

Annual report

Social Clause Initiative

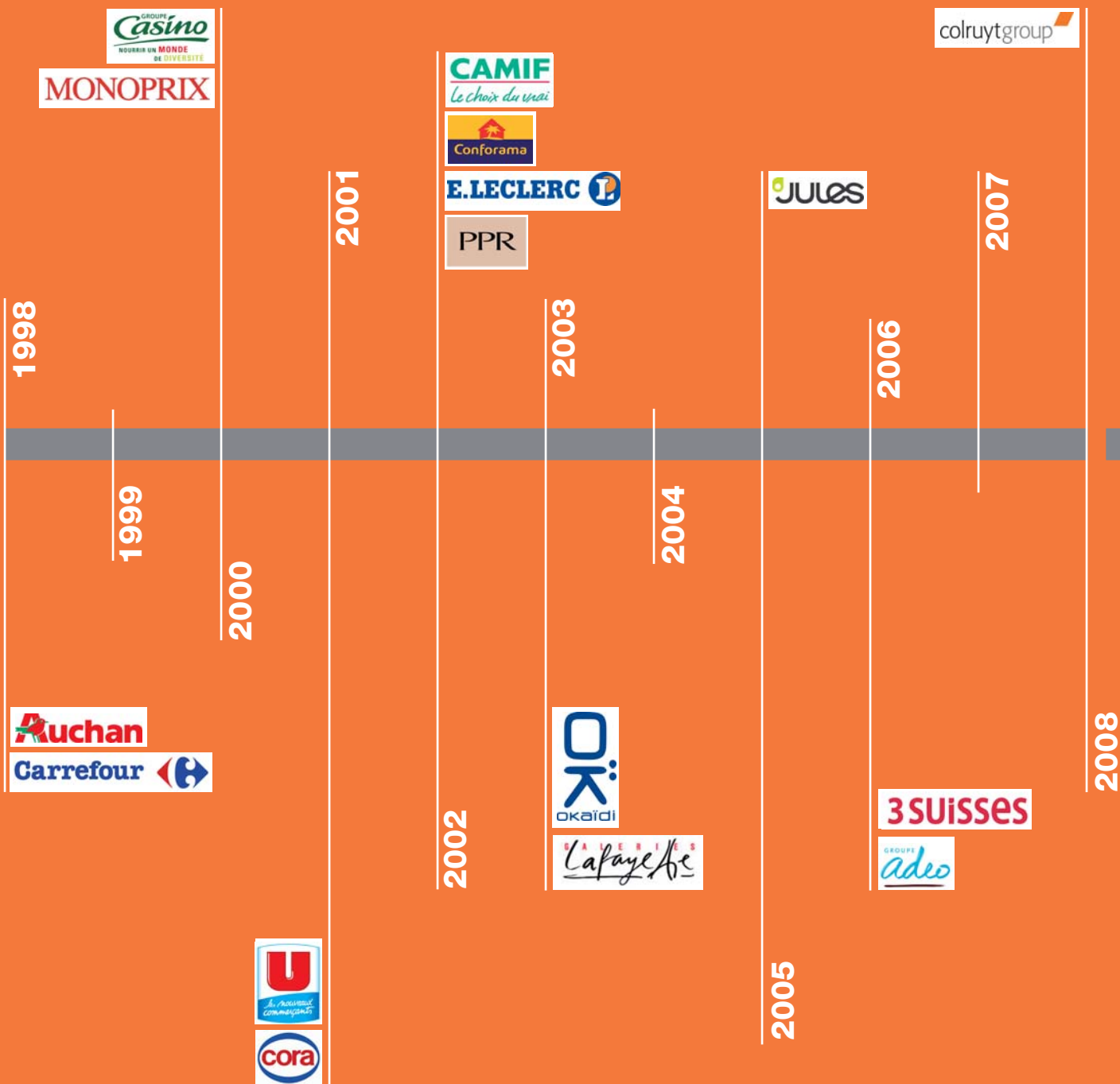
1998 / **2008**, since 10 years a common movement of
European distributors and retailers



Rapport annuel

Initiative Clause Sociale

1998 / **2008**, depuis 10 ans une dynamique commune
d'enseignes européennes du commerce et de la distribution



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1998

ICS PRESENTATION • PRÉSENTATION ICS

1999

2000

2001

2002

2003

2004

2005

2006

2007



CRÉATION DU GROUPE ICS

ICS COMPTE 14 ENSEIGNES

Auchan
Carrefour
Casino
Monoprix
Système U
Cora
E. Leclerc
Conforama
PPRP
Okaidi
Jules
3 Suisses
Adéo groupe
Colruyt

05

RAPPORT ANNUEL 2008

ANNUAL REPORT 2008

2008

For 10 years the members of Initiative Clause Sociale have had the shared ambition of supporting their suppliers in respect and in corporation of the universal principles of human rights and local labour regulations in their production units.

This collective process, carried out within the framework set by the International Labour Organisation (ILO), has led them to verify in the field the actual conditions of workers on production sites, by implementing social audits.

In 1998, under the auspice of the Fédération des entreprises du commerce et de la distribution (FCD – Federation of commercial and distribution companies), 2 companies created the ICS. From the start of the project these companies agreed on principles:



■ To have a pragmatic field approach

- Respect laws and taking into consideration local cultures.
- Be aware of the limitations inherent to developing countries.
- Have regular feedback of information from auditors and local partners of companies.

■ To forbid it's use as a marketing argument

In joining the ICS a company must undertake not to use the social clause as a marketing argument. This commitment enables competing companies to work and exchange freely. Over the last 20 years 11 companies have joined the Initiative Clause Sociale.

ICS MEMBERS ARE MOTIVATED SINCE 10 YEARS BY:

■ The use of common tools

ICS members use the same resources required for carrying out social audits. These tools are not fixed, but evolve over time based on local situations.

- **Audit manual:** Guide to the basics of the ICS process.
- **Implementation guide:** Methodology for use by the auditor.
- **Factory profile:** Identity sheet for the factory to be audited.
- **Corrective action plan:** At the end of the audit, if necessary, a corrective action plan is introduced.
- **Audit questionnaire:** Common benchmark covering 8 graded sections: Child labour - Forced labour - Discrimination - Disciplinary practices, harassment and ill-treatment - Freedom of association - Working hours and overtime - Wages and benefits - Health and safety.

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OUR APPROACH • NOTRE APPROCHE



Depuis 10 ans, les membres de l'Initiative Clause Sociale partagent l'ambition d'accompagner leurs fournisseurs dans le respect et l'intégration des principes universels des droits de l'homme et de la réglementation sociale locale dans leurs unités de production.

Cette démarche collective, menée dans le cadre fixé par l'Organisation Internationale du Travail (OIT), les a conduit à aller vérifier sur place la réalité des conditions de l'homme au travail sur les sites de production, par la mise en œuvre d'audits sociaux.

En 1998, sous l'égide de la Fédération des entreprises du Commerce et de la Distribution (FCD), 2 enseignes ont créé l'ICS. Dès l'origine du projet, ces enseignes se sont accordées sur des principes :

■ Avoir une approche pragmatique de terrain

- Respecter les lois et tenir compte des cultures locales.
- Etre conscient des contraintes inhérentes aux pays en voie de développement.

- Avoir régulièrement des remontées d'information des auditeurs et des partenaires locaux des enseignes.

■ Ne pas en faire un argument marketing

En intégrant l'ICS, une entreprise doit s'engager à ne pas faire de la clause sociale un argument de marketing. Cet engagement permet aux enseignes concurrentes de travailler et d'échanger librement. Ces 10 dernières années, 11 enseignes sont venues rejoindre l'Initiative Clause Sociale.

CE QUI MOTIVE DEPUIS 10 ANS LES ENSEIGNES À REJOINDRE LE GROUPE DE L'INITIATIVE CLAUSE SOCIALE :

■ L'utilisation d'outils communs

Les membres de l'ICS utilisent les mêmes supports nécessaires à la réalisation des audits sociaux.

Ces outils ne sont pas figés mais évoluent dans le temps en fonction des réalités locales.

- **Manuel d'audit :** Guide des fondamentaux de la démarche ICS.
- **Guide d'exécution :** Méthodologie à usage de l'auditeur.
- **Profil d'usine :** Fiche d'identité de l'usine à auditer.
- **Plan d'actions correctives :** A la fin de l'audit, si cela est nécessaire, un plan d'actions correctives est mis en place.
- **Questionnaire d'audit :** Référentiel commun couvrant 8 chapitres notés : Travail des enfants - Travail forcé - Discrimination - Pratiques disciplinaires, harcèlement et mauvais traitement - Liberté d'association - Heures de travail et heures supplémentaires - Rémunération et avantages - Santé et sécurité.

