

amfori BSCI System PG Call Minutes

14 December 2020 – Video Call

Attendant List

Attendant	Organisation
Annette Koch	Gerry Weber
Marius Lang	Migros
Marc Hoerbuerger	Walser
Hanna Sutherlin	Systembolaget
Marja Aho	Alko
Ehad Karacam	El Corte Ingles
Barbara Gregory	Walmart
Stefanie Cypher	Walmart - Legal
Rachel Vujovic	ALDI South
Luisa Seifert	Otto Group
Rebecka Sancho	Hunkemoller
Tanya Todd	Canadian Tire Corporation
Axel Kollberg	Systembolaget
Klaus Hohenegger	Sourcing Solutions
Yakut Oktay	amfori
Elif Kalan	amfori
Franzis Wimmer	amfori
Guggi Laryea	amfori

Excused	Organisation
Eckhard Spanier	IB Company KG
Sanni Martkainen	SOK

Below documents used and distributed:

[Presentation 14 December 2020](#)

[Agenda](#)

Summary

The main agenda topics of this meeting are to review the first draft of amfori BSCI Code of Conduct (CoC) and to have a discussion and feedback session on Living Wage and Fair Remuneration with the expert Klaus Hohenegger. In addition to these, amfori updates and planning of 2021 are shared.

Agenda Item	amfori Updates	Presenter	Elif Kalan and Yakut Oktay
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The **first** update was about upcoming two training programs on demand: Forced Labour Live Webinar and Internal Auditor Training Webinar for the members. Members who would like to send staff or join to those trainings are invited to send their request.

Secondly, the team informed the members about the works have been planned and scheduled on State Imposed Labor Force. With that, Guggi has explained that amfori is part of Stakeholders group. In addition to this, Elif also presented the partnership developed with Loening which is a consultancy hired to develop Auditors’ Guideline on State Imposed Forced Labour (SIFL). Draft outline and timeline are presented along with discussion questions.

Thirdly, the draft schedule in 2021 is also shared and the group agreed on the presented the timeline and decided to arrange availabilities on doodle. In addition to 2021 meetings timeline, the group agreed also on starting the calls 1 hr before. So, the next meetings will be organized between 15.00-17.00 (CET).

Following discussion took place with the contributions of PG members, see below:

Questions/Comments

Question/Comment	Answer
<p>Comment: This is really good news to see amfori takes a step to address this problem through this initiative with other and maybe/hopefully to find a solution on this. I don't know how to act on this exactly, we can control our direct business partners. But we can't control the other tiers-such as cotton producer.</p>	<p>Thank you for appreciating our initiatives on this and also for acknowledging that this is extremely difficult problem. And we are aware that this proposal by no means will solve the issue but as a one step to go further.</p> <p>Ultimately, the governments will have to step in.</p> <p>At the EU level, they want business organizations like us to take actions rather than they ask us to take actions. Because it is so sensitive with relations per se. It is a very hot political topic as well and no one would like to endanger any kind of economic ties. So that is one of the challenges we face.</p>
<p>Comment: It is good to see that you connect with other stakeholders. It is the way to go.</p> <p>In Switzerland, last month we had a roundtable together with the Department of Commerce and other stakeholders on what to do. For us, we have done some research on whether we have producers and manufacturers in Xinjiang region. And we don't. But again the question is standing</p>	<p>In addition to amfori's this initiative, we also put out a survey which asks the members a number of questions about SIFL; if they source from the region, what their views on the topic. In case you haven't seen it, we can share it with you.</p>

