



Ethical Sourcing Guidance

Voluntary Module

1st Edition
MARCH 2010

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1.0 Why We Need a Guide on Ethical Sourcing

This guideline explains how to develop, document and implement Ethical Sourcing (ES), dealing with both social and environmental management system at various stages along the agrifood chain.

ES is a voluntary module for Certified Suppliers operating the SQF 1000 and SQF 2000 Codes. It allows you to demonstrate to your customers and workforce that you have implemented practices and procedures that result in enhanced social responsibility and environmental management. In addition, you are able to show that you meet health and safety requirements and that you are complying with employment law and applicable legislation.

2.0 Responsible Social Practice

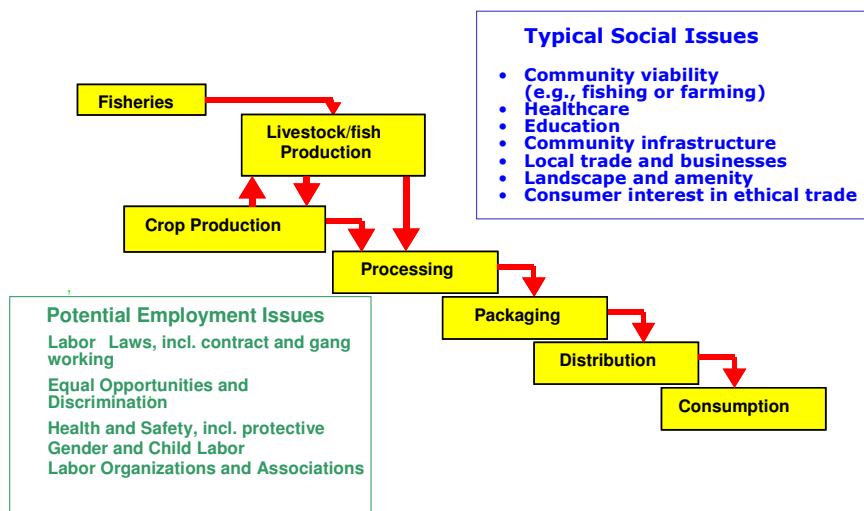


Figure 1: The Agrifood supply chain highlighting the main social and employment issues that can impact on the food chain. (Adapted from UNEP Sustainable Agrifood Production and Consumption Forum.)

The most important social impacts of businesses are generally related to conditions of employment of employees and casual labor. As a minimum, these conditions are defined by various in-country legislative instruments that may be based on international labor standards promoted by the International Labour Organisation (ILO). Corporate social responsibility can go further to include social impacts of businesses on the local community, suppliers and consumers. Several standards and guides have been developed in this area such as the International Standards Organization social accountability standard (SA 8000), the international Fair Trade Alliance or the ground breaking Johnson & Johnson Credo introduced at the beginning of the 20th Century.

Responsible Social Practice (ES) has been developed to embrace the wide range of corporate social responsibility challenges facing the agrifood chain. Through adopting a systems management approach you can address those areas of social responsibility that are specific to your business and stage in the supply chain. This is the same approach to the way you develop your food safety and quality plans.

In developing the ES guidance, the main focus has been on those aspects that are under the direct control of the business. However, the guidance also takes into account those areas of social responsibility that can be influenced by others outside the business. Those who can influence a business' social responsibility include public officers, customers such as retailers, special interest groups, labor associations and the local community (Figure 1). Including these interest groups in your management system is sometimes referred to as 'internalizing business externalities.' Equally, businesses that have developed and implemented corporate social responsibility programs can use this to differentiate themselves in the marketplace.

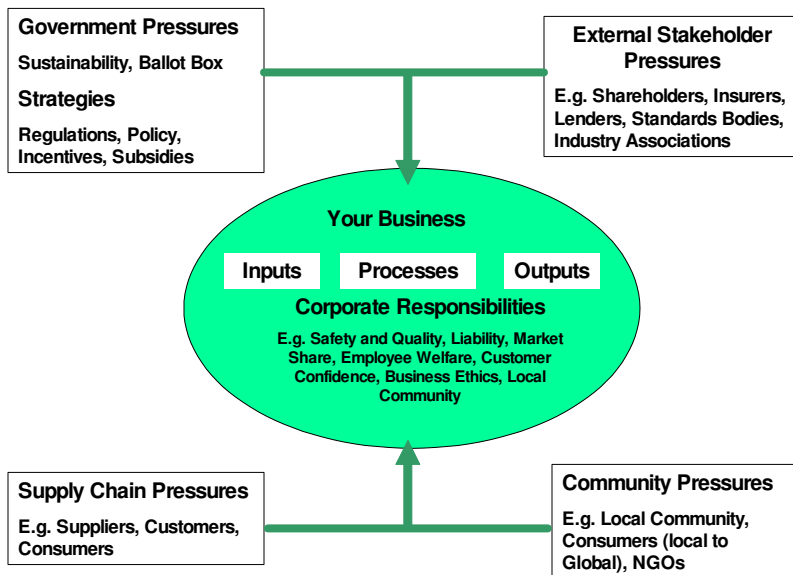


Figure 2: The internal and external pressures on businesses to address corporate social responsibility issues.