- **Alert notification:** Sent in less than 24 hours in the event of a critical violation: Physical presence of children in factory - Forced labour revealed (defined by the ILO) - Unpaid work revealed - Excessive hours - Proof of physical ill-treatment or excessive disciplinary treatment - Working environment presenting an immediate risk for the health and/or safety of workers.
- **Code of conduct.**
- **Common database.**
Operational since the beginning of the Initiative Clause Sociale. Based on respect for the principle of **confidentiality** and managed by a coordinator, this database enables companies to exchange the results of common suppliers and to bring out the **relevant indicators**, setting the improvement scales.
- **A website:** www.ics-asso.org

■ Common methodology

The audit process is made up of three parts:

- **The initial audit** which consists of evaluating the company targeted, identified in advance by a factory profile.
- **The corrective action plan** drawn up by the auditor at the end of audits and validated by the company shows non-compliances and suggests improvements, and a completion deadlines.
- **The follow-up audit** has the aim of verifying that corrective actions validated by the company have been implemented. By agreement, the deadline for launching a follow-up audit based on the corrective action plan may not exceed twelve months after the initial audit. Beyond this limit, the company must carry out a full audit.

■ The audit itinerary cover following steps:

- Opening meeting with the factory management to validate the information provided before the audit through the Factory Profile.
- Site tour observations to assess actual working environment and working practices.
- Workers and staff interviews, in focus groups and individually, in strict confidentiality.
- Checking of documents and records to provide objective evidence of compliance or non-conformity with requirements.
- Pre-closing meeting among the audit team in order to prepare the closing meeting.
- Closing meeting with the factory management to discuss and agree upon a Corrective Action Plan.

ICS commissioned 4 external independent audit firms specialised in the field of social audits: Bureau Véritas, STR, Intertek and SGS.

■ The sharing of experiences and pooling of audits

ICS members meet regularly and share their field experiences. The coordinator enables the companies to discuss the results of audits of joint suppliers whilst ensuring the information is kept confidential. Specifically, when a supplier is common to 2 or more companies, to avoid multiple audits in the same factory, the results of audits are shared with full transparency and improvement plans are followed-up jointly. ■

- **Notification d'alerte :** Envoyée sous 24h en cas de violation critique : Présence d'enfants dans l'usine - Travail forcé avéré (tel que défini par l'Organisation Internationale du Travail) - Travail sans rémunération avérée - Heures excessives - Preuves de mauvais traitements physiques ou de pratiques disciplinaires excessives - Environnement de travail présentant un risque immédiat pour la santé et /ou la sécurité des travailleurs.
- **Code de conduite.**
- **Une base de données commune :**
Opérationnelle depuis l'origine de l'Initiative Clause Sociale. Basée sur le respect du principe de **confidentialité** et gérée par une coordinatrice, cette base de données permet aux enseignes d'échanger sur des résultats d'audits de fournisseurs communs et de dégager **les indicateurs pertinents fixant** les axes de progrès.
- **Un site Internet :** www.ics-asso.org

■ Une méthodologie commune

La démarche d'audit se décompose en trois volets :

- **L'audit initial** qui consiste à évaluer un site de production, préalablement identifié par un profil d'usine.
- **Le plan d'actions correctives** établi par l'auditeur à l'issue des audits et validé par l'enseigne, recense les non conformités et propose des améliorations, ainsi qu'un délai de réalisation.
- **L'audit de suivi** a pour but de vérifier que les actions correctives validées par l'enseigne ont été mises en œuvre. Par convention, le délai de lancement d'un audit de suivi basé uniquement sur le plan d'actions correctives ne pourra excéder douze mois après l'audit initial. Au-delà de cette limite, l'enseigne doit lancer un audit complet.

■ L'audit couvre différentes étapes :

- Réunion d'ouverture avec la direction de l'usine pour valider les informations communiquées avant l'audit par l'intermédiaire du profil d'usine.
- Tour d'observation du site pour évaluer l'environnement des travailleurs et les conditions réelles de travail.
- Interviews des ouvriers et du personnel, en groupe et individuellement, dans la plus stricte confidentialité.
- La Vérification de documents et des rapports pour fournir la preuve objective de la conformité ou de la non-conformité aux exigences.
- Réunion de pré-cloture entre auditeurs pour préparer la réunion de clôture.
- Réunion de clôture avec la direction de l'usine pour discuter et se mettre d'accord sur le plan d'action corrective.

L'ICS a mandaté quatre cabinets d'audits externes, indépendants et spécialisés dans le domaine de l'audit social : Bureau Véritas, STR, Intertek et SGS.

■ Le partage d'expériences et la mutualisation des audits

Les membres de l'ICS se rencontrent régulièrement et partagent leurs expériences terrain. La coordinatrice permet aux enseignes d'échanger sur les résultats d'audits de fournisseurs communs en assurant la confidentialité des informations. Concrètement, lorsqu'un fournisseur est commun à deux ou plusieurs enseignes, pour éviter une multiplication d'audits dans la même usine, les résultats d'audits sont partagés en toute transparence et le suivi des plans d'amélioration est mené en commun. ■

The audit questionnaire takes into account the principal ILO agreements and recommendations and local regulations.

The questionnaire is structured into 8 sections, plus a section 0 which lists the documentation.

These sections are structured into 4 parts:

- Non-graded informative questions (local and sector regulations).
- Critical questions (disqualifying for the section).
- Compliance questions (yes or no answer).
- Good practices (observations to be given).

The questions extracted from the questionnaire are the critical questions. The first question of each section indicates a critical infringement of local law. When the response to this question is “yes”, the whole section is graded “D”. The auditor will review the whole section to obtain additional information. ■

Should the assessment of the 8 chapters of the audit questionnaire results in more than 2 Ds, the final rating of the production site may be downgraded.

Section ratings

4 or more A's, no C, no D
 No D
 1 or 2 D
 More 2 D

Rating of factory

Best practice A
 Conform B
 Not conform C
 Not conform critical D

Le questionnaire d'audit prend en compte les principales conventions et recommandations de l'OIT et les réglementations locales.

Le questionnaire est structuré en 8 chapitres, plus un chapitre 0 qui recense la documentation.

Ces chapitres sont structurés en 4 parties :

- Questions informatives non scorées (réglementations locales et sectorielles).
- Questions critiques (disqualifiantes pour le chapitre).
- Questions de conformité (réponse oui ou non).
- Bonnes pratiques (observations à mentionner).

Les questions extraites du questionnaire sont les questions critiques. Il s'agit de la première question de chaque chapitre, elle indique une violation critique de la loi locale. Lorsque la réponse à cette question est « oui » le chapitre entier est noté « D ». L'auditeur passera tout le chapitre en revue pour avoir les informations complémentaires. ■

La note globale du site peut être dégradé en fonction du nombre de D obtenu aux 8 chapitres du questionnaire.

Evaluation par sections

4 A ou plus, pas de C, pas de D
 Pas de D
 1 ou 2 D
 Plus de 2 D

Evaluation de l'usine

Meilleure pratique A
 Conforme B
 Non-conforme C
 Non-conforme Critique D

08 ICS AUDIT QUESTIONNAIRE • QUESTIONNAIRE D'AUDIT ICS

■ Child labour

Travail des enfants

N° Critical questions

Evidence / explanations • Yes = D = critical violation / No = B

1.1 Does the audit highlight current use of children below the legal minimum age?

Explain circumstances + provide evidences (confidential sources must be respected):

Yes No Rating

■ Forced labour

Travail forcé

N° Critical questions

Evidence / explanations • Yes = D = critical violation / No = B

2.1 Does the audit highlight forced labour?

Specify violation i.e. financial bondage, retention of original documents of employees etc.

