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Transparency guidance for Small and Medium Enterprises (SMEs)

Transparency Toolkit - Series III

Intro

The third issue in our Transparency Toolkit series is tailor-made to support small and medium Enterprises (SMEs) to answer commonly asked questions related to their commitment to supply chain transparency. We have identified tools and strategies that you could use to answer each question and ensure your business continuity in a world where transparency is increasingly being valued.

PURPOSE

This guidance is for micro, small and medium enterprises (SMEs)¹ that want to build robust answers to stakeholders' and customers' commonly asked questions about their business conduct and supply chain transparency. The work in transparency starts with the effort you take to build evidence for your answers. However, it only becomes real if you share this evidence with your stakeholders. Here, we will support you to gather and share information.

WHAT TO EXPECT?

We've looked into common questions you are likely to receive from customers (if you are an importer) and consumers (if you are a brand) and derived three questions that cover their most crucial concerns. Then, we selected which strategies from your due diligence approach will help you to answer each question.

Find your answers by clicking on each tool/strategy:

Question you receive	Tools/Strategies to use	
Who do you source from?	Mapping of your supply chain	
How do you ensure the social and environmental conditions of your supply chain?	Monitoring your supply chain	
Do you actively contribute to the improvement of the conditions of your supply chain?	Continuous improvement of your supply chain	

OUR APPROACH

We understand that different companies have different levels of ambition when it comes to transparency, depending on the context of their operations such as customers' expectations and internal drivers.

For each key question, we provide a two-step approach on:

1. How to gather information to build your answer, and
2. How to best share this information

In each step:

- For more ambitious companies, we also provide advice to take your transparency journey to an advanced level, going beyond the minimum needed for a sufficient answer
- To further support you, we have selected which amfori tools can help you answer the questions

Please see below an overview of the approach used for each question:

¹ amfori defines SMEs in alignment with [European Union recommendation \(2003/361\)](#), with an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.

STEP 1: Gathering information

1. Which strategies should you use to gather information:
 - To build a basic but robust answer
 - To go beyond and build a more ambitious answer
2. How can you find information as an amfori BSCI participant?
3. How can you find information as an amfori BEPI participant?

STEP 2: Sharing information

1. Which strategies should you use to:
 - Share information in the form of a basic but robust answer
 - Go beyond and share a more ambitious answer
2. Which other amfori resources can support you to share the appropriate information

OUR PERSPECTIVE

In the amfori BSCI System Manual, we ask you not to underestimate your power as SMEs. We understand that small, medium and micro-enterprises may feel insecure about sharing information. But with the right strategies (e.g. sharing their commitment to supply chain sustainability on their website), SMEs may soon realise that

they are already doing more than they think. Therefore, as amfori, we believe that almost all members, including SMEs, can go beyond the minimum needed to answer those questions. Let us support you to progress in your transparency journey.

Mapping your supply chain



To answer this question you must have clarity on who your business partners are. Meaning, the actors involved in your supply chain. If you are an importer, the actors of your Tier 1 are the producers you are sourcing from. If you are a brand, those could also be producers or importers. Going beyond Tier 1 means understanding who the producers connected to your producers are (i.e. your sub-suppliers).

As defined in our [amfori transparency Glossary](#), supply chain mapping is:

“The process of creating a full picture of the companies and organisations within the supply chain at every tier of an organisation. 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.”

Therefore, mapping your supply chain is the best way to understand who you source from.

STEP 1 - GATHERING INFORMATION

To gather information about who you source from, you should:

- Map the companies that you are doing business with directly
- In supply chain terms, we call those companies Tier 1
- If specific regulations apply or if your challenges are located further upstream, you must map your supply chain beyond Tier 1 (please check the box below and the [first series of amfori Transparency Toolkit](#) for further information)

To Go Beyond

- To ensure that your business is not vulnerable to risks from companies not yet mapped in your supply chain, focus on mapping your supply chain beyond Tier 1
 - For instance, you can ask your producers who they source from and include them in your mapping. In amfori BEPI, you can automatically ask your Tier 1 suppliers to invite their own suppliers, meaning your Tier 2, Tier 3 and so on
 - This is important since it is often beyond Tier 1 that producers are more vulnerable (e.g. farmers) and environmental impacts tend to be greater (e.g. CO2 emissions at factory level, chemical run-off from crops polluting local rivers)
- Keep your supply chain mapping updated by having clear sourcing policies in place (i.e. the rules implemented with your producers to ensure your commitment to social and environmental sustainability)