Consumers are becoming increasingly aware of the social consequences of agrifood production and processing activities (Figure 2). At the same time governments and pressure groups are creating pressure on major food industry employers (and retailers in particular) to raise their own social standards and to influence the standards of their suppliers. Some retailers have gone further and actively promote their social responsibility (and that of their suppliers) as one element of their market differentiation from competitors. Several food assurance standards include reference to worker conditions, including health and safety. However, major food buyers recognize that labor rules and health and safety vary in different parts of the world and that some consumers want more than legal compliance. It is for this reason that this guide has been developed.

3.0 Responsible Environmental Practice

Generally, the most significant environmental impacts of business operations are addressed through various legislative instruments in different countries, and some are the focus of international conventions such as the Climate Change Convention or the Convention on Biodiversity. So why do we need this guide?

Greater consumer awareness of the environmental consequences of agrifood production and processing activities (Figure 3) is creating pressure (on retailers in particular) to raise the environmental standards of their suppliers. This has led to the inclusion of legal compliance with environmental legislation in many food assurance standards including the SQF 1000 and SQF 2000 Codes. However, major food buyers recognize that the standards of environmental protection and enforcement vary in different parts of the world and that some consumers want more than just legal compliance. It is for this reason that this guide has been developed.

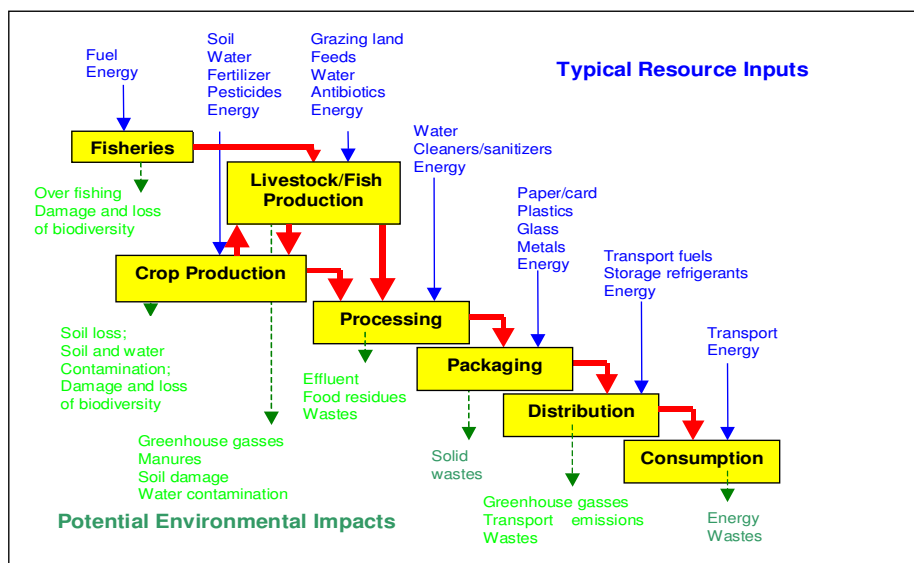


Figure 3: The agrifood supply chain highlighting the main inputs and potential losses that can impact the environment. (Adapted from UNEP Sustainable Agrifood Production and Consumption Forum.)

Many governments, in association with agricultural and food industry sectors, have developed guidance on environmental issues. However, in considering your environmental responsibilities it is not sufficient to rely on such generalizations or sector guides. Each business should evaluate their specific and unique impacts and ensure that the most significant ones are addressed along with meeting any relevant regulatory obligations. This is why ES has been developed for those who wish to achieve higher levels of environmental responsibility and to be able demonstrate this to their customers and consumers. ES provides the logical framework to demonstrate environmental responsibility and thus supports the integrity of food businesses already operating to the SQF 1000 and SQF 2000 Codes.

Responsible environmental management has been developed to embrace the wide range of environmental challenges facing the agrifood chain. Through the adoption of a systems management approach, you can address those areas of environmental responsibility that are specific to your business and stage in the supply chain. This is the same approach to the way you developed your food safety and quality plans.

In developing the environmental management programs, the focus of environmental responsibility has been defined as those aspects that are primarily under the direct control of your business. This is sometimes referred to as the business' environmental footprint (Figure 4). It is recognized, however, that businesses can influence their suppliers through specifying conditions of supply — as some retailers currently do. Equally, an environmentally-responsible business can, through promoting the care taken in delivering appropriate goods and services, influence its customers' activities (Figure 5).

