Easy Guide to amfori BSCI 2.0
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Introduction
amfori BSCI 2.0, a Comprehensive System to Improving Working Conditions in the Supply Chain

amfori BSCI 2.0 is a comprehensive system designed to provide amfori BSCI participants with all the tools, resources and processes they will need to address the labour issues in their supply chains. There is a strong business case for the full implementation of amfori BSCI 2.0 by both participants and their business partners, independently of amfori BSCI participants’ size, sector of operation or line of business.

Why implement amfori BSCI 2.0:

1. Consumers and client-companies expect the development of controls and processes towards good working conditions when opting for products made in higher-risk countries.

2. amfori BSCI 2.0 is in line with the most recent and significant international norms on human rights, and amfori BSCI participants can thus effectively manage stakeholders’ expectations.

3. While European governments are increasingly adopting positions on companies’ duty of care on supply chain social compliance, implementing amfori BSCI 2.0 helps to establish a credible system to operate and prepare for future regulation.

4. By improving working conditions in the supply chain amfori BSCI participants enable their business partners to increase their efficiency and make a positive impact on their long-term performance.

5. When operating in high-risk industries, implementing amfori BSCI 2.0 is a strong commitment that contributes to building team loyalty and to retain talent.

How to Use the Easy Guide to amfori BSCI 2.0?

This Easy Guide to amfori BSCI 2.0 is designed for you to be able to rapidly introduce yourself to all the key elements you will need for the successful implementation of amfori BSCI 2.0. If you are new to the amfori BSCI system, the Easy Guide will rapidly bring you up to speed on the processes you can use towards developing a socially responsible supply chain. Throughout the document, the following tags will help you to quickly go to the resources you need for any given situation.

Specific references will help you navigate easily in the amfori BSCI System Manual, the reference document for amfori BSCI 2.0 implementation:

The tool box will help you identify tools and other resources offered by amfori BSCI to ease implementation.

At the end of each section, this icon will summarise actions that should be taken with a progressive approach from getting started with the amfori BSCI system to an advanced level, aimed at more experienced participants.

Reference to supporting content on the amfori BSCI System Manual.

We recommend you to use this Guide extensively and encourage your colleagues to familiarise themselves with it!
Part 1 – First, commit to amfori BSCI

amfori BSCI 2.0 is about integrating social responsibility into participants’ business processes and relationships with their business partners.

Continuous Improvement, Cooperation and Empowerment are complementary values that amfori BSCI participants must endorse so that every player along their supply chain can manage adverse impacts they may have on human rights in their sphere of influence.

The amfori BSCI Code of Conduct

The amfori BSCI Code of Conduct is a set of values, principles and an approach to implementation that all amfori BSCI participating companies commit to adhere to, with their business partners along the supply chain (see amfori BSCI System Manual, Part I, section 2 “How to use the amfori BSCI Code of Conduct”).

The amfori BSCI Code of Conduct is composed of five documents:

- Terms of Implementation for amfori BSCI Participants
- Terms of Implementation for Business Partners
- Terms of Implementation for Business Partners to be monitored
- amfori BSCI Reference
- amfori BSCI Glossary

Figure 1: The structure of the amfori BSCI Code of Conduct

- The amfori BSCI Code of Conduct covers shared values and labour principles (cf. illustration on page 5) that amfori BSCI participants’ business partners agree to respect on signing the code
- The Terms of Implementation (TOI) provide detailed information on how amfori BSCI participants and their business partners commit to achieving amfori BSCI standards
- The amfori BSCI Reference lists international norms on which the code is built, such as the ILO Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights
- The amfori BSCI Glossary provides additional information on amfori BSCI interpretation and on key terminology used in amfori BSCI 2.0

Important –

The amfori BSCI Code of Conduct reflects universally-accepted international conventions which most countries have already integrated into legislation. Therefore, business enterprises that respect the law most likely follow the amfori BSCI Code of Conduct already.

Important –

You should design internal processes aimed at better anticipating potential risks or harms before they occur. This means developing capacities to better understand and assess potential adverse impacts in your supply chain.

Important –

The amfori BSCI Code of Conduct includes specific Terms of Implementation for participants, business partners and producers to be monitored. Once it has been signed, it provides a legal framework to request information on the social responsibility of business partners.

Important –

You should design internal processes aimed at better anticipating potential risks or harms before they occur. This means developing capacities to better understand and assess potential adverse impacts in your supply chain.

TOOL BOX

- Consult the amfori BSCI Information Kit for Participants to get a snapshot of amfori BSCI 2.0
- Watch amfori BSCI short videos on the Code of Conduct to familiarise yourself with amfori BSCI Code of Conduct
- Access amfori BSCI Code of Conduct in your language and several other languages if you wish to share it with colleagues and business partners.
amfori BSCI 2.0: A Risk-Based Approach

amfori BSCI participants should implement a “due diligence” process and influence social changes in their supply chain, which includes “cascading” the amfori BSCI principles in their supply chain and improving their process to “involve workers”. These notions work together to better address any adverse human rights impacts that may arise in the supply chain:

Due Diligence: amfori BSCI 2.0 aims at implementing a systematic risk-based approach in order to proactively identify, prevent and address adverse human rights impacts detected in the supply chain. amfori BSCI participants have the responsibility to use amfori BSCI resources and tools to apply reasonable endeavours in the development of a social management system aiming at improving working conditions in their supply chain. (see amfori BSCI System Manual, Part I, section 3.4 “Act diligently”)

amfori BSCI Code of Conduct

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

amfori 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 workers’ associations and to engage in collective bargaining.

Fair remuneration

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

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.

