

Annex 12: How to Assess a Small Producer

This annex guides amfori BSCI participants on how and when to request a Small Producer Assessment (SPA), both as a full or a follow-up SPA. Furthermore, it provides guidelines to auditors and complements the [amfori BSCI System Manual Part III](#).

SMALL PRODUCER DEFINITION

In the context of amfori BSCI audits, a producer may claim to be a small producer and therefore eligible for a SPA, if it meets all criteria below:

- **Independent business unit:** The small producer must not be a branch or part of a group
- **35 workers:** Over the last 12 months prior to audit request, the small producer has employed directly or indirectly a maximum of 35 workers, including permanent and seasonal workers (seasonal workers should not be employed for a longer period than 90 days per year)
- **Annual turnover:** Equal or below 2 million EUR
- **Manufacturer:** It is a food or non-food manufacturer or processor, but not a farm

THE SMALL PRODUCER ASSESSMENT (SPA)

The Small Producer Assessment (SPA) has been developed by the amfori Secretariat to support:

- amfori BSCI participants' due diligence when sourcing from small businesses.
- Micro and small enterprises in understanding their responsibilities at the scale within which they operate and to show their commitment as responsible businesses without having to participate in the complexity of an audit.

The following elements are relevant to the SPA:

- It follows the BSCI audit scheduling, audit validity, and rating
- It is semi-announced by default
- It covers the 13 performance areas extracted from the [amfori BSCI Code of Conduct](#)
- It is subject to amfori BSCI audit integrity
- It follows amfori BSCI Zero Tolerance Protocol, when relevant
- It can be linked to a Remediation Plan

The following elements are specific for the SPA:

- It relies on the small producer [self-declaration](#), which needs to be assessed by both the RSP holder and eventually the auditor.
- Its use may be challenged either by amfori BSCI participants through the [amfori BSCI platform](#) or by other stakeholders through the [amfori external grievance mechanism](#), if they have proofs that the producer should not have been audited with a SPA.

- Desk review follow-ups are allowed if findings only refer to specific questions for which documentary evidence is sufficient to solve the finding.

As SPA are amfori BSCI 2.0 audits that are to be applied only when the potential producer meets all small producer's criteria, the amfori BSCI system foresees scenarios where the producer may change its scale of operation within the same audit cycle.

There are three possible scenarios:

- **The audit cycle was initiated within a SPA environment** (e.g. a full SPA was conducted), but the producer is no longer small by the time a follow-up audit is due:
 - The audit request will need to specify the new applicable environment
 - The follow-up audit report will be populated with the information captured in the full SPA
 - The auditor will verify those performance areas where findings were captured during the full SPA and answer the rest of the performance areas as 'Not rated'
- **The audit cycle was initiated within any other environment**, but the producer meets all small producer criteria by the time the follow up audit is due:
 - The producer needs to send a small producer self-declaration to the RSP holder
 - The audit request will need to specify the new applicable environment
 - The SPA follow-up audit report will be populated with the information captured in the full audit
 - The auditor will verify those performance areas where findings were captured during the full audit and answer the rest of the performance areas as 'Not rated'
- **The follow up was conducted within a SPA environment** and the producer is no longer small by the time a follow up audit or a full audit is due:
 - The audit request will need to specify the new applicable environment
 - The auditor will verify those performance areas where findings were captured during the follow up SPA and answer the rest of the performance areas as 'Not rated' or
 - The auditor will verify all performance areas if he or she is conducting a full audit

THE SMALL PRODUCER SELF-DECLARATION

The small producer self-declaration properly signed by the company owner is a pre-condition to schedule a SPA audit (both full or follow-up) through the [amfori BSCI platform](#).

Concerned producers shall fill out and sign the Self Declaration Form and provide it to their clients (e.g. amfori BSCI participants) so that they can follow up with the audit request.

The self-declaration shall not be older than two months from the time the full audit or follow-up audit is going to be requested. Should the producer no longer meet all criteria of a small producer, the RSP holder shall select the relevant audit environment that suits the new situation.

