2021

amfori BSCI
Code of Conduct

I. Introduction

The amfori BSCI Code of Conduct is a commitment document for amfori members and their business partners to exercise human rights due diligence and environmental protection in their global supply chains in line with internationally recognized principles. This document gives a direction to the amfori members and their business partners in order to conduct responsible business, and to identify, prevent, mitigate, account for and remediate adverse human rights, as well as environmental, impacts in their supply chains. It is supported and supplemented by the amfori BSCI System Manual, amfori Member Commitment Programme, and the amfori Sustainability Platform. This document, and all the supporting and supplementary material, integrates the characteristics of due diligence as listed by the Organisation for Economic Co-operation and Development (OECD).

amfori members and their business partners, including upstream and downstream producers, intermediaries and those involved in worker recruitment processes, can become signatories of the amfori BSCI Code of Conduct. Throughout this document, the term "signatories" will be used synonymously to refer to amfori members and their business partners.

This version of the amfori BSCI Code of Conduct has been approved by amfori, and overrules all previous versions of the amfori BSCI Code of Conduct in all its translations. The English version of this document is the legally binding one.

The amfori BSCI Code of Conduct v.2021 enters into force on Q3 2023 (date to be confirmed in Q1 2023). The responsibility to embed this Code of Conduct into their operations, and implement due diligence, lies with the signatories.

II. Values

The amfori BSCI Code of Conduct, as well as its supporting documents and tools, are based on, and refer to:

- United Nations (UN) Universal Declaration of Human Rights
- International Labour Organization (ILO) Conventions and Recommendations
- UN Guiding Principles on Business and Human Rights (UNGP)
- OECD Guidelines for Multinational Enterprises
- UN Children's Rights and Business Principles
- Gender Dimensions of the UN Guiding Principles on Business and Human Rights
- OECD Sectoral Guidance Documents

By endorsing the amfori BSCI Code of Conduct, the signatories confirm that their commitment will follow the values below:

- **Continuous improvement:** The signatories undertake to implement the amfori BSCI Code of Conduct in a holistic approach, embedded in their management systems and company culture, to ensure the continuous improvement of due diligence within their organisations and supply chains in a progressive manner.
- **Cooperation:** The signatories will have a greater impact on, and better chance of identifying, preventing, mitigating and remediating human rights and environmental violations in their organisations and supply chains by working together and taking a holistic approach to due diligence. The spirit of cooperation is crucial in the engagement between the signatories and stakeholders at different levels, particularly to create leverage. amfori supports the signatories by creating relevant and meaningful partnerships.
- **Empowerment:** A central aim for amfori is to enable its signatories to develop their organisations and empower supply chains in a way that respects human rights and enables continuous improvement. To this end, amfori provides the needed tools, and expects its signatories to use and cascade these tools within their organisations and supply chains.
- **Code observance:** Complying with national legislation is the first obligation of business enterprises. In countries where the national legislation sets a different standard of protection than the amfori BSCI Code of Conduct and its references, the signatories shall abide by the principles that provide the highest protection to the workers and the environment, without contradicting the legal framework of the country.
- **Protection of vulnerable persons:** The signatories commit to the protection and empowerment of vulnerable individuals, and members of vulnerable groups and communities, to the best of their influence. The signatories understand that vulnerability can depend on the context, and certain individuals, groups, and communities may be vulnerable in more than one aspect.
- **Transparency:** The signatories commit to being transparent:
  - With each other, with amfori and with any third party involved as relevant (e.g. auditors, quality partners), and within the context of identification, prevention, and remediation of adverse human rights and environmental impacts. The signatories actively inform each other and amfori on any critical incident, as well as the effectiveness of any responses to an adverse impact to values and principles of the amfori BSCI Code of Conduct,
  - Through reasonable disclosure to shareholders, stakeholders, and governments regarding their impacts on the supply chain and in the surrounding communities, in line with national legislation requirements where available.

The amfori BSCI Code of Conduct and its values are implemented through the set of principles as explained below:

Social Management System and Cascade Effect

The signatories commit to:

