



Minutes of the of the ICF Governance Board

14-16 May 2014

Location: Hilton Munich City Hotel, Munich

Members Present

Alan G. Hassenfeld, Co-Chair	Maria Livanos Cattai, Co-Chair	
Synesio Batista da Costa	Roland Earl	Peter Eio
Gary Hutchens	George Irwin	Alan E. Munn
Bill Reese	Arnie Rubin	Pär Stenbäck
Kenneth Ting	T.S. Wong	

Members Excused

Jane Nelson	Shi Xiaoguang
Auret van Heerden	Jim Walter

Observers

Carter Keithley	May Liang
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Ex Officio

Christian Ewert

Staff

P.W. Ip

Secretariat

Harriet Mouchly-Weiss	Frank W. Clarke
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Action Items

All action items are marked with an asterisk (*).

Day One: 15 May 2014

Board Co-Chair Maria Cattai called the meeting to order at 0921 hours, after a short Executive Session. The following actions were taken:

1. Election of new GB members: The Chair of the Governance and Nominating committee nominated the following new members:
 - a. Synesio Batista da Costa for a 3-year term, in the NGO category



- b. Jim Walter for a 3-year term, in the Industry Statesman category
- c. Roland Earl for a one-year term, in the ICTI President category, filling the unexpired term of Lars Abel, who resigned.

The nominations were seconded and were approved unanimously.

2. Resignation of President/CEO: Formal notification of Christian Ewert's resignation was provided and it was announced that:
 - a. The Governance Board, confirming the sentiments expressed at the 14 May GB dinner, formally expressed its appreciation for Christian Ewert's efforts as the first President/CEO, thanked him for his service and wished him success in his new position.
 - b. A small Search Committee was named, consisting of Pär Stenbäck (Chair), Alan Munn, Peter Eio, T.S. Wong and Bill Reese.
 - c. Frank Clarke will be named as Acting Managing Director and will also resume the CFO role, beginning 1 August 2014 and will continue until a new President/CEO is named.
 - d. Nothing else will be changed.
3. Approval of Minutes. The minutes of the Hong Kong Executive Committee and the related action items were approved by unanimous voice vote.
4. Revision of by-laws: The new confidentiality clauses of the ICF by-laws (Article XII) were proposed and read by the Co-Chair and were passed by unanimous voice vote.
5. Pending action items from the January meeting in Hong Kong were reviewed, as follows:
 - a. ICF's plan to address the issue of fire prevention will be placed on the website. PW Ip will take this on.*
 - b. The concept of demo factories and the issues related to them was explained by PW Ip – and the corresponding new policy went into effect from May 1st, 2014.
6. Finance Committee Report – Alan Munn, Chairman
The following were discussed, with action as indicated:
 - a. An overview of the ICF/ICFAL financial system was provided for the new members.
 - b. Audited results from 2013 were presented and approved.
 - c. The Chairman reviewed the highlights of the ICF/ICFAL results through March 2014 and of the latest 2014 forecast.
 - d. It was noted that the Partners Support Program (PSP) budget is funding-generated, so that no expenses are incurred unless funding



has been received. The CEO said that additional income and cost savings would be realized during the balance of the year, so that there would be a break-even in the PSP budget.

7. Oversight and Appeals Committee, Maria Cattai, Chair.
No meeting has been held because no appeals to the GB have been received. May Liang advised that many factories may not understand the appeals process properly. Accordingly, after a review of existing material, Operations, with assistance from May Liang, was asked to send out an e-mail to all factories with a detailed explanation of the appeals process, including who to contact and how to reach them. A copy of the procedure and the e-mail should be sent to the GB.*
8. Education, Training and Grant Committee, Bill Reese, Chairman.
The committee is focusing on the future, and specifically on value-added programs that relate to workers' well-being, life skills, etc. The committee will work on developing offers tailored to what foundations will support and what will interest corporations. IYF may be able to help. The CEO spoke about Auret van Heerden's new organization, The Academy for Sustainable Business, and suggested we see if there is a way to work together in this area. A report will be prepared for the September EXCOM meeting.*
9. President's Report, Christian Ewert highlighted issues for discussion:
 - a. Social Security: Chinese government has made it clear, in the recent Yue Yuen case, that all forms must be paid. ICFAL needs to stay on top of this and understand any possible implications for the ICTI CARE Process and the registered factories. A new Operations task force may be needed to examine the laws/enforcement and make recommendations of how to proceed. The matter will be discussed in the July TAC meeting and then presented to the EXCOM in September.*
 - b. Environmental issues: The Business Environmental Performance Initiative (BEPI) is being considered. There was general agreement that the toy industry will be facing stricter environmental measures and that ICP should be prepared. As a way forward, it was noted that BEPI is planning a pilot test in the third or fourth quarter of this year. The following action items were agreed:
 - i. Establish ICP goals and review all BEPI materials.*
 - ii. Ask BEPI if ICP could be involved in some way inside their China pilot project.*
 - iii. Then discuss results and recommended next steps at the Hong Kong GB meeting in January.*



- iv. Keep an open mind for various possibilities, including using the BEPI model or adopting some aspects that directly affect worker safety, to be incorporated into the ICP system.
- v. Keep the Ministry of Industry and Information Technology (MIIT) informed of progress, as requested.
- c. Use of Chemical Substances that affect workers directly. The ICP requires that there be adequate protection of workers if dangerous chemicals are being used. Operations and the Secretariat will look into ways to build this further into ICP procedures so that workers can be better protected.* Secretariat will also inquire if industry (ICTI members) has any policies that it would propose to members.* Operations will work on this with the TAC.*

10. Operations Report. P.W. Ip presented four proposals.

- a. Isolated Incidents: The current ICP system is quite rigid and does not permit exceptions even for one-off, isolated and non-critical incidents. Operations suggested that a policy be drafted to address this issue, for study by the TAC and the GB.

