

EDITORIAL



Welcome to the latest edition of the BSCI Echo.

January 2014 marked the launch of the new BSCI Code of Conduct, incorporating the results of over a year of broad consultation with participants and stakeholders amongst others. Drawing on the latest labour related key references such as the UN Guiding Principles on Business and Human Rights, the revised BSCI Code positions participating companies to best respond to contemporary labour complexities in international supply chains.

BSCI was launched by the Foreign Trade Association (FTA) over ten years ago, during a time when businesses sought a platform to unite their efforts in corporate social responsibility in their supply chains. Businesses responded to the demands of changing, globalising supply chains by using BSCI's Code of Conduct and its implementation framework, including audits, capacity building and stakeholder dialogue as a means of improving labour conditions in supplying factories and farms.

As the improvement of social compliance needs all actors in the supply chain to assume responsibility, BSCI's new code reflects this more clearly now. The new BSCI Code of Conduct now embodies the latest international human rights principles, which commit every actor in the supply chain to take proactive responsibility in striving for the highest labour conditions. This new mindset, influenced by the UN Guiding Principles on Business and Human Rights - informally named the John Ruggie principles after their creator - reflects profound transformations in business thinking regarding shared societal and business values. In this issue, we interview Prof. Dr. Christine Kaufmann, Professor for international and constitutional law at the University of Zurich and co-founder of the University's Human Rights Centre, to explore how BSCI's new Code of Conduct brings these principles to life.

Sadly, the one-year anniversary of the tragic collapse of the Rana Plaza factory in Bangladesh is approaching. In this edition, we share the efforts of BSCI and its participants to respond to this tragic incident, by updating you on the steps BSCI has taken to continue strengthening our influence on improving labour conditions in this risk country. BSCI strongly supports safe working conditions for workers in garment factories, as well as efforts to compensate affected workers and their families.

Finally, we share the launch of an ad hoc Systems Cooperation Working Group, which BSCI initiated to increase and strengthen our interoperability with other recognised social compliance systems. In this way, we can ensure that our standards are more robust than ever.

We wish you an enjoyable read!

Sincerely,

Bernardo Cruza (El Corte Inglés, Spain)
Acting Chair, BSCI Steering Committee

UN Guiding Principles and BSCI's Code of Conduct: United Efforts to Improve Working Conditions in Supply Chains



In light of the revised BSCI Code of Conduct, Prof. Dr. Christine Kaufmann, Professor for international and constitutional law at the University of Zurich, highlights how the revised code intersects with the UN Guiding Principles on Business and Human Rights and the importance of collective efforts to solve complexities in international supply chains. [Read more](#)

BSCI Strengthens Actions to Improve Labour Conditions in Bangladesh



For more than a decade, BSCI's mission has been to support companies in their commitment to improving working conditions in their global supply chains. This commitment is demonstrated through the actions taken by BSCI and its participants in response to the tragedies in Bangladesh during 2012 and 2013. In this article we round up the main actions taken to address these. [Read more](#)

More About BSCI's New Code of Conduct



The launch of BSCI's new Code of Conduct marks a major milestone for the initiative. With a set of core values and eleven labour principles, the new BSCI Code acts as a powerful reference point for social compliance and good working conditions within the supply chain. The new BSCI Code was revised to respond to a changing environment through several adaptations which are outlined below.

[Read more](#)

Top Priorities for BSCI in China During 2014



Here we update you on BSCI's priorities for China in 2014. These include a range of workshops to disseminate the new BSCI Code of Conduct in China, and further development of the strategic alliance for China through the Multi-Stakeholder Advisory Committee (MAC) which focuses on jointly developing solutions to address cross-cutting labour issues in China.

