BSCI SYSTEM MANUAL

BSCI
An initiative of the Foreign Trade Association (FTA)

Business Social Compliance Initiative

PART V

Annexes

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PART V

Annexes

ANNEX 1 – HOW TO START WITH THE BSCI PLATFORM

This document provides details on the steps to access the BSCI Platform and the kinds of rights and obligations that users have.

The main functions of the BSCI Platform are described and related to each specific group of users.

These are the documents/tools related to this topic:

- **Login credentials from the BSCI Platform**
- **BSCI Platform: www.bsciplatform.org**
- **BSCI Platform Tutorials (beginner and advanced level)**

The table below shows BSCI Platform terms and the equivalent BSCI terms used outside the platform:

BSCI Platform terms	BSCI Terms
BSCI participant	BSCI Participant
Supplier	Business partner not to be monitored*
Producer	Business partner to be monitored
Auditor	Auditing company

*This may include agents, traders and importers as well as producers not monitored.

1. BSCI PLATFORM TERMS OF USE

The BSCI Platform is administered by the BSCI Secretariat. It compiles information generated by:

- BSCI Participants
- Their business partners, particularly producers in the monitoring process
- Auditing companies commissioned to conduct BSCI Audits
- When BSCI Participants and their business partners login to the BSCI Platform for the first time, they all "accept" the terms and conditions of use.

Confidentiality and data protection

All information posted in the BSCI Platform is protected by confidentiality agreements. It is not accessible outside the BSCI system, unless a transfer of information is necessary on behalf of FTA/BSCI related activities. FTA complies with all obligations applicable to data processors under European data protection legislation.

The BSCI Secretariat has access to all information contained in the BSCI Platform to check:

- The BSCI Participants' commitment and implementation progress
- Implementation progress of business partners being monitored
- Auditing companies' integrity and quality performance

Business confidentiality is protected, while allowing collaboration among business enterprises on social issues. BSCI Participants can share information about the social performance of common business partners and plan alternatives together to avoid duplication of efforts.

Searching function: BSCI Participants and auditing companies must know the name of a producer to successfully search its profile and access its information. Auditors are only allowed to view documentation related to the facilities that they audited or plan to audit. They can also upload audit results. Access to other functions of the BSCI Platform is restricted.

Auditing companies are responsible for uploading most information into the BSCI Platform. The FTA Framework contract ensures that auditors assume special responsibility in the information management, such as:

- Use only the BSCI Platform to communicate the results of their audits
- Ensure that data submitted through the BSCI Platform are accurate and current as of the date of submission and to the best of their knowledge
- Use information accessed in the BSCI Platform only to audit factories and farms in the supply chain of BSCI Participants
- Treat all information in the BSCI Platform as business confidential and auditors cannot disclose it outside the BSCI Platform

2. OVERVIEW OF THE PLATFORM FUNCTIONS

The BSCI Platform serves the different actors, to coordinate the BSCI implementation in an efficient way.

2.1. For BSCI Participants

BSCI participants can use the BSCI Platform to:

Map the supply chain. For example:

- To verify if significant business partners are already registered by searching for their names in the platform
- To create profiles for each significant business partner that was not previously registered
- To keep an overview of their significant business partners monitored or not monitored

Monitor the supply chain

The BSCI system relies on the link of responsibility (RSP) between the BSCI Participant(s) and the business partners to be monitored (the producers).

Although several companies may source from a certain producer, only one BSCI Participant holds the right to request and authorise audits.

This right implies the responsibility to follow up diligently as the reputations of other BSCI Participants and the BSCI system rely on it.

These are the RSP rights and obligations:

- Order BSCI Audits (full and follow-up audits)
- Follow up on remediation plans
- Follow up on possible alerts generated by auditors or by the secretariat
- Restart the BSCI audit cycle

The status can be:

- Unilaterally released (e.g. because of stopping the contractual relation with the business partner)
- Lost because of lack of exercising the related rights and obligations
- Released upon request of another BSCI Participant

Communicate with:

- Other BSCI Participants
- Their business partners
- The auditing companies
- The BSCI Secretariat

2.2.   For business partners

BSCI Participants´ business partners can use the BSCI Platform:

- To keep track of their supply chain, in case of agents, traders and importers
- To post their general information if they have a production site
- To coordinate monitoring activities for their significant business partners with the respective lead RSP holder

For more information on RSP, see BSCI System Manual Part I – Chapter 1: 1.1. Relations between BSCI Participants and their Business Partners.

2.3.   For business partners to be monitored (producer)

BSCI Participants´ producers can use the BSCI Platform:

- To post their general information, particularly in preparation for an audit
- To visualise their social performance progress
- To post their remediation plans after an audit

2.4. For auditors

Auditors can use the BSCI Platform:

- To receive and schedule audit requests
- To receive special instructions for the audit performance (e.g. scope, announcement of the visit)
- To post audit and follow-up results
- To communicate with the BSCI Participants in case of urgent situations such as zero tolerance issues. For more information, see BSCI System Manual Part V - Annex 5: BSCI Zero Tolerance Protocol

3. HOW TO LOGIN

To be able to login, users need a profile to access the BSCI Platform. Every profile is associated to a unique email address. This email address is the user name.

For BSCI Participants

Once FTA membership has been confirmed, the BSCI Secretariat provides the BSCI Participant with a username and password for both:

- The BSCI Platform
- The BSCI website (Participants' Area)

The logins are different.

The BSCI Secretariat issues the logins for the BSCI Participant's main contact person.

For business partners to be monitored (producers)

These profiles can be created by:

- **The relevant BSCI Participant:** The platform sends an automated email to the main contact person with the login and password
- **An auditing company:** The automated email is subject to the approval of the relevant BSCI Participant

For business partners not to be monitored

These profiles can be created by the relevant BSCI Participant (only): the platform sends an automated email to the main contact person with the login and password.

For auditors

Upon signing the FTA framework contract, the main contact person will receive via email the username and password for the platform. This main contact person will be responsible for creating profiles for all other staff members who may need access.

4. TUTORIALS

The BSCI Secretariat explains via online tutorials to all related audiences how to use the BSCI Platform. Tutorials also cover updates being made to the platform. To access the tutorials, one must login to the platform and click on the tab "RESOURCES".
When changes are made to the BSCI Platform, the BSCI Secretariat notifies the users about these changes (e.g. in the help section, which is accessible on the platform's homepage; in user profiles).

ANNEX 2 – BSCI CLASSIFICATION OF SECTORS, INDUSTRIES AND PRODUCT GROUPS

This document provides details on how BSCI classifies sectors of activity, industry types and product groups.

Sector	Industry Type*	Product Group	Product (examples)
NON-FOOD	Accessories	Arts, crafts and needlework	
		Bathroom and kitchen utensils	
		Clocks and watches	
		Glassware (eyewear)	
		Jewellery	
		Personal accessories	Umbrellas, sunglasses
		Other accessories (please specify)	
	Agriculture	Flowers and ornamental plants	
	Chemical Industry	Agrochemicals and pesticides	
		Cleaning and hygiene products	Detergents
		Lubricants	
		Other chemical products (please specify)	
	Construction	Building products	Stones
		Households	
		Office furniture	
		Kitchen merchandise	
		Lawns and garden supplies	
		Storage, haulage and containers	
		Plumbing/heating/ventilation/air conditioning	
		Safety/security/surveillance	
		Bathroom appliances	
		Furniture	
		Other construction items (please specify)	
	Cosmetic Industry	Baby care	
		Fragrances	
		Personal beauty, hygiene and care (including alternative beauty products)	Face cream, oral care, hair care
		Other cosmetic products (please specify)	

Sector	Industry Type*	Product Group	Product (examples)
NON-FOOD	Extractive Industry	Metal production	
		Oil, fuels and gas production	
	Forestry, Wood, Pulp and Paper	Forestry derivatives	Charcoal, rubber, wild nuts
	Health Industry	Alternative health products	Antibiotics
		First aid and wound care	
		Optics, ear and prostheses	
		Pharmacy products	
		Other health products (please specify)	
	Live Animals and Related Products	Accessories	
		Pets, animal and pet food	
		Other live animal products (please specify)	
	Mechanical and Electrical Engineering	Electrical supplies	Cables
		Home appliances	
		Safety protection – DIY (do it yourself)	
		Tools equipment - power	
		Transport and automotive	
		Other engineering (please specify)	
	Media and Graphical Industry	Audio, visual and photography	Cameras
		Textual and printed materials	
	Plastic Industry	Plastic and articles thereof	Plastic bottles
		PVC (polyvinyl chloride)	
	Sports Equipment and Sportswear	Sports equipment	
		Sportswear	
		Other sport equipment (please specify)	
	Textiles, Clothing, Leather	Apparel	
		Footwear (including sport shoes)	
		Handbags, belts and shoes	
	Toys and Games	Home textiles	
		Other soft goods (please specify)	
	Toys and Games	Games	
		Toys	
		Others (please specify)	
	Other (please specify)	....	

