

BSCI Echo

BSCI Echo No.09 - 2012

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DEAR READER,



Sibyl Anwander
*Chair of the BSCI
Steering Committee*

As my one year anniversary as Chair of the BSCI Steering Committee has approached, I believe we can look back on the past 12 months as an intense, yet exciting year. The organisation has continued to see a solid growth of participating companies demonstrating the increased importance placed on companies' trading operations. Transparency in the supply chain is a first step towards more sustainability; this is a basis for making improvements.

Despite BSCI's growing activities, labour issues in companies' supply chains have continued to exist. This edition of the BSCI Echo touches on just some of the issues faced by BSCI Participants, such as uproar following failure to pay workers higher wages in Bangladesh, forced child labour by the Uzbek government and the poor conditions for Chinese migrant workers. While BSCI regrets that it cannot prevent such issues from occurring, it can provide a supportive platform through which companies can unite and work towards common solutions for improvements.

Through BSCI Working Groups, an array of tools and materials has been developed to support companies towards improvements in their supply chains; the most significant being the recently launched BSCI Platform. The two years of dedication and hard work of the BSCI Database Working Group must be highlighted, as personally, I believe this 'state of the art' platform represents a turning point for managing social compliance in supply chains.

BSCI's work with trade unions, NGOs, governments and other initiatives has also taken a leap forward. I am also pleased to welcome four new members to the BSCI Stakeholder Council this year ([see here](#)). On 20 November, BSCI will host its annual Stakeholder Conference in Brussels. This conference will provide a platform for participants to discuss current and future issues in the supply chains of companies sourcing globally. We welcome you to [join us](#) at this event!

As activities expand, there are also several milestones approaching for BSCI as an organisation. In November, BSCI welcomes its 1000th Participant. Also, in the coming year BSCI will celebrate its 10th anniversary. Both momentous occasions require reflection on BSCI's impact and activities going forward. I believe that with dedication and the work invested by engaged companies, BSCI's system will continue to grow in impact.

Thank you for reading the BSCI Echo.



Join the Foreign Trade Association



BSCI is an initiative of the FTA. The FTA is an association representing retailers, importers and

brand manufacturers in the political arena and in public to promote and defend free trade and supports their international business by providing information and practical solutions. The Association also supports its Members to improve sustainability in the international supply chain.



THE BSCI ANNUAL REPORT 2011

Read BSCI's Annual Report 2011 'Towards Improved Working Conditions of Factories and Farms Worldwide'. This report highlights the continued growth of BSCI's network and its work to improve working conditions in companies' supply chains.

[Read the Annual Report.](#)

BSCI INCREASES AWARENESS OF SOCIAL ISSUES

BSCI advises its Participants on the use of chemicals in the agricultural sector

The agricultural sector, in particular, requires the use of many chemicals, such as pesticides and fertilisers, which can be harmful to workers' health. Besides the requirements stated in the BSCI Code of Conduct which requests a safe and healthy workplace, BSCI has issued a guidance paper to provide its Participants with concrete actions to be taken to minimise risks associated with such chemicals. With this guidance, BSCI recommends its Participants to request specific attention during BSCI audits. These recommendations include, specific training of workers and farmers to safely use chemicals; effective risks assessments and investigations; and the replacement of hazardous substances with those that are less harmful where

possible. [Read the BSCI Guidance on the use of Chemicals in the Agricultural Sector](#)

BSCI mobilises its companies to end child labour in Uzbekistan

Uzbekistan is one of the leading cotton producers in the world. In this country, children are organised and forced by the government to harvest cotton, despite the government having signed the ILO conventions on child labour and forced labour. BSCI has been working with concerned stakeholders to raise awareness of this unacceptable practice and put an end to it. However, the Uzbek government has been unwilling to stop this practice so far. Furthermore, despite efforts, adults, including employees of private companies, are also being forced to work in cotton fields in order to meet the harvest quota.

BSCI will continue its efforts until an end to this practice can be seen. In 2012, BSCI sent another joint letter, together with organisations from the Cotton Coalition such as [Anti-Slavery International](#), [Human Rights Watch](#) and the [Responsible Sourcing Network](#).

