

BSCI Audit Guidelines

Version 2013

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Part I

Milestones of the BSCI Auditing

1. Introduction: The BSCI Development Approach

International Trade is a major contributor to economic growth around the world and thus an essential vehicle for human progress. Acknowledging this, the Foreign Trade Association (FTA) stands for free and sustainable trade and supports its members to improve sustainability in their supply chains, notably through the Business Social Compliance Initiative (BSCI).

The BSCI provides a common procedure to promote better social standards in the supply chain, relying on: the written commitment of the Participants; monitoring improvements in the supply chain; building capacities on social compliance and promoting long term dialogue with stakeholders.

BSCI is not a certification scheme. It offers a step by step development approach that helps producers implement the BSCI Code of Conduct gradually.

These are the values of BSCI: *continuous improvement, collaboration and empowerment*. They inspire all BSCI activities including audits.

BSCI audits shall reflect the BSCI development approach to allow producers to go through continuous improvement in a systematic manner.

BSCI audits are conducted exclusively by the Auditing Companies accredited by SAAS and having a framework contract with the Foreign Trade Association (FTA).

2. Purpose of the document

This document describes the audit procedure within the framework of the BSCI as well as rules for scoring and reporting the results to the BSCI system.

The guideline aims at providing orientation to the SAAS accredited Auditing Companies, which conduct the BSCI audits, and their social auditors. Therefore, it presupposes that auditors have already a high level of qualification in social audits.

BSCI audits (both full and re-audits) may be conducted by different Auditing Companies. Regardless of the Auditing Company in charge of the audit, **it is expected that all auditors conduct the BSCI audits impartially, systematically, uniformly and completely, so comparability of results in the framework of the BSCI is ensured.**

A careful implementation of these guidelines will guarantee that the quality of audits is not compromised.

Feedback and suggestions from different stakeholders and Auditing Companies have been included in this document. New feedback will be taken into consideration for future reviews of the document.

3. Scope of application

This document is a binding reference to auditors entitled to conduct BSCI audits, regardless the sector and the audit methodology.

It is to be used together with the additional interpretation guidelines provided in the BSCI Audit Report 2012, reference documents as defined in chapter 4 and BSCI memos to auditors.

Memos to auditors issued before 1st January 2013 have been included in this guidelines and therefore are considered derogated. Memos to auditors issued

after 1st January 2013 will remain standalone documents to be interpreted in line with this document and the interpretation guidelines provided in the BSCI Audit Report.

Some paragraphs in this document are marked in green background. This means the text specifically applies to audits conducted using the Primary Production Methodology.

Auditing Companies are expected to keep their auditors up-to-date on the latest version of the audit methodologies and tools as well as BSCI memos.

Auditors shall ensure that they are applying the last binding version of all relevant documents for the BSCI audit, which can be found on the BSCI website and the BSCI Platform.

4. References for the auditors

The BSCI audit system relies in many aspects on the expertise of Social Accountability Accreditation Services (SAAS) and links its continuous improvement approach to the SA8000 Standard as «Best Practice». Being so, guidelines developed and/or used by SAAS to ensure the best quality in the audit performance, are also relevant for the BSCI audit.

These include but are not limited to:

- ISO/IEC 17021:2011 – Conformity assessment – Requirements for bodies providing audit and certification of management systems
- ISO 19011:2011 - Guidelines for Auditing Management Systems
- SA8000:2008 (Social Accountability 8000)
- Guidance Document for SA8000 Standard
- SAAS Procedure 200
- SAAS Procedure 201
- SAAS advisories to Procedure 200

- Procedure 225, BSCI Assessment Requirements

4.1. The BSCI Code of Conduct

The BSCI Code of Conduct summarizes the values and principles that BSCI Participants would like to see respected in their supply chains. It addresses fundamental human and labour rights as well as good management and environmental practices.

The BSCI Code of Conduct refers to the International Labour Organization (ILO) Conventions and Recommendations; The Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational (2011) Enterprises; the UN Guiding Principles on Business and Human Rights (2011) and other relevant internationally recognized standards that support positive contributions that companies can have in economic, environmental and social progress of the sourcing countries.

ILO Conventions and Recommendations shall be used to clarify the way the BSCI Code of Conduct applies to specific situations seen during the audit.

ILO is the preferred reference that helps auditors take the necessary decisions and actions (e.g. Corrective Action Plan) that are in line with the aims of the BSCI Code of Conduct.

Recommendations do not have the binding force of conventions and are not subject to ratification. However, they provide additional or more detailed provisions to a convention and they are extremely useful for the auditor to build his professional judgement.

When a producer signs the BSCI Code of Conduct (as part of his purchasing contract or separately) **the BSCI Code of Conduct works as a vehicle to enforce ILO Conventions and Recommendations, regardless if the country of the producer has ratified them or not.**

This does not mean that the BSCI Code of Conduct undermines the national legislation sovereignty, but that the BSCI aims at increasing awareness on human and labour rights.

4.2. National laws

ILO Conventions are considered international labour standards regardless of ratifications. However, they gain the status of treaty when they are ratified by a number of governments. In this case, these conventions create a legal obligation for ratifying nations to apply their provisions and so they are part of the national legislation.

Obeying national laws is the first obligation of local companies and multinationals acting in those countries. Under no circumstance the BSCI Code of Conduct shall be understood as a substitution of the national law. However, the BSCI audit is to be conducted against the Code of Conduct and audit results will reflect the level of compliance against principles laid down in there.

Additionally, auditors shall be versed and up-to-date on the national laws applicable for agriculture undertakings, which may differ from regulations that apply to the national industry. This may have an impact in the way auditors will understand the BSCI Code of Conduct when auditing using BSCI Primary Production Methodology.

From the auditing perspective, BSCI auditors shall have good knowledge of the relevant national and regional laws, most common contractual practices and working environments.

4.3. The BSCI Official Decisions.

Official decisions within the BSCI Governance that have an impact on the dynamics of the audit are reference for the auditor. Such decisions are communicated to Auditing Companies through “memos” issued by the BSCI

Secretariat and addressed to Auditing Companies' headquarters. "Memos" are directly applicable until they are eventually incorporated into the BSCI Audit Guidelines.

4.4. The BSCI Audit Report

The BSCI Audit Report 2012 requests the auditor to come up with a qualified audit judgement based on "satisfactory evidence" for each specific question.

Satisfactory typically refers to what an auditor shall consider reasonable after analysis of the situation using both experience and knowledge.

This collection of evidence is achieved by means of site verification, documental check and a certain number of interviews defined in these guidelines. This is called "triangulation technique". You will find more information on this technique in the relevant chapter of this guideline.

Evidence can be either direct or indirect. Whereas **direct evidence** are any testimony or document that prove the existence or nonexistence of some facts, **indirect evidence** are those inferred by the auditor but which do not prove the existence of the fact directly. This is common in cases such as Child Labour, Harassment, Discrimination or Forced Labour, where the auditor may have the "intuition" that Child Labour is happening but not direct evidence were found.

The auditor should report indirect evidence, particularly whenever they are taken into consideration to build the audit judgement.

The indirect evidence needs to be described and taken into account when deciding the status of the producer concerned.

4.5. Other relevant references.

These are other references for the BSCI audit:

- **FTA Framework contract** which describes the competence, rights and obligations of the Auditing Companies charged to conduct BSCI audits.

- **Audit Integrity Programme** which describes the quality assurance procedures BSCI follows regarding Auditing Companies and their performance in the system.
- **BSCI Glossary** which describes all relevant definitions to be taken into consideration by the auditor.
- **Memorandum of Understanding** or **Agreements of Cooperation** that BSCI may have signed with other initiatives and that have an impact in the dynamics of the audit.
- The **BSCI Self-Assessment questionnaires or similar documents** that are used by the BSCI Participants and its producers. E.g. within the BSCI primary production methodology, BSCI accepts GlobalGAP social check list GRASP, as equivalent to the BSCI self-assessment questionnaires.
- **Training materials issued by BSCI** may be used by the auditor as orientation. However, in case of contradiction with any other BSCI reference, the other BSCI references as per chapter 4 of this guidelines prevail.
- **Handbook for the internal auditors**, designed to help the auditee prepare the Internal Management System particularly for Primary Production audits.

5. Auditing Companies Competences

Acceptance and permanence of Auditing Companies under the BSCI system is subject to the scrutiny and approval of the BSCI Steering Committee, based on a proposal from the BSCI Auditing Working Group.

The proposal from the working group will take into consideration the competence of the Auditing Companies as referred below.

The competence of individual auditors are to be guaranteed by the Auditing Companies. However, they might be subjected to scrutiny through different means in line with the BSCI Audit Integrity Programme.

The Auditing Company shall produce evidence of its accreditation to the organization Social Accountability Accreditation Services (SAAS) and sign the FTA Framework contract.

The Auditing Company shall ensure that BSCI audits are exclusively performed by auditors who have been licensed for certification audits in accordance with the SA8000 standard in line with the applicable SAAS rules of procedure. Lead auditors need to be SA8000 lead auditors having successfully passed an advanced lead auditor training course. 

The Auditing Company shall have employment conditions which ensure that auditors spend normally no more than two thirds of their contractual working hours conducting audits, including travelling time. 

The Auditing Company shall ensure that BSCI audits are submitted to the BSCI Platform within 10 business days after the audit was conducted.

The Auditing Companies shall ensure that a BSCI scheme manager is being assigned responsible for the communication between the BSCI Secretariat at the FTA and the Auditing Company. This contact person must be qualified at a minimum as SA8000 auditor. He will master the English language and must be present at the BSCI calibration meetings as specified in the FTA Framework contract.

The Auditing Company shall ensure that the relevant person in their company attends other training and further education programmes organized or recommended by BSCI Secretariat.

The Auditing Company shall share with the BSCI Secretariat and concerned Participating companies, bribery cases and other ethical concerns identified while auditing.

6. Auditors' Competences



All BSCI audits shall be led by a BSCI Lead Auditor who must have successfully passed the SA8000 Advanced Auditor Training Course provided by SAI (or any SAAS Accredited course provider).