Special protection for young workers

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

No bonded labour

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

Ethical business behaviour

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

No discrimination

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

Decent working hours

Our enterprise observes the law regarding hours of work.

No child labour

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

No precarious employment

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

Protection of the environment

Our enterprise takes the necessary measures to avoid environmental degradation.
Complementary concepts for amfori BSCI implementation

Cascade Effect:
Full coverage and transparency of the entire supply chain is a challenging, long-term goal. amfori BSCI participants therefore need to prioritise implementation areas and to foster social responsibility in their supply chain by engaging business partners at each level to leverage their commitment to amfori BSCI and therefore impact.

Worker Involvement:
amfori BSCI participants must adopt and implement processes that encourage worker input. By involving workers you begin to empower them. They are in the best position to recognise if policies and process are working effectively and they are also the best source of information about how improvements can be made.

Common Guiding Values
By endorsing the Code of Conduct, amfori BSCI participants commit to:
• Adhering to the amfori BSCI core values: Continuous Improvement, Cooperation and Empowerment
• Reinforcing social responsibility in their supply chain by using the amfori BSCI framework, tools and resources to improve working conditions in their supply chain
• Pursuing constructive and open dialogue with stakeholders, including other amfori BSCI participants, business partners and other organisations concerned with social compliance

The amfori BSCI Code also represents your company’s commitment to a socially responsible business in the supply chain. As such, cooperation and buy-in from the CEO and senior management are essential

IN SUMMARY, YOU SHOULD...
• Nominate a main contact person to deal with amfori BSCI system and administer the amfori BSCI platform
• Familiarise yourself with the amfori BSCI Code of Conduct and key other documents such as the amfori BSCI System Manual
• Use the amfori BSCI Code as a policy for your company to make its implementation as effective as possible
How to get started? A step-by-step approach towards amfori BSCI 2.0 implementation

**Plan**
1. Familiarise yourself with the documents
   See p.4 “The amfori BSCI Code of Conduct”
2. Build knowledge and capacities
   See p.11 “Develop skills internally”
3. Nominate main contact persons
   See p.4 “The amfori BSCI Code of Conduct”

**Do**
4. Secure business support - make a plan
   See p.4 “The amfori BSCI Code of Conduct”
5. Communicate to Business partners
   See p.8 “Define and implement your strategy”
6. Map and assess supply chain
   See p.12 “Mapping the supply chain”

**Check**
7. Monitor business partners
   See p.16 “How to take the monitoring decision”
8. Review producer’s profile
   See p.17 “The monitoring process”
9. Remediate
   See p.23 “Support remediation measures in the supply chain”

**Adjust**
7. Review progress against the initial plan
   See p.16 “How to take the monitoring decision”
Part 2 – building the foundations of your socially responsible supply chain

amfori BSCI 2.0 takes the vision and values of socially responsible supply chains beyond monitoring and strict compliance. Social auditing is a useful tool to assess progress, but improving working conditions in the supply chain must start with integrating social requirements into your company’s own policies, processes and organisation, beginning with sourcing, procurement and supply chain management.

Elements of a social management system:

Define and Implement your Strategy

Developing processes towards greater social responsibility in the supply chain is a long journey’ (See The amfori BSCI System Manual, Part 1, Section 3). You should define short, medium and long-term goals in line with the specific context of your company (size, stakeholder expectations, maturity in Corporate Responsibility, aims, etc.) and build your action plan. Support from your CEO or Board is essential in this process in order to secure the required means and resources and actually enforce lines of responsibility.

Set Clear Lines of Responsibilities

You should define lines of responsibility for the implementation of the action plan and key developments expected in the day-to-day activities of key practitioners, buyers for example. Start by defining the mission and objectives of the main amfori BSCI contact within your organisation.

Important –

Supply chain responsibility starts internally. Before monitoring business partners, you should first build your amfori BSCI implementation strategy.

Important –

amfori BSCI participants have to communicate amfori BSCI Code of Conduct to their business partners at an early stage in order for suppliers to better assume ownership of amfori BSCI 2.0. No social audit can be conducted without the signature of the Code and relevant Terms of Implementation by auditee.
Important – Buyers and other procurement practitioners should be duly involved in the definition of the strategy and the implementation of amfori BSCI 2.0. This is the only way to secure buy-in from procurement teams and to align business and social responsibility objectives.

Important – When assessing their procurement practices, amfori BSCI participants should manage their relationships with all business partners in a responsible way, in order to positively influence social changes in their supply chain.

Manage Information and Communication Carefully
Effective communication of your amfori BSCI commitment is essential, with internal communication being a priority. For large companies, developing an internal communication plan is an important step in progressively raising awareness throughout the organisation. It is also crucial to communicate and carefully plan your amfori BSCI participation to your supply chain. Then, within the existing internal communication framework, you should make regular references to your company’s amfori BSCI involvement.

amfori BSCI participants should also communicate their commitment externally, on the corporate website, for example. Making a public commitment is a useful technique for furthering your engagement in amfori BSCI, as external communication formally connects the company towards a broader audience (see The amfori BSCI System Manual, part I, section 3.1 “Commit to Improvement”).

Integrate amfori BSCI into Existing Policies and Process
It is recommended to plan the progressive integration of amfori BSCI into existing procurement policies and processes, from the selection of business partners on social credentials, to the rules on awarding contracts and measuring supplier performance according to social criteria. Start by integrating the amfori BSCI Code into your purchasing terms (see The amfori BSCI System Manual, Part I section 2.3 “Endorsement”).