The RSP holder shall share the self-declaration with the auditing company.

AUDITOR GUIDELINES WHEN CONDUCTING A SPA

When conducting a SPA, auditors shall:

- Use their practical wisdom and adjust their judgement to the reality and peculiarities of these small producers so the result is an accurate representation of the small business social performance.
- Pay particular attention to identify evasion or misrepresentation of companies pretending to be smaller than they are.

Auditors shall use the BSCI 2.0 auditor guidelines as reference (see amfori BSCI [System Manual Part III](#)). However, the auditor is responsible to adapt and interpret the BSCI 2.0 guidelines based on the size and characteristics of the small producer that they are auditing. Small producers are often informally organised, based on personal and/or family interrelations.

Here are some examples on how this may be taken into consideration during the SPA:

- **Management systems:** Management systems are assessed by taking into consideration that:
 - Social management in small producers is naturally less sophisticated in terms of policies and procedures. However, this shall not be perceived as a finding if it is effective in practice.
 - The owner may be multitasking while simultaneously in charge of the implementation of the amfori BSCI Code of Conduct. However, this shall not be automatically perceived as lack of commitment or qualifications.
- **Internal structures:** Internal structures of small producers are rarely organised in departments with dedicated responsibilities and specific qualifications:
 - Responsibilities and reporting lines can be defined verbally. Management might concentrate several functions.
 - Service providers are rarely contracted on site (e.g. no doctor on-site or qualified person to provide first aid).
- **Policies and procedures:** Policies and procedures are often defined and communicated verbally to workers and/or family members:
 - For example, with regard to OHS procedures and policy against child labour, the auditor shall not aim at finding writing policies and procedures, but rather assess the level of communication and understanding that workers and family members have on the way the small business operates in a responsible manner.
- **Human resource management:** Human resources are often managed informally and based on family or community relations:
 - Key responsibilities within the small producer may be taken by family members. Some legislation might regard hiring of first degree family members as evasion, which auditors must be aware of.
 - Selecting, recruiting, and terminating working relationships may be verbally defined.
 - The auditor shall assess the level of workers' protection and understanding of their rights through interviews, mainly (e.g. regarding payments, working hours, and disciplinary measures).
- **Workers representation:** Workers representation may not be formal:
 - The size of the business may limit workers' representation and participation in collective bargaining.
 - The auditor shall assess the level of workers' involvement, consultation, and respect through interviews, mainly.
- **Documentation:** Documented proofs and record keeping may not be formal:

- Informal record keeping, as well as relying on third parties to manage documentation, may be frequent among small businesses in certain countries.
- Social and environmental risk assessments, production planning or accident records may not be formally recorded. The auditor shall assess the level of understanding and effectiveness through interviews, mainly.
- **Monitoring of business partners:** Business partners monitoring may be managed informally and based on community relations:
 - The understanding of who and why certain business partners may contribute to the social and environmental risk may not always be clear for a small business.
 - The auditor shall assess the level of knowledge small business partners may have about their business partners, why and how they have decided to work with them, and to which extent the small business has a good overview on what can be done from its side to minimise risks.
- **Grievance mechanism:** Grievance and suggestions may not be recorded:
 - The auditor should not expect a formal channel to receive and investigate grievances, but rather a business culture driven by openness and constructive comments when no bullying to workers and/or family members is detected.
- **Fair remuneration:** Living costs calculations may not be documented:
 - The size of the organisation and possible family interrelations may impact the way remuneration is provided to workers and family members.
 - The auditor shall have a good understanding of legal minimum wage that applies to contracted workers and be able to assess whether all workers and family members would get such a remuneration.
 - The auditor shall estimate costs of living in the region and assess it against the legal minimum wage.