When a BSCI audit is conducted by a team of auditors every team member as a minimum shall have successfully passed the SA8000 Basic Auditor Training course.

6.1. Qualifications.

These additional qualifications are required:

- Professional experience in social auditing, health & safety protection, quality control;
- Professional experience in the sector of the auditee. (E.g. Agriculture)
- Knowledge on local context, particularly in local labour law;
- Having received the latest trainings and/or attended further education programmes, organized or recommended by BSCI to improve performance;
- Mastering the language mainly spoken by workers in the company to be audited. When the audit is conducted by a team of auditors, at least one of the auditors shall be fluent in the main language spoken by the workers. The languages spoken at the producer are reported in the BSCI Self-Assessment questionnaires, so Auditing Companies are expected to prepare the audit accordingly. In some countries, migrant workers are hired for short production periods (e.g. harvesting). In these cases, BSCI encourages audit teams to guarantee that at least one of the auditors speaks the language of the largest group of migrant workers.

6.2. Behaviour

While appropriate qualification is critical to perform BSCI audits, there are additional qualities expected from the BSCI auditors.

Independence in general and **impartiality** in relation with the particular case: An auditor shall recuse himself from conducting an audit if conflict of interest prevents him from being impartial. Independence with the general environment or with economic interests is directly related to the credibility of the auditors work.

Integrity: Auditors represent the BSCI system in the field. Therefore, utmost honest and professional behaviour is expected, in line with the values and mission of the system.

6.3. Principles that rule qualified audit judgement

The following principles will guide the auditor in qualifying his opinion:

Principle of consistency: The auditor shall use a valid BSCI Audit Report, directly downloaded from the BSCI Platform; follow BSCI audit references and apply the appropriate BSCI methodology and related rules and laws.

Principle of reality: The auditor shall aim at portraying the producer as it is, in the most accurate possible way. He shall try not to make things look prettier or uglier than they are. Auditors shall not reserve information or findings, for the sake of creating a coherent picture.

Principle of respect: The auditor shall be aware that audits and re-audits are not the core business of the auditee and that they take place within a cycle,

which differs from the business cycle. **Respect for the auditee's time and resources are expected.**

Principle of continuity: The auditor shall be aware that his work is part of a long-term implementation project where other actors and even other auditors from different Auditing Companies may play a role. In the best of their capacity, **auditors shall make sure that their intervention is understandable to all people involved, therefore, contributing to continuous improvement of working conditions.** If previous BSCI audits have been conducted, it is the obligation of the auditor to gather previous results and use them as a base for the current visit.

Principle of full disclosure and retention of records: **The auditor shall include all information that BSCI Secretariat qualifies as mandatory attachments.** Any other documents collected or produced during the audit process shall be filed and available as requested by the BSCI Secretariat for a period of minimum six years.

Principle of prudence: The auditors may be confronted with situations where reporting certain findings may put individuals at risk. In these cases, **protection of the individual and observance of dignity and human rights are the key values and overrule the principle of full disclosure.** However, **the auditors will report the situation to their supervisor, who would report the undisclosed findings to the BSCI Secretariat.** The BSCI Participant will be properly informed by the BSCI Secretariat about the facts and will receive advice on the best way to proceed.

Part II

Going into practice

7. The BSCI Audit Process

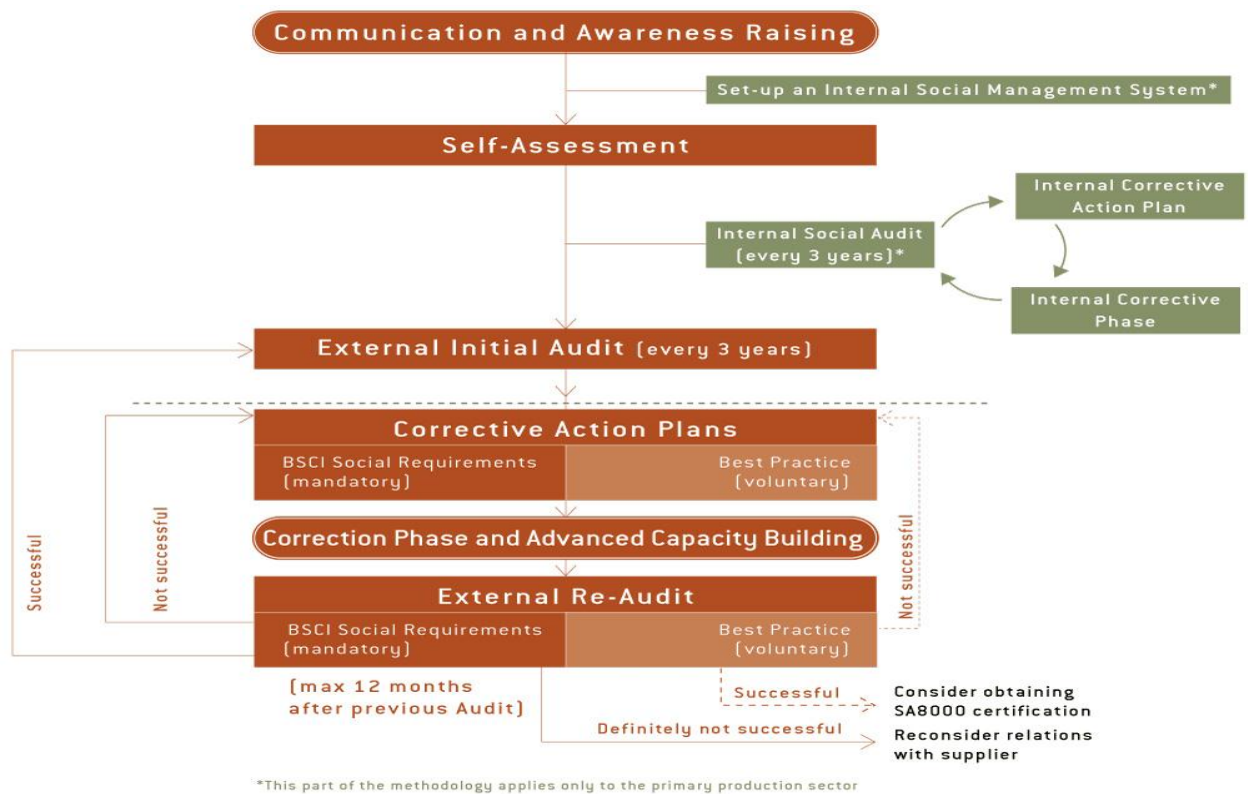


Figure 1: Overview of the BSCI audit process

Note: The diagram above may include **random unannounced checks (RUC)** assigned by the BSCI Secretariat to monitor producers with audit result GOOD.

8. Type of audits

Within the BSCI system, audits can be full audits or re-audits.

Full audits are those conducted through all chapters of the Audit Questionnaire related to the relevant audit methodology used in the specific case. The BSCI 3-years audit cycle always starts with a full audit. If the timeline for a re-audit has expired, a full audit shall be conducted.

Re-audits take place within 12 months after the previous audit (either full audit or re-audit). They are conducted only against the chapters where corrective actions are expected, as they are intended to verify the level of the corrective actions plan implementation. However, the auditor shall always be alerted to visually identify any other aspect that may represent a negative change from the previous audit. This is particularly required with regard occupational health and safety aspects that may represent a risk for workers. New findings shall be reported regardless if they were part of the re-audit scope or not.

In the BSCI system, additional audit types may occur:

Combined audit: when conducted together with other system in the frame of a certain official collaboration with BSCI.

Special investigation audit: when conducted outside the regular audit cycle, as a result of a complaint, or suspicion from one of the parties involved, that an investigation of the company is required. Special investigations can be launched by the BSCI Secretariat or the BSCI Participant. Examples of special investigation audits are Duplicate Audits or Random Unannounced Checks.

Unannounced or semi-announced: Audits that as per the request of the BSCI Participant are to be conducted without the auditee knowing the date of the visit or only knowing the time window when the visit may occur.

9. Audit Request

BSCI follows a top down approach based on collaboration among the BSCI Participants and their suppliers and producers.

Several BSCI participants may source from the same producer. However, **only one BSCI Participant holds the responsibility to initiate and follow up BSCI audits in a certain producer. This status is called “Responsibility holder” (RSP) and it is automatically monitored in the BSCI Platform.**

Any audit request must be organized through the BSCI Platform. A BSCI audit can only be scheduled if the right information (either name or member code) of the RSP holder is submitted to the BSCI Platform.

In order to request an audit, **the auditor will need to receive the approval from the RSP holder.** Occasionally, the RSP holder may accept the audit request by asking for a notification only.

Exceptionally, the BSCI Secretariat may grant to potential BSCI Participants, the possibility to perform up to five BSCI audits using the industrial methodology and/or **one BSCI audit using the Primary Production methodology.** In this case, the BSCI Secretariat shall inform the selected auditing company and provide clearance prior to the execution of the audit(s).

Regardless who orders the BSCI audit, the producers always has the right to access their Audit Report in the BSCI Platform.

Request Audit

Current Status:	Audit Authorized	
Participant Name:*	BSCI participant	or Mem-code:
Requested By:	Test auditor HKG 9/20/2012	
Schedule Audit Date By:*	Sep 27 2012 Calendar	
Producer Name:*	Sudha producer Dropdown	
Schedule Audit Between:*	Sep 23 2012 Calendar and Sep 28 2012 Calendar	
Audit Methodology:*	Primary Production Dropdown	
Audit Range Type:*	Re-Audit Dropdown	
Announced:*	Yes Dropdown	

Auditor Information

Instructions for Auditor:

Auditing Company Name:*

----- Select -----

Please select an Auditing Company

Auditing Branch Name:

Note: Do not conduct an audit based solely on this information. Please contact the requesting party.

Figure 2: Request Audit from the BSCI Platform.

10. Audit Scope

The BSCI audits aim at verifying working conditions in the supply chain. BSCI audits are not product related but working environment related.

For the purpose of BSCI audit, the working environment can be either industrial or agricultural.

The audit scope depends on the audit methodology used. The audit methodology is defined by the BSCI Participant who holds the responsibility, so called RSP holder.