- Adopt and publicly communicate a written human rights policy statement, in line with the complexity and size of operations, approved at the most senior level,
- Implement a process- and risk-based due diligence management system in their business practices in line with the UNGPs, and adjusted to the business model of the company. The expectations set in this Code of Conduct should be embedded in the system,
- Actively communicate their endorsement of the amfori BSCI Code of Conduct through all the functions in their company, as well as to their business partners and relevant stakeholders,
- Train and incentivize all relevant departments and individuals in a manner that allows them to integrate the principles of responsible and gender-responsive business and purchasing practices in the company culture, and cascade it to their business partners,
- Require their business partners to cascade the information to the relevant business partners and stakeholders in the supply chain,
- Require and follow-up with their business partners to work towards full observance of the amfori BSCI Code of Conduct within the sphere of their influence, including intermediaries that are involved in the worker recruitment process, such as brokers, recruiters and recruitment agencies,
- Include all workers in their due diligence, especially the vulnerable parts in their supply chain such as home-based workers, smallholders, as well as temporary and migrant workers; identify the challenges at these levels, and partner with amfori and other relevant stakeholders for improvements,
- Have the strategy, processes, and sufficient resources in place to meet the responsibilities related to the amfori BSCI Code of Conduct and ensure that there is continuous improvement in its implementation,
- Exercise responsible and gender-responsive purchasing practices, and avoid putting their business partners in a position that prevents them from adhering to the amfori BSCI Code of Conduct.

Workers Involvement and Protection

The signatories commit to:

- Establish responsible and gender-responsive management practices that involve all workers and their representatives in sound information exchange on the due diligence process,
- Define long-term goals to protect workers in line with the aspirations of the amfori BSCI Code of Conduct,
- Take specific steps, such as trainings, to make workers aware of their rights and responsibilities, with special attention to vulnerable persons. When relevant, intermediaries such as brokers, recruiters, and recruitment agencies should play an active role in achieving these steps,
- Build sufficient competence among the managers, workers, and worker representatives within their company, as well as in the supply chain, in order to embed the amfori BSCI Code of Conduct in their company culture, and promote continuous education and training at each level of work,
- Establish or participate in effective operational-level grievance mechanisms for individuals and communities who may be adversely impacted, and maintain accurate records. The operational-level grievance mechanism must be in line with UNGP Article 31. Where relevant (e.g. when a migrant worker population is present), the operational-level grievance mechanism should be accessible in relevant local languages, and should allow to address and remedy the issues effectively across jurisdictions through partnerships and coordination.

The Rights of Freedom of Association and Collective Bargaining

The signatories commit to:

- Respect the right of workers to form and join trade unions – or to refrain from doing so – and bargain collectively, in a free and democratic way, without distinction whatsoever and irrespective of gender,
- Ensure meaningful representation of all workers, without distinction whatsoever and irrespective of gender,
- Not discriminate against workers because of trade union membership,
- Not prevent workers' representatives and recruiters from having access to workers in the workplace or from interacting with them,
- Respect this principle by allowing workers to freely elect their own representatives with whom the company can enter into dialogue about workplace issues, when operating in countries where trade union activity is unlawful or where free and democratic trade union activity is not allowed.

No Discrimination, Violence or Harassment

The signatories commit to:

- Treat all workers with respect and dignity,
- Ensure that workers are not subject to any form of violence, harassment, and inhumane or degrading treatment in the workplace, as well as threats of violence and abuse, including corporal punishment, verbal, physical, sexual, economic or psychological abuse, mental or physical coercion, or other forms of harassment or intimidation,
- Understand the possible grounds for discrimination in their specific context, and not discriminate or exclude persons based on sex, 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, pregnancy, diseases, or any other condition that could give rise to discrimination,
- Establish disciplinary procedures in writing and explain them verbally to workers in terms and language which they understand. The disciplinary measures must be in line with national legislation,
- Provide gender-sensitive and equal opportunities and treatment throughout recruitment and employment,
- Verify that workers are not harassed, disciplined, or retaliated upon for reporting issues on any of the grounds listed above.

Fair Remuneration

The signatories commit to:

- Comply, as a minimum, with wages mandated by governments' minimum wage legislation, or industry standards approved based on collective bargaining, whichever is higher. The wages shall refer to standard working hours,
- Pay wages in a regular, timely and stable manner, and fully in legal tender. Partial payment in the form of allowance "in kind" is only accepted in line with ILO specifications,
- Assess the pay gap accurately, and work progressively towards the payment of a living wage that is sufficient to afford a decent standard of living for the workers and their families,
- Reflect the skills, responsibility, seniority, and education of workers in their level of wages,
- Where a pay rate for production, quota or piece work, is established, allow workers to earn at least a wage which respectively meets or exceeds applicable legal minimum wages, industry standards, or collective bargaining agreements (where applicable) within standard working hours,
- Ensure that workers of all genders and categories, such as migrant and local workers, receive the same remuneration for equal jobs and qualification,
- Implement deductions only under the conditions and to the extent allowed by law or fixed by collective agreement,
- Provide the workers with the social benefits that are legally granted, such as without negative impact on their pay, level of seniority, position, or promotion prospects.