Sector	Industry Type*	Product Group	Product (examples)
FOOD	Agriculture	Fresh fruits and vegetables	Bananas
		Cereals (including soy), leguminosae and their products	Beans
		Herbs and spices (including tobacco leaves)	Tea
		Roots and tubers (including potatoes)	
		Other agricultural products (please specify)	
	Dairy Industry	Dairy products (including butter)	Yoghurt
	Fishery, Aquaculture and Inland Waterways	Fish, crustaceans and molluscs (fresh and frozen)	Pangasius
		Other fishery (please specify)	
	Food, Drink and Tobacco	Alcoholic beverages and spirits	Wine
		Cocoa and cocoa preparations	Chocolate
		Coffee and coffee preparations	
		Eggs and egg preparations	Chicken eggs
		Honey (both natural and blended)	Honey
		Juices and vinegar	
		Non-alcoholic beverages (including soft drinks and water)	Tea
		Nuts and nut preparations	Nuts (including Brazilian Nuts)
		Processed fruits and vegetables	
		Sugar and sugar confectionery	
		Tobacco and tobacco preparations	
		Vegetable oils and margarines	Olive oil
		Other food products (please specify)	
	Meat Industry	Livestock	
		Meat products (fresh and frozen)	
	Other (please specify)	...	...

* Sources:

- ILO Sector classification: www.ilo.org/sector/lang--en/index.htm
- GPC (Global Product Classification) Standards (as at 01 January 2012)

ANNEX 3 – HOW TO SET UP A SOCIAL MANAGEMENT SYSTEM (SMS)

This document provides the basis for business enterprises to build a Social Management System (SMS) as an integral element of the BSCI implementation strategy.

Description of the key steps as well as the relation between Social Management System and cascade effect is provided.

Definition

A Social Management System is a set of processes and procedures that allows a company to analyse, control and reduce the social impacts of its activities.

Social Management Systems are appropriate for all kinds of companies, regardless of sizes, sectors or industries.

An effective Social Management System demonstrates company maturity as a responsible enterprise. It makes its business more reliable for clients, customers and investors.

Social Management System development and implementation require the involvement of at least the following areas of the business:

- Human resources
- Occupational health and safety
- Quality and compliance

Companies may deal with these areas in separate management systems if their size and/or nature of business require. Companies with a higher likelihood of facing significant social risks may have additional systems for managing community relations and/or community impacts (e.g. grievance mechanism).

1.   BASIC ASPECTS

Social Management Systems follow the approach of PLAN, DO, CHECK, ADJUST.
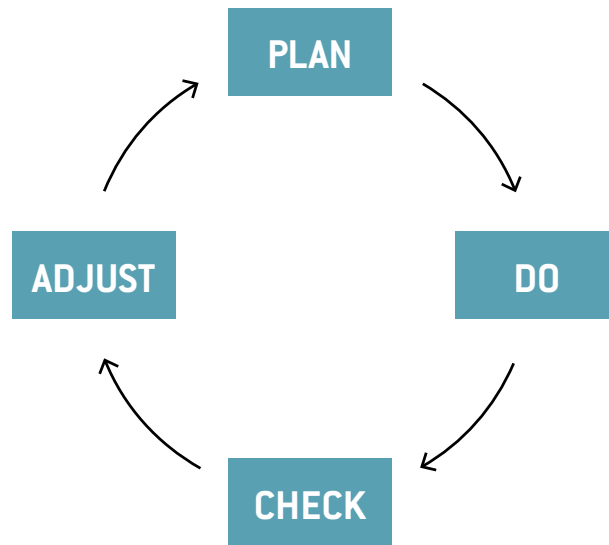
Figure 18: Elements of the Social Management System

2.   SOCIAL POLICY

Social policy does not need to be long or technical like a legal document. It needs to **clearly communicate** to both internal and external stakeholders:

- The core values and principles of the company
- How internal stakeholders (management, board, workers) are expected to behave
- How external stakeholders can expect the company to operate (suppliers, contractors)

As part of the drafting process, the company's social policy needs to draw from the results of benchmarking core values and expectations with the applicable law. This ensures the legitimacy of the expectations that are communicated in the social policy.
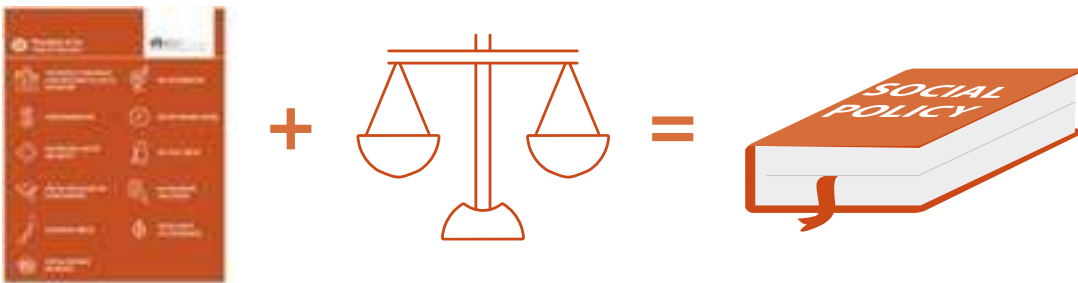
The BSCI Code of Conduct serves as the basis for company social policy.

For more information on the importance of a social policy, values and observance of the law, see the BSCI System Manual Part I - Chapter 3, subchapters 3.1. to 3.4.
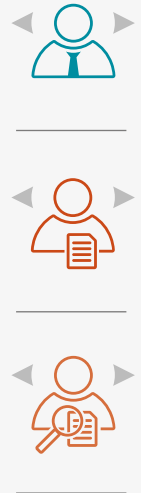
Specific for Business partners to be monitored (producer)

The social policy allows management and workers to:

- Get the BSCI Code of Conduct backed up by the national law in one document
- Consolidate the values to follow in business activities
- Understand the aim and importance of the BSCI Audit

3.   PROCEDURES

Procedures ensure that the social policy is implemented in a systematic way within the business enterprise. They provide clarity on:

- **Decision-making level:** Who decides what
- **Operational level:** Who implements what
- **Timeframe:** How often? How long?

A company will have procedures in place to:

- Define and review its social goals
- Analyse social risks and impacts: Who defines what is risky for the business? Who is responsible for taking risks?
- Update business practices to meet relevant legal requirements
- Establish programmes and direct competent staff to meet objectives and targets
- Monitor and measure progress towards achieving objectives
- Ensure workers' awareness and competence about the company's social policy and objectives
- Review and improve the Social Management System

These are examples of required procedures:

- Anti-corruption
- Human resources (hiring, training, remuneration, disciplinary measures, firing)
- Grievance mechanisms
- Selecting business partners (e.g. hiring subcontractors)
- Internal auditing
- Monitoring impacts
- Remediation Plan and monitoring its progress
- Periodical revision of the social policy and management systems (see Social Management System Review below)

IMPORTANT – Companies shall prioritise the development of procedures that deal with everyday activities as well as those aspects that may represent a higher risk.
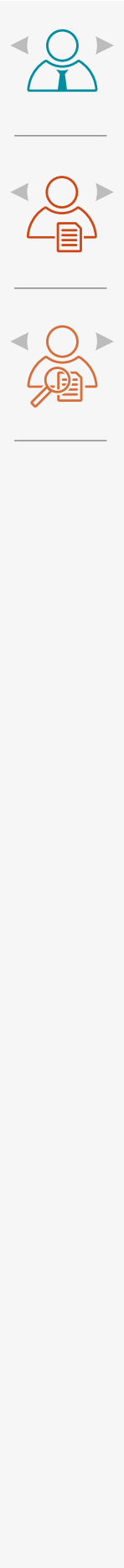
4. RECORD KEEPING

An effective Social Management System has to be supported by a good record keeping system.

The table below shows the characteristics of a good record keeping system.

