

# Explaining amfori's approach to Human Rights in Global Supply Chains

## Introduction

amfori is the world's leading business association supporting organisations to advance the social and environmental sustainability of their supply chains. We aim to promote open and sustainable trade worldwide. For many companies today, working across complex global supply chains can make conducting human rights due diligence a significant challenge. In this respect, amfori is an essential support in ensuring that trade delivers social, environmental and economic benefits for everyone, with our members leading the way in this journey.

This "living" document, which will be regularly reviewed, outlines how amfori supports organisations in advancing human rights due diligence in their supply chains.

On a global level, amfori provides its member companies and their producers with the guidance, training, compliance framework as well as advocacy to advance and align their supply chains with the amfori BSCI Code of Conduct.

The main areas considered in this statement are the following:

1. amfori BSCI principles,
2. amfori BSCI Monitoring approach
3. Mitigation and remediation
4. Advocacy and Stakeholder Engagement

### 1. amfori BSCI principles

amfori BSCI provides our members with one common Code of Conduct, setting out the values and principles that members who participate in amfori BSCI strive to implement with their business partners across supply chains. Each member who participates in amfori BSCI endorses the values and principles of the amfori BSCI Code of Conduct and commits to take, within their sphere of influence, all reasonable and appropriate measures to promote their implementation in their supply chain.

The amfori BSCI Code of Conduct draws on important international labour standards protecting workers' rights such as International Labour Organization (ILO) conventions and declarations, the

### amfori and the UN Guiding Principles on Business and Human Rights

At amfori, we have centred our services on the *UN Guiding Principles on Business and Human Rights*, developed by the United Nations Human Rights Council (UNHRC). These principles represent a defining moment in the global effort to tackle business' adverse impacts on people. The Guiding Principles clarify that all business enterprises have an independent responsibility to respect human rights. In addition, these principles are covered in our [Code of Conduct](#).

In order to achieve these goals, businesses are required to *exercise human rights due diligence* to identify, prevent, mitigate and account for how they address their business impacts on human rights<sup>1</sup> across their supply chain.

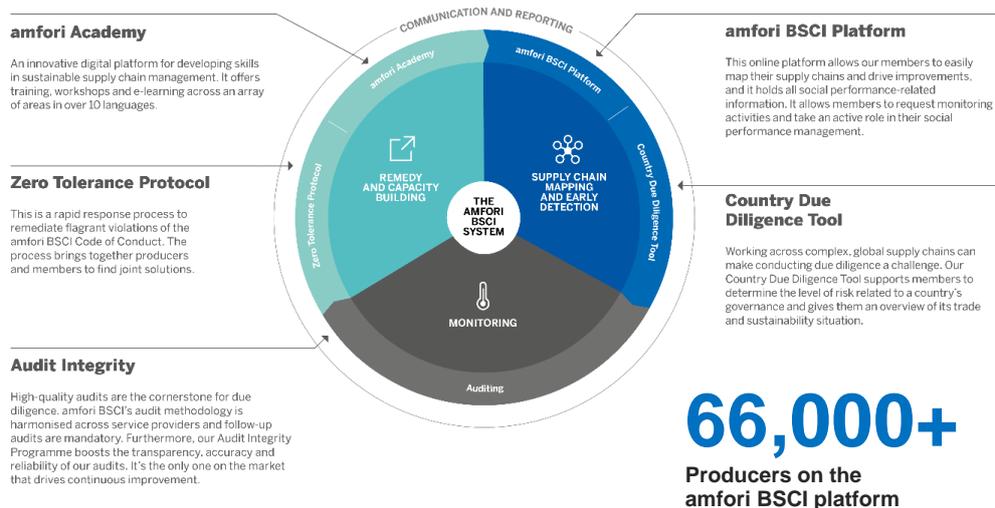
United Nations (UN) Guiding Principles on Business and Human Rights as well as guidelines for multinational enterprises of the Organization for Economic Co-operation and Development (OECD).