Decent Working Hours

The signatories commit to:

- Ensure that workers are not required to work more than 48 standard hours per week, without prejudice to the specific expectations set out hereunder. Exceptions specified by the ILO are recognized,
- Interpret applicable national legislation, industry benchmark standards or collective agreements within the international framework set out by the ILO, and promote working hour practices that enable a healthy work-life balance for the workers,
- Only exceed the limit of hours described above in line with exceptional cases defined by the ILO, in which case overtime is permitted,
- Use overtime as an exceptional and voluntary practice, paid at a premium rate of minimum 125% of the standard rate. Overtime shall not represent a significantly higher likelihood of occupational hazards, and in no circumstance go the limits defined under national legislation,
- Grant their workers 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

The signatories commit to:

- Respect the right to healthy working and living conditions of workers and local communities, without prejudice to the specific expectations set out hereunder. Vulnerable persons, such as - but not limited to - young workers, new and expecting mothers and persons with disabilities, shall receive special protection,
- Comply with national occupational health and safety legislation, or with international standards where national legislation is weak or poorly enforced,
- Ensure that there are systems in place to assess, identify, prevent, and mitigate potential and actual threats to the health and safety of workers,
- Train all departments and individuals on occupational health and safety regularly throughout all stages of employment, and provide information on potential occupational health and safety risks to workers and public, including affected communities,
- Take effective measures to prevent workers from having accidents, injuries, or illnesses, arising from, associated with, or occurring during work. These measures aim at minimizing, so far as is reasonable, the causes of hazards inherent within the workplace,
- Seek improving workers' protection in case of accident, including through compulsory insurance schemes,
- Maintain records of all health and safety incidents in the workplace and all other facilities that are provided or mandated,
- Take all appropriate measures, and obtain all relevant licenses and documentation required by national legislation, to see to the stability and safety of the equipment and buildings they use, as well as to protect against and prepare for any foreseeable emergency. This includes residential facilities for workers when these are provided or mandated by the employer or a recruitment partner,
- Establish relevant committees, such as an Occupational Health and Safety Committee, to ensure active co-operation between management and workers, and/or their representatives for the development and effective implementation of systems that ensure a safe and healthy work environment. These committees aim to represent the diversity of the workers,
- Provide awareness to workers, and respect their right and responsibility to exit the premises and/or stop working without seeking permission in dangerous situations and uncontrolled hazards,
- Provide adequate occupational medical assistance and related facilities and provide equal access to all workers for these services. Health services (including insurance) should serve the distinctive concerns and needs of all genders and ages,
- Provide access to safe and clean drinking water, and eating and resting areas free of charge, and where applicable, provide access to cooking and food storage areas,
- Provide an adequate number of safe, separate toilets with adequate level of privacy for all genders, and paper towels and washbasins with hand soap in all work areas,
- Ensure that when residential facilities are provided or mandated, they are clean and safe, and they meet all the basic

needs of the workers,
- Provide effective and tailored Personal Protective Equipment (PPE) to all workers free of charge, taking the needs of different worker categories, such as pregnant and nursing women, into consideration,
- Compensate the damages incurred to the workers on the occasion that historical or actual failure of adherence to principles is identified.

No Child Labour

The signatories commit to:

- 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,
- Protect children from any form of exploitation,
- Establish robust age-verification mechanisms as part of the recruitment process, which may not be in any way degrading or disrespectful to the worker,
- Take special care and identify measures in a proactive manner in case of the dismissal and removal of children, to ensure the protection of affected children.

Special Protection for Young Workers

The signatories commit to:

- 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,
- Remove young workers from any hazardous work or source of hazard immediately when such cases are identified, and redefine their scope of work without any loss of income,
- Ensure that (a) the kind of work is not likely to be harmful to young workers' health or development; (b) their working hours allow their attendance in school, their participation in vocational orientation approved by the competent authority or their capacity to benefit from training or instruction programmes,
- Set the necessary mechanisms to prevent, identify and mitigate harm to young workers, with special attention to the provision and access of young workers to effective operational grievance mechanisms and to Occupational Health and Safety trainings schemes and programmes specific to the needs of young workers.

No Precarious Employment

The signatories commit to:

- Ensure that, their recruitment process and employment relationships do not cause insecurity and social or economic vulnerability for their workers,
- Ensure that work is performed on the basis of a recognised and documented employment relationship, established in compliance with relevant national legislations, custom or practice, and international labour standards, whichever provides greater protection,
- Before entering employment, provide workers with understandable information in their own language and ensure that they are aware about their rights, responsibilities, and employment conditions, including working hours, remuneration and terms of payment in their own language,
- Aim at providing decent, and where relevant, flexible working conditions that also support workers, irrespective of gender, in their roles as parents or caregivers, including migrant and seasonal workers whose children may be left in their hometowns,
- 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 or training schemes where there is no intent to impart skills or provide regular employment, (b) seasonality or contingency work when used to undermine workers' protection, (c) labour-only contracting, and d) contract substitution,
- Not use subcontracting in a way that undermines the rights of workers.