Companies certified to ISO-type systems are already familiar with these requirements:

Record Keeping should be	Explanation	How to evaluate?
Compliant	The record keeping system is in line with the **legal and administrative requirements** for the jurisdictions in which they operate, including specific documentation, operational, and reporting requirements.	Does the company keep the records as long as required by law? Does the company respect privacy and information security regulations?
Responsible	The record keeping system is directed by **policies** with assigned **responsibilities**, along with formal methodologies and **procedures** for their management.	Does the company have procedures in place about how records need to be kept? Who is the responsible for each set of records? E.g. accident records; compliance records; payrolls
Implemented	The record keeping systems are employed consistently in the **normal course of business** and record keeping follows the defined policies and procedures. The records are legitimate and not a face-saving exercise.	Does the company adjust the system to the way in which business is conducted? Is decision-making based on the relevant records that are kept for that purpose?
Reliable	The record keeping system processes the information in a **consistent** and **accurate** way, to ensure that the records they hold are **credible.**	Regarding evidence on business partners, does the company have specific measures to ensure that the information is and remains credible? E.g. concerning age verification: does the company have additional measures to check the validity of identity cards?
Available	The relevant person can find relevant information in the record keeping systems in a timely manner.	Would the company, if that company is a producer involved in BSCI, be able to provide information on demand if requested to do so during an "unannounced audit"? Or during a buyer's visit?

Figure 19: Characteristics of a Good Record Keeping System

Specific for Business partners to be monitored (producer)

Effective record keeping is particularly critical because BSCI Audits rely on the verification of documentary proof as part of **the triangulation technique**. (See Internal monitoring below).

Record keeping must file:

- All procedures drafted to follow the social policy
- Actual records such as:
    - Employees' contracts, remuneration, working hours, training (e.g. for migrant workers, seasonal workers)
    - Agreements with recruitment agencies
    - Occupational health and safety risk assessments
    - Accident records
    - Machine maintenance
    - Licenses, certificates
    - Internal monitoring and remediation plans
    - Human rights impact assessments (including of the supply chain)

Documents to make available during the BSCI Audit are listed in Annex 6: Most Relevant Documents for the BSCI Audit. The list is not exhaustive but is to be used as a reference.

5. INTERNAL MONITORING

Monitoring and periodic reviews allow companies to understand how to check and adjust their social performance.

Monitoring the Social Management System is to be done from three angles:

- **Intent:** Are all the elements of the Social Management System in place?
- **Implementation:** Are procedures being followed?
- **Effectiveness:**
    - How is the social performance of the company in general?
    - Does the company observe the law?
    - Is the company making progress towards its improvement objectives?

Records help businesses to define quantitative indicators of progress, for example:

- Wage levels
- Frequency of disciplinary measures
- Frequency of absenteeism
- Frequency of complaints

The table below shows the elements of the triangulation technique that are relevant for the internal monitoring as well as for BSCI Audits.

VISUAL OBSERVATION	INTERVIEWS
Examples • Site access • Visitor check-in area • Warning signs • Use of PPE • Availability of first-aid kits • Confined spaces	**Examples** • Do workers and managers understand the policies and procedures? • Are there ideas for improvement? • Do workers feel comfortable filing complaints? • How are business partners selected?
MEASURING AND TESTING	**DOCUMENT REVIEW**
Examples • Quality of drinking water for workers • Noise level • Frequency of absenteeism • Lighting for night work	**Examples** • Permit requirements • Occupational health and safety records • Inspection records • Complaint logs • Wage slips • Policies and procedures • Training records

Figure 20: Elements of Triangulation Technique

6. SOCIAL MANAGEMENT SYSTEM REVIEW

Periodic review: Social Management Systems need to be evaluated periodically and adapt to changing business environments and lessons learned. The review shall be done with more frequency at the beginning once the system becomes operational (e.g. every 3 to 6 months).

Once the Social Management System is well-established, it may be sufficient to evaluate it once a year.

The review should at least assess:

- Overall success of every item of the policy
- Remediation plans and the effectiveness of their implementation
- The suitability of procedures
- Effectiveness and practicality of forms and records in use
- Complaints and the grievance mechanism(s)
- Possible adjustments based on risk assessments
- Priorities to define for the next 3, 6 and 12 months
- Approved resources needed by senior management

Minutes of these meetings, which must include the key topics discussed and the decisions made, shall be kept in writing in the central record keeping system.

Senior management must be involved in the review process.

Social Management System and the BSCI cascade effect:

By signing the BSCI Code and related Terms of Implementation, business enterprises commit to cascade the BSCI Code through the supply chain, regardless if they are going to be monitored or not.

As part of their Social Management Systems and ongoing due diligence, business enterprises should regularly assess risks to human rights in the supply chain (e.g. land rights, remuneration, discrimination towards minorities). Possible risks can then be mapped to determine how to mitigate them.

7.   BUSINESS PARTNERS THAT ARE NOT TO BE MONITORED

They integrate in their own Social Management Systems the following aspects:

Procedures to:

- Include the BSCI Code of Conduct as part of the selection of their significant business partners (particularly those that belong to a BSCI Participant's supply chain)
- Define the communication channel(s) with the BSCI Participant
- Define relevant social performance topics to proactively communicate to the BSCI Participant

Record keeping for reference on:

- How its own significant business partners embrace the BSCI Code of Conduct
- The social monitoring of/in their supply chain

8.   BUSINESS PARTNERS THAT ARE GOING TO BE MONITORED (PRODUCER)

The auditor evaluates the level of awareness that the auditee has with regard to its own business partners.

To that aim, the auditee should follow the following steps:

- **Mapping the business partners:**
  To decide which of the business partners need to be involved in the **internal monitoring** phase, the main auditee applies the methodology described in
  BSCI System Manual Part I: Chapter 3, subchapter 3.5.3. Classify and select business partners

  The table below is an example of how the main auditee may classify its own business partners and the related way to monitor their social performance

High	Valid certificate 2nd party audit
Medium	2nd party audits Internal audits Part of the Social Management System
Low	Part of the Social Management System Internal audits

  To classify and monitor its business partners, the main auditee uses information such as:
  - BSCI Template 1: Business Partner Information
  - Any other self-assessment or social audit tool (e.g. SMETA report or GRASP self-assessment for farms)

- **Awareness raising among the business partners:**
  The main auditee informs its business partners about the BSCI Code of Conduct. Those to be included in the internal monitoring must be aware of:
  - The content and procedure of the internal monitoring
  - The role of the internal auditor
  - The communication and grievance channels

  E.g. If the main auditee is a cooperative, the president shall call for an extraordinary meeting of members to inform them about the issue and next steps. Minutes of this meeting must be recorded.

- **Business partners' internal monitoring:**
  The main auditee takes charge and responsibility in supporting the business partners to continuously improve their social performance. When the main auditee sources fruits and vegetables directly from farms such responsibility is mandatory. Expectations of business partners' social performance may differ depending on their respective capabilities

- E.g. Some social requirements do not apply to farmers who qualify as smallholders. For more information, see BSCI System Manual Part III – Chapter 3: How Farms are Involved in the Monitoring Process (if applicable)

IMPORTANT – The internal auditor has the capacities to conduct social audits. He or she shall go through the BSCI System Manual in detail and pay special attention to the chapters and all the content addressing the auditors who conduct BSCI Audits.

The internal social audit may lead to a Remediation Plan before the BSCI Audit takes place. This allows the main auditee and sampled business partners to initiate improvements that positively impact the BSCI Audit.

- **Minimum number of internal monitoring:**
  The internal monitoring of business partners must be repeated periodically.

  New business partners should always be included in the process. The main auditee decides on the number of business partners to be internally monitored.

  One exception:
  If the main auditee sources fresh produce directly from farms (fruits, vegetables and flowers), the auditee shall internally audit 2/3 of its own farms. If the main auditee is a cooperative, the farm members are considered as its own farms. The main auditee has 3 years to do the internal audits.

