

# amfori BSCI Local Calibration Meetings

Minutes

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Report of 2020

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amfori works to ensure a high level of quality of due diligence services through engagement with its approved [monitoring partners](#).

## Introduction

The main goal of organizing amfori BSCI Local Calibration Meetings is to provide a discussion forum and to align updated information between amfori and our amfori monitoring partners (auditors) active in the [amfori Local Networks](#)

Together with our comprehensive Monitoring Partner (MP) acceptance criteria, auditor qualification / training schemes as well as its pioneering Audit Quality Programme, amfori also set yearly milestones in the calibration meetings with the monitoring partners.

## Networks

Our members are global and their supply chains can stretch across several continents. The amfori Local Networks provide key platforms for members to exchange views and insights from a local perspective, discuss current challenges and get local support tailored to their needs and in their local language.

Bangladesh, China, India, South East Asia (SEA) and Turkey are the top 5 countries / regions where amfori BSCI audits are conducted, following the requests of amfori members. Local calibration meetings are therefore held in order to address challenges and issues faced by the auditors from these countries while they conduct amfori BSCI audits.

Local Calibration Meetings of 2020 were held in between November and December. amfori Network representatives led and facilitated the organization of the meetings along with the support from amfori Social Programmes Team based in Brussels and Greater China Office based in Hong Kong. Due to COVID-19 restrictions, local calibration meetings were organized in virtual formats. The following table shows the dates of the meetings:

Network	Date(s)
Bangladesh	1 December 2020
China	3, 5 and 10 November 2020
India	23 and 25 November 2020
South East Asia (SEA) <sup>1</sup>	26 November 2020
Turkey	20 November 2020

## Participants

amfori BSCI auditors from amfori MPs joined the meetings. Each monitoring partner assigned 1 or 2 auditors to the local meetings. Overall, 104 auditors from 13 MPs participated in the meetings. Members also joined to specific sessions depending on the topic.

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<sup>1</sup> South East Asia Region in the context of amfori BSCI scope covers following countries: Cambodia, Indonesia, Malaysia, Myanmar, Thailand and Vietnam.

## Topics of the Meetings

Topics covered are detailed as follows:

- amfori Updates
- Audit Quality Programme
- amfori Sustainability Platform (New Platform)
- Zero Tolerance Protocol with Case Studies
- COVID-19 Findings and Experiences
- amfori BSCI System Revision Update
- Remote Audits
- Memos
- Country-Region specific topics

Depending on the needs and challenges communicated by the auditors and amfori BSCI Scheme Managers, network representatives also developed country-specific agendas. To better understand the most important topics for auditors, network teams sent a survey to scheme managers and collected their feedback for consideration when they designed the agenda for the meetings. In order to use the time efficiently, not every topic was covered in each country and region but rather network representatives focused on the most prominent and major matters.

Following table shows the country and topic breakdown:

Topics	Bangladesh	China	India	SEA	Turkey
amfori Updates	✓	✓	✓	✓	✓
Audit /Quality Program	✓	✓	✓	✓	
amfori Sustainability Platform (New Platform)	✓	✓	✓	✓	✓
Zero Tolerance Protocol with Case Study	✓	✓	✓	✓	✓
COVID-19 Findings	✓	✓	✓	✓	✓
amfori BSCI System Revision Update		✓	✓	✓	✓
Virtual Audits		✓	✓		
Memos		✓	✓		
Country-Region specific topics	Duration of Audit (person-days) Ethical Behaviours	Building and Fire Safety	Discussion on India Labour Codes and proposed relaxations in 2020	Recruitment Fee in Malaysia	Producers' pressure on audit results

## Discussion of Topics in Details

This section presents discussion that was held in each Local Calibration Meeting. Key points of discussion are presented on the basis of topic along with country/region specific comments.

**amfori Updates:** Statistics on amfori audits, including full and follow up audits, 2019 vs 2020, global and local figures were presented.

**Audit Assurance Programme<sup>2</sup>:** The number of quality activities (Management Office Audits, Local Office Audits, and Witness Audits) along with identified gaps and major and minor findings are presented for each specific country and region.

**amfori Sustainability Platform<sup>3</sup>:** In 2020, amfori launched the amfori Sustainability Platform. The platform offers members and amfori partners a user-friendly, practical way to manage the sustainability performance of their supply chains, including a comprehensive view of performance data.

In this session, representatives shared updates on new releases as well as the amfori Academy, topics on the pipeline for 2021 and existing and upcoming training materials.

Some auditors expressed that they already actively use the platform, while some had not activated their profile yet. As the migration continues, amfori BSCI scheme managers will follow the track of auditors' migration to the amfori Sustainability Platform. amfori informed the auditors that the tutorials and webinars are available in different languages on the amfori Academy.