HOW TO FIND INFORMATION AS AMFORI BSCI PARTICIPANTS

In the [amfori BSCI System Manual](#), you should check PART I - The Amfori BSCI Due Diligence Implementation Strategy (page 8) and focus on:

- Chapter 5: Supply Chain Mapping – page 17
- Chapter 6: Classification Of Significant Business Partners – page 18
- Chapter 9: Involvement Of The Purchasing Department – page 26
- From the tools at the end of the manual, you could use:
 - [Annexe 1: How to start with the amfori BSCI Platform](#)
 - [Annexe 10: How to cascade amfori BSCI through the supply chain](#)
 - [Template 2: Supply Chain Mapping](#)

HOW TO FIND INFORMATION AS AN AMFORI BEPI PARTICIPANT

In the amfori BEPI Participant Guidance (long and short versions) we advise that you refer to:

- Step 2. Supply Chain Mapping - page 9

STEP 2 – SHARING INFORMATION

The [OECD Due Diligence Guidance For Responsible Business Conduct](#) recommends that businesses obtain and share, when appropriate and feasible, relevant information on who they source from and sub-suppliers (beyond Tier 1). Nevertheless, if this information is sensitive to your business continuity, consider:

- Sharing aggregated information related to your tiers (e.g. the regions in which they are located, the type of business relation you have, etc)
- If possible, also share information related to their engagement regarding sustainability, the profile of their activities and their sourcing practices or actions they implemented with amfori BSCI and amfori BEPI

WHICH OTHER AMFORI RESOURCES CAN HELP YOU?

To Go Beyond

- Disclose the list of your Tier 1 companies and beyond:
 - To gain internal support, identify opportunities from disclosing this list and communicate them internally
 - If you are wary of sharing your list of suppliers, you can include a simple request form on your website to ensure that you keep track of the persons who are interested in reading your list of suppliers. This gives you evidence that stakeholders are interested in your list of suppliers and can help you to get internal buy-in

- [amfori Transparency driving sustainability: Starting point of amfori Transparency Toolkit](#)
- [amfori Transparency Glossary](#)
- [amfori Transparency Toolkit Series I: EU Regulatory Landscape on Transparency](#)
- [amfori Transparency Toolkit Series II: Sectorial Trends and Expectations on Transparency](#)
- [Endless Possibilities, a guide to effective sustainability communications](#)

To return to the questions, please click [here](#).

Monitoring of your supply chain



To answer this question, you must go beyond mapping your supply chain and start monitoring the performance of the actors you do business with. You should have a monitoring process in place that can be used to retrieve information that in a further stage will allow you to share data and stories.

As defined in our [amfori BSCI Glossary](#), a 'monitoring process' is:

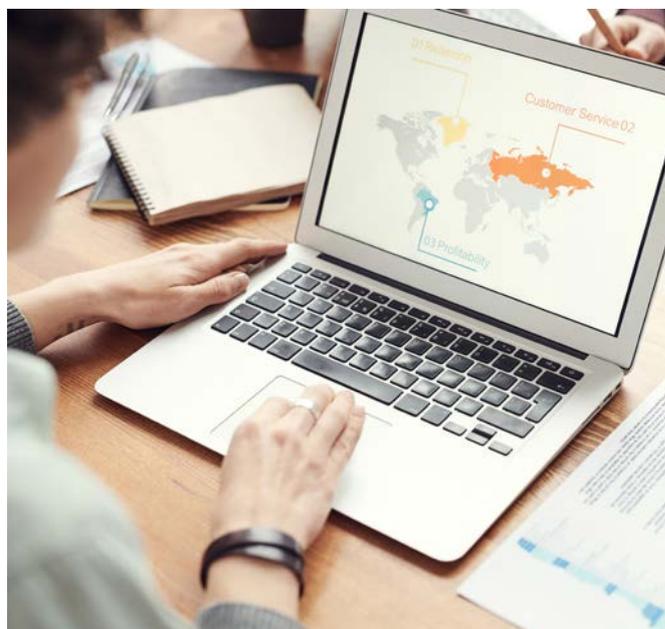
"A systematic approach, which enables business enterprises to measure and analyse social performance to identify critical problems proactively and use data to make decisions that will improve the quality and efficiency of its Corporate Social Responsibility."

We advise you to be transparent about both your social and environmental corporate responsibility. Therefore, having a sustainability monitoring process in place is a solid strategy to know if the social and environmental conditions of your supply chain are aligned with your standards. This monitoring often happens with the support of self-assessment questionnaires and auditing cycles. Nevertheless, as amfori, we recognise that going beyond audit and build capacity within producers is key to healthy supply chains (see next question).

