



Code of Conduct

November 2006

BSCI 2-11/06

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BSCI Code of Conduct

In accordance with the ILO Conventions, the United Nations' Universal Declaration of Human Rights, the UN's Conventions on children's rights and the elimination of all forms of discrimination against women, the UN Global Compact and the OECD Guidelines for Multinational Enterprises, the BSCI Code of Conduct aims to attain compliance with certain social and environmental standards. Supplier companies must ensure that the Code of Conduct is also observed by subcontractors involved in production processes of final manufacturing stages carried out on behalf of BSCI members. The following requirements are of particular importance and are implemented in a developmental approach:

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.

2. Freedom of Association and the Right to Collective Bargaining

The right of all personnel to form and join trade unions of their choice and to bargain collectively shall be respected. 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 for all personnel. It shall be ensured that representatives of personnel have access to their members in the workplace.

- In accordance with ILO conventions 87, 98, 135 and 154.

3. Prohibition of Discrimination

No discrimination shall be tolerated in hiring, remuneration, access to training, promotion, termination or retirement based on 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, 111, 143, 158 and 159.

4. Compensation

Wages paid for regular working hours, overtime hours and overtime differentials shall meet or exceed legal minimums and/or industry standards. Illegal, unauthorised or disciplinary deductions from wages shall not be made. In situations in which the legal minimum wage and/or industry standards do not cover living expenses and provide some additional disposable income, supplier companies are further encouraged to provide their employees with adequate compensation to meet these needs. Deductions from wages as a disciplinary measure are forbidden. Supplier companies shall ensure that wage and benefits composition are detailed clearly and regularly for workers; the supplier company shall also ensure that wages and benefits are rendered in full compliance with all applicable laws and that remuneration is rendered in a manner convenient to workers.

- In accordance with ILO conventions 26 and 131.

5. Working Hours

The supplier company shall comply with applicable national laws and industry standards on working hours. The maximum allowable working hours in a week are as defined by national law but shall not on a regular basis exceed 48 hours and the maximum allowable overtime hours in a week shall not exceed 12 hours. Overtime hours are to be worked solely on a voluntary basis and to be paid at a premium rate. An employee is entitled to at least one free day following six consecutive days worked.

- In accordance with ILO conventions 1 and 14.

6. Workplace Health and Safety

A clear set of regulations and procedures must be established and followed regarding occupational health and safety, especially the provision and use of personal protective equipment, clean bathrooms, access to potable water and if appropriate, sanitary facilities for

food storage shall be provided. Workplace practice and conditions and conditions in dormitories which violate basic human rights are forbidden. In particular young workers shall not be exposed to hazardous, unsafe or unhealthy situations.

- In accordance with ILO Convention 155 and ILO Recommendations 164 and 190.

In particular, a management representative responsible for the health and safety of all personnel and accountable for the implementation of the Health and Safety elements of the BSCI shall be appointed. All personnel shall receive regular and recorded health and safety training, moreover, such training shall be repeated for new and reassigned personnel. Systems to detect, avoid or respond to potential threats to health and safety of all personnel shall be established.

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 the event that children are found to be working in situations which fit the definition of child labour above, policies and procedures for remediation of children found to be working shall be established and documented by the supplier company. Furthermore, the supplier company shall provide adequate support to enable such children to attend and remain in school until no longer a child.

- In accordance with ILO Conventions 79, 138, 142 and 182 and Recommendation 146.

8. Prohibition of Forced Labour and Disciplinary Measures

All forms of forced labour, such as lodging deposits or the retention of identity documents from personnel upon commencing employment, are forbidden as is prisoner labour that violates basic human rights.

The use of corporal punishment, mental or physical coercion and verbal abuse is forbidden.

- In accordance with ILO Conventions 29 and 105.

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.

10. Management Systems

The supplier company shall define and implement a policy for social accountability, a management system to ensure that the requirements of the BSCI Code of Conduct can be met as well as establish and follow an anti-bribery / anti-corruption policy in all of their business activities. Management is responsible for the correct implementation and continuous improvement by taking corrective measures and periodical review of the Code of Conduct, as well as the communication of the requirements of the Code of Conduct to all employees. It shall also address employees' concerns of non compliance with this Code of Conduct.

Annexes to this Code of Conduct:

- Declaration of the supplier company
- Terms of implementation
- Consequences of Non-Compliance

Brussels, November 2006

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 of November 2006 of the BSCI Code of Conduct, the BSCI System: Rules and Functioning, 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 based on a development oriented approach 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 production of goods and / or delivery of services for *➤Name of BSCI Member*. We guarantee that the production of goods and / or delivery of services 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 location where work for its products and / or services are 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 facility 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 society 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 into which it enters 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 all 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 comply fully with the BSCI Code of Conduct, there is, in principle, no reason why a business relationship cannot be resumed.