[Read more](#)

BSCI Strives for Greater Cooperation With Other Systems

BSCI has initiated an ad hoc Systems Cooperation Working Group (WG) to build on BSCI's endorsement of the Global Social Compliance Programme (GSCP) Equivalence Process to streamline recognition of other systems as equivalent or partially equivalent. The WG will address how participants can work with producers already involved in other systems. On 12 February 2014, the new WG held its first meeting where three work streams were established to classify existing social compliance schemes, identify the terms for cooperation and

Upcoming Events for 2014

BSCI Annual Conference, Brussels, Belgium, 12 -13 November 2014

The BSCI Annual Conference will gather over 200 experts to share best practice in improving working conditions in factories and farms worldwide. [Subscribe here](#) to receive updates. Please [click here](#) if you are interested in event sponsorship.

CSR Summit, Ludwigsburg, Germany, 7 – 8 May 2014

The 10th Deutsches CSR Forum is a German-speaking platform to exchange views on CSR and sustainability from business,

Business Environmental Performance Initiative (BEPI) Launch Coming Soon!

The Foreign Trade Association (FTA), the initiator of BSCI, will shortly launch the Business Environmental Performance Initiative (BEPI), a business-focused platform for improving environmental performance at producer level, in international supply chains. Offering targeted training and performance assessment tools and services, BEPI provides an accessible framework for all sectors to improve environmental performance and reduce environmental risks. Having been successfully tested during a [pilot phase in Vietnam](#) during 2013, the official launch,

determine the kind of data to exchange. A follow-up meeting is scheduled for the second half of May.

government, NGOs and media. It covers topics such as cheap labour, corruption, and lack of environmental protection. [Read more and register for the event.](#)

planned for May 2014, will be accompanied by various information channels and events.

More information can be found on the BEPI website: www.bepi-intl.org.

UN Guiding Principles and BSCI's Code of Conduct: United Efforts to Improve Working Conditions in Supply Chains



Prof. Dr. Christine Kaufmann is Professor for international and constitutional law at the University of Zurich. In 2009, together with a colleague from the faculty of economics, she established the University's Human Rights Centre, which they now co-chair. The Centre's main activities are in the area of business and human rights; it is also mandated by the Swiss government to represent this field in the Swiss Centre of Expertise for Human Rights. Following her recent presentation to the Swiss BSCI National Contact Group, where she spoke about the intersection between BSCI's revised Code of Conduct and the UN Guiding Principles on Business and Human Rights, we discussed the importance of collective efforts to solve contemporary complexities in international supply chains.

BSCI: How does the new BSCI Code of Conduct intersect with the UN Guiding Principles?

CK: Similar to the UN Guiding Principles, the new BSCI Code also applies a holistic approach by including the whole supply chain and business partners. Due diligence is a key element in both concepts. With the inclusion of "ethical business behaviour", the new BSCI Code mirrors the UN principles' corporate responsibility to respect human rights. In addition, the BSCI Code's cooperative approach is in line with the multi-stakeholder concept of the Guiding Principles. With regard to the scope of applicable human rights, the BSCI Code's focus on labour rights is more specific, while the UN Guiding Principles include all human rights.

The UN Guiding Principles do not contain detailed provisions on what, for instance, child labour means but offer guidance on procedure and policy-making. They serve as a compass for business to develop their own human rights policy. The BSCI Code of Conduct therefore not only integrates and translates the UN principles for BSCI participants, but BSCI's Implementation Guidelines for the Code of Conduct offer a holistic framework for putting these principles into practice, providing a concrete reference for assessing achievements, and allowing for comparability of results.

What are the UN Guiding Principles on Business & Human Rights?

The UN Guiding Principles on Business and Human Rights, also known as the 'Ruggie principles', are the result of a robust six-year dialogue with all relevant stakeholders and the team of the UN Secretary General's special representative on business and human rights, Prof. John Ruggie. These principles express a consensus on state and corporate responsibilities for protecting human rights in a business context.

Most importantly, the UN Guiding Principles bring about a change in perspective: Human rights are not only relevant for business because their violation may result in reputational, financial or other business risks, but because of the negative effect human rights infringements can have on people and communities. The Guiding Principles' notion of human rights risks therefore includes both the business as well as the affected people's perspective. In 2011, the UN Human Rights Council adopted the Guiding Principles unanimously.

