ANNUAL ACTIVITY REPORT 2024

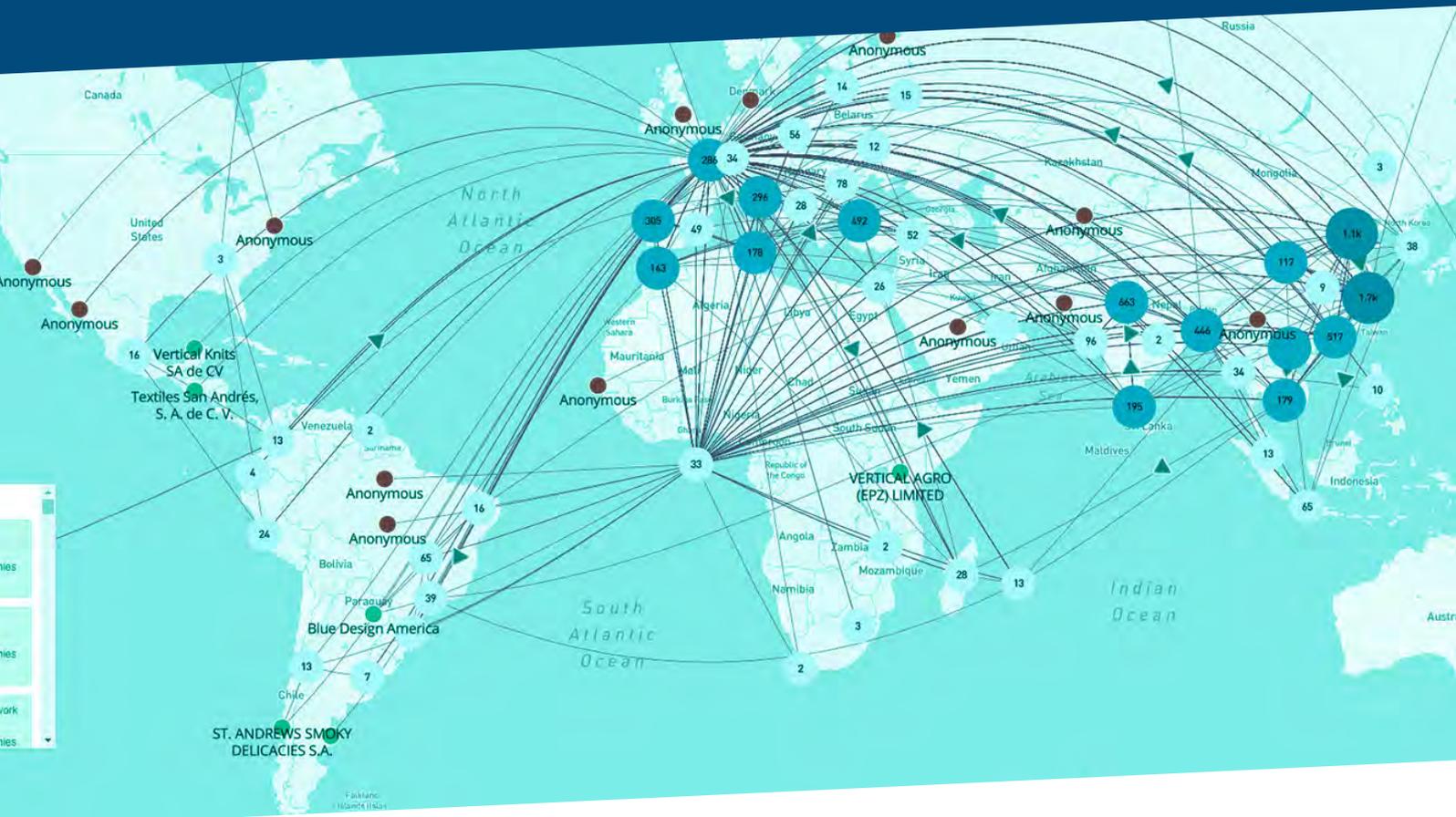**I**nitiative for **C**ompliance and **S**ustainability

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*

Join ICS Governance
as a **retailer**

Join the ICS
All Tiers Program
for suppliers

Become an
ICS Partner

or   or

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ICS 2024-2025

3 PAGEN

SCHNEIDER CONSUMER | GROUP

adeo

agnès b.

GROUPE Casino
NOURISHING A WORLD OF DIVERSITY

boulanger

APPAREL GROUP
EXCEED EXPECTATIONS EVERYDAY

Babies & more

AIGLE
DEPUIS 1853

ASSAÍ ATACADISTA DESDE 1974

Besson · chaussures ·

tikamoon

FNAC DARTY

Carrefour

Bizzbee

Tecnifibre

CAROLL PARIS

catimini PARIS

GROUPE ERAM

Club Med

Coopers OF STORTFORD

GPA

Cdiscount

Ben Sherman

Conforama

cora

CWf

DEVRED 1902

fusalp

GANT

JULES

damartex GROUP

ELECTRO DEPOT

Galeries Lafayette

alinea

BUT

grain de malice

greenyellow

ÏDKÏDS

ISABEL MARANT

rosa

GUÉRIN JOAILLERIE

IKKS

jacadi PARIS

KIABI la mode à petits prix

La Redoute

R&B

GROUPE BEAUMANOIR

NAF NAF PARIS

LA HALLE c'est vraiment vous

LACOSTE

BZB

TAO TAPE À L'OEIL

Just Over The Top JOTT

AMC ACHATS MARCHANDISES CASINO

MAISONS DU MONDE

MFBRANDS GROUP

sessùn

soeur PARIS

LOUIS PION

MGTS

MONOPRIX

OBAÏBI

okaïdi

oxybul éveil et jeux

promod

pimkie

LE SLIP FRANÇAIS

ZADIG&VOLTAIRE

U les nouveaux commerçants

sarenza

THE KOOPLES PARIS

BCBGMAXAZRIA

XANDRES BELGIUM

Z

SOURCING & CREATION

ROUGEGORGE

BOARDRIDERS

GROUPE BEAUMANOIR

LA HALLE   CACHE CACHE.   sarenza.com   ELEMENT

BRÉAL   MORGAN   RVCA   BONOBO

QUIKSILVER   ROXY   CAROLL   BILLABONG

EXTENDED STANDARDS, CONTINOUS GROWTH!

This 2024 activity report, like the previous one, aligns ICS actions and KPIs with the specific requirements of the duty of vigilance. It allows readers to grasp its scope when implemented within the common ICS framework, defined and continuously reviewed by its more than **40 member groups, representing nearly a hundred** brands aligning their analyses and ambitions.

The duty of vigilance begins with knowledge of supply chains. By the end of 2024, ICS had mapped 36,869 active production sites (+17% year-on-year), either in existing business relationships or in the process of being referenced. In particular, the cascading mapping tool launched by ICS in 2022 continued to demonstrate its effectiveness: **for the first time in 2024, suppliers surveyed through cascading reporting declared more production sites to the ICS database than ICS retailers did** (10,460 out of 18,400 new sites).

Following their internal risk assessment policies and on-site monitoring campaigns, retailers conducted in 2024, across 75 countries, 4,751 social and environmental audits—from factories to raw material fields—further supported by the continued growth of environmental audits (+28%).

Far from being a mere "passport" into commercial relations, the audit initiates and drives the sustainable transformation of production chains through CAPs, digitized and managed via the ICS interface. As a result of these, along with follow-up audits and re-audits, the share of production sites without critical risks ("compliant") rose by 15 to 25 percentage points depending on the standard. In 2024, ICS also **digitized and launched a new version of its social standard (v28)**, strengthening its requirements regarding cascading duty of vigilance and exploring new areas such as living wages.

The scaling-up of vigilance policies at ICS is embedded in a strong ecosystem: beyond its members, ICS in 2024 relied on the renewed accreditations of its 11 international audit firms, as well as on its French and UN institutional partners. **In this respect, in 2024 as in 2023, ICS maintained its policy of meeting with auditors**—both in person in France and Vietnam, notably on the occasion of the APSCA annual conference, and worldwide through an unprecedented survey on the auditing profession and its remote training programs, particularly in preparation **for version 24 of the environmental standard**, finalized for release in 2025.

ICS team
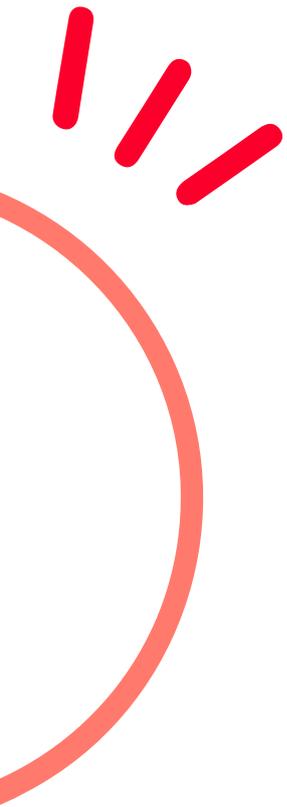
Dear reader, the below calendar reports the major 2024 ICS achievements and milestones regarding the following topics :

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 2024**

JANUARY

309 AS   **64** AE

Steering Committee 1
Specific risks call 1
Global Deal Meeting 1
Data monitoring training 1

FEBRUARY

208 AS   **42** AE

Steering Committee 2
Social WG 1
Specific risks call 2
OECD Due Diligence Forum
New Social Standard Auditors training 1&2

MARCH

368 AS   **77** AE

Specific risks call 3
EUDR pilot Launch w/ ITC
APSCA CPWG
Data monitoring training 2

APRIL

336 AS   **87** AE

Plenary Meeting 1
Specific risks call 4
Environmental WG 1
New Rev28 Social standard launch
Data monitoring training 3

MAY

339 AS   **93** AE

FAO ILO Panel
Specific risks call 5

JUNE

304 AS   **65** AE

Steering Committee 3
Plenary Meeting 2
Specific risks call 5&6
Data monitoring training 4
New Social Standard Auditors training 1&2

JULY

👤 **324** AS   🌱 **93** AE

| FCD AGM |
| Steering Committee 4 |
| Renewable Energies WG 1 |
| Global Deal Meeting 2 |
| Global Compact Panel |

AUGUST

👤 **279** AS   🌱 **75** AE

| ICS members tour |

SEPTEMBER

👤 **342** AS   🌱 **99** AE

| Steering Committee 5 |
| Audit Summit First edition |
| Social WG 2 |
| Environmental WG 3 |
| ILO Turkish Labor Delegation |
| Data monitoring training 5 |

OCTOBER

👤 **321** AS   🌱 **99** AE

| Plenary Meeting 3 |
| Data monitoring training 6 |

NOVEMBER

👤 **337** AS   🌱 **107** AE

| Steering Committee 6 |
| Vietnam: audit monitoring |
| APSCA AMMS Panel |
| Global Compact Panel |
| ILO-ITC Training |
| Environmental standards auditors training x4 |
| APSCA CPGW 2 |
| ICS Annual Gathering |
| Data monitoring training 7 |
| Auditors environmental training 3&4 |
| Specific risks call 7 |

DECEMBER

👤 **294** AS   🌱 **90** AE

| Apparel Group Membership ⭐ |
| Steering Committee 7 |
| Plenary Meeting 4 |
| New environmental standard pilot launch |
| Lectra panel |
| Data monitoring training 8 |
| Specific risks call 8 |

Annual activity report 2024

READING GUIDANCE

Below, you will discover icons that will assist you in navigating the 2024 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.

