

## Evaluation template

### Question 1

**Are you familiar with the supply chain for goods/services provided in the agreement and have you evaluated the risks as to where problems can arise in meeting the social and environmental requirements? Yes/No. If yes, please describe the supply chain.**

Here, the supplier is expected to give a description of the supply chain that is as complete as possible, i.e. a description of where all manufacturing of the goods that are supplied in accordance with the agreement takes place. For suppliers of services, the description should include, in part, where the goods are produced and, in part, a description of where services have been performed.

Most suppliers have the greatest insight into first tier (nearest) suppliers in the manufacturing process, which is understandable. But the more your supplier knows about the production process, the greater the possibilities are to respond to possible social and environmental risks. It is therefore positive if the supplier is familiar with potential subcontractors, as well as where and how inputs and raw materials are produced.

It is also more credible if the supplier admits that it is not familiar with some parts of the supply chain and shows that they aim to learn more.

It can be difficult to judge if the supplier has accounted for the entire chain of production or not, if one is not knowledgeable about the specific industry. If the supplier can provide a detailed description of the entire manufacturing process, including subcontractors, in a few stages and their location, it is safe to assume that the supplier has good information about its supply chain. If you are still uncertain, you can also receive assistance from [your local contact person and/or member of the expert team](http://www.hållbarupphandling.se/index.php/kontakt) (<http://www.hållbarupphandling.se/index.php/kontakt>) a branch organisation, etc., to receive some basic facts about the specific industry.

Here, the supplier should also describe which risks exist for deviations from the social and environmental requirements that they are aware of in different parts of the process and which routines they have for determining these risks. The supplier should demonstrate that they have analysed the risks in the entire supply chain, including also the inputs and raw materials for the products that are being delivered as a part of the current contract.

It should not be expected that they are aware of all the risks, but that they describe for how far they have gone to date and which routines they have in place.

A risk analysis can, for example, include mapping of subcontractors; number of contractors, subcontractors in so-called "high- risk countries" or in places where subcontractors are often interchanged. We don't expect the supplier to have full

knowledge, just to know that they have identified their risks and what those risks are.

A serious risk assessment also takes into account different problems in different countries and branches. If manufacturing takes place in low-income countries, for example, have minimum wages and deficiencies in the working environment been brought to attention? If manufacturing takes place in China, has the lack of free trade unions, violating ILO Convention 98, been discussed?

It is positive if the supplier also describes which methods they use to determine risks in the supply chain, and it is even better if this entails having routines to collect information from local experts/organisations.

The ability to account for actual risks implies that the supplier is working seriously.

If it can be discerned that the supplier has reviewed local legislation, the impression of their responsible management of risks is strengthened.

The risk analysis should be continual as the risks for negative effects on human rights changes over time and as the supplier's own operations change.

#### Assessment and Guidance

GREEN is given if:

- The supplier has marked "Yes", and in the description:
- Can account for countries (and in certain cases, regions/towns) for an, in principle, unbroken supply chain, i.e. manufacturing in several steps including something about raw materials and inputs.
- Can describe large sections of the supply chain in a detailed and reliable way, but admits that not all subcontractor steps are known (but is planning to investigate).

YELLOW is given if:

- The supplier has marked "Yes", but does not provide a description that supports this.
- The supplier has marked "in part", but provides limited information or if the account appears incomplete in some other way (lack of details, large gaps in the manufacturing chain or similar).

RED is given if:

- The supplier has marked "no"
- The supplier has marked "yes", but provides no information which supports this.
- If the supplier cannot account for where any production takes place.

#### Question 2

**Do you place social/environmental requirements on your suppliers that correspond to the terms and conditions of this agreement? (Yes/No. If Yes, describe what may**

**possibly differ.)**

In this question, the supplier should give an account of as to if their code of conduct/policy/contractual text is consistent with the social/environmental requirements of the contract. If something is missing, the supplier must explain why this is the case as well as state when they plan to correct this difference.