It is also highly important to develop training plans for key staff involved in amfori BSCI implementation (see amfori BSCI System Manual, Part I, section 4.1 “Building Capacity for amfori BSCI Participants”): start by briefing staff members responsible for the organisation’s procurement and social responsibility policies on the role of amfori BSCI and the contributions it can make to the company’s performance.

Assess Performance and Implement a Continuous Improvement Approach
Performance assessment should cover not only business partners’ social performance after an audit has been done, but also the level of achievements of goals set internally regarding the amfori BSCI implementation. The company should identify and analyse the root-causes of any gaps with goals set in order to develop a solid continuous improvement approach.

Involve Buyers
Procurement practitioners (including buyers, category managers, sourcing managers, merchandisers, quality controllers & depending on your organisation) are best placed to support a robust implementation of amfori BSCI 2.0 as they manage relations with the company’s business partners (see amfori BSCI System Manual Part I, section 3.7 “Involve the Purchasing Department”). Your purchasing department (or the senior person overseeing sourcing and procurement activities for smaller companies) should be involved at several stages:

1 Mapping the supply chain – Procurement practitioners should participate in the classification of the company’s business partners according to social risk criteria. A first step could be to share an overview of the supply chain by distinguishing main sourcing channels (direct or through importers and brokers), sourcing countries and the average number of suppliers.

TOOL BOX
• Use the amfori BSCI “Greeting Letter for Business Partners” to inform your partners about your participation in amfori BSCI
• Use the amfori BSCI Code of Conduct, relevant Terms of Implementation and amfori BSCI Information Kit for Producers” in local languages to better raise awareness amfori BSCI among your business partners.
• Consult amfori BSCI “ How to Communicate on Corporate Responsibility in the Supply Chain” to better define how to communicate your amfori BSCI engagement externally.

• Consult amfori BSCI “ How to Communicate on Corporate Responsibility in the Supply Chain” to better define how to communicate your amfori BSCI engagement externally.
2 Developing the implementation strategy – The purchasing department should, for example, help define the communication process if a buyer identifies significant social risks and have a clear position towards business partners who do not show any willingness to improve their social performance.

3 Implementing amfori BSCI 2.0 – Buyers are in the best position to include social performance criteria at each step of the supplier relationship management (e.g. include the amfori BSCI Code of Conduct in contracts). Many buyers are also “field practitioners” who can assess and engage production sites and other suppliers in the implementation of amfori BSCI principles.

4 Reviewing and adjusting processes – The procurement team should recommend how to further incorporate amfori BSCI values into existing processes and continuously improve the amfori BSCI implementation strategy.

Sometimes, procurement practitioners can see the implementation of the amfori BSCI approach as a constraint or a challenge (e.g. buyers have no time to deal with social compliance issues; costs might increase; there is no issue with current suppliers etc.). Here are some tips to overcome these difficulties:

**Four tips to better involve buyers into amfori BSCI**

1. **Involve buyers in the definition of your strategy and your action plan**

2. **Define buyer’s role and responsibilities in the amfori BSCI 2.0 implementation**

3. **Empower buyers through training and equip them with specific tools**

4. **Incentivise buyers on the social performance of their suppliers**

**Important** – Defining incentives for buyers to better take into account social performance when selecting new suppliers or renewing orders is an efficient way to demonstrate a company’s engagement to improve working conditions in the supply chain.
**Develop Skills Internally**

Genuine and thorough integration of the amfori BSCI Code of Conduct into company practices and processes depends not only on the active involvement of key staff but also on building awareness throughout the organisation (See amfori BSCI System Manual, Part I, section 4.1 “Building Capacity for amfori BSCI Participants”):

Learning how to best use the amfori BSCI platform is also essential for the implementation of the amfori BSCI system. amfori BSCI offers various webinars and tutorials to get a basic understanding of the platform (See The amfori BSCI System Manual, Annex 1 “How to Start with the amfori BSCI Platform”).

**amfori BSCI skills pyramid:**

- **Get started**
  - Train amfori BSCI main contact persons on amfori BSCI fundamentals
  - Raise awareness of top management and buyers on amfori BSCI 2.0 implementation

- **Build on your strengths**
  - Provide refreshers & practical training to amfori BSCI main contact persons
  - Offer a general training on amfori BSCI to buying & quality practitioners

- **Strive for excellence**
  - Develop long range training plan and reach a wider audience
  - Invite lead buyers & other key staff to amfori BSCI targeted courses

**Going a Step Further**

As your company becomes familiar with the amfori BSCI system and the main staff members concerned become more experienced, it is time to both widen and deepen the coverage internally on social responsibility in the supply chain.

At this stage for key staff to be aware of the issues is not sufficient. They must master amfori BSCI 2.0. This is a precondition for the organisation to integrate its principles into existing operations. Key staff including buying practitioners as well as people on the ground, such as merchandisers and quality controllers, will benefit from both general training courses on amfori BSCI overall as well as more targeted courses where appropriate.

**IN SUMMARY, YOU SHOULD...**

- Go to amfori BSCI one-day workshop and announce your participation in amfori BSCI internally and to key business partners
- Raise buyers’ awareness and involve them in the definition of your amfori BSCI implementation strategy
- Build a solid training plan to address gaps and support colleagues in the sound implementation of amfori BSCI 2.0
Part 3– Mapping the supply chain

Mapping your supply chain will help you build a picture of your supply chain. You will be able to use this picture to assess different suppliers in relation to one another, and to evaluate their relative importance to your business as well as their vulnerabilities in terms of social risks.

With this knowledge you will be able to take informed decisions on the practical implementation of amfori BSCI 2.0. Specifically, you will be able to detect, mitigate and manage risks as well as put in place the processes that lead to improving working conditions and promoting decent work.