2024 ACHIEVEMENT: this icon draws attention to a specific achievement or accomplishment related to the ICS in the year 2024.

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 2024: consolidated volume data

4.4. Audits statistics 2024: 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

COOPERATE

**Competing peers
united by common
standards**

ics

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.

48
CSR Services

82
audits budget

1052
CSR managers

1
execution
management
& coordination

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

Memorandum 52 ;
"*multi-stakeholder initiatives can help create additional leverage to identify, mitigate, and prevent adverse impacts. Therefore it should be possible for companies to participate in such initiatives to support the implementation of obligations laid down in Articles 7 to 16 of this Directive to the extent that such initiatives are appropriate to support the fulfilment of those obligations.*"

Article 1 0.2 & 10.5 :
"*companies may develop their action plans in cooperation with industry or multi-stakeholder initiatives*"

"*For the purposes of verifying compliance, the company may refer to independent third-party verification, including through industry or multi-stakeholder initiatives.*"

Article 20.4 :
"*companies may participate in industry and multi-stakeholder initiatives to support the implementation of the obligations referred to in Articles 7 to 16 to the extent that such initiatives are appropriate to support the fulfilment of those obligations.*"

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

2
weeks dedicated
to CSR
collaboration

24
meetings

69
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 2024, ICS members met **24 times**, amounting to nearly a sixty nine hours of **collective intelligence** or the equivalent of two 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, **1052 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.

Decision process

Plenary meetings

Approve of decisions

Decide orientation

22H

Working groups

Set up concrete steps

26H

8 monthly call specific risks
2 Social WG
2 Environmental WG
1 annual Gathering

Steering committee

Provide executive directives

21H
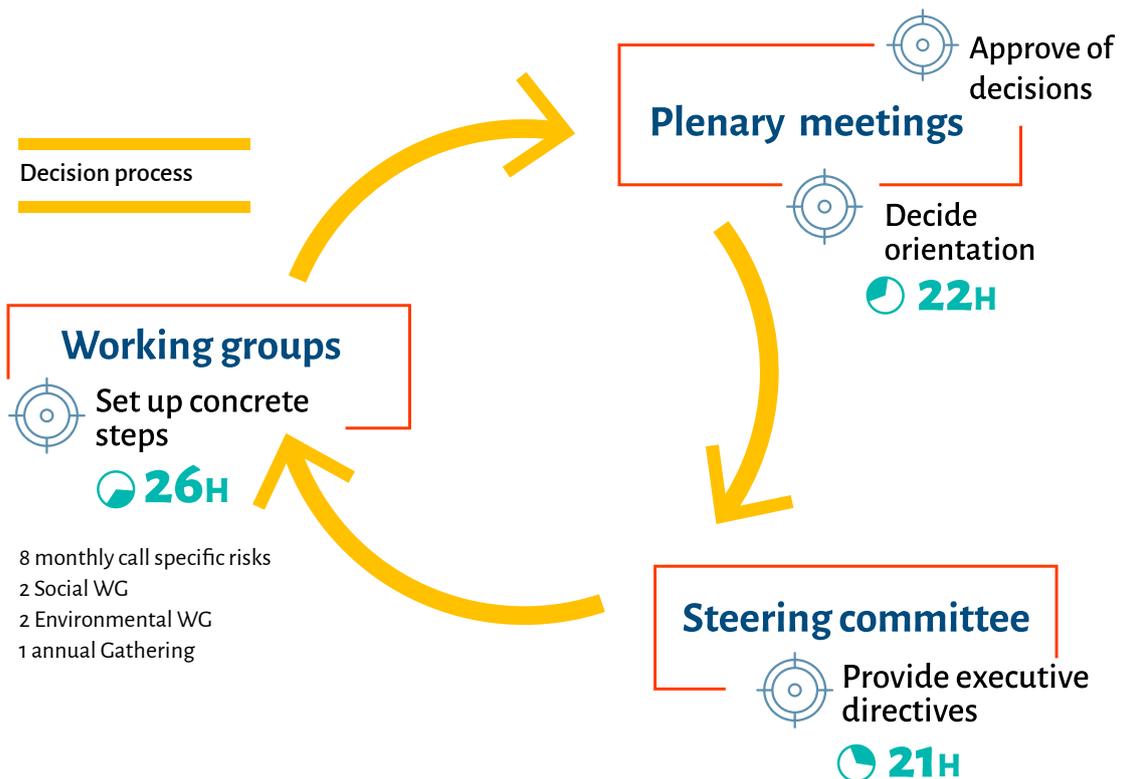
LET'S SURPRISE OURSELVES

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 established in 1998 as a working group within the FCD, ICS counted three retailers as members. Following the adoption of the French Duty of Vigilance Law in 2017, ICS membership grew by an average of nearly 15% per year, reaching 82 brands in 2024. This year was marked by the accession of Apparel Group, the first member not affiliated with a European 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

41
groups or single companies

TEXTILE, ACCESSORIES, COSMETICS AND PERSONAL CARE

APPLIANCES

TOURISM

FOOD AND OTHERS

FURNITURE, HOME CARE AND DIY

RENEWABLE ENERGIES

CAR INDUSTRY
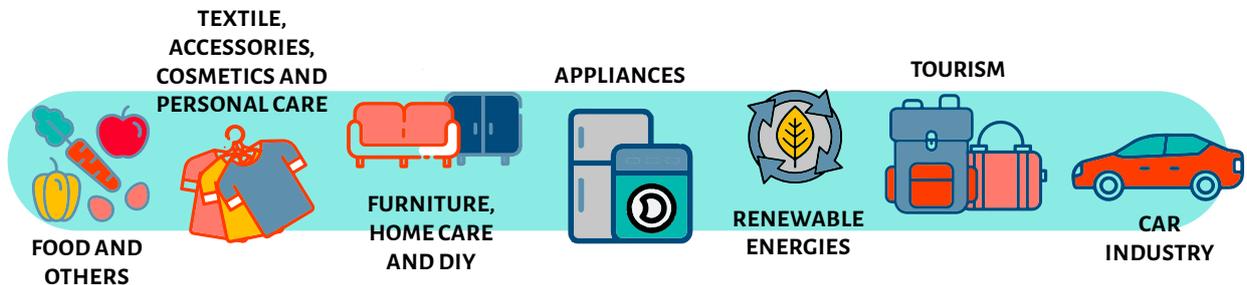
The ICS is open to all companies and sectors
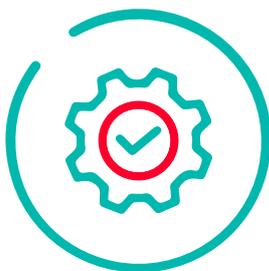
The more inter-sectoral and international cooperation increases, the stronger and faster the application of international standards on human and non-human rights becomes. Since there is no reason to have different standards across sectors—international labor and environmental rights must be the same everywhere—the ICS is open to any company, regardless of its size or sector.

Therefore, it is not necessary to be subject to French or European standards regarding the Duty of Vigilance in order to join the ICS. In fact, many ICS members are companies not subject to the Duty of Vigilance law. Their membership thus helps to 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 2024, the ICS continued to contribute to the ITC's mapping of production sites, reaching a total of 4,765 currently active sites from the ICS, out of 8,088 that have agreed to contribute to the transparency of global supply chains.

The ICS is thus listed in the ITC Standards Map, the ITC's benchmarking tool for evaluation frameworks, for its social and environmental standards.
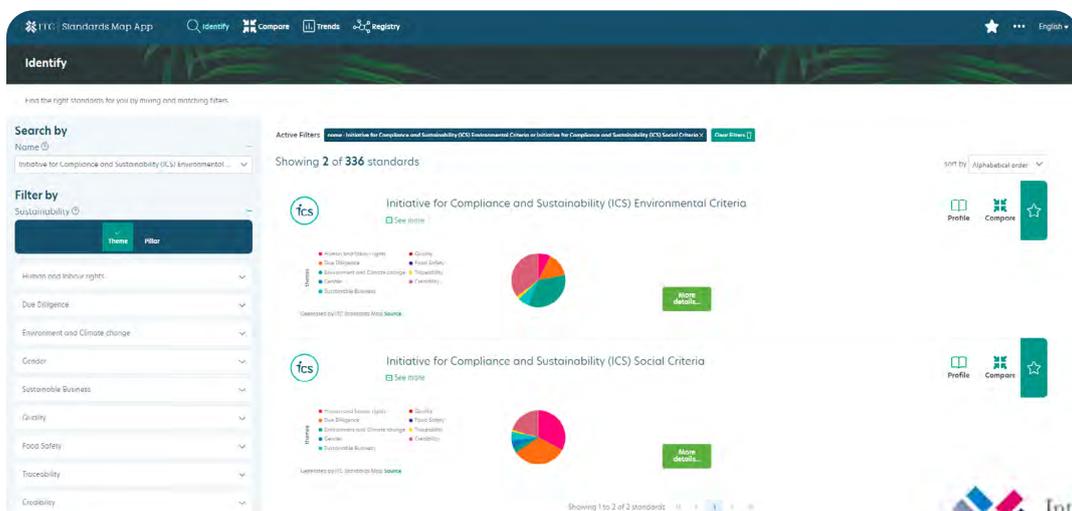
ÉVÉNEMENTS

APSCA AMMS VIETNAM

On November 21, 2024, ICS had the pleasure of participating in the annual APSCA conference, the international association of social auditors, as part of the panel "Strengthening Auditors' Competencies."

ILO-ITC Training on the "Labor" Dimension of Human Rights Due Diligence

ICS spoke about the central role of audits in "Decent Work" Due Diligence to a group of professionals from around the world—including consultants, labor inspectors, officials, and suppliers—who came to train at the ILO training center in Turin.

ICS presentation to the FAO and the Moroccan Agency FOODEX

On May 7, ICS participated, at the request of the FAO, with the Moroccan Agency FOODEX to support the adoption and monitoring of social and environmental standards in the Moroccan agricultural sector.

APSCA CPWG

ICS is proud to have joined the APSCA Collaborative Program Working Group in 2024, which brings together 13 private sector or multi-sector initiatives to collectively reflect on ethical practices in the social auditing sector and their oversight.

Meeting with delegations from foreign Ministries of Labor

At the invitation of ILO France, on September 19, 2024, ICS met with the delegation from the Turkish Ministry of Labor to present the work of French companies on Decent Work in Turkish supply chains.

We would like to acknowledge all the stakeholders who place their trust in us, inspire us, and allow us to see and enhance the impact of our work on human rights and the environment worldwide.