Ideally, the social/environmental requirements used by your suppliers should be stated in a formally adopted document that has been accepted by senior management in the form of a code of conduct or policy. The document should also be publicly available.

If the supplier has not yet adopted such a policy, one alternative is that they are provided with a contractual text that includes all of the requirements in our CoC.

The supplier's code of conduct/policy/contractual text should include basic and internationally recognised conventions, i.e. [UN's Guiding Principles on Business and Human Rights](#), [ILO's eight core conventions](#) and <http://www.ilo.org/declaration/thedeclaration/textdeclaration/lang-en/index.htm>), [The United Nations Convention on the Rights of the Child, Article 32, the labour protection and labour environment legislation in force in the country of production](#), national legislation on external environmental conditions and the [UN Convention against Corruption](#).

#### Assessment and Guidance

GREEN is given if:

- The supplier places requirements on its subcontractors that exactly correspond to yours, as well as attaches or links to a code of conduct, or similar, that underpins this.
- The supplier states that they include the requirements of the code of conduct in agreements with their suppliers.
- Examples of credible codes of conduct or similar can be those that include:
- References provided to all of the international conventions named above.
- The content has been adopted by the Board and is approved by management.
- The requirements relate to the specific product that the supplier delivers.

The supplier can also receive green if it has all requirements in contractual texts with its suppliers.

YELLOW is given if:

- The supplier answers "Yes" and places requirements, but these do not cover our requirements.
- The supplier places requirements, but has a deficient code of conduct or policy. Examples of deficient codes of conduct or similar can be that:
- The policy is missing references to all of the international conventions named,
- Nothing indicates that the policy is accepted and integrated by either

management, the Board or in operations.

- The requirements are too generally stated.
- Answers “Yes”, but does not account for social/environmental requirements being placed on its suppliers.

RED is given if:

- The supplier answers “No”.
- Answers “Yes”, but cannot account for placing any social/environmental requirements on its suppliers.

### **Question 3**

**Do you require your suppliers to place corresponding requirements on their subcontractors for agreements in question? (Yes/No. If yes, describe how).**

Here, we would like to know that the responsibility of the supplier does not end at the first level of suppliers, but also includes subcontractors as it is common that more problems concerning working conditions and environmental conditions occur at the level of subcontractors.

We understand that the supplier does not always have full control over the entire supply chain, but would like to see that they have tried to get their subcontractors to follow the same requirements.

Assessment

GREEN is given if:

- The supplier answers “Yes” and can describe how they include the requirements in their contracts with subcontractors.

YELLOW is given if:

- The supplier answers “Yes”, but does not provide a description or a description which is credible.
- The supplier answers “Yes”, but only partially requires that the same requirements be applied to subcontractors, or is less credible.

RED is given if:

- The supplier answers “No” and does not require that the same requirements be applied to subcontractors.
- The supplier answers “Yes”, but it is obvious that the same requirements are not applied to subcontractors.

### **Question 4**

**Are you aware of and do you minimise risks for violations of human rights during the production of those goods and services being supplied according to this agreement? (Yes/No. If yes, describe how).**

## Guidance

The [UN Universal Declaration on Human Rights](#) and the [UN's Guiding Principles for Business and Human Rights](#):

Here, we would like to see that the supplier has begun the task of identifying and minimising the potential risks for violations of human rights in the supply chain. The UN Universal Declaration on Human Rights is comprised, in part, of civil and political rights and, in part, of economic, social and cultural rights. Violations of human rights can therefore be everything from a manufacturer in the supply chain paying such low salaries that employees cannot cover costs for basic needs such as food and shelter, or that a supplier of telecom services has placed parts of the supply chain in a dictatorship which allows the company to release sensitive information on political opponents. The supplier is expected to deepen the sections of the risk analysis that they have described in Question 1, concerning human rights. The risk analysis should be continual given that risks for negative influences on human rights change over time along with the development of the supplier's operations.