There are three steps to mapping your supply chain: first you need to gather the information; next you should use it to assess relative risks in your supply chain and on that basis you will be able to prioritise the risks (see amfori BSCI System Manual Part I, section 3.5 “Map the Supply Chain”).

Know your Supply Chain

Start by thoroughly reviewing your existing business relations and identifying the business enterprises in your supply chain. With this you can perform a quick scan to arrange your suppliers according to three criteria:

1. Sector of operation / main products sold
2. Business activity: do your business partners own the production site, or are they intermediaries such as importers, traders or agents?
   In the amfori BSCI system it is important to distinguish business partners from those that should be monitored, to those that are not to be monitored because they do not have a “production environment”.
3. Countries of operation (i.e. countries of origin of the products sourced from the supplier).

This first level of classification will help you identify your most significant business partners and, ultimately, who should be involved in the amfori BSCI process. Once this is completed, it is time to list your company’s significant business partners. In general, significant business partners:

• Represent a large share of purchasing volume
• Can have an impact on the company’s reputation or performance and are potentially related to significant risk levels of adverse human rights. The relationship may be direct or indirect

Who are significant business partners?

<table>
<thead>
<tr>
<th>Purchasing volume</th>
<th>Supplier relationship</th>
<th>Exposure to social risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suppliers representing a large share of purchasing volume</td>
<td>Suppliers with a potential impact on the company’s reputation or performance</td>
<td>Suppliers that are potentially related to significant risk levels of adverse human rights</td>
</tr>
</tbody>
</table>

Important –
Supply chain mapping is a crucial step as it allows amfori BSCI participants to identify their most significant business partners, to spot risks, assess what level of leverage is possible and which actions must be taken. Mapping the supply chain is the first step in acting diligently.

TOOL BOX

• Go to the amfori BSCI System Manual to learn about supply chain mapping techniques and to get template documents.
• Use Annex 2 of the amfori BSCI System Manual “amfori BSCI Classification of Sectors, Industries and Products Groups” to classify your business partners according to their sector of operation.
• For an introduction to the amfori BSCI Platform, turn to Annex 1 of the amfori BSCI System Manual “How to start with the amfori BSCI Platform”.

Important –
Once you have identified your significant business partners, you can go to the amfori BSCI platform in order to identify whether they have been involved by other amfori BSCI participants, and have therefore been registered in the platform. Note that you can continue to use the platform afterwards to keep an overview of business partners, whether or not they are monitored.
Assess and Prioritise the Risks, using a Variety of Sources

To gain a full understanding of your supply chain, it is advised to use a variety of sources of information. Sources vary in reliability and precision, and their information will sometimes be based on subjective judgment. Comparing them will help you come to a picture that is as accurate as possible.

Main factors to take into account in the risk assessment

<table>
<thead>
<tr>
<th>Sourcing countries</th>
<th>Supply chain visibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Some least developed countries represent a heightened likelihood of adverse impacts on human rights</td>
<td>Lack of visibility over suppliers and production sites (ex. sourcing from traders, importers) is often considered to be a risk factor</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Products family</th>
<th>Business partner’s profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Some products are sourced from high risk sectors: labour intensive industries, sectors using homeworkers or agents to subcontract workers</td>
<td>Depending on their social performance or how they manage subcontractors and suppliers, business partners can pose a risk to their client company</td>
</tr>
</tbody>
</table>

Possible sources include:

- The media
- NGO reports or other communication from stakeholders
- Any internal or external reports on grievances or complaints
- Questionnaires or surveys
- Business partners’ own self-assessments
- Any available social audit reports on producers (or certification such as SA8000, WRAP)

The first step is to seek advice from the purchasing team in your company. They have an accumulated store of experience which can be used to assess partners and attribute factors of risk. This experience can be cross-referenced with established public sources.

After gathering the information it can be sorted on the basis of its reliability. For example, rumours should carry less weight in your assessment than factual evidence. You may also consider using diagramming techniques to help sharpen your view of relative priorities. Again, the more complex the situation, the more sources are required in order to support the prioritisation process.

Take Action

Having completed the review process and with a good understanding of which are the more significant business partners, you have the information you need to take decisions.
Before going into whether or not a producer should be monitored, it is important to identify what action should be taken, if any, for the potential risks that may be connected to particular significant business partners, and how the relationship is to be managed.

The amfori BSCI System Manual provides a handy checklist of different approaches which can be taken and their potential consequences or implications (See the amfori BSCI System Manual Part 1, Section 3.5.4 “Take Action”). For example, your company might decide to assume the relationship with a business partner without engaging in specific effort to control it, in which case management needs to approve such a decision and bear the consequences if the risk realises itself.

**Example of risk mapping and consequent decisions**

- **High Impact on Human Rights**
  - Low Severity/Number of Workers Affected
  - Direct vs Indirect Connection/Singular vs Collective Responsibility

![Risk Mapping Diagram]

- **High Connection to Company**
  - Medium impacts should still be prioritised when associated with key suppliers
  - Should be considered as high priority whatever is the importance of the supplier

- **Important**
  Once you have a better overview of the potential risks in the supply chain and their connections to your business partners, you should define what risk management measures are needed. This part of the exercise needs to be managed at a senior level of the company and should be regularly updated.

---

**Important**

<table>
<thead>
<tr>
<th>Supplier importance for business</th>
<th>Purchasing volume, nature of the relation</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Low</td>
<td>High</td>
</tr>
</tbody>
</table>

**Decision should be based on the company’s goals & the importance of suppliers**

**Need for a regular & close review. Consider cooperating with others**

**The company could consider to assume these low risks**
A company can eventually decide to avoid a risk by eliminating it altogether, by stopping business with a risky business partner. This is often a last resort for companies when a business partner refuses to implement the amfori BSCI Code of Conduct for example. In between are more nuanced approaches such as controlling the risk or using the cascade effect.