MAP

Collecting
production sites
data to map the
value chain
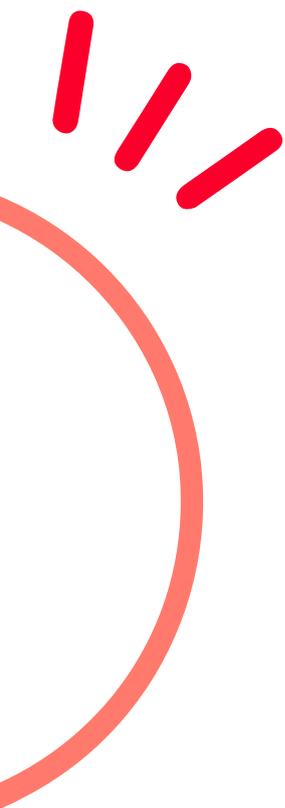
UNDERSTANDING TIERS 1 TO 4 AND THEIR RANKS

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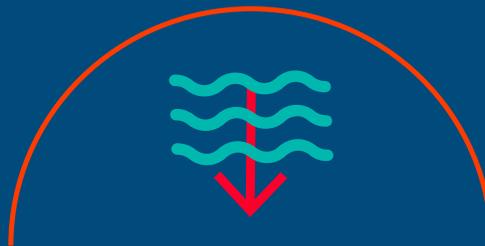
Mapping then just begins, for known producers are only but the last link of a very long supply chain.

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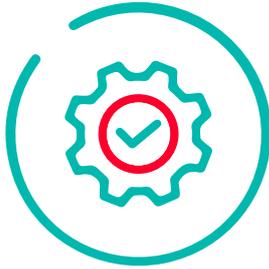
Building a reliable supply chain map through double-crossing brands data

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.
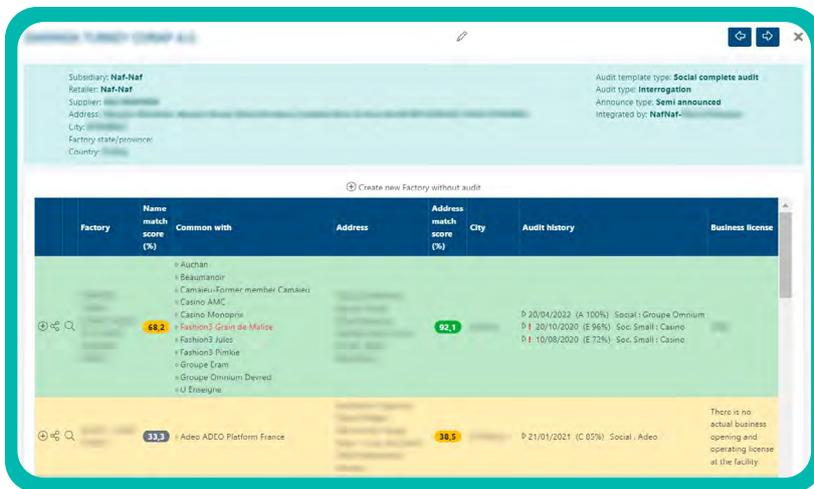
Declaration example

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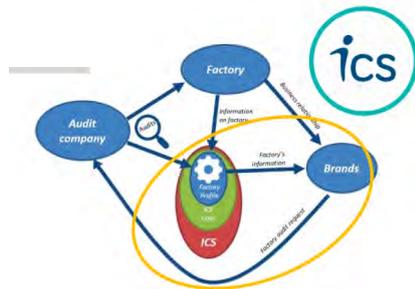
What is a factory profile?
It is a Questionnaire completed by the facility prior to the audit with data needed by the audit company to prepare for the audit. Factory profile includes data such as workforce profile, facility size, production processes, etc.

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.

+18 400
new production sites identified in 2024
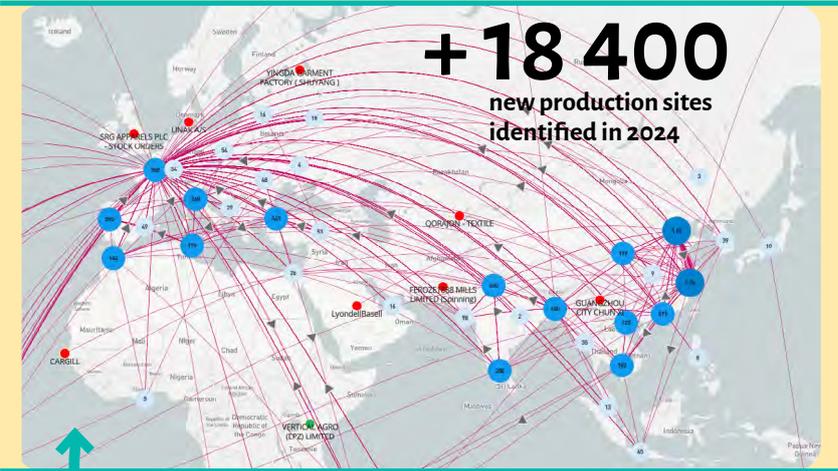
During 2024, 7,940 production sites were reported by brands and 10,460 by suppliers through the Cascade traceability system, the latter figure representing a 24% increase year-on-year, bringing the total number of active factories at the end of 2024 to 36,900, an increase of 21%.

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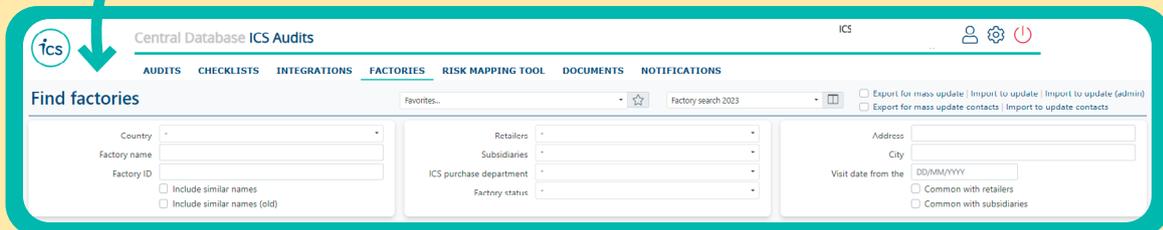
BEHIND THE MAPS

Each year, based solely on the audit criterion, millions of workers benefit from measures to prevent and address risks to human rights and the environment.

7 940
Production sites mapped by ICS members

10 460
Production sites mapped by ICS members suppliers

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.
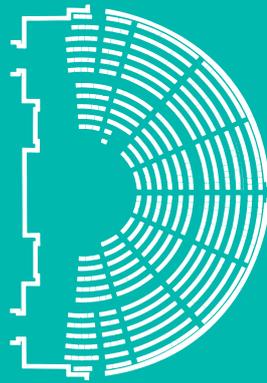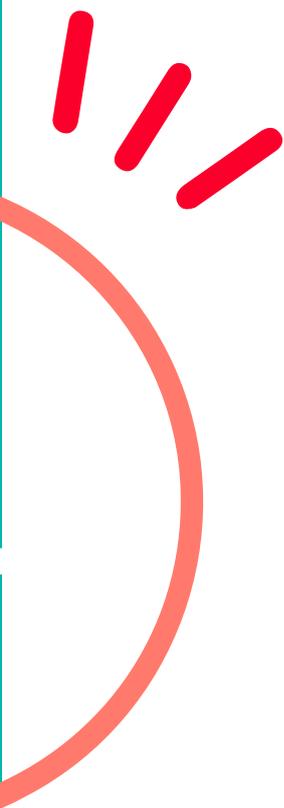
ics

3.1 | TURNING REGULATIONS INTO ASSESSMENT TOOLS
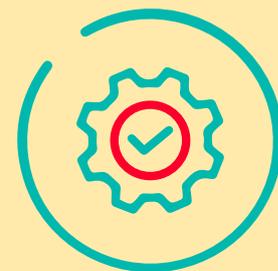
One of the key missions of the ICS is to identify and specify the regulations that fall within the broader scope of «preventing harm to human and environmental rights.» This involves translating these regulations into concrete requirements and practical processes that can be used to assess the effectiveness 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

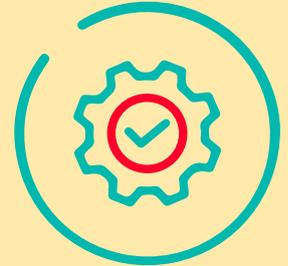| AN		Chapter	Letter and % rating	
🔍	0	Management System, Transparency and Traceability	B	96%
🔍	1	Minimum age, Child labour and Young workers	A	100%
🔍	2	Forced labour	A	100%
🔍	3	Discrimination	A	100%
🔍	4	Disciplinary Practices, Harassment and Abuse	A	100%
🔍	5	Freedom of association and Grievance Mechanisms	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.

> Average results of ICS audits by chapter

This audit — ICS (146) — Clothing; not knitted or crocheted (16)
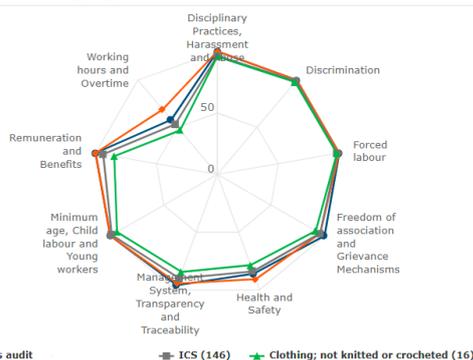
Regarding *environmental* risks, the ICS assesses the below risks structured as followed :

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%	.ıl
🔍	2	Energy Use, Transport and Greenhouse Gases (GHGs)	B	88%	.ıl
🔍	3	Water Use	A	100%	.ıl
🔍	4	Wastewater and Effluent	A	100%	.ıl
🔍	5	Emissions to Air	A	100%	.ıl
🔍	6	Waste Management	B	92%	.ıl
🔍	7	Pollution Prevention and Hazardous and Potentially Hazardous Substances	B	81%	.ıl
🔍	8	Emergency Response Management	A	100%	.ıl

> **Average results of ICS audits by chapter**

← This audit
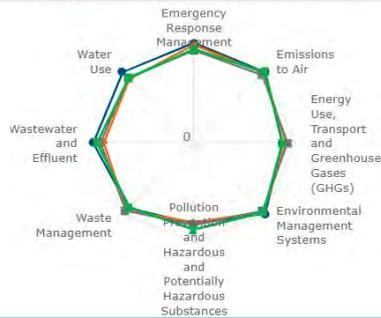
3.2 | ASSESS PRODUCTION AREAS

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.