STEP 1 - GATHERING INFORMATION

Now that you have mapped your Tier 1 companies or beyond, you should gather information to monitor their performance by:

- Regularly requesting self-assessment questionnaires
- Requesting amfori BSCI audits and consulting for amfori BEPI assessment
- Checking the results of those assessments and audits
- Checking if your Tier one companies have grievance mechanisms in place and requesting more information about it
- Requesting follow up visits to check and gather information on the implementation of the proposed action plans/remediation plans to ensure improvements
- Checking and keeping track of whether those companies are certified by other standards or sustainability management systems



To Go Beyond

- Check and collect more granular information on each performance area monitored to identify hotspots for improvement and remediation (e.g. in amfori BEPI the hotspots are proposed to you in the platform)
- Request new audits (amfori BSCI) or consulting (amfori BEPI) with a focus on investigating a specific hotspot (e.g. operational health and safety, overwork, water management, etc.)
- Engage with local actors and stakeholders to understand if the risk identified is related to external factors (e.g. you could check [amfori's Country Due Diligence Tool](#) to have a better understanding of whether this is common in that specific region)
- Engage with amfori country representatives to find out if they have also heard of similar findings from other members

For all options above, make sure that your efforts are visible. For instance, you could share your engagement with NGOs through your communication channels (e.g. website, LinkedIn, etc).

HOW TO FIND INFORMATION AS AN AMFORI BSCI PARTICIPANT

In the [amfori BSCI System Manual](#), we advise that you refer to:

- PART I - The Amfori BSCI Due Diligence Implementation Strategy (page 8)
 - Chapter 4: Act With Due Diligence - Page 15
- PART II - The Amfori BSCI Monitoring Approach (page 36)
 - Focus on the first 10 chapters (page 37 – page 56)

HOW TO FIND INFORMATION AS AN AMFORI BEPI PARTICIPANT

In the amfori BEPI Participant Guidance, we advise that you refer to:

- Step 3. Supply Chain Analysis - page 10

In the amfori BEPI Participant guidance (short version), see page 16.

STEP 2 – SHARING INFORMATION

It is important that you share both challenges and successes from your due diligence process. For this, you can consider sharing:

- Your participation in social sustainability systems (e.g. include on your website and communication channels that you are a member of amfori and a participant of amfori BSCI and amfori BEPI)
- Information on how you select producers and monitor their performance (e.g. include this in your sustainability report)
- Your engagement with transparency initiatives and stakeholders

To Go Beyond

- Disclose aggregated data related to the monitoring activities you requested and the performance identified (e.g. "Since 2018 we are conducting yearly audits and self assessment questionnaires with our producers and X% of those have improved their score since then)
- Share your sustainability targets and how sustainability is embedded in your strategy (e.g. internal KPIs and the structure of employees engaged in CSR, etc.)
- Share your commitment to monitoring beyond performance, such as contributions to meeting the UN Sustainable Development Goals (SDGs)
- Transparency also means sharing the challenges you've encountered. Therefore, share stories of how monitoring your producers has helped you to identify hidden risks and hotspots

WHICH OTHER AMFORI RESOURCES CAN HELP YOU?

- amfori BEPI and amfori BSCI Dashboards can help you with charts and performances overviews
- [amfori Transparency driving sustainability: Starting point of amfori Transparency Toolkit](#)
- amfori Transparency Glossary
- [amfori Transparency Toolkit Series I: EU Regulatory Landscape on Transparency](#)
- [amfori Transparency Toolkit Series II: Sectorial Trends and Expectations on Transparency](#)
- [Endless Possibilities, a guide to effective sustainability communications](#)

To return to the questions, please click [here](#).

Continuous improvement of your supply chain



To answer this question, you must not only have an understanding of your supply chain and its performance but also information on how you steer the continuous improvement of the actors involved.

Participants of amfori BSCI and amfori BEPI work with their producers to continuously show improvements in the way their businesses respect the environment and human and labour rights at their premises and throughout their supply chains. Furthermore, there is a compromise of balancing autonomy and responsibility. Hence, as a participant, you give recognition to the best performing producers, while supporting the worst-performing ones to improve. The aim is that with the right tools and training they can take ownership of their own business responsibilities.