Yes No Rating

■ Discrimination

Discrimination

N° Critical questions

Evidence / explanations • Yes = D = critical violation / No = B

3.1 Does the audit highlight systematic discrimination beyond local culture described above?

Specify circumstances of such violation:

Yes No Rating





■ Disciplinary practices, harassment and abuse

Pratiques disciplinaires harcèlement et mauvais traitements

N° Critical questions

Evidence / explanations • Yes = D = critical violation / No = B

4.1 Does the audit highlight use of corporal punishment, mental or physical coercion ?

Specify details of critical violation (but ensure confidentiality of info source):

Yes No Rating

■ Freedom of association

Liberté d'association

N° Critical questions

Evidence / explanations • Yes = D = critical violation / No = B

5.1 Is there any evidence that these rights are systematically suppressed?

Specify details of critical violation (but ensure confidentiality of info source):

Yes No Rating

■ Working hours and overtime

Heures de travail et heures supplémentaires

N° Critical questions

Evidence / explanations • Yes = D = critical violation / No = B

6.1 Is there evidence that max. **regular working** hours are systematically exceeded?

Specify details of hours, frequency + reasons of excessive working hours:

Yes No Rating

6.2 Is there evidence that **max.overtime** is systematically exceeded?

Specify details of hours, frequency + circumstances of excessive overtime:

Yes No Rating

■ Remuneration and benefits

Rémunération et avantages

N° Critical questions

Evidence / explanations • Yes = D = critical violation / No = B

7.1 Is there any evidence that the **legal minimum** wage is not paid for regular working hours?

Specify details of critical violations:

Yes No Rating

7.2 Is there any evidence that overtime hours are not paid at all?

Provide documented evidence:

Yes No Rating

■ Health and safety

Santé et sécurité

N° Critical questions

Evidence / explanations • Yes = D = critical violation / No = B

8.1 Is there evidence of critical safety hazards on the manufacturing site?

Specify details of critical violations with supporting documents + photos:

Yes No Rating

INFORM AND SUPPORT SUPPLIERS

Information tools have been improved, an ICS (Social Clause Initiative) presentation document is now sent to suppliers before the audit to remind them of the group's expectations and the fact that the requirements are shared by all members. The revised audit supporting documents will allow for more targeted work on corrective action plans.

DEVELOP JOINT CAMPAIGNS BETWEEN COMPANIES

The companies that are members of ICS have always been careful not to duplicate supplier audits needlessly. Identification of common suppliers in the database, through the intermediary of the coordinator, was improved in 2008. Therefore, it will be easier this year to identify common suppliers, exchange information on audits carried out on them and therefore consider a follow-up by several companies.

IMPROVE THE AUDITORS' SKILLS

By exchanging information regularly with local offices in order to better understand the difficulties encountered by the auditors and pass on the group's expectations. By organising local meetings and training on using our tools.

CONTINUE AUDIT PROGRAMMES WITH REVISED TOOLS

The audit programmes are continuing with 1,400 audits planned in 2009. The tools have been updated in accordance with the companies' expectations and local changes.

They will be used during the 2009 audit campaign. The objective of this revision was to meet two requirements: on the one hand to take into account the requests made by the local auditors and on the other hand the necessity for the companies to better understand non-compliances.

PARTICIPATE IN THE WORK UNDERTAKEN BY THE GLOBAL SOCIAL COMPLIANCE PROGRAMME (GSCP)



GSCP provides a global platform to promote knowledge exchange and best practices for the continuous improvement of working and environmental conditions through international supply chains. It is working to build comparability and transparency between existing social initiatives, whether individual or collaborative. Several ICS members, including Carrefour, Auchan, Casino and Monoprix are actively involved in this programme and its Expert Working Groups in order to share ICS' vision and learnings at a global level.

More information on www.gscpnet.com

CONTINUE WITH A POLICY OF OPENNESS TO ENCOURAGE THE PROCESS

- ICS wants to continue to welcome new companies.
- Work with ICTI (International Council of Toy Industries) continues, with the aim of avoiding multiple audits of toy suppliers.
- Each year the initiative gives an audit update in its annual report. ■

10 09 OBJECTIVES • OBJECTIF 09

INFORMER ET ACCOMPAGNER LES FOURNISSEURS

Les outils d'information ont été renforcés, un document de présentation de l'ICS est désormais envoyé aux fournisseurs avant l'audit afin de rappeler les attentes du groupe et le fait que les exigences sont partagées par l'ensemble des membres.

Les supports d'audits révisés permettront de travailler de façon plus ciblée sur les plans d'action corrective.

DÉVELOPPER LES ACTIONS COMMUNES ENTRE ENSEIGNES

Les enseignes membre de l'ICS ont toujours travaillé dans le souci de ne pas dupliquer inutilement des audits chez les fournisseurs.

L'identification de fournisseurs communs sur la base de données, par l'intermédiaire de la coordinatrice, a été renforcée en 2008. Il sera donc plus facile cette année d'identifier les fournisseurs communs, d'échanger sur les audits réalisés chez eux et par conséquent d'envisager un suivi par plusieurs enseignes.

POURSUIVRE LES PROGRAMMES D'AUDITS AVEC DES OUTILS RÉVISÉS

Les programmes d'audits se poursuivent, 1 400 Audits sont prévus en 2009.

Les outils ont été actualisés conformément aux attentes des enseignes et des évolutions locales. Leur déploiement sera assuré sur la campagne d'audits 2009.

L'objectif de cette révision répondait à deux exigences : d'une part la prise en compte des demandes exprimées par les auditeurs locaux et d'autre part la nécessité pour les enseignes de parvenir à une meilleure compréhension des non-conformités.

AMÉLIORER LA COMPÉTENCE DES AUDITEURS

En échangeant régulièrement avec les bureaux locaux pour mieux comprendre les difficultés rencontrées par les auditeurs et faire passer les attentes du groupe.

En organisant des rencontres localement et des formations à nos outils.

PARTICIPER AU TRAVAIL ENTREPRIS PAR LE GLOBAL SOCIAL COMPLIANCE PROGRAMME (GSCP)



Le Global Social Compliance Programme offre une plate-forme mondiale pour l'échange de connaissances et de meilleures pratiques pour l'amélioration continue des conditions de travail et environnementales dans les chaînes d'approvisionnement. Il favorise par ce biais une transparence et comparaison constructive entre initiatives sociales existantes, qu'elles soient individuelles ou collaboratives.

Soucieuses de porter au plan mondial la vision et les enseignements de l'ICS, plusieurs enseignes membres du groupe ICS dont notamment Carrefour, Auchan, Casino et Monoprix participent activement aux groupes de travail du Global Social Compliance Programme (GSCP).

Plus d'informations sur www.gscpnet.com

POURSUIVRE L'OUVERTURE POUR ENCOURAGER LA DÉMARCHÉ

- L'ICS souhaite continuer à accueillir de nouvelles enseignes.
- Le travail avec ICTI continue, dans le but d'éviter une multiplication des audits chez les fournisseurs de jouets.
- Chaque année l'initiative communique le bilan des audits par l'intermédiaire de son rapport annuel. ■



INDICATEURS :

1281 AUDITS

1080 INITIAUX

201 AUDITS DE SUIVI PARTIEL

	INITIAUX CONFORME	INITIAUX NON CONFORME	SUIVI PARTIEL CONFORME	SUIVI PARTIEL NON CONFORME
CHILD LABOUR	74 %	26 %	79 %	21 %
FORCED LABOUR	95 %	5 %	92 %	8 %
DISCRIMINATION	98 %	2 %	98 %	2 %
DISCIPLINARY PRACTICES	96 %	4 %	94 %	6 %
FREEDOM OF ASSOCIATION	60 %	40 %	74 %	26 %
WORK HOURS	26 %	74 %	27 %	73 %
REMUNERATION	35 %	65 %	30 %	70 %
HEALTH, SAFETY	56 %	44 %	62 %	38 %

INDICATORS • INDICATEURS

COUNTRY	AUDITS NB		
AFRIQUE DU SUD	1		
BANGLADESH	99		
BULGARIE	2		
CAMBODGE	3		
CHILI	6		
CHINE	822		
CORÉE DU SUD	2		...
COSTA RICA	1	MADAGASCAR	3
CÔTE D'IVOIRE	1	MALAISIE	2
EGYPTE	1	MAROC	27
EQUATEUR	2	MAURICE	1
INDE	100	MEXIQUE	2
INDONÉSIE	19	PAKISTAN	42
ISRAEL	1	PÉROU	3
KENYA	1	PHILIPPINES	4
LITUANIE	1	POLOGNE	4
MACAO	1	ROUMANIE	3
...		SRI LANKA	2
		TAÏWAN	3
		THAÏLANDE	30
		TUNISIE	2
		TURQUIE	26
		VIETNAM	64
		TOTAL	1281

THE SOCIAL AUDIT

In 1998, suppliers were not yet familiar with the social audit. Labour issues were covered very little in the company codes of conduct sent to suppliers. It was in this context that the companies that were members of the FCD (French Trade and Distribution Federation) decided to create a working group called ICS (Social Clause Initiative) to conduct previously announced social audits on suppliers and bear the financial cost.

