



RESPONSIBLE SUPPLIER GUIDELINES 2021

wecare!



This Responsible Supplier Guidelines (RSG) replace and cancel any previous versions of RSG signed between the Etam Group and the Supplier.

Effective date: January 1st, 2021

Table of content

I

Objectives

II

How to become an Etam Group supplier

1. Identification
2. Social Compliance
3. Technical Audit
4. Supplier Portal
5. Quality requirements

III

Supplier continuous improvement

1. Social Compliance Continuous Improvement
2. Re-auditing Procedure

IV

Etam Responsible supplier principles

- Principle 1 - Factory Safety
 - a. Chemical Safety
 - b. Building & Fire Safety
 - c. Production Safety
- Principle 2 - Worker's Health & Well Being
 - a. Fair remuneration
 - b. Decent working hours
 - c. Freedom of association
 - d. Health & Safety
- Principle 3 - Environmental Protection
 - a. Environmental compliance
 - b. Chemical compliance
- Principle 4 - Supplier Transparency
 - a. Factory Information
 - b. On-site controls
 - c. Transparent communication
- Principle 5 - Supply-Chain Traceability
 - a. Traceability transactions
 - b. Risked commodities



Objectives

The Etam Responsible Supplier Guidelines is completing the General Buying Terms. If any contradiction is occurring between the RSG and the General Buying Terms, the General Buying Terms shall prevail.

This Responsible Supplier Guidelines are an operational guide to help Etam Group suppliers understand their requirements regarding Social and Environmental performances and minimum requirements to start a commercial relation with the Etam Group.

Our strategy and related requirements are based on 5 pillars which are key to build a strong partnership:

Principle 1 - Factory Safety

Principle 2 - Workers Health & Well Being

Principle 3 - Environmental Protection

Principle 4 - Supplier Transparency







Principle 5 - Supply-Chain Traceability

Our target is to spread those good practices in our entire supply-chain in a win-win partnership philosophy to make products together sustainably which are satisfying all our customers.





How to become an Etam Group Supplier

Key Steps	Comments	Action	Document
Step 1 Identification 	<p>Target is to ensure the legal existence of the company the Etam Group may have business with.</p> <p>Overview of the supplier's capability to do export business. Evaluation of the manpower & labor force of each factory.</p>	Fill the Etam Group Factory profile and send it back to the Compliance team	EGS Factory Profile (Excel Document)
Step 2 Social compliance 	To assess the factory compliance on social and safety regulation	Share your valid social audit report	Social Audit Report (Annex 1 & 2)
Step 3 Technical audit 	To ensure that the factory has technical capacity and capability to deliver compliant, risk-free, and excellent products on time.	A technical audit can be requested	Etam Group technical audit report
Step 4 Supplier portal 	Supplier will have to log on the portal to read and sign different documents from "Policies and Guidelines"	Signature of documents in Supplier Portal	<ul style="list-style-type: none"> - Code of Conduct - Ethical Code - General Purchasing Terms - Animal Welfare & Biodiversity Policy - Responsible Supplier Guidelines
Step 5 Quality requirements 	To understand and agree on Etam Group Quality Standards	Signature of the documents according to the production in the product specifications (Supplier Portal)	Product Specifications
 You are an Etam Group Supplier			

Step 1

Identification



Before starting any business with Etam Group, suppliers must fill up Etam Group Supplier/factory profile.

The excel file will have to be sent to the compliance team via socialcompliance@etam.com in order to review the supplier situation and keep record of the factories working for the Group.



Date: _____

Please complete the following form with actual informations. Add X in the cell if applicable ☐ X

and complete requested informations in the charts and fields _____ and ☐

FACTORY PROFILE

PART 1 FACTORY GENERAL INFORMATION

1 COMPANY NAME AND CONTACT

FACTORY NAME	MAIN ACTIVITY
BUSINESS REGISTRATION NO.	YEAR ESTABLISHED
ADDRESS	
CITY / PROVINCE	COUNTRY
OWNER / AUTHORIZED PERSC	E-MAIL ADDRESS
SALES / CONTACT PERSON	E-MAIL ADDRESS
QUALITY MANAGER	E-MAIL ADDRESS
COMPLIANCE MANAGER	E-MAIL ADDRESS

Step 2

Social compliance



Only factories with a valid social audit report will be able to collaborate with Etam Group. As BSCI member, the commitment of Etam Group is to cooperate only with factory rated A, B or C according to BSCI standards.

If a factory has been rated D or E, a CAP will be provided and followed closely by the CSR Team. Factory must complete their Corrective Action Plan, correct nonconformities and share its proof of remediation based on the timing set per social audit chapters (see part on Social Compliance Continuous Improvement) otherwise, Etam Group will have to proceed to a business termination.

In case of Zero Tolerance Issue identified in the factory, The BSCI Zero Tolerance Protocol will have to be followed. (Annex 2)

In order to give flexibility in our social compliance management and reduce the audit fatigue, we are accepting other standards as ICS (rating A, B or C), SMETA and SA8000.



Auditing companies and Pricing

Audits can only be performed by several BSCI-accredited audit companies.

The Etam Group have nominated 2, which are: SGS and INTERTEK

You can access to the auditing companies and contacts with below link:

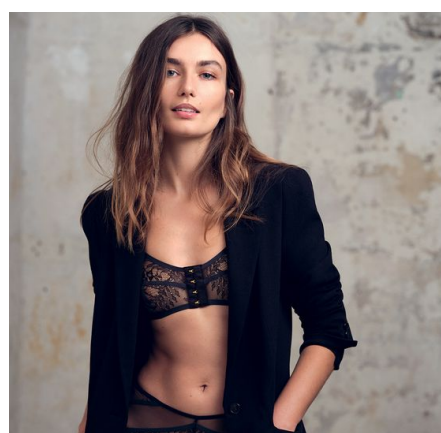
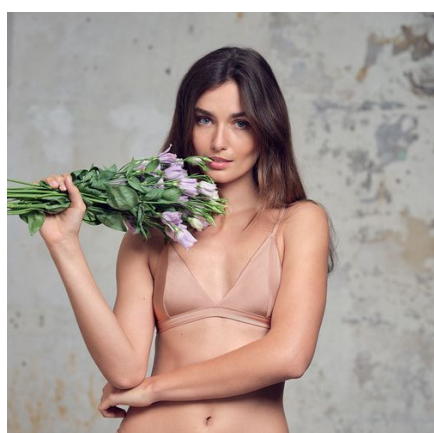
www.amfori.org/content/enabling-partners#auditing_

The BSCI audit will be at supplier cost.