Overall, auditors from all MPs expressed their concerns about the profile accuracy provided by the producers on amfori Sustainability platform. Questions around particular online functions were noted by amfori team.

**Zero Tolerance (ZT) Protocol with Case Study<sup>4</sup>:** This session is facilitated by amfori Asia Pacific (APAC) Director Joyce Chau. Zero Tolerance statistics are shared by category, country and 2019 vs 2020. Categories are as follows:

- Child Labour,
- Forced Labour,
- Occupational Health and Security (OHS)

- Unethical Business Behaviour

Overall, this session focuses on two main goals. The first one is to make sure the auditors are aligned with the Zero Tolerance Protocol. The auditors reviewed a ZT case which was on unethical business behaviour, specifically picked on attempted bribery. The second one is to discuss the obstacles and challenges that auditors face in flagging zero tolerance case.

This was a very interactive session engaging auditors from different monitoring partners.

amfori notified MPs that they would be able to follow the whole ZT process when they trigger an alert on amfori Sustainability Platform.

**COVID-19 Findings:** The novel coronavirus (COVID-19) pandemic has generated major disruption in global supply chains and has resulted, all over the world, in strict health and safety measures. amfori has created a COVID-19 Update [page](#) that includes all information resources and recommendations that amfori has publicly communicated so far related to the impact of the virus in supply chains and amfori activities

In light of the updates and recommendations, this session was dedicated for understanding the challenges and issues with which the auditors are encountering. The following concerns were raised by the auditors:

- Difficulties in access to facility due to constant changes in the regulations, restrictions and measures by the national and regional governments.
- Audit Scheduling
- OHS Risks
- Conducting safe and secure interviews with the workers
- Lack of clear guidance

**Remote audits:** Remote audits are developed as an alternative way for social compliance and due diligence programs in order to provide business continuity for various brands, companies and retailers. However, many serious risks and challenges as well as setbacks are identified by the auditors as follows:

- Following areas are difficult to assess through remote audits: unaccounted workers, working hours,

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<sup>2</sup> For more information on Audit Assurance Programme, please visit: <https://www.amfori.org/content/audit-integrity-programme-0>

<sup>3</sup> For more information on amfori Sustainability Platform, please visit: <https://www.amfori.org/content/amfori-sustainability-platform>

<sup>4</sup> For more information on amfori BSCI Zero Tolerance Protocol, please visit: <https://www.amfori.org/news/new-system-manual-feature-updated-zero-tolerance-protocol>

workers' interviews, double records, hidden workforce

- Triangulation techniques, physical scope, lack of workers voice are at risk.
- High risk of manipulation of documents.
- Audits take place via phone and cameras with a limited observation scope.
- Unable to determine if there is a safe environment for workers to speak.
- Evidence only through emails and uploads.
- Difficult to assess the body language and facial expressions.
- Person-days for pre-preparation, time allocation, more time required for auditors to assess the documents and raise questions in meetings and gather additional evidence to maintain effectiveness of audit.

Overall, the discussion of remote audits is concluded that they are not complete in scope and cannot be replaced with an on-site audit.

The following recommendations and remarks are also provided:

- For business continuity, extension to an audit is better than remote audits.
- It is better to have some monitoring system than no auditing at all..
- Remote audits can be used as a pre-assessment audit.
- Remote audits can be used only in a limited way and on-site visit on a future date must be planned.

amfori is evaluating the suitability to introduce remote audits. Consultations have been undertaken with amfori members (heavy users of audits) and respective stakeholders. Since then, no Memorandum of Understanding (MoU) with other programs (i.e. SEDEX) has been initiated or developed.

The amfori team explained that amfori BSCI auditors should ensure fulfilling amfori BSCI audit requirements and not encourage the arrangement of remote or combined audits.

The issue of remote audits is subject to further advice from amfori Main Office in 2021.

**Memos:** Memos are guidance documents which update auditors around specific topics. amfori team issue memos if and when:

- New legislation is enacted or legal amendments to relevant regulation takes place
- An update in the audit protocol is made

- A request received from MPs for technical clarification

Country specific memos are also issued by amfori the team. In this section, 2 memos are discussed. First one is the Memo (ACs 2018/05 1) regarding social insurance in China. The majority of MPs replied that the memo is clear to them.

The second is the Memo (MPs 2019/10 2) on Fire Safety in India. Follow the memo issued by amfori BSCI in 2019, no issues observed. Auditors acknowledged that they have found the memo effective and as a good guidance.

### **Country Specific Topics**

#### **Recruitment Fee in Malaysia**

This topic was only discussed in the SEA Local Calibration Meeting. Auditors expressed their concerns around lack of clear guidance on the calculation of reimbursement of recruitment fees for the producers and conflict between local law and international regulations.

The amfori team noted the questions and concerns raised in this context and decided to provide a guidance note on the topic.

