

## Summarized Minutes of the Meeting of the Governance Board Hong Kong, January 10-11, 2013

**Location:** Grand Hyatt Hotel, Hong Kong

### Members Present

Alan G. Hassenfeld, Co-Chair  
Maria Livanos Cattai, Co-Chair  
Lars Abel  
Peter Eio  
Gary Hutchens  
George Irwin  
Lisa Klein  
Alan E. Munn  
Jane Nelson  
William S. Reese  
Paul Rice  
Arnie Rubin  
Pär Stenbäck  
Auret Van Heerden  
T.S. Wong  
Kenneth Ting  
Shi Xiaouguang

### Observers (Part-time)

Carter Keithley (TIA)  
May Liang (CTJPA)  
Marty Cahill (TAC)  
Jim Leung (TAC)

### Ex Officio

Christian Ewert, President

### Secretariat

Harriet Mouchly-Weiss  
Frank W. Clarke

(CTJPA = China Toy & Juvenile Products Association)  
(TAC = Technical Advisory Council)

---

### Day One – January 10, 2013

Board Co-Chair Maria Cattai called the meeting to order at 10:00 AM, immediately following the Annual General Meeting.

1. The minutes of the Executive Committee meeting on October 2 in New York were approved. The list of action items was reviewed and it was noted that all items were either completed or in process. Matters discussed included living wage, fire prevention training, buyer awareness program, new financing concepts, communications materials and the new website.

### Education, Training and Grant Committee (Chair, Bill Reese)

2. Funding of the ICTI CARE Process Factory Improvement and Support Program (IFIS), which provides needs-based training and services to factories, was discussed. The Participant Support Program (PSP) program was discussed as a funding alternative, along with direct funding (e.g., with the Helpline), which has had

initial success in obtaining grants for the Helpline and general capacity building projects.

### **Finance and Audit Committee (Chair, Alan Munn)**

3. The 2012 preliminary results through November and the full-year forecast were presented, with Mr. Munn pointing out that a projected operating deficit was planned and will be covered from the reserves.
4. The 2013 budget was presented in two parts, and was approved:
  - a. ICTI CARE Process, which projects a small surplus
  - b. Education and Training, where funds will be used only as funding is obtained.
5. Mr. Munn proposed that, in 2014, the full GB meeting be held in April in New York or elsewhere and that an Executive Committee meeting be held in January in Asia. This would result in significant annual savings. (This was agreed and approved on Friday.)

### **President's and Communications/Outreach Reports (Christian Ewert and Harriet Mouchly-Weiss)**

#### **2012**

6. Christian Ewert outlined 2012 activities, comparing them against the goals established a year ago. He highlighted the GSCP Equivalence Process (still in progress), the revised Wages and Hours policy, the ICTI CARE Process Factory Improvement and Support Program (IFIS), the successful completion of the GIZ Pilot Public-Private-Partnership program, an improved communications program and new hires to round out the team in Hong Kong. He also noted the very successful Seminar event held at the Shanghai Toy Fair in October, with over 170 participants.
7. Mrs. Mouchly-Weiss mentioned the annual review, website development and ongoing, frequent communications with individual stakeholders.
8. In the more detailed presentation, Mr. Ewert discussed:
  - a. The planned 60-hour work week (A60) Seal.
  - b. The Enablon database system that began operations in July 2012, now has all the factories involved and should have all change requests met by April 2013. The next step will be to bring in key brands and then conduct webinars to bring in all Date Certain committed brands.
9. TAC Chairman Marty Cahill observed that the relationship between ICFAL and the TAC have been very positive during the past 18 months. TAC member Jim Leung confirmed the good relationship and said the TAC was looking for more brand/buyer involvement in the ICTI CARE Process.