Request for a BSCI audit

There is different way to launch a BSCI audit according to the status of the factory. Please follow the process on below chart:

Factory Status	Process	Contact
Already registered as BSCI producer	Apply for BSCI audit via AMFORI BSCI portal	Contact your RSP to plan the audit
Non BSCI producer	Apply for BSCI audit via Etam Compliance manager	Contact socialcompliance@etam.com



Summary

Audit type	Result	Action	Collaboration
BSCI (valid) 	A or B	Audit every 2 years	✓
	C	Audit within 1 year	✓
	D or E	CAP Follow up and re-audit within 60 days	✗
	Zero Tolerance	Zero Tolerance Protocol to follow	✗
BSCI (expired)	A,B,C,D or E	Launch BSCI re-audit	✗
	Valid	Plan BSCI audit	✓
	Valid	Plan BSCI audit	✓
	Valid	Plan BSCI audit	✓

Step 3

Technical Audit



The Etam Group can request a technical audit to ensure factories have strong and reliable production process to ensure our quality standards. These audits will be conducted by Etam QC team following our internal template.

The objectives will be:

- To assess whether there is an effective and efficient Quality Management System of the factory.
- To assess whether this factory is able to meet our production requirements.
- This audit will assess the potential risks we may be aligning ourselves with.

Step 4

Supplier Portal



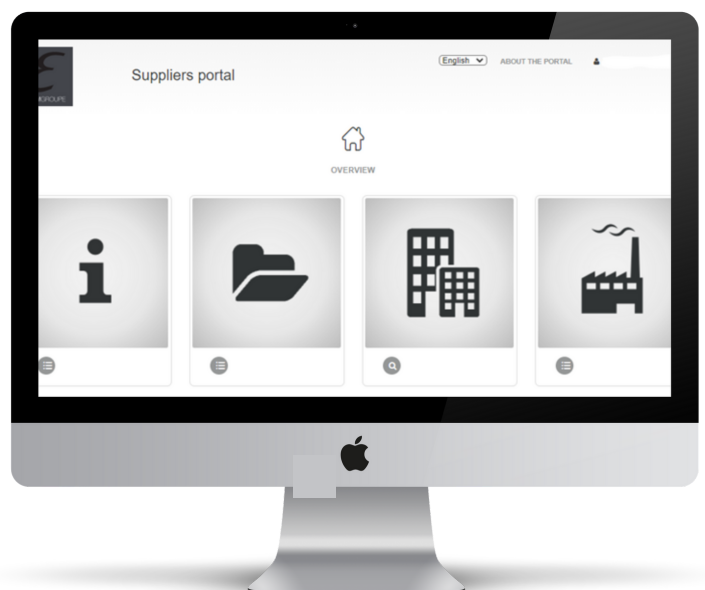
The supplier portal is the link between supplier and the Etam Group. Important documents regarding policies and guidelines are available for signature.

In the section “MY DOCUMENTS”, you will have access to different documents regarding Policies and Guidelines but also Product Specifications.

The documents below have to be read and signed by the supplier:

- Code of Conduct
- Ethical Code
- General Purchasing Terms
- Animal Policy
- Responsible Supplier Guidelines
- Global Supplier Certificate (ensure supplier is aware about Product Specifications)

It is important also for the suppliers to register their factories in “MY FACTORIES” part.



Step 5

Quality Requirements



The Etam Group Quality Requirements are available in “MY DOCUMENTS” section.

The supplier must be aware of the Brand requirements and sign back the Global Supplier Attestation mentioned in STEP 4.





Supplier continuous improvement

Suppliers are accountable to maintain a good Social and Technical level in their factories.

In case of failure in Audit a case by case decision will be taken based on the problems highlighted:

Improvement plan defined as below

- A Corrective Action Plan (CAP) will be agreed between Supplier and Etam Group Team with clear deadlines.
- A Full Re-audit / re-assessment will be performed within agreed deadlines.

Failure to implement the CAP and/or PASS the re-audit leads to business termination unless derogated (derogation = 1 more chance to Pass the audit).

Business termination

Suppliers should ensure during the whole duration of the commercial partnership a high level of compliance on all 5 principles of the Responsible Supplier Guidelines. A violation or partial violation of the Responsible Supplier Guidelines is a motive of business termination.

1. Social Compliance Continuous Improvement

There are different kind of non-compliances that can be highlighted in a social audit report, based on the criticality of these non-compliances, suppliers, as stated on the BSCI code of conduct, must show continuous improvements in reaching 100% compliance.