## Assessment

GREEN is given:

- If the supplier answers "Yes" and can describe a number of identifiable risks for violations of human rights in its supply chain, as well as describe what actions have been taken to minimise these risks.

YELLOW is given:

- If the supplier answers "Yes", the description of these efforts is incomplete, irrelevant or not credible for some other reason.

RED is given:

- If the supplier answers "No" without explanation.

## Question 5

**Do you ensure that child labour does not take place in the production of goods and services being supplied according to this agreement? (Yes/No. If yes, describe how).**

## Guidance

UN Convention on the Rights of the Child, Article 21 and ILO Convention 138

Here we would like to know what the supplier does in order to be certain that child labour (up to 15 years of age) does not take place and that they follow the rules as to under which conditions youth workers (between 15 and 18 years of age) work in the manufacturing of the goods and services that are being delivered according to this contract. The supplier should state how they have looked into the risks that child labour takes place (they may refer to the risk analysis in Question 1), how they minimise the risk (for example, through training, audits, complaint mechanisms) and how they manage situations of child labour if and when they are discovered (for example, by having a

policy for deviations or experiences from earlier cases). Deviations can be considered acceptable as long as the supplier can show how they have been managed in a correct manner and are working to prevent similar occurrences in the future. It can generally be considered more credible that the supplier can account for problems identified and demonstrate corrective measures, rather than stating that no problems exist, especially if their supply chain includes production in risk countries/low-income countries.

#### Assessment

Green is given:

- If the supplier answers “Yes” and can describe in detail and in a convincing way how they try to prevent child labour and that rules for young workers are followed.
- The description should be detailed enough to get a clear understanding as to if the supplier is aware of which risks for child labour exist and that they have taken suitable measures to do something about these (can be in the form of policies, training, dialogue with suppliers, etc.).
- The description can also include something about how potential deviations in the supply chain can be corrected, indicating that the child’s best interests are taken into account in the first place, and, for example, contributed to the child being able to go to school instead.
- Note that it is credible if the supplier has identified portions of the supply chain where risks for child labour can exist (for example, in mining or cotton farming), but have not been able to reach due to the fact that the distance is far from their contracting partners. It can be considered positive if the supplier additionally has a plan as to influence even this part of the chain in the future.

YELLOW is given:

- If the supplier answers “Yes”, but the description of how child labour among suppliers is being prevented is incomplete, irrelevant or not credible for some other reason.

RED is given:

- If the supplier answers “No”, but does not provide an explanation.

#### Question 6

**Do you ensure that forced labour is not used in the production of the goods and services being supplied according to this contract?  
(Yes/No. If yes, describe how).**

#### Guidance

International Labour Organisation (ILO) Conventions 29 and 105

Here we would like to know what efforts the supplier takes in guaranteeing that forced labour does not take place in the manufacturing of the goods and services delivered according to this contract. The supplier should describe how they have determined if there are risks that forced labour takes place (they may refer to the risk analysis in the

answer to Question 1), how they minimise this risk (for example, through training, audits, complaint mechanisms) and how they manage forced labour if it is discovered (for example, through a policy on deviations or experience from earlier cases). Deviations can be considered acceptable as long as the supplier can show how they have been managed in a correct manner and are working to prevent similar occurrences in the future. It can generally be considered more credible that the supplier can account for problems identified and demonstrate corrective measures, rather than stating that no problems exist, especially if their supply chain includes production in risk countries/low-income countries. A relatively common form of forced labour (in certain countries) is confiscating the identity documents of migrants workers and/or placing them in debt to agents which charge fees upon providing employment; this combination can lead to the employee being indentured to the employer.

#### Assessment

GREEN is given if:

- If the supplier answers “Yes” and can describe in detail and in a convincing way how they try to prevent forced labour.
- The description should be detailed enough to get a clear understanding as to if the supplier is aware of which risks for forced labour exist and that they have taken suitable measures to do something about these (can be in the form of policies, training, dialogue with suppliers, etc.).
- Note that it is credible if the supplier has identified portions of the supply chain where risks for forced labour can exist (for example, in Malaysia, in the extraction of certain minerals), but have not been able to reach due to the fact that the distance is far from their contracting partners. It can be considered positive if the supplier additionally has a plan as to influence even this part of the chain in the future.