<p>although we are not a big cotton player , but the risk is more about conventional cotton from China. We are in contact with some labor organizations and this is important when we talk about cotton production, not manufacturing. Therefore, GOTS, Better Cotton, Made in Green and some programs as such are interesting for further investigation. For conventional cotton production we can't trace it so we can't reach transparency. So, we are happy to see amfori is taking some steps.</p> <p>Comment: Please share the survey again.</p>	
<p>Comment: We have also attached the round table discussion with the Dutch Government. It is really difficult for cotton and we will never be able to trace it. We talked about how the government can support us as they are very important on this matter. As a company we made a statement and sent out a letter on the topic to our suppliers. We don't resource from the region but it is important for us to recognize the problem and to follow what kind of actions to be taken in recruitment, government schemes and recruitment companies. We also asked the Dutch Government whether we could get some more information on this. We have a very close relationship with our suppliers but this is a very sensitive topic to talk their relations with Chinese government</p>	<p>It would be great also to see that you raise the issue within the roundtable discussions so that we can have more leverage for our joint letter.</p>
<p>Question: Is the scope of this work intended to be only for textile and cotton industry? As in many cases, it starts with perceived forced migration of a community throughout the different provinces in China. How do we safely audit for this? How do we go about a normal assessment and try to find out there is a worker of the weaker community migrated?</p>	<p>Comment: When we started to work on SOFL, I don't think we had any sector in mind. We really wanted to discuss the principles of it, stands against it. In general, our approach should be general yet having said that the organizations that are working in the Platform are probably more focusing in textile. But that is not to say that amfori's focus will be on that sector but we recognize the fact.</p> <p>We also are aware that people are being forced, and it is not only about the region and/or the sector-cotton production.</p>
<p>Comment: We may need to know the country, the nationality of the worker. Yet, writing about the implications about this in the confidential report is tricky to make sure</p>	

<p>the right people have this information and wrong people don't. There should be a clear process defined by the legal perspective/laws around that.</p>	
<p>Question: To clarify, are we talking about SIFL or Forced Labour? Because what we have issues regarding forced labor are also about migration.</p>	<p>This is about forced labour. For this, we will have time for clarification and in the subgroups, we will be able to adjust the questions/things to be checked as we also adjust the CoC.</p>
<p>Question: Is the ethnicity data going to be integrated? Do we have the information about migration or so?</p>	<p>Ethnicity and nationality differ in GDPR. You can say that there are workers from Bangladesh but you can say that there are muslim, Rohinya workers from X, Y, Z.</p>
<p>Comment: So then it is difficult to identify the issue of discrimination. It is not easy.</p>	<p>We can get clear consent from the workers and then we can use it in a very delicate manner in the report. But it requires one-by-one consent.</p>
<p>Comment: The second question is very challenging one: how do we give the business partners and ultimately the members implication that something like this has taken place. As it is State Imposed Forced Labour, how do you see the legality and/or illegality of this situation? As there is no way to actually find that information, how do we really prevent this from happening? I would really much welcome when the guideline come out as I don't have any idea what I want to see.</p>	<p>The partner is really trying to put all the things together for you to see but also to make sure the auditor and the workers are safe. So far, they have come some interesting ideas such as the information on languages spoken.</p>
<p>I want to know what are we seeing today and what will be different. What are the possible additional questions?</p>	<p>Of course, the auditors can ask many questions but the most important part is to put it in a report format which is tricky and that is the legally binding part. They will interview some expertise from international organizations (IOM, ILO, China Labour Watch, writer of the ASPI Report and talk with auditors to see how they can strike that balance.</p>
<p>Question: Do you have a good sense of what the expectations are of companies and organizations being able to monitor this issue? Form the EU Governmental side or others. Or is the understanding there is aligned with us or very complex and difficult to understand?</p>	<p>There is a big push from the US. We are not necessarily aware from the EU.</p>

<p>Comment: Of course, it is illegal and we have to know it but whether and how to report it challenging. I would like to know about what the consultancy will come out on the way rather than seeing the end product. So, if there is a way to see the draft before it is finalized, I would like to see it and it will be helpful. I can also share it/the draft with the legal department.</p>	<p>Question: Would you be interested in seeing this document? So, the second draft document will be shared with the members in mid-Jan 2021.</p>
<p>Comment: Timeline is reasonable. In mid-2021, you want the CoC is ready?</p>	<p>Agreed on the timeline.</p>

Agenda Item	Living Wage and Fair Remuneration Discussion	Presenter	Klaus Hohenegger
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In this session, Klaus Hohenegger from Sourcing Solutions conducted a discussion session on to understand the areas to be addressed on the topic. Prior to the Call, following questions in the [presentation](#) shared with the members:

1. How would you rate owner/management commitment within your company towards the implementation of living wages?
2. Most Living Wage initiatives and projects that have been implemented to date are based on pilot projects at country, supplier or product level. Assuming that you have full management commitment within your organization, what would you think are possible ways forward to work towards sector/industry wide approaches?
3. Would you agree to map the leverage of amfori members in sourcing countries as a starting point to evaluate possible synergies and impact for an upscaled approach?