**Example of risk management options**

<table>
<thead>
<tr>
<th>Risk-Treatment Approach</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assume</strong></td>
<td>You acknowledge that a business partner represents a risk for the company but you decide not to engage special efforts because the occurrence of risk is low or you do not have sufficient leverage.</td>
</tr>
<tr>
<td><strong>Control</strong></td>
<td>You take action to mitigate risk by monitoring business partners and closely following up the implementation of remediation measures if needed.</td>
</tr>
<tr>
<td><strong>Cascade</strong></td>
<td>You control your producer risks through an agent and request regular reports on their social performance.</td>
</tr>
<tr>
<td><strong>Avoid</strong></td>
<td>You might decide to cease relations with a business partner who refuses to provide you with information on a sourcing location, or you might decide stop sourcing from a high-risk country.</td>
</tr>
</tbody>
</table>

IN SUMMARY, YOU SHOULD...

- Map your supply chain to identify significant business partners you need to first engage and get to grips with the amfori BSCI platform
- Regularly review your supply chain mapping to make it more robust and up to date (include buyers’ feedbacks, monitoring results etc.)
- Further collaborate with internal and external stakeholders to act on a broader range of risks in your supply chain
Part 4 – Engaging
business partners towards adopting socially responsible practices

amfori BSCI participants are not expected to monitor facilities as soon as they join amfori BSCI; instead, they should focus on developing their implementation strategy and decide how they want to engage their business partners, through monitoring, but not only... (See The amfori BSCI System Manual Part 1 Section 3.5.5 Decide which business partner to monitor)

How to Take the Monitoring Decision

Significant business partners are to be monitored if:

- They have a production work environment
- The level of trust about their social performance is not acceptable
- Their level of maturity is insufficient to maintain good social performance

The amfori BSCI participant can decide to monitor a business partner directly (i.e.: by integrating the partner concerned into its pool of producers in the amfori BSCI platform) or indirectly (i.e.: by transferring the monitoring responsibility to another business partner).

The main reasons not to monitor a significant business partner could be:

- When the partner does not have a production environment;
- When the partner’s level of social performance can be considered acceptable, because they hold a valid certificate from SA8000 or from another scheme – this can be checked using the “amfori BSCI Quick Assessment of Social Audits from Other Systems” (See annexes, Part V of the amfori BSCI System Manual);
- When they provide regular and accurate information on their own social performance and on that of their own business partners.

Example of decision tree to take the monitoring decision

<table>
<thead>
<tr>
<th>The Business Partner (BP) is significant for your company</th>
</tr>
</thead>
<tbody>
<tr>
<td>The BP has a production environment (producer)</td>
</tr>
<tr>
<td>The level of trust on the BP’s social performance is acceptable</td>
</tr>
<tr>
<td>The BP has a sufficient maturity to maintain a good performance</td>
</tr>
</tbody>
</table>

- **MONITOR**
- **DON’T MONITOR**
- **CONSIDER MONITORING OR INVOLVE STAKEHOLDERS IN THE DECISION MAKING**

Important –
The decision to monitor a business partner lies entirely in the hands of the amfori BSCI participant. For that reason, amfori BSCI participants are expected to use information gathered during the supply chain mapping exercise to decide which of their significant business partners they will monitor. Business partners concerned must commit to the amfori BSCI Code of Conduct and the appropriate Terms of Implementation which include their agreement to be monitored.

Important –
Even significant business partners that are not monitored should sign the Code and the relevant Terms of Implementation. In doing so, commit to proactively share information on their supply chain and social performance.
The RSP Concept, Foundation of the amfori BSCI 2.0 System

In the amfori BSCI system, the concept of “responsibility” (RSP) governs the relationship between amfori BSCI participants and their business partners. Only amfori BSCI participants can hold RSP status in relation to the business partners that are to be monitored (producers). RSP status is related to the exercise of due diligence and empowers amfori BSCI participants to:

• encourage their business partners to embed the amfori BSCI Code into their operations
• define the path towards improvements
• cooperate with other participants who share the same business partners

It is through the amfori BSCI platform that the RSP principle is managed. amfori BSCI participants hold responsibility for all the business partners registered on the platform. Additionally, amfori BSCI participants can take on the status of “lead RSP” if they wish to have a leader role in the monitoring process, which involves authorising and timing audits as well as selecting auditing companies.

The Monitoring Process

Audits constitute just one tool, but an important one, in the implementation of amfori BSCI participants’ due diligence. amfori BSCI has built an elaborate framework to support and guide participants through it.

The amfori BSCI Audit

In the amfori BSCI system, audits can be internal or external. Internal audits are for business partners to systematically assess their own social performance or that of their own business partners including farms. External audits are made by independent qualified auditors and are performed under carefully defined conditions. They are:

• For producers engaged in the supply chain of one or several amfori BSCI participants
• Performed by an approved auditing company
• Implemented using the amfori BSCI audit report
• Scheduled through the amfori BSCI platform and reported on in it

The amfori BSCI audit measures performance in 13 areas which correspond to the principles in the amfori BSCI Code of Conduct.

