

The Business Social Compliance Initiative

A system for the continuous improvement of social compliance in global supply chains

LORENZ BERZAU*

1. Cornerstones of the BSCI

The introduction of codes of conduct and monitoring schemes by individual companies since the second half of the 1990s led to a proliferation of such codes and a growing frustration of suppliers being asked to fulfil the criteria of these – often very similar – codes and schemes. In order to harmonize these activities, the Brussels based Foreign Trade Association (FTA) launched the Business Social Compliance Initiative (BSCI) in early 2003. The companies united in this platform use the same code of conduct, a uniform methodology for auditing, common training activities for their suppliers and a common approach to engage with stakeholders at different levels. This approach leads to synergies for both BSCI members as well as their suppliers through reduction of audits and reducing costs through joint activities organized by the BSCI.

In addition to creating more synergies, the idea of providing a system aiming at continuous improvement of social compliance is a key element of the BSCI. The founders of the BSCI identified SA8000 as the best practice; however, they were aware that the implementation and the improvement of social compliance in developing and newly industrialised countries is an ambitious goal which needs time. Therefore, BSCI was developed as an approach to lead suppliers towards implementation of the SA8000 criteria without making certification against SA8000 mandatory. Thus, BSCI does not provide an own certificate but supports suppliers to improve their social performance and encourages those compliant with the BSCI Code of Conduct to obtain a SA8000 certification. This link to the SA8000 standard and the use of independent auditing companies, which are accredited by Social Accountability International (SAI) and conduct BSCI audits, created a systemic partnership with SAI as of the launch of the BSCI.

Creating continuous improvement of social compliance can only be achieved through training measures supporting suppliers and also buyers. This capacity building is another pillar in the BSCI, since auditing is an important element for measuring changes in the suppliers' social performance but in itself does not provide a solution.

BSCI is, as its name underlines, a business driven initiative where the decisions are taken by companies. BSCI is not a multistakeholder-initiative, and the founders of this platform deliberately chose this strategic approach. However, the dialogue with stakeholders is seen as an essential element.

* Lorenz Berzau, BSCI Managing Director – Strategy & Stakeholder Relations, Avenue de Cortenbergh 172, Belgium, 1000 Brussels, E-Mail: lorenz.berzau@bsci-eu.org, Tel.: +32-(0)2-7416407, Fax: +32-(0)2-7627506.

At the end of 2010, BSCI counts more than 600 member companies from many different countries, among them large multinational companies as well as small and medium enterprises (SMEs), and it covers different sectors – textiles, shoes, electronics, toys and agricultural products, including primary agricultural production. All BSCI members commit to integrating two thirds of their first tier or direct suppliers in developing and newly industrialised countries. In addition, BSCI members commit that 5 ½ years after they have joined the BSCI, these two thirds of first tier or direct suppliers shall not show deviations against ILO Core Conventions any more, which include for example the prohibition of child labour or forced labour. This commitment shows that companies in the BSCI are ambitious and that BSCI is not a platform for window-dressing.

2. Measuring social compliance in the BSCI

Social audits in the BSCI are conducted in a three-year-cycle of initial audits. During the initial audit, the auditor checks the performance of a supplier against all the criteria of the BSCI Code. The auditor and the suppliers' management agree on a corrective action plan if deviations from the Code are found, and the implementation of these actions is checked with the means of a re-audit. Depending on the results of the re-audit, which focuses on those elements of the Code where deviations have been found before, another corrective action plan is set up.

The audits are conducted by well-trained and experienced social auditors working for auditing companies which are accredited by Social Accountability Accreditation Services (SAAS, formerly SAI itself) and which have signed a framework contract with the FTA, the BSCI's legal umbrella. This ensures the use of the BSCI audit questionnaire and audit guidelines which stipulate the details of the criteria laid down in the BSCI Code.

3. Capacity building – the key for improvements

BSCI provides training for suppliers in various countries like Bangladesh, China, India, Turkey, Vietnam, and also in some countries in Africa and the Americas. It consists of different formats: general awareness raising workshops which explain the BSCI process in general and advanced training focusing on specific issues like management systems, wages and working time, freedom of association, etc. This training is essential to provide the knowhow for improving social compliance in the workplace. New training approaches like e-learning tools are now being introduced. BSCI has substantially increased its capacity building activities and continues to do so, as this is key for achieving change. Being equally important to improve social compliance in the supply chain, BSCI also provides training for its member companies.

4. BSCI engages with stakeholders

BSCI underlines the importance of engaging with stakeholders, because the task of improving social compliance is a shared responsibility on different levels and BSCI and its member companies need the support of stakeholders to reach their aim. BSCI discusses with representatives of governmental organizations, business associations, trade unions and NGOs at the level of the Stakeholder Board within the BSCI's inter-

nal governance structure. Together with member companies, an increased dialogue takes place at the level of the various countries in Europe. A central element of stakeholder engagement takes place in supplier countries like Bangladesh, Brazil, China, India, Morocco, South Africa, Turkey and Vietnam where BSCI and its members discuss with stakeholders about how to deal with the challenge of improving social compliance.

5. Improving social compliance is a long process

The BSCI system focuses on continuously improving social performance in the supply chain through capacity building, supported by a strong and constructive stakeholder engagement and measured through independent audits. There is no perfect system; thus, BSCI is also a “living process” open to improvements and adaptations. There have been measurable improvements over the past years. However, a lot still needs to be done. There is no quick fix when it comes to social compliance. This has been the understanding of the BSCI from its very first days onwards – commitment and dedication and the genuine integration of CSR in business strategies are indispensable for progress.