Questions/Comments

Question/Comment	Answer
<p>Question 1 Discussion: The commitment is high as this topic is in our CSR strategy, as an official. But we have a lot to see how the discussions will be followed.</p>	<p>How would you rate owner/management commitment within your company towards the implementation of living wages?</p>
<p>We have a fairly high commitment from CEO and management level. However, I am not sure that the senior management level fully understands.</p>	
<p>We have been working on this topic for a quite along time and we are one of the</p>	

<p>companies implementing a project in certain factories. But how it affects the margin, budget is a big topic. Our CEO and strategy is committed and quite on the topic, but we are still business.</p> <p>We look at the wage management system, productivity in the factory and stability of the wages, comparison system of the seasonal workers/wages. We also look at the retention rate.</p>	
<p>There are different ways of understanding. We have market and price realities. Yes, important but it must be embedded in market realities.</p> <p>We need to find a solution within the context of market realities regarding the customers (various kinds of customers).</p>	<p>Comment from the expert: I think we are synchronized in this topic in regards to the fact that there is a cost and someone has to pay for it and if it is only you-your company-are willing to pay for fair remuneration or living wage then they can under-price you.</p>
<p>The main question is already expressed: There is a cost and who is willing to pay for it?</p> <p>At the senior level, we have the commitment but it is also related to the regulations within the purchasing practices. And so, how do we divide the cost fairly? Country-basis, origin-basis.</p> <p>We need to go through a systematic process for the all processes of purchasing practices (all the countries, all the origins) rather than leave the decision to individual level.</p> <p>It is also important to think and design that to make sure if we are paying more and it will in the end be beneficial for the workers at the beginning of the supply chain.</p>	<p>Agreed. It is important to look at the whole supply and value chain. We really look through the issue with all contexts. It is very complex.</p>
<p>Question 2 Discussion:</p>	<p>Now the biggest question for the whole industry is how to upscale of the pilot projects, deliverables that have been so far implemented.</p> <p>What would be the best to upscale?</p>
<p>One important factor is not to forget state institutions. So, when we talk about wages, we have to think about local legislations, Unions and state actors. It is not only in our understanding that the</p>	

<p>brand or factory individually defines the wages. To go beyond these pilots, we need to consider the national actors and legislation processes and support the creation of ownership at that level, not only within the temporary business relationship between the brand and the producer.</p>	
<p>Agreed. So, we see the biggest wage increases when the governments raising the minimum wages. That really should be the focus of our organization to pressure governments, lobby and work on that level.</p> <p>I think amfori, as an organization, can help us with benchmarking. There are so many benchmarking. So far, the data we get from amfori is not very workable for us.</p> <p>Moreover, all companies can also educate the customers on the wages and how they should be. There is a lot to do on the customer side as well.</p>	<p>Agreed. When the legislation changes, then the wages can increase.</p> <p>National governments are also hesitant to increase the wages as they are competing with other countries globally. So, it is a very complex topic.</p> <p>It is important to include collective bargaining approach and those include workers' approach.</p>
<p>We should also think about the external stakeholders such as buying departments. Because sometimes, we as CSR people can be more academic or seen more ideal so those people might not have so time or less interest on this topic. So, the design of these projects and processes should be inclusive.</p>	
<p>I personally don't think so.</p> <p>I think it is because we are a very big organization so one is not aware of what the others do. We try to find a way of communication really to get their targeted focus on.</p>	<p>How does it work in your organization? Do your team have a sufficient knowledge on this topic?</p> <p>Do you think the buyers have sufficient knowledge?</p>
<p>Buying departments or other departments are so deep in their daily businesses.</p>	<p>Would you agree it is more about setting the right targets with right departments?</p> <p>Would you agree it is more about providing right tools which other departments (such as buyers) can also relate/verify/check their tasks with the living wage/fair remuneration?</p>
<p>It is definitely not their fault. They have a target/task which is given.</p>	<p>Would you agree it is more about setting the right targets with right departments?</p>

	Would you agree it is more about providing right tools which other departments (such as buyers) can also relate/verify/check their tasks with the living wage/fair remuneration?
Yes, but such kind of tools or lists must be super easy to apply and understand. I don't think Anker Methodology would make sense for buyers to go deep and understand and then check accordingly.	
I think it would be useful if organizations such as amfori could help members to pin point to look at different kinds of indicators (Collective bargaining possibility, inflation, minimum wage level per country). Things which can be possibly important in pricing for buyers. It is also important to make sure that the Unions are also involved here. So, bringing the discussion of living wage to the Unions, to where it stemmed from is also important.	Absolutely agreed.
Training for buyers; we got a training on labor minute costing from FWF 2 years ago. Our buying director and many of other buyers in our company were trained on understanding how many labor minutes go to the production of each product. Now, we are working with some factories in Myanmar and have trained them to create some understanding on this topic.	
Question 3 Discussion:	Would you agree to map the leverage of amfori members in sourcing countries as a starting point to evaluate possible synergies and impact for an upscaled approach?
How would you define the leverage by order volume or what?	Capacity in the industry. Volume of business of certain industries in certain countries. Then it would be easier to join other initiatives, talk to governments, others, trade unions.
	So, nobody is against this idea of mapping the leverage of amfori members.