It sets out 11 core labour rights, which participants and their business partners commit to implementing within their supply chains in a step-by-step development approach.



## 2. amfori BSCI Monitoring Approach<sup>1,2</sup>

The amfori BSCI system helps companies to collectively identify, prevent and mitigate adverse human rights impacts in their supply chains. Our system assists companies to comply with their corporate responsibility to respect human rights, in line with the UN Guiding Principles on Business and Human Rights.



<sup>1</sup> amfori BSCI System Manual Part II (p. 37): <https://www.amfori.org/sites/default/files/amfori-system-manual-2018.pdf>

<sup>2</sup> amfori BSCI –System Manual: amfori BSCI System Manual Part II (p. 43-44): <https://www.amfori.org/sites/default/files/amfori-system-manual-2018.pdf>

Monitoring in the context of amfori BSCI has to be understood as part of both a step-by-step and continuous improvement process that enables business enterprises to analyse social performance across their supply chains. It helps businesses to pro-actively identify critical problems and enables them to take decisions that will improve the quality and effectiveness of their human rights commitments and to take corrective actions.

amfori BSCI provides its members with both voluntary preparatory tools (including self-assessment questionnaire, pre-qualification assessment (PQA), buyers' checklist, Country Due Diligence tool) and amfori BSCI 2.0 audits, depending on the selected monitoring strategy. In addition, amfori BSCI 2.0 audits are the only third-party monitoring methodology whose quality is controlled through the 360° amfori Audit Integrity Programme.

## 2.1. Country Due Diligence Tool

Our Country Due Diligence Tool is a very useful resource that supports members to determine the level of risk related to a country's governance and gives them an overview of its trade and sustainability situation, thus supporting their supply chain mapping and early detection. This tool complements audits as it offers a perspective of supply chain risks and issues.

## 2.2. amfori BSCI 2.0 Audits

amfori BSCI 2.0 audits are one of the monitoring tools designed to help business enterprises assess the social performance of their supply chains and encourage continuous improvement.

amfori BSCI 2.0 audits provide a picture of the situation at a factory, farm or production site at a specific moment. The outcome of audits supports early detection, monitoring and remediation of any non-compliances of the amfori BSCI Code of Conduct that may occur in the supply chain and directly or indirectly affect amfori BSCI participants.

All principles of the amfori BSCI Code of Conduct are interconnected and incorporated into the BSCI 2.0 monitoring approach. When conducting an amfori BSCI audit, the auditor uses their professional judgment to complete a comprehensive assessment on how the 13 interconnected Performance Areas (PA) and the amfori BSCI Code of Conduct values are implemented by the producer. This holistic audit approach includes:

- **Effectiveness and coherency checks:** Auditors do not only assess if procedures and infrastructure are in place, but that both are relevant and adequate to protect workers' rights in a manner that does not contradict with the amfori BSCI Code of Conduct values.
- **Triangulation:** Auditors must cross-verify multiple sources (e.g. worker interviews, documents and site observations) in their efforts to compile satisfactory evidence and reach a professional judgement.

**amfori believes that high quality social auditing is an important basis for human rights due diligence and a viable tool, at large scale, to detect human rights violations. However, it is important to keep in mind that audits are solely an indicative snapshot and thus require regular follow-up. Social audits are not a stand-alone solution and can only help in improving labour standards, when supplemented with other effective human rights due diligence tools. It is also necessary that audits be paired with a strategic approach to collaboratively engaging business partners and other relevant stakeholders.**

The amfori BSCI monitoring approach is enhanced by a variety of distinct features mentioned in this document and tools that amfori has developed over the past years. Together, these aim at safeguarding

the quality and integrity of our audits and enable our members to identify and prevent any risks in their global supply chains.