This time, the letter was sent to the European Union Special Representative for Central Asia, Ms. Patricia Flor, ahead of her visit to Uzbekistan. The concerned organisations raised this critical issue to her and requested that she uses her political leverage to take matters forward. BSCI additionally issued a Guidance Paper to its Participants which encourages companies to sign a pledge to make all efforts to stop sourcing cotton from Uzbekistan.

[Read BSCI's Guidance Paper on Uzbek Cotton](#). We encourage all companies to join us and [sign the Company Pledge](#)



ACTIVITIES IN SOURCING COUNTRIES

Bangladesh: Tackling labour issues towards increased growth

In recent years, the Bangladesh garment market has increasingly appealed to many customers for its competitive prices, capacities and supplier capabilities. However, ongoing factory challenges, like health & safety, labour abuses as well as missing industrial relations continue to challenge Bangladesh's potential to further expand in this market. BSCI represents companies sourcing from over 1,000 factories in Bangladesh and therefore follows such issues very closely with its participating companies.

BSCI cooperates with government, NGOs, trade unions and other initiatives at the local level through Stakeholder Round Tables. These meetings are coordinated by BSCI's Representative in Bangladesh; they aim to raise key issues affecting the working conditions in the supply chains of BSCI Participants that source

from Bangladesh. In 2012, the Round Tables have explored challenges around Health and Safety and increased productivity in factories.

In April 2012, following the shocking assassination of trade unionist, Mr. Aminul Islam, BSCI joined forces with several organisations, including [Social Accountability International \(SAI\)](#) and the [Nordic Initiative, Clean and Ethical \(NICE\)](#). A joint letter was sent to the Bangladesh Prime Minister, leveraging their business presence in Bangladesh and requesting a thorough investigation of the case along with the person(s) connected held accountable. Furthermore, the group demands the Bangladesh laws to be upheld and the government to maintain its commitment to improving working conditions. In the meantime, the enquiry into the perpetrators continues.



In April and May this year, BSCI, again, took action after labour unrests led to the closure of several hundred factories. Workers unrest is often sparked by incidents of underpaid salaries but can then mount to the general demand of increasing the minimum wages. BSCI, together with concerned participating companies, closely followed the issue and, again, wrote a letter to the Bangladesh Prime Minister highlighting their presence in Bangladesh and the need for labour laws to be enforced. BSCI also encourages the Bangladesh government to increase support for the Department of Factory Inspections & Establishments.

Meanwhile, the government has made an announcement not to raise the present minimum wage but to compensate with food rationing and to control house rent.

Increased protection required for Chinese migrant workers

China has become the world's **fastest-growing major economy**. Nowadays, excessive overtime work, health and safety, downturn of global economy, increasing wages versus high inflation and inconsistent social benefits due to "Hu Kou" (residence identity) constraints are critical issues which affect many workers in China, particularly migrant workers. About 160 million out of 250 million rural workers are working as migrants out of their home towns. The young migrant workers' increasing focus on career advancement and social protection beyond wages has added

new challenges for factories working towards social compliance. BSCI and its Participants have embedded these on the agenda in this top sourcing country. In 2012, through online webcasts and Information Seminars, BSCI has kept its Participants informed of these challenges; furthermore the initiative raised awareness of 600 producers and increased the thematic knowledge of 580 producers via a series of BSCI workshops. BSCI has also been encouraging joint partnerships among multiple stakeholders to tackle the challenges together through various interactive platforms. For example, the forthcoming December Beijing Round Table will share best practices on addressing the vulnerable migrant workers' needs.

To read more about BSCI's activities in China, turn to page 4 for an interview with the BSCI China Representative, Joyce Chau



SHAPING BSCI TOOLS FOR GREATER EFFICIENCY

BSCI launches its 'state of the art' database Platform

Over the past ten years, BSCI has accumulated the data for thousands of audit reports, hundreds of training sessions, along with an increased demand for interaction between Participants, auditors and trainers. In October 2012, BSCI launched its new and upgraded Platform; this comprehensive supply chain management tool embeds all BSCI activities including

by analysing the auditing and capacity building data of thousands of factories and farms involved in the BSCI Process. Through the Platform, companies are also able to keep abreast of important issues that could affect their business operations, as well as brings them even closer to the development of BSCI activities.

