

Social Compliance

Beyond Comply or Die

Certification—Enhancement or Overhead?

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September 25, 2017

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Definitions

Social Compliance—Conformance to the rules of social accountability, integrating social, environmental, and economic concerns throughout the supply chain

Sustainability—Being able to do whatever it is we are doing now, without endangering the ability of future generations to do the same



Origins of Social Compliance

- In the mid-to-late 1990s, US & EU brands and retailers were embarrassed by reports of worker abuse
- Pressure from outside stakeholders pushed for change
- Many brands and retailers wrote Corporate Codes of Conduct and began auditing factories



Why do Social Compliance & Sustainability Matter?

- Doing the Right Thing



- If that's not enough - it comes down to protecting your company

– Social Compliance = Risk Management

– Sustainability = Business Continuity



What Is WRAP?

- World's largest independent certification program
- Focused on the apparel, footwear, and sewn products sectors
- Inspects and certifies factories all over the world
- Objective, non-profit team of global experts dedicated to promoting safe, lawful, humane, and ethical manufacturing around the world through certification and education



WRAP's 12 Principles



1. Compliance with Laws and Workplace Regulations



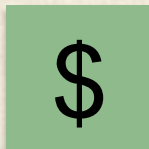
2. Prohibition of Forced Labor



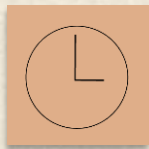
3. Prohibition of Child Labor



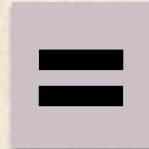
4. Prohibition of Harassment or Abuse



5. Compensation and Benefits



6. Hours of Work



7. Prohibition of Discrimination



8. Health and Safety



9. Freedom of Association & Collective Bargaining



10. Environment



11. Customs Compliance



12. Security



Who Do We Serve?

- Workers
 - Safer, healthier, more ethical working conditions
- Production Facilities
 - Verified compliance leading to increased competitiveness
- The Sourcing World
 - Makes ethical sourcing a global reality



Leading Independent Certification Program

WRAP Top 10 for 2016

Rank	Country	Registrations
1	China	832
2	Vietnam	384
3	Bangladesh	245
4	India	226
5	Pakistan	151
6	Cambodia	113
7	Sri Lanka	99
8	Indonesia	75
9	Mexico	55
10	Egypt	46

Received over 2,600 applications in 2016

As of early 2017, over 2,400 facilities employing more than 2 million workers in over 40 countries are currently certified

What is the Business Case for Compliance?

- Protecting your organization
- Return on investment:
 - Systemic approach to management
 - Direct business benefits
 - More efficient production
 - Lower worker turnover
 - Satisfying client requirements



Sourcing Imperatives

SOURCING IMPERATIVES

15 Years Ago

- Price
- Quality
- Delivery

Today

- Price
- Quality
- Delivery
- Social Compliance

3-5 Years From Now

- Price
- Quality
- Delivery
- Social Compliance
- Vendor Partnerships
- Efficiency Improvements
- Environmental Compliance



Social Compliance Best Practices

- Even the most progressive of approaches to auditing will not suffice if auditing is all you do

- Social compliance is a two-way street



- Engagement necessary at all levels

- Understanding the practical challenges faced

- Being consistent with message

- No “disconnect” between sourcing and compliance

- Building partnerships

- Continuous improvement

- Ongoing training and education



Harmonization & Standardization Attempts



Summary

- Sustainability and social compliance certification are increasingly important aspects of supply chain management.
- A properly implemented, and credibly certified social compliance system meets buyer requirements as well as increases worker efficiency & morale, and productivity & profitability.



For More Information

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