Internal Audits in own supply chain via Social Management System (SMS)	Producer
All units have to be audited via the SMS and BSCI	Packaging Unit Packaging Unit
• 2/3 of farms audited via SMS • 10% sample (minimum 2 farms, maximum 10 farms) audited by the BSCI Auditor	Farm Farm Farm Farm Farm
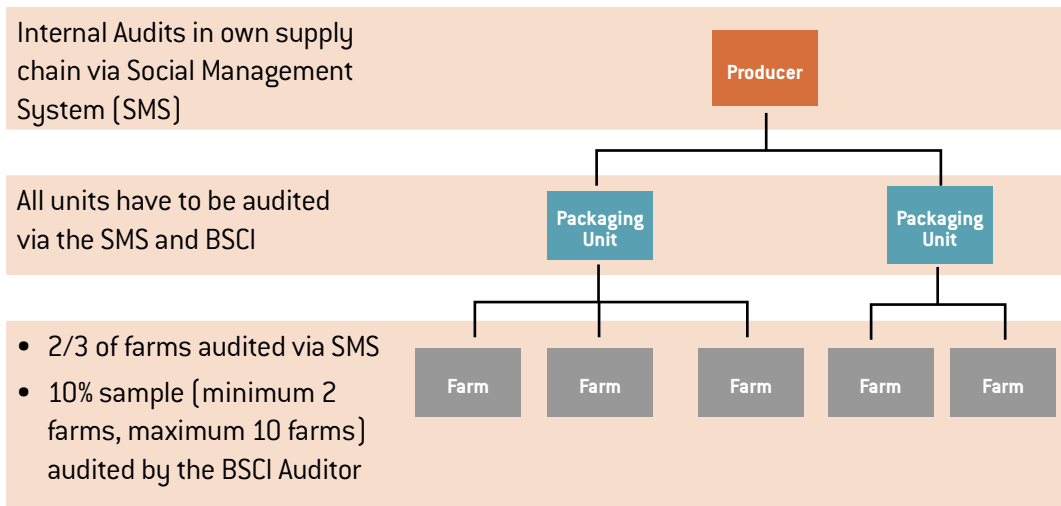
ANNEX 4 – HOW TO SET UP A GRIEVANCE MECHANISM

This document provides details on the characteristics of a grievance mechanism. It defines the steps to lodge and investigate a grievance.

1.   UNDERSTAND THE PRINCIPLES

A grievance mechanism must comply with the following principles.

Knowing these principles will help a business enterprise develop and set up an operational grievance mechanism.

| Legitimate | **All the parties should recognise the mechanism as legitimate and workers should feel that they are able to raise their grievances without fear of victimisation or negative consequences.**

• **Consultation:** Before a new mechanism is set up, there should be consultations on the draft mechanism between management, workers and their representatives
• **Awareness:** Once it is implemented, all managers, supervisors and workers need to be fully briefed so everybody is made aware of the mechanism
• **Training:** Training should be given to managers, supervisors, workers and their representatives
• **Procedure:** When someone has raised a grievance by using the grievance mechanism, it is important to stick to the agreed procedures so that the legitimacy of the process can be further ensured |

Accessible	**Everyone should know that the mechanism exists and how to use it.** • **Displayed:** Copies of the mechanism procedures should be displayed on all notice boards that are seen by workers, as well as in workshops, changing rooms and other areas where workers gather • **Hard copy:** When it is set up, workers should be given a 'hard copy' of the mechanism procedures as well as the necessary forms • **New hiring:** When new workers are hired, ensure an information session is conducted to explain how the mechanism works; this should be prioritised for young workers; seasonal workers should also be invited to attend • **Informative sessions:** The content of these information sessions should at least include: what a grievance is; how to raise it; where to get the necessary forms; where to hand them in; where to go for information on the mechanism
Transparent	**Everyone should be able to see that the mechanism is working.** **Confidentiality:** Transparency does not simply mean displaying names and practical details about the grievance. Communications should be balanced: reveal general information but keep personal and other important details confidential. **Publication:** Normally, the following information can be published: the date of the complaint; the description (in general terms); the investigation and conciliation measures taken; the final remedy taken and the date of the solution.
Start with Dialogue	**The mechanism should aim at getting people to talk to each other so that they agree on the nature of the problem, and agree on solutions that are acceptable to all parties concerned.** **Cultural differences:** Every culture has a different understanding of what dialogue means and what can be achieved through it. **Training on conciliation**: At least the person in charge of receiving the grievances should be trained on managing conflicts in the workplace, conciliation and mediation. **External support:** Seek external support from consultants or stakeholders specialised in conflict resolution as well as the topic at stake.

2.   UNDERSTAND THE CONTENT

A grievance can be defined as any concern, unhappiness or discontent that a worker might have in the workplace.

Grievances can be related to:

- **Infrastructure** (e.g. the working room does not have sufficient lighting or ventilation; the space assigned to the worker is not sufficient to safely conduct the work)
- **Personal relations** (e.g. a supervisor has used physical or verbal harassment; there is a conflict between co-workers)
- **Contractual rights** (e.g. payment is systematically delayed; there are illegal deductions; overtime is not paid in premium rate or it is paid in a lower amount than initially agreed)
- **Human and labour rights** (e.g. a worker has suffered discrimination based on gender; religion; place of origin; a worker has been punished because of attending a trade union meeting; the water available during working time is not drinkable)
- **Others: customary rights** (e.g. requesting time to pray or to participate in community activities)

Workers' grievances may also be related to issues other than what is described above in the five categories. In such cases, workers may still lodge the grievance internally while seeking outside assistance. Workers representatives can be a good source of information.

3.   UNDERSTAND THE PROCEDURE

Workers should have access to the grievance procedure, including necessary details such as:

- The possibility to hold an open and constructive meeting about a grievance with their immediate supervisor or manager
- **The right to appeal** to a more senior manager against a decision made by their supervisor or manager
- The **workers' right to be accompanied** by a fellow worker of her/his own choice or by a union representative (applicable for unionised facilities) when attending the meeting to discuss a grievance

The procedure should be able to answer questions like:

3.1. Who can lodge a grievance?

A good grievance mechanism should apply to **all workers** regardless of their roles or seniority.

3.2. How is a grievance lodged?

Grievances could be raised verbally or in writing.
Usually, the first stage is to make a verbal complaint (e.g. to the direct supervisor). The escalation of the complaint to a higher level of management (or the person in charge of the grievance mechanism) occurs most often through a grievance form (see below).

Although both verbal and written systems may work, for the sake of transparency, a business enterprise may encourage workers to use its own grievance form.
The form will keep track of the nature of the grievance, the nature of the investigation and remediation steps.

Workers may seek the support of a fellow worker or the workers representative to raise the problem on their behalf. This is another suitable way of raising a grievance that should be legitimate and that cannot easily be rejected by the manager or person in charge of the grievance mechanism.

3.3. Who collects the grievance forms?

In general, it is recommended that the worker should lodge the grievance with her/his immediate supervisor or manager (first instance). If the grievance is raised about her/his own supervisor, the grievance will need to be addressed to the person in charge of the grievance mechanism.
It is also recommended that companies appoint somebody to deal with grievances and that workers are aware of who that is. If not, workers' grievances will be processed through the company hierarchy.
Appointing a person to deal with grievances enforces:

- **Transparency and predictability:** everyone in the company knows from the beginning who is supposed to first learn about the grievance
- **Efficiency:** The grievance does not get lost through the different company departments and it can be addressed immediately

4. USE GRIEVANCE FORMS

Grievance forms should not be complicated documents but they should:

- Allow the workers to describe the actual grievance
- Allow the company to track the investigation, conciliation and remediation steps, when applicable
- Be available to all workers at the production site; copies of the forms should also be left in places where workers can access them easily and privately (e.g. changing rooms, the workshops and other places where workers spend a lot of time).

IMPORTANT – An identification number may be assigned to the grievance (e.g. number/year). This will facilitate tracking both the investigation and communication process without actually revealing the identity of the worker or the nature of the complaint. The form may contain a list of possible grievances to help workers describe their grievances.

Grievance number: n/yyyy

From:

First name

Last name

Job title

Date

Signature

Category   **Description (please be as specific as possible):**

- Infrastructure

- Personal relations

- Contractual rights

- Human rights

- Labour rights

- Customary rights

For Administration use only

Recieved by:

First name

Last name

Job title

Date
Grievance received

Signature
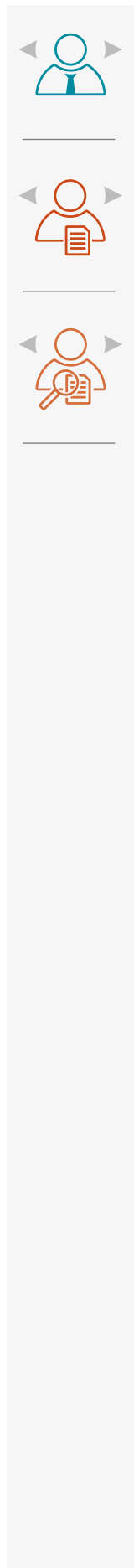
Figure 21: Example of a Grievance Mechanism Form

5.　FOLLOW-UP ONCE A GRIEVANCE IS LODGED

5.1.　STEP 1 Acknowledgement:

The supervisor or person in charge of the grievance mechanism should acknowledge receipt of the grievance form in writing.

E.g. Grievance number 3/2014 was received on 13/03/2014. The worker will be contacted within 10 days to proceed to the next steps. Signature.