Here are the classification of non-compliances and advised timing to remediate to them:

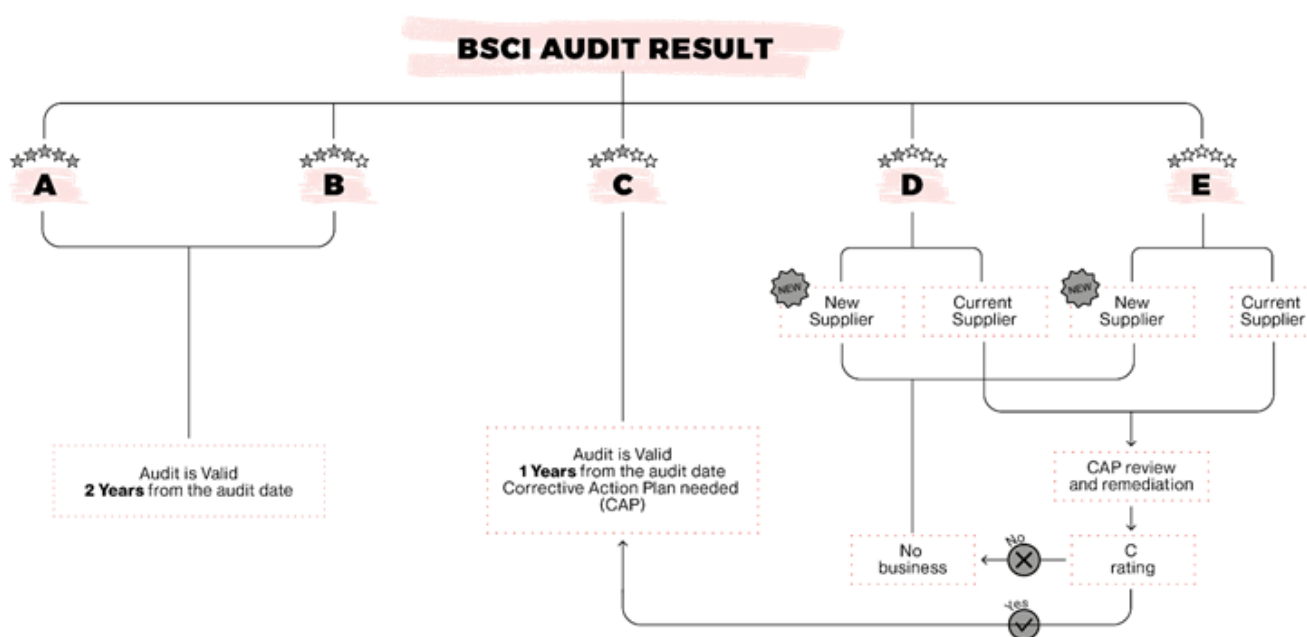
- Special Protection for Young Workers – Immediate Action
- No Bonded Labour – Immediate Action
- Ethical Behaviour – Immediate Action
- No Child Labour – Immediate Action
- The rights of Freedom of association & Collective Bargaining – 15 days
- Workers Involvement & Protection – 15 days
- Occupational Health & Safety – 15 days
- No Precarious Employment – 15 days
- Environmental Protection – 15 days
- No Discrimination – 15 days
- Social Management System & Cascading Effect – 4 months
- Decent Working Hours – 4 months
- Fair Remuneration – 4 months



2. Re-auditing Procedure

Once the non-compliances have been reviewed and corrected the supplier can launch their re-audit process based on their BSCI grading. The re-audit scope will be only focusing on failed points of the first audit.

Here are the detailed results and according validity granted:





The 5 Responsible Supplier Principles

The Etam Group has determined 5 key principles that a responsible supplier and partner entertaining a commercial relation with the Group shall respect and ensure. These principles are based on the Group Sustainable Strategy. It is our ambition to work only with supplier able to reach a high level on social, environmental and traceability aspects.



Factory Safety

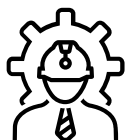
Product
Chemical
Safety

Ø ZDHC

Building &
Fire Safety



Production
Safety



Worker Health & Well Being

Fair
Remuneration



Decent
Working
Hours



Freedom of
Association

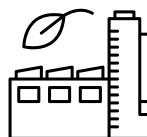


Health &
Safety



Environmental Protection

Environmental
Compliance

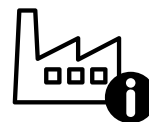


Production
Chemical
Management



Supplier Transparency

Factory
Information



On-site
Controls



Transparent
Communication



Supply Chain Traceability

Traceable
Transactions



Risked
Commodities



Principle 1 - Factory Safety

Scope

Topic

Ressources

PRODUCT CHEMICAL SAFETY

Ø ZDHC

ZDHC (Zero Discharge of Hazardous Chemicals)

Hazardous chemical substances for the environment cannot be used in wet processing units (textile, leather...). Factory must work only with wet processing units using chemicals compliant with the ZDHC MRSL, list of substances to be banned.

Manufacturing Restricted Substances List (MRSL) from ZDHC www.roadmaptozero.com/input

Building & Fire Certificates

Provide to the Etam Sourcing or commercial teams a valid Building and Fire certificate

Valid Certificate

Bangladesh

To ensure factory building is safe (Structural & Electrical & Fire). Please send reports from Accord, Alliance inspections or RSC (RMG Sustainability Council)



Shared-Building

If your factory is located in a shared building here are the 4 requirements to be producing Etam Group goods :

- Valid Building certificate
- Valid Fire certificate
- Joint Fire Drill (done once per year)
- Centralized fire alarm system (in good working conditions)

BUILDING & FIRE SAFETY



Leisure shared-building

Leisure type shared-building are strictly forbidden for production.

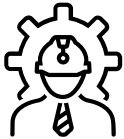
(Definition : production in a building shared with leisure activities open to public which are not working in one of the production site of the shared-building)

Mixed-Used Building

Do not allow any production in mix-use buildings, where factories and/or storage are in building which are not dedicated to production purposes (e.g. dormitory, shopping center, etc.).

Building Change & Storage

It is mandatory to inform your Etam contact point if there is any modification of the facility plan (ex: new construction), or if the production site is being moved to a new location. It should also be notified if the storage of the goods is located at a different address than the production site. If failing to do so goods would be considered as sub-contracted and therefore violating our agreement

Scope**Topic****Ressources****PRODUCTION
SAFETY****Trained Responsible**

Ensure a well-trained social compliance responsible and a safety officer which are available at any time.

Risk Analysis

A riskanalysis should be performed by the factory to anticipate and prevent potential safety, legal and/or quality risks.

Critical Issues

Any Social or Safety critical problem found during factory visit can lead to immediate business termination.