TOOL BOX

• Read the amfori BSCI System Manual Part 1, chapter 6 to get more information on each step of the monitoring process.
• Go as well as to the amfori BSCI System Manual Part II – for the auditor – and III – for the auditee to get additional insights on the amfori BSCI audit report and the requirements per performance area.

amfori BSCI AUDITS 13 PERFORMANCE AREAS

| Social Management System and Cascade Effect | Occupational Health and Safety |
| Workers Involvement and Protection | No Child Labour |
| The Rights of Freedom of Association and Collective Bargaining | Special Protection for Young Workers |
| No Discrimination | No Precarious Employment |
| Fair Remuneration | No Bonded Labour |
| Decent Working Hours | Protection of the Environment |
| | Ethical Business Behaviour |
Audits evaluate the company’s progress across all of the Performance Areas and all areas are important: auditees need to reach for performance improvements across the whole range.

Some of the Performance Areas, however, are critical. Notably, flagrant and proven infringements of certain fundamental principles will trigger immediate action and an overall rating is not delivered. Instead the company receives “Zero Tolerance” status (see amfori BSCI System Manual Annex 5 “amfori BSCI Zero Tolerance Protocol”). The “Zero Tolerance” Performance Areas concerned are: child labour; bonded labour; ethical behaviour; and any case of immediate threat to workers’ life, health and safety.

Note also that the aim of the Performance Area on “Social Management System and Cascade Effect” is to underpin the durability of social performance by embedding it in business partners’ operations so that change is integrated and not a one-off effort.

**Audit types**

Full audits cover all 13 areas. A follow-up audit must be organised within 12 months to cover those areas in which the auditor has identified findings (see amfori BSCI System Manual, Part 1, section 6.1 amfori BSCI Audits).

Both types of audit can be:

- Fully announced, i.e. the auditee is notified of the date of the audit
- Semi-announced, when the auditee is informed only of the time frame in which the audit will take place
- Or unannounced

Audits cover the entity which has signed the Code of Conduct as a business partner to be monitored, and should correspond to one production facility.

**A Rating System to Encourage Progress**

In every Performance Area, the auditors’ assessment for each question will deliver one of three answers: (see amfori BSCI System Manual, Part 1, Section 6.2 “amfori BSCI Audit Rating”)

- Yes, for satisfactory evidence that the company has mastered the requirements for the Area
- No, for unsatisfactory evidence
- Partially, for situations in which some satisfactory evidence is found, but not sufficiently to indicate a ‘Yes’ rating

The overall audit rating is the combination of ratings for each of the Performance Areas, and reflects the extent to which the company has integrated the amfori BSCI Code of Conduct into its culture and operations.

There are five possible ratings. An E rating refers to an unacceptable level of social performance and will require regular monitoring of the company by amfori BSCI participants. With a ‘C’ or ‘D’ rating, the auditee may not represent a high risk for amfori BSCI participants but a follow-up audit is needed. An ‘A’ or ‘B’ rating indicates the business partner can continue to manage its own process of capacity building and continuous improvement autonomously; no follow-up audit is needed.

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**Important –**

The length of the audit depends on the number of workers at the entity. This number must include subcontracted workers on site, e.g. cleaning, catering services or other services where the workers are employed by a different company but work on the site.

**Important –**

Full audits rated A or B are valid for two years. C, D or E rating must be followed up within 12 months or less, and if a follow-up is rated A or B that remains valid until the next full audit is due.
Important –
Only amfori BSCI-approved auditing companies can be appointed to perform an audit. amfori BSCI has strict processes in place to support the integrity of audits and the competence of auditors.

### amfori BSCI audit ratings and consequences

<table>
<thead>
<tr>
<th>Rating</th>
<th>Conditions of attribution</th>
<th>Consequences</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Very Good</td>
<td>• Minimum 7 Performance Area rated A&lt;br&gt;• No Performance Areas rated C, D or E</td>
<td>The auditee has the level of maturity to maintain its improvement process without needing a follow-up audit.</td>
</tr>
<tr>
<td>B Good</td>
<td>• Maximum 3 Performance Areas rated C&lt;br&gt;• No Performance Areas rated D or E</td>
<td>The auditee has the level of maturity to maintain its improvement process without needing a follow-up audit.</td>
</tr>
<tr>
<td>C Acceptable</td>
<td>• Maximum 2 Performance Areas rated D&lt;br&gt;• No Performance Areas rated E</td>
<td>The auditee needs follow up on its progress. The auditee develops a Remediation Plan within 60 days following the completion of the audit.</td>
</tr>
<tr>
<td>D Insufficient</td>
<td>• Maximum 6 Performance Areas rated E</td>
<td>The auditee needs follow up on its progress. The auditee develops a Remediation Plan within 60 days following the completion of the audit.</td>
</tr>
<tr>
<td>E Unacceptable</td>
<td>• Minimum 7 Performance Areas rated E</td>
<td>amfori BSCI participants shall closely oversee the auditee’s progress as it may represent a higher risk than other business partners. The auditee develops a Remediation Plan within 60 days following the completion of the audit.</td>
</tr>
<tr>
<td>ZERO TOLERANCE</td>
<td>• A Zero Tolerance issue was identified&lt;br&gt;• (see amfori BSCI System Manual Part V – Annex 5: amfori BSCI Zero Tolerance Protocol)</td>
<td>Immediate actions are required. The amfori BSCI Zero Tolerance Protocol is to be followed.</td>
</tr>
</tbody>
</table>

### Audit preparation and execution

Scheduling must be organised through the amfori BSCI platform. amfori BSCI participants should prepare for the audit by providing appropriate information to the auditee and agreeing arrangements and conditions with the auditing company. The amfori BSCI system provides extensive guidelines, documentation and supporting information, including dedicated sections of the System Manual, for both auditing companies and auditees. The amfori BSCI participant should ensure that they are aware of the resources and have availed themselves of them.