If the audit is conducted using the BSCI industrial audit methodology, the auditee will be generally one legal entity and the work environment, scope of the audit, will be industrial.

In this case, the Audit Report includes the Cover Page, Master data A; Part B tier I, CAP B; Part C and CAP C (if the score of Part B is “Good”) and related additional information such as *Declaration of Consent*, *Workers Interview Sheet*, *Child Labour Sheet* and photos specified in the Audit Report.

If the auditee has several production facilities of its own, or subcontractors, the RSP holder may specify which production facility or facilities are to be audited.

In case they are audited as separate units, they will have a separate producer profile and distinctive DBID number. In the field for “alias” name of the producer, the auditor will specify the name of the legal entity the production unit belongs to.

If the production units are not audited separately, within the industrial methodology, the auditor will still report them under **Master data A** as “outsourced structure”.

Opposite to that, when using the BSCI Primary Production audit methodology, there may be one main auditee plus a number of sampled production units (farms). Therefore, there may be two work environments that represent the scope of the audit: industrial and agricultural, depending on the national legislation definition of agricultural.

Within three years, the main auditee will include, under the Internal Social Management System (ISMS), 2/3 for the total own production units.

Independent farms will be temporarily excluded from the BSCI ISMS as prescribed in BSCI Guidance on further cooperation with GRASP and other schemes, March 2013.

Since the BSCI audit will take place before the three year time window, the auditor cannot expect full involvement of the 2/3 for the farms at the time of the first audit. Instead, the scope of the full audit will include all primary processing units belonging to the auditee plus a sample of 10% of the farms involved in the ISMS (minimum 2, maximum 10 farms).

As a consequence, the Audit Report will include additional modules.

Each farm receives its own CAP with the specific findings. Findings at tier II are only reported at CAP tier II. At the closing meeting the auditor will share that information on the findings at the main auditee as well as the findings at the farms selected for the sampling, because the main auditee will be charged to implement the necessary actions as per CAPs Part B tier II.

When both the main auditee and the sampled farms are rated “improvements needed” or “non-compliant”, a re-audit is due to follow CAPs both Part B tier I and Part B tier II.

However, it could happen that the main auditee has been rated “Good”, whereas some or all sampling audits received corrective actions that need to be followed up. These are two possible scenarios:

If the findings at the sampled farms are minor violations, the follow up of these findings at the farm level will be assigned to the internal auditor. They will be separately reported in CAP Part B tier II. However, because the main auditee was rated Good, the improvements at the farm will be only reviewed at the next audit cycle.

If the findings at the sampled farms are major violations, they will affect the audit result of the main auditee and be followed up in line with the timeframe assigned in CAP B tier II. These are major violations; Child Labour, Forced Labour and any Occupational Health and Safety issues that may put workers and/or farmers into immediate danger. They will be reported at the specific chapter in both Part B tier I and Part B tier II and will result in “non-compliant” for the main auditee. In these cases, the Cover Page of the Audit Report will actually reflect results of the worse rated farm.

The CAP for the sample may be used by the internal auditor to promote social compliance in other farms which were not part of the sample at the first audit, but may be eventually audited. This behaviour will allow the producer to create impact in a step-wise approach and implement lessons learned from the first audit. In the second BSCI cycle, the sample will be taken from the 2/3 of the total number of farms both owned and independent. Therefore, it is beneficial to use all learning opportunities available in the initial timeframe.

Regardless the audit methodology used, the producer must ensure that the BSCI Code of Conduct is also observed by **subcontractors** involved in production processes. See definition in the BSCI Glossary. **As prescribed on**

BSCI Guidance on further cooperation with GRASP and other schemes, March 2013, independent farms will need to provide satisfactory evidence, which will be scored under questions related to subcontractors.

These specific questions concerning subcontractors are found under chapter B.1 Part B tier I. Additionally; the auditor will report data concerning those subcontractors, in Master Data A “outsourced structure data”.

In contrast, **suppliers and/or sub-suppliers**, used by the main auditee, become part of the scope of the audit in Part C.

However, assessment of Part C and the establishment of its Corrective Action Plan is mandatory in two cases:

- **If it is evident that Part B is yielding a GOOD result and/or**
- **if the producer explicitly show interest in the gap analysis for best practice, during the audit scheduling process.**

The BSCI Audit Report 2012 is the only valid document used to conduct BSCI audits. The same document applies for all audits (full or re-audits) and regardless the methodology used. However, as we have seen above, certain modules of the Audit Report will be only relevant if the audit is conducted using the primary production methodology.

These are the modules of the BSCI Audit Report 2012, which apply to all audits:

Declaration of Consent,

Confidentiality Disclaimer,

Cover Page: It includes basic information on the auditee and audit results for **Master Data A** that includes:

- General information on the BSCI audit;
- General information on the BSCI auditor;
- General information on the producer;
- Business Activities of the producer;

- **In house production structure:** The auditor will report here different departments as well as the national legal requirements for working hours, resting time, legal minimum wage etc;
- In house employment structure at the time of the audit: the auditor will report here the number of workers split by gender;
- **Outsource structure;** the auditor will report here the different production units such as farms, subcontractors and even homeworkers, related to the main auditee. **If the audit is conducted using the primary production methodology, the auditor shall provide, in this section, information on whether or not the farms reported here are part of the Internal Social Management System (ISMS) and whether or not they were selected as part of the audit sample. Independent farms will report here, including information on the social scheme they have produced as satisfactory evidence, as per BSCI Guidance on further cooperation with GRASP and other schemes, March 2013.**
- **Dormitories,** if relevant. It includes information on the number of individuals living in the dormitories and average space provided per individual.

Part B tier I: This part of the Audit Report applies to all auditees, regardless if the audit is conducted using the industrial methodology or the primary production methodology.

CAP B: It summaries the findings related to Part B tier I.

Workers interview sheet: It describes the population interviewed and the interview methods used.

Child and young workers sheet: It describes the child and young workers found at the main auditee.

Attached documents.

If the audit is conducted using primary production methodology, these are the modules of the BSCI Audit Report that shall be added:

ISMS (Internal Social Management System). This set of questions are automatically added to the chapter on the Management Practices in Part B tier I.

Sampled Units tier II: it reports the situation of sampled farms in relation to the BSCI Code of Conduct, including master data per each sampled farm.

Sampled CAP B: it sums up the findings at each sampled farm concerning Part B. (Please notice that there is not part C for tier II.)

KEEP IN MIND

When the audit is conducted using the primary production methodology and the producer is sourcing raw material from several farms, the auditor shall audit the implementation of the ISMS and a sample of 10% of farms (minimum 2, maximum 10). When the producer does not source raw material from separate units (e.g. a plantation), the auditor shall still audit two working environments (the industrial and the agricultural) and the functioning of the ISMS, even if the producer is just one entity. The sample of the agricultural work environment is taken at the same farm that operates the primary processing and represents 100%.

In some cases, the agricultural work environment may be physically split in several land spots, but being managed as one entity. (e.g. workforce and management are the same). In this case, the sampling may be set by analogy of the minimum.

11. Audit Scheduler

As described in ISO17021, **an audit plan shall be documented and include at least information concerning the Lead Auditor Name; Team Member Name(s); proposed dates; duration time; size of the client organization (number and gender of workers); shift pattern(s); relevant documentation to be provided by**

the auditee and basic description of the activities that the auditor will conduct during the audit (photos, interviews, document review, etc.).

An important part of the audit plan is the consent of the auditee to receive the BSCI audit. This consent is expressed by signing the **Declaration of Consent** provided by BSCI, which is one of the tabs of the Audit Report. Therefore, the Declaration of Consent is not a general consent but relates to every audit. Ideally, it needs to be signed by the auditee prior to the audit. If the auditee objects to signing the Declaration of Consent, the auditor shall inform the BSCI Participant holding the RSP for that producer and refrain from initiating the audit.

In case of planning a BSCI audit using the Primary Production methodology, the auditor shall request additional information to confirm that the ISMS has been implemented and the internal audits have already been conducted. The main auditee has three years to involve 2/3 of the farms in the BSCI. However, the first audit takes place six months after the producer has been informed/requested to start the preparation phase.

By the time the first BSCI audit using the Primary Production methodology takes place, at least two farms shall have been internally audited (as two farms is the minimum sample). Each farm involved in the BSCI process shall also sign a Declaration of Consent for the BSCI audit, regardless of them being a part of the sample chosen for an audit.

Having all related information concerning the main auditee, the ISMS, the internal audits and the farms beforehand, has a tremendous impact in the quality of the audit process and results.

The audit scheduler in the BSCI Platform shall include the following information:

- The name or the Mem-code of the Participant that holds the RSP. (Please keep in mind that if you request an audit without valid allocation to the right RSP holder, such a request will not be accepted).

- The producer name (automatically displayed)
- Schedule audit between a certain window of time. This is the time window by when the RSP holder expects to receive feedback on the date of the audit.
- Audit methodology (industrial or primary production)
- Audit range type (e.g. full audit or re-audit)
- Auditor information
- Announced (Yes or No) Please select “No” for or Unannounced and for semi-announced

Auditing Companies **are encouraged to propose unannounced re-audits** to the BSCI Participants whenever it is deemed appropriately.

Conducting an audit under circumstances that do not allow the auditor to collect satisfactory evidence, compromises the integrity and the quality of the audit. In general, BSCI audits **require a minimum of 12 months of records** from the auditee.

If the producer is **a newly established company**, the audit shall not be scheduled before the producer has **at least three months of existence** and therefore, **three months of records as a company**.

12.Length of the Audit

The length of the audit has a tremendous impact on the results of the audit. The auditor needs to be granted sufficient time to be able to come up with an informed audit opinion based on “satisfactory evidence”.

On the other hand, the length of the audit cannot compromise the business activity of the auditee both in terms of time and financial resources invested. In order to guarantee cost-efficiency and harmonization in the audit approach, BSCI requests auditors to follow the chart below. The facility size is illustrated by number of workers as defined in the BSCI Glossary. **The full audit and re-audit duration already includes 0.5 day for planning and reporting time.**

The auditor shall reflect the total amount of days in the corresponding field of the master data, which includes the reporting and planning time.