YELLOW is given:

- If the supplier answers “Yes”, but the description of how forced labour among suppliers is being prevented is incomplete, irrelevant or not credible for some other reason.

RED is given:

- If the supplier answers “No”, but does not provide an explanation.

#### Question 7

**Do you act against discrimination and harassment in the production of the goods and services being supplied according to this contract?  
(Yes/No. If yes, describe how).**

#### Guidance

International Labour Organisation (ILO) Conventions 100 and 111.

In answering this question, the supplier is expected to describe how risks for

discrimination and harassment are met and prevented. The supplier should not differentiate employees on the basis of, for example, skin colour, gender, marital status, pregnancy, religion, sexual orientation or political views. For example, can the supplier account for clear communications to subcontractors on trade union rights and that the supplier actively informs the employees about this in their local language.

#### Assessment

GREEN is given:

- If the supplier answers “Yes” and can account for which methods/means of working are used to combat the type of discrimination that is identified in their risk analysis (e.g. discrimination against trade union activists, women, migrant workers, minority groups, certain victims of disease).
- The description should be detailed enough to get a clear understanding as to if the supplier is aware of which risks for discrimination exist and that they have taken suitable measures to do something about these (can be in the form of policies, training, dialogue with suppliers, etc.).

YELLOW is given:

- If the supplier answers “Yes”, but the description of how discrimination among suppliers is being prevented is incomplete, irrelevant or not credible for some other reason.

RED is given:

- If the supplier answers “No”, but does not provide an explanation.

#### Question 8

**Does your company support dialogue on working conditions between employee and employer? (Yes/No. If yes, describe how and if there are currently union organisations or committees comprised of employee representatives).**

#### Guidance

International Labour Organisation (ILO) Conventions 87 and 98

Dialogue, and by extension, negotiation between employers and employees is fundamental in order to secure good working conditions at a workplace. This question aims, therefore, to identify to what extent trade unions are present in the production of goods/services being delivered as a part of this contract. If trade unions do not exist, we are interested to know if there are other types of organised attempts at dialogue between the employees, for example through committees of some kind. Collective agreements in force can be attached, if they exist.

In countries where national legislation prohibits freedom of organisation (China, Vietnam and others), we cannot expect the presence of free trade unions, but there are other ways to facilitate dialogue between employers and employees. For example, even in China, employees can be encouraged to choose their own union representatives (even if their organisation must join the only state-sanctioned union). Here, the supplier should account for such activities in their answer.



## Assessment

### GREEN is given:

- If the supplier answers “Yes” and can describe their efforts to promote dialogue between employers and employees in the supply chain. The description should contain something that demonstrates that the supplier is aware of the situation of trade unions, especially if they can show evidence of union activity and collective bargaining with suppliers.
- If the supplier answers “Yes” and provides a description that shows a different type of dialogue with suppliers, other than union dialogue (in the absence of union activity or in countries with legislation that restricts union activity), for example, employee-led committees of different types that have a continual dialogue with employers concerning working conditions/working environment.

### YELLOW is given:

- If the supplier answers “Yes”, but the description of how conditions are created for dialogue is incomplete, irrelevant or not credible for some other reason.

### RED is given:

- If the supplier answers “No”, but does not provide an explanation.

## Question 9

**Do you ensure that national labour laws are followed in the production of the goods and services being supplied according to this contract? (Yes/No. If yes, describe how).**

## Guidance

Labour law, including legislation on minimum wages, and social security applied in the manufacturing country:

Here, we would like to know how the supplier has determined whether or not their subcontractors follow national legislation regarding labour law (including legislation on minimum wages, overtime compensation and social security), how they minimise the risk that it is not followed, as well as how they manage possible deviations that are discovered. Deviations can be acceptable as long as the supplier can show that they have been managed correctly and are making efforts to prevent such incidences in the future. In general, it is more credible if a supplier can account for problems identified and actions taken than if they state that no problems exist. Typical deviations in this section include excessive overtime, incorrect overtime compensation, wages that are too low (lower than minimum wages, or minimum wages that do not cover basic needs) and that all employees are covered by social security in accordance with the law. It is commonplace in many countries that contracted or short-term employees/dispatch-workers experience worse conditions than regular employees and that they are exploited by employers in an improper manner.

