amfori’s response to recommendations for improvement

An Approach to Human Rights Due Diligence

Since its founding in 2003, amfori BSCI has undergone significant changes and has evolved continuously towards becoming a fully-fledged human rights due diligence scheme.

amfori strives to be a leader in the field of human rights due diligence and regularly revises its amfori BSCI system. **amfori’s commitment to continuous improvement and collaboration is at the heart of our approach** and helps us to meet changing expectations from both members and stakeholders. In addition, our unique offering puts amfori at the forefront of preparing for new complex challenges. To achieve these ambitious aims, we are in close and regular dialogue with our members and stakeholders: these include Non-Governmental and Civil Society Organisations, trade unions and governments. This collaboration enables us to critically assess the efficiency of our system, which in turn allows us to readjust and adapt it as needed. Similarly, we always welcome contributions from organisations looking to provide feedback on our systems, as a means of constant improvement.

Through our extensive dialogue with stakeholders, we have encountered a variety of recommendations for improvements. While some of these recommendations are an integral part of our system already, others are in the process of being integrated or need to be explored in more depth and assessed in terms of feasibility.

This document aims to guide amfori staff, network representatives and members in explaining certain misconceptions about amfori BSCI. Similarly, it figures as a resource to answer questions on amfori’s approach to human rights due diligence.

This document is structured into three sections, considering the main areas in which amfori received recommendations from stakeholders. Specifically, this refers to the recent publication of the Clean Clothes Campaign, *Figleaf for Fashion* Report. This briefing document outlines the aims, as well as specific sections of the amfori BSCI system manual to illustrate amfori’s approach in the following three areas where we received recommendations:

1. Transparency
2. Access to Remedy
3. Audit Quality & Integrity
1) TRANSPARENCY

CCC Recommendations

- Publish all audit reports, time-bound corrective action plans and progress reports shortly after completion. Link them with the individual factories and regularly update this information. Review terms of reference and contractual arrangement to remove all barriers to the public disclosure of site assessment reports.

- Transfer auditing results and progress reports to national labour inspectorates, to allow for public monitoring of the remediation efforts of issues identified in the auditing report.

amfori’s Response

Our position on the publication and transparency of audit reports

amfori has identified Transparency as one of the strategic objectives for the organization and created a roadmap which will focus on:

- delivering greater transparency internally through its governance bodies and to its members
- providing external transparency on its work, successes and challenges
- supporting amfori members becoming more transparent

Building Transparency through the amfori BSCI Platform

Audit reports, time-bound corrective action plans and progress reports are accessible to all amfori members linked to the audited producer on the amfori BSCI platform. amfori BSCI producers are asked to use the amfori BSCI remediation plan template after an audit, listing identified needs and remediation steps by the producer. This remediation plan is equally shared with all linked amfori members through the amfori BSCI platform.

In addition, training needs can be addressed through the trainings offered on the amfori Academy, ranging from eLearning, webinars to in-person local workshops. Progress reports are submitted in the form of follow-up audits in the performance areas in which issues were detected.

Additional resources: www.amfori.org/news/transparency-amfori
2) ACCESS TO REMEDY

CCC Recommendation

- Create a safe, transparent and time-bound grievance mechanism in-line with the OECD Guidance for responsible supply chains for the garment and footwear sector, enabling workers to challenge the auditors’ conclusions, if issues were overlooked or not properly assessed.

amfori’s Response

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

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 believe 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 way it will be implemented.

This process will support and facilitate remedy for grievances from workers on auditor and audit quality.

amfori also is committed to support all its members in fulfilling their ‘access to remedy’ expectations. We do, however, acknowledge that this is an effort which is best handled through collaboration with other organisations and multi-stakeholder initiatives, to ensure an effective and widely available worker grievance mechanism is available for workers who have exhausted all other means. Our intention is to make sure we address the needs of workers across a variety of industry sectors around the world. We will also seek alignment with the various sectoral OECD Guidelines.
3) AUDIT QUALITY AND INTEGRITY

CCC Recommendations

- Develop proper training schemes for auditors with respect to business and human rights and ensure that the complex skill set needed to assess the different risks is present in a factory (e.g. engineers to assess structural safety, a specialist in organising with knowledge of the local context, etc.).

- Improve the quality of social auditing reports by ensuring that factories are assessed by skilled auditors with knowledge and understanding of a broad spectrum of labour rights and legislations.

amfori’s response

1. amfori Academy

The amfori Academy is an innovative digital platform for developing skills in sustainable supply chain management for buyers, producers and auditors. It offers training, workshops and e-learning across an array of areas in over 10 languages. amfori BSCI members 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.