Facility size	Full Audit duration	Re-audit duration	Number of workers to be interviewed
1-100	1.5 days	1.5 day	1-10
101-250	2.5 days	1.5 day	10-15
251-500	3 days	1.5 day	15-20
501-750	3.5 days	1.5 day	20-25
751-1000	4 days	2.5 days	25-30
1001 +	4.5 days	2.5 days	>30

Figure 3: BSCI Audit length chart.

The table sets up a **binding minimum length** for BSCI audits. However, Auditing Companies are expected to adapt it according to the circumstances. Notably, in case of re-audits, to adjust the duration to the amount of findings, or in case of the audit being conducted using the primary production methodology, thus having several units to be audited.

The number of interviews is also referential and will be decreased in line with the scope of the re-audit. Interviews can be either individual and/or in group. The auditor shall report the method used in the Audit Report.

If the auditor uses a **translator** during the audit, the length of the audit shall be **increased by 20%.**

When defining the length of an audit using the BSCI Primary Production methodology, the auditor has to count additional time for conducting the audit at the farms level

- Travel time lunch and breaks are not included in the chart.
- One audit man-day equals 8 hours effective working time.
- Report writing and audit planning are to be carried out off-site.
- A higher number of man-days may be justified by the organizational form of the producer, its size; the number of workers, the complexity of their operations, etc. Such deviation is subject to individual contractual agreement between the client and the provider of the audit and reported under “ remarks” on the audit Report.

selected for the sample. Since the number of farms and structure may vary tremendously from one to another, the length of the audit at the farm level needs to be agreed between the auditor, the auditee and the BSCI Participant holding the RSP. They may use the chart above as a reference.

If the main auditee holds a valid GLOBALGAP Certificate, the BSCI auditor shall skip chapters B.10, B.11 and B.13 of the BSCI Audit Report Part B tier I. This should be translated into reduction by 30% on the length of the audit.

If some or all sampled farms hold a valid GLOBALGAP Certificate, the auditor will skip chapters B.10, B.11 and B.13 of the BSCI Audit Report

Part B tier II for the relevant farm. This should be translated into an equivalent reduction on the length of the audit based on the percentage above.

13. Audit Preparation

Auditors must not only be versed in the respective national law and relevant information on social compliance. They shall also understand the auditee's business and industry.

This knowledge will help auditors assess the type of risks that may be associated to the business as well as the feasibility of the solutions needed.

Auditors shall go to the field confident and well aware of the local circumstances so they can motivate their conclusions properly and give good arguments in the closing meeting. **Conducting a small-scale check of the local media, interviewing NGOs or local unions for background information on the area and/or the auditee is always useful and highly recommended.**

The auditor shall recuse himself from conducting an audit if he does not feel sufficiently prepared (e.g. lack of knowledge in the local context)

This is part of the integrity and responsibility values that every good auditor shall have.

Before the audit takes place, the auditor shall inform the auditee on the dynamics of the BSCI audit and the documents and personnel that shall be available. To avoid last minutes surprises, the best is to make sure the management level is involved or at least aware of the communication on the preparation of the audit.

Persons that shall be available during the audit:

- Human Resources Manager;
- Accountant/bookkeeper;
- Responsible Person for Health and Safety;

- Quality Manager;
- Responsible Person for Environment;
- Management Representatives;
- Trade Union/workers' Representatives;
- Workers;
- **Internal Auditor. Its presence is mandatory for audits conducted using the Primary Production Methodology.**

While it is not mandatory that a BSCI audit is conducted during peak seasons (e.g. harvesting), conducting an audit when there are not enough workers to get the impression of the working environment is not the right approach. The auditors' professional judgement should help define what is the acceptable amount of workers needed to raise a satisfactory audit opinion. In cases where companies are audited with low numbers of workers, the auditor must give an explanation in the remarks areas for the validity of the data collected and/or the reasons for the decision made.

Documents that shall be made available to the auditor:

Producers have access to the list of documents needed prior to the audit, both from the Self-Assessment questionnaires and the Resources in the BSCI Platform under "producer profile". **However, in case the auditor realises that the producer is not aware of this list of documents he shall forward it together with the Declaration of Consent.**

14. The BSCI Audit Procedure

The BSCI audits must be conducted impartially, systematically, uniformly, and completely, in order to ensure comparability of results in the framework of the BSCI. Whereby the time sequence is to be determined by the auditors and adapted to the specific circumstances, the audit shall comprise at least the elements described below.

14.1. Opening Meeting

The opening meeting is a crucial step of any audit but this is particularly true for the first time a BSCI audit takes place at the producer. SAAS and ISO 17021 establishes set procedures for opening meetings that apply to BSCI audits. In particular, use the opening meeting to:

Explain to all relevant personnel what is the BSCI and its goals.

- Emphasize that the purpose of the BSCI audit is to help the company improve their social practices towards full compliance in the long term: the audit is a tool, not the ultimate goal!
- Review the purpose and nature of the audit and encourage Participants to ask questions on any aspect of the audit.
- Determine what assistance from personnel, other than those attending the opening meeting, is needed and which documentation needs to be provided. If possible, the auditor will already fix appointments with all relevant staff and management.
- Explain that the auditee must not discipline workers that are interviewed, the workers shall not lose pay for the time that they are interviewed and the auditee shall not take the BSCI complaint card from the worker after the audit.
- Explain how audit findings are handled, not only at the closing meeting but also face to face with the responsible person at the time the concerns arise. Some findings may be resolved orally, that is why the responsible staff needs to be available when the audit is being conducted on his area of concern.
- Explain that the CAP will be presented at the closing meeting and will require the signature of the person in charge.
- Explain that the audit results will be available for them via the Producer Profile in the BSCI Platform. However, if requested, the Auditing

Company will send them a copy of the final version of the Audit Report, after being submitted in the BSCI Platform.

In countries where BSCI has activated the Complaint Mechanism, the auditor shall take additional time to explain the purpose and functioning of this system. The auditor will inform the producer that **BSCI Complaint Cards** will be distributed to workers so they are provided with additional assurance and communication means. The auditor will also explain that complaints coming from this mechanism will be investigated if the content appears reasonable, consistent and if warrants a minimum means of investigation. He will inform that the producer might be addressed in case further investigations are pursued.

It is very important that workers using that mechanism are not victims of any harassment or retaliation. For that reason, specific emphasis will be given during the meeting on the **importance of having policies and procedures in place to avoid any harassment and/or abuse.**



Effective communication at the beginning of the audit can dramatically influence the atmosphere in which the entire audit is conducted. It can mean the difference between active cooperation and open hostility. Auditors shall remain objectives and pay careful attention to communicate well. This should be kept in mind throughout the entire audit process, from planning, executing, audit closing meeting and audit reporting. Once again, auditors are representing the entire system in the field and good communication will speak up the integrity and professionalism of BSCI.



In addition, the opening meeting shall give management an opportunity to present the Company. This may include information on the mission, vision and values of the Company; its attitude towards social responsibility and its

management structure. Including an **organisation chart** in the audit report as an attached document may ease the understanding.

14.2. Triangulation and sampling techniques

Triangulation facilitates validation of data through **cross verification** from **more than two sources**. It increases the credibility and validity of any finding and, therefore, is key when conducting an audit. Additionally to the site inspection, the BSCI auditor shall seek evidence by cross verifying information with the analysis of documents and interviews to workers, managers and other relevant staff in the company (e.g. trade union representative, external nurse etc.)

In addition, to the triangulation technique **the auditor will use** the **sampling technique**. Both are at the core of collecting evidence to come up with an audit result. It is not expected that the auditor verifies ALL documents and interview ALL workers when conducting an audit. That is why sampling is a legitimate audit technique that will allow the auditor to estimate the organization's performance, **by selecting a valid representation of a population**, instead of collecting data on its entirety. When planning the sample, auditors shall keep in mind at least the following aspects:

The objective of the sampling: In the BSCI Primary Production Methodology sampling of farms is mandatory. We conduct audits at the farm level as an additional cross verification to the functioning of ISMS, and how the main auditee ensures the social compliance of its suppliers (farms). In this case:

"population" refers to farms supplying to a primary processing unit undergoing the BSCI audit and already included in the ISMS.

The organization's performance refers to its capability to monitor social compliance at the farm level.

Diversity: A good sample reflects the variety of profiles and business behavior the population may have.

Cost efficiency or breakeven point: The reliability of a sample is not “directly proportional” to the sample size. The number of samples has to be economically viable overall.

The acceptable error rate: Any statistic technique manages a level of error. Acknowledging this fact will help us define a reasonable sample.

The sampling technique is also necessary for workers interviews. BSCI provides guidelines for the size of a workers interview sample, which is related to the number of total workers (see figure 3 under chapter 11 in this document). **The auditor will use the same proportion as a reference, when defining the size of the sample for documentary check related to personnel records (wage list, working hours, payroll, etc.).**

14.3. Production Site Audit

Valuable information can be gathered through observation of direct and indirect signs, and at all times during the visit. **The following are examples of issues where particular attention will be given in the course of a production site visit:**

- **Write down the names and titles of those participating in the audit.**
- **Be alert and observe signs of distress, illness or injuries,** as those can give indications on working conditions. Additionally, observing physical appearance such as height, muscle tone and strength, may also put you in track of potential child labour.
- **Conduct your observations in a discrete manner** as you want to observe the reality, not the reaction to your presence.
- **Observe how information, warnings signs and notes are displayed** for the workers by the managers. Include signs that are posted outside of the facility.
- **Observe the infrastructure maintenance** and the impact this may have on the health and safety of the working environment.

- **Observe general cleanliness and hygiene conditions** in the company. This refers to all facilities, including social amenities such as rest areas, kitchen, childcare facility, sick room, first-aid kits, dormitories and housing (if applicable).
- **Observe how activities** in the company may impact the environment.

Some more words on the **BSCI Complaint Mechanism**:

It was already mentioned in the item concerning the opening meeting that, in countries where the Compliant Mechanism is available, auditors shall distribute BSCI Complaint Cards to workers. Prior to the audit, the auditor shall receive from their head office the printed cards and related instructions.

