



WE BELIEVE THAT
RESPONSIBILITY GROWS
FROM ACTION.

**TOGETHER
WE ARE
MORE**

**TOWARDS RESPONSIBLE
PROCUREMENT –
GUIDELINES FOR SUPPLIERS
ON S GROUP'S
EXPECTATIONS REGARDING
THE SOCIAL RESPONSIBILITY
OF SUPPLY CHAINS.**

S GROUP'S REQUIREMENTS FOR SUSTAINABLE PROCUREMENT

S Group's procurement agreement specifies requirements for the social responsibility of supply chains. We require that our suppliers:

1

**Commit to the BSCI*
Code of Conduct
(or a similar policy)**

2

Implement a self-assessment process:

- Assess your company's operations and their effect on the fulfilment of human rights both in relation to your own production and to supply chains.
- Assess how familiar your company is with the actors in your supply chain, and how your company is working to prevent adverse impacts on human rights (e.g. forced labour, insufficient occupational safety, working hours, living wage).

3

Audit production facilities located in high-risk countries if the product or a part of it is produced in such a country.

1

START WITH THE CONTRACT – BSCI CODE OF CONDUCT

S Group's procurement agreement requires suppliers to commit to the amfori BSCI Code of Conduct and implement the BSCI principles downstream in their supply chain.

Downstream implementation:

Include committing to the Code of Conduct in the agreements your company makes with its suppliers, or in your company's purchase order terms and conditions. For example, the BSCI Code of Conduct can be appended in full to the agreement template.

AMFORI BSCI PRINCIPLES

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

*The Business Social Compliance Initiative

2

RECOGNISE RISKS TO HUMAN RIGHTS – SELF-ASSESSMENT

Common risk factors:

- Country of production or origin of raw materials
- Product category
- Insufficient social responsibility monitoring processes
- Insufficient traceability related to production or subcontracting

Find out:

- Where your products are produced and how are raw materials for them sourced?
- Is some part of the production chain located in a high-risk country?
- Have the production facilities been audited in terms of social responsibility?
- What is the product's supply chain like?
- Do traceability and agreements extend to raw material production as well?

Ask to see audit reports and assess whether there is room for improvement. Even if the audit reveals discrepancies, this does not automatically mean that the supplier relationship should be terminated. Instead, support the supplier in correcting the situation and monitor their progress.

3

REQUIRE PRODUCTION FACILITY AUDITING

- If the product or some part of it is produced in a high-risk country**
- There are several schemes for auditing production facilities. S Group accepts the following for ensuring social responsibility:
 - Amfori BSCI (Business Social Compliance Initiative) semi-announced audit
 - SA8000
 - SMETA (Sedex Members Ethical Trading Audit) semi-announced audit, 4-pillar (2-pillar accepted as initial audit)
 - FLA (Fair Labour Association)
 - FWF (Fair Wear Foundation)
 - ICTI (International Council of Toy Industries)
 - WRAP (Worldwide Responsible Accredited Production)
 - RBA (Responsible Business Alliance)
 - SIZA (Sustainability Initiative of South Africa)
 - GLOBALG.A.P GRASP
 - Rainforest Alliance
 - Fairtrade
 - UTZ
- Audits must always be conducted by a third party. Auditing costs depend on such factors as factory size, country and auditing scheme. Typically, auditing a factory costs around € 500–2,500.
- The duration of the audit (from 1½ to 5 days) and the number of employees interviewed depend on the factory size.
- The validity period 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 "E" are only valid for one year, during which the audit must be repeated.

INFORMATION AND TOOLS

- Information on social responsibility: <https://tem.fi/en/key-guidelines-on-csr>
- **Risk country classification. amfori BSCI risk country classification is available at: <https://s-ryhma.fi/en/for-suppliers>
- Suppliers' own self-assessment questionnaires (SAQs) for subcontractors with questions on social responsibility
- Databases such as Sedex (<https://www.sedexglobal.com>) and amfori BSCI (<https://www.amfori.org/>)
- Reports from various organisations (ILO, Finnwatch, Human Rights Watch)
- Plant visits by suppliers



BSCI RISK COUNTRIES