No Bonded, Forced Labour or Human Trafficking

The signatories commit to:

- Not engage in, or through business partners, be complicit to, any form of servitude, forced, bonded, indentured, trafficked or non-voluntary labour, including state-imposed forced labour,
- Adhere to international principles of responsible recruitment, including the Employer Pays Principle, and require the same from their recruitment partners, when engaging and recruiting all workers, either directly or indirectly, especially members of vulnerable groups such as temporary and migrant workers, . As a minimum, this includes:
  - No recruitment fees and costs are charged to workers
  - Clear and transparent employment contracts
  - Workers' freedom from deception and coercion
  - Freedom of movement and no retention of identity documents
  - Access to free, comprehensive, and accurate information
  - Freedom to terminate contract, change employer, and safely return
  - Access to free dispute resolution and effective remedies
- Progressively compensate the damages incurred to the workers within a reasonable timeframe, and within the framework of the same international principles, if historical or actual failure of adherence to principles is identified.

Protection of the Environment

The signatories commit to:

- Implement a process- and risk-based environmental due diligence management system in their business practices, adjusted to the business model of the company. This can also be integrated into the overall due diligence management system,
- Comply with national environmental legislation, or with international standards where national legislation is weak or poorly enforced,
- Identify the environmental impacts of their operations, and implement adequate measures to prevent, mitigate and remediate adverse impacts on the surrounding communities, natural resources, climate, and the overall environment.

Ethical Business Behaviour

The signatories commit to:

- Not take part 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,
- Develop and adopt adequate internal controls, programmes or measures for preventing and detecting corruption, extortion, embezzlement or any form of bribery, developed on the basis of a company-specific risk assessment,
- Keep accurate information regarding their activities, structure and performance, and disclose these in accordance with applicable regulations and industry benchmark practices to enhance transparency of their activities,
- Not falsify, or participate in falsifying any information or in any act of misrepresentation in the supply chain,
- Provide awareness to the workers about the policies, controls, programmes and measures against unethical behaviour, and promote compliance within the company through trainings and communication,

- 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 must comply with privacy and information security laws and regulatory requirements.

III. Terms of Implementation

The signatories of this Code of Conduct agree to implement the values and principles set out in this document throughout the life cycle of their business relationships, and in close liaison with relevant stakeholders:

- **Before starting a business relationship,** to map and understand potential and actual human rights risks.
- **During a business relationship,** to conduct responsible business, and to coach and support their business partners in continuous improvement.
- **At the end of a business relationship,** to ensure a responsible transition for the business partner.

Information Management

- The signatories shall maintain the amfori Sustainability Platform with up-to-date and accurate information and will instruct their employees and representatives to use such information in compliance with the Regulation (EU) 2016/679 (General Data Protection Regulation), which is also referred to as EU GDPR.
- The signatories understand that all personal information collected, used, and otherwise processed within the amfori tools and platforms must comply with the EU GDPR, regardless of the geographical location the data is collected.
- The signatories agree that the information gathered through a monitoring activity, including a grievance mechanism, can be shared with third parties (i) insofar as this occurs within the framework of amfori; (ii) insofar as such transfer is necessary for the provisions by or on behalf of amfori-related activities, and/or (iii) the third parties agree to treat the information provided with utmost respect and for the only purpose relevant for the case.

Monitoring in the Supply Chain

- Business partners monitor that the amfori BSCI Code of Conduct is observed internally and by their upstream business partners involved in the production process, based on a continuous improvement approach.
- Business partners acknowledge that amfori members may choose to include them in monitoring activities. They agree to be monitored on-site and off-site, announced or unannounced, by amfori, or third parties qualified by amfori (e.g. auditing companies, quality partners) for this purpose. These activities may be conducted within the scope of amfori monitoring tools, or amfori Audit Quality Programme. Within the course of a monitoring activity, business partners agree to:
    - Give full access to the facilities as requested by the individuals conducting the activity, including parts that may not have been initially indicated in the activity scope,
    - Give access to personal data on their workers, and let the individuals gather relevant data for reporting purposes as long as in line with the national legislation and EU GDPR,
    - Allow the individuals to gather the necessary document evidence relevant to the activity, including but not limited to business documents, licenses, certifications, and pictures,
    - Allow the individuals to conduct on-site and off-site interviews with workers in full confidentiality, without any influence or retaliation from the management.