#### **Living Wage**

The auditors requested amfori to organize a workshop for MPs around the Living Wage (LW) topic. It was underlined that a lack of guidance on LW calculation has been provided, and providing clarity on this area was identified as a key matter. The amfori team informed the auditors about the upcoming plans regarding this issue as follows:

- In 2021, new workshops will be organized for the producers.
- The training material on "Fair Remuneration and Decent Working Hours" will be updated.

amfori suggested to form a focus group to coordinate with MPs to standardize the calculation of living wages.

#### **Person-days:**

amfori was asked to share a feedback on increasing extra person-day when auditors find more workers during the audit than claimed by the factory before the audit. Auditors asked if the audit firm can adjust the auditor's schedule in the case of respective misinformation.

amfori replies that according to its guidelines, MPs do not adjust the audit duration. MPs use what is assigned to them. And MPs should try to manage as much as possible. But if auditors have enough evidence that this changing number of

workers comes from unethical behaviour, then auditors should report it in the appropriate manner. Depending on the situation, it may even be a Zero Tolerance for unethical business behaviour.

### **Cascade Effect Problems:**

MPs shared that factories are unaware of the social management system and cascade effect. Factories underlined that they comply with local requirements yet do not understand the expectations of amfori BSCI standards, their special requirements and the wider social management system amfori provides.

MPs also claimed that in some factories, consultants manage documents and the general processes of social compliance. At the same time, management and management representatives are unaware of this phenomenon.

Several complaints also made by the MPs regarding the attitudes and behaviour of the auditees. One of the critical concern mentioned here was the fact that auditees are solely interested in audit scores rather than understanding the implementation of the standard. With that, MPs expressed that auditees also request the auditors to remove findings from audit report. As a result of these, auditors acknowledge that they have been under some pressure by the auditees on the audit-site which amfori will coordinate this concern with the Scheme Managers.

### **Building Safety and Fire Certificate in China:**

This topic was covered with the group discussions and followed by the feedback session. The participants specifically discussed the challenges and risks identified around PA 7.11.

Feedback and suggestions made by the auditors are well noted. amfori agrees to plan to issue a clear guideline in line with the request both from the Monitoring partners and Members.

### **Local Laws vs. amfori BSCI on OHS in SEA region**

5 discussion groups were held in the following topics:

- Indonesia: New Labour Law
- Thailand: Local law allows workers to pay part of their own recruitment costs
- Myanmar: No OHS-specific law in the country
- Vietnam: New Labour Law
- General: Governments allow relaxation of laws due to COVID-19 (i.e: in India)

Discussion shows that there is a need for guidance to explain how to assess the PA 7 OHS in the case of a conflict between domestic law and international requirements in the OHS. Until the guidance is issued, auditors agreed to follow whichever is

the stricter requirement, either amfori BSCI System or New Labour Laws.

### **amfori to Follow-up with Local Calibration Meetings**

All five meetings took place with a good level of interaction and engagement. The participants have provided amfori team key areas for improvement and update. Depending on the resources and capacity of amfori team, actions will be planned and coordinated accordingly. Yet, as a result of the local calibration meetings, following specific areas / tasks are identified as immediate concerns:

1. Need more interaction with MPs to clarify amfori's expectations and addressing MPs' challenges:
  - a. Regarding the Audit Assurance Programme
  - b. amfori BSCI System Revision Process
2. amfori is to issue and update guidance on:
  - PA 7 for China
  - Living Wage
  - ZT Protocol - Section unethical business behaviour
3. Formation of a focus group to coordinate MPs to standardize the calculation of living wages.
4. amfori will: :
  - Prepare a framework and guidelines for when and how remote audits can be used.
  - Provide an alternate solution which can be used in circumstances such as COVID19. There is a need to equip the auditors with any future situations.

In conclusion, all network representatives expressed their high level of satisfaction in managing and coordinating feedback of MPs during these unprecedented times. Therefore, with certain limitations, both participants from MPs and amfori teams appreciated the organization of virtual Local Calibration Meetings where a crucial interaction and engagement has sustained.

Finally, network representatives make a good judgement on what topics should be covered and what materials and information should be prepared to share and to review in the next Local Calibration Meetings in 2021. With that, they draft the following topics to be discussed.

1. Follow-up topics from 2020
2. amfori BSCI Sustainability Platform and its Migration Status
3. amfori BSCI System Revision
4. Audit Quality Programme
5. Country specific memo and guidelines
6. Gender Equality and Harassment

7. Forced Labour
8. Homeworkers

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**amfori**

The Gradient Building  
Avenue de Tervueren 270  
1150 Brussels – Belgium

**Fax:** +32 2 762 75 06

**Phone:** +32 2 762 05 51

**Email:** [info@amfori.org](mailto:info@amfori.org)

**[www.amfori.org](http://www.amfori.org)**

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