During the audit, the auditor shall:

- **Verify that the producer has posted the BSCI Code of Conduct**, which **includes the hotline telephone numbers** active in the country. The code **shall be placed in a few different areas** of the producer's facility, (e.g. cafeteria, resting areas, hallways).
- **Give BSCI Complaint Cards randomly to workers during the facility walkthrough.**
- **Give BSCI Complaint Cards to the workers interviewed.**

KEEP IN MIND

Providing the BSCI Complaint Mechanism Card only to workers that have been interviewed may create undesirable consequences. Please avoid this by distributing the cards randomly as explained above.

The BSCI Complaint Mechanism:

In countries where BSCI has put in place a compliant mechanism, BSCI has set a hotline phone number, an e-mail address and has issued BSCI Complaint Cards to help workers address complaints when internal channels such as suggestion box or workers' representative have been unsuccessful. Auditors in these countries shall receive the BSCI Complaint Cards from the local offices of the auditing company and bring them to the audit for distribution.

14.4. Document Review

First of all, the auditor shall get a general overview of the **records system** of the producer and determine whether or not all documents required for the audit are available. The Audit Report provides a list of documents in the **"attached documents" module** that shall be available in the audit. The auditor shall answer if the documents were available and verified.

In a second step, the auditor will deeply examine a **sample of documents** in order to build an informed opinion on the reliability of the documents and counter-check information from other sources (observation and interviews).

The auditor shall try to make copies or photographs of at least some **representative documents like payroll records and time records**. These documents are useful to reconstruct the circumstances and provide evidence of the correctness of the findings.

Documents of the last 12 months need to be available for the auditor. Particularly when gathering evidence from the personnel records (wage list, working hours, payroll, etc.), the auditor shall compare working situations from at least three different production periods (e.g. current month, peak season and low season). For newly established production facilities a minimum of three months of records shall be reviewed. Auditors shall use their professional judgment to determine if additional personnel records are required

for months when the minimum wage was increased, changes in ownership of the facility, major economic downturns or months when natural disasters took place.

14.5.Interviews

Management

Management representatives are a great source of information to build up the picture of the auditee. Auditors usually have their first contact with management during the opening meeting, where they will have the opportunity to ask questions regarding management systems, organization of production and assignment of responsibilities.

Most organizations working in the CSR agree that an unambiguous endorsement from the management towards improving working conditions is key for a successful implementation of any code of conduct. An interview with the management will provide the auditor with substantial information on the endorsement of this commitment and how it flows top down throughout the organisation. In the course of the audit, the auditor may seek clarification from management, also giving them the opportunity to address the findings, particularly at the closing meeting when the CAP is presented.

The auditor shall use the best approach to build trust with his interlocutors. Showing genuine interest in and understanding off the business usually helps to build trust.

Auditors shall ask for organization charts or organograms from management to understand processes and functions and names of departments and their heads.

Workers

Workers, **both permanent and seasonal**, are a critical source of information to build up the picture of the auditee. Workers interviews can help the auditor to find new information or cross-verify information that was collected using other means (e.g. documentary check, inspection site, interviews with management).

In addition, there are certain situations such as discrimination, incidents of violence, sexual harassment or illegal disciplinary measures, where an interview may be the principal or only means of verification.

BSCI relies on the Auditing Companies having proper guidelines on workers interviews, particularly, but not limited in:

- how to conduct interviews in a respectful way, build trust, be sensitive with gender or any disadvantaged individual;
- how to select the place for the interview (on-site or off-site),
- how to define the form (individual or in group) and
- how to protect interviewees from reprisals.

Auditors may adjust these recommendations according to the particular circumstances of the producer.

The duration of the interviews depends on the rapport the auditor gets with the interviewee and the time necessary to build some conclusions. Building trust takes different time in different cultures. It is the decision of the auditor to determine the duration of an interview, in order to get meaningful results.

When it comes to the re-audit, the number of interviews will be determined according to those areas where findings were reported.

Auditors must be aware of the need to include, in the audit sample, interviews with the most vulnerable population, for example young workers, apprentices, pregnant workers, seasonal or subcontracted workers and others that can be at higher risk of violations like those working on odd shifts (nights, for example).

14.6. Evaluation

The evidence collected during the audit shall allow the auditor to get an informed and impartial conclusion on the social performance of the auditee against the BSCI Code of Conduct.

The audit team will meet before the closing meeting to discuss the findings, analyse the evidence and formulate the first draft of the CAP that will be presented in the closing meeting.

The CAP shall describe the deviations found during the audit in an objective way and based on satisfactory evidence.

The auditor will refer to the Code of Conduct Chapter in breach and substantiate his conclusion with reference to the related ILO Convention or national law. Reference to the content of the article or paragraph will support auditor's conclusion and help the producer understand the reasoning behind the CAP. In addition, the auditor should report the objective evidence in which he bases his professional judgement.

The auditor shall also propose an actual deadline for the auditee to take the necessary measures to correct the deviation. There is more information in the specific chapter on Corrective Action Plan.

14.7. Closing Meeting

The closing meeting is used to present the audit results to the producer, who shall be represented by the same team that attended the opening meeting. The ultimate goal of the closing meeting is that the content of the CAP is clearly understood by the producer, so agreement on the deadlines for implementation is reached.

In case the audit has been conducted using the Primary Production Methodology, it is advisable that the internal auditor attends such a meeting as he will be in charge to follow up findings at the main auditee as well as the farms.

The auditor shall thank all people involved in the audit for their collaboration and time. He will highlight positive aspects found but also explain why certain practices have been qualified as deviations and need to be corrected.

The auditor may give some examples on how to fix those deviations, but in general it is advisable that the producer takes the time to brainstorm internally on the solutions. Every business is different and solutions that have been successful in certain context, may not work in other. No one better than the producer to evaluate the feasibility of the solutions and think of alternatives.

The auditor shall explain that the **deadlines for each action** are suggestions that management needs to evaluate to define a feasible plan. However, the deadlines for certain deviation may not be negotiable. That is the case for example, when violations are putting workers live or health in actual risk. The auditor shall inform that, in any case, all corrective actions need to be implemented within 12 months.

The auditor will be open to any question or clarification that the audience may have during the meeting. If agreement is not reached, the auditor shall report on the “Edit Corrective Action” of the specific question in the Audit Report, using the box for confidential comments. He shall also report this as a contingency in the Cover Page under “others” (specify).

There, the auditor will specify that the auditee did not agree with the deadline suggested in the CAP.

15. Understanding the BSCI Audit Report

The BSCI Audit Report 2012 is an on-line document designed in different modules, already described under Audit Scope. BSCI also provides auditors with an off-line version of the Audit Report.

The same Audit Report is used for both full audits and re-audits but some modules depending on the methodology or related to the scope (e.g. Part C is only relevant in case of good scoring result in Part B).

The auditor can navigate through the different modules in the order of preference. Usually the auditor will first fill in the information in Master Data Part A and pass onto the evaluation of Part B tier I.

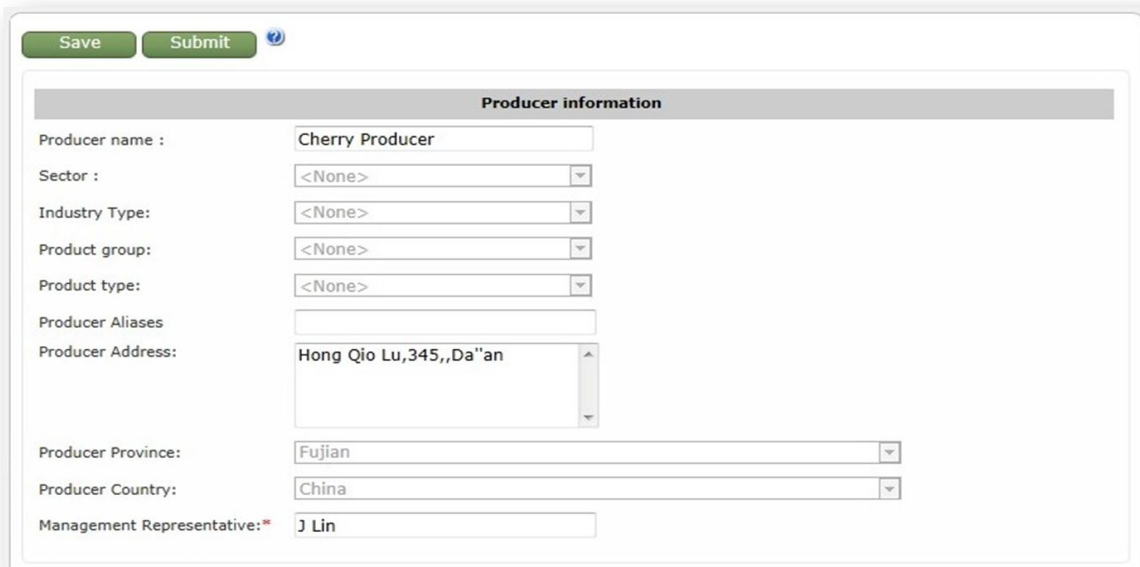


Figure 6: View of the on-line audit report module Master Data Part A.

Audit Findings Page Current Producer: Sunnyday Audit ID: 1043 Current Audit - Declaration of consent - Confidentiality Disclaimer - Cover Page - Master Data Part A Part B Tier I - CAP B - Workers Interview Sheet - Child Labour Sheet - Attached Documents - Sampled Units Tier II - Audit Sample CAP B											
Audit Scope: BSCI Audit Audit Date: 09/07/2012			Auditor Name: Pitt Auditing Company FFC Audit ID: 1043			Issues 5 rows Chapter: B.3. Working Hours Crucial: <All> ISMS: <All> Score Type: Plus/Minus Score: <All> Subchapter: Search					
Chapter	Chapter Summary	Subchapter	Question ID	Question	Guidelines	ISMS	Crucial	Score	Last Modified By	Last Modified Date	Sort Order
		B.3.1.	6116	Is there satisfactory evidence that time record system guarantees that working time is properly monitored in line with national labour law and ILO Conventions?		No	No	Not rated	bpitt@ffc.org	6-Sep-2012	190
		B.3.2.	6117	Is there satisfactory evidence that the company complies with applicable national laws and industry standards on working hours and public		No	Yes	Not rated	bpitt@ffc.org	6-Sep-2012	200

Figure 7: View of the on-line Audit Report module Part B Tier I.