AUDITOR GUIDELINES FOR FILLING IN THE SPA

The following guidelines will help an auditor fill in the SPA:

- **Audit duration:** SPA duration has been fixed in one day for on-site audit, including reporting time for full and follow-up audits and in 0.5 days, including reporting for a desk review follow-up audit.
- **Interviews:** The number of workers to be interviewed may vary between five to ten workers. If the producer being audited has five or less workers, all workers must be interviewed.
- **Attached documents:** A copy of the self-declaration properly signed must be uploaded as part of the SPA before submitting it to the amfori BSCI platform.
- **Executive summary:** The auditor shall reflect the following information under the 'Executive Summary' section in the SPA report:
 - Detailed description of the producer structure
 - Validation method used to assess that the producer meets the SPA criteria, including self-declaration validation.
- **Zero tolerance alert:** In case of factual and proven misrepresentation (e.g. the producer is bigger than it declared prior to the audit), the auditor shall follow the BSCI Zero Tolerance Protocol (see [Annex 5](#)) and implement a zero tolerance alert within 24 hours after the misrepresentation was identified.

- **Contingencies:** If at the time of the audit, the auditor realises that the producer being audited does not meet one of the four small producer criteria, the auditor has three options:
 - **In the case of misrepresentation**, the auditor will implement a zero tolerance alert (e.g. the producer is not an independent unit but part of a bigger holding).
 - **If there is no misrepresentation but a reasonable variation**, the auditor will continue the SPA and describe under the Executive Summary the reasonable variation that still allows the SPA to be suitable for capturing the producer's social performance (e.g. over the last 12 months the producer employed mostly 35 workers but in some occasions exceeded in more than 20%; the annual turnover has exceeded the 2 mill euro in the current year but the producer has a history of being small).
 - **If there is no misrepresentation, but the variation makes SPA inadequate to capture the producer's social performance**, the auditor will need to abort the audit and report it back to the RSP holder in due time. Auditing companies are expected to make this scenario completely exceptional, by a thorough due diligence and good preparation of the audit.

- **Desk review:** The SPA follow-up may generate a desk review under the following conditions:
 - The overall rating of the audit is 'C'
 - It cannot be the second consecutive follow-up as desk-review
 - Findings have been identified only in the below listed elements of the audit questionnaire and related documentary evidence:
 - Q 1.3: Overview of significant business partners
 - Q 5.3: Social benefits legally granted
 - Q 7.3: OHS risk assessment
 - Q 7.4: Overview of workers being trained on OHS
 - Q 7.7: Visible potential hazards through signs and warnings
 - Q 7.10: Electrical installations and equipment periodically checked
 - Q 9.4: Young workers being trained on OHS
 - Q 12.1: Valid environmental permits

SMALL PRODUCERS' SELF-DECLARATION

To get this template in Word, please access amfori BSCI resources in the [amfori BSCI platform](#).

amfori BSCI Small Producer Self-declaration

To whom it may concern,

I, **[name and surname]** as the representative of **[Legal name of producer]** (hereafter called the company) registered on **[dd/mm/yyyy]**, **[business licence, or TAV number]**, hereby declare that the company has signed the amfori BSCI Code of Conduct and related Terms of Implementation. Furthermore, I declare the company meets amfori BSCI criteria to be audited following the amfori BSCI Small Producer Assessment (SPA), because:

- It is an independent business unit (no branch or part of a group)
- It has an annual turnover equal or below 2 million EUR (at current exchange rate)
- Over the last 12 months, it has employed total **[number]** workers, including **[number]** permanent and **[number]** seasonal workers (seasonal workers are those not employed more than 90 days per year)
- It is a food or non-food manufacturer or processor, but not a farm.

I understand that any false statements or concealment of a material fact will trigger a zero tolerance alert according to the amfori BSCI protocol.

I acknowledge that the company shall inform the amfori BSCI participant(s) and/or the relevant auditor of any change to the structure or turnover that may exclude the company from being eligible for amfori BSCI SPA.

I accept the disclosure of this document in the amfori BSCI platform producer profile. I agree that the documents will be visible to all the users who have access to the producer profile in the BSCI platform

Date _____

Signature _____

Name

Position _____

Company _____