In the amfori BSCI Manual and amfori BEPI Guidance for participants, 'Continuous improvement' is mentioned on many occasions and is described as the process by which companies:

- Move beyond quick-fixes and aim to achieve long-lasting positive impact
- Build competence and knowledge within their own teams and supply chains
- Regularly monitor the progress made while ensuring continuous training, capacity building and the engagement of management
- Improve overall environmental performance

Here, we recommend that you are transparent about the efforts you are taking to drive positive change. Therefore, having a continuous improvement process in place is the best strategy to actively contribute to improving the conditions of your supply chain actors.

STEP 1 - GATHERING INFORMATION

Now that you have mapped your Tier 1 companies and beyond and are monitoring their performance, you should gather information about their continuous improvement:

- Check and collect information about their engagement in capacity building (e.g. if they have undertaken training in the amfori Academy)
- Check and collect information about any remediation plans (amfori BSCI) or check the implementation of the correction actions plans defined with amfori BEPI assessments, audits or consultations
- Check if they have formal commitments towards continuous improvement (e.g. qualification programmes, worker representation, grievance mechanisms, etc) or use amfori BEPI follow up activities
- Collect information on how you collaborate with other companies towards the continuous improvement of your producers (e.g. amfori BSCI participants linked to the same producer can jointly support the producer's continuous improvement through capacity building activities. Furthermore, they can pursue remedies, particularly for the most severe breaches identified in the supply chain. This is the case for Zero Tolerance and emergency episodes, where immediate collaborative remediation is needed)

To Go Beyond

If you want to do more and communicate that you actively contribute to the improvement of conditions, you should:

- Gather information on how you actively encourage, request and facilitate capacity building within your company and your supply chain (e.g. if you are an amfori BSCI participant you can become an RSP holder, which is the status actively and voluntarily taken by an amfori BSCI participant who wants to lead the implementation of the monitoring strategy for a given producer. If you are a amfori BEPI participant, how many on-site assessments or other on-site actions have you assigned)
- Gather information on how you recognise and reward producers that are improving

HOW TO FIND INFORMATION AS AN AMFORI BSCI PARTICIPANT

In the [amfori BSCI System Manual](#), you should check PART I - The Amfori BSCI Due Diligence Implementation Strategy (page 8) and focus on:

- Chapter 11: Setting A Culture Of Accountability - page 33
- Chapter 12: Responsible Interruption Of Business Relations - page 34

At PART II - The Amfori BSCI Monitoring Approach (page 36), you should focus on:

- Chapter 15: The Remediation Plan
- Chapter 16: Follow-up and Continuous Improvement

From the tools at the end of the manual, you could use:

- Template 9: Remediation Plan
- Annexe 11: How to understand the amfori BSCI Commitment Formula

HOW TO FIND INFORMATION AS AN AMFORI BEPI PARTICIPANT

In the amfori BEPI Participant Guidance, we advise that you refer to:

- Step 4. Programme Assignment - page 12

In the amfori BEPI Participant guidance (short version), see page 18.

STEP 2 – SHARING INFORMATION

The efforts that you and your producers take towards continuous improvement are remarkable and should be shared. For example:

- Disclose the aggregated data of capacity building activities undertaken
- Disclose high-level information from your remediation plans, for instance, in your sustainability report

To Go Beyond

- Share how you collaborate with other businesses towards continuous improvement (e.g. joint trainings or dealing with crises, such as with Zero Tolerance or with recommendations regarding COVID-19)
- Share how you engage with stakeholders for your continuous improvement activities (e.g. collaborations with NGOs for capacity building programmes)
- Share how your list of suppliers are committed to continuous improvement (e.g. further elaborate on what you share during your supply chain mapping, how many trainings they have taken and which other management systems they participate in)
- Share how you identify risks and take action towards improvement (e.g. request for capacity building, engagement with stakeholders, etc). Tip: including testimonials from your producers is a simple and tangible way of increasing the credibility of your story

WHICH OTHER AMFORI RESOURCES CAN HELP YOU?

- amfori BEPI and amfori BSCI Dashboards can help you with charts and performance overviews
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Your due diligence approach and transparency



By mapping your supply chain, monitoring the performance of your producers and investing in their continuous improvement, you have already implemented the key activities needed for an effective due diligence approach, which is defined in the amfori transparency Glossary as:

“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 amfori 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 of if it is required by law or not.”

Therefore, having an effective due diligence approach to human rights and the environment is a way to equip yourself to answer your customers' questions. We encourage you to follow this guidance and not to underestimate your power as an SME. At your own rhythm and resources, it is possible to move beyond regulatory compliance and inspire others by sharing information about your supply chain due diligence efforts and how you have increased your transparency.

If you need further support or advice, feel free to contact us at info@amfori.com.



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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