Keep this statement simple: What is relevant at this point is that the date of reception is acknowledged and that there is a commitment to follow up.

More details can be communicated when the worker is contacted. Even if the aim is to solve grievances as quickly and effectively as possible, the timeframes will vary depending on the complexity of the grievances.

5.2.　STEP 2 Analysis:

The supervisor or the person in charge of the grievance mechanism should:

- Analyse the issue
- Try to identify the root cause(s) of the problem
- Identify the potential solutions
- Make the necessary arrangements to resolve the problem (or remediate)

This analytical approach

- Shows if the proposed correction or remediation is affordable
- Brings different solutions depending on the type of grievance

E.g. A grievance against the conditions of the workplace infrastructure will require a different approach and timeline for finding the solution than a grievance related to personal relations with a supervisor or co-worker.

The table below helps to analyse a grievance:

Related category	
Infrastructure related	☐
Personal matter	☐
Contract related	☐
Human and labour rights	☐

Grievance analysis		Comments
Do I know the potential root cause?	☐	
Do I need more information?	☐	
Who should I contact?	☐	
Is the potential solution feasible? By when?	☐	
Do I have the leverage? Who can help me?	☐	
What is the cost of the remediation? Is it affordable?	☐	

Figure 22: Example of How to Analyse a Grievance

5.3.   STEP 3: Mediation:

Once the analysis of the grievance is complete, the supervisor or person in charge of resolving the grievance should call the worker for a meeting.

The invitation for a meeting can be extended orally or in writing.

The advantage of a written invitation is the documentary proof. However, depending on the context of the complaint or company procedures, a written form may not be an option.

Regardless of whether the invitation to the worker is written or oral, it should communicate:

- The day of the meeting
- The place
- Who else will be present (if applicable)

The worker should also be informed of her/his right to come to the meeting with a fellow worker of her/his free choice or the workers representative.

The worker may also choose to invite somebody from outside the company such as a trusted community stakeholder.

During the meeting, the person in charge will provide the background (step 1, step 2) and present the reasoning behind the analysis.

The worker should be given the chance to contribute at every step of the explanation and she/he should validate if the analytical process has been consistent and accurate.

Eventually, the person in charge will present the potential solution and he/she will seek the worker's reaction and approval. Minutes of this meeting should be taken.

5.4.   STEP 4: Closing and Publication

Ideally, after the mediation meeting, an agreement will have been made between both parties and they will have settled on the corrective or remediation measures to be taken as well as the timeframe to implement these measures.

With respect to the privacy of the people involved, the solution of the grievance will be published on the notice boards to address workers.

Making the solution public as well as respecting the timeframe for the corrective measures are crucial for maintaining the credibility of the grievance mechanism among the workers.

5.5.   STEP 5: Appeal

Disagreement on the analysis and proposed corrective actions as well as any delay on the implementation of agreed corrective measures are grounds for appeal.

In addition, the worker may raise an additional complaint if she/he believes to have been victimised or harassed in the way in which her/his grievance has been dealt with.

The management should investigate the worker's claim immediately.

Misuse of the grievance mechanism to victimise or harass workers should be disciplined (including dismissal of the supervisor or manager) as this behaviour compromises the integrity of the mechanism.

The workers may seek other channels of appeal outside the company. These depend on the national laws and the different arbitration processes and platforms available in the region to address workers' complaints.

Finally, the relevant labour laws may define legal dispute mechanisms.

6.   COMPLAINTS FROM LOCAL COMMUNITY

Business enterprises may have a procedure to receive grievances from local people. The steps described above for grievances from workers remain valid to address grievances from local communities.

The company shall ensure that local community members are aware of their rights and the related channels to lodge grievances.

ANNEX 5 – BSCI ZERO TOLERANCE PROTOCOL

This document provides details on the Zero Tolerance issues and related protocol for the BSCI Secretariat, BSCI Participants and auditors.

1.   BACKGROUND

Auditors must carry out the following procedure if during a BSCI Audit (full or follow-up) they identify any Zero Tolerance Issue as defined below.

Zero tolerance issues can be:

- Flagrant human rights violations
- Flagrant unethical behaviour that compromises the integrity of the BSCI Audit
- Found at the production facility as well as at the employer-provided housing that is checked as part of a factory or farm visit

2.   DEFINITION OF ZERO TOLERANCE ISSUES

Child Labour

- Workers who are younger than 15 years old (or the legal minimum age defined by the country, e.g. 14)
- Workers younger than 18 who are subjected to the worst forms of child labour (forced labour, prostitution, pornography and illegal activities)

Bonded Labour and inhumane treatment

- Not allowing workers to leave the workplace against their will, including when they are forced to work overtime against their will
- Use of violence or the threat of violence to intimidate workers to force them to work
- Inhumane or degrading treatment, corporal punishment (including sexual violence), mental or physical coercion and/or verbal abuse

Occupational Health and Safety

- Occupational health and safety violations that pose an imminent and significant threat to workers' health, safety and/or lives

Unethical behaviour

- Attempted bribery of auditors
- Intentional misrepresentation in the supply chain (e.g. hiding production sites)

To be considered zero tolerance, all these issues must be:

- Flagrant at the time of the audit
- Factual and proven

Confidential comments: If the auditor has serious suspicions that zero tolerance issues take place, but they are not flagrant at the time of the audit, then the auditor shall report those suspicions under "Executive Summary of Confidential Comments" in the Audit Report.

3. PROTOCOL FOR THE AUDITOR

3.1. Due diligence:

The auditor collects as many facts and as much evidence as possible to illustrate the violation. Pictures taken and workers' testimonies help to prove the allegation. When relevant and if possible, auditors inform the victims of their options to seek assistance and to provide referral information.

IMPORTANT – Victims' identities are only disclosed to the BSCI Secretariat.

3.2. Action:

The auditor interrupts the regular course of the audit and uses the time left (if any) to:

- Collect as much evidence as possible
- Ensure the well-being of the victim(s). Any action taken must not in any way place the victim in any further danger or make him or her vulnerable to any retribution

3.3. Notification:

Within 24 hours: Auditors confronted with these Zero Tolerance situations must notify them to the BSCI Secretariat and the relevant BSCI Participants within 24 hours following detection of the flagrant violation(s).

Notification must be done through the BSCI Platform and inform:

- All BSCI Participants related to that auditee (not only the RSP holder)
- The BSCI Secretariat: Auditing, Stakeholder Relations, System and Communications departments
- The BSCI scheme manager at his/her auditing company

4. PROTOCOL FOR THE BSCI SECRETARIAT:

4.1. Due diligence:

Within 48 hours following the allegation:

Auditing Department: Immediately cross verifies:

- The auditor's collected facts and evidence to validate the reliability
- The auditor's training and competences
- Any previous allegations/complaints with regard to either the auditor's or the auditee's behaviour
- With the auditing company, any additional information or documentary support

Communications Department:

Immediately checks media to see if the case could be directly or indirectly related to breaking or ongoing news.

Stakeholder Relations Department:

Immediately verifies if BSCI has local partners to contact who could support in addressing the specific issue. This department will check with the BSCI Country Representatives (when applicable) if some information can be corroborated.

4.2. Coordination:

Within 72 hours following the allegation. Unethical behaviour may require a longer reaction period as it is often subject to the auditing company's internal investigation procedure.

System Department: Upon gathering the information from the other departments, this department organises:

- A conference call with all relevant BSCI Participants
- The integration of relevant local stakeholders (if relevant)
- Definition of investigation steps

4.3. Follow-up and communication:

System Department: Coordinates according to the specific action plan decided among the related BSCI Participants:

- Action plan and the remediation steps
- Inspection request to the local labour authority (when relevant/if possible)
- Agreement among the BSCI Participants on the remediation process. It will vary depending on the alleged violation and the underlying circumstances

Communications Department: Ensures regular communication with/between internal and external stakeholders as appropriate:
Communication with other initiatives if the producer or auditor is part of another initiative, when relevant.

5. PROTOCOL FOR ALL RELATED BSCI PARTICIPANTS:

- Links in the BSCI Platform will remain until the immediate conference call
- They react to the BSCI conference call within 72 hours
- They agree to disclose the company identity among the other implicated Participants
- They will become part of an **ad-hoc remediation group** composed of all related Participants. The group will be led by the BSCI Secretariat as per the first conference call
- They will cooperate within the ad-hoc remediation group to, among other things, communicate collectively to the auditee in question
- They will take the decisions on the investigation process and the remediation steps based on absolute majority (50% +1)
- They will suspend any monitoring activities either in progress or scheduled during the timeframe of the Remediation Plan and its implementation
- They will accept relevant stakeholders as part of this ad-hoc remediation group, if necessary
- They will ensure that the effectiveness of the Remediation Plan is verified in due course by means of a full BSCI Audit

ANNEX 6 – MOST RELEVANT DOCUMENTS FOR THE BSCI AUDIT

This list illustrates documentation relevant for keeping an effective Social Management System.