The UN Guiding Principles have a three-pillar structure:

Pillar 1: The state duty to protect reaffirms that under international law, **states are primarily responsible for protecting human rights.**

Pillar 2: This pillar develops a **new concept of corporate responsibility for respecting human rights.** This is not a legal obligation but rather an accepted commitment, and means that businesses should follow a “do no harm” policy. It also requires businesses to develop and operationalise a human rights commitment and incorporate it into standard due diligence procedure. A prerequisite for this is to conduct a human rights impact assessment in order to identify potential human rights infringements of their own business activities.

Pillar 3: This emphasises the **shared responsibility of states and business to provide access to remedy for victims of human rights infringements.** Such remedies can be judicial or non-judicial mechanisms, for example mediation or ombudsman procedures. What is important is not their formal structure but the emphasis that they are accessible and helpful for the victims. This is the first time that the perspective of affected people is explicitly included.

BSCI: What are the main social and economic challenges today to improve the governance of international supply chains?

CK: While it is easier today to obtain information on human rights problems in the supply chain, it seems that drawing the necessary consequences is still challenging. A t-shirt produced under non-compliant labour conditions may look the same as a fair trade t-shirt. Thus, consumers need to be educated in order to care and be informed about supply chain conditions to further incentivise all actors in the supply chain to comply with standards and to allow for more transparency on costs. Transparency is therefore key in terms of achieving a balance: In my view we need more transparent information on the standards that a business complies with and on the key actors in its supply chain. In addition, states are required to clearly define their expectations towards businesses, including for business activities taking place abroad where human rights standards may be lower than at home.

BSCI: What do you see as future trends in supply chain governance?

CK: There is certainly a trend for greater consciousness of social responsibility and we see more private enterprises, especially large multinational corporations adopting a proactive and progressive approach in their human rights responsibilities. However, many small to medium enterprises still struggle with developing and implementing a human rights or CSR policy, to a large extent due to a lack of resources and reliable information.

With the incorporation of the UN Guiding Principles in the OECD guidelines for multinational enterprises and a new European Union CSR strategy, suppliers will be increasingly faced with human rights requirements regardless of their home country's position on this issue. Apart from imposing such requirements, training suppliers will be essential in improving supply chain governance. This will imply a considerable amount of translating abstract principles into a language that can be understood by suppliers. Hopefully, the UN Guiding Principles will lead to a consolidation of standards instead of the fragmented landscape with a plethora of codes and principles that we have today. Such a consolidation would facilitate supply chain governance considerably.

BSCI: In your opinion, what should the responsibility of actors concerned with labour rights be, e.g. governments; private enterprises; NGOs and trade unions?

CK: The question is how the different responsibilities can effectively complement each other in order to improve human rights protection. One of the key issues in this regard for private companies is the definition of a business relationship. We cannot hold private enterprises responsible for every human rights violation that takes place in their environment. The UN Guiding Principles therefore refer to business relationships. Clearly, this includes clients, suppliers and investees. While this is hardly disputed, the precise scope of the responsibility will depend on the context. There is still a lot of work that needs to be done to clarify these issues and the OECD is currently conducting a related study.

As for governments, the responsibility is - at least in theory - limited to their jurisdiction. Yet, in a globalised economy the question of human rights violations conducted by domestic enterprises abroad cannot just be ignored. At the same time, such a complex issue should be tackled internationally, and there is only so much impact individual states can have. Despite this, states will be essential in providing information for private companies to comply with their human rights responsibility. This is of particular relevance for SMEs. Civil society organisations on the other hand, as well as consumers, are in my view responsible to act according to their ethical standards.

Consumer responsibility is still a topic that has not been addressed adequately yet. In my view, more questions should be asked by consumers to learn about supply chain conditions. This could be supported by reporting obligations for the business sector. Recent studies seem to indicate that the majority of consumers are still not willing to pay a higher price for higher human rights standards. In this respect, we may need states to define minimum standards. It takes collective efforts to sufficiently tackle the complex challenges inherent in our global supply chain, and all must play their part.