In 2008, suppliers were frequently audited and were better informed about the expectations of companies with regard to labour issues and the different benchmarks. In the large majority of cases suppliers made their factories accessible and provided access to information.

Workers now have greater knowledge of their rights. Companies, which are members of ICS, can carry out unannounced audits if they wish.

Now the limits of the social audit are clearly set out, nevertheless the audit remains the method used to provide an image of a factory at any given time.

SOCIAL CLAUSE INITIATIVE FOR THE COMPANIES

Over 10 years integration of the social clause initiative into companies has changed greatly. Companies joined ICS having different experiences on the subject. Today, labour issues are relayed within the companies and buyers are aware of these issues. Nevertheless, management's involvement remains essential.

THE PROCESS OF PROGRESS

Can we say that **these past 10 years** have brought social progress to suppliers?

The results remain unsatisfactory. It has to be said that in some sections improvements are infrequent regardless of the sector involved.

Membership of ICS must be part of a wider policy of overall social responsibility.

Experience shows that to conduct an effective campaign, the supplier stock must be stabilised, the number of suppliers must be reduced in order to better control provisioning, a perennial relationship must be formed and orders must be well planned.

IMPROVEMENTS OBSERVED:

In the "child labour" section, suppliers are increasingly aware of the risks incurred in the event of confirmed child labour, and are improving the traceability of documentation systems. The problem is not so much the physical presence of a child at the place of work, but the suspicion that the child is working without age registration documents. With respect to young workers (of a minimum legal employment age of 18 years) the companies carry out crosschecks with health and safety employment conditions.

The "health, safety, security" section is the most detailed section of the questionnaire with 47 questions. It is a section in which improvements are visible during the follow-up audit of the corrective action plan. Recently built factories take health and safety requirements into consideration more.

12 10 YEARS OF SOCIAL AUDITS • 10 ANS D'AUDITS SOCIAUX



L'AUDIT SOCIAL

1998, les fournisseurs ne sont pas encore familiarisés avec l'audit social. La dimension sociale est peu abordée dans les codes de conduite des enseignes envoyées aux fournisseurs. C'est dans ce contexte que des enseignes membre de la FCD décident de créer un groupe de travail appelé ICS, de mener des audits sociaux annoncés chez les fournisseurs et d'en supporter le coût financier.

2008, les fournisseurs sont fréquemment audités, ils sont mieux informés sur les attentes des enseignes en matière sociale et sur les différents référentiels. Dans la grande majorité des cas les fournisseurs ouvrent la porte de leur usine et donnent accès aux informations. Les ouvriers ont une meilleure connaissance de leurs droits. Les enseignes membres de l'ICS peuvent si elles le souhaitent mener des audits non annoncés.

Aujourd'hui les limites de l'audit social sont clairement énoncées néanmoins l'audit reste le moyen de donner l'image d'une usine à un instant donné.

LA CLAUSE SOCIALE POUR LES ENSEIGNES

En 10 ans l'intégration de la clause sociale au sein des enseignes a beaucoup évolué. Les enseignes ont rejoint ICS avec des expériences différentes sur le sujet. Aujourd'hui le social est relayé au sein des enseignes et les acheteurs sont sensibilisés à ces questions. Néanmoins l'implication de la direction demeure indispensable.

LA DÉMARCHE DE PROGRÈS

Peut on dire que **ces 10 années** ont apporté du progrès social chez les fournisseurs ?

Les résultats restent insatisfaisants. Force est de constater que sur certains chapitres les améliorations sont peu fréquentes et ceci quel que soit le secteur concerné.

L'adhésion à ICS doit s'intégrer dans une politique de responsabilité sociale globale.

L'expérience montre que pour mener une action efficace il faut stabiliser son parc fournisseur, réduire le nombre de ces derniers pour mieux maîtriser ses approvisionnements, s'engager dans une relation pérenne et avoir une bonne programmation de ses commandes.

LES CHAPITRES SUR LESQUELS ON A PU NÉANMOINS NOTER UNE AMÉLIORATION

Sur le chapitre « travail des enfants » les fournisseurs, conscients des risques encourus en cas de travail d'enfants avéré, améliorent la traçabilité du système documentaire. Le problème rencontré n'est pas tant la présence physique d'enfant sur le lieu de travail que la suspicion de travail d'enfant faute de documents d'enregistrement de l'âge.

RECURRING NON-COMPLIANCES

For 10 years the "working hours" and "remuneration" sections have shown recurring critical non-compliances in a large number of countries. When the problem is linked to organisation of the company, corrective actions can be put in place, but the improvement mechanisms often surpass the company's scope of action.

CHANGES IN CHINA AND BANGLADESH

Over the last 10 years the social context has changed considerably in these two countries.

The minimum wage has been raised, even if we do not consider this result as satisfactory with regard to the needs of the populations involved.

■ **In China:** for 10 years the audit results have shown recurring non-compliances. China has had an exceptional growth rate, which has caused high growth in Chinese industry, and caused complex social changes and situations.

In June 2007 a law reforming the employment contract was promulgated. This national law has contributed to increasing income levels.

Since it came into force on 1 January 2008, employers have been obligated: to provide their employees with a written employment contract, – to draw up a permanent contract for employees who have more than ten years service and for those who have cumulated more than two fixed term contracts – and to reduce the trial period and provide compensation in the event of redundancy.

■ **In Bangladesh:** the situation has changed considerably. The country's development has been marked by political unrest. Until 2005 the audit results showed improvements, particularly in the "health, safety, security" section, in which significant corrective action plans had been carried out. Since 2006 the situation has been turbulent. Complaints from dissatisfied workers have led to a change in the regulations, including wage increases. However, these measures are far from meeting workers' expectations and the unrest has got worse. In 2008 the protest movements were extremely violent, considerably disrupting the audit campaigns. Bangladesh is a major supplier country in the textile sector and the companies remain vigilant when continuing with the follow-up audits for the corrective action plans in 2009. ■



Concernant les jeunes travailleurs (de l'âge minimum légal d'accès à l'emploi à 18 ans) les enseignes opèrent des recouvrements avec les conditions de travail : santé, sécurité.

Le chapitre « hygiène santé sécurité » est le chapitre le plus détaillé du questionnaire, il porte sur 47 questions. C'est un chapitre sur lequel des améliorations sont visibles lors de l'audit de suivi du plan d'actions correctives. Les usines récemment construites tiennent davantage compte des exigences en matière de sécurité et d'hygiène.

LES CHAPITRES SUR LESQUELS LES NON-CONFORMITÉS SONT RÉCURRENTES

Depuis 10 ans les chapitres « heures de travail » et « rémunération » présentent des non conformités critiques récurrentes dans un grand nombre de pays. Lorsque le problème est lié à l'organisation de l'entreprise des actions correctives peuvent être mises en place, mais les leviers d'amélioration dépassent souvent le champ d'action de l'enseigne.

EVOLUTION EN CHINE ET AU BANGLADESH

Depuis 10 ans le contexte social a beaucoup évolué dans ces deux pays.

Le salaire minimum a été revalorisé, même si nous ne saurions considérer ce résultat comme satisfaisant en regard des besoins des populations concernées.

■ **En Chine,** depuis 10 ans les résultats des audits montrent des non-conformités récurrentes. La Chine a connu un taux de croissance exceptionnel qui a fait évoluer fortement le parc industriel et a engendré des situations et des évolutions sociales complexes. En juin 2007 une loi réformant le contrat de travail a été promulguée. Cette loi nationale a contribué à augmenter le niveau de revenu. Son entrée en vigueur le 1^{er} janvier 2008 donne l'obligation aux employeurs : - de fournir un contrat de travail écrit à leurs employés - d'établir un contrat à durée indéterminée pour les salariés qui ont plus de dix ans d'ancienneté et pour ceux qui ont cumulé plus de deux contrats à durée déterminée - et de réduire la période d'essai et de donner des compensations en cas de licenciement.

■ **Au Bangladesh,** la situation a beaucoup évolué. Le développement du pays a été marqué par des troubles politiques. Jusqu'en 2005 les résultats d'audits ont montré des améliorations, en particulier sur le chapitre « hygiène, santé, sécurité » sur lequel les plans d'action correctives ont été menés de façon marquante.

Depuis 2006 la situation est mouvementée. Les revendications des ouvriers mécontents ont abouti à l'évolution de la réglementation, dont la revalorisation du salaire. Mais ces mesures sont loin de répondre aux attentes des ouvriers et l'agitation s'est amplifiée.

En 2008 les mouvements de protestation ont été extrêmement violents, perturbant fortement les campagnes d'audits.