Part B Tier I and Part B Tier II have the same lay-out. They are organized in Chapter; Sub-chapters and questions. Every question starts with *“Is there satisfactory evidence (...)”* and they are formulated in a way that positive answer represents a score “+”; whereas a negative answer represents a “-” score.

Every question has assigned audit guidelines that provide information to the auditors on BSCI expectation for that particular question.

Crucial questions are those usually related to Fundamental ILO Conventions or to issues that are understood as crucial within the BSCI system because:

- They present imminent risk to workers’ safety or risk to life and limb or constitutes a significant breach of workers’ human rights, and/or,
- They present an attempt to pervert the course of the audit through fraud, coercion, deception or interference.

As a result, deviation in a crucial question during a BSCI audit automatically leads to a “non-compliant” score in the whole relevant chapter and consequentially, the whole audit scores “non-compliant”.

Crucial questions can be easily identified in the BSCI on-line Audit Report, because are marked in orange colour . The auditor can filter them by selecting “yes” in the column called “crucial”.

Questions marked “yes” in the column called “ISMS”, shall only appear if the audit is conducted using Primary Production Methodology.

Follow up on the last modifications is shown per question.

The BSCI Audit Report includes different sheets and documents that need to be attached as they are integral part of the Audit.

Declaration of Consent :

This document formally reflects the agreement of the auditee to receive a BSCI audit. It applies in its entirety and cannot be edited or customized on specific

request (e.g. it is not possible that the auditee agrees that the auditor takes photos but does not agree that workers are interviewed).

The document is a crucial element of the audit process, including audits conducted by the internal auditor at farms delivering raw material to the main auditee.

No audit shall take place without the consent of the auditee. In cases of unannounced audits the auditor shall bring the Declaration of Consent document and request the auditee to sign the document on the day of the audit, during the opening meeting before starting the collection of information. If the signature is not granted, the audit shall not take place and this will be reported as a contingency in the BSCI Audit Report (Cover Page).

The Declaration of Consent is accessible for producers in their producer profile as well as in the resources for auditors in the BSCI Platform. However, it is also an integral part of the Audit Report. Auditing Companies are expected to upload this document signed as a mandatory attachment to the audit report and keep the hard-copy of this document in their archives in case of need to support the visit with documentary evidence.

Workers Interview Sheet:

The Interview Sheet describes the workers population that has been interviewed as well as the interview methods used and the essentials found. In order to preserve workers' confidentiality, the names of the interviewees are not reported.

Audit Workers Interview

Current Producer
Company Producer - Eye
 Audit ID: 1000

Current Audit

- » Declaration of consent
- » Confidentiality Disclaimer
- » Cover Page
- » Master Data Part A
- » Part B Tier I
- » CAP B
- » **Workers Interview Sheet**
- » Child Labour Sheet
- » Attached Documents

Workers Interview Sheet			
Workers	Male workers number	Female workers number	% of the total workforce
Total*			
Workers aged < 18 years interviewed			
Apprentices interviewed			
Disabled persons interviewed			
Full time workers interviewed			
Part time workers interviewed			
Seasonal workers interviewed			
Migrant workers interviewed			
Pregnant workers interviewed			

Figure 8: View of the on-line Audit Report module Workers interview sheet.

If the audit is conducted using the Primary Production Methodology, every sampled farm will have an identical sheet where the auditor will report specific interviews for each farm.

Child and Young Workers Record Sheet (if relevant):

The document is to be completed if the auditee has children (anyone below the national minimum age, **except those covered by exceptions from ILO Conventions 138**) or young workers (anyone above the national minimum age but below 18 years of age) in the company.

If the audit is conducted using the Primary Production Methodology, every sampled farm will have an identical sheet where the auditor will report specific interview essentials for each farm

In both cases, the auditor shall report **under comments** any relevant finding concerning the specific child or young worker.

These are some of the relevant information BSCI expect from auditors:

- The child was found in the producer's premises, outside regular school hours.
- The child is employed in non-hazardous areas of the producer.
- The child receives education provided by the producer, in line with the applicable legal requirements.
- Since when the child has been employed by the producer. The auditor may find out that a young worker was initially hired as illegal child labour. However, this is to be reported under remarks but must not affect the audit result.

Attached documents:

The BSCI Audit Report provides the auditor with a list of documents and photos to be attached to the audit.

The purpose of these documents and photos is to sustain the audit decision with as much objective evidence as possible. However, the auditor shall not take photos of production techniques or any other company know-how that may represent a threat if known by competitors of the producer.

The auditor will not evaluate if the internal auditor has taken photos but evaluates if he has monitored the proper record keeping at the farms, which are included in the ISMS.

Attached Documents

Current Producer
Company Producer - Eye
 Audit ID: 1000

Current Audit

- ▶ Declaration of consent
- ▶ Confidentiality Disclaimer
- ▶ Cover Page
- ▶ Master Data Part A
- ▶ Part B Tier I
- ▶ CAP B
- ▶ Workers Interview Sheet
- ▶ Child Labour Sheet
- ▶ **Attached Documents**

Deficiencies should be documented with photos wherever possible. Additionally, the auditor will ALWAYS provide situations listed below:

File type (photo, document)	<None> ▼
Document description	<None> ▼
Mandatory	<None> ▼
Available	<None> ▼
Verified	<None> ▼
Comments	
File Upload	Browse...

Save

	Document description	File Label	File Type	Mandatory	Available	Verified	Uploaded By	Uploaded Date	Comments	
Edit	External photo(s) of the production unit(s)	External photo(s) of the production unit(s)	Photos	Yes	Yes	Yes	damann@bsciworld.com	26 Mar 2012	z	Delete

Figure 9: View of the on-line Audit Report module Attached Documents.

16. Filling in the BSCI Audit Report

The BSCI Platform allows auditors to save the information directly in the audit report on-line.

The Auditing Companies have 10 business days from the last day of the on-site visit to submit the audit report.

The information can be inserted and saved in different stages in the audit report.

KEEP IN MIND

Once the information is submitted (by clicking on **“submit”** button on the top of the cover page), the Audit Report becomes the final version and cannot be modified. If modification is needed, please contact the BSCI Secretariat.

Auditors are encouraged to use the on-line Audit Report whenever possible. However, at the time of the audit it may be that the auditor has limited or no internet access at all. In that case, the auditor may consider using the off-line Audit Report available as an Excel file. In this off-line report, some information

will appear as “read only”. These fields are populated from the information gathered from the **producer profile** in the BSCI Platform. In cases where there are contradictions between the information already existing in the producer profile and the information collected during the audit, the auditor will be able to overwrite the information once the off-line report is imported to the Platform. Additionally, the Auditing Company shall maintain files (physically or electronically) with all documents related to the BSCI audit for at least six years. These files shall be legible and available for review whenever requested by the BSCI Secretariat.

17. Understanding the BSCI Scoring System

17.1. Evaluation of Individual Questions

All questions that deemed to be evaluated against the BSCI Code of Conduct are allocated in Part B (either tier I or tier II).

Questions in Part C are evaluated against the SA 8000 Standard.

There are no questions to be evaluated under Master Data A or in any other module of the Audit Report.

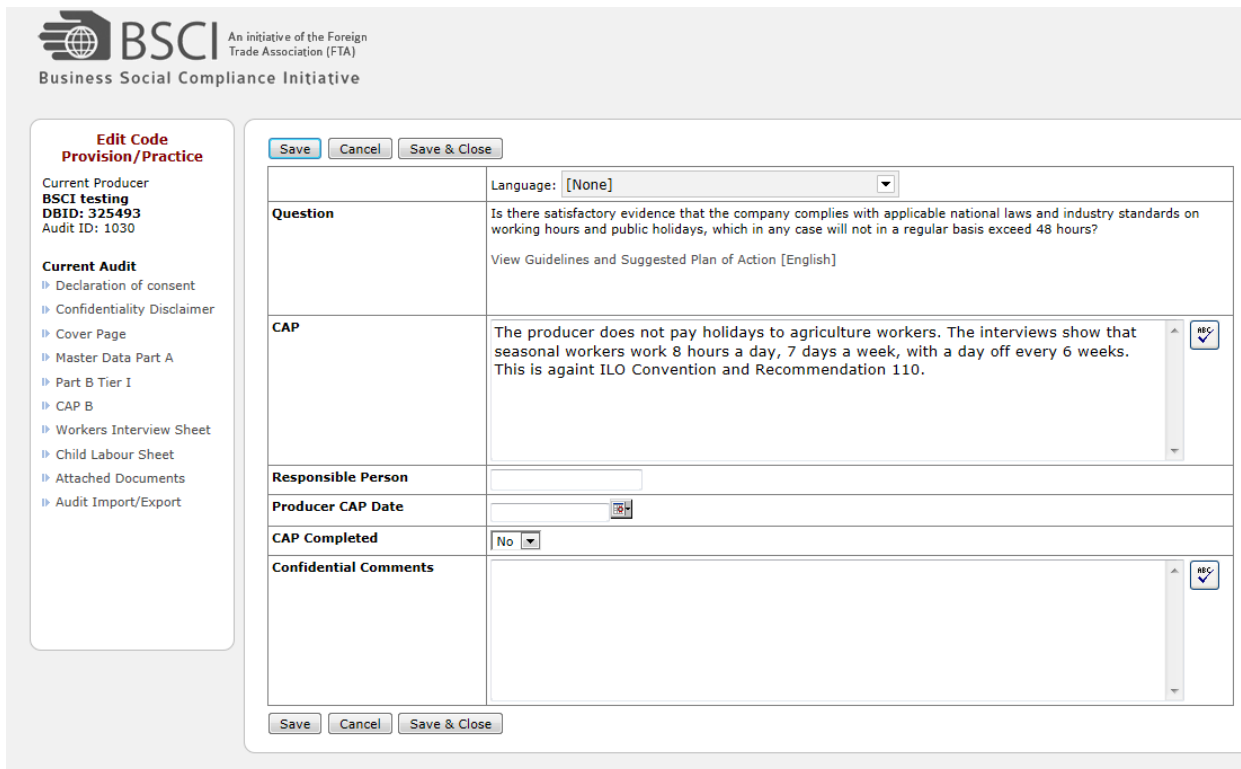
As previously seen, questions are to be answered positive “+” or negative “-”. Therefore, the answer to the question is already the scoring of the question.