Principle 2 - Worker Health & Well Being

Minimum Wage Calculation

Business partners should respect the right of the workers to receive fair remuneration that is sufficient to provide them with a decent living for themselves and their families, as well as the social benefits legally granted, without prejudice to the specific expectations set out hereunder. Suppliers should calculate the Living Wage amount based on local basic expenses for a workers family in the factory localisation.

Living Wage
Calculator Amfori
BSCI Platform

**FAIR
REMUNERATION****Piece Rate Remuneration**

Piece rate remuneration should guarantee the minimum wage for workers independently of the performance of the worker.

Regular Payment

Wages are to be paid in a timely manner, regularly, and fully in legal tender. Partial payment in the form of allowance "in kind" is accepted in line with ILO specifications. The level of wages is to reflect the skills and education of workers and shall refer to regular working hours.

BSCI Code of
Conduct

Wage Deduction

Deductions will be permitted only under the conditions and to the extent prescribed by law or fixed by collective agreement.

BSCI Code of
Conduct

Scope**Topic****Ressources****DECENT
WORKING
HOURS****Maximum Working Hours**

A maximum of 64 working hours per week should be done by workers, additional hours should be agreed by a collective bargaining agreement and validated by local authorities.

BSCI Code of Conduct

Overtime payments

Premium should be paid at the right amount for all overtime work performed as per local law.

BSCI Code of Conduct

Rest days

One rest day should be granted every 6 days of consecutive work any change should be agreed by collective bargaining agreement and validated by local authorities.

BSCI Code of Conduct

**FREEDOM
OF
ASSOCIATION****Independent Workers Committee**

An independent worker committee allowed in the factory (free to associate and collectively bargain)

BSCI Code of Conduct

Grievance Mechanism

A fully functioning and accessible to all grievance mechanism should be implemented and answers should be collected and studied on a regular basis.

BSCI Code of Conduct

**HEALTH
&
SAFETY****Fire Fighting Equipment**

The supplier should follow the following requirements:

- Fire drills should be organized by the local Fire department.
- Water pressure in the factory should be sufficient to ensure hydrant good working conditions
- Fire hydrant should be complete and in good working conditions
- Fire extinguishers are accessible, free from any goods and on every floor of the facility

BSCI Code of Conduct

Emergency Exit

The supplier should follow the following requirements:

- Evacuation plan should be in local language, showing escape routes, firefighting equipment, escape routes, first aid kits on every factory floor.
- Emergency lighting should be in good working condition
- Smoke detector & sprinkler should be installed

BSCI Code of Conduct

Scope**Sujet****Ressources****HEALTH
&
SAFETY****First Aid**

The supplier should follow the following requirements:

- First aider should be trained and their information should be publicly disclosed and communicated to workers
- First aid box is available and secured by the first aid team at each workplace
- First Aid kits are complete and regularly checked

BSCI Code of Conduct

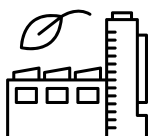
Workers Health

The supplier should follow the following requirements:

- Drinking water facility is clean and in good working condition
- Factory provide lunch for workers taking into consideration the nutritional intake
- Ban of worker's health impacting production operations (ex: sand blasting)

BSCI Code of Conduct

Principle 3 - Environmental Protection

**ENVIRONMENTAL
COMPLIANCE****Environmental Audit**

An environmental audit can be asked to the factory to validate a We care production on case by case decision.

Environmental Policy

Each factory should implement and monitor an environmental policy covering the following area and appoint a trained manager responsible for:

- Energy consumption & efficiency
- Water management
- Waste management
- Air Emissions management

Amfori BEPI

IPE (Institute of Public & Environmental Affairs)

For China production and manufacturing it is mandatory to screen, in the IPE platform, your direct factories & your subcontractor's environmental performance to eliminate all non-conformities in regards to China Environmental Law.

Register on the IPE Website under PRTR platform & proceed to data disclosure:

www.ipe.org.cn/en/member/login.aspx

Scope**Topic****Ressources****PRODUCTION
CHEMICAL
MANAGEMENT****Chemical Audit**

Chemical Management Audits can be requested for vertically integrated factories or for sourcing factory using wet processing facilities in the same factory group

BSCI Code of Conduct

Chemical Training

The factory should perform trainings on chemical management and use of hazardous substances for factory employees working in this section

Amfori BEPI

Chemical Storage

Hazardous substances should be stored in separated and dedicated storage room which is well ventilated. Chemicals should be stored with a second container to prevent leakage.

Amfori BEPI

Chemical Labelling

Chemical compatibility charts should be available, updated and displayed. Chemicals are well labelled (name, risk) and there are MSDS indicating how to handle chemicals properly and risks translated into local language.

Amfori BEPI

Chemical treatment (ETP)

To be allowed to produce Etam Group brands products, an ETP is compulsory for all dyeing, printing, washing and finishing units.

Principle 4 - Supplier Transparency

**FACTORY
INFORMATION****Factory Profile**

Our suppliers must declare 100% of the factories they are working with and ensure complete transparency of the documentation: any inconsistency or hiding of information will not be accepted.

EGS Factory Profile Template

Non-Declared Factory

It is strictly forbidden to do any production in a non-declared factory (critical violation which leads to immediate business interruption). Suppliers should communicate to the Etam Group teams the factory or the list of factories involved for each production. Any change of factory and/or production line must be notified to Etam Group at least 2 months before Collection Meeting.

Scope**Topic****Ressources****ON SITE
CONTROLS****Factory Visit**

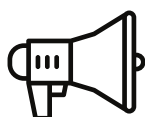
Factories should allow the entrance to Etam teams and external audit companies and/or organism into the audited factory without prior announcement and should cooperate with them in order to facilitate their work during the audit (in particular by giving access to all relevant documents), with or without the presence of the Etam Group employees.