RISKS

cyclical
national
local
structural
imminent
serious
retrievable
irretrievable
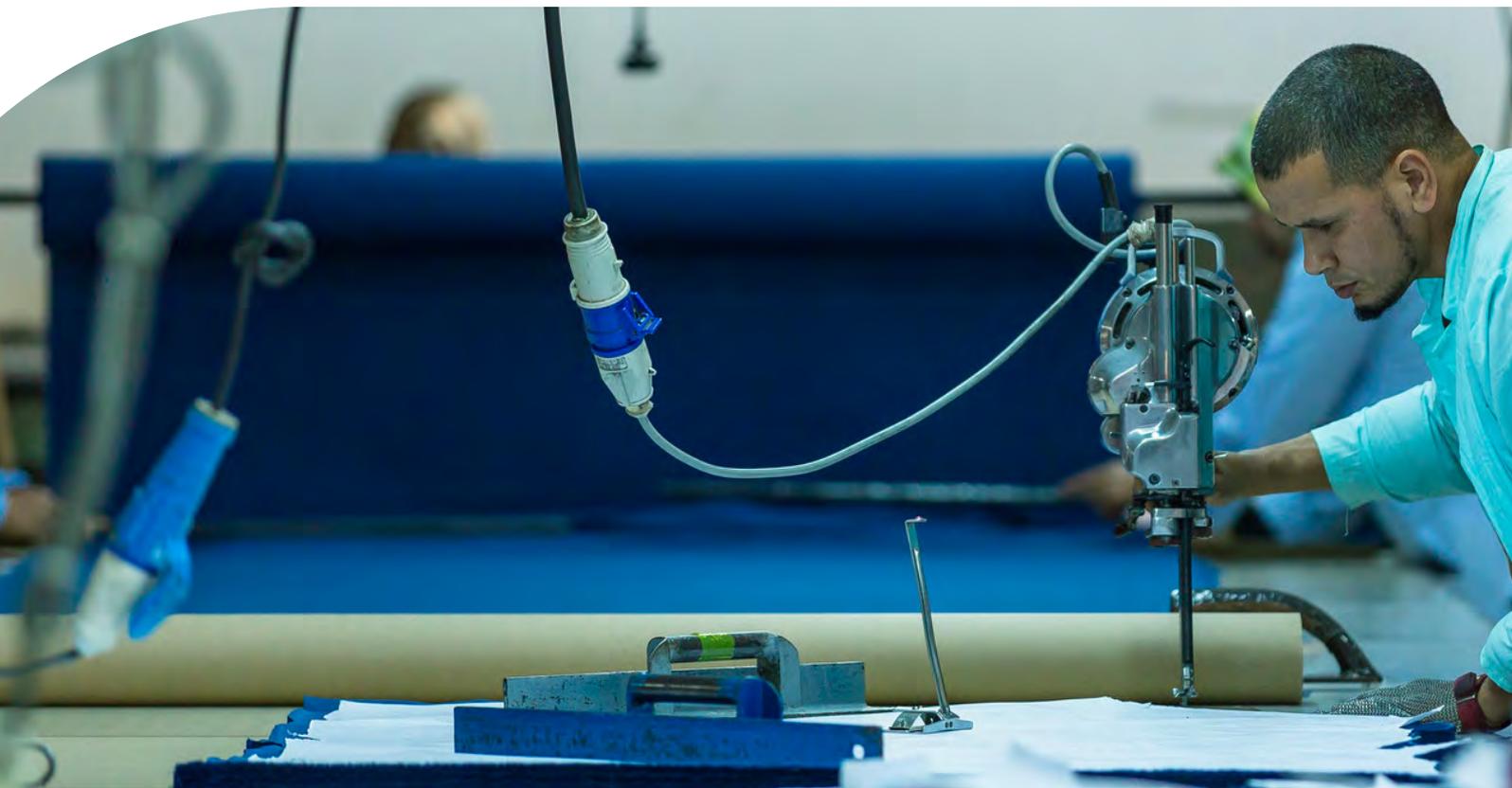
STRUCTURAL RISK

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.

9 items selected	
All	None
KPI for all ICS members	✓
Worldwide Governance Indicators	✓
SDG Index	✓
ITUC	✓
US Department of State	✓
Environmental Performance Index	✓
ILO	✓
Freedom in the World	✓
Score Risk	✓

With score ☑ Yes ☐ No
With factory ☑ Yes ☐ No
With audit ☑ Yes ☐ No

...mbers or **Worldwide Governance Indicators** or **SDG Index** or **US Department of State** or **ILO**.

% ...ing E	% 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	Worldwide Governance Indicators 2020	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 2024, the ICS issued 105 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.

Media alert

Incident date	DD/MM/YYYY
Incident type *	-
Level of risk	-
Related ICS chapter	-
☐ Factory can deny
☐ Denied by retailer

Extract of article

Link of article

Type in to add a new comment.

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	29/06/2021
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

Each user of the ICS database interface thus becomes part of a network of configurable daily notifications covering mapping, audits, media alerts, questions, answers, certificates, evidence, comments, and updates—a total of 414,514 notifications sent in 2024 to nearly 65,000 users on the platform at the end of the year, representing an increase of almost 63%.

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.

414 513

notifications issued by the ICS database

+11%

over 12 months

3.4 | ASSESSING SPECIFIC RISKS

In the event of a cyclical or emerging structural risk, the response from brands must be analyzed and proportionate, so as not to abruptly or unfairly penalize a producer's business, and, by extension, the livelihoods of workers and their families.

COLLECTIVE INTELLIGENCE: SPECIFIC RISK WORKING GROUPS

Whenever a new risk arises, or an existing risk becomes more complex but without sufficient information to take radical decisions such as terminating a business relationship, ICS members concerned with the area or producer come together to engage in collective intelligence, information sharing, and open discussions. These are the so-called "specific risk" working sessions, convened on request (8 working groups) and which may include external experts from the area (NGOs, diplomatic delegations, consultants, etc.).

The goal is always the same: to provide a responsible response to a risk—that is, whenever possible and as a first approach, a response that does not destabilize the local socio-economic fabric, and allows managers worldwide to engage in a continuous improvement approach to CSR rather than in a punitive approach, which could risk job losses for workers or the relocation of production to domestic markets lacking controls in high-risk countries.

2024

2024 SPECIFIC RISKS

01/09	02/13
03/12	04/09
05/21	06/11
11/11	12/11

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

IN 2024, ICS CONDUCTED SEVERAL AUDIT MONITORING CAMPAIGNS ACROSS DIFFERENT COUNTRIES.

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

As part of its annual audit monitoring policy, in addition to verifying compliance with its standard in France, ICS traveled to Vietnam for a series of inspections and meetings with social auditors. From Hanoi to Ho Chi Minh City, passing through Nam Dinh, ICS was able to observe the conduct of its social and environmental audits across various sectors, including textiles, food, and furniture.

Part 4

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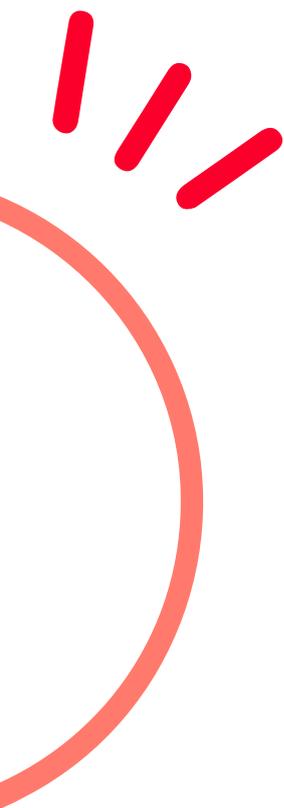
4.1 | FROM SUPPLY CHAIN MAPPING TO SUPPLY CHAIN ASSESSMENT: AUDITS

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.
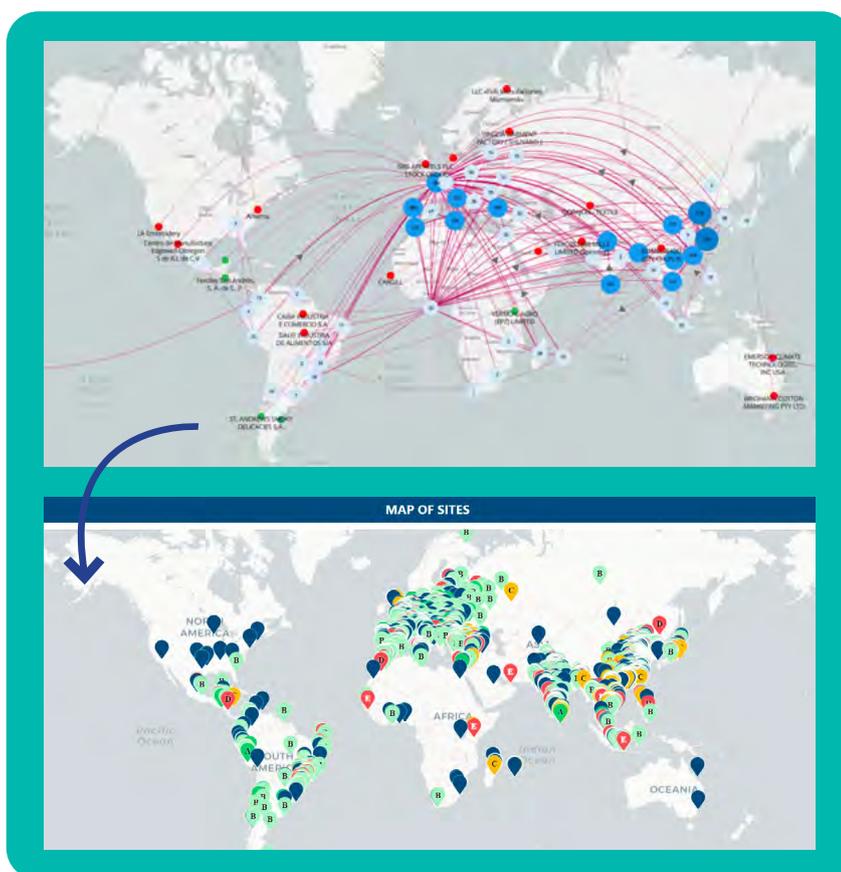
Caption : From site mapping to risk mapping

||||||||||||||||||||||||||||||||||||||

In 2024, ICS had 11 audit partners, whom we warmly acknowledge for their valuable collaboration.

||||||||||||||||||||||||||||||||||||||

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:

2024
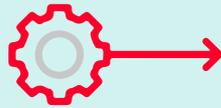
Full digitalization of social audit processes, alerts, and integrity reports, streamlining and accelerating investigation procedures.

2024

Introduction of a **preliminary step to produce a Findings Report** prior to issuing the corrective action plan, in order to reduce pressure on auditors during the closing meeting.

2023
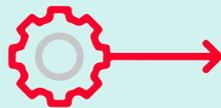
Leveraging technology for sustainable development
Leveraging technology for sustainable development Auditors now have the ability to communicate directly with the ICS member who initiated the audit through the database on the day of the audit. Auditors also have access to new parameters and can interact 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
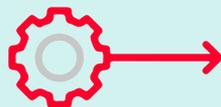
2023

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

The combined volume of social and environmental audits reached 4,751 in 2024, marking a slight decline of 4% compared to 2023, after continuous growth since 2020. This decrease may be explained by the cyclical nature of certain audit strategies, as well as the refocusing of sourcing by some brands.

In particular, the volume of social audits fell by 10%, reaching 3,760 in 2024 compared with 4,197 in 2023. Conversely, the volume of environmental audits saw a sharp increase, reaching 991 in 2024, a rise of 28% compared with 2023 (775). This growth continues the momentum that began in 2019, with the volume having nearly eightfolded in five years.