## Assessment

GREEN is given:

- If the supplier answers “Yes” and can describe in a detailed and credible manner how they ensure that deviations from labour law do not take place.
- The description should include details which demonstrate that knowledge of the provisions of the labour law exists, as well as routines for preventing deviations from these requirements. For example, there may exist timesheet systems, wage specifications, systems for employees to obtain copies of their employment contracts, are aware of their rights and responsibilities as employees through written and verbal information in their local language, specially-appointed personnel and routines responsible for short-term or contracted workers to have the same working conditions as other employees.
- The description should even raise the issue of how the supplier has analysed wage levels in those countries where production takes place (what is the minimum wage, and how does it compare to basic needs for food, housing, schooling, health care and savings in that area), and in the event that the supplier realises that the minimum wage in that regions does not cover basic needs, it should be stated how he has raised this issue with his supplier/suppliers and that they are developing an action plan for raising wages.
- The description should contain something about how deviations from the working conditions in the supply chain are corrected. Here, one can be relatively sure that some deviations/problems have occurred if production is taking place in low-income countries.
- If manufacturing takes place in “free zones” or countries where labour rights are severely restricted, the supplier should also show that they are aware of this and have a developed strategy that aims to maintain national labour laws as standard.
- Note that it is credible if the supplier has identified parts of the supply chain where there can be risks for deviations from national labour laws and the supplier, in these cases, can present a plan or ideas as to how these can be corrected in this part of the supply chain in the future.

YELLOW is given:

- If the supplier answers “Yes”, but the description of how they ensure that violations of national labour laws do not take place is incomplete, irrelevant or not credible for some other reason. (See above for what a “good” description should contain, at least in part).
- If the supplier cannot provide any evidence of deviations from labour laws despite the location of production in high-risk/low-income countries known for deviating from labour laws.

RED is given:

- If the supplier answers “No”, but does not provide an explanation.

#### **Question 10**

**Do you ensure that national legislation on worker protection and working environment is followed, in the production of goods and services being supplied according to this contract? (Yes/No. If yes, describe how).**

## Guidance

National legislation on worker protection and working environment in the manufacturing country:

The issue of working environments is the area in which, by far, the most deviations from the requirements take place. Efforts made in the area of working environments should be preventative and continuous in order to prevent deviations. Thorough health and security routines are decisive. The monitoring of fire safety and fire safety routines falls also in this this area. We would like to know how the supplier has determined if their suppliers follow national laws regarding working protection and the working environment, how they minimise the risk that they are not followed and how they manage deviations when they are discovered. In certain countries, “free zones” exist where exceptions are made to national laws and where protection for workers can be weaker. In the case that manufacturing takes place in such free zones, the supplier should, in any case, follow national law to the extent possible. It is positive if the supplier seems aware of and knowledgeable of national legislation.

## Assessment

GREEN is given:

- If the supplier answers “Yes” and can describe in a detailed and credible manner how they ensure that deviations from national laws on worker protection and the working environment do not take place.
- The description should include details that demonstrate the existence of routines for the prevention of health and safety problems. For example, health and safety committees should be in place, specially appointed personnel should be made responsible, routines for investigating and improving the working environment (noise levels, waste, ventilation, access to water, toilets, lighting, evacuation plans – also applicable to dormitories and kitchens, etc.), routines for guaranteeing that employees have access to suitable protective equipment, health and safety policies, health and safety training, fire drills, dialogue with suppliers on health and safety, etc.
- Note that it is credible if the supplier has identified parts of the supply chain where there can be risks for deviations from national laws on worker protection and the working environment (from examples in mining, treatment such as dyeing and bleaching). It is positive if the supplier can present a plan as to how this can be improved in this part of the supply chain in the future.