Every audit is expected to follow a defined process conducted by the auditor:

- Opening meeting
- Evidence collection
- Evaluation of social performance
- Report and elaborate on findings
- Conduct a closing meeting

The follow-up and any remediation plans which are the consequence of an audit constitute the fundamental objective of amfori BSCI and the positive impact which participants aim for. Continuous improvement is a core value of the amfori BSCI system. The processes to be followed after audits are geared to embedding the Code of Conduct into business partners’ business culture and to make long-lasting changes as well as remediate short- and medium-term findings.

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Engaging Business Partners Beyond Audits
Implementing amfori BSCI audits should not be the only way to engage your business partners into socially responsible practices. amfori BSCI offers you additional opportunities to help you raise social performance in your supply chain.

How to engage business partners

Focus on Agriculture: Farms in the Monitoring Process
In the case where some of the auditee’s own immediate business partners are agricultural the scope of the audit should include a sample of farms. The auditee should have in place a social management system to monitor the farms and will have audited at least two internally prior to the first Full Audit. Farms owned by the auditee which are under the same management shall always be included as part of the audit scope. It is expected that the auditee will support the farms in the continuous improvement of working conditions.
Use Other Forms of Monitoring
Monitoring your supply chain can be done with complementary approaches to auditing. Using self-assessment questionnaires or establishing on going reporting on social issues can, for example, give a good overview of the social performance of business partners without production environments (e.g. agents, traders, importers).

Capacity Building
Regardless if they are going to be monitored or not, empowering business partners is critical to ease amfori BSCI implementation, share the business case for a socially responsible supply chain and increase dialogue and cooperation.

Cascading Effect
Supporting your business partners in cascading the amfori BSCI Code in their own supply chain comes with several benefits: this empowers business partners, increases social traceability and secures your sourcing.

Inclusion of a Social Dimension into your Company’s Supplier Relation Management Schemes
amfori BSCI offers plenty of tools and opportunities to involve your business partners in the improvement of working conditions. You can also use and develop the schemes developed by your purchasing department to manage supplier relations (See amfori BSCI System Manual, Part I, section 4.2. Building Capacity for Business Partners).

Communication and Dialogue
Engage buyers to discuss social performance in the regular meetings they hold with business partners. This will convince business partners that your social standards are core to the way you do business. Alternatively, if your purchasing department holds a supplier forum, this event should address social responsibility – even briefly. This will send a strong signal to your partners.

Incentives
Purchasing departments use various forms of incentive schemes to challenge business partners such as benchmarking, supplier recognition and awards, etc. Adding social components to these schemes is an additional way to engage suppliers as well as to align procurement and social responsibility objectives.

TOOL BOX
• amfori BSCI also offers various resources to business partners to support them in the implementation of amfori BSCI 2.0. “amfori BSCI Information Kit for Producers” gives a snapshot of amfori BSCI 2.0 keystones for business enterprises involved in the amfori BSCI process. Several tutorials are available to business partners who need support to use amfori BSCI platform.

amfori BSCI regularly offers training sessions on amfori BSCI 2.0 in sourcing countries.

Important –
Rewarding social performance is a very powerful strategy to bring changes in the supply chain. This can be done for example by increasing the purchasing volume (when other indicators are also green).

IN SUMMARY, YOU SHOULD...

• Decide which business partners should be monitored and start scheduling the auditing process with your auditors.
• Closely follow-up your business partners on the platform and actively engage them when you are the lead RSP holder.
• Review regularly business partners progress and increase and diversify outreach initiatives in the supply chain.
Part 5 - Driving and supporting Continuous improvement

Full observance of the amfori BSCI Code is a process that takes considerable time, resources and effort. Gaps, shortcomings, failures and unpredictable occurrences will always remain a possibility (See amfori BSCI System Manual Part 1, section 6.9 Follow-up and continuous improvement).

Nonetheless, amfori BSCI participants must have the strategy, procedures and sufficient resources in place to ensure that any discrepancy in their conduct with the amfori BSCI Code of Conduct will be:

• Further detailed to identify its root causes and
• Managed towards continuous improvements
• In a step-by-step approach based on constructive dialogue with key stakeholders

Identify and Cooperate with Relevant Stakeholders

Who are stakeholders?
An individual, community or organisation that is affected by and may affect some aspect of an organisation’s products, operations, markets, industries and outcomes. (See amfori BSCI System Manual, Part 1, Section 3.8 Involve Stakeholders)

Classification of amfori BSCI participants’ stakeholders

<table>
<thead>
<tr>
<th>Internal</th>
<th>External</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees, including:</td>
<td>• Business Partners, including:</td>
</tr>
<tr>
<td>• Top Management</td>
<td>suppliers, intermediaries, producers and workers</td>
</tr>
<tr>
<td>• Sourcing / Buying departments</td>
<td>• Local trade unions</td>
</tr>
<tr>
<td>• Local buying offices</td>
<td>• amfori Secretariat, amfori Representatives</td>
</tr>
<tr>
<td>• Compliance / Legal departments</td>
<td>• Other amfori BSCI participants</td>
</tr>
<tr>
<td>• CSR and communication practitioners</td>
<td>• Clients and consumers</td>
</tr>
<tr>
<td></td>
<td>• Governments and other agencies</td>
</tr>
<tr>
<td></td>
<td>• International and local NGOs</td>
</tr>
</tbody>
</table>

Prioritise Stakeholders
There are three major groups of external stakeholders amfori BSCI participants should cooperate with: (See amfori BSCI System Manual Part 1, section 5 “How to engage stakeholders)

• Business partners: they are directly impacted and can impact your company. Dialogue and constructive engagement all along the amfori BSCI implementation process is key
• Other amfori BSCI participants: amfori BSCI participants shall as much as possible act in a coordinated fashion with their peers in order to increase leverage and positive impacts. They should send the same coherent messages to their shared business partners for example
• Other external stakeholders: engaging with the relevant stakeholders can lead to better detection and management of adverse impacts in the supply chain

Important – Stakeholders may be internal i.e. employees or external i.e. customers, suppliers, shareholders, financiers, trade unions, NGOs, the media, the government or the local community.