4 751
audits

fall of
4 %
compared to 2023

Annual growth in the volume of social and environmental audits combined
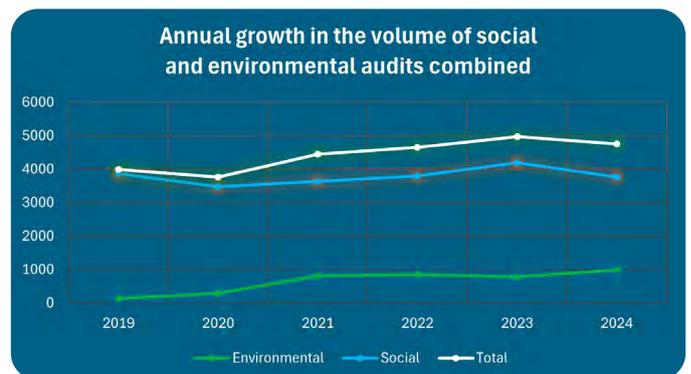
2 Social audit repartition per country

For the highest volumes, China remains the most audited country in 2024, followed by Brazil, India, and Turkey. Italy, France, Spain, and Portugal confirm their positive momentum in 2024, with audit volumes increasing compared to previous years. The most significant growth is seen in Poland and Vietnam, which are now among the most audited countries. Japan also show a stronger presence than in 2023. Conversely, Brazil shows a sharp slowdown (-15%). Bangladesh, while still heavily audited, displays relative stability or even a slight decline compared to previous levels.

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

Social audits concentration

Intensity of social audits by country
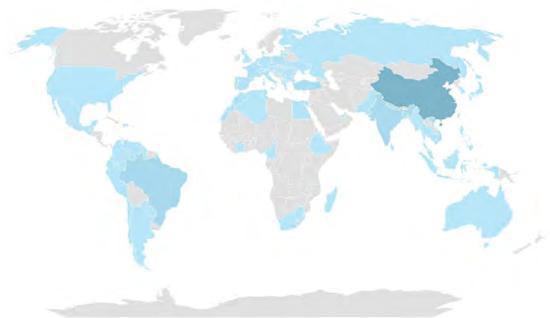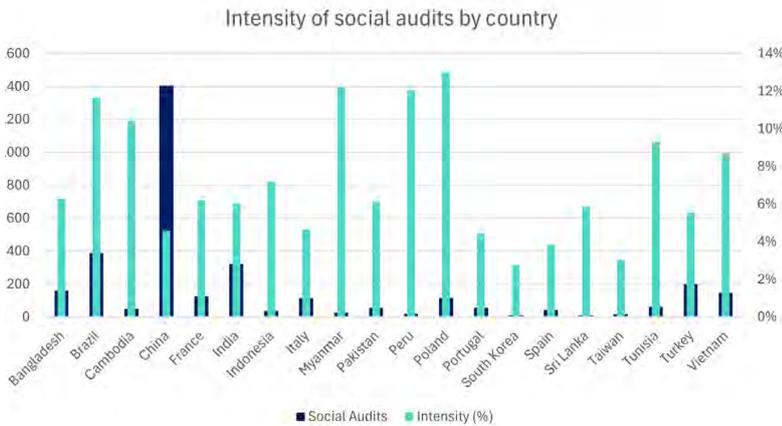
### 3 Intensity of social audits by country

China remains the most audited country in absolute terms, with 1,405 social audits conducted in 2024. However, when adjusted for the total number of registered production sites, Poland shows the highest audit intensity among high-production countries, with 13% of its factories audited.

4 Environmental audit repartition per country

For the highest volumes, China remains the most audited country in 2024, followed by Brazil, India, and France. The strongest changes are seen in Brazil. Portugal, which experienced strong growth in 2023, shows a stabilization, while Spain is back on the rise after a slowdown in 2023.

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

Environmental audit concentration

Intensity of environmental audits
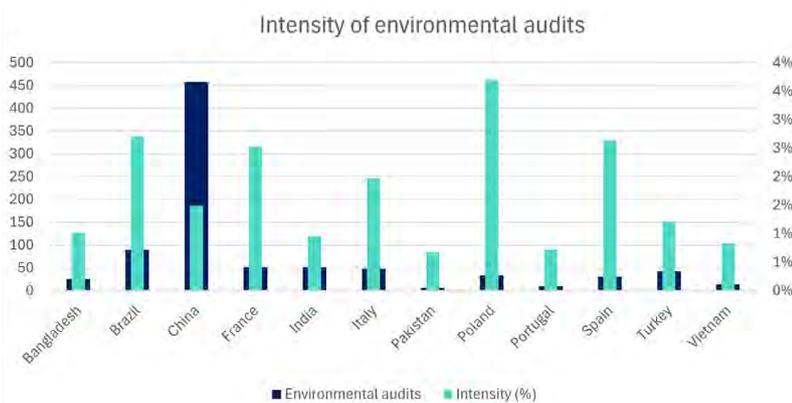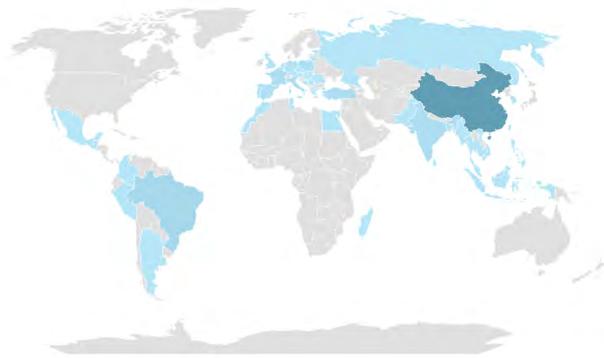
5 Intensity of environmental audits

China remains the most audited country in absolute terms. However, once these figures are compared with the total number of registered production sites, Poland, France, and Spain show the highest environmental audit intensities. Among high-production countries, Bangladesh and Pakistan also stand out in relation to their number of registered production sites.

## Audit concentration (social and environmental)
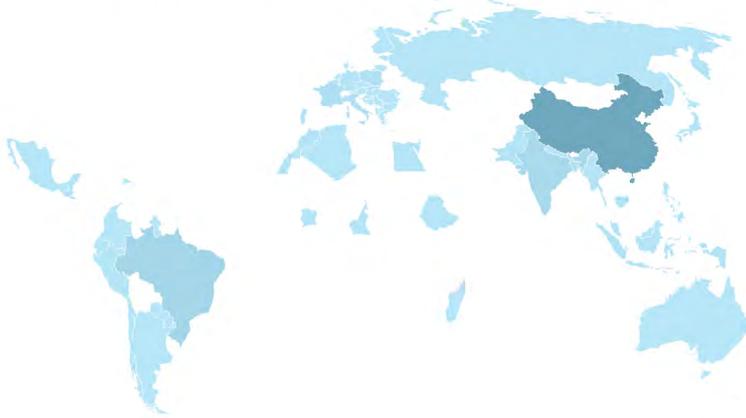
6 Volume of Audits (All Types) by Country

For the highest volumes, China remains in 2024 the most audited country, followed by Brazil, India, and Turkey. Italy, France, Spain, and Portugal show significant growth compared to 2022, confirming their position in 2024. The strongest increases are recorded for Myanmar, Japan, and Mauritius, all posting a notable rise compared to 2023. Conversely, Bangladesh shows a marked slowdown (a moderate +9% increase) after several years of strong growth, and Cambodia records a slight dip, although its overall momentum remains solid.
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 remains the country with the highest absolute number of ICS audits, Poland shows the highest audit intensity among countries with significant activity, followed by Brazil and Cambodia.

Global audit intensity against audit number
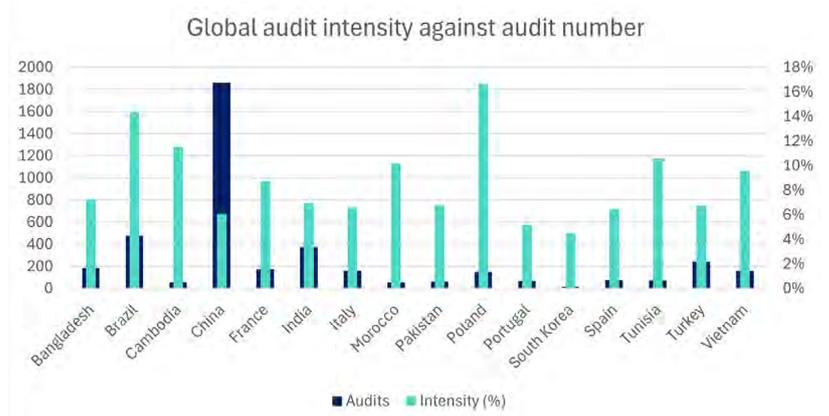
8 Zoom on the average growth rate in social audit volume by zone since 2019

Zoom on the average growth rate in social audit volume by zone
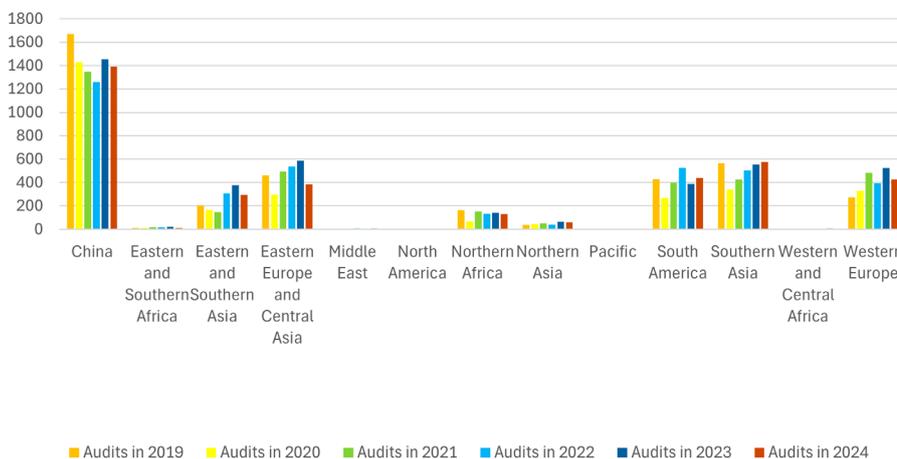
The 2019-2022 trend, marked by the global health crisis, shows a sharp decline in the volume of audits in China and South Asia, in favor of all other regions of the world, notably North and East Asia as well as Western Europe. This dynamic shifts in 2024, with a slight decrease in the number of audits in China, as well as in East and Southeast Asia. South Asia, on the other hand, confirms a steady upward trend. At the same time, Western Europe maintains a high level of activity in 2024, after peaking in 2023. While this represents a relative decline, it still remains well above pre-2021 levels. Eastern Europe, for its part, also shows a drop in 2024, following continuous growth between 2020 and 2023.
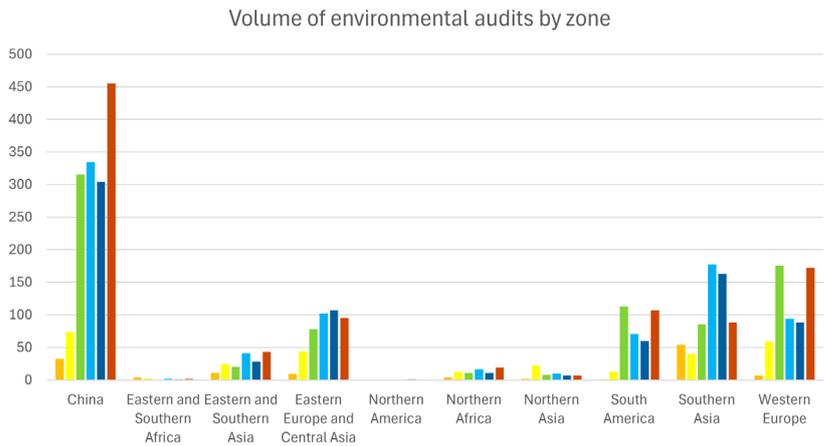
9 Distribution of social audits by sector
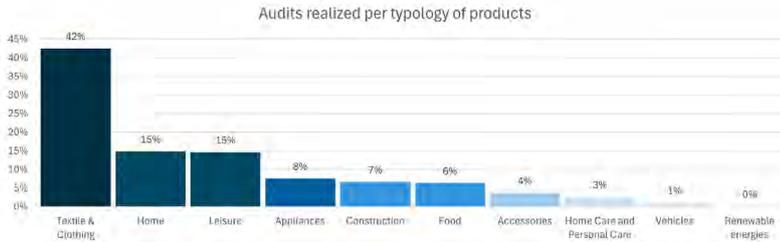
It is observed that the textile sector remains, in 2024, the most audited sector by ICS brands, with a volume of audits more than twice that of the second most audited sector, leisure. Following closely in similar proportions are the housing, food, electrical appliances, and construction sectors.

