

# Transparency Glossary

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The definitions presented here are commonly used when discussing transparency and will help you distinguish and correctly use each terminology. Please beware that those are not official definitions, but collected from industry reports, publications and [amfori BSCI glossary](#).

**Business Enterprise** is an organisation involved in the trade of goods, services, or both to consumers or clients, regardless of their form of ownership or the way they are organised (limit liability, tax advantage or compliance criteria...). In the context of amfori, business enterprises are amfori BSCI and BEPI Participants and their business partners, particularly but not limited to producers whose social and environmental performance will be monitored.

**Business Partner** is any external party from whom products or services are obtained or with whom contracts are concluded for the provision of such products and services. This relationship may be contractual and may or may not require an exclusive bond. Within amfori BSCI and amfori BEPI, these are examples of business partners:

- A producer
- A supplier
- A customer
- A channel intermediary (such as an agent or reseller),
- A vendor of complementary offerings (for example, one party sells the hardware, while the other sells the software)

**Due diligence** It is the processes through which enterprises identify, prevent, mitigate and account for how they address their actual and potential adverse impacts (OECD). In the context of amfori BSCI and BEPI, it refers to preventive measures taken by individuals and business enterprises to adhere to a standard of reasonable care while performing any acts that could foreseeably harm others. Thus, due diligence is expected regardless if it is required by law or not.

**Importer** is a business enterprise purchasing goods in a first country to sell them to one or more customers in a second country. They have not produced the goods. The deliveries of the goods are made inside or outside the EU. For amfori purposes, an importer can be an amfori participant or a business partner.

**Organisational transparency** means holding your company accountable to the people you serve, as well as to the rest of your stakeholders. This means sharing successes and failures; encouraging, honouring, and engaging with public input; reporting about mission and financial stewardship; conducting third party audits; and monitoring and evaluating your operations. Transparent organisations intentionally share information beyond the board room with members and non-members alike.

**Primary Producer** is the producer located at the very beginning of the supply chain, for instance, a farm or a mine, responsible for extracting and supplying non-processed materials.

**Producer** is a business partner in the supply chain that manufactures a good (food or non-food) or produces raw material, using labour and machines, tools, chemical and biological processing, or formulation.

**Transparency** is the disclosure of timely and accurate information. It is about the ability of the receiver to have access to the information they need. Therefore, it requires honest and open communication. It is a metaphorical extension of the meaning that a “transparent” object is one that can be seen through.

**Traceability** is defined as the ability to trace the history, application, or location of an intended trade item/component/product (ISO 9001). It captures much more granular and operational information such as batch-lot and purchase order data. The focus is less on mapping the entire end-to-end supply chain than on following certain products or purchase orders as they move through the supply chain.

**Supply chain** is a coordinated system of organisations, people, activities, information, and resources involved in moving a product or service physically or virtually from supplier to customer. For the purpose of amfori, the supply chain is made up of the chain of significant business partners.

**Supply chain due diligence** is an ongoing, proactive and reactive process through which companies monitor and administer their purchases and sales with a view to ensuring that they do not contribute to conflict or related adverse impacts.

**Supply chain mapping** is the process of creating a full picture of the companies and organisations within the supply chain at every tier. Mapping does not show the flow of goods among the actors to fulfil individual orders, but rather enables visibility of all the potential actors within each tier of the supply chain.

**Supply chain traceability** is the process of tracking the origin and journey of products and their inputs, from the start of the supply chain through end-use.

**Supply chain transparency** refers to the strategy of collecting and disclosing sourcing and supply chain information to stakeholders. This requires companies to know what is happening upstream in the supply chain and to communicate both internally and externally. In this way, companies can gain better visibility of their global supply chains and ensure compliance with safety, sustainability, and social responsibility requirements. It is a powerful tool to assert workers’ human rights, advance ethical business practices, and build trust.

**Supply chain transparency vs supply chain traceability:** While supply chain transparency focus on mapping the end-to-end supply chain to establish specific requirements, collect information and communicate about it, supply chain traceability focuses on following certain batches of components or orders as they move through the supply chain, without necessarily having the objective of disclosing information about it.

In principle, transparency is needed before more granular, detailed information can be collected.

**Stakeholder** is an individual, community or organisation that is affected by and may affect some aspects of an organisation’s products, operations, markets, industries, and outcomes. Stakeholders may be internal (for example, employees) or external (for example, customers, suppliers, shareholders, financiers, trade unions, NGOs, the media, the government, or the local community).

**Subcontractor** is an individual or legal entity that signs a contract to perform part or all the obligations of another’s contract. In the context of amfori, it refers to the business partner, which is appointed by the producer, to take over - fully or partly - the final production of goods.

**Supplier** is an individual or legal entity that contributes to the provision of goods or services in a supply chain. They may or may not function as distributors of goods.

They may or may not function as manufacturers of goods. They may not own the goods (e.g. agents, traders). They may own the goods (importers).

**Sub-supplier** refers to the business enterprise that contributes with goods to the producer or its subcontractors. However, sub-suppliers do not perform the contractual obligations of the producer.

**Tier 1 companies** are the final step before the product reaches the main business enterprise, which may then sell the final product to the end-user. In theory, there is no middleman after Tier 1 companies, and for being the

last tier before the business enterprise, those must have proven to be reliable and to adhere strictly to safety and standards procedures. Therefore, they have the strongest credibility with the main business enterprise.

**Tier 2 companies** supply Tier 1 with the products it needs to supply the main business enterprise.

**Beyond Tier 1** is an expression used in the supply chain sustainability arena to encourage companies to fully map their supply chain, instead of just the first tier.

## About amfori

As the leading global business association for open and sustainable trade, we bring together over 2,400 retailers, importers, brands, and associations from more than 40 countries. Our membership contains organisations of all sizes and all sectors with a combined turnover of more than one trillion euros. Our mission is to enable each of our members to enhance human prosperity, use natural resources responsibly and drive open trade globally. These are major challenges and we need to work collaboratively to tackle them. Together we can influence and drive positive change at scale.

## Legal Disclaimer

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