BSCI Code of
Conduct

Social Audits

Factories authorized to produce Etam Group production should have a valid social audits assessing social and safety compliance from below audit standards :

- BSCI (A, B & C rating accepted)
- ICS (A, B & C rating accepted)
- SMETA
- SA8000

**TRANSPARENT
COMMUNICATION****Transparency Videos**

In order to provide additional information regarding the production of Etam Group products, factory can be asked to take videos of the factory production site based on Etam Group requirements.

Confirmatory act of
copyright
assignment

OAR (Open Apparel Registry)

The Etam Group has partnered with the OAR to publicly disclose all his partners coordinates and basic information (factory name & address) with whom we have a direct commercial relation into the open apparel map in order to increase its transparency and improve factory social and environmental performance.

Open Apparel
Registry Map
openapparel.org

Principle 5 - Supply Chain Traceability

Scope

Topic

Ressources

Tier 2 to Tier 5 Management

The supplier must verify that all his "subcontractors" (printing units, tanneries, packaging, etc.) respect the Etam Responsible Supplier Guidelines and cascade the additional Etam Group requirements when necessary. Etam Group team is and must be authorized to visit subcontractors at any time and the address and GPS coordinates of those units must be shared.

The supplier must be able demonstrate their controls to verify the proper level of Social and Environmental compliance of its own suppliers before they get involved in the Etam brands production.

TRACEABLE TRANSACTIONS



Scope & Transaction Certificates

For WeCare product production, the Etam Group is using the Chain of Custody management system based on Scope and Transaction certificates. Prior to the product production, the factory must provide the Transaction Certificate from the sustainable material fabric they bought (organic cotton, recycled polyester or responsible down) and the scope certificate of the garment manufacturing assembling the final product. After the shipment the factory should provide the transaction certificates of the shipped products to the Etam group.

Certification and labelling of WeCare sustainable product

Supplier portal:
supplier.etam.com

Traceability Platform

The Etam group is working towards a better traceability of its supply-chain to ensure a complete respect of human right principles and environmental protection on its direct and indirect activities. Thus, the Etam Group has partnered with traceability platforms to collect and verify product transaction from garment manufacturing unit up to the raw material stage. Suppliers must cooperate in sharing their supply-chain information's.

Scope**Topic****Ressources****Cotton Sourcing**

The authorized cotton sourcing countries & regions are for:

- Asia: India, China, (Shandong, Hubei, Anhui, Hebei province), Pakistan
- America: USA, Brazil, Mexico, Argentina, Peru
- Africa: Tanzania, Uganda, Benin, Burkina Faso, Egypt, Ethiopia, Mali
- Europe: Turkey, Greece, Spain

The sourcing or use of "Organic Cotton" must be done based on source with GOTS certificate. The GOTS certification and traceability must be up to the corresponding ginner(s). In addition to GOTS certification Supplier is responsible to demonstrate his due diligence to ensure the integrity of the Organic cotton. Evidence of control and testing properly implemented can be required by the Etam Group.

**RISKED
COMMODITIES****Cellulosic Sourcing**

Etam Group has engaged in supporting approaches and systems to build a future that does not use ancient and endangered forests in the packaging, paper or in man-made cellulosic fabrics, including rayon, viscose, lyocell, modal and other trademarked brands. We require that all fabric, packaging and paper sourced from forests are from responsibly managed forests, certified to the Forest Stewardship Council (FSC) certification system and Programme for the Endorsement of Forest Certification (PEFC)

Etam Commitment to Protect Forests Through Our Paper, Packaging and Fabrics Choices

Animal Fibers

Etam Group has decided to strictly prohibit the use of Exotic Skins, Real Fur and raw material coming from endangered species based on UICN list and CITES Conventions. Supplier must declare and guarantee that all validated animal fibers used for Etam Group brands product development are sourced from farmers which prohibit the below techniques during the breeding of animals:

- Sheep, Lambs, Goats, Alpaca: Mulesing techniques
- Rabbit: Coat peeling
- Goose, Duck: Raw Plumage
- Angora goat: Dehorning

Etam Group Animal Welfare and Biodiversity Policy

Leather

All leather being used by the Etam Group should be coming from Leather Working Group certified Tanneries and the certification should be shared prior to the order.

LWG Website

Sourcing Leather from Bangladesh tanneries is not allowed.

Annexes

Annexe 1: Amfori BSCI Code of Conduct

The present amfori BSCI Code of Conduct version 1/2014 aims at setting up the values and principles that the amfori BSCI Participants strive to implement in their supply chains. It was approved by the Foreign Trade Association (amfori as from 1/1/2018) and overrules the BSCI Code of Conduct version 2009 in all its translations. The present amfori BSCI Code of Conduct consists of three major sections of information: a) Preamble, Interpretation, Our Values and Implementation, which apply to all Business Enterprises; b) Principles, which address more specifically the amfori BSCI Participants' Business Partners and c) amfori BSCI Terms of Implementation, amfori BSCI Reference and amfori BSCI Glossary, which are integral parts of the Code and provide more detailed information on interpretation and implementation of the amfori BSCI.

The amfori BSCI Code of Conduct version 1/2014 enters into force on 1 January 2014. amfori BSCI monitoring against the principles of this Code will start in January 2015. Therefore, audits against the BSCI Code version 2009 will no longer be valid as of January 2015. The English version of this document is the legally binding one.

I. Preamble

The amfori BSCI (amfori BSCI) was launched by the Foreign Trade Association amfori, acknowledging that international trade is an essential vehicle for human prosperity and social economic growth. This code of conduct (the amfori BSCI Code of Conduct) is a set of principles and values that reflect the beliefs of amfori BSCI Participants and the expectations they have towards their business partners.

The amfori BSCI Code of Conduct refers to international conventions such as the Universal Declaration of Human Rights, the Children's Rights and Business Principles, UN Guiding Principles for Business and Human Rights, OECD Guidelines, UN Global Compact and International Labour Organization (ILO) Conventions and Recommendations relevant to improve working conditions in the supply chain.

Business enterprises that endorse the amfori BSCI Code of Conduct are committed to the principles set out in this document and to meeting, within their sphere of influence, their responsibility to respect human rights.