The accessories, health and personal care, and vehicle sectors show significantly lower audit volumes, while renewable energy remains marginal in terms of coverage relative to the total.

Audits realized per typology of products

10 Volume of environmental audits by zone since 2019

As in 2023, China remains the country with the highest number of audits in 2024, showing a significant increase compared to the previous year. The volume of audits in Eastern and Southern Asia also rises, slightly surpassing its 2022 level, while South Asia experiences a notable decline after several years of growth. Audit volumes in Western Europe rebound strongly in 2024, returning to levels close to those seen in 2021.

Volume of environmental audits by zone

4.4 | AUDITS STATISTICS 2024: CONSOLIDATED RESULT'S DATA

Checklists **4**	Audits **10**	CAP **2**	Factory private information	Sustainability map	Documents **3**

ICS Member - Test Audit Firm	ICS Member - Test Audit Firm	ICS Member - Test Audit Firm	ICS Member - Test Audit Firm	ICS Member - Test Audit Firm	soeur - Other
Social 👥 Re audit	**Social** 👥 Re audit	**Env.** 🌿 Re audit	**Social** 👥 Re audit	**Env.** 🌿 Initial audit	**Social** 👥 Re audit
78% E =	Waiting assignment	Waiting for planification	Waiting assignment	Planned	Waiting for planification
16/12/2022	16/12/2022				

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.
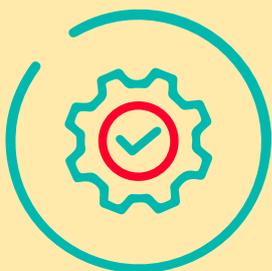
The ICS dual notation audit system

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. The ratings are indicative, designed to help CSR managers navigate the report. Responsibility for Due Diligence always lies with the brand, which decides how to assess a factory, and not with the initiative that established the rating system.

2023 SOCIAL AUDITS RESULTS

Social audit results for the 10 most audited countries in 2024
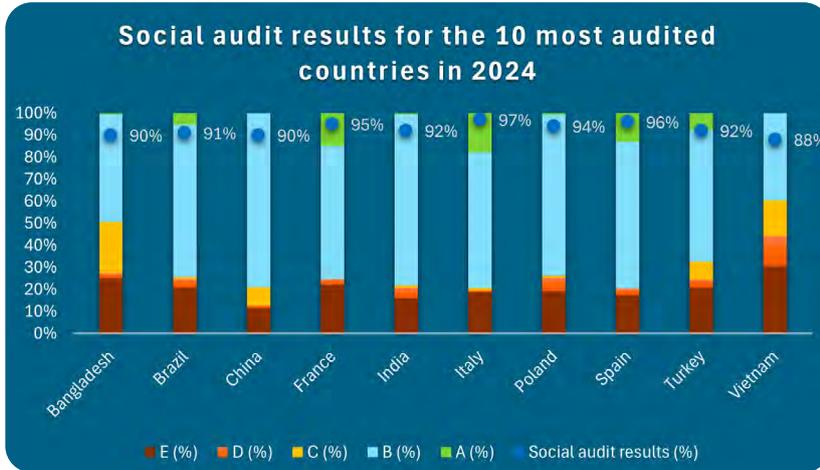
## 11 Social audit results for the 10 most audited countries in 2024

It can be observed that, with the exception of Vietnam and, to a greater extent, Bangladesh, where respectively nearly half and more than 40% of production sites show non-conformities indicating at least a level C risk, despite scores above 88% for Vietnam and 90% for Bangladesh, more than two-thirds of audited production sites are on average rated A or B. Globally, one quarter of the main audited sites present non-compliances indicating a high level of risk (at least C).

12 Evolution of social audit compliance, 2018-2024

For the most audited countries, a notable improvement in social compliance is observed between 2019 and 2024: the share of factories rated A or B rises from 48% to 74%, an increase of 26 points over five years. In 2024, the compliance level reaches a new peak, with 70% of sites rated B and 4% rated A. Compared with 2023, progress continues, with a further 8-point increase in the combined A and B ratings. This dynamic is accompanied by a steady decline in the highest-risk levels, particularly D and E ratings. Finally, the share of factories at intermediate risk (C rating) continues to decrease.

Social audit results (letter) per year
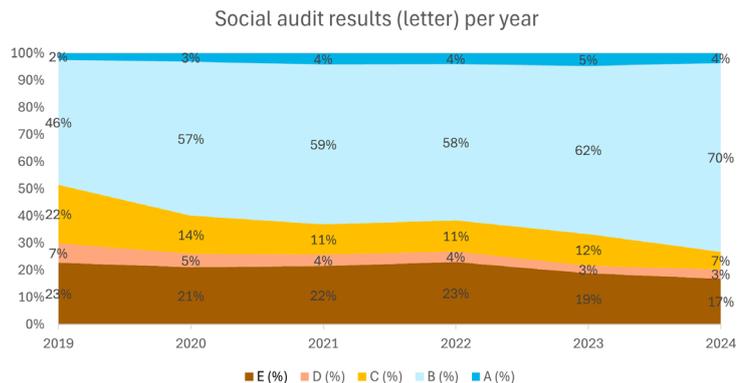
13 Taux de conformité par chapitre social

Social audits results by chapter
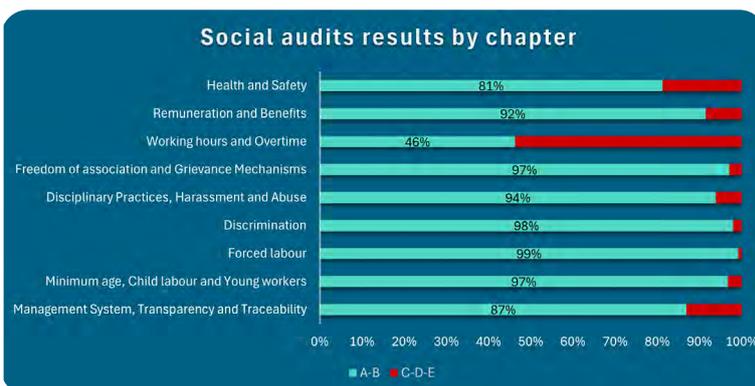
The chapter on working hours remains the one where the highest number of non-compliances is detected, with nearly 50% of cases presenting at least a level C risk. It is followed by the health and safety chapter, which alone accounts for nearly 25% of non-compliances. The chapters on remuneration and on management systems, transparency, and traceability come next, each representing around 15% to 16% of non-compliances. Regarding the most sensitive issues, such as child labor or forced labor, the levels of critical non-compliances remain very low: less than 1% for child labor and around 0.5% for forced labor.

Audits conformity (social and environmental) per typology of product

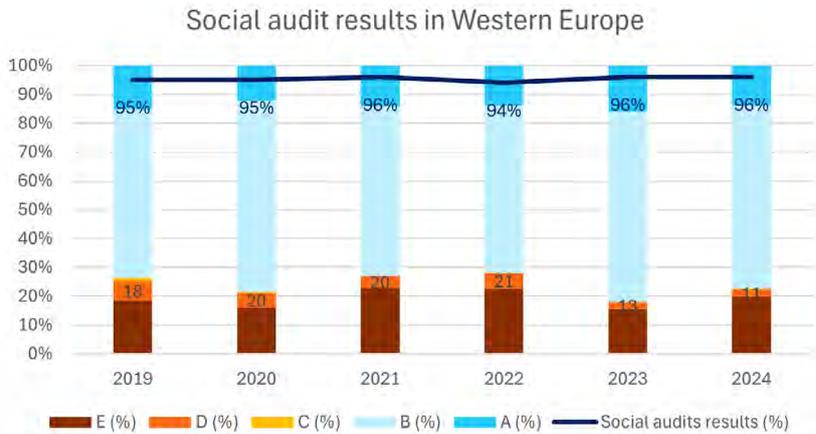## 14 Compliance rate by sector

All nine sectors audited under the ICS standard have an overall score above 85%, and above 90% for three of them (Renewable Energies, Home and Personal Care, and Food). In terms of criticality, 72% of sites are ultimately rated A or B. This highlights the importance of assessing the urgency and severity of non-compliances in the ICS rating system: a result may show a very high percentage but still be considered "high risk" due to a single severe non-compliance.
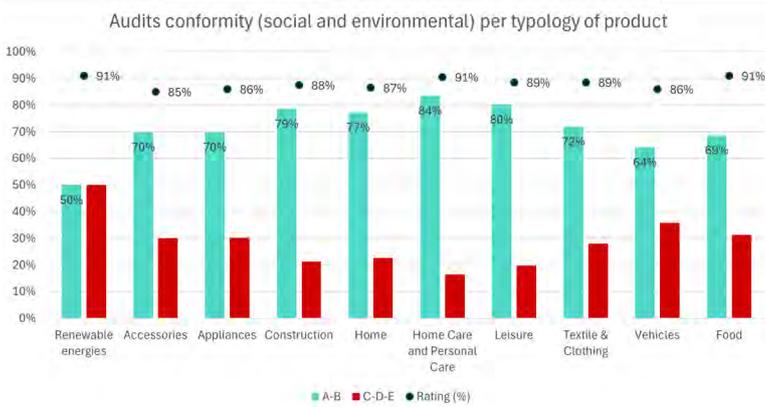
FOCUS
SOCIAL AUDITS RESULTS IN COUNTRIES UNDERGOING INCREASING AUDIT DEMAND

15 Distribution of social audit ratings in Western Europe 2019-2024

The average rating of social audits in Western Europe remains stable in 2024, at 96%, the same level as in 2023 and 2021. The distribution of criticality levels is also comparable to that observed in 2023, with a majority of sites rated B or A and very few critical non-compliances. This stability confirms a positive trend that began in 2021, with overall performance consistently higher than in 2019, 2020, and 2022.