Bearing this in mind, is important to highlight that amfori BSCI social audits monitor the implementation of the BSCI Code of Conduct, which in turn assesses compliance with international labour standards and national labour laws. For amfori BSCI, law observance is at the core of its Code of Conduct. In addition, auditors are trained in the amfori BSCI labour principles and how to detect violations.

Similarly, it is important to underline a distinction between amfori BSCI social audits and structural building safety. Training engineers to assess structural safety or ensuring social auditors possess such a skill set is beyond amfori’s mandate.
2. amfori BSCI Audit Integrity Programme

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. It is necessary to note that the amfori BSCI system is focussed on labour compliance and not building standards.

We work with an external and 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.
amfori’s response

**Annex 2: How to classify sectors and related Auditor Competence clusters**

Annex 2 of the amfori BSCI –System Manual provides guidelines on ‘How to classify sectors and related Auditor Competence clusters’ to ensure auditors have the right expertise and local understanding of violations. See [Annex 2: How to classify sectors and related Auditor Competence clusters](#).

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**CCC Recommendation**

- Auditors need to have the expertise and local understanding of the most common regional violations.

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**amfori’s response

**Performance area 3: The rights of freedom of association and collective bargaining**

Freedom of association and the right to collectively bargain is one of the 13 amfori BSCI performance areas and the verification of compliance is thus an integral part of any BSCI audit (See [amfori BSCI System Manual Part III, Performance area 3: The rights of freedom of association and collective bargaining](#)).
CC Recommendation

- Recognising that the majority of workers in the industry are women, all auditing procedures must be gender-sensitive. Special attention must be given to the specific risks that migrant workers are faced with.

amfori’s Response

**UNECE Declaration on Gender Responsive Standards and amfori’s Gender Action Plan**

In May 2019, amfori signed the UNECE Declaration on Gender Responsive Standards. This Declaration aims to provide a framework for standards bodies that aim to make standards more gender responsive. Signatories also commit to developing a Gender Action Plan that sets out how their standards and their own organization could be made more gender responsive. Activities will include supporting the training of more female auditors to better cope with gender sensitive issues arising during audits.

As part of this exercise, amfori has also joined the ISEAL/BSR Gender Working Group on Standards. This multi-stakeholder group brings a range of actors together to address gender considerations in standard-setting, assurance and monitoring and evaluation.

**amfori’s Women’s Empowerment Programme**

In 2018, amfori launched its Women’s Empowerment Programme in its three biggest sourcing countries: China, Bangladesh and India.

amfori’s Women’s Empowerment Programme supports women in supply chains by:

- Providing buyers with guidance and tools to embed a gender lens into their due diligence processes:
  - amfori BSCI – System Manual - Template 13: Self-Assessment on Gender Equality;
  - Member and Producer Guidance on POSH Act published
- Raising awareness among producers of labour rights and grievance mechanisms, with a focus on sexual harassment
- Training management of producers and female factory workers on issues related to gender, sexual harassment and discrimination
- Facilitating social dialogues between producers’ management and female factory workers
- Demonstrating the business benefits of women empowerment
- Influencing and shaping public policy by engaging in discussions on regulatory initiatives where there are opportunities to advance women in global supply chains on a national and EU-level.

 CCC Recommendation

- Make worker interviews integral to the process and a part of every audit. Such interviews need to include the following criteria at a minimum:
  - Involve trade unions where present;
  - Involve a non-biased selection of workers;
  - To be conducted in a comfortable space, offsite from the factory;
  - Involve workers in the remediation of identified and reported issues through genuine worker participation.

 amfori’s Response

**Chapter 10: Duration of the amfori BSCI Audit**

Worker interviews are an integral part of amfori BSCI audits. Chapter 10 of the amfori BSCI System Manual (pp. 53-55), provides clear guidelines on the minimum duration for full audits as well as the minimum number of worker interviews. See [Chapter 10](#).

**Chapter 14: Implementing the amfori BSCI audit**

Chapter 14 of the amfori BSCI –System Manual Part II, provides guidelines on ‘Implementing the amfori BSCI audit’ following a standard of quality, due diligence, and practical wisdom. See [Chapter 14](#).
amfori’s Response

Chapter 2: Deciding on the Type of Monitoring - amfori BSCI 2.0 audits

amfori BSCI 2.0 audits are a monitoring tool designed to help business enterprises assess the social performance of their supply chains and encourage continuous improvement. They provide a holistic approach that supports early detection, monitoring and remediation of any breaches 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 amfori BSCI 2.0 monitoring approach. When conducting an amfori BSCI audit, the auditor uses his / her 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 to detect human rights violations at large scale. 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 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.

