

Code of Conduct

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BSCI 2-03/04



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BSCI Code of Conduct

1. The Business Social Compliance Initiative (BSCI) membership is made up of retail companies and associations, importers and producing companies. It is a common European monitoring system for social compliance. Its goal is the continuous improvement of the social performance in members' production and supply facilities worldwide. The BSCI monitoring system is not intended to replace any other established external multistakeholder verification system.
2. The BSCI members consider themselves responsible for all of the activities carried in their name worldwide. They feel a particular responsibility to provide decent working conditions for the employees producing their products. BSCI members acknowledge that this responsibility extends to all employees who make products for BSCI members, regardless of whether they are directly employed by BSCI members or by third party subcontractors and suppliers.
3. In order to make an impact and promote socially acceptable production conditions, the BSCI members have developed this Code of Conduct. All BSCI members' suppliers worldwide are obliged to comply with this Code of Conduct.

BSCI members approach the implementation of the Code of Conduct positively and in a spirit of cooperation. They would like to maintain all existing business relationships while achieving full compliance. The BSCI intends to increase awareness of the issues at hand and achieve continuous and sustainable improvement in the coming years. The improvement in social compliance will make suppliers well prepared to face existing and future market demands and legal requirements. Suppliers social performance can be improved systematically over time while avoiding the risk of boycott actions. It is the standpoint of the BSCI that sustainable economic development and social progress can only be realised if the basic living standards are preserved or improved.

4. The Code of Conduct specifies minimum standards only. They should not be misinterpreted as maximum limits and are not to be used against employees in any way, for example, to limit their freedom of association or collective bargaining rights.
5. BSCI members consider themselves to be working in partnership with their suppliers. The implementation of socially acceptable production conditions is based on dialogue, consensus, cooperation, and on the principle of fairness. The interests of those parties most affected by changes are kept in the foreground of any considerations and changes.

The implementation and enforcement of this Code of Conduct depends on the development status of each individual supplier and their countries of operation. The BSCI's ultimate goal is its complete realisation.

6. Suppliers must ensure that the Code of Conduct is also observed by all subcontractors involved in production processes of final manufacturing stages, for example confection and assembly activities, carried out on behalf of BSCI members.

7. In accordance with the ILO conventions, the United Nations' Universal Declaration of Human Rights and the UN's conventions on children's rights and the elimination of all forms of discrimination against women, the BSCI Code of Conduct aims to attain compliance with certain social and environmental standards. The following requirements are of particular importance:
- 7.1. Legal Compliance**
Compliance with all applicable national laws and regulations, industry minimum standards, ILO and UN Conventions, and any other relevant statutory requirements whichever requirements are more stringent.
- 7.2. Freedom of Association and the Right to Collective Bargaining**
In situations or countries in which the rights regarding freedom of association and collective bargaining are restricted by law, parallel means of independent and free organisation and bargaining shall be facilitated. - In accordance with ILO conventions 87, 98 and 135.
- 7.3. Prohibition of Discrimination**
No discrimination shall be tolerated on the basis of gender, age, religion, race, caste, social background, disability, ethnic and national origin, nationality, membership in workers' organisations including unions, political affiliation, sexual orientation, or any other personal characteristics. - In accordance with ILO conventions 100 and 111.
- 7.4. Compensation**
Wages paid for regular working hours, overtime hours and overtime differentials shall meet or exceed legal minimums and/or industry standards. Illegal or unauthorised deductions from wages shall not be made. In situations in which the legal minimum wage does not cover living expenses and provide some additional disposable income, companies shall strive to provide employees with adequate compensation to meet these needs. In accordance with ILO conventions 26 and 131.
- 7.5. Working Hours**
Overtime hours are to be worked solely on a voluntary basis. The maximum allowable working hours in a week are 48 and the maximum allowable overtime hours in a week are 12. An employee is entitled to at least one free day following six consecutive days worked. - In accordance with ILO conventions 1 and 14.
- 7.6. Workplace Safety**
A clear set of regulations and procedures must be established and followed regarding occupational health and safety. Workplace practice and conditions which violate basic human rights are forbidden. In accordance with ILO convention 155 and ILO recommendation 164.
- 7.7. Prohibition of Child Labour**
Child labour is forbidden as defined by ILO and United Nations conventions and/or by national law. Of these various standards, the one that is the most stringent shall be followed. Any forms of exploitation of children are forbidden. Working conditions resembling slavery or harmful to children's health are forbidden. The rights of young workers must be protected. In accordance with ILO conventions 79, 138, 142 and 182.
- 7.8. Prohibition of Forced Labour**
All forms of forced labour are forbidden as is prisoner labour that violates basic human rights. In accordance with ILO Conventions 29 and 105.
- 7.9. Environment and Safety Issues**
Procedures and standards for waste management, handling and disposal of chemicals and other dangerous materials, emissions and effluent treatment must meet or exceed minimum legal requirements.