YELLOW is given:

- If the supplier answers “Yes”, but the description of how they ensure that violations of national laws on worker protection and the working environment do not take place is superficial, incomplete, irrelevant or not credible for some other reason. (See above for what a “good” description should contain, at least in part).
- If the supplier cannot provide any evidence of deviations from laws on worker protection and the working environment despite the location of production in high-risk/low-income countries known for deviating from labour laws.

RED is given:

- If the supplier answers “No”, but does not provide an explanation.

### Question 11

**Do you monitor the manufacturer’s/manufacturers’ impact on the environment in the production of the goods and services supplied according to this contract? (Yes/No. If yes, describe how).**

Guidance

Environmental protection legislation in force in the manufacturing country:

Here, we would like to know if the supplier complies with the environmental protection legislation in force in the country. Here, the supplier should describe, for example, that the supplier and subcontractors have functioning water purification, waste management and store chemicals correctly (if the manufacturing of the good/service requires this). We would like to know how the supplier and subcontractors follow national laws regarding environmental protection (they may refer to the risk analysis in Question 1), how they minimise the risk that it is not followed, as well as how they manage possible deviations that are discovered. Deviations can be acceptable as long as the supplier can show that they have been managed correctly and are making efforts to prevent such incidences in the future. In general, it is more credible if a supplier can account for problems identified and actions taken than if they state that no risks to the environment exist. The supplier should also mention possible certifications concerning the environment that exist in the supply chain.

Assessment

GREEN is given:

- If the supplier answers “Yes” and can describe in a detailed and credible manner how they ensure that deviations from environmental law do not take place.
- The description should include details that show that they are knowledgeable about what environmental laws prescribe and have routines that prevent deviations from these requirements. There should, for example, be systems in place to monitor emissions into water and the air and chemical and waste management, specially designated personnel who are responsible and routines to guarantee that environmental protection is continually upheld at the workplace(s).
- The description should include some form of inspection by the authorities of compliance with environmental laws and the possible risk for corruption in receiving various permits/inspection, etc.
- Note that it is credible if the supplier has identified parts of the supply chain where there can be risks for deviations from national environmental laws and the supplier, in these cases, can present a plan or ideas as to how these can be corrected in this part of the supply chain in the future. This concerns, above all, parts of the chain that can be especially vulnerable, such as pharmaceuticals,

plastic or metal production.

YELLOW is given:

- If the supplier answers “Yes”, but the description of how they ensure that violations of national laws on the environment do not take place is superficial, incomplete, irrelevant or not credible for some other reason. (See above for what a “good” description should contain, at least in part).
- If the supplier cannot provide any evidence of deviations from laws on the environment even though the production of this type of good has known effects on the environment.

RED is given:

- If the supplier answers “No”, but does not provide an explanation.

### Question 12

**Do you act against corruption in the supply chain in the production of the goods and services supplied according to this contract? (Yes/No. If yes, describe how and kindly provide examples).**

Guidance

The UN Convention against Corruption

Here, we would like to know what efforts the supplier takes to prevent and uncover corruption, both within their own company and with subcontractors. Both the supplier and its subcontractors should have a system in place to prevent and uncover corruption. The supplier should clearly communicate to its subcontractors that corruption can never be tolerated. A risk assessment should be conducted at least once a year concerning corruption and how risks should be managed. Training and thorough routines for bookkeeping and accounting are also important tools in preventing corruption. Is training carried out with co-workers in particularly vulnerable parts of operations? In order to uncover corruption, there should be a system where employees can anonymously report suspected corruption. All employees should be aware of the system and how to go about anonymously reporting corruption.

