



**WE BELIEVE THAT
RESPONSIBILITY GROWS
FROM ACTION.**

**TOGETHER
WE ARE
MORE**

**TOWARDS RESPONSIBLE
PROCUREMENT.**

S GROUP RETAIL BUSINESS

RESPONSIBLE PROCUREMENT AT SOK

The SOK procurement agreement specifies the requirements of social responsibility concerning the supply chain. We require that our suppliers:

- 1** **Commit to the BSCI*
Code of Conduct
(or a similar policy)**
- 2** **Implement self-assessment**
- 3** **Arrange audits, if**
 - the production of the supplier is located in a risk country,
 - the production of the supplier's sub-contractor is located in a risk country,
 - the raw materials used originate in a risk country or
 - the supplier imports/markets products manufactured in a risk country.

*The Business Social Compliance Initiative

1

START WITH THE CONTRACT – BSCI CODE OF CONDUCT

The SOK procurement agreement requires suppliers to commit to the BSCI Code of Conduct (or a similar policy) and implement the BSCI principles downstream in their supply chain.

BSCI CODE OF CONDUCT:

- The rights of freedom of association and collective bargaining
- No discrimination
- Fair remuneration
- Decent working hours
- Occupational health and safety
- No child labour
- Special protection of young workers
- No precarious employment
- No bonded labour
- Protection of the environment
- Ethical business behaviour

Include the relevant policy as a part of the procurement contract or purchase order terms and conditions. The BSCI Code of Conduct, for example, may be appended in full to the contract template.

2

RECOGNISE THE RISKS – SELF-ASSESSMENT

RISK FACTORS:

- Country of manufacture/origin of the raw materials
- Product category
- Insufficient operating models in order to evaluate social risks in the supply chain
- Structure of the supply chain
- Commonly recognized issues in the production country

IDENTIFY RISK FACTORS:

- Structure of the supply chain
- Country of manufacture and sources of raw materials
- Subcontracting in risk countries
- Traceability and procurement agreement cover all supply chain steps in risk countries
- Audits performed by independent parties

Ask the supplier to submit audit reports for review.

3

REQUIRE AUDITING

- Auditing is required for suppliers located in risk countries.
- Auditing costs can depend, for example, on the factory size, country and auditing scheme. Typically, auditing a factory costs around EUR 500–2,500.
- The duration of the audit (from 1 ½ to 5 days) and the number of employees interviewed depends on the factory size.
- The validity of the audit depends on the audit result; for example, BSCI audit ratings of “A” or “B” are valid for two years, while audit ratings of “C”, “D” or “F” are only valid for one year, during which the audit must be repeated.

Even if the audit reveals discrepancies, this does not automatically mean that the supplier relationship should be terminated.

INFORMATION AND TOOLS

- Background data questionnaire for suppliers; includes questions concerning social responsibility
- BSCI risk country classification is available at: www.bsci-intl.org/resource/countries-risk-classification
- Self-assessment questionnaires (SAQs) for suppliers
- Databases such as Sedex (www.sedexglobal.com) and BSCI (www.bsci-intl.org)
- Reports from various organisations (ILO, Finnwatch, Human Rights Watch)
- Plant visits by suppliers

AUDITING AND CERTIFICATION SCHEMES REFERRED TO IN

THE SOK PROCUREMENT CONTRACT:

- **BSCI** (The Business Social Compliance Initiative)
- **SMETA** (Sedex Members Ethical Trading Audit, third party audit)
- **ICS** (Initiative Clause Sociale)
- **FLA** (Fair Labour Association)
- **FWF** (Fair Wear Foundation)
- **ICTI** (International Council of Toy Industries)
- **WRAP** (Worldwide Responsible Accredited Production)
- **EICC** (Electronic Industry Citizenship Coalition)
- **SIZA** (Sustainability Initiative of South Africa)
- **GLOBALG.A.P** (GRASP)
- **Rainforest Alliance**
- **Fairtrade** • **UTZ**



BSCI RISK COUNTRIES