



The Rule Breakers of BSCI

Overview

This session confronts BSCI's biggest system challenges, exploring the “free-riders”, RSP sellers, and the players miss-using the system, and what can be done to effectively work together and eliminate these issues, and ultimately achieve BSCI’s mission of improving working conditions in factories and farms worldwide.

Speakers:

Moderator: Darrell Doren, Senior Director Sustainability - FTA

Top 3 Topics:

- Free Riders => members that do not fulfil their BSCI commitments
- Selling RSP => Companies that charge a fee to take RSP
- System Miss-use => 3 main issues and allegations under investigation

Session Highlights:

Free Riders:

- From 2015 to 2016, the number of free-riders in BSCI has been reduced from 18% to 6%!
 - o The issue of free-riders was first identified and measured in the BSCI platform in 2015
 - o This was done based on the Commitment Formula & Quarterly reporting of free-riders on a country-by-country basis focusing on the top 2 risk categories out of 6 measured categories:
 - Significant proportion of invalid audits in the system
 - 10+ automatic RSP releases
- The main causes for free-riders were due to simple issues such as:
 - o Incorrect contact information (system failure on both sides)
 - o Responsible CSR employee left
 - o Unwillingness to fulfil BSCI commitment
- Great support from both NCGs and the FTA secretariat have helped to reduce the free-riders per country, working with members to realign.

- Next Steps:
 - Progress will be reviewed, and reported to the FTA Board on a quarterly basis, and we will start to analyse other risk categories too
 - The FTA Board will determine the need for further action by Q4 (including membership termination if necessary)

Selling RSP:

- RSP selling refers to companies who take RSP of a producer for a fee, to help them organise the audit, and once the audit is complete, the RSP is dropped immediately
 - This violates BSCI Terms of Implementaion (TOI) 2.6
 - An international investigation was initiated
 - 7 companies fell into this domain
 - This was elevated to the FTA Board level where a proposed solution was decided upon:
 - 4 out of the 7 members, have now been terminated
 - A continuous cleaning process of the system will be maintained to serve FTA members better, by:
 - Dedicating staff to monitor the selling of RSP and reviewing & reporting to the Steering Committee accordingly
 - Continuing on-ground investigations as well and a new monitoring system via algorithms and the dashboard data

System Mis-use:

- Top 3 Issues:
 - Factories trying to get a C rating
 - Audit firms using the platform for commercial purposes
 - Member misuse
- Factories trying to get a C rating => there is no proof yet but BSCI is working with the auditing firms to report on this:
 - BSCI believes the root cause lies within unclear instruction in the System Manual, which has now been re-written to state that a factory with any rating is subjected to a Random Unannounced Check (RUC).
 - This has also been communicated to the auditing community accordingly
- Audit firms using the platform for commercial purposes => 1 instance was recorded in 2015, the auditing company received a warning letter and since then we have not seen this happen again
- Member misuse => accusations of fishing in the system and/or using RSP to deny competitors access to factories
 - This is currently being investigated based on certain allegations, but proof is still to be found
 - BSCI has inserted search limits into the system so that fishing in the system is rather difficult to do

Quotes

- *“FTA desires to grow, but desires to grow with the right members”* - Dorrell Doren
- *“Grievance mechanisms was a cultural revolution in China, everyone was turning on everyone about everything, but overtime they realized it was a systematic approach about verifying allegations”* - Larry Brown, Vice President – Head of Global Social and Environmental Sustainability – Esprit
- On using the Dashboards to identify free-riders, *“We will be able to report on real activity. It’s not us asking what are you doing and you telling us. It’s a measure of what you are ACTUALLY doing”* – Andrew Martin, Senior Manager – Monitoring and Continuous Improvement – FTA