

Terms of Implementation for BSCI Participants

I. Introduction

For the purpose of this document, “**BSCI Participants**” refers to commercial entities such as retailers or importers, which are members of the Foreign Trade Association (FTA) and endorse the Business Social Compliance Initiative (BSCI).

By signing these terms of implementation, BSCI Participants endorse the values and principles of the **BSCI Code of Conduct** and commit to take, within their sphere of influence, all reasonable and appropriate measures to promote their implementation in their supply chain.

In doing so, BSCI Participants are subjected to the **BSCI Commitment Formula**.

The terms below embody the commitment of the BSCI Participants towards improving working conditions in their supply chain.

II. Commitment to socially responsible business

2.1. In undertaking the commitment set out in the BSCI Code of Conduct, BSCI Participants **work together** with other BSCI Participants **in a collaborative way**, and pursue a constructive and open dialogue with stakeholders **particularly in case of urgent communication needs**.

2.2. BSCI Participants **actively communicate** their endorsement of the BSCI Code of Conduct through their company organization and to their business partners and relevant stakeholders.

2.3. BSCI Participants require their business partners **to work towards full observance of the Code of Conduct** and the specific Terms of Implementation. They communicate the

BSCI Code of Conduct, Terms of Implementation and BSCI Glossary to their business partners and expect them to cascade the information to the different business partners relevant in the targeted supply chain.

2.4. BSCI Participants have the **strategy, procedures and sufficient resources in place to meet the responsibilities related to the BSCI Code of Conduct and ensure that there is continuous improvement in its implementation.**

2.5. BSCI Participants understand that, when **holding the responsibility to follow up** the efforts of their **business partners** towards full observance of the BSCI Code of Conduct they abide by the values and the procedures of BSCI.

2.6. BSCI Participants **acknowledge that neglecting the values and principles of the Code of Conduct** and/or violating these Terms of Implementation are sufficient grounds for the termination of their status as BSCI Participant. The burden of proof in this respect shall lie with FTA/BSCI.

III. Embedding social responsibility into the business enterprise culture

3.1. BSCI Participants (e.g. through their buying practice such as price and/or delivering time) should not put their business partners in a position that prevents them from adhering to the BSCI Code of Conduct.

3.2. Purchasing and other relevant departments (or individuals) should be trained and incentivised in a manner that allows them to contribute to the integration of the principles of responsible business in the BSCI Participants' company cultures.

3.3. BSCI Participants will complete **all mandatory BSCI trainings** within the first 6 months of their membership.

3.4. BSCI Participants **stay actively engaged and up-to-date** in the BSCI implementation.

IV. Cooperation and empowerment in the supply chain

4.1. BSCI Participants **engage in training and support their own staff** as well as that of their business partners in order **to build the necessary capacities** to achieve and uphold the principles set out in the BSCI Code of Conduct.

4.2. BSCI Participants **seek a constructive and open dialogue with their business partners over their ability to observe the BSCI Code of Conduct** and assist them in order to help them meet these expectations.

4.3. BSCI Participants **encourage the active co-operation between management and workers, and/or their representatives**, in the development and implementation of systems and procedures that result in the successful implementation of the BSCI Code of Conduct.

4.4. BSCI Participants work in cooperation with their business partners (particularly with producers going through the monitoring process) **to identify the root causes** of any discrepancy in their conduct with the BSCI Code of Conduct and work towards improvements in a step wise approach.

V. Due diligence in the supply chain

5.1. BSCI Participants **commit to act diligently** in (a) assessing actual and potential adverse impacts of their business against the values and principles of the BSCI Code of Conduct; (b) identifying in the **supply chain** where the most significant risks for these adverse impacts may occur and (c) acting upon them with the aim of preventing and/or addressing them in line with the BSCI Code of Conduct.

5.2. BSCI Participants **gather and assess reliable information** about their business partners' responsible behaviour and keep the necessary documentary evidence that they have acted diligently.

5.3. BSCI Participants **identify the business partners that shall be included in the BSCI monitoring process** to promote the necessary changes towards improving working conditions. They **seek further detail** on the root causes of any discrepancy with the principles of the BSCI Code of Conduct and are proactive and comprehensive **in the implementation** of necessary corrective actions, particularly when sourcing from high-risk regions or sectors.

5.4. BSCI Participants require that **their business partners (particularly those that are in the BSCI monitoring process) regularly report** on their progress in implementing and/or upholding the BSCI Code of Conduct as well as the effectiveness of their responses to adverse impact to the values and principles of the BSCI Code of Conduct they may have been involved in.

5.5. BSCI Participants should engage in or support - to the extent possible- an effective **operational level grievance mechanism** to respond to individuals and communities adversely impacted by the supply chain.

VI. Information management

6.1. BSCI Participants **actively inform the BSCI Secretariat on the effectiveness of any responses to an adverse impact** to values and principles of the BSCI Code of Conduct, which may be relevant for BSCI and other Participants.

6.2. BSCI Participants **seek to understand the concerns of potentially affected stakeholders**, from which they may need to seek advice and consult externally with credible, independent experts. This includes governments, civil society and workers representatives.

6.3. BSCI Participants **commit to immediately inform the BSCI on any critical incident of their business partners** that may result in an adverse impact to the values and principles of the BSCI Code of Conduct, as soon as they become aware thereof.

6.4. BSCI Participants shall **maintain the BSCI Platform with updated and accurate information and will instruct their employees and representatives to use such information** in compliance with the privacy and information security laws and regulatory requirements.

6.5. BSCI Participants **agree that their business partners (particularly those being monitored in the BSCI)** can be subjected to investigation measures in the frame of the BSCI Integrity Program, such as but not limited to Witness Audits, Duplicate Audits and Random Unannounced Checks (RUC).

Signature on behalf of the Company

Date of the signature

Name of the company

Name of the person