Franzis summed up the session with final remarks:

- It was stated several times that there is a lack of awareness of purchasing departments. This is an obstacle. One of the roles of our members to play here is to make the services aware of this issue. We have a training on this and we should work this training to be used. It is free training.
- We will also support you for capacity building and advocacy activities.

Agenda Item	CoC – 1st Review	Presenter	Yakut Oktay
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Yakut Oktay then opened the discussion on the [1st review of the CoC](#) where the members have added and will continue adding their comments on was shared.

Question/Comment	Answer
<p>As initial comments:</p> <p>I think it was a bit long, though we discussed the fact that it is possible when we put everything together.</p> <p>In terms of the content, it is in general good.</p>	
<p>We have some concerns around some topics but also regarding the legal requirements vs. standards conflicting with the law.</p> <p>Under the principles, code observance for instance there are some sentences/language might create misinterpretation about what is conflicting and then what is abided.</p> <p>We need to be careful. We have the opportunity to reword this in a way that less problematic and yet still is moving the intend.</p>	<p>That is the language has been used for quite some time. It doesn't intent to conflict the law, but to go beyond the law.</p> <p>Please put this comment in the document.</p>
<p>It is the time. Why not to see the legal perspective on top of that?</p> <p>We need more time to read, comment and discuss on the document. There are some really important chapters. We can divide the chapters to work on better.</p>	<p>The document will be open for your comments until the first week of January 2021.</p> <p>With that comment, we can start working on different versions of the document with your comments and changes.</p>
<p>Mentioning the timeline in the beginning of the document, do you think we should keep it?</p>	<p>If it is necessary, we can keep it. But if anything is unnecessary, I would just cut it out and make it simple.</p>
<p>I would like to know how long this document will be valid. Form legal perspective, it is also a bit tricky to put timeline so when the document</p>	

is not valid anymore, you should update and change it again.	
General comment: Since it is now 1 document and our business partners will have to sign this again. And once again the lawyers will look at it really closely, to see the details. So my question is how clearly we can indicate the parts that have changed and are you planning to somehow present only 1 document or 1 document showing the changes?	That is a very good idea. We need a kit showing what has changed/updated.
In the last CoC revision 5 years ago, we had some similar questions, so there should be some learnings. We can share information with members and producers. We need more time to really discuss some of the meaning such as Social to Social Compliance. We need this to own the document and what is written there.	
There will be some concern about some of the points here by the members when they sign the CoC and so commit to the language here such as the <i>`By agreeing to this Code of Conduct, the signatories give consent to amfori, or third parties qualified by amfori (e.g. auditing companies, quality partners) to have access and gather personal data on their employees for the purpose of a monitoring activity.`</i> We need to read the document with this lense/from that perspective.	We put it there both for the business partners and members. We expect to see how the Member Commitment Formula will evolve with regards to this. It is more about potential future looking idea.

The group decided that they would look into and work on the CoC review till mid-January 2021.

It is also expected from amfori team is to present the background discussions and purpose of the changes with relevant feedback in order the group see/capture the whole of the document.

The members can reach the amfori team to understand the purpose of the changes and discussions after mid-Jan 2021.

Agenda Item	Any Other Business (AOB)	Presenter	Yakut
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No other discussion took place, neither any critical decision is made.

Conclusion:

In conclusion, following actions as above mentioned will be taken up and amfori team will follow up them with the PG members:

- Doodle calendar for 2021 to be prepared and sent out to the members

- amfori team will follow the comments and inputs on CoC 1st review by the members – deadline is mid-January 2021.
- amfori team to send out the [survey](#) on SIFL
- amfori team to send out the 2nd draft of SIFL Auditors' Guideline in mid-Jan 2021 for feedback.
- amfori team is available for further questions after mid-January 2021 for one-to-one discussions.

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