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New Code of Conduct Principles

Within the revised code, the 2009 principle of Prohibition of Child Labour has been separated into '**No Child Labour**' and '**Special Protection for Young Workers**'. The Compensation principle is now covered under the more comprehensive '**Fair Remuneration**' principle, which takes qualitative aspects of wages into account.



In addition, two new principles were added. Through the principle of **Ethical Behaviour**, business partners must now collect and communicate accurate information about the company and actively counter corruption. Commercial partners should also make sure that employees have documentary evidence of a working contract in compliance with national law and are aware of their rights as workers to make sure there is **No Precarious Employment**. *"The new BSCI Code of Conduct is an ambitious set of principles that aims at spreading the culture of responsible business to all business partners involved in the international supply chain"* explains Lorenz Berzau, BSCI Managing Director. Thus, the new principles work by empowering participants to realise their social responsibilities around good working practices and ensuring that every actor in the supply chain shares responsibility at every level of operations. Additionally, new social compliance mechanisms were developed to reinforce and underpin these principles.

New Social Compliance Mechanisms

The new BSCI Code of Conduct embodies new proactive mechanisms, which BSCI participants commit to applying in their supply chain to boost their social compliance efforts.

- **Cascade Effect** - Business partners are expected to cascade the importance of social responsibility in their own sphere of influence, i.e. to the next level in the supply chain, thus allowing increased leverage and impact.
- **Engagement of Workers** - The new BSCI Code also gives greater emphasis to the engagement of workers and their representatives, as well as establishing grievance mechanisms as a key means to promote improvements in working conditions.
- **Risk Assessment** - The new code emphasises that rather than simply responding to reports of non-compliance, business partners should take a number of preventive measures to adhere to a standard of reasonable care.

BSCI strongly believes that the new BSCI Code empowers all actors to tackle the labour challenges of a globalised supply chain and reflects their sincere interest in improving working conditions at every opportunity.

A brochure about the new Code of Conduct and more resources can be found [here](#).

BSCI Strengthens Actions to Improve Labour Conditions in Bangladesh



For more than a decade, BSCI's mission has been to support companies in their commitment to improving working conditions in their global supply chains. This commitment is demonstrated through the actions taken by BSCI and its participants in response to the tragedies in Bangladesh during 2012 and 2013. Here we round up the main actions taken to address these.

In Bangladesh, the tragic fire at the Tazreen factory in November 2012 demonstrated the difficulties faced by the country in ensuring compliance with fire safety standards. In response to this, BSCI adopted operational measures to reinforce its monitoring and training activities to reduce health and safety risks. Moreover, the tragic collapse of Rana Plaza that followed in April 2013 clearly highlighted the need to adopt additional measures in the framework of a high-level partnership among all involved stakeholders, including the government, NGOs, trade unions and the business sector.

I. Supporting efficient building inspections and remediation measures

As Bangladesh is one of the major sourcing countries for BSCI participants, the initiative is committed to tackling infrastructure challenges by taking an active role in this dialogue. BSCI urged the **Bangladesh government** to enforce the **regulatory framework** to fulfil its obligation to protect workers' rights, and welcomed the first steps taken with the adoption of a new labour law in June 2013. BSCI also supported **the Bangladesh National Action Plan on fire safety; established in cooperation with ILO**, to increase inspection resources and minimise the threat of fire and building collapse in the ready-made garment (RMG) industry. Such an initiative adds to the implementation of the **Accord on Fire and Building Safety**, a collaborative approach between the trade union federations IndustriALL and UNI Global and companies, and chaired by the ILO. BSCI welcomes the Accord as an activity that complements those of BSCI participants, and currently, 40% of the Accord signatories are BSCI participants. BSCI highlighted for its participants **the International Rana Plaza Donors' Trust Fund**, which was set up under the trusteeship of the International Labour Organization (ILO) in January 2014 to compensate individuals and families affected by the incident.