Changes and updates to auditing documents

In 2012, BSCI went through a process of revising its Auditing and Self-Assessment Questionnaires in order to upgrade the capacity of its tools and ensure they continue to reflect the needs of their users. Both questionnaires were opened for public consultation and feedback was received from more than 150 stakeholders. The BSCI Self Assessment Questionnaires are the first tools producers complete when starting the BSCI Process; they aim to help them assess the working conditions of their factory or farm. These questionnaires will be translated into 13 languages. [See the Self Assessment in English.](#) The BSCI Audit Questionnaires are used by external auditors to evaluate the status of a factory or farm's working conditions. These documents are now merged into one interactive online tool providing greater efficiency and more capabilities to analyse the status of working conditions in BSCI companies' supply chains. The Audit Questionnaires

are available exclusively for auditing companies performing BSCI audits.

Revision of the BSCI Code of Conduct: Process and next steps

Every three years BSCI revises its Code of Conduct. This aims to ensure that the Code of Conduct takes into account updates to international, along with other voluntary frameworks such as John Ruggie's "[Protect, Respect, Remedy](#)" and the [European Commission's Communication on CSR](#). Before the Code of Conduct is finalised, it will undergo a public consultation in order to allow direct input and feedback from stakeholders. The revision will also be influenced by the feedback received by the [Global Social Compliance Initiative \[GSCP\]](#) benchmarking process.



The public consultation on the BSCI Code of Conduct will be launched in early 2013. If you wish to give feedback please email info@bsci-intl.org to receive a notification when the consultation opens.



training, audits, statistics, companies' commitments etc. The Platform also provides progressive insight into companies' supply chains

INTERVIEW WITH JOYCE CHAU, BSCI CHINA REPRESENTATIVE



1. As BSCI's China Representative, what is your view of the current working environment in China? How have you found working conditions have evolved since your first contact with factories?

The 1978 Open Door Policy is the epitome of the Industrial Revolution experienced by developed economies over the past century. Changing labour demand and supply, downturn of global economy, severe market competition along with the enhancement of legal and business governance are shaping the evolution of the Chinese working environment. Different regions and industries are in various stages of development and it is mostly positive with regard to global social compliance standards. In general in the eastern coastal provinces, there are more sophisticated facilities and management systems, as well as better social protection, while the middle region is catching up and the western region is just beginning to develop. More challenges and drawbacks are expected for the labour force of 250 million people in this vast country.

2. BSCI auditing results for China show the major challenges are: Compensation, Working Time, Health and Safety and Management Systems. How is BSCI's work tailored to achieve improvements in these areas?

BSCI's activities in China are developed with the aim to support Participants and producers towards tackling the challenges discovered through the auditing results. In partnership with the [China National Textile and Apparel Council](#) and professional consultants between 2007 and 2011 we reached out to almost 9000 factory managers through a series of producer workshops. Since this year, we have shifted from raising general social compliance

awareness to capacity building by exploring improvement solutions in a thematic approach. With regard to stakeholder engagement, we will focus on facilitating more sustainable buyer-supplier partnerships to address the issues through our various platforms such as the CSR Round Table series co-organised with [GIZ](#) and WTO Tribune. More collaboration with our stakeholders is being explored to sustain the improvements.

3. Some stakeholders may see one of the barriers of excessive working time in China is closely linked to a conventional thinking of "Work longer and earn more". How far is this true?

This conventional thinking belongs more to the older generation, migrant workers or some less skilled ones from the remote areas who want to improve their home villages' conditions as quickly as possible. It can also be found in some labour intensive industries where automation is underdeveloped or where low-profit margins on products co-exist with lower wages. However, this mentality of sustaining survival is evolving into the pursuit of dreams by a better educated younger generation, who increasingly focus on career advancement beyond wages. Besides improved legal protection, an increasing focus on social responsibility among producers and growing awareness of workers' rights, the pursuit for fair compensation is becoming a recurring topic.

4. Can you provide some recommendations for companies sourcing from China to improve monitoring or even contribute to the enhancements of the working conditions of their producers?