Le Bangladesh est un pays d'approvisionnement important dans le secteur du textile et les enseignes restent vigilantes en maintenant les audits de suivi de plan d'actions correctives en 2009. ■



14 TESTIMONY • TÉMOIGNAGES

3 Suisses joined ICS in 2006. The beginning was facilitated by sharing experiences with the partner companies of ICS (Social Clause Initiative). Here is an example. 3 Suisses, a medium-sized company, is not always a major client for its suppliers. However, we have a duty to ensure that all our suppliers adhere to the philosophy of social progress inherent in ICS. In 2007, 3 Suisses wanted to audit the XXXX factory, a Bangladeshi T-shirt supplier. As before every audit, our teams explained the terms and principles of the social audit to the supplier. Although our contact listened attentively, his initial reaction was tinged with scepticism and distrust. Although we can impose an audit on our supplier, the processes accompanying a corrective action plan are more fruitful if the factory's management understands and adheres to them. After our meeting, the management of XXXX used a professional organisation to contact another manufacturer, a supplier of Auchan, which had been through the audit and support process of this company. The attitude of progress that prevailed and was put forward by Auchan's supplier convinced the management of XXXX to approach the social audit contracted by 3 Suisses in a cooperative manner. ■



3 Suisses a rejoint ICS en 2006. Notre démarrage a été facilité grâce au partage d'expérience avec les enseignes partenaires d'ICS.

En voici un exemple.

3 Suisses, entreprise de taille moyenne, n'est pas toujours un client majeur chez ses fournisseurs. Pour autant, nous nous devons de faire adhérer tous nos fournisseurs à la philosophie de progrès social inhérente à ICS.

En 2007, 3 Suisses a voulu auditer l'usine XXXX, fournisseur de tee shirts bengladeshi. Comme nous le faisons avant chaque audit, nos équipes ont expliqué au fournisseur les modalités et principes de l'audit social. Même si nous avons reçu une écoute attentive de notre interlocuteur, sa première réaction a été teintée de scepticisme et de méfiance. Or, même si nous pouvons imposer un audit à notre fournisseur, les démarches d'accompagnement du plan d'actions correctives sont plus fructueuses si le management de l'usine comprend et adhère.

Après notre rencontre, la Direction de XXXXX a échangé au sein d'une organisation professionnelle avec un autre fabricant, fournisseur d'Auchan, qui avait vécu le processus d'audit et d'accompagnement de cette enseigne. L'esprit de progrès qui avait alors prévalu et mis en avant par le fournisseur d'Auchan, a convaincu le management de XXXX d'aborder de manière coopérative l'audit social mandaté par 3 Suisses. ■

Jules joined ICS in 2005. Our first audits allowed us to finalize our method within the company. In 2006, out of our 10 audits completed, we received our first "critical" level audit, in China, on the Health and Safety, Wages and Hours and Forced Labour sections.

Rather than suddenly delisting our supplier, we decided to support it in an urgent process of social progress.

Our priority was to deal with the "forced labour" section, which in this factory involved a deposit (sum belonging to the employee, "entrusted by force" to the management), a recurring theme in China. We explained to our supplier that we were prepared to continue working with it on the exclusive condition that it stopped this unacceptable practice immediately.

With regard to the other critical points, our supplier, considering the dilapidation of its factory, decided to build a new site. Two years later, with steady and continuous support, a relationship of trust has been built and working conditions have greatly improved.

It took a large investment for our supplier to bring itself into compliance, but this enabled it to continue its business relationship with Jules and to be competitive with its other Western clients.

This is of course only one example and unfortunately progress is not always as great or as fast. Sometimes it is necessary to end the business relationship, but if the supplier's goodwill is genuine progress is feasible. ■



16 TESTIMONY • TÉMOIGNAGES

Jules a adhéré à l'ICS en 2005. Nos premiers audits nous ont permis de mettre au point notre méthode dans l'entreprise. En 2006, sur nos 10 audits réalisés, nous avons reçu notre premier audit de niveau critique, en Chine, sur les chapitres : Santé et Sécurité, Salaires et Horaires et Travail Forcé.

Plutôt que de dé-référencer brutalement notre fournisseur, nous avons décidé de l'accompagner dans une démarche urgente de progrès social.

Notre priorité a été de traiter le chapitre du travail forcé, qui se traduisait dans cette usine par un dépôt (somme appartenant à l'employé, confiée de force à la direction), cas récurrent en Chine. Nous avons expliqué à notre fournisseur que nous étions prêts à continuer à travailler avec lui à la condition exclusive qu'il arrête immédiatement cette pratique inacceptable.

Concernant les autres points critiques, notre fournisseur, face à la vétusté de son usine, a pris la décision de construire un nouveau site. Deux ans plus tard, après un accompagnement ferme et constant, une relation de confiance s'est instaurée et les conditions de travail se sont fortement améliorées.

Pour notre fournisseur, se mettre en conformité a représenté un lourd investissement pour son entreprise, mais cela lui a permis de continuer sa relation commerciale avec Jules et d'être compétitif avec ses autres clients occidentaux.

Ce n'est bien sûr qu'un exemple et les progrès ne sont malheureusement pas tous aussi importants et rapides. Parfois l'arrêt de la relation commerciale est nécessaire, mais si la bonne volonté du fournisseur est authentique des progrès sont réalisables. ■



Early on, convinced of the importance of mutualizing its social responsibility process with as many players as possible, Carrefour contributed to creating ICS, which, for the past 10 years, has enabled French distributors to share the tools and results of social audits. Within ICS, Carrefour and 13 other companies exchange information on their campaigns to support their suppliers in complying with and incorporating the universal principles of human rights and local labour regulations into their production units.

From the beginning of its commitment in 1998, Carrefour took on the role of sharing with the other companies, completely transparently, both its expertise but also tools developed with the help of the International Federation for Human Rights (FIDH) as part of this voluntary process. The Group has in fact always been convinced that its social responsibility process should not put emphasis on competition between companies.

By contributing within ICS up to 2,541 social audits carried out since 2000, Carrefour supports and actively participates in the Social Clause Initiative exchange platform and in sharing information on its audit results. In addition to the result of these audits, Carrefour also provides information about its experience on the ground acquired through its partnership with FIDH (training of management and workers in the factories in Bangladesh with a local NGO, country specific issues, campaigns to increase the minimum wage in Bangladesh etc.), and the work undertaken with the help of its local sourcing offices (unannounced audits, supplier training, monitoring of corrective action plans).

Ten years later, in light of this positive ICS experience, and having seen evidence of a proliferation in the standard of audits both of distributors and manufacturers, Carrefour wanted, as part of a process integrating its competitors at an international level but also other global business partners, to contribute to launching the GSCP (Global Social Compliance Programme) platform. This platform, on which we have been joined by certain members of ICS such as Auchan, Casino and Monoprix and the ambition of which is to standardise the systems used in the world, has already brought more transparency and comparability between audit codes and tools. ■



Très tôt, convaincu de l'importance de mutualiser sa démarche de responsabilité sociale avec le plus grand nombre d'acteurs, Carrefour a participé à la création de l'ICS qui, depuis 10 ans, permet aux distributeurs français de partager les outils et les résultats des audits sociaux.

Au sein d'ICS, Carrefour et 13 autres enseignes échangent sur leurs actions pour l'accompagnement de leurs fournisseurs dans le respect et l'intégration des principes universels des droits de l'homme et de la réglementation sociale locale dans leurs unités de production.

Dès le début de son engagement en 1998, Carrefour a pris le parti de partager en toute transparence avec les autres enseignes à la fois son expertise mais aussi les outils élaborés avec l'aide de la Fédération Internationale des ligues des Droits de l'Homme (FIDH) dans le cadre de cette démarche volontaire. Le Groupe a en effet toujours été convaincu que sa démarche de responsabilité sociale ne devrait pas entrer dans une logique de concurrence entre enseignes.

En contribuant au sein d'ICS à hauteur de 2541 audits sociaux réalisés depuis 2000, Carrefour soutient et participe activement à la plate-forme d'échange Initiative Clause Sociale et au partage d'informations sur ses résultats d'audits. Au-delà du résultat de ces audits, Carrefour échange également sur son expérience sur le terrain acquise au travers de notre partenariat avec la FIDH (Formations du management et des travailleurs dans les usines au Bangladesh avec une ONG locale, problématiques spécifiques pays, actions pour relever le salaire minimum au Bangladesh etc), et le travail entrepris avec l'aide de ses bureaux de sourcing locaux (audits non annoncés, formation des fournisseur, suivi des plans d'actions correctives).