Tool Box

• Use Template 6 “Stakeholder Mapping” in the amfori BSCI System Manual to identify relevant stakeholders for your company.
• Go the amfori BSCI website to get more information and join amfori BSCI events incl. Network Connects, Round Tables in sourcing countries.
Drive Continuous Improvement Internally

Improving your company’s approach toward socially responsible supply chains is a must to ensure your actions really translate into sustainable changes on the ground.

First of all, you should consistently identify and analyse the root causes of any gaps with goals set in the implementation strategy in order to develop a solid continuous improvement approach.

When assessing your own procurement practices, you should also ensure you manage your relationships with all your business partners in a responsible way in order to positively influence social changes in your supply chain and prevent any negative impact due to your procurement practices. For example, late changes in orders or failure to meet payment terms can adversely impact business partners and ultimately workers (i.e. unpaid overtime, regular payment of salaries etc.)

Finally, amfori BSCI participants should progressively develop additional processes to further improve due diligence and align with amfori BSCI requirements.

Companies can also take a more advanced inclusion of stakeholders in their business activities, such as, through communication and accountability for example. amfori BSCI participants are expected to demonstrate their engagement, challenges and progress as an integral part of the amfori BSCI implementation plan.

Setting up a grievance mechanism represents the final step in acting as a diligent company. This will create an additional channel of communication with your stakeholders and will help you strengthen both your detection and remediation processes (See amfori BSCI System Manual, Part I, section 3.9. Set up a Grievance Mechanism).

What is a Grievance Mechanism?

A grievance mechanism is a non-judicial procedure that offers formalised means through which individuals or groups can raise concerns about the impact a business enterprise has on them and how they can seek remedy towards rectifying the situation. This includes and goes beyond human rights.

Support Remediation Measures in the Supply Chain

When to Stop Business with a Partner

When a business partner compromises the integrity of an audit by means of bribery, shows clear unwillingness to align to the amfori BSCI Code or is unable to implement amfori BSCI standards, your company may choose to stop business relations as a last resort (See amfori BSCI System Manual, Part I, section 3.10. Stop Business).

According to amfori BSCI standards, this decision should be based on agreed-upon procedure that includes:

• A clear and communicated rationale such as a specific clause in purchasing contracts
• A warning procedure
• A communication procedure to deal with cases where the related business partner has been targeted by the media
• Termination terms

**Following-up an amfori BSCI Audit**

When the auditee receives a rating between C and E, a regular follow-up is required to ensure that the auditee submits a Remediation Plan within 60 days and that a follow-up audit is conducted no more than 12 months after the previous amfori BSCI audits (See amfori BSCI System Manual, Part I, section 6.9 “Follow-up and Continuous Improvement”).

In some cases, a more attentive follow-up of business partners is needed to encourage progress:

• When auditee has a Zero Tolerance issue or does not submit the remediation plan within 60 days
• When the auditee has been invited to join specific capacity building activities

Beyond these basic guidelines, amfori BSCI participants should strive to develop their own strategy to encourage and support social performance in the supply chain. Depending on your goals, you could, for example, decide to challenge strategic business partners in order they achieve an A rating within an agreed timeframe, or develop a specific follow-up in a sourcing country that is of strategic importance to your business.

**Remediation of Negative Impacts**

When amfori BSCI participants have caused or contributed to harming individuals or communities, they have the responsibility to change their behaviour and provide or contribute to remedies (See amfori BSCI System Manual, Part I, section 7. “How to do Remediation”).

amfori BSCI participants should use their leverage to prevent or mitigate impacts as a priority when:

• Severe impacts happen such as bodily harm to an individual
• A large number of people are affected
• The company is directly related to the abuse

amfori BSCI participants should have a clear process in place to respond to allegations and provide remedies in proportion with impacts caused i.e. apologies, compensations, sanctions.

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**IN SUMMARY, YOU SHOULD...**

- **Support business partners in the development of their remediation plan within 60 days after an amfori BSCI audit is done**
- **Review social performance in your supply chain and progress against the initial plan to update your objectives and implementation strategy**
- **Identify main root-causes to discrepancies with amfori BSCI Code and form alliances with relevant stakeholders to foster progresses**

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**Important –**

The positive impact of amfori BSCI as a global initiative depends on the capacity of amfori BSCI participants to encourage their business partners to remediate the short and medium-term findings and make the long-lasting changes.
Conclusion
Now you can turn to all the amfori BSCI Resources At your disposal

Once you have covered all the issues described in this guide you will be able to identify your company needs in terms of effective social responsibility. You can then make use of the wide range of resources provided by amfori BSCI, or please ask a member of staff where you can find these relevant documents.

The key resources of the amfori BSCI system are its Code of Conduct supported by the System Manual. The System Manual, in particular, can be used extensively as a reference document, to be dipped into for guidance on any specific question or aspect of implementation.

But there are many other resources available through amfori BSCI! These can support you in the process of continuous improvement that amfori BSCI 2.0 relies on, regardless of your company’s level of experience and maturity in supply chain labour issues.

Do encourage your colleagues to make full use of all these resources for your company.