### 2.3. Ensuring Audit Quality and Integrity

In January 2018, amfori launched an enhanced [amfori BSCI Audit Integrity Programme](#). The programme consists of policies and procedures to ensure the high quality of amfori BSCI audits through regular verification of the following criteria:

- Implementation of amfori BSCI methodology and principles in audits
- Independence of auditing companies
- Integrity of auditing processes
- Consistency of auditing processes
- Expertise of auditors

The audit quality programme sets, maintains and raises the quality standards for auditing companies to conduct amfori BSCI audits. Each component of the programme is tracked on a reporting tool, and the auditing company evaluation feeds into the audit reliability score.

We work with an external, independent audit integrity assurance partner which is selected, commissioned and overseen by amfori.

The amfori BSCI Audit Quality Programme is composed of:

- Quality activities
- Investigations into audit quality issues
- Sanctions
- Progress reporting
- Performance evaluation
- Regular review of the programme to assess effectiveness

amfori has published its guidelines on the [Audit Integrity Programme](#). Here, we have outlined all the relevant procedures and core pillars of the programme:

- Monitoring partner acceptance criteria to regulate the auditing pool and ensure the quality of monitoring partners.
- Rigorous auditor training and certification scheme, which sets out the minimum requirements and ongoing criteria for all auditors to be able to conduct amfori BSCI audits.

### 2.4. Building Transparency through the amfori BSCI Platform

Frequently, a certain producer may be linked to numerous amfori members' supply chains. In practical terms, this may happen when a variety of amfori members buy products from a single manufacturer. To this end, the amfori BSCI platform enhances transparency on audit reports, remedial action plans and progress reports, which are available in common access to all concerned amfori BSCI members.

The amfori BSCI system aims to avoid duplication and audit fatigue and creates synergies among different member business enterprises. This goal is accomplished through the amfori BSCI platform, allowing participants to share:

- Producers (e.g. factories or farms) in their supply chains
- Information concerning monitoring activities to these producers
- Remediation activities

The amfori BSCI platform provides members with a single interactive access point to **monitor** social performance of their producers. It allows them to easily map their supply chains and to request **monitoring** activities. All amfori BSCI participants linked to the same producer initiate online access to the producer audit data, auditors' professional judgement and related remediation plans, which avoids duplication of audits and enhances synergies in remediation. They also receive timely auditors' alert in case of flagrant human rights violations (see section 3.2. Collaborative approach to remediation – the Zero Tolerance Protocol).

### **3. Mitigation and Remediation**

Monitoring the social performance of significant business partners in the supply chain through audits or any other type of assessment can only be effective when companies follow up on the significant business partners' progress and collaborate with other business enterprises in the amfori BSCI system to effectively remediate any problems identified.

To support these aims, amfori has developed a number of tools to help its members to mitigate the detected risks in their global supply chains and support remedial action in case violations occur:

#### **3.1. Collaborative Approach to Remediation through the amfori BSCI Platform**

To support companies' remediation efforts, amfori brings members and producers together to jointly mitigate and remediate human rights violations and create synergies among different business enterprises. The collaborative amfori BSCI platform allows amfori BSCI participants to share producers' audit results, auditors' professional judgement, related remediation plans and follow-up audit reports of common producers. The compliance of all producers and members is documented in the amfori BSCI platform, allowing synergies in remediation. This enables members to monitor the producers' progress based on the identified root causes, needs and time-bound corrective actions as laid out in the remediation plans.

#### **3.2. Zero Tolerance Protocol**

amfori's Zero Tolerance Protocol, serves as a rapid response process for auditors to alert members of flagrant human right violations discovered during audits of the amfori BSCI Code of Conduct. This allows amfori members to rapidly respond in a timely and coordinated manner, where immediate and time-bound collaborative remediation is needed.

The protocol applies when an auditor is confronted with factual and flagrant violations in the areas of child and forced labour, inhuman treatment, severe occupational health and safety, and unethical business behaviour. amfori published updated guidance ([Annex 5](#)) in the System Manual, which also envisages the application of a precautionary principle.