#### **2013**

10. Looking at the coming year, Mr. Ewert said the outlook is challenging and outlined key goals, including the Participant Support Program (PSP); matters arising from the Misereor/University of Mannheim, Shift and Oxford studies; completion of the GSCP

- equivalence process; and, as a priority, completion of the re-designed ICP website.
11. Co-Chair Ms. Cattau asked that the big challenges of 2013 be defined, with an outline of where major decisions are needed, to be discussed at the GB meeting on Friday morning.
12. Other matters raised by GB members:
- a. Training: there is a need to understand the training planned for all four stakeholder groups (brands, retailers, licensors and factories). There is a particular need for factory management training.
  - b. New Constituents:
    - i. Ms. Cattau asked, how do we approach new constituents (e.g., new factories in new areas)? Do we use current standards or different ones?
    - ii. Mr. Leung observed that for local (second tier and outlying) factories just entering the ICP, there is a need to start with the very basics and build from them.
    - iii. Mr. van Heerden advised that, for new countries, that ICP must maintain the standards of its current system. He also advised that ICP understand it may take 2-3 years for new factories to become fully compliant.
  - c. Expansion:
    - i. ICP must prioritize between new areas of China or new countries and look at the implications of each for ICP. There is a need for more feedback from the field so we can strategize how to approach this issue.
    - ii. TAC members also noted the need to plan for non-China expansion, especially into Indonesia.
13. The Governance Board went into executive session at 4:35 PM.

## Day Two – January 11, 2013

The Co-Chair called the meeting to order at 09:05 AM.

14. The session was dedicated to discussion of “Critiques and Constraints of the ICTI CARE Process.” There was extensive discussion of various issues, with key points summarized below:
15. Mission and Vision Statements: There was agreement, after discussion, to amend those presented in the Strategic Plan, to read as follows:
- a. Mission: “The mission of the ICTI CARE Process is to enable the worldwide children’s products industry to ensure that its products are manufactured in an environment of the highest standards of safety and humane conditions. As a not-for-profit operation, the ICTI CARE Process works to share best practices in effective factory monitoring and capacity building in an open and transparent manner.”
  - b. Vision: “Our vision is to be the model for effective ethical manufacturing programs, a major, positive factor in the assurance of fair and human treatment of factory workers.”
  - c. **\*Next Step:** Secretariat to ensure these are made available to all stakeholders and, as part of that, to publish them on the ICP website.
16. Date Certain:



- a. General:
    - i. There was extensive discussion of what this term means and especially how to verify compliance.
    - ii. It was agreed to rename the program “ICP Commitment,” in place of “Date Certain Commitment.”
    - iii. Key missing pieces are transparency and verification of the commitment process.
    - iv. There needs to be a process to achieve these because sourcing is an ever-changing process, with changes and additions to individual supply chains occurring regularly.
  - b. Brands Focus:
    - i. The verification process should start with the brands and then build to the other stakeholders. ICP should begin with the large brands that constitute 80% of volume and then continue with the smaller and medium-sized brands.
    - ii. Mr. van Heerden explained that the Fair Labor Association, which he leads, is both a membership organization and a brand. Each member does a self-assessment at the beginning of the year and then reviews progress at year-end. On-site evaluations are conducted during the year. Commitment and independent verification are key. Licensor members require their licensees to join. Online tools are provided to help and are especially valuable for the smaller members.
    - iii. Mr. Keithley said that TIA includes the commitment in its new-member applications and, two years ago, took the step of requiring renewing members to confirm they source substantially all (95%) from ICP manufacturers.
  - c. Retailers and Licensors are agreed to be equally important and plans are in development to reach and persuade them to make the ICP Commitment as regards their own brands.
  - d. **\*Next Step:** A small strategy team will be named to develop a plan on how to proceed with the stakeholders. It should include engagement, commitment, compliance, transparency and capacity. It should also outline the challenges and best practices at company and toy association levels. 2) Secretariat will develop a list of discussion points to serve as an initial outline to guide the team.
17. Financing: The President indicated that the Participant Support Program (PSP) is beginning to working via direct appeals and will be continued.
18. Next Meetings:
- a. Executive Committee in New York on Monday, April 22, 2013.
  - b. Executive Committee in New York on Monday, October 7, 2013.
  - c. Executive Committee in Hong Kong January 9-10, 2014.
  - d. Full Governance Board Meeting in May 2014 at a date and place to be determined.
19. There being no further business, at 12:30 PM the Co-Chair adjourned the meeting.