Dix ans plus tard, à la lumière de cette expérience ICS positive, et face au constat de la prolifération des standards d'audits à la fois chez les distributeurs et les industriels, Carrefour a souhaité, dans une démarche intégrant ses concurrents au niveau international mais aussi d'autres intervenants du commerce mondial, participer au lancement de la plate-forme GSCP (Global Social Compliance Programme). Cette plate-forme, dans laquelle nous avons été rejoints par certains membres de l'ICS comme Auchan, Casino, et Monoprix et dont l'ambition est l'harmonisation des systèmes déployés dans le monde, a déjà permis d'apporter plus de transparence et de comparabilité entre les codes et les outils d'audits. ■

A supplier's account: « XXXX is one of the largest inflatable manufacturers. Our internationally recognized brand's products have been exporting to USA, Europe, South America and other corners of the world. We work with many International companies like Auchan, Carrefour, Siplec, Cora, Toys "R"US, Wal-mart, Argos, Metro, Decathlon, etc.

Today more and more international companies are engaged to respect Social Regulations as human rights and safe working conditions, so our manufactory factories should undergo a many different controls such as ICS, ICTI Care's Social Audit or Assessments.

Since year of 2003 Bestway works with Auchan, and regularly our company should prove that our factories follow the International Social Requirements and respect the Chinese Local regulations. As Auchan is member of ICS (Initiative Clause Sociale) with other 13 French biggest retailers as Carrefour, E. Leclerc, System U, Cora etc we have benefited ICS's sharing system. In 2006 our factory has been audited by Carrefour then Auchan has accepted the result.

After ICS Social Audit our company improved our factories' management and organization according to the CAP (Corrective Action Plan). At present we continue to work on improvement program in order to comply with international social requirements and improve social conditions for our employees.

So we can say that this way of cooperation is double benefit for supplier and clients. » ■

Témoignage d'un fournisseur : « XXXX est l'un des principaux fabricants de pneumatiques. Les produits de notre marque de renommée internationale ont été exportés aux Etats-Unis, en Europe, en Amérique du Sud et d'autres endroits du globe. Nous travaillons avec un grand nombre de multinationales : Auchan, Carrefour, Siplec, Cora, Toys "R"Us, Wal-mart, Argos, Metro, Decathlon, etc.

Aujourd'hui, de plus en plus de multinationales s'engagent à respecter les réglementations sociales telles que les droits de l'homme et la sûreté des conditions de travail, nos unités de production devraient donc subir un grand nombre de contrôles différents tels que l'ICS, l'audit social de l'ICTI ou des évaluations.

Depuis 2003, Bestway travaille avec Auchan, et notre entreprise devrait prouver régulièrement que nos usines respectent les exigences sociales internationales et les réglementations chinoises. Auchan étant membre de l'ICS (Initiative Clause Sociale) avec 13 autres détaillants français majeurs comme Carrefour, E. Leclerc, System U ou Cora, nous avons bénéficié du système de partage de l'ICS. En 2006, notre usine a été auditée par Carrefour, puis Auchan a accepté le résultat.

Après l'audit social ICS, notre entreprise a amélioré la gestion et l'organisation des usines conformément au CAP (Plan d'action correctif). Nous continuons actuellement à travailler sur le programme d'amélioration pour nous conformer aux exigences sociales internationales et améliorer les conditions sociales de nos employés.

On peut donc dire que ce type de coopération est bénéfique à la fois pour les fournisseurs et les clients. » ■

18 TESTIMONY • TÉMOIGNAGES

Colruyt « Our market share is sometimes considered to be small by some of our suppliers outside of Europe. Acting individually it is therefore difficult to conduct an audit and apply a corrective action plan. As an example we recently had a problem getting our audit request accepted by a supplier of dog chew bones. We found out that this supplier also supplies Carrefour and that this company also intended to conduct an audit. Colruyt and Carrefour decided to combine forces and conduct the audit in the name of both companies. We also decided to put the corrective action plan in place together. We believe that this type of joint campaign can change things. For this reason we joined ICS in February 2008. » ■

Colruyt « Notre part de marché est parfois considérée comme étant peu importante chez certains de nos fournisseurs hors Europe. En agissant individuellement il est alors difficile de conduire un audit et de faire appliquer le Plan d'Action Corrective.

A titre d'exemple nous avons eu récemment un problème pour faire accepter notre demande d'audit par un fournisseur d'os à macher pour chiens. Nous avons appris que ce fournisseur approvisionnait également Carrefour et que cette enseigne avait aussi l'intention de conduire un audit. Colruyt et Carrefour ont décidé de grouper leur force et de conduire l'audit au nom des 2 enseignes. Nous avons aussi décidé de mettre en place ensemble le Plan d'Action Corrective. Nous croyons que ce genre d'action commune peut faire changer les choses. Pour cette raison nous avons rejoint l'ICS en février 2008. » ■





MEMBER'S ANNUAL ASSESSMENT • BILAN DES ENSEIGNES



3 SUISSES

Number of performed audits since 2006

43 audits: 37 initial audits • 6 follow-up

Number of performed audits in 2008

22 audits: 16 initial audits • 6 follow-up

INVOLVED COUNTRIES

Marocco • India • China • Bangladesh • Indonesia • Thailand
• Pakistan • Brazil

SCOPE OF AUDITS

Textile • Furniture • Hardware

AUDIT CONCLUSIONS

The results are overall correct regarding child labour, forced labour, discrimination and freedom of association.

Improvements have been noticed in security matters especially regarding chemical substances exposition and risky work place. The worst results are noticed in the working hours and wages chapters (excepted in Thailande). In fact, in 2008, the suppliers were not affected yet by crisis. The lates of workmanship pushed them on improve the working condition even if the pressure on working hours was still high.

In 2009, the balance of power in the negotiation will be different.

CORRECTIVE ACTIONS CARRIED OUT

The corrective action plan mainly focuses on wages, working time and security. In 2008, 83% of the following audit shows a working condition improvement.

The wage question is the most difficult one to be improved.

AUDITS SCHEDULE AND ORIENTATIONS FOR 2009

25 audits: 16 initial audits • 9 follow-up

Improvement on the follow up of our supplier's factories already audited.

MONOPRIX

Number of performed audits since 2000

403 audits

Number of performed audits in 2008

57 audits

INVOLVED COUNTRIES

Chine • Inde • Bangladesh • Vietnam • Thaïlande • Madagascar • Turquie

SCOPE OF AUDITS

Garment and Home decoration

AUDIT CONCLUSIONS

Improvement of working conditions in small sizes factories where corrective action plans have been followed and shared with suppliers. We have worked more closely with trusted suppliers to plan the future business and we have seen a change of behaviour in suppliers' understanding when a social audit was performed even initial or after discussions on a corrective action plan. In most of countries concerned by social auditing, relationships with suppliers have completely changed in the way they bought it in the past.

CORRECTIVE ACTIONS CARRIED OUT

Some factories have put in place the right organization for plan production in order to fully complied with local laws and ILO conventions. Some others have put in place the right structure with a person dedicated to follow the improvement on corrective actions and train the workers on their rights. When a factory is shared between ICS members, we can measure a higher quality of improvement

AUDITS SCHEDULE AND ORIENTATIONS FOR 2009

40 audits

20 MEMBER'S ANNUAL ASSESSMENT • BILAN DES ENSEIGNES



Number of performed audits since 1998

2 541 audits: 2 063 initial audits • 478 follow-up

Number of performed audits in 2008

472 audits: 362 initial audits • 110 follow-up

INVOLVED COUNTRIES

China • India • Bangladesh • Vietnam • Pakistan • Thailand • Taiwan • Laos Cambodia • Indonesia • Sri Lanka.

SCOPE OF AUDITS

Textile • Shoes • Toys • Wood furniture • Sport goods • Leisure • Stationary • Electronical goods • Food .

AUDIT CONCLUSIONS

23 % of our social audits led in 2008 are follow up audit. 97 % of our social audits was on an un announced basis for textile department. 95 % of our social audits in India was on an un announced basis. We have continue to launch a large campaign of audit this year. Further 9 years of implementation of audits and investments on these countries, we can notice again in 2008, a recurrence of the non conformities on the application of the local regulations for the chapters of working hours and wages on all these zones. We must be realistic, there are recurring points linked to the local and sectorial contexts for which the improvements are more progressive.