If a question is not relevant for the specific auditee, the auditor will select option “**Not applicable**” in the scroll down menu under column called “Score”.

If a question was not evaluated, the auditor will select option “**Not rated**”. This is a case that usually applies to re-audits, where the scope is limited to the findings reported during the previous audit and therefore, chapters previously compliant can be marked as “Not rated”.

If the questions are scored “+”, “not applicable” or “not rated”, these questions will not require a corrective action.

However, if the question is scored “-”, the auditor shall provide further information. To that aim, the auditor will click on the text of the question, which will open the window for editing the corrective action.



Edit Code Provision/Practice

Current Producer
BSCI testing
 DBID: 325493
 Audit ID: 1030

Current Audit

- Declaration of consent
- Confidentiality Disclaimer
- Cover Page
- Master Data Part A
- Part B Tier I
- CAP B
- Workers Interview Sheet
- Child Labour Sheet
- Attached Documents
- Audit Import/Export

Save Cancel Save & Close

Language: [None]

Question

Is there satisfactory evidence that the company complies with applicable national laws and industry standards on working hours and public holidays, which in any case will not in a regular basis exceed 48 hours?

View Guidelines and Suggested Plan of Action [English]

CAP

The producer does not pay holidays to agriculture workers. The interviews show that seasonal workers work 8 hours a day, 7 days a week, with a day off every 6 weeks. This is against ILO Convention and Recommendation 110.

Responsible Person

Producer CAP Date

CAP Completed No

Confidential Comments

Save Cancel Save & Close

Figure 10: View of “Edit Corrective Action”.

The following shall be defined per question under “Edit corrective action”:

- The corrective action(s),
- The responsible person (if the producer already provides with that information at the time of the audit),
- The deadline to implement the corrective action,
- Confidential Comments: Here the auditor can report additional information that may be useful to characterise the scoring. Both negative and positive aspects related to the question can be reported here (e.g. measures taken by the company that exceed the minimum legally required).

Once the information is filled in the “Edit corrective action”, the auditor shall click on **save & close** button and the screen will go back to the Audit Report to

continue scoring the rest of the questions. Alternatively, the auditor can score all questions first. Filter questions by the criteria “**score type**” and then go through the questions scored “-”, to define the corrective actions. This way the auditor may perceive possible synergies in actions that can solve several problems at the same time.

The information provided by the auditor under the respective corrective actions in questions scored “-”, will automatically populate the Corrective Action Plan for Part B tier I.

The same logic applies for scoring questions at Part B tier II. The corrective actions allocated at questions scored “-”, in Part B tier II, will automatically populate audit sample CAP B.

Therefore, the CAP B will show all questions scored “-”, the related corrective action; the responsible person and deadline allocated to them.

The BSCI Platform automatically calculates the scoring per chapter in percentage and crucial questions. The automatic calculation in percentage relates to the number of questions. Therefore, one question scored “-”, will have a different value in chapter B.1 (which has a total of 12 questions) than in chapter B.11 with a total of 39 questions).

17.2. Scoring of Part B per chapter

The BSCI Audit Report 2012 maintains the same scoring logic.

Below you find the evaluation scheme for Part B both tier I and tier II.

Every chapter of the Audit Report can be scored GOOD (G), Improvements needed (IN) or Non-compliant (NC). Some specific questions can be Not Applicable” (N/A). However, the only chapter that can be marked “Not Applicable” (N/A) as a whole is chapter B.12. related to Dormitories provided by the auditee.

Here you find the interpretation:

GOOD (G): The auditor can assess a chapter (G) if minor deviations are identified in no more than two questions, these questions are not marked as crucial.

Improvements Needed (IN): The auditor can assess a chapter (IN) if deviations are identified in less than half of the total number of questions in the chapter. No deviations are found in questions marked as crucial.

Non-Compliant (NC): The auditor can assess a chapter (NC) if deviations are identified in half or more of the total number of questions in the chapter. One deviation in a question marked as crucial, is sufficient to assess the entire chapter (NC).

The overall scoring of the audit, which is shown in the Cover Page will reflect the result of the chapter with lowest result.

17.3. Scoring of Best Practice Part C

Part C aims at measuring whether or not the auditee is ready for SA8000 certification. This section of the Audit Report applies only to the main auditee, not to tier II (farms, for example).

Auditors shall come to every audit prepared to score both Part B and Part C. However, if findings in the evaluation of Part B tier I seem to lead the audit result into **Improvements Needed (IN or Non-Compliant (NC))**, the auditor will concentrate on Part B only; unless the producer has **previously** requested (and not in the course of the audit) he would like to be evaluated against Best Practice SA8000 in Part C.

This is reflected in the Audit Report, with two modules for Best Practice (Part C and CAP C). These modules will be added only if the audit result of Part B tier I is **GOOD (G)**. The evaluation of Part C follows the same logic than the evaluation of Part B. The auditor will click in the body of every question to open the view of “Edit Corrective Action” in Part C and describe the findings accordingly.

Evaluation Scheme for part C:

GOOD (G): No deviation from requirements. Requirements are met in all points.

Improvements Needed (IN): Deviations from requirements. There is at least one deviation from requirements.

Not Applicable (N/A): Requirements do not match to the company structure. Requirements are not applicable for the structure of the Company.

Not Rated: If the results of Part B are equal to Non-Compliant or Improvement Needed, the auditor shall not to evaluate Part C, unless it is previously required by the producer.

18. Preparation of the BSCI Corrective Action Plans

The way the Corrective Action Plan are written, plays a critical role in the success of the entire system.

BSCI and its Participants relay on the information collected by the auditors in the CAPs, to monitor the improvements producers make and define the necessary measures to be taken: (e.g. organising advanced producer workshops on specific topics where producers faced difficulties in tackling the CAPs; strengthening dialogue with local stakeholders to identify together potential solutions).

The producer also benefits from a well written corrective action plan that in a simple manner, provide him with substantial information on the findings and their explanations.

The Auditing Company shall ensure that at least the following requirements are observed in the BSCI CAPs: Every Corrective action should include precise **description of the finding**; reference to the **means of verification** that support the description of the finding, **reference to the law or BSCI principle** being infringed and **indication of what has to be corrected**.

Instead of writing «*payment must conform to statutory requirements*». The auditor, based on the indications above shall describe the finding and means of

verification (e.g. payroll showed three cases where workers remuneration did not reach the statutory minimum wage); reference to the law or BSCI principle (e.g. the Labour Law (art. XYZ prescribes the minimum wage being XYZ); the producer shall provide with an action plan on the measures taken to ensure that all workers are remunerated as per the law.

Indication of what has to be corrected. (e.g. that workers must be remunerated with at least the statutory minimum wage amounting to xyz gross per month, xyz net per month as mandated by law XYZ.)

Each action shall relate to a **feasible deadline**. In any case, it will not exceed the maximum time period of 12 months for the implementation of the overall CAP or **CAPs in the case of an audit conducted using the Primary Production methodology.**

CAP will not be considered properly reported if the auditor misses appropriate allocation of deadlines.

The CAP shall be written in both English and the local language, printed in duplicate, and each of the copies must be signed both by the management of the auditee and by the auditor. One copy is to be retained by the auditee and the other to be retained by the Auditing Company.

The Auditing Company shall ensure immediate notification to the BSCI Participant RSP holder or to the BSCI Secretariat if major issues are discovered. These include Child Labour; mental or physical abuse; attempt to bribe, coerce or threaten an auditor, audit reviewer or audit administrator and/or other extreme circumstances that as per the auditors' professional judgment are deemed to require immediate action. The Auditing Company shall ensure this communication even in the event when abuses of rights of workers are reported to the Auditing Company after the audit.

Working towards CAP for Part C allows the producer to get qualified for a SA8000 certification.

However, SA8000 certification is not a requirement in the BSCI. Therefore, the decision is left to the producer, whether or not he agrees completely or partly with the CAP for Part C.

The Auditing Company is responsible for uploading the results in the BSCI Platform within 10 business days after the last day of the audit. Not meeting this deadline is considered by the BSCI as an audit quality issue and accordingly addressed by the BSCI Secretariat when measuring the performance of the Auditing Companies.

If the auditor is using the **on line Audit Report**, he will save all information by clicking at “**save**” button on the cover page. At this time, the information is only visible for the Auditing Company in charge of the audit.

Once the auditor (or other responsible person within the Auditing Company) clicks on the “**submit**” button, the Audit Report will be submitted to the BSCI Platform and accessible to all BSCI Participants and related producer.

Further modifications on the Audit Report will not be allowed.

If the auditor has been using the **off-line Audit Report**, he will import the Excel file into the BSCI Platform and save it.

Once the auditor (or other responsible person within the Auditing Company) clicks on the “**submit**” button, the Audit Report will be submitted to the BSCI Platform and accessible to all BSCI Participants and related producer.

19. Follow up the Corrective Action Plan: The BSCI re-audit

19.1. General Notes

The purpose of a re-audit is to follow up the CAPs that have been issued after a full audit or a re-audit. The auditor shall base his work in the previous CAP, regardless which Auditing Company has issued it.

The auditor may refuse to use the previous CAP only in the event of severe audit quality issues were found. Those will need to be properly reported to the BSCI Secretariat for the necessary actions.

In order to conduct a re-audit, the auditor will need to go through the same process in the BSCI Platform as for the full audit. This means that an audit request will need to be placed in the system for approval from the BSCI Participant holding the RSP, using the Request Audit window (see Fig. 2).

At the Audit Range Type, the auditor will select “re-audit”. Once the request is approved by the RSP holder, the auditor will be able to conduct the re-audit as usual.