Social audit results in Western Europe

16 Distribution of social audit ratings in East and South Asia

Social audit results in Eastern and Southern Asia

Legend: E (%), D (%), C (%), B (%), A (%), Social audits results (%)

Values shown above bars: 2019: 87%, 2020: 89%, 2021: 89%, 2022: 88%, 2023: 91%, 2024: 89%
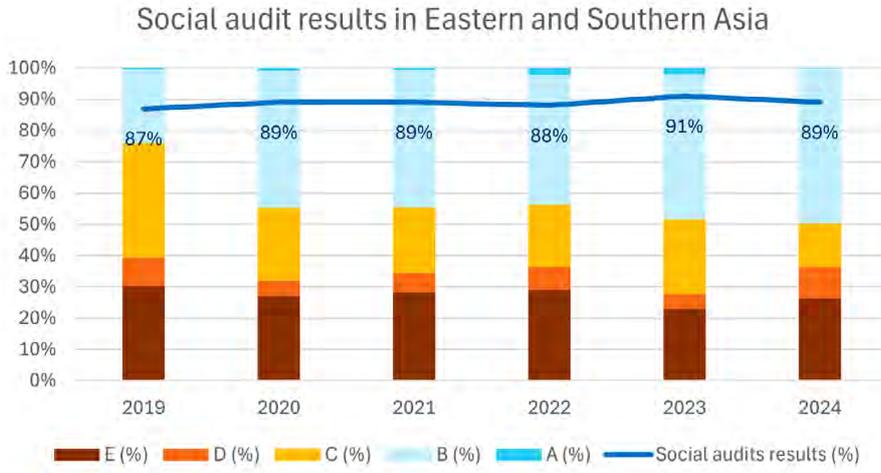
The average audit score in East and South Asia has remained within a narrow range throughout the 2019-2024 period, with an average of 89% in 2024, identical to 2020 and 2021. Overall compliance levels have remained stable since 2020, despite some year-to-year variations. A notable improvement in level C non-compliances was observed between 2019 and 2021, although a slight increase occurred in 2023, followed by a new decrease in 2024. The most critical non-compliance level, level E, shows a gradual downward trend.

17 Distribution by Regions of the Overall Rating of Social Audits

In 2024, North America has the highest average rating, followed by Western and Central Africa, the Middle East, Eastern and Southern Africa, and Western Europe. China records the lowest average rating.

Social audits ratings distribution per region

Legend: 2021, 2022, 2023, 2024
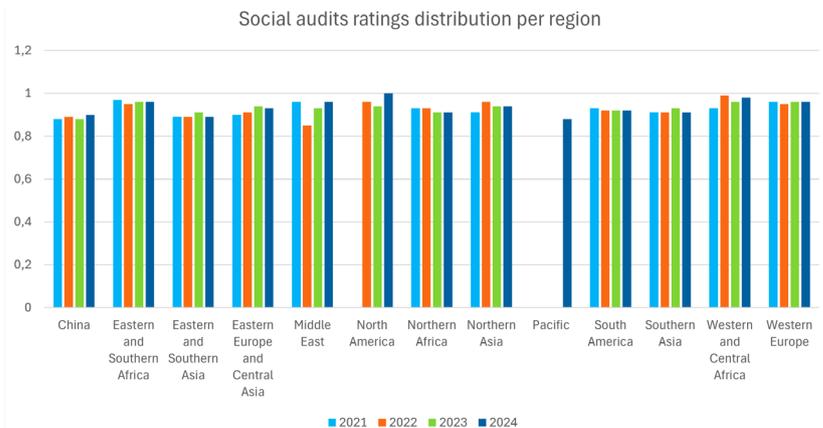
ENVIRONMENTAL AUDITS RESULTS 2024

18 Environmental audit results for most audited countries

Audited factories in India show a significantly higher rate of critical non-conformities than average. China records one of the lowest compliance rates. In contrast, Italy has the highest overall score, closely followed by Turkey and Spain. Along with France and Vietnam, these countries show a compliance rate above 89% for their production sites.
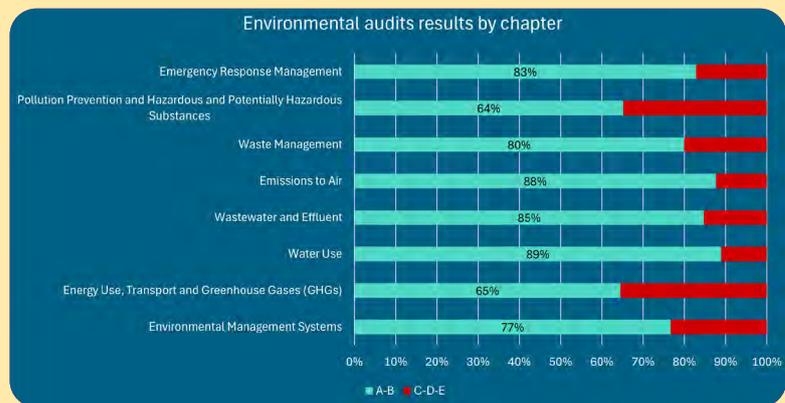
Environmental audit results in the most audited countries

Bangladesh 86%, Brazil 89%, China 80%, France 91%, India 68%, Italy 95%, Poland 86%, Spain 93%, Turkey 94%, Vietnam 89%

Legend: E (%), D (%), C (%), B (%), A (%), Environmental audit results (%)

Environmental audit results (letter) per year

Legend: E (%), D (%), C (%), B (%), A (%)
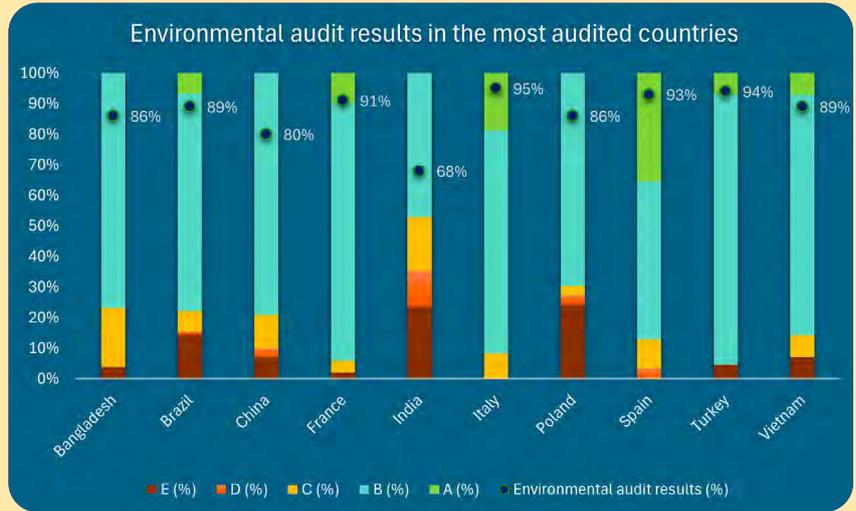
19 Environmental audit results for all audited countries, 2019-2024

A clear improvement in environmental audit compliance is observed between 2019 and 2020, stabilizing between 2020 and 2022, but with a slight drop in "A" ratings and an increase in critical non-conformities in 2022. In 2023, this trend improves with an overall reduction in audits presenting critical non-conformities, benefiting compliant audits. This dynamic continues in 2024, with 75% of audits rated B and 4% rated A, the best results since 2019. At the same time, critical non-conformities (E and D) remain stable, while level C non-conformities are cut in half.
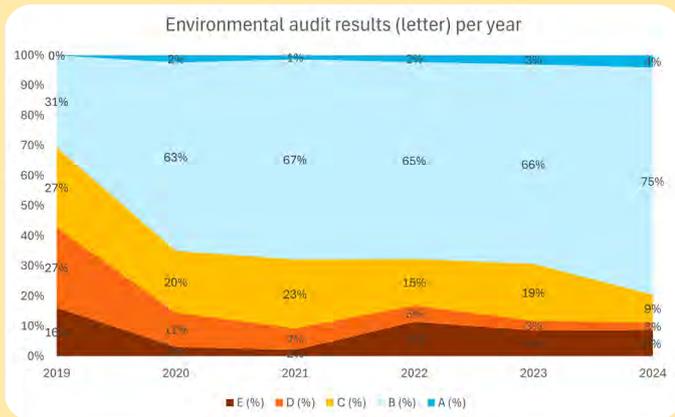
20 Distribution by chapter of environmental compliance in 2024, most audited countries

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

Environmental audits results by chapter

Emergency Response Management 83%
Pollution Prevention and Hazardous and Potentially Hazardous Substances 64%
Waste Management 80%
Emissions to Air 88%
Wastewater and Effluent 85%
Water Use 89%
Energy Use, Transport and Greenhouse Gases (GHGs) 65%
Environmental Management Systems 77%

Legend: A-B, C-D-E

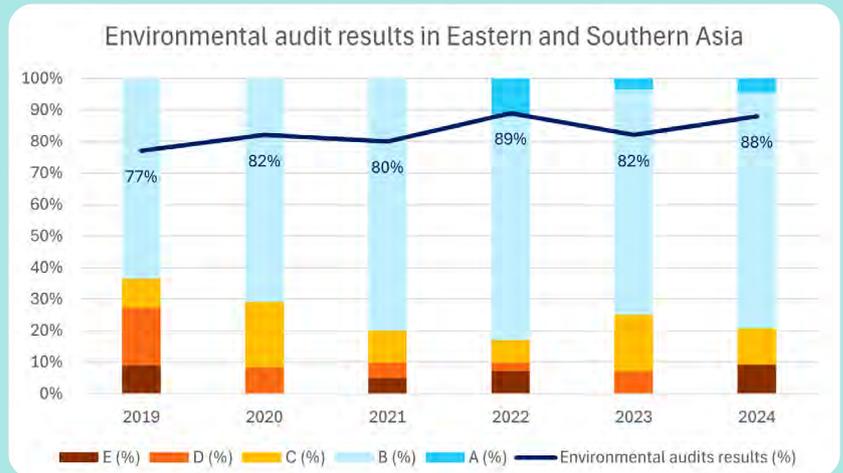Environmental audit results in Western Europe

21 Distribution of Environmental Audit Ratings in Western Europe 2019-2024

In 2024, audited sites in Western Europe show better overall performance compared to previous years. The average environmental audit score reaches its highest level over the period, confirming a continuous improvement that began in 2023. It is observed that compliance levels (B and A) continue to improve, while the most critical non-conformities remain limited.

22 Distribution of Environmental Audit Ratings in East and South Asia

In 2024, audited sites in South and East Asia show a notable improvement compared to the previous year. After a decline observed in 2023, the overall score rises significantly, reaching a level close to that of 2022, which marked a peak in environmental performance in the region. Compliance levels improve again, with more sites achieving the highest ratings and a visible reduction in critical non-conformities. Although the 2022 score (with nearly 10% of sites rated A) is not fully regained, the overall trend in 2024 clearly shows improvement, confirming a recovery after the decline observed in 2023.