II. Engaging in policy dialogue at European and local level

BSCI, under the auspices of its founding organisation the Foreign Trade Association (FTA), took part in intense discussions at political level, for example engaging in a **dialogue with representatives of European institutions** such as the European Parliament and the European Commission to encourage the Bangladeshi government to truly implement national legislation protecting workers' rights. Through **BSCI's local stakeholder Round Table** meetings in Dhaka, discussions of particular national relevance were held, for example at the Round Table held in March 2013, where the Bangladesh National Action Plan on fire safety was a hot topic.

III. Reinforcing the BSCI system

During 2013, **BSCI reinforced its own system**, adapting its approach towards Health & Safety criteria. **BSCI auditing methodology** and materials were made more stringent, and **capacity building activities** were adapted to place more emphasis on training for fire safety issues in Bangladesh. Eleven of these additional trainings were conducted in the country in 2013 by the Worldwide Responsible Accredited Production (WRAP).

In addition, its international structure - with representatives in main sourcing countries - allows BSCI to **build on the experience of its network**. BSCI's Bangladesh representative will play an ongoing and important role

in participating in, facilitating and guiding discussions on current local topics among stakeholders and those participants sourcing from Bangladesh.

Since its inception, BSCI has continued to fulfil its mission as a multifaceted endeavour that stimulates ongoing efforts with all stakeholders cooperating for shared responsibility. BSCI remains committed to working in partnership to achieve real and sustainable labour improvements in Bangladesh.

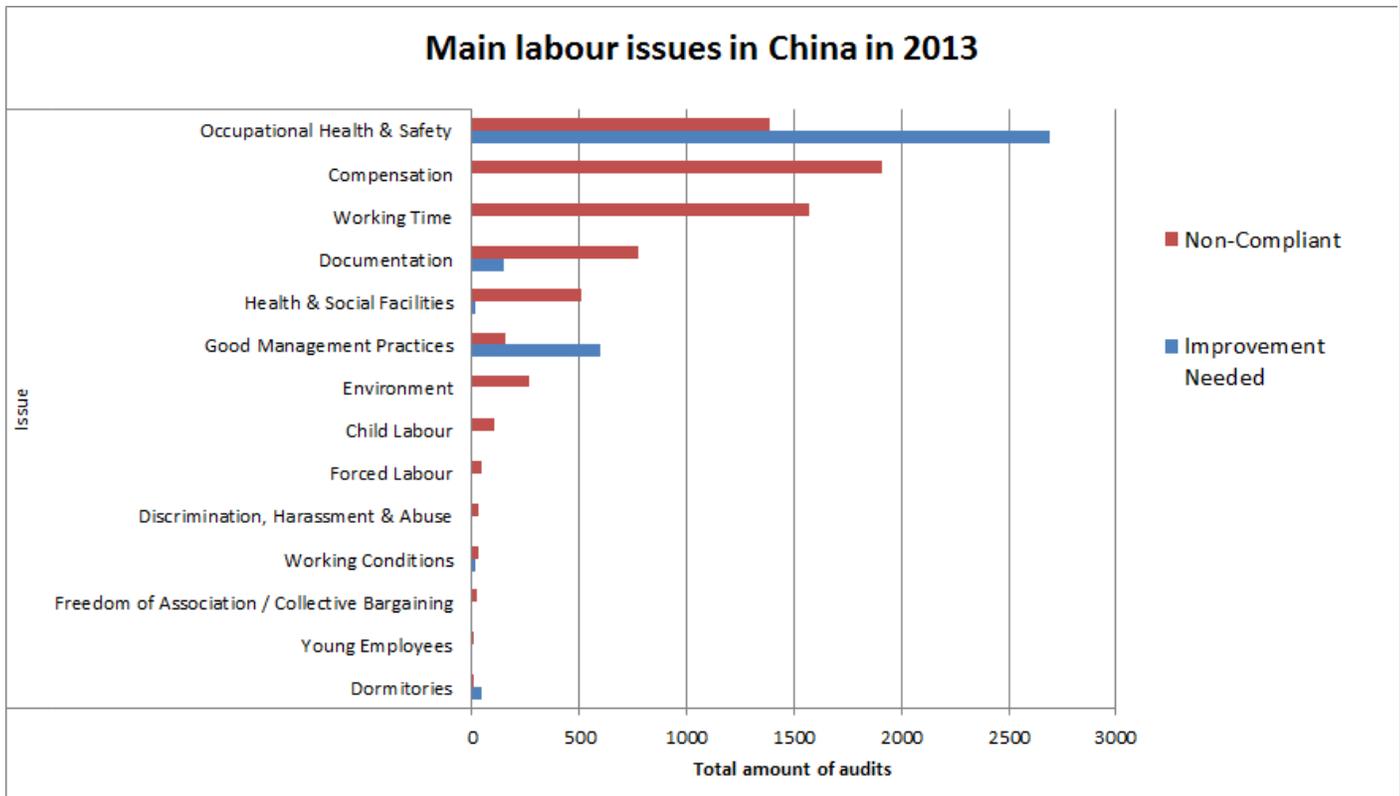
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Top Priorities for BSCI in China During 2014