CORRECTIVE ACTIONS CARRIED OUT

In 2008, we continue to re inforce to launch campaign of un announced audit and follow up audit. This specific approach of un announced was launched in all the countries, for Textile activities and will develop for all the sectors in 2008. This approach of external follow-up was strengthened by our present local teams in these zones of production which integrate into the follow-up of their suppliers this social dimension, also we developp in China Suppliers training done by Carrefour Team. In Bangladesh, The INFANS association, our partnership with the FIDH (International Federation of human rights), continue with a local NGO on the Human right the deployment of the suppliers Training (workers, mild management and management) on the fundamental human right. The purpose of this training is to create conditions which will enable the workers themselves to voice their complaints, particularly in terms of safety, working hours or salaries. In India, we had launched a study on our supplier to identify all the best practices put in place in the social domain. A "Best Practice" is any facility or amenity offered to workers which is not required by law. Best Practices can come in the form of performance rewards, cash benefits, enhanced facilities (such as free transportation), or training programs. Suppliers can decrease worker turnover, increase worker motivation and productivity and therefore quality, and enhance relationships with customers.

AUDITS SCHEDULE AND ORIENTATIONS FOR 2009

For 2009, the priorities are kept to continue : Launch un announced approach to all the sectors • to re inforce initial audits and follow up audits on our suppliers of own-brand products, in China, India, Bangladesh and Pakistan • Increase the training of our team, and suppliers, and the competence of the auditing companies.

600 audits (initial and re audits)

We will continue to support and participate actively to the Global Social Compliance Programme (GSCP) within the CIES, the searched target is to end in a harmonization of the standards and to mutualise the profits of audits at the European and world level.

Number of performed audits since 1998
530 audits: 411 initial audits • 117 follow-up

Number of performed audits in 2008
83 audits: 61 initial audits • 22 follow-up

INVOLVED COUNTRIES

Bangladesh • China • India • Indonesia • Pakistan • Philippines • Thailand • Vietnam

SCOPE OF AUDITS

Textiles • childcare • Do It Yourself • Indoor and outdoor furniture • Stationary, luggage • Leisure • Toys
• Christmas decorations • Cosmetics • Food • Household • Household appliances • Electrical products
• Home textiles

AUDIT CONCLUSIONS

This year we have re-enforced our social audits, especially with regards to brand name products close to the child universe. The work of our local teams at origins has helped us to verify our files but has slightly decreased the expected number of external audits. 70% of our audits were carried out in China.

For 75% of these audits, a follow-up will be necessary.

We notice an increase of the non respect of regulations for young workers. 20 % of our audits were conducted in India, Bangladesh and Pakistan this year. The social audits performed in India reached a compliance of 83%. 10% of the audits were carried out in Thailand, Vietnam, Indonesia and the Philippines, and 66% of these factories are in compliance. The external auditor training program conducted with all the ICS members at the end of 2007, has helped to render the content of the social audits more specific and certainly explains the increase of non compliance in 2008 as compared to 2007.

CORRECTIVE ACTIONS CARRIED OUT

The implementation of a relay in Asia has meant an improved quality of the information transmitted to the suppliers, regarding the corrective actions to be carried out. These are mainly related to the non compliance of remuneration and working hour regulations. However the audits performed in Pakistan do not follow this trend. Half of our follow-up audits show insufficient final results due to the persistence of non compliance regarding working hours (68%) and wages (52%). On the other hand 94% of the factories show their compliance with health and safety conditions.

AUDITS SCHEDULE AND ORIENTATIONS FOR 2009

In 2009, Auchan will continue to work closely with local suppliers. New suppliers will have to self-assess themselves before the visit of Auchan representatives. In China, some systematic visits assess the technical and social compliance of factories. In addition, a field training program will be provided for every quality engineer in this zone. All new buyers are systematically made aware of Auchan's ethical processes.

Our priorities will be to focus on factories which manufacture products related to the child universe.



Number of performed audits since 2002
44 audits: 44 initial audits • 0 follow-up

Number of performed audits in 2008
6 audits: 6 initial audits • 0 follow-up

INVOLVED COUNTRIES

China • Lithuania

SCOPE OF AUDITS

Electronic products • Small domestic appliances • Large domestic appliances.

AUDIT CONCLUSIONS

No Best Practice has been observed on the six audits performed in 2008, by Intertek. All the factories had non-conformities in "Working hours and Overtime" and "Remuneration and Benefits" sections, and some non-conformities in the "Health and Safety" section. Two factories had non-conformities in the "Child Labor" section.

No particular problems to note, suppliers didn't refuse to be audited, and the audits went smoothly.

CORRECTIVE ACTIONS CARRIED OUT

Concerning the "Working hours and Overtime" and "Remuneration and Benefits" there's not much we can do, as it's the policy of the country. Corrective actions are listed in the reports.

AUDITS SCHEDULE AND ORIENTATIONS FOR 2009

6 audits: 6 initial audits • 0 follow up

As every year, the social audits in 2009 will take place in coherence with the strategic stakes of the PPR group. A supplier could be excluded from our list of supplier if he doesn't match with our requirements.



Number of performed audits since 2003
379 audits: 308 initial audits • 71 follow-up

Number of performed audits in 2008
84 audits: 72 initial audits • 12 follow-up

INVOLVED COUNTRIES

China • Vietnam • Bangladesh • India • Egypt • Tunisia • Morocco

SCOPE OF AUDITS

Textile • Toys • Leisure • Christmas decorations • Electric tools • Batteries
• energy saving lamps • Camping • Furniture • Food products.

AUDIT CONCLUSIONS

With 4 denied access, 4 proved child labour cases, non reliable documents (showing wrong or inconsistent data), excessive working hours and low pay (below the legal minimum wages compared with the actual total working time: regular and overtime) in a not always secured working environment, the 2008 audit campaign did not evidence a strong will from our suppliers to meet with our expectations as far as ethics and commitment to comply with the Law are concerned. As a result, 38 factories were considered acceptable but 36 others needed a follow up audit and the remaining 10 were terminated.

CORRECTIVE ACTIONS CARRIED OUT

The corrective actions implemented in 2008 mainly focussed on recurrent non conformities such as working time, wages and safety at work. Out of these 3 issues, the safety is the only one which dramatically improved. This could move on however in the main risky country, China. As a matter of fact, the new Labour Contract Law (in force since 1st January 2008) promoting and protecting workers' rights does contain significant reforms and concrete penalties for abuse. Due to this, the audit reports are progressively evidencing that the workers are more and more aware of their rights and, reversely, that the employers are less and less in a position to escape from their legal duties.

AUDITS SCHEDULE AND ORIENTATIONS FOR 2009

80 audits • 65 initial audits • 25 follow up

Beyond the usual auditors' looking for findings, the 2009 audit campaign will aim to assess the various production sites' organizing ability. Not only it will become easier to define how capable are the factory managers to reach compliance but also it will help auditors to assess their level of good will to keep law and ethical risks under control.



Number of performed audits since joining April 2006

72 audits: 34 initial audits • 38 follow-up

Number of performed audits in 2007

21 audits: 0 initial audits • 21 follow-up

INVOLVED COUNTRIES

China • India • Indonesia

SCOPE OF AUDITS

Decoration • Sanitary products • Tools • Garden.

AUDIT CONCLUSIONS

The decision was taken to focus on improving the situation in existing audited factories. This seems to have paid dividends as the scoring improved from 63% to 75% from 2007 to 2008 and the % of factories with a D rating decreased from 76% to 57% of the audited park. In the majority of cases, 2 to 3 audits have been necessary to achieve acceptable results or to at least decrease the number of chapters with non-conformities.

It was encouraging to note that the majority of factories were willing to undertake change and in some cases there was concrete evidence of this (ex. abolition of clothes fee, acceptance of non-paid leave etc). However, the level of compliance, particularly on working hours and pay, continued to be handicapped by basic issues such as communication with local authorities, manual records and coherence of records in general.

CORRECTIVE ACTIONS CARRIED OUT

The Social Audit training programme given to all new merchandisers integrating our Chinese offices. Inclusion of the social audit clauses in the new Adeo Services commercial contract in order to reinforce the commitment of Adeo Group to the social compliance issue.

AUDITS SCHEDULE AND ORIENTATIONS FOR 2009

45 audits: 30 initial • 15 follow-up

Training programme for managers in France in order to explain and adopt the social audit system. This will modify the current sourcing and ensure a closer follow-up of the results. Continuity of training programme for new members of staff in China. Audits to be undertaken for the first time in Vietnam.