- 8.** BSCI members will encourage compliance with the requirements above, defining and implementing appropriate procedures and monitoring their suppliers' compliance.
- 9.** When a violation of the Code of Conduct is determined, BSCI members will immediately enter into negotiations with the affected suppliers. Together, they will search for solutions and the BSCI member will assist in resolving the problem. The solutions must always take into consideration the best interests of the employees. If suitable solutions cannot be found, agreed upon and implemented within a reasonable period of time, this is reasonable grounds for the termination of further business relations.
- 10.** Any actions taken by the BSCI and its members in no way reduce the burden of responsibility on national and local governments, international NGO's and employee representatives to establish an open market trade policy and to stipulate improvements in social conditions.
- 11.** The BSCI is prepared to submit the substance of this declaration to public discussion and political decision-making processes.

Brussels, February 2004

Declaration

Declaration of Liability Regarding Compliance with the BSCI Code of Conduct

We, the undersigned hereby confirm:

- That we have received and taken due note of the BSCI Code of Conduct and the management manual.
- That we are aware of all relevant laws and regulations of the country or countries in which our company operates.
- That we will inform *➤Name of BSCI Member<* in case of conflict between provisions of the BSCI Code of Conduct and any applicable laws or regulations in our countries of operation.
- That we will observe and conform to the BSCI Code of Conduct in its entirety and without amendment or abrogation.
- That we will inform all of our subcontractors of the contents and requirements of the BSCI Code of Conduct, and that we will ensure that they also comply with the provisions incorporated therein.
- That *➤Name of BSCI Member<* and any organisations acting on its behalf may carry out audits with or without notice at our business premises and the business premises of our subcontractors at any time.

Furthermore:

- We agree to carry out a self-assessment of our social performance, and that of our subcontractors upon the request of *➤Name of BSCI Member<*, and to submit the details of these assessments to *➤Name of BSCI Member<* for evaluation. This will take the form of a completed BSCI self-assessment questionnaire.
- We shall notify *➤Name of BSCI Member(* of the location of all business premises used for the manufacture of goods for *(Name of BSCI Member(*. We guarantee that the manufacture of goods for *(Name of BSCI Member(* is carried out exclusively at the locations we have indicated. We understand that failure to inform *(Name of BSCI Member(* of the a location where work for its products is carried out is adequate justification for the immediate and unconditional termination of all business and contractual relationships.
- We will use the BSCI management manual exclusively for purposes relating to business and monitoring activities of the BSCI and *(Name of BSCI Member(*. We will not allow any third parties not involved in the BSCI compliance/monitoring process to have access to this manual.

Date Name of company

Signature Company Stamp/Seal

Name Address

Company's Customer ID/Code-Number

This document must be signed by a duly authorised representative of the company and returned to *➤Name of BSCI Member<*.

Terms of implementation

All suppliers are obliged to take the measures necessary to implement and monitor the BSCI Code of Conduct:

Management Responsibilities:

- by informing management and suppliers about the content of the BSCI Code of Conduct.
- by establishing where responsibility lies within the company's organisation regarding all BSCI Code of Conduct issues.
- by appointing one or more management employees to be responsible for implementation of the BSCI Code of Conduct.
- by monitoring company compliance with the BSCI Code of conduct and implementing necessary changes at its facilities.

Employee Awareness:

- by giving a statement of their support for the principles of the BSCI Code of Conduct to their employees and by informing and instructing their employees and those of their subcontractors regarding the contents of the BSCI Code of Conduct. The company must have the BSCI Code of Conduct translated in its entirety into the appropriate local language(s) and have it displayed in a prominent position at its factory and other premises. Employees must also receive verbal orientation and information regarding the Code of Conduct in a language they understand.
- by regularly training employees in workplace safety and on the impact of their activity on mankind and the environment.

Record-Keeping:

- by keeping records of the names, ages, working hours and the wages paid to all employees and making these documents available to BSCI auditors on request.
- by documenting the location of dangerous materials and other potential hazards
- by monitoring and maintaining safety equipment and materials
- by keeping up to date documentation regarding relevant statutory requirements and regulations.

Complaints and Corrective Action:

- by appointing an employee responsible for handling complaints related to BSCI issues.
- by documenting and investigating complaints from employees or third parties related to BSCI issues, and reporting on their substance and any necessary corrective measures arising from them.
- by making the resources available to implement necessary corrective measures.
- by refraining from dismissals or other disciplinary measures against employees who pass on information regarding compliance with the BSCI Code of Conduct.

Suppliers and Sub-Contractors:

- by making the introduction of social standards and compliance with the BSCI Code of Conduct a condition of all contracts that it enters into with suppliers.
- by asking suppliers to report regularly about their progress in implementing the BSCI Code of Conduct.

Monitoring:

- by providing BSCI Members with relevant information about their activities and production sites.
- by allowing audits of their business premises and activities and those of their subcontractors to be carried out at any time with or without prior notice by organisations acting on behalf of BSCI members.

Consequences of Non-Compliance

If a supplier fails to meet the requirements of the BSCI Code of Conduct, and if no solutions can be agreed upon and implemented within a reasonable amount of time, a BSCI member may choose to halt current production, cancel corresponding contracts, suspend future contracts and/or terminate the business relationship with the non-conforming supplier. If an audit reveals less than full compliance with the BSCI Code of Conduct, the supplier must take the prescribed corrective actions without delay. The period of time the supplier has to implement these corrective measures will be agreed upon with the auditors, but may not exceed twelve months. If a supplier excluded in the past on grounds of non-compliance shows later that it can fully comply with the BSCI Code of Conduct, there is, in principle, no reason why a business relationship cannot be resumed.