Environmental audit results in Eastern and Southern Asia

23 Distribution by region of the overall environmental audit score

Environmental audit results per year per region
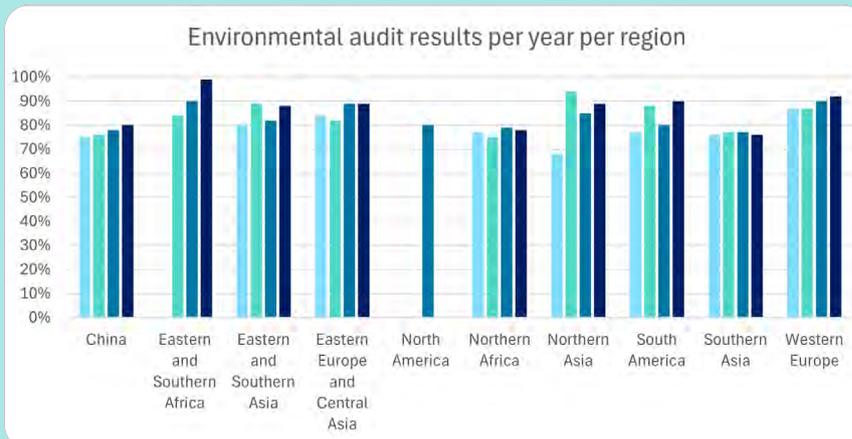
In 2024, Western Europe maintains first place with the highest average score, closely followed by East and Southern Africa, which continues its strong progress started in 2022. South America and Eastern Europe also show high scores, while Northern Asia remains among the best-rated regions. China, although slightly improving, remains the region with the lowest average score. South Asia, meanwhile, records a slight decline, confirming relative stability at a more modest level.

5

CHANGE

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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.
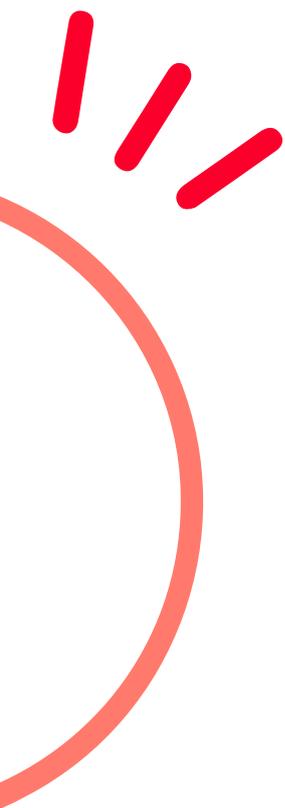
ics

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.
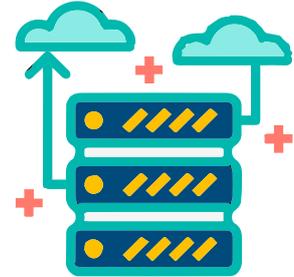
The stakeholder training catalogue

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.
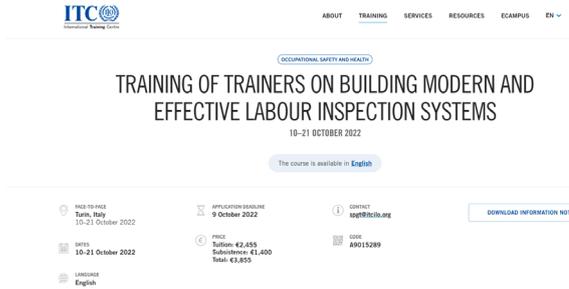
TRAINING AUDITORS

Like the CSR managers of ICS member brands, auditors are among the top professionals in the field of CSR. ICS contributes to their ongoing training in two ways:
The efficiency, smoothness, and speed of audit campaigns and subsequent corrective actions also depend on the effective use of the database by audit firms (planning teams, review teams, and auditors), as well as, naturally, on a solid understanding of ICS standards, which are known for being precise and strict.

On November 25, 2024, ICS organized a meeting bringing together its members and partner audit firms. This meeting took place at Lacoste's offices in Paris. It provided a structured and collaborative framework to collectively address current sector challenges, evolve audit methodologies, and strengthen dialogue among the different stakeholders. This exchange was an opportunity to hear field feedback, share encountered difficulties, and co-develop concrete improvement strategies. The meeting also allowed ICS to present updates to its tools and share relevant news for all stakeholders.

In the same context, ICS also organized, on September 26, a full-day Audit Firm Summit, an event dedicated to audit firms authorized to conduct ICS audits.

Auditor Training: Purpose and Practical Application of CSR : In 2022, ICS, the ILO Training Centre, and ITC met in Turin to outline a groundbreaking training program on Due Diligence, tailored to the needs of social auditors. Letters of intent were signed in 2023, and in 2024, an unprecedented survey was sent to 1,500 international auditors to gather insights on disparities in practices, expectations, and workplace well-being of social auditors, who work daily in the field to assess and support the sustainability of global production 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 2024, 23,380 production sites received these materials.

The environmental checklist, opened to all factories and brands in April 2023, serves not only as a complementary data collection tool to audits but also as an opportunity for production site managers to self-assess their environmental maturity, identifying strengths and areas for improvement. By the end of 2024, nearly 1,200 factories had completed their environmental checklist, either at the request of brands or independently.
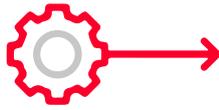
Lastly, the ICS Team, in collaboration with its audit partners, maintains a continuous assessment of the effectiveness of its standards and methods. This involves monitoring closely audit reports and results on a daily basis. The aim is to identify any discrepancies or inconsistencies in ratings over 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 2024, ICS conducted 17 review procedures of audit reports with a right of reply, followed by the necessary corrective measures. These procedures focused on the most serious cases and the largest deviations from our processes and procedures.

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.
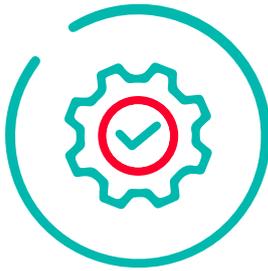
Following the Initial Audit

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 2021 and 2024, 52% of re-audited production sites showed improvement across all social categories, with this figure rising to 63% for environmental audits.
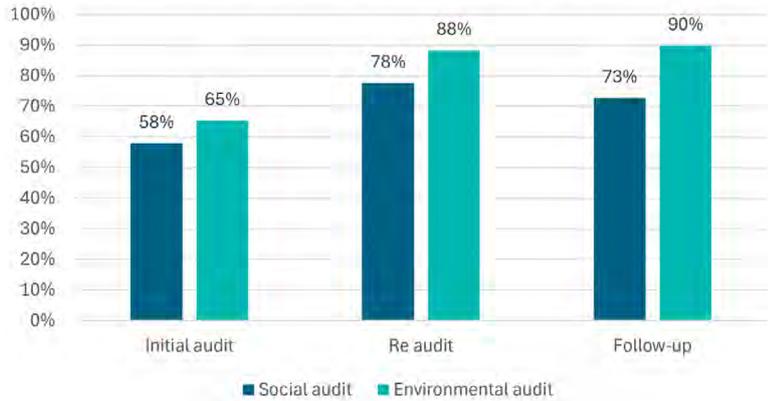
Improvement ratio of audits (Letter)

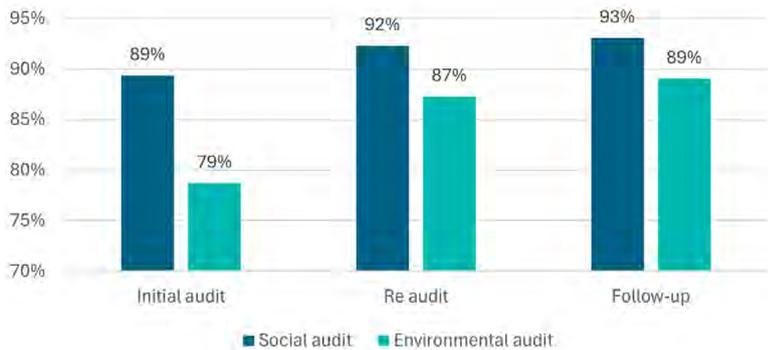## Improvement ratio of audits (%)
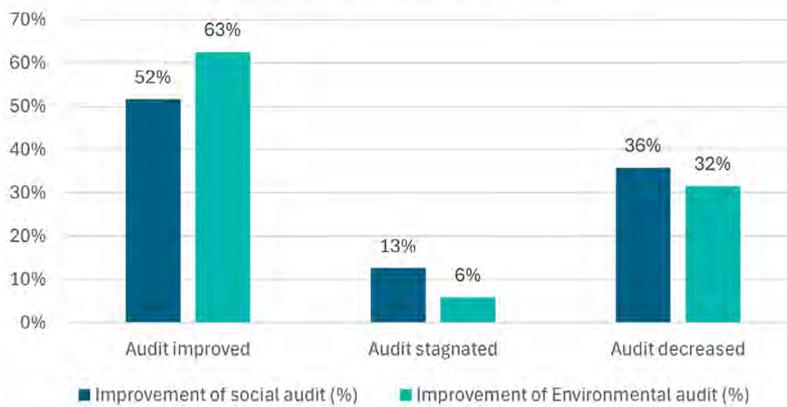
24&25 Distribution of Compliance Improvement of Production Sites Subject to Re-audit or Follow-up Audit Since 2021

Among the sites re-audited under the social standard, 28% saw their letter grade improve, 54% remained stable, and 18% experienced a decline. In terms of percentage scores, 52% of social audits improved, 13% remained unchanged, and 36% decreased. For environmental audits, 20% of sites showed an improvement in their letter grade, 70% remained unchanged, and 10% declined. In percentage terms, 63% of environmental audits improved, 6% stagnated, and 32% decreased.

## Audit rated A or B evolution according to audit type

(Chart showing Audit rated A or B evolution according to audit type)
- Initial audit: Social audit 58%, Environmental audit 65%
- Re audit: Social audit 78%, Environmental audit 88%
- Follow-up: Social audit 73%, Environmental audit 90%

Legend: ■ Social audit ■ Environmental audit

Audit conformity level evolution according to audit type

(Chart showing Audit conformity level evolution according to audit type)
- Initial audit: Social audit 89%, Environmental audit 79%
- Re audit: Social audit 92%, Environmental audit 87%
- Follow-up: Social audit 93%, Environmental audit 89%

Legend: ■ Social audit ■ Environmental audit

26&27 Distribution of Compliance in Follow-up Audits Compared to Initial Audits (2021-2024)

In social matters, we observe that between an initial audit and a follow-up, the share of audits rated as criticality A or B increases by 15 points after a follow-up audit, and by 20 points after a re-audit. Overall audit compliance improves by 3 points. In environmental matters, the share of audits rated A or B increases by 23 points between the initial audit and the re-audit, and by 25 points in the case of a follow-up (from 65% to 88%, then 90%). The overall compliance rate increases from 79% to 87%, and then 89%, representing an improvement of 8 and 10 points, respectively.
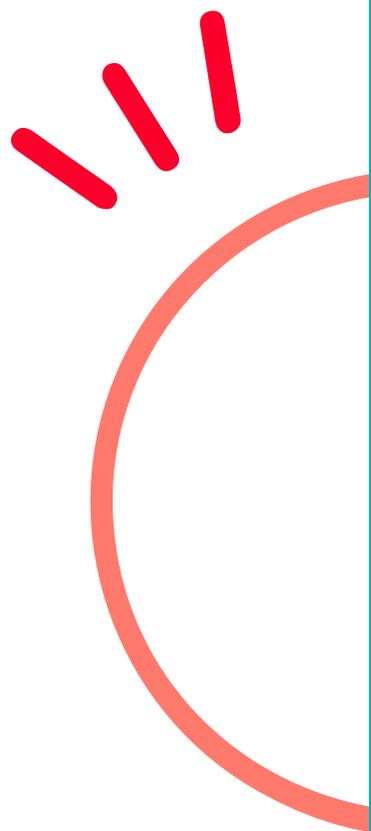
WE EXPRESS OUR GRATITUDE TO

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.

ICS

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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