MEMBER'S ANNUAL ASSESSMENT • BILAN DES ENSEIGNES



Number of performed audits since 2005

80 audits: 58 initial audits • 22 follow-up

Number of performed audits in 2008

47 audits: 31 Initial audits • 16 follow-up

INVOLVED COUNTRIES

China • India • Bangladesh • Morocco • Pakistan • Turkey
• Sri Lanka

SCOPE OF AUDITS

Textile

AUDIT CONCLUSIONS

In 2008, Jules focused its audits on China. Indeed, 45% of the audits were performed in this country, and we noticed a slight improvement in average. Nevertheless, some of them well succeed to improve the working condition for their employees, thanks to a better organisation and an awareness of the importance of the working conditions for a better production and also a better partnership with their customers! The overtime and benefits are still the major issues, for all the countries in which audits were scheduled.

CORRECTIVE ACTIONS CARRIED OUT

Our International Quality Auditors train our suppliers regarding the ICS code of conducts and monitor suppliers' compliance with the local regulations. Part of that includes :

- Initial visits, checking the working conditions of the employees : safety, emergency exits, extinguishers...
- Follow-up visits, the auditor returns to the factory to discuss implementation of the corrective action plan
- Share the best practices.

AUDITS SCHEDULE AND ORIENTATIONS FOR 2009

60 audits • 42 initial audits • 18 follow up

For 2009, we are still going to increase the numbers of audits performed. We want to have the best vision of the working conditions for the employees who make the garments we sell in our shops. China, Bangladesh, India and Turkey are still our geographical priorities.



Number of performed audits since 2001

120 audits

Number of performed audits in 2008

35 initial Audits

INVOLVED COUNTRIES

China – Thailand – Vietnam Turkey - Chile - Peru

SCOPE OF AUDITS

Textile – shoes - house ware - outdoor

AUDIT CONCLUSIONS

In 2007 SYSTEME U focused its audit campaign on Chinese products. In 2008 SYSTEME U has decided to introduce social assessment in several new countries, including South America in order to benchmark social compliance throughout our international supplier network. We did not have to face any denied access and can assume that this kind of audit is now considered by our manufacturers as part of their global compliance assessment. On the other side we have to cop with the reluctance to open duly documented corrective actions plans in factories facing their first ICS audit. It can still be difficult to retrieve the necessary information to evaluate working hours and remuneration, mostly in China. We could not assess the real impact of the new China Labor Law but we can already notice that some factories are moving away traditional Chinese production zones.

CORRECTIVE ACTIONS CARRIED OUT

We focused (mostly in South America and Turkey) our corrective actions on documentation: We asked our suppliers to establish all the necessary documentation that will allow SYSTEME U to evaluate the global salary policy in the factories. We decided to stop producing our products in several factories reluctant to sign corrective action plan or factories that did not meet the commitment they signed

AUDITS SCHEDULE AND ORIENTATIONS FOR 2008

40 audits: 30 initial audits • 10 follow-up

SYSTEME U will carry on its country diversification strategy, and will strengthen its audit pressure in country where labor law changed significantly in 2008.



Number of performed audits since 2002

370 audits: 322 initial audits • 48 follow-up

Number of performed audits in 2008

92 audits: 81 Initial audits • 11 follow-up

INVOLVED COUNTRIES

China • Vietnam • Thailand • Turkey • Indonesia • Pakistan • Malaysia • India • Lituania • Poland • Romania

SCOPE OF AUDITS

Furniture • Lighting • Bedding articles • textiles • Bed linen

AUDIT CONCLUSIONS

The conclusions go to the same way of the prior program. The initial audits showed some negative findings which need to be followed by Conforama. These findings mainly focused on the excessive working hours (first row), safety issues (second row) and wages in the factories.

The pressure of the commercial demand of the internal and external markets has a strong influence on the supplier production capability. We noted some general improvement in the audit scoring this year, may be due to the new Chinese law in force beginning 2008. The excessive working hours and the overtime will be considered as a alert in 2009 by ICS. Conforama stopped business with a main Chinese supplier due to child labor.

CORRECTIVE ACTIONS CARRIED OUT

The social re-audit has a real influence on increasing the Human resource performance of our suppliers in China and in the others Asian countries. The follow up of our suppliers by new re-audit allows a real reduction of the non-conformity up to 50 % in the last campaign.

AUDITS SCHEDULE AND ORIENTATIONS FOR 2009

111 audits: 80 initial audits • 31 follow up

With the new 2009 campaign, Conforama will insist on the re audit so as to control the effective correction and the true improvement of our suppliers. Conforama will promote a training program dispense by Human resource compagny



Number of performed audits since 2001

310 audits

Number of performed audits in 2008

40 audits: 27 Initial audits • 13 follow-up

INVOLVED COUNTRIES

China • Bangladesh

SCOPE OF AUDITS

Textile • shoes • Toys • electrical products.

AUDIT CONCLUSIONS

All our audits have been made in China and Bangladesh. The majority of problems concerning working hours and remuneration chapters are recurrent. One case of child labor was found in the factory in China. CORA stopped immediate business with this supplier.

CORRECTIVE ACTIONS CARRIED OUT

The follow-up audits showed improvements on working hours and remuneration, it's always the major problems to solve. Some actions have been made on the area of health and safety.

AUDITS SCHEDULE AND ORIENTATIONS FOR 2009

43 audits : 12 initial audits • 31 follow-up

Our aim is to continue the follow-up of the corrective actions as per the signed Corrective Action Plan, in particular for working hours and remuneration.



Number of performed audits since 2008

86 audits: 84 initial audits • 2 follow-up

Number of performed audits in 2008

75 audits: 73 initial audits • 2 follow-up

INVOLVED COUNTRIES

CMainly China • Vietnam • Thailand • Bangladesh • South Korea • Indonesia • Turkey

SCOPE OF AUDITS

Decoration • Furniture • Gardening • Global Nonfood • Toys • Kitchen Wares • Housekeeping • Stationery • Sport • Electrical • Electronics • Leisure • Luggage • Textile

AUDIT CONCLUSIONS

No regular critical issues in the domains of Child Labour, Forced Labour, Discrimination, Disciplinary Practices, Freedom of Association were found. Non-compliances are found in the domains of Health and Safety, Working Hours and Compensation. However, collaboration was stopped with 12 suppliers, mainly because of refusal of the management to accept to be audited or because of refusal to implement the Corrective Action Plan.

This happened mainly in the department of decoration. All 26 audited factories in this department were audited for the very first time. This department seems not to be familiar with social auditing.

CORRECTIVE ACTIONS CARRIED OUT

1 follow-up was conducted in the department of stationery, another in the domain of furniture. In both cases the management did not implement the Corrective Action Plan and showed. Uncollaborative attitude to the requested improvements. This has led to buying stop at these 2 factories.

AUDITS SCHEDULE AND ORIENTATIONS FOR 2009

48 factories audited in 2008 need major improvements and will be re-audited in 2009 to check the Corrective Action Plan was implemented.

Most of the factories of our Toy Suppliers are ICTI certified, but 53 factories still are not. They have been audited on Colruyt's social standards more than 2 years ago, so they will be audited under ICS scope in 2009. This has to be considered as Initial ICS audits. And factories of new suppliers to be introduced in 2009 will be audited also. At this time the number of new suppliers is not yet known.



Number of performed audits since 2002

718 audits: 503 initial audits • 215 follow-up

Number of performed audits in 2008

210 audits: 148 initial audits • 62 follow-up

INVOLVED COUNTRIES

Afrique du Sud • Bangladesh • Bulgarie • Cambodge • Chili • Chine • Costa Rica • Equateur • Inde • Indonésie • Kenya • Macao • Madagascar • Maroc • Pakistan • Philippines • Pérou • Roumanie • Sri Lanka • Thaïlande • Tunisie • Turquie • Vietnam

SCOPE OF AUDITS

Audio • Big Household Electrical • childcare • Culture Stationery • Do it yourself • Electrical • Electronic products • Food • Gardening • Housekeeping • Non food • Shoes • Textile • Toys

AUDIT CONCLUSIONS

The main non conformities encountered are still on working times and benefits. This is particularly sensitive in China where the auditors have difficulties to establish exact quantity of working hours through relevant documents which does not allow either to control the minimum salary per hour. On the other chapters on which we encounter far less problems, the manufacturers we work with implement immediately corrective action plans when needed.

CORRECTIVE ACTIONS CARRIED OUT

All manufacturers accept to implement corrective actions plans. Some improvements have verified by the auditors during the follow-up audits performed a few months after. Nevertheless, it is not sufficient to improve the global results on a long term issue.

AUDITS SCHEDULE AND ORIENTATIONS FOR 2009

250 audits • 180 initial audits • 70 follow up

We will re-audit all manufacturers for which we had C & D results in 2008. A audit plan will also be established for all other factories we work with on a long term relation.



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