It should not be considered as fixed as every company shall decide which documents reflect its own business.

Current and minimum 12 month old records should be available for the audit. As part of the auditing technique to seek satisfactory evidence, the auditor shall verify documents from this list and others that may be relevant for the specific audit. Business partners to be monitored shall benefit from having used this list by collecting the information in advance to be better prepared for the BSCI Audit. The documents listed below are also listed by Performance Area in the BSCI System Manual Part II and Part III.

No.	DOCUMENT
	CERTIFICATES AND CONTRACTS
1	Job descriptions in which the implementation of BSCI is included
2	Evidence of the qualifications of the person in charge of implementing BSCI
3	Employment contracts including those related to security personnel, cleaning and other services
4	Contract with any service provider including food services, transportation, agents
5	Worker contracts or agreements, including with recruitment agencies
6	Employment contracts and/or posters where workers' rights and obligations are displayed
7	Valid inspection and insurance for machinery and vehicles
8	Purchase invoices of the PPEs bought by the auditee
9	Valid business license and all necessary official approvals to run operations
10	Official building certificate about safety and appropriateness for the industry
11	Valid certificates and environmental licenses

	TRAINING
12	Evidence of a training calendar for workers and management
13	Documentary evidence of training given to workers, management and human resources (e.g. list of attendees with signatures)
14	Documentary evidence of trainer competence
15	Documentary evidence of workers training on occupational health and safety
16	Documentary evidence of workers' qualifications for those who deal with dangerous machines, electrical installation and any other activity that requires specific training due to the high level of risk
17	Documentation of all trainings given to young workers
18	Communications and trainings to promote and reward integrity
	RECORDS AND REPORTS
19	Documentary evidence on production capacity planning
20	Evidence that the BSCI Code of Conduct and Terms of Implementation have been distributed to significant business partners
21	Signed BSCI Code of Conduct and relevant Terms of Implementation if farms are part of the scope of the audit
22	Evidence of business partners' social performance (quarterly reports, audit reports, valid certificates)
23	Documentary evidence of the social policy and procedures to implement BSCI
24	Documentary evidence of the workers representative election
25	Documentary evidence of regularly scheduled workers meetings
26	Records of agreements with workers representatives
27	Documented working rules
28	Documentary evidence of grievances lodged/investigated (e.g. BSCI Template 8 filled in)
29	Collective Bargaining Agreement (if applicable)
30	Minutes or documents of meetings that led to the collective bargaining agreement (if applicable)
31	Recruitment and dismissal procedures and records
32	Documentary evidence on disciplinary procedures
33	Documentary evidence on disciplinary cases and the measures taken
34	Documentary evidence of workers' performance assessments and procedures
35	Documentary evidence of legal deductions for goods and services
36	Documentation on legal minimum wages relevant for the sector

37	Pay slips for workers and documentary evidence of payments
38	Fair remuneration quick-scan completed (BSCI Template 5)
39	Personnel data files for all workers (including seasonal workers)
40	Documentary evidence of additional benefits (commercial insurance if applicable)
41	Documentary evidence of updated contributions to social insurance funds
42	Lists of wage ranges and calculations including for piece rate workers
43	Documentary evidence of the legal permanent exception covering the auditee's industry
44	Working time records
45	Documented overtime procedure including agreements with workers
46	Documented records of accidents
47	Risk assessment for safe, healthy and hygienic working conditions
48	Action plan for safe, healthy and hygienic working conditions
49	Occupational health and safety regulations applicable for the industry
50	Documentary evidence of the election process of the health and safety committee
51	Minutes of the health and safety committee meetings
52	Age-verification procedure
53	Procedure to avoid child exploitation
54	Child labour remediation procedure
55	Risk assessment and related action plan with specific measures to protect young workers and young female workers
56	Young workers overview records
57	Young workers' work cycle overview
58	Overview of subcontractors
59	Overview of apprenticeships granted in the company
60	Overview of seasonal workers
61	Environmental risk assessment
62	Map identification of water springs, rivers, lakes in the area of auditee activities
63	Documentary evidence of consumption, withdrawal and disposal of chemicals (including Material Safety Data Sheets – MSDS)
64	Official inspections conducted to ensure building and equipment safety, including date of validity and corrective actions if any

INSPECTION REPORTS, MAINTENANCE RECORDS, OPERATING AND SAFETY INSTRUCTIONS FOR:	
65	Dangerous machines, including but not limited to lifts, electrical equipment, high-pressure equipment
66	Firefighting equipment (e.g. inspection tags on fire extinguishers)
67	Potable water at production facilities and dormitories
68	Health and safety for the facilities and dormitories including but not limited to temperature, noise level and lighting
69	Calculation of the necessary financial and personnel resources to comply with the minimum social and environmental requirements
70	Anti-corruption policy
71	Corruption risk assessment
72	Procedure for investigation and discouragement of unethical behaviour

ANNEX 7 – BSCI BUYERS CHECKLIST

This document intends to support buying departments in the identification of imminent social risks when visiting a producer.

This checklist does not intend to substitute a social audit but rather help a person without specific social compliance expertise to identify risks related to a producer's social performance.

This information is to be shared with relevant managers usually at company headquarters (e.g. CSR). This will allow the BSCI Participant to take further steps in line with its CSR strategy. (E.g. When scheduling the BSCI Audit, the auditor may be informed about these pre-identified areas of concern).

QUESTIONS			
Requirement	**YES**	**NO**	**Comment**
1. Is the BSCI Code of Conduct posted in a visible area?	☐	☐	
2. Is the person in charge of implementing BSCI in a senior role?	☐	☐	
3. Is there any kind of complaint mechanism / suggestion box visible?	☐	☐	
4. Do people address colleagues and subordinates with respect?	☐	☐	
5. Is any information visible on how shifts are organised? Or lunch breaks? Or working hours?	☐	☐	
6. Is the workplace clean and organised?	☐	☐	
7. Are the toilets clean and equipped with soap and the necessary accessories to respect workers' hygiene and morals?	☐	☐	
8. Is drinking water made available and accessible to workers?	☐	☐	
9. Are workers using Personal Protective Equipment (PPE)?	☐	☐	

10. Are there first aid kits with enough material available?	☐	☐	
11. Are signs and warnings posted in the right place and are they intuitive enough to be understood regardless of the level of literacy?	☐	☐	
12. Are escape routes/aisles and exists properly marked, unblocked and easily accessible?	☐	☐	
13. Are there fire extinguishers available and in good condition?	☐	☐	
14. Is a fire alarm system installed?	☐	☐	
15. Is the evacuation plan posted in a visible place and intuitive enough to be understood regardless of the level of literacy?	☐	☐	
16. Are electrical wiring and/or electrical installations in good condition and can imminent hazards be seen?	☐	☐	
17. Are chemicals stored and disposed of in a way that avoids leakage?	☐	☐	
18. Do workers look old enough to be allowed to work?	☐	☐	
19. Is there a place that allows visitors to wait without entering the work area?	☐	☐	
20. Is the building in a good condition and no imminent hazards can be seen?	☐	☐	
TOTAL			

Other comments or recommendations

ANNEX 8 – QUICK ASSESSMENT OF SOCIAL AUDITS FROM OTHER SYSTEMS

This document provides details on how to pre-assess the coverage of other social systems in the supply chain.

This pre-assessment is part of due diligence and allows companies to:

- **Assess the level of risk associated with producers that claim to have a social certificate or follow a similar code of conduct**
- **Decide whether or not these producers are to be monitored within BSCI**

1.   UNDERSTANDING THE CONTEXT

BSCI Participants ultimately envisage that all business partners in their supply chains share their values and principles and, when relevant, are monitored against the BSCI Code.

Exceptionally and temporarily, BSCI Participants may recognise the efforts made by producers following other social schemes provided that:

- The social scheme fully or partially covers the BSCI non-negotiable requirements (see table below)
- The follow-up and implementation plan towards continuous and sustainable improvements is both serious and credible

Business partners that meet the two preconditions mentioned above shall be asked to sign the BSCI Code and Terms of Implementation for Business Partners. The signature provides BSCI Participants with the necessary legal framework to request follow-up and continuous improvements with regard to the equivalent system.