Amfori BSCI and its participants (amfori BSCI Participants) pursue a constructive and open dialogue among business partners and stakeholders in order to reinforce the principles of socially responsible business. Furthermore, they see the building up of mature industrial relations between workers and management as being key for sustainable businesses.

II. Interpretation

In the amfori BSCI Code of Conduct, the terms "business enterprises" cover both amfori BSCI Participants and their Business Partners in the supply chain, particularly Producers.

The appendices referred to at the end of the amfori BSCI Code of Conduct (Terms of Implementation, amfori BSCI References and amfori BSCI Glossary) form an integral part of the amfori BSCI Code of Conduct. The amfori BSCI Code is to be read and interpreted in combination with them.

Every business enterprise has different Terms of Implementation to adhere to, depending on their role in the supply chain and on whether or not they are going to be monitored within the amfori BSCI.

III. Our values

By endorsing the amfori BSCI Code of Conduct and communicating it to their supply chain, amfori BSCI Participants are guided by the following values:

- Continuous improvement: amfori BSCI Participants undertake to implement the amfori BSCI Code of Conduct in a step-by-step development approach. amfori BSCI Participants expect their business partners to ensure the continuous improvement of working conditions within their organisations.
- Cooperation: By working together and taking a common approach, amfori BSCI Participants will have a greater impact on, and better chance of improving working conditions in their supply chains. The value of cooperation is equally important in the relationship with the business partners in the supply chain, particularly those that need support in order to improve. Likewise, the spirit of cooperation is also critical in the relationship between business and affected stakeholders at different levels.
- Empowerment: A central aim for the amfori BSCI is to empower amfori BSCI Participants and their business partners, particularly in the case of producers who will be monitored, to develop their supply chains in a way that respects human and labour rights as well as to provide business units in the supply chain with the tools needed to improve working conditions in a sustainable manner. The development of internal management systems plays a critical role in bringing amfori BSCI principles to the heart of business enterprises' culture.

IV. Implementation

The principles set out in the amfori BSCI Code of Conduct represent the aspirational goals and minimum expectations that amfori BSCI Participants have with regard to their supply chains' social conduct.

Even though the aspirations will remain unchanged, the minimum expectations of the amfori BSCI Code of Conduct, which are translated into verifiable social standards, may change in line with changes in society.

Amfori BSCI Participants commit to use reasonable endeavors to achieve the goals set out in the amfori BSCI Code of Conduct. While they cannot guarantee full observance of all their business partners at all times, amfori BSCI Participants commit to take reasonable measures to abide by the principles of the amfori BSCI Code of Conduct, particularly in those regions and or sectors where higher risks of non-observance of the amfori BSCI Code of Conduct exist. Needless to say, full observance is a process that takes considerable time, resources and effort; and gaps, shortcomings, failures and unpredictable occurrences will always remain a possibility. Nonetheless, amfori BSCI Participants commit strongly to the early detection, monitoring and remediation of all such failures in their supply chains and remain open to constructive engagement with stakeholders who are genuinely concerned with social compliance.

Code Observance

Obedying domestic laws is the first obligation of business enterprises. In countries where domestic laws and regulations are in conflict with, or set a different standard of protection than the amfori BSCI Code of Conduct, business enterprises should seek ways to abide by the principles that provide the highest protection to the workers and environment.

Supply Chain Management and Cascade Effect

amfori BSCI Participants acknowledge their capacity to influence social changes in their supply chains through their purchasing activities. They manage their relationships with all business partners in a responsible way and expect the same in return.

This requires a co-operative approach where every business enterprise, (a) involves its respective business partners; (b) takes all reasonable and appropriate measures in its sphere of influence, needed to implement the amfori BSCI Code of Conduct and (c) exchanges information to timely identify any challenge that requires mitigation.

amfori BSCI Participants and their business partners strive to further detail the root causes of any such adverse impact in human rights, particularly when sourcing from high-risk regions or sectors. So as to embed this responsibility, business enterprises should act with due diligence and develop the necessary management systems, policies and processes to a reasonable extent as well as effectively prevent and address any adverse human rights impacts that may be detected in the supply chain.

For producers that will be monitored, internal management systems are particularly encouraged as an effective way to embed the amfori BSCI Code of Conduct in their business practices.

Terminating a business relationship or an individual contract with a business partner because of a struggle to implement the amfori BSCI Code of Conduct is considered a last resort. However, it may be necessary to terminate a business relationship or individual contract if the business partner fails to act in a manner consistent with the principles set out in the amfori BSCI Code of Conduct, and/or when the business partner is unwilling to undertake the measures needed to fulfill any of the obligations set out in and/or inherent to the amfori BSCI Code of Conduct.

Workers Involvement and Protection

Business enterprises should establish good management practices that involve workers and their representatives in sound information exchange on workplace issues, and allow for appropriate measures for protecting workers in line with the aspirations of the amfori BSCI Code of Conduct. Business enterprises should take specific steps to make workers aware of their rights and responsibilities.

In addition, business enterprises are required to build sufficient competence among employers, managers, workers and workers representatives in order to embed these practices in the business operation successfully. Continuous education and training at each level of work is essential, particularly with regard to Occupational Health and Safety.

Business enterprises should establish or participate in effective operational-level grievance mechanisms for individuals and communities who may be adversely impacted. Even where judicial systems are effective and well-resourced, grievance mechanisms may offer particular advantages such as speed of access and remediation, reduced costs and transnational reach.

V. Principles

amfori BSCI Participants expect all their business partners to observe the amfori BSCI Code of Conduct. Furthermore, any business partners that are monitored against the principles below are to show evidence that they take (a) all necessary measures to ensure their own observance of the amfori BSCI Code of Conduct and (b) reasonable measures to ensure that all of their business partners involved in the production process(es) observe the amfori BSCI Code of Conduct.

The rights of Freedom of Association and Collective Bargaining

Business partners shall: (a) respect the right of workers to form unions in a free and democratic way; (b) not discriminate against workers because of trade union membership and (c) respect workers' right to bargain collectively.

