent to the ICS member. The ICS member will in turn then monitor the Corrective Action Plan and set the corrective actions target dates according to their criticality. Through the ICS database, the factory management will be requested to upload compliance evidence (pictures, certificates, licences, detailed explanations) to be further assessed by a follow-up audit or re-audit.

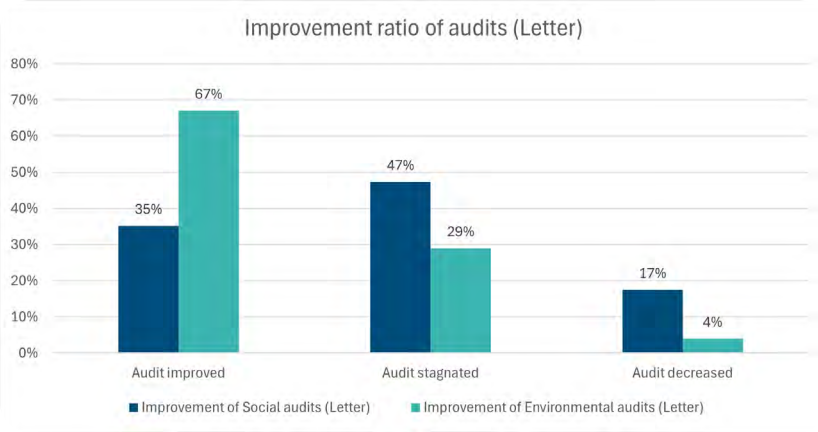
Following the Initial Audit

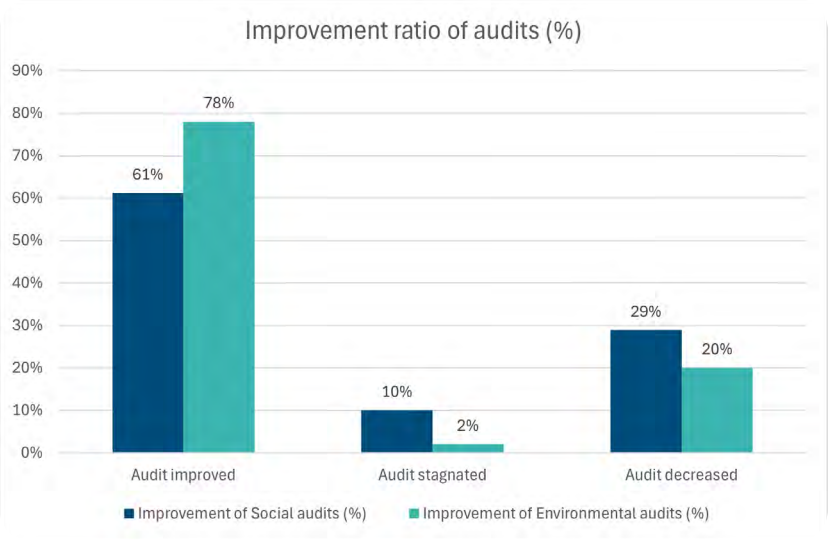
At the end of an initial audit, regardless of its score, and particularly if it receives a critical rating of C, D, or E, the production site will be offered a corrective action plan by the retailer commissioning the audit or any other retailer wishing to participate in the plan's implementation. Once the plan is completed, based on self-reported data and supporting evidence submitted digitally, a follow-up audit can be requested by the retailer to verify the actual implementation of compliance measures.

The production site will then be re-audited, on average, within two years, covering all chapters of the ICS standards.



ICS can then assess the impact of its actions: in social matters, between 2019 and 2023, 61% of the re-audited production sites recorded social progress across all chapters, with this figure rising to 78% for environmental audits.