BSCI Participants make this recognition unilaterally. It cannot be mistaken with mutual recognition between the BSCI system and other systems.

2.   NON-NEGOTIABLE REQUIREMENTS QUICK-SCAN

NON-NEGOTIABLE REQUIREMENTS QUICK-SCAN			
NAME OF OTHER SYSTEM:			
Date of the comparison:			
I. Minimum Content	**YES**	**NO**	**Comment**
Reference to the ILO Core Conventions			
Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)	☐	☐	
Right to Organise and Collective Bargaining Convention, 1949 (No. 98)	☐	☐	
Forced Labour Convention, 1930 (No. 29)	☐	☐	
Abolition of Forced Labour Convention, 1957 (No. 105)	☐	☐	
Minimum Age Convention, 1973 (No. 138)	☐	☐	
Worst Forms of Child Labour Convention, 1999 (No. 182)	☐	☐	
Equal Remuneration Convention, 1951 (No. 100)	☐	☐	
Discrimination (Employment and Occupation) Convention, 1958 (No. 111)	☐	☐	
Limit of working hours as per BSCI Code of Conduct			
Regular working hours: maximum 48 hours per week and 8 hours per day, with the exceptions as specified by the ILO	☐	☐	
Limit on overtime: the national law and the characteristics of exceptional, voluntary and premium paid	☐	☐	
Resting time: resting breaks in every day and right to at least one day off in every seven days unless a valid Collective Bargaining Agreement specifies otherwise	☐	☐	

Remuneration			
At least minimum wage according to the national law or industry minimum standard is enforced	☐	☐	

Occupational Health and Safety			
Conducting Risk Assessment	☐	☐	
Workers Training	☐	☐	
Personal Protective Equipment (PPE)	☐	☐	
Chemicals	☐	☐	
Accident and Emergency Procedures	☐	☐	
Electricity	☐	☐	
Fire Protection	☐	☐	
Escape Routes and Emergency Exits	☐	☐	
Machine and Vehicle Safety	☐	☐	
First-aid	☐	☐	
Workplace, Social Facilities, Housing	☐	☐	

2. Audit Process and Auditing Bodies	YES	NO	Comment
Duration of the audit			
The social audit takes minimum one man-day (8 hours x one auditor)	☐	☐	
The duration of the audit must be visible in the audit report	☐	☐	
Audit validity			
The certificate or social report shall not be older than 12 months	☐	☐	
Triangulation technique			
The social audit shall include verification of documents, worker interviews and the site visit	☐	☐	

Clear follow up

The social audit report shall describe the findings and define deadlines for required corrective actions. Certificates; Audit Reports must have further explanations of findings (e.g. it is insufficient to only have YES/ NO; graphics; or traffic light answers without further details)	☐	☐	
The social audit used a standardised report with information that is in the latest version in use	☐	☐	

Competence

As a minimum it is a second party audit. Self-assessments cannot be considered as sufficient	☐	☐	
The system must define the minimum competence requirements of the auditor	☐	☐	
The system must have in place mechanisms to ensure to regularly update auditors and/or auditing companies	☐	☐	

3.Governance [Independent Standards]	YES	NO	Comment
The system must have a structured revision process with at least defined steps and a responsible person appointed	☐	☐	
The system must be transparent on its governance (e.g. organisational chart available on the website)	☐	☐	
The system must make available annual updates on its activities and/or impacts	☐	☐	

Figure 23: Non-Negotiable Requirements Quick-Scan

Step 1: Verify that the social scheme meets the non-negotiable requirements

BSCI Participants and their business partners gather information about the social system.

Usually this information comes from the producer (potential auditee) that claims to follow an equivalent system.

This producer shall provide as much information as possible, particularly:

- Full audit report or equivalent document
- Full Remediation Plan or equivalent document

IMPORTANT – In order to safeguard the credibility of BSCI Participants' due diligence process, BSCI Participants are requested NOT to:

- **Accept as equivalent to the BSCI system any other system that does not cover the minimum requirements listed in the Quick-Scan above**

- **Accept all audit reports or certificates issued by a particular social system, without having previously checked the individual audit report or certificate on a case-by-case basis**

If an individual brand's standard meets all the requirements listed above, it can also be accepted as equivalent to the BSCI system.

Step 2: Analyse the level of coverage

Assessment	Consequence
Full coverage	**All questions in the Quick-Scan are answered YES** The producer is not monitored against the BSCI Code of Conduct. The producer signs the BSCI Code and Terms of Implementation for Business Partners Close follow-up must be done on continuous and sustainable improvement The decision not to monitor may be revised at any time

Partial coverage	**All questions are answered YES, except the questions with a dark grey background**
	The BSCI Participant recognises the system up to the end of the audit validity but **no longer than 12 months.**
	The producer signs the BSCI Code and Terms of Implementation for Business Partners.
	Close follow up must be done on continuous and sustainable improvement.
	The decision not to monitor will not go beyond 12 months.
No coverage	**Not all questions are answered YES**
	The BSCI Participant does not recognise the producers' claim.
	The producer signs the BSCI Code and Terms of Implementation for Business Partners to be monitored as this business partner will eventually receive a BSCI Audit.

Step 3: Follow up

- BSCI Participants have the responsibility to closely follow up on the continuous and sustainable improvement of these producers that are covered by other social systems
- When requesting the producer to sign the Code of Conduct, the BSCI Participant should communicate its decision to the related producer and state that such a decision can be reviewed at any time
- If another BSCI Participant sourcing from the same producer decides to include that producer in the BSCI monitoring process, this decision prevails

ANNEX 9 – BSCI CODE OF CONDUCT VERSION 2014 – POSTER VERSION

Original version in A3 format

BSCI Code of Conduct

BSCI
An initiative of the Foreign Trade Association (FTA)
Business Social Compliance Initiative

Our enterprise agrees to respect the following labour principles set out in the BSCI Code of Conduct.

BSCI Principles

THE RIGHTS OF FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Our enterprise respects the right of workers to form unions or other kinds of worker's associations and to engage in collective bargaining.

NO DISCRIMINATION

Our enterprise provides equal opportunities and does not discriminate against workers.

FAIR REMUNERATION

Our enterprise respects the right of workers to receive fair remuneration.

DECENT WORKING HOURS

Our enterprise observes the law regarding hours of work.

OCCUPATIONAL HEALTH AND SAFETY

Our enterprise ensures a healthy and safe working environment, assessing risk and taking all necessary measures to eliminate or reduce it.

NO CHILD LABOUR

Our enterprise does not hire any worker below the legal minimum age.

SPECIAL PROTECTION FOR YOUNG WORKERS

Our enterprise provides special protection to any workers that are not yet adults.

NO PRECARIOUS EMPLOYMENT

Our enterprise hires workers on the basis of documented contracts according to the law.

NO BONDED LABOUR

Our enterprise does not engage in any form of forced servitude, trafficked or non-voluntary labour.

PROTECTION OF THE ENVIRONMENT

Our enterprise takes the necessary measures to avoid environmental degradation.