Being part of BSCI provides the advantage of both sharing the audit results and building partnerships for sustainable development. Here are a few recommendations for companies' consideration:

- Integrate CSR practices in overall business strategy to maximise the benefits of the resources invested in social compliance and minimise the potential social risks incurred by the general 'low cost' purchasing principle.
- Besides reviewing BSCI auditing results it is important to explore

concrete improvement solutions with producers in China.

- Reach out to different Participants within BSCI's network and pilot joint improvement programmes among the same target group of producers. Then replicate together with other producers for a bigger and cost-effective impact.
- The number of trade union members in China equals the combined population of France, Germany, Italy and the UK. We need patience, trust, expertise and concerted efforts to sustain developments.

BSCI has three representatives; in the three top supplying countries of BSCI Participants; China, India and Bangladesh. The BSCI Representatives act as an intermediary between the BSCI Secretariat and local organisations in their respective supplier country. Furthermore, the Representatives are charged with the role of facilitating implementation activities of BSCI Participants; providing support for producers of BSCI Participants and supporting the BSCI Secretariat in Brussels.



WORKING IN PARTNERSHIP

Increased synergies with Rainforest Alliance

BSCI is pleased to announce its collaboration with [Rainforest Alliance](#). BSCI and Rainforest Alliance share a common objective to improve working conditions in producing countries. While the organisations have different systems and procedures to reach this objective, they also share some commonalities; they both use social audits to monitor the working conditions at farms. On the road towards improvements, BSCI and Rainforest Alliance agree that aligning and acknowledging different systems is essential in



order to avoid duplication of audits. Following a comparison of standards and methodologies, it has been concluded that our respective systems are complementary. BSCI Managing Director, Lorenz Berzau, explains the achievement this collaboration represents “we hope that this agreement will lead to reduction of time and costs for our companies and their producers. Furthermore, besides ensuring good working conditions, Rainforest Alliance also considers environmental and community engagement issues. BSCI is pleased to work in partnership with Rainforest Alliance”. Several members of both BSCI and Rainforest Alliance will now begin working on joint social audit projects with their producers.

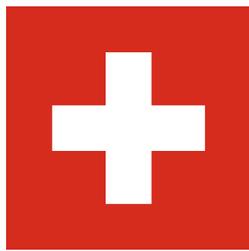
Come and join discussions at the BSCI Stakeholder Conference 20 November 2012, Brussels

The BSCI Stakeholder Conference will provide a platform for BSCI’s key stakeholders to discuss current and future issues in the supply chains of companies sourcing globally. Breakout sessions led by experts in the field will explore challenges around issues such as freedom of association, wages, responsible purchasing practices and working conditions in the Indian textile sector. BSCI invites you to come and join these discussions. Please contact Stakeholder Relations Manager, [Sabine Van Depoele](#) for more information about registration.

BSCI PARTICIPANTS – SUPPORTING EACH OTHER AT THE NATIONAL LEVEL

BSCI's Swiss companies exchange with Swiss NGOs

At the annual Swiss stakeholder meeting held on 4 October 2012, the Swiss BSCI Participants met with a dozen key stakeholders in order to explore various critical challenges in companies’ supply chains, notably the issue of Sumangali; a scheme present in the Tirupur area in Southern India whereby a part of the salary of young



women working in spinning mills is retained as a dowry towards their wedding. However, this scheme can conceal acts of forced labour and other abuses. Chairman of the Swiss NCG, Jürg von Niederhäusern, presented how BSCI is raising awareness of related challenges to the textile sector as well as its approach towards tackling this issue ([read BSCI's Guidance on Sumangali](#)). During the meeting, a lively debate developed concerning the important role of the purchasing departments in the BSCI implementation. The discussions highlighted the importance of collaboration among business departments in



order to effectively achieve results.

See the [Swiss national website](#) for more information (in French and German)

Dutch companies make their presence heard

The Dutch NCG is the second largest group of BSCI companies representing 200 companies. In 2012, the Dutch national website was launched; this website serves as a portal to inform all stakeholders about the BSCI system, along with information about its network and activities.

See the [Dutch national website](#) to keep updated on BSCI activities in the Netherlands.