#### **3.3. Training Buyers and Producers – The amfori Academy**

Members can further support the producers' journey by allocating suitable trainings for their staff. The [amfori Academy](#) is an innovative digital platform for developing skills in sustainable supply chain management for buyers and producers. It offers training, workshops and e-learning across an array of areas in over 10 languages. amfori BSCI participants linked to the same producer for example can jointly support the producer's continuous improvement by assigning trainings to producers in view of their performance regarding the different amfori BSCI labour principles.

### 3.4. Access to Remedy

amfori fully supports access to remedy, as outlined by the **UN Protect, Respect and Remedy Framework**.

The amfori External Grievance Mechanism (EGM) is a non-judicial mechanism by which amfori aims to ensure fair, timely and objective resolution to a grievance. It provides a platform for individuals and organisations to submit a grievance if they deem they have been negatively affected by amfori's activities.

It draws upon the UN Guiding Principles on Business and Human Rights "Protect, Respect and Remedy" Framework for non-judicial grievance mechanisms.

amfori has recently performed a full review of its External Grievance Mechanism (EGM), resulting in a number of key updates to the process in which the amfori EGM will be implemented. amfori works with an independent External Grievance Partner on grievances received.

amfori is also committed to support all its members in fulfilling their 'access to remedy' expectations. We do, however, acknowledge this is an effort which is best handled through collaboration with other organisations and Multi-Stakeholder Initiatives (MSIs), to ensure an effective and widely available worker grievance mechanism is available for workers who have exhausted all other means at their locations. Our intention is to make sure we address the needs of workers across a variety of industry sectors around the world. We would seek alignment with the various sectoral OECD Guidelines, in addition to the OECD Guidance for responsible supply chains for the garment and footwear sector.

## 4. amfori Advocacy and Stakeholder Engagement

When working across global supply chains, there are many factors – political, economic and institutional – that are out of amfori members' control. In addressing these systemic constraints, amfori advocates and closely engages with our stakeholders at a global, regional and local level to shape an environment where companies can trade openly and sustainably. This aim goes hand in hand with our commitment to championing best practice in human rights due diligence. For amfori, we collaborate with key stakeholders such as governments, international bodies, NGOs, trade unions and diverse public and private organisations all over the world. These alliances are central to our aim of building a world of open and sustainable trade.

When faced with allegations of workers' and human rights violations, the amfori advocacy team is committed to supporting members' efforts at the highest legislative levels; locally, nationally and internationally. Our expert advocacy division holds strong relationships with local governments as well as building coalitions with aligned organizations. We also leverage our collaboration with requesting support to EU governmental actors.

amfori also engages in close dialogue with NGOs and grassroots organizations as a means of complementing members' monitoring activities, early detection and, overall, their due diligence journey. One example for this is amfori's regular communication with human rights activists and watchdog NGOs, whose investigative efforts help to inform members about potential risks of human rights violations occurring in their supply chains, thus complementing amfori's own monitoring tools.

## Conclusion

amfori offers a holistic approach for companies to practice human rights due diligence in their supply chains, including supply chain mapping and early detection, monitoring, remediation and capacity building. In addition to this, we roll out strategic engagement campaigns with key stakeholders to create an environment that enables sustainable business to thrive.

**In closing and most importantly, amfori believes that high quality social auditing is an important basis for human rights due diligence and a viable tool, at large scale, to detect human rights violations. However, social audits are not a stand-alone solution and can only help in improving labour standards. When these audits are supplemented with other effective human rights due diligence tools and paired with a strategic approach to collaboratively engaging business partners and other relevant stakeholders, driving effective change is possible.**

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## amfori

Avenue de Cortenbergh 172  
1000 Brussels  
Belgium  
[www.amfori.org](http://www.amfori.org)  
Contact us at [info@amfori.org](mailto:info@amfori.org)