ANNEX 11: How to understand the Commitment Formula

This annex of the amfori BSCI System Manual guides amfori BSCI participants to articulate their commitment towards responsible business practices for the benefit of all.

INTRODUCTION

The amfori BSCI system provides guidance to amfori BSCI participants to adopt and eventually abide by the amfori BSCI commitment formula, which will help them to structure their goals and targets towards responsible business practices.

The amfori BSCI commitment formula applies to all amfori BSCI participants and it consists of:

- **Five minimum engagement requirements**: These requirements outline the minimum activity all amfori BSCI participants must fulfill.
- **Three aspirational goals**: These goals provide amfori BSCI participants guidance on how to achieve continuous progress toward being a responsible business.

The amfori BSCI participants’ performance is assessed quarterly, including both their minimum engagement and aspirational goals. These assessments will be based on data mainly gathered through:

- The amfori BSCI platform
- The amfori Academy
- The zero tolerance tracker

MINIMUM ENGAGEMENT REQUIREMENTS

<table>
<thead>
<tr>
<th>Metric</th>
<th>Measurement</th>
<th>Minimum Engagement Per Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Login on the Platform</td>
<td>Number of logins to the platform</td>
<td>1</td>
</tr>
<tr>
<td>Orphan Producers</td>
<td>Avoidance of 100% orphan producers</td>
<td>Yes</td>
</tr>
<tr>
<td>Invalid Audits</td>
<td>Invalid audits in the system</td>
<td>&lt;50%</td>
</tr>
<tr>
<td>Producer List</td>
<td>Producer list in the system</td>
<td>Producer list is created in system within 6 months from joining</td>
</tr>
<tr>
<td>Automatic RSP Release</td>
<td>Number of automatic RSP releases</td>
<td>&lt;10 per quarter</td>
</tr>
</tbody>
</table>
amfori BSCI participants with insufficient engagement levels will be notified by the amfori Secretariat. They will be informed and engaged in the necessary remediation process.

Over an annual period, if an amfori BSCI participant shows no improvement in the minimum engagement requirements, the membership exclusion process will be implemented.

ASPIRATIONAL GOALS

Aspirational goals are essential and can be monitored by amfori BSCI participants on a daily basis by accessing the amfori BSCI commitment formula dashboard. Through this dashboard, any amfori BSCI participant can determine:

- Their overall rating as a non-weighted sum of all three goals
- The result of each goal, which is an average of its respective targets and key performance indicators (KPIs)

The performance of their company (and branches if relevant) will be reflected as a percentile.
Furthermore, the amfori BSCI participant can assess:

- **The status of its minimum engagement requirement:** Alerts will show if one or more requirements are below the minimum threshold.
• Their performance in comparison to the entire membership of amfori BSCI: This comparison occurs without disclosing the confidential data of the business enterprise.
• Their overall standing by extracting quarterly reports in PDF: This information can serve as a communication tool for meetings with internal and external stakeholders.

MULTIPLE USE OF THE AMFORI BSCI COMMITMENT FORMULA DASHBOARD

The amfori BSCI participant may find the amfori BSCI commitment formula dashboard has many advantages:

• Transparency: The information captured through the amfori BSCI commitment formula dashboard is based on activity, as well as overall application of the amfori BSCI system. This can be used by internal and external stakeholders to respond to questions, as well as to define future strategies.
• Risk assessment: Daily visibility of the activity and application of the amfori BSCI system can help amfori BSCI participants to be aware of any anomaly or discrepancy on their part, allowing for early detection and risk assessment.
• Stimulate continuous improvement: Assessing the evolution and progress in the use of the amfori BSCI system can help the amfori BSCI participant to identify the success of measures taken (e.g. auditing rating improvement after capacity building).

For a full overview of how to best use the amfori BSCI commitment formula dashboard see the amfori Academy.

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