BSCI WORKING GROUPS

BSCI's food companies unite to tackle risks in their supply chains

BSCI currently represents 56 companies from the food sector; these companies unite to share experiences and further develop the BSCI food module. In June 2012, BSCI held its third annual Food Conference. Companies and stakeholders

working in food and primary production debated the different dimensions of social risk management (holistic and sectorial) as well as provided ideas and advice that BSCI could integrate into its system. BSCI Participants from the food sector have also been working to develop various tools and materials; an online risk matrix allows companies to exchange external reports that may help to define priorities in terms of products or country affected.



FOCUS ON AN ISSUE

Wages: Current issues and how BSCI is tackling them

Payment of wages is a high issue on BSCI's agenda. Being an obligation of employers while an essential life source for workers; wages are undoubtedly one of the most sensitive and important issues for companies and their supply chains. Failure to fulfil workers' payments is often a potential source of conflict and has thus become the major focus of collective bargaining all over the world. At the same time, wages can represent a major source of discrimination and deprivation if no decent floor is guaranteed to the workers.

BSCI recognises the repercussion effects that failing to pay wages has on excessive working hours, general health of the workers along with indirect impacts on society. Alongside,

vital meetings with BSCI companies to resolve the labour unrests in Bangladesh sparked by failure to pay workers' wages (see page 2), this issue has also been central to many discussions BSCI is conducting with various stakeholders.

In 2012, BSCI has organised two Stakeholder Round Tables to discuss wage issues; one in India and one in Thailand. In India, speakers from local governments drew on the increased focus on CSR in Indian policy making, particularly related to decent wages. Participants stressed the need for the government to set wages at an adequate level and regularly raise them to account for inflation. While in Thailand, the Round Table brought together governments, NGOs and business associations. The participants concluded that sustainable worker-management relations are a core issue when it comes to the topic of wages.

On 8 May 2012, the [Fair Wage Network](#) met in Geneva. This event was co-hosted

by [International Labour Organization \(ILO\)](#), the [Fair Labor Association \(FLA\)](#) and BSCI. Practical tools and experiences on improving wages in the supply chain were shared by speakers including Oxfam and other CSR initiatives. The group established several priorities to take forward; including convincing local governments to set appropriate minimum wages in order to contribute to economic development, and to get buyer action which is supported by costing models so the labour component in product cost is clear. The participating initiatives and institutions agreed to work on the analysis of data and continue to lobby governments for better wages.

While BSCI continues to work directly with its participants, producers, auditors to raise and tackle the issue of wages in producing countries, it also increases its work with external stakeholders. To find out more about BSCI's work on wages, please contact BSCI Stakeholder Relations Manager, [Sabine Van Depoele](#).

CALENDAR OF EVENTS 2012

Stakeholder events of 2012

22 March	Stakeholder Round Table – Dhaka, Bangladesh
28 March	BSCI Stakeholder Council – Brussels, Belgium
28 April	BSCI endorses ILO's World Day for Safety and Health at Work
8 May	Fair Wage Network, Event on Wages – Geneva, Switzerland
31 May	Finnish Stakeholder Meeting – Helsinki, Finland
6 June	Stakeholder Round Table – Beijing, China
12 June	BSCI endorses ILO's World Day Against Child Labour
13 June	BSCI Stakeholder Council – Brussels, Belgium
13 June	BSCI Food Conference – Brussels, Belgium
18 July	Stakeholder Round Table – Chittagong, Bangladesh
20 September	Stakeholder Round Table – Bangkok, Thailand
26 September	Stakeholder Round Table – Hanoi, Vietnam
4 October	Swiss Stakeholder Meeting – Geneva, Switzerland
14 November	Stakeholder Round Table - Dhaka, Bangladesh

Coming up in 2012...

20 November	BSCI Stakeholder Conference – Brussels Belgium
21 November	BSCI Annual Conference for BSCI Participants – Brussels Belgium
5 December	Stakeholder Round Table – Beijing, China
7 December	Stakeholder Round Table – Kolkata, India



THE BSCI VIDEO

The BSCI Video explains the challenges behind ethically-sourced products and presents BSCI's approach towards tackling these issues. It will take you on a BSCI Participants' journey through auditing, capacity building and stakeholder relations. [See the Video](#) in English or Chinese.