China has the highest level of sourcing activity for BSCI's over 1,200 participants. BSCI therefore closely monitors developments and activities in this country to ensure the highest labour conditions and increasing social compliance of producers for its participants, including brand companies, retailers and importers. In this article, we provide an update of BSCI's priorities and key activities that are planned for 2014.



The results of BSCI's social compliance monitoring process in China clearly illustrate the most pressing labour issues (with either 'non-compliant' or 'improvement needed') to address. As shown in the graph below, for example, the most significant and frequently occurring non-compliances revealed by audits included Occupational Health & Safety, Compensation and Working Time. Accordingly, BSCI has based its capacity building activities around these key local labour issues to support its participants and strengthen labour practices.



Source: Business Social Compliance Initiative

Training and Awareness Raising: China 2014

To disseminate the new BSCI Code of Conduct in China, BSCI will organise a range of awareness raising and advanced workshops on subjects that are relevant to local needs. Information on all specific dates and locations can be found on the [BSCI Academy](#) website. Meanwhile, main events for China include:

**Non-Food Producers:
Getting Started With BSCI**

[Shenzhen, China](#): 22 July 2014
[Guangzhou, China](#): 27 August 2014
[Shanghai, China](#): 18 September 2014

**Compensation & Working Time
Health & Safety Management**

[Shanghai, China](#): 30 May 2014
[Shenzhen, China](#): 23 July 2014

**Food Producers:
Introduction to Social Management Systems
Understanding Grievance Mechanisms**

[Qingdao, China](#): 22 April 2014
[Qingdao, China](#): 24 July 2014

BSCI Steps Up its Strategic Alliance with China

A key priority for BSCI in China during 2014 is to step up its strategic alliance for China with five leading organisations, through the Multi-Stakeholder Advisory Committee (MAC). The MAC focuses on jointly developing solutions to address cross-cutting labour issues in China including driving collaboration of standards and code systems, developing dialogue among global and local stakeholders, and sharing consensus-based strategies for improving industrial relations, labour conditions and business competitiveness. MAC founding partners are BSCI, China National Textile and Apparel Council, Social Accountability International, Solidaridad, Sedex and WRAP.

This builds on BSCI's efforts to increase cooperation with other organisations in risk countries. For example, the Foreign Trade Association (FTA) /BSCI visited China (9 December 2013) to mark the conclusion of BSCI's celebration of 10 years of improvement in building a socially responsible global supply chain. There, FTA Director General Jan Eggert met with a number of major media actors in Shanghai. Mr. Eggert also co-hosted the 9th Sino-European CSR European Round Table Forum, a professional and practical communication platform for China and Europe on CSR, alongside representatives from the Chinese Ministry of Trade, China WTO Tribune, the German Technical Cooperation (GIZ) and the China National Textile and Apparel Council (CNTAC). This enabled FTA/BSCI to deepen multi-stakeholder alliances and emphasise its commitment to offering training resources through its capacity building framework.

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Join BSCI!

BSCI welcomes companies with commercial trade activities worldwide, trade associations and other organisations that support the goals of FTA for free and sustainable trade. Please click [here](#) to read more about the advantages of joining FTA/BSCI.

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