Operations will draft a guidance document for review, then put the system into effect.*

- b. IT System: PW Ip explained his dissatisfaction with the current system, for which the contract runs through the middle of 2015. His proposal is to consider use of a local IT supplier, comparing it with the current one. It was agreed that ICP would follow a dual course: 1) Review with the current supplier the ICP's issues to see if they can be resolved to mutual satisfaction, 2) Review alternative, local suppliers, asking the two best to prepare proposals.

It was agreed that a strong, independent technical advisor/project manager would be key to the process and that Operations would present two alternatives, with a recommendation.

There also was considerable discussion related to careful examination of the finances.

Action items: Management will proceed along the two courses outlined above with the goal of making recommendations to the Executive Committee at its meeting in New York in September.*

- c. China Office: With regard to the plan to open an office in China proper, it was agreed that all alternative methods of doing so be carefully evaluated, with all information and advice in place before making a final recommendation to the Executive Committee at its September meeting as to how to proceed.*



- d. Capacity-Building. Operations wants to use training to equip terminated factories to pass their next audit. He would use a Code of Conduct (COC) based program to improve management skills, to open their minds. There will need to be help and support from the CTJPA and the 20 mainland toy associations.

There was broad agreement with the proposal. Action items: 1) Operations to proceed with preparing program for proposal at or before the September EXCOM meeting. 2) Operations to update quantitative information regarding number of toy factories with export licenses, percentage of export volume covered by those registered in the ICP. CTJPA can assist with the numbers.*

11. Communications Report – Harriet Mouchly-Weiss led the discussion. A 10th-anniversary-themed program was discussed, with agreement that a plan, with bullet points, should be presented at the September EXCOM meeting. The initial “listening” phase of the social media program was approved, subject to final budget submission/approval.*

12. Strategic Plan – Christian Ewert led a discussion of the latest version of the ICF strategic plan.

- a. Brand Identity (Annex 1): Discussion centered on the need to develop a stronger, stakeholder-facing identity, for example, through a new tagline, as well as a mark for use on product and/or packaging. ICP needs to be recognized for what it does. Whether or not to go to the consumer was discussed, without a clear consensus.

It was agreed a small group should discuss and come up with a recommendation to be presented at the September EXCOM meeting.*

- b. Transparency (Annex 2): This focuses on the absence of verification of ICP Commitment by brands, which reflects on ICP’s credibility as an effective system. ICP now has a draft template for use in a self-reporting plan and proposes to ask the national associations for their assistance in distributing the template and persuading their members to self-report.

It is possible that a uniform system will not work at the outset and that different wording may need to be tailored to the needs of the committed brands and then move towards more uniform disclosure over time. In any case, it is important that the ICP make a start on what is perhaps its biggest challenge then take its time to develop a starting position and move over time to increasing transparency.

The Acting Managing Director, with the ICTI President, should work on this and report back at each GB meeting.*



- c. Geographic Expansion (Annex 4) – (Note: Annex 3 postponed until the next day). The proposal for expansion initially into Brazil and Mexico was developed by the ICP with the assistance of Synesio Batista da Costa, who has offered to provide a home for a Latin America ICP, with Brazil as the starting place. For now, an expression of interest is needed and then a detailed business plan will be prepared.

After discussion, it was agreed that there was sufficient interest for a full-up plan to be prepared, presented to the EXCOM in September and then presented to the full GB for approval in January. Among other things, it should examine major constraints, analyze whether there are enough problems to sustain an ICP operation in Brazil and Mexico, decide on capital needs.*

The Governance Board meeting adjourned for the day at 18:10 hours, to begin at 08:45 on 16 May.

Day Two – 16 May 2014

The Governance Board Meeting was called to order by the Co-Chair at 08:55 AM, immediately following adjournment of the Annual General Meeting.

13. Funding Proposals for the strategic plan (Annex 3) – Christian Ewert discussed potential sources of ongoing funding.

The core principle of a funding plan is to have a sensible, equitable, ongoing general funding of the ICP. With that achieved, secondary focus is on funding for education and training and for capital outlay.

Need funding strategy. Look at putting together a catalogue of services available for a fee, with individual item prices. Also consider development of packages of services available for a single fee.*

14. Next meetings

- a. Executive Committee meeting on 30 September in New York.
- b. Governance Board meeting 14-16 January, 2015 in Hong Kong.

At 10:15, the Governance Board went into Executive Session and then adjourned.