Business partners shall not prevent workers' representatives from having access to workers in the workplace or from interacting with them

When operating in countries where trade union activity is unlawful or where free and democratic trade union activity is not allowed, business partners shall respect this principle by allowing workers to freely elect their own representatives with whom the company can enter into dialogue about workplace issues.

No Discrimination

Business partners shall not discriminate, exclude or have a certain preference for persons on the basis of gender, age, religion, race, caste, birth, social background, disability, ethnic and national origin, nationality, membership in unions or any other legitimated organisations, political affiliation or opinions, sexual orientation, family responsibilities, marital status, diseases or any other condition that could give rise to discrimination. In particular, workers shall not be harassed or disciplined on any of the grounds listed above.

Fair Remuneration

Business partners observe this principle when they respect the right of the workers to receive fair remuneration that is sufficient to provide them with a decent living for themselves and their families, as well as the social benefits legally granted, without prejudice to the specific expectations set out hereunder.

Business partners shall comply, as a minimum, with wages mandated by governments' minimum wage legislation, or industry standards approved on the basis of collective bargaining, whichever is higher.

Wages are to be paid in a timely manner, regularly, and fully in legal tender. Partial payment in the form of allowance "in kind" is accepted in line with ILO specifications. The level of wages is to reflect the skills and education of workers and shall refer to regular working hours.

Deductions will be permitted only under the conditions and to the extent prescribed by law or fixed by collective agreement.

Decent Working Hours

Business partners observe this principle when they ensure that workers are not required to work more than 48 regular hours per week, without prejudice to the specific expectations set out hereunder. However, the amfori BSCI recognizes the exceptions specified by the ILO.

Applicable national laws, industry benchmark standards or collective agreements are to be interpreted within the international framework set out by the ILO.

In exceptional cases defined by the ILO, the limit of hours of work prescribed above may be exceeded, in which case overtime is permitted.

The use of overtime is meant to be exceptional, voluntary, paid at a premium rate of not less than one and one-quarter times the regular rate and shall not represent a significantly higher likelihood of occupational hazards. Furthermore, Business Partners shall grant their workers with the right to resting breaks in every working day and the right to at least one day off in every seven days, unless exceptions defined by collective agreements apply.

Occupational Health and Safety

Business partners observe this principle when they respect the right to healthy working and living conditions of workers and local communities, without prejudice to the specific expectations set out hereunder. Vulnerable individuals such as - but not limited to - young workers, new and expecting mothers and persons with disabilities, shall receive special protection.

Business partners shall comply with occupational health and safety regulations, or with international standards where domestic legislation is weak or poorly enforced.

The active co-operation between management and workers, and/or their representatives is essential in order to develop and implement systems towards ensuring a safe and healthy work environment. This may be achieved through the establishment of Occupational Health and Safety Committees.

Business partners shall ensure that there are systems in place to detect, assess, avoid and respond to potential threats to the health and safety of workers. They shall take effective measures to prevent workers from having accidents, injuries or illnesses, arising from, associated with, or occurring during work. These measures should aim at minimizing so far as is reasonable the causes of hazards inherent within the workplace.

Business partners will seek improving workers protection in case of accident including through compulsory insurance schemes.

Business partners shall take all appropriate measures within their sphere of influence, to see to the stability and safety of the equipment and buildings they use, including residential facilities to workers when these are provided by the employer as well as to protect against any foreseeable emergency. Business partners shall respect the workers' right to exit the premises from imminent danger without seeking permission.

Business partners shall ensure adequate occupational medical assistance and related facilities.

Business partners shall ensure access to drinking water, safe and clean eating and resting areas as well as clean and safe cooking and food storage areas. Furthermore, business partners shall always provide effective Personal Protective Equipment (PPE) to all workers free of charge.

No Child Labour

Business partners observe this principle when they do not employ directly or indirectly, children below the minimum age of completion of compulsory schooling as defined by law, which shall not be less than 15 years, unless the exceptions recognised by the ILO apply.

Business partners must establish robust age-verification mechanisms as part of the recruitment process, which may not be in any way degrading or disrespectful to the worker. This principle aims to protect children from any form of exploitation. Special care is to be taken on the occasion of the dismissal of children, as they can move into more hazardous employment, such as prostitution or drug trafficking. In removing children from the workplace, business partners should identify in a proactive manner, measures to ensure the protection of affected children. When appropriate, they shall pursue the possibility to provide decent work for adult household members of the affected children's family.

Special Protection for Young Workers

Business partners observe this principle when they ensure that young persons do not work at night and that they are protected against conditions of work which are prejudicial to their health, safety, morals and development, without prejudice to the specific expectations set out in this principle.

Where young workers are employed, business partners should ensure that (a) the kind of work is not likely to be harmful to their health or development; (b) their working hours do not prejudice their attendance at school, their participation in vocational orientation approved by the competent authority or their capacity to benefit from training or instruction programs.

Business partners shall set the necessary mechanisms to prevent, identify and mitigate harm to young workers; with special attention to the access young workers shall have to effective grievance mechanisms and to Occupational Health and Safety trainings schemes and programmes.

No Precarious Employment

Business partners observe this principle when, without prejudice to the specific expectations set out in this chapter, (a) they ensure that their employment relationships do not cause insecurity and social or economic vulnerability for their workers; (b) work is performed on the basis of a recognised and documented employment relationship, established in compliance with national legislation, custom or practice and international labour standards, whichever provides greater protection.

Before entering into employment, business partners are to provide workers with understandable information about their rights, responsibilities and employment conditions, including working hours, remuneration and terms of payment.

Business partners should aim at providing decent working conditions that also support workers, both women and men, in their roles as parents or caregivers, especially with regard to migrant and seasonal workers whose children may be left in the migrants' home towns.