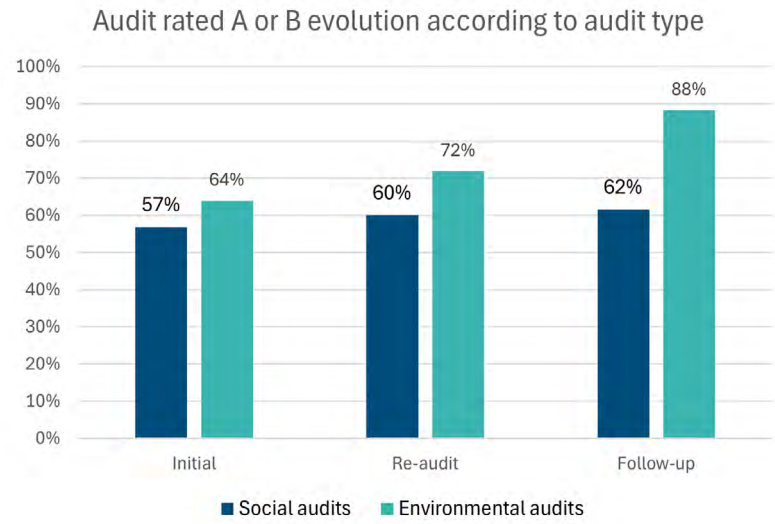


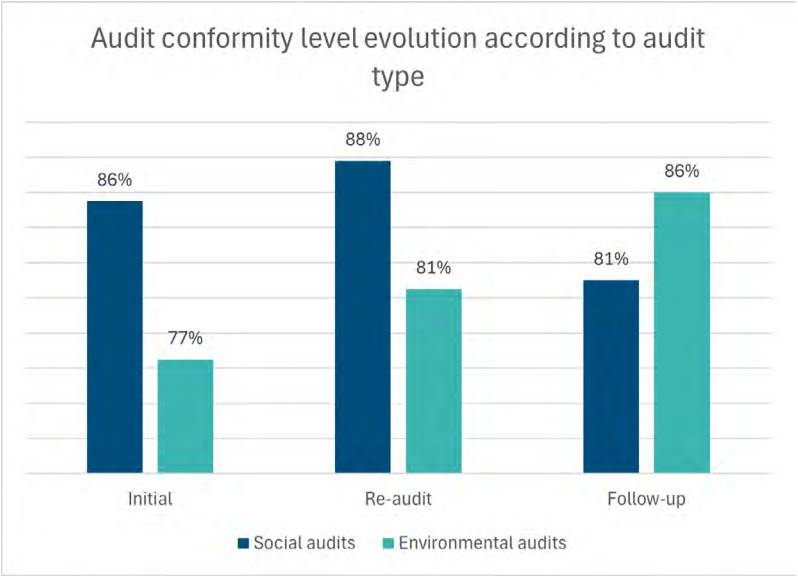


24&25 Distribution of Compliance Improvement of Production Sites Subject to Re-audit or Follow-up Audit Since 2021

It is observed that 61% of the sites re-audited according to the social standard have improved their percentage score, and 35% have seen an increase in their alphabetical rating.

For environmental audits, 78% of the sites re-audited according to the standard have improved their percentage score, and 67% have experienced an increase in their alphabetical rating.

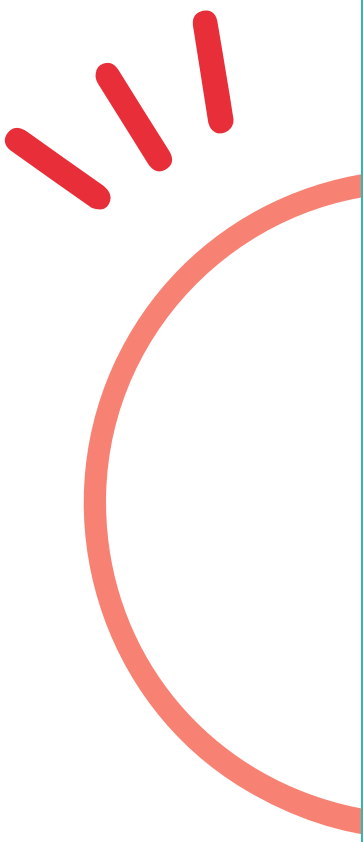




27&28 Distribution of Compliance in Follow-up Audits Compared to Initial Audits (2020-2023)

In social matters, it is observed that between an initial audit and a re-audit, the proportion of audits rated A or B increases by 5 points after a follow-up audit and by 3 points after a re-audit. The overall compliance of an audit increases by 2 points.

In environmental matters, the improvement regarding ratings increases by 6 and 22 points depending on the type of audit following the initial audit, with an overall compliance rate rising from 77% to 81% and 86%, depending on the type of audit.



WE EXPRESS OUR GRATITUDE TO

International organisations supporting us in implementing their standards, international and local initiatives informing or alerting us, stakeholders sharing their expertise or reaching out to ours, audit partners, their management, scheduling, reviewing and training teams and of course all their social and environmental auditors, our “eyes and ears” in the world supply chains. To all our members, who have made the ICS a world-known organisation for Human and Environmental rights.

For more information about the ICS
www.ics-asso.org

You want to start a partnership with the ICS
or start a membership process :
contact@ics-asso.org

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