Here we would like to know how the supplier determines how their suppliers act to prevent and uncover corruption (for example, through the risk analysis), how they minimise the risk that corruption occurs (for example, through training, audits, complaint mechanisms) and how they manage cases of suspected corruption (for example, through a policy for deviations or experiences from earlier cases). It is important that the supplier clearly has zero tolerance for corruption. As efforts against corruption have recently been developed and strengthened, we must also have a certain understanding that not all preventative measures are in place yet, but that there should be a clear timeframe as to when they should be in place.

Assessment

GREEN is given:

- If the supplier answers “Yes” and can describe in a detailed and credible manner how they ensure that corruption does not take place.
- The description should include details that show knowledge of where corruption can occur (perhaps a reference to the risk analysis in 1.2), shows that the supplier has a system of zero tolerance for corruption throughout the entire supply chain, that training takes place, that there are possibilities to anonymously report warnings, thorough bookkeeping and financial audit and that risk analyses of corruption in the chain are carried out on an annual basis.

YELLOW is given:

- If the supplier answers “Yes”, but the description of how they ensure that corruption does not take place is incomplete, irrelevant or not credible for some other reason. (See above for what a “good” description should contain, at least in part).

RED is given:

- If the supplier answers “No”, but does not provide an explanation.

### Question 13

**Have social audits regarding compliance with social/environmental requirements been conducted with the suppliers in this contract? (Yes/No. If yes, please attach audit reports).**

Here, we would like to know to what extent the supplier has conducted social audits and has verified that the requirements are followed. Supporting documentation can be audit reports, review reports or something similar. It can also include a time plan for completed inspections. Another way would be if the supplier can describe how many audits are completed, how many deviations were identified and how many corrective actions they have taken for suppliers that are a part of the current contract.

Reviews concerning social responsibility can take place in many ways, from internal monitoring to audits by auditing firms. It can also be very useful, if the company has developed its own competence in this area through internal audits, however, they must be able to account for doing this. There are reviews that can be conducted by multi-party initiatives, where unions and special interest organisations have insight, such as, for example Fairtrade, or Fair Wear Foundation (FWF), and reviews that are conducted by business initiatives such as the Business Social Compliance Initiative (BSCI) or Social Accountability 8000 (SA8000). Social audits are sometimes manipulated and it is important to review them especially carefully. An audit report without any findings is less credible than a report with deviations and an action plan for corrective measures.

Assessment and Guidance

GREEN is given:

- If the supplier answers “Yes” and includes documentation which appears

thorough and recent, and if

- Audits have been conducted of a relatively large part (at least, one-half) of the suppliers of the contract in a relevant part of the supply chain (i.e. in contrast to the RISK for deviations).
- Documentation that supports a green mark is, in part, audit reports or another report from a review, or a time plan for conducted inspections or a list of how many audits have been completed, how many deviations, and how many corrective measures have been taken of relevance for the current contract.
- A thorough review/audit should, for example, account for all of the ethical requirements, include a description of methodology and show that the reviewer has physically visited the production site. Serious reviews also include the comments of employees, or alternatively, comments from local unions and organisations. Further examples of a thorough and serious review include detailed and clear descriptions of potential anomalies and action plans. If there are a large number of suppliers reviewed and active in the current contract, a few representative samples of documentation is enough.

YELLOW is given:

- If a supplier answers “Yes”, but can only show that a small part/or irrelevant parts (in contrast to the RISK for deviations) have been audited in the supply chain.

RED is given:

- If the supplier answers “No”, but does not provide an explanation or documentation.

#### **Question 14**

**Do you have routines to manage deviations from social/environmental requirements stipulated in the contract? (Yes/No. If yes, describe these routines).**

Guidance

Here, we would like to know that the supplier has routines to manage deviations from the requirements. The supplier should be able to describe time-bound plans for corrective measures. We would like to be able to see which problems have been identified and what efforts for improvement have been undertaken.

The requirement is that the supplier has routines to correct and prevent deviations, especially if the company’s supply chain involves production in low-income countries/high-risk countries.. In other words, it is more credible if the supplier can account for problems identified and describe corrective measures, than if it states that no problems occur.