ETHICAL BUSINESS BEHAVIOUR

Our enterprise does not tolerate any acts of corruption, extortion, embezzlement or bribery.
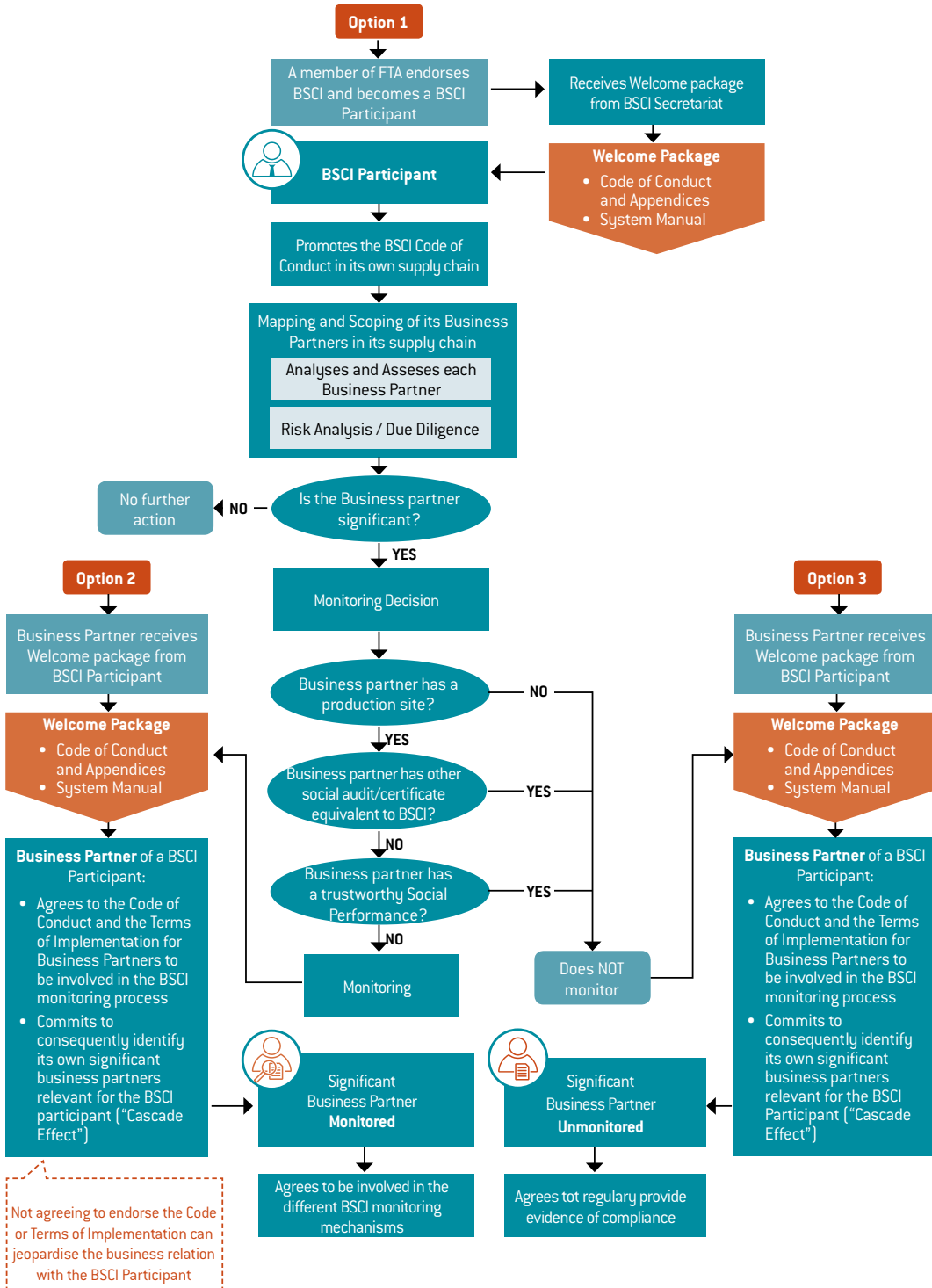
BSCI Approach

CODE OBSERVANCE

Our enterprise is obliged to protect workers' rights as mandated by the law and the BSCI Code.

SUPPLY CHAIN MANAGEMENT AND CASCADE EFFECT

Our enterprise uses the BSCI principles to influence other business partners.

WORKERS' INVOLVEMENT AND PROTECTION

Our enterprise keeps workers informed about their rights and responsibilities.

GRIEVANCE MECHANISM

Our enterprise provides a system to collect complaints and suggestions from employees.

www.bsci-intl.org

ANNEX 10 – HOW BUSINESS ENTERPRISES ARE INVOLVED IN BSCI

Original version in A3 format

Option 1

A member of FTA endorses BSCI and becomes a BSCI Participant → Receives Welcome package from BSCI Secretariat

Welcome Package
- Code of Conduct and Appendices
- System Manual

BSCI Participant

Promotes the BSCI Code of Conduct in its own supply chain

Mapping and Scoping of its Business Partners in its supply chain

Analyses and Asseses each Business Partner

Risk Analysis / Due Diligence

Is the Business partner significant? — NO → No further action

YES

Monitoring Decision

Business partner has a production site? — NO

YES

Business partner has other social audit/certificate equivalent to BSCI? — YES

NO

Business partner has a trustworthy Social Performance? — YES

NO

Monitoring

Does NOT monitor

Option 2

Business Partner receives Welcome package from BSCI Participant

Welcome Package
- Code of Conduct and Appendices
- System Manual

Business Partner of a BSCI Participant:
- Agrees to the Code of Conduct and the Terms of Implementation for Business Partners to be involved in the BSCI monitoring process
- Commits to consequently identify its own significant business partners relevant for the BSCI participant ("Cascade Effect")

Not agreeing to endorse the Code or Terms of Implementation can jeopardise the business relation with the BSCI Participant

Significant Business Partner **Monitored**

Agrees to be involved in the different BSCI monitoring mechanisms

Significant Business Partner **Unmonitored**

Agrees tot regulary provide evidence of compliance

Option 3

Business Partner receives Welcome package from BSCI Participant

Welcome Package
- Code of Conduct and Appendices
- System Manual

Business Partner of a BSCI Participant:
- Agrees to the Code of Conduct and the Terms of Implementation for Business Partners to be involved in the BSCI monitoring process
- Commits to consequently identify its own significant business partners relevant for the BSCI Participant ("Cascade Effect")

ANNEX 11 – THE BSCI COMMITMENT FORMULA VERSION 2010

The new BSCI Code of Conduct clearly sets BSCI Participants' commitment towards abiding by the principles of the BSCI Code of Conduct and their expectations towards their business partners.

The commitment formula allows BSCI Participants to set targets and show the tangible results of their efforts to improve working conditions in their supply chains.

For the purpose of the Commitment Formula, the list of risk countries 2011 is substituted by the new risk-country classification 2014.

IMPORTANT – A new commitment formula will be issued to embed the aspirations of the new Code of Conduct. The below commitment formula remains valid until 1st May 2015.

1.　USING THE BSCI'S INDUSTRIAL METHODOLOGY

BSCI participating companies select 2/3 of their producers or producers supplying 2/3 of their order volume (piece or value) from risk countries to be involved in the BSCI process.

- $3 \frac{1}{2}$ years after joining the initiative, 1/3 of the producers in risk countries have to show audit or re-audit results rated "Good" or "Improvements needed". Alternatively 1/3 of the buying volume (piece or value) has to be supplied by producers with audits rated "Good" or "Improvements needed".

- $5 \frac{1}{2}$ years after joining the initiative, 2/3 of the producers in risk countries have to show audit or re-audit results rated "Good" or "Improvements needed". Alternatively 2/3 of the buying volume (piece or value) has to be supplied by producers with audits rated "Good" or "Improvements needed".

The above mentioned applies to producers of soft goods as well as to producers of hard goods, including processed food.

2.　USING THE BSCI'S PRIMARY PRODUCTION METHODOLOGY

BSCI Participants who source primary products (see definition below) have to involve 10% of buying volume or 15 suppliers in primary production in risk countries in the improvement 2 process and have them audited (first audit), within $3 \frac{1}{2}$ years after joining, using the primary production methodology of BSCI.

Definition of primary products:

All these items are to be audited using the primary production methodology of BSCI:

"Fresh fruits and vegetables including premium preparations; fresh herbs; wine (sourced directly from the winery); flowers and ornamentals; nuts (sourced directly from the farm); aquaculture and fisheries (sourced directly from the farm).

All these items are to be audited using the industrial methodology of BSCI, unless the primary production methodology is preferred by the BSCI Participant:

"Any products involving added and/or processed ingredients; dried herbs or spices; wine produced by industrial blending; cacao, coffee, tea; grains; sugar; canned or frozen fruits or vegetables; juices; meat; fish and seafood; and dairy."

3.   RESULTS ORIENTED COMMITMENT: STOCKTAKING

After having joined the BSCI 3 $^1/_2$ and 5 $^1/_2$ years, respectively, a stocktaking is made through the BSCI Platform in order to assess to which extent BSCI Participants have implemented the Commitment Formula in terms of the amount of producers and audit results.

This is important element for measuring the worldwide impact of the BSCI.

Not reaching the target: If BSCI Participants do not reach the target, they should provide clear and timely explanations to the BSCI Secretariat so that the information can be analysed in order to identify areas for improvement and additional support.

4.   OTHER SYSTEMS RECOGNIZED IN THE COMMITMENT FORMULA

Producers involved in social compliance schemes recognised by the BSCI are deemed to have met the criteria for the Participants' Commitment Formula and, therefore, are not audited in the BSCI scheme.

Currently, a producer with valid SA8000 certification is acknowledged as producer with a "Good" audit result for the commitment formula, whereas a producer with a valid Rainforest Alliance Certificate (SAN), is acknowledged as producer with a "Improvements needed" audit result for the commitment formula.

In addition, the BSCI partially recognises other schemes, which serve to shorten the BSCI audit (e.g. GLOBALGAP certificate).

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