CCC Recommendation

- Lift audits above box-ticking exercises.
amfori Response

amfori does not involve itself in the pricing of audit, as this is the jurisdiction of auditing partners.

CCC Recommendation

- Increase a sector-wide minimum floor price for audits, under which quality is not guaranteed.
- Detail a minimum cost per day.

amfori’s Response

Chapter 2: Deciding on the Type Of Monitoring

A variety of factors can impact the duration of an audit. amfori BSCI 2.0 audits focus on the entire workforce, those directly and indirectly recruited and managed. Therefore, the duration and complexity of the amfori BSCI audit, and by extension the voluntary preparatory tools, depend on the number of workers, whether or not they are permanent or seasonal, and the diversity of recruitment models used.

For example:

- **Direct recruitment**: The producer hires and manages all of its workforce.
- **Indirect recruitment**: The producer does not hire or manage its workforce, but relies completely on hiring through service providers such as recruitment agencies or agents.
- **A combination of both models**: The producer hires and manages part of its workforce (e.g. permanent workers) but relies on service providers to recruit specific services (e.g. security, cleaning, or catering agencies) or to address specific contingencies (e.g. seasonal workers).

For multi-tier audits, the number of farms to be included by the auditor in the sample, as well the number of workers per farm, will impact the duration of the audit.

The auditor will select a sample of farms from a previous selection of farms identified as significant business partners by the main auditee (e.g. these farms represent a great portion of its production).
The number of sampled farms will need to be agreed upon by the RSP holder and the main auditee as it has great implications on the costs of the amfori BSCI multi-tier audit. However, it will never be less than two farms (unless the main auditee only sources from one farm) and no more than ten farms (unless the diversity of circumstances might justify an exception).

Any issues of audit quality and issues of non-compliance with the amfori BSCI auditing protocol and will be followed-up through our audit integrity programme.

**CCC Recommendation:**
Detail the skills required for different types of factories and the elements needed, such as off-site, worker interviews, unannounced visits, and stakeholder involvement.

**amfori’s Response**

*Worker interviews & off-site interviews*

As outlined above, worker interviews are an integral part of amfori BSCI audits. Chapter 10 of the [amfori BSCI System Manual](#) (pp. 53-55), provides clear guidelines on the minimum duration for full audits as well as the minimum number of worker interviews.

Since 2014, the auditing guidelines require the auditor to select the most appropriate place for the interview (onsite or offsite).

*Unannounced audits*

Since December 2018, all amfori BSCI audits are semi-announced by default with the only exception of the very first audit for a producer, which can be classified as fully-announced.

amfori has developed a plan to put into practice further limitations on fully-announced audits, which is currently being implemented. In the long term, these measures will be included in the new Integrated Sustainability Platform.

This approach is expected to further contribute to improving amfori BSCI audit quality.

*Stakeholder involvement*

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 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 grassroot 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.

**CCC Recommendation**
- Remove conflicts of interest in the payment structures for audits.

**amfori’s Response**

amfori’s contracts with its service providers include several clauses referring to conflict of interest including but not limited to:
- Absolute quality and integrity that prevails over any other consideration
- Procedures in place to identify, manage and mitigate any conflicts of interest,
- Transparency vis-à-vis amfori on any potential conflict of interest
- Financial ties with any of the direct involved parties, conflict in providing other services related to amfori.

Other binding documents that are required include: auditor conflict of interest statement. With reference to conflicts of interest, these are impartiality verified during quality assessments by amfori.

**CCC Recommendation**
- Include third-party beneficiary rights for factory workers into standard contracts. In this way, a simple and direct legal remedy may be provided to those factory workers that social audits are meant to benefit. This is enabled by including a clause in the contract that auditing companies sign prior to performing an audit, allowing workers to claim for damages if they suffer harm even though an audit failed to identify relevant safety risks.

**amfori’s Response**

The producer and the employment contract should be the first level of protection to the worker. The level of liability of auditing companies is enshrined in a liability clause in the contracts between amfori and the auditing companies, which entails liability of auditing companies vis-à-vis amfori for any non- and/or underperformance, delay, act and/or omission of the auditing
company. Any quality or integrity issues will be formally followed-up on through amfori’s Audit Integrity Programme.

**CCC Recommendation**

- Develop and implement mechanisms to sanction auditing firms whose auditing practices are not in-line with the Social Compliance Initiatives’ own guidelines or who repeatedly oversee or under-report violations.

**amfori’s response**

amfori has developed and implemented mechanisms to sanction auditing firms whose auditing practices are not in line with the amfori BSCI guidelines - the Audit Integrity Programme, which was launched in January 2018.