Assessment

GREEN is given:

- If the supplier answers “yes” and can demonstrate routines, such as risk assessment, training and audits, and can provide examples of identified deviations and clear goals and time plans for managing these (given that the

supply chain involves some obvious risk countries/low-income countries).

- If the supplier answers “yes” and can demonstrate routines, such as risk assessments, training and audits and, in a convincing way, show that deviations do not take place in the supply chain (given that the supply chain does not involve any obvious risk countries/low-income countries).

YELLOW is given:

- If the supplier answers “yes” or “in part” but cannot demonstrate any credible routines, such as risk assessment, training or audits.
- If there are large faults in routines, such as a lack of plans for correcting deviations or a lack of timelines for corrective measures.

RED is given:

- If the supplier answers “No” or “In part”, but cannot describe any concrete routines, deviations or plans for corrections (i.e. no reasonable description of the routines).

### Question 15

**Are any other efforts taken to comply with the social/environmental requirements, such as, for example, training, changed methods of purchasing or complaint mechanisms? (Yes/No. If yes, describe these efforts).**

Guidance

We would like to see if the supplier has complaint mechanisms in force (so-called “whistle blowing”) or taken any measures, through training and/or changed purchasing methods, aiming to determine if subcontractors have the possibility to follow the social/environmental requirements. It is often such measures that will have a more long-term positive effect and increases the likelihood that our requirements are followed.

Concerning the management of complaints, we would like to know if employees in the production process, or others that are affected by the production of the goods/services, can register a complaint if the social/environmental requirements are not being followed. As this area is relatively new in the requirements, we can expect that many suppliers have not developed this function yet, however, we would like to see that they have plans to do so.

Concerning training, can the supplier show that it has informed its suppliers about the social/environmental requirements? If they have shown that they have their own code of conduct/policy/contract text containing all parts of the social and environmental requirements, it is sufficient if they describe how these have been communicated further down the chain. They are expected to describe which ways the suppliers involved in the contract have been informed of the requirements. If they attach documentation, the assessment is strengthened. Examples of relevant documents can be a report from a training or a dialogue where the requirements were discussed,. It is positive if they have translated the code of conduct/policy/requirements into local languages.

Assessment

GREEN is given:



- If the supplier answers “Yes” and can describe any training efforts that have been completed together with one or more of their suppliers, as well as the aim, content and results of the training.
- If the supplier answers “Yes” and can describe how they integrate purchasing with their efforts at meeting the social and environmental requirements through, for example, giving priority to subcontractors that work for improved conditions.
- If the supplier answers “Yes” and can describe another measure taken which is considered important in order for the social/environmental requirements to be fulfilled.
- If the supplier marks “Yes” or “In part” and says that they have informed the suppliers and can account for this, for example, if the supplier has translated the code to local languages. Another example can be if the supplier has conducted training on the code for factory management and/or employees concerned further down in the supply chain.
- If the supplier answers “Yes” and can describe how their complaint mechanism works and that it has been developed so that interested parties in the supply chain have the possibility of using it (for example, that it is available in the local language, is reachable using a local telephone number, involves a local organisation/expert).
- If the supplier answers “Yes” to at least three of the points above, GREEN is given.

YELLOW is given:

- The supplier marks “Yes” and claims to have informed subcontractors about the requirements, but give an incomplete or non-credible account of how this has occurred. An example can be if the supplier only describes that they have sent the code to the subcontractor for signature.
- If the supplier answers “Yes”, but the description is incomplete, irrelevant or not credible for some other reason.
- If the supplier has made an effort (e.g. using new purchasing methods), but has not provided any training and does not provide any information on complaint mechanisms or, on the contrary, has developed a complaint mechanism, but has not made any efforts in the areas of purchasing methods or training.

RED is given:

- If the supplier answers “No”, but does not provide an explanation.
- The supplier marks “No”, i.e. has not claim to have informed subcontractors about the code.