Business partners shall not use employment arrangements in a way that deliberately does not correspond to the genuine purpose of the law. This includes - but is not limited to - (a) apprenticeship schemes where there is no intent to impart skills or provide regular employment, (b) seasonality or contingency work when used to undermine workers' protection, and (c) labour-only contracting. Furthermore, the use of sub-contracting may not serve to undermine the rights of workers.

No Bonded Labour

Business partners shall not engage in any form of servitude, forced, bonded, indentured, trafficked or non-voluntary labour.

Business partners will risk allegations of complicity if they benefit from the use of such forms of labour by their business partners.

Business partners shall act with special diligence when engaging and recruiting migrant workers both directly and indirectly.

Business partners shall allow their workers the right to leave work and freely terminate their employment provided that workers give reasonable notice to the employer.

Business partners shall ensure that workers are not subject to inhumane or degrading treatment, corporal punishment, mental or physical coercion and/or verbal abuse. All disciplinary procedures must be established in writing, and are to be explained verbally to workers in clear and understandable terms.

Protection of the Environment

Business partners observe this principle when they take the necessary measures to avoid environmental degradation, without prejudice to the specific expectations set out in this chapter.

Business partners should assess significant environmental impact of operations, and establish effective policies and procedures that reflect their environmental responsibility. They will see to implement adequate measures to prevent or minimise adverse effects on the community, natural resources and the overall environment.

Ethical Business Behaviour

Business partners observe this principle when, and without prejudice to the goals and expectations set out in this chapter, they are not involved in any act of corruption, extortion or embezzlement, nor in any form of bribery - including but not limited to - the promising, offering, giving or accepting of any improper monetary or other incentive.

Business partners are expected to keep accurate information regarding their activities, structure and performance, and should disclose these in accordance with applicable regulations and industry benchmark practices. Business partners should neither participate in falsifying such information, nor in any act of misrepresentation in the supply chain.

Furthermore, they should collect, use and otherwise process personal information (including that from workers, business partners, customers and consumers in their sphere of influence) with reasonable care. The collection use and other processing of personal information is to comply with privacy and information security laws and regulatory requirements.

Annexe 2: Amfori BSCI Zero Tolerance Protocol

This annex of the amfori BSCI System Manual guides amfori BSCI participants and auditors on how to proceed in case zero tolerance issues are identified in an amfori BSCI audit.

The Zero Tolerance Protocol supersedes the regular audit process. It must be followed by the auditor, the auditing company's scheme managers, the amfori Secretariat, and amfori BSCI participants.

POSSIBLE ZERO TOLERANCE SITUATIONS

Human rights violations and business behaviour that may endanger the independence of the audit are to be distinguished from regular social performance findings and may qualify as possible zero tolerance cases:

Child Labour

- Workers who are younger than 15 years old (or the legal minimum age defined by the country)
- Workers younger than 18 who are subjected to forced labour

Bonded Labour

- Not allowing workers to leave the workplace or forcing them to work overtime against their will
- Using violence or the threat of violence to intimidate workers to force them to work

Inhumane Treatment

- Inhumane or degrading treatment, corporal punishment (including sexual violence), mental or physical coercion, and/or verbal abuse

Occupational Health and Safety

- Occupational health and safety violations that pose an imminent and critical threat to workers' health, safety, and/or lives

Unethical Behaviour

- Attempted bribery of auditors
- Intentional misrepresentation in the supply chain (e.g. hiding production sites, lacking a business licence, and purposefully under-declaring the size of the workforce)

AUDITORS' PROFESSIONAL JUDGEMENT

It is the auditor who, using his/her professional judgement, will need to:

- Ponder the level of severity of the finding
- Decide to trigger a process towards immediate remediation (Zero Tolerance Protocol) or report the finding under the specific social performance area

Here are some elements auditors can use to develop their judgement:

Assessment of the severity: The situation must be:

- Flagrant: It is obvious and serious regardless if it is one-time or a recurrent violation.
- Factual and proven at the time of the audit: The breach is tangible, not hypothetical, and as proven as possible with documentary evidence.

Interviews may be the only source of information in the case of discrimination, incidents of violence, sexual harassment, or illegal disciplinary measures.

If this is the case, the auditor should be extremely vigilant in identifying the best way to:

- Capture information from interviews (e.g. auditors' team may include a female auditor to make communicating with female sexual harassment victims easier)
- Report the findings with full respect for the victims' identities and honour. Victims' identities must only be disclosed to the amfori Secretariat.

Precautionary principle

There may be situations where auditors are confronted with flagrant breaches or behaviours that weren't able to be proven at the time of the audit. There may also be cases of serious suspicion of child labour, bonded labour, and inhumane treatment that the auditor cannot prove.

In these cases, practical wisdom and the precautionary principle will help auditors decide whether to trigger the alert for the sake of protecting possible (but unproven) victims, despite the letter of the protocol.

If the auditor decides to use the precautionary principle, the auditor will:

- Undertake his/her best efforts to investigate the issue
- Follow the Zero Tolerance Protocol even in the absence of compelling evidence
- Clearly mention in the alert that he/she is using the precautionary principle

Responsible alert

Taking all these elements into consideration, the auditor may make the decision to trigger a zero-tolerance alert, which must be as descriptive as possible of:

- The identified human rights violation and/or unacceptable business behaviour that compromised the independence of the audit
- The reasoning process followed by the auditor to judge the severity of the situation and the need for immediate remediation

Practical wisdom

A wise auditor will be able to know how to:

- Do the right thing to achieve the intention of the amfori BSCI audit
- Improvise, balancing conflicting intentions, rules, and the particularities of each context
- Read a social context, so he/she moves beyond the black-and-white of rules and sees the grey in a situation
- Take on the perspective of another and thus understand how the other person may feel
- Make emotion and intuition allies of reason, without distorting his/her judgement

Practical wisdom will also help auditors to be brave and seek the best option available to protect:

- Possible victims
- Their own integrity
- amfori BSCI system credibility

Supplier Accountability

Signed at _____
dated _____

Supplier _____
représented by _____



Sign
here