The audit plan for the re-audit shall follow the same criteria as for a full audit. (see related chapter). In particular, the auditor shall verify what changes have taken place in this period of 12 months such as wage increases; provision of or reduction of bonuses and incentives; provision or reduction in facilities provided to workers like subsidized food or subsidized accommodation. It is also likely that the auditee has additional production capacity, hence increase in the number of workers. These information should be granted before the audit by means as having an audit plan in line with ISO17021.

Once the re-audit is initiated using the on-line Audit Report, the auditor will follow the same logic as for a full audit. In principle, the auditor will not need go through all question of the Audit Report, but focus on the implementation of the corrective actions as specified in the previous CAP.

If the corrective actions were implemented successfully, the auditor will score the related question in Part B positive “+”. The auditor will then open the **“Edit Corrective Action”** and select action verified “YES” and CAP completed “YES”.

If the corrective actions were not successfully implemented, the auditor will score the related question in Part B negative “-”. The auditor will then open the “Edit Corrective Action” and select **action verified** “YES” and **CAP completed** “NO”.

Questions not re-examined because they were assessed “GOOD” in the previous audit, are to be scored with «NR» (Not Rated).

Exceptionally, the auditor may face new findings, in which case he shall record and assess them accordingly.

When the CAP includes findings on **working hours and compensation**, a minimum of two months of new records shall be made available before the re-audit takes place, in order to have a significant sample for review. If the re-audit is scored GOOD, the BSCI process is completed and the audit is valid for three years from the date of the previous full audit.

In the event the producer decides to apply for SA8000 certification after a successful BSCI re-audit, the audit days conducted in the framework of the BSCI are to be counted towards the recommended auditor man-days specified in the SAAS Guidance Document, resulting in a shorter SA8000 certification audit. For more information, please refer to SAAS Procedures 200 and 201 for SA8000 certification.

19.2. Specifics for re-audit

The auditor shall use the same Audit Report (on-line or off-line) and specify under Master Data, that this is a re-audit. For man-days applicable to re-audit please refer to item 11.

The auditor shall pay particular attention to the means of verification needed to come up with the conclusion that the required corrective actions have successfully taken place and report them under the corresponding area of the CAP (see Figure 10: “Edit Corrective Action”).

If evidence to close the CAP can be obtained by means of documentary proof, Auditing Companies may accept a copy of the document (e.g. copy of the Social Policy; an environmental permit or a construction permit). Based on his professional judgement, the auditor will decide if a **desk review** is acceptable to close a CAP, on a case by case basis. Only minor deviations should be considered to be close by desk review. If so, the auditor will indicate that on the

Cover Page of the Audit Report, **under the contingency “Desk Review”** and modify the CAP at each relevant question. Compensation or Working Hours related finding are not eligible for desk review.

When using the Primary Production auditing methodology, the scope of the re-audit includes the CAP issued on findings at the main auditee (e.g. packing house) and the CAPs issued on findings at the sample taken at the full audit. The auditor will not include new sample(s) for the re-audit but will focus on those that received a CAP to follow up.

The auditor will always include, as part of the re-audit routine, an interview with the internal auditor that will provide the necessary feedback on the situation on the farms integrated in the ISMS.

19.3. Particular cases where a re-audit may not apply

Under some particular conditions, the Auditing Company may hesitate if the re-audit shall be conducted or not.

Here are some cases that can help determine the situation:

If a CAP was not followed up within the 12 month timeline prescribed by BSCI, the re-audit cannot be conducted. A full audit shall be scheduled and entered into the BSCI Platform under the same **producer profile**. The three year cycle will count from the last full audit.

If in the period between a full audit and a re-audit the producer **changes its legal entity, but with no-change on its management and/or ownership**, the expected re-audit can be conducted. The information shall be entered in the BSCI Platform as usual, under the same producer profile. The auditor will update the name and legal status at the Audit Report Master Data A.

If in the period between a full audit and a re-audit the producer **changes physical address**, the expected re-audit cannot be conducted. A full audit needs to be performed. A new producer profile with a separate DBID will need to be created.

If in the period between a full audit and a re-audit a producer **changes its legal entity** and there are changes at its management and/or ownership, the expected re-audit cannot be conducted. In this case a new Producer profile is created in the BSCI Platform and a full audit will be conducted.

If in the period between a full audit and a re-audit a producer does not **change its legal entity** but there are changes at its management and/or ownership, the expected re-audit can be conducted.

20. Some words on auditing Cooperatives

Cooperatives play a big role in business all over the world, **being particularly prominent in agricultural environments.**

A Cooperative is “*an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly –owned and democratically-controlled enterprise*”.¹

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity and follow the Cooperative Principles:

- Voluntary and open membership
- Democratic member control
- Member economic participation
- Autonomy and independence
- Education, training and information
- Cooperation among cooperatives
- Concern for community

¹ ILO Recommendation 193 on the Promotion of Cooperatives.

Moreover, as Corporate Social Responsibility (CSR) is enshrined in the cooperative values and principles, cooperatives need to be able to report on their CSR programmes in a more effective way than any other legal entity.

If the main auditee is a cooperative, the BSCI audit scope will be affected. Below some aspects that will required special attention:

The Governance structure of the main auditee

Cooperative members are both owners and users of the cooperative services. Decision making bodies as well as the decision procedure will need to be in a democratic fashion. Each member has one voting share. It is also quite often that cooperative owners can be also “workers” within the cooperative although they are not part of the payroll. This is always the case for workers cooperative². In traditional forms of workers’ cooperative, all shares are held by the workforce with no outside or consumer owners.

Working relations

The management can be professional or elected by the cooperative members. In both cases a solid democratic process shall be behind the situation and properly informed to the cooperative members. In case management is delegated to a professional manager who is hired for that purpose, his status follows regular working conditions for management as in a regular company.

When the owners (in a production cooperative) or the worker-owner (in a workers’ cooperative) provide workforce to the cooperative, the working relation has **special characteristics**:

- Profits (or losses) earned are shared by worker owners.
- Salaries generally have a low ratio difference, which ideally shall be “guided by principles of *proportionality, external solidarity and internal*

² Workers cooperative is a type of cooperative owned and democratically managed by its worker-owners.

solidarity" (such as a two to one ratio between lowest and highest earner), and often are equal for all workers. Salaries can be calculated according to skill, seniority or time worked and can be raised or lowered in good times or bad to ensure job security.

Some workers' cooperatives also practice *job rotation* or balanced job complexes to overcome inequalities of power as well as to give workers a wider range of experiences and exposure to the different jobs in a work place so that they are better able to make decisions about the whole workplace.

All these practices need to be very well understood by the auditor when conducting a BSCI Audit, as those cannot be considered a violation of BSCI criteria on working conditions, wages and compensation or even discrimination.

In some countries, seasonal workers in agriculture may create a workers' cooperative to offer their services to plantations in the neighbourhood. This may be a misuse of the institution promoted by the employer to avoid contractual obligation with workers (evasion), but not always. The auditor will need to carefully verify if he is facing a real workers' cooperative or a fake institution created to undermine labour rights.

21. Quality Assurance and Integrity Program

21.1. Auditing Companies Internal quality assurance

Auditing Companies shall have a well-defined internal quality assurance process and systematic internal audit review, as per ISO 17021 standards. Personnel assigned as audit reviewers shall have the appropriate experience and knowledge about :

1. the current version of audit process and methodology of the audit in question,
2. the current version of the audit reporting format of the audit in

question,

3. **on-site training on the audit process** (i.e. shadowing an audit); local laws; relevant standards and regulations; existing relevant development projects taking place in the country of operation of auditee or relating to the sector in which the auditee operates.
4. **good understanding of specific customer requirements,**
5. **appropriate experience which includes, having successfully reviewed at least 3 audit reports** under the guidance of an experienced reviewer.

The Auditing Company **shall be able to provide evidence of competency assessment of their reviewers.** In addition, they will provide answers to the BSCI Secretariat related to both the continuous quality surveys as well as questions about a particular audit. **Auditing Companies may be required to provide BSCI Secretariat with a copy of the complete audit file.**

The audit file includes at least the following documents:

- Signed Declaration of Consent (and when applicable Declaration of Consents for the sample)
- Signed Corrective Action Plan or Corrective Action Plans (if auditing sample farms),
- interview notes,
- Pictures taken during the audit beyond those uploaded,
- Copies of the relevant communication with the producer and/or BSCI Participant.
- Auditors' notes or any other attachments or documents collected by the auditor during the visit.
- "As Audited" Audit Plan indicating the audit paths that were actually followed by each auditor and the time when the auditors arrived and left the company.

The BSCI Secretariat reserves the right to initiate Quality Assurance processes randomly or due to observations or complaints brought up by Participants or other parties. Auditing Companies shall reply to any BSCI request for information within 3 business days as defined in the FTA Framework. Exceptionally, the Auditing Company shall request an extension of such a deadline, which shall be supported by satisfactory explanations on why the exception is relevant.

22.2. Conflict of interest

Conflict of interest may be defined as a set of circumstances that creates a risk that professional judgment or actions regarding a primary interest will be unduly influenced by a secondary interest.

The presence of a conflict of interest is independent from the execution of impropriety.

Auditing Companies shall ensure that, both as an organisation and their individuals, abstain from participation in actions that can place them in conflict of interest.

As dictated by SAAS, Auditing Companies follow the standards ISO/IEC 17021:2011. With regard to **conflict of interest**, Procedure 200, Requirements for Gaining Accreditation, item 1.7 establishes that *"In order to avoid conflict of interest, certification bodies whose related bodies have provided SA8000 or similar human resources management system consulting services within the prior two years to a particular company shall not contract as a certification body for that company or any of its sites. This restriction includes related bodies of the same parent company or affiliates, where the validity or reliability of an audit can be questioned because of a consulting relationship. Consulting is the provision of documentation development, or assistance with implementation of management systems to a specific organization."*

Training in a public forum is not considered consulting nor is an introductory session such as a 1-day awareness program at the Client's location."

As defined above, Auditing Companies cannot be involved in any consulting activity that may question the independence in the conduction of an audit.

For more details please refer to the **BSCI Integrity Program** available in the auditors' area of the BSCI Website.