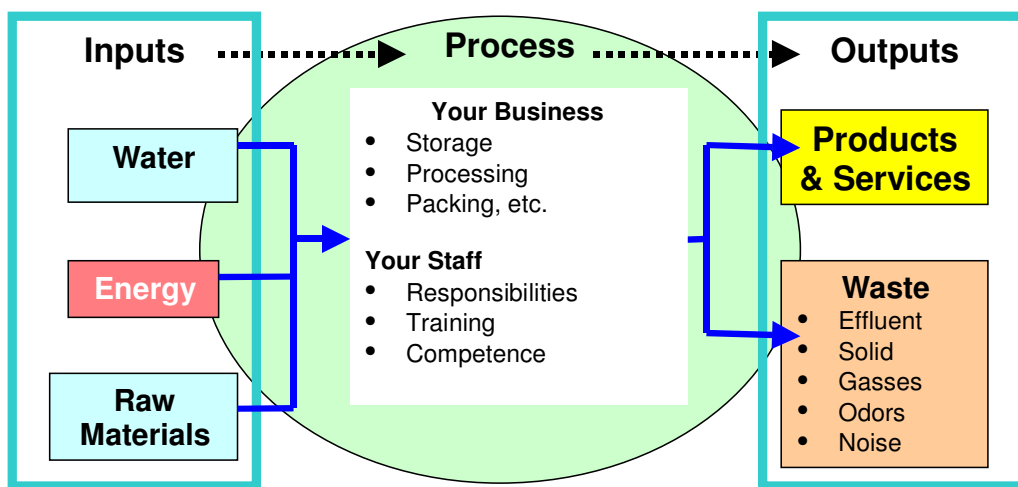


Figure 4: The input-process-output model used to define the direct environmental aspects of a business, sometimes called the environmental footprint.

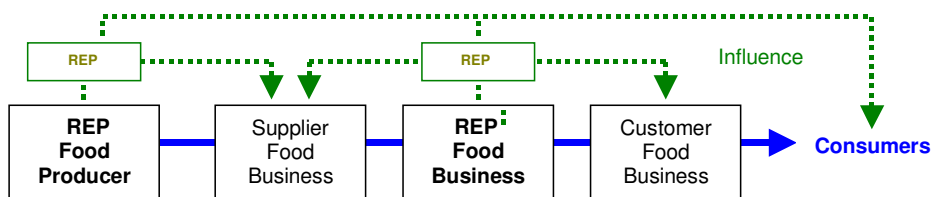


Figure 5: The influence of environmentally responsible businesses on suppliers, customers and consumers.

ES is a voluntary module for Certified Suppliers operating the SQF 1000 and SQF 2000 Codes. It allows you to demonstrate to your customers that you have implemented practices and procedures that deliver enhanced environmental responsibility. Furthermore, you are able to show that you meet any environmental specifications laid down by regulations or by your customers.

4.0 Structure of the Ethical Sourcing Module

The ES Module consists of four sections:

1. **Scope** – Specifies the policies and procedures an SQF Certified Supplier must develop, maintain and demonstrate to interested parties in relation to ethical sourcing practices that can be controlled by the business.
2. **References** – The relevant documents that the code makes reference to, including:
 - The SQF 1000 and SQF 2000 Codes.
3. **Definitions** – Contained in the “SQF Program – Vocabulary.”
4. **ES System Requirements** – The SQF System requirements contain six elements that are further divided into 23 sub-elements (Figure 6).

Element No.	Element Title	Sub-element No.	Sub-element Title
4.1	Commitment	4.1.1	Policy
		4.1.2	Policy and Operational Manual
		4.1.3	Company Representative
		4.1.4	Management Review
		4.1.5	Training
4.2	Suppliers and Subcontractors	4.2.1	Selection of Suppliers and Subcontractors
		4.2.2	Evaluation of Suppliers and Subcontractors
		4.2.3	Evaluation and Assessment Reports
4.3	Discrimination	4.3.1	Equal Opportunity in Hiring
		4.3.2	Equal Opportunity in Employment
4.4	Social Management Programs	4.4.1	Wage Compliance
		4.4.2	Benefits
		4.4.3	Terms of Employment
		4.4.4	Occupational Health and Safety
4.5	Environmental Management Programs	4.5.1	Environmental Management Plan
		4.5.2	Regulatory Compliance
		4.5.3	Equipment Maintenance
		4.5.4	Incident Management
4.6	Monitoring	4.6.1	Internal Audits
		4.6.2	Monitoring
		4.6.3	Investigation of Employee Concerns
		4.6.4	Corrective Action
		4.6.5	Recording keeping

Figure 6: Elements and sub-elements of the Ethical Sourcing Module

The 23 sub-elements of the standard indicate what you need to do. This may include such things as documented procedures, employee understanding and implementation of these procedures, recordkeeping or evidence that actions are being taken. It is your responsibility to provide the necessary evidence to achieve certification.

In order to help you develop your management system, this guidance is set out using the following format:

Standard Clause Name and Number

Description of the clause.

Implementation	Auditing
<p>What does it mean? Some interpretation of what the clause requires or definition of words used in each clause is given in this section.</p> <p>What do I have to do? Suggestions of what is required to be done are made in this section. The suggestions are not exhaustive and they may not apply in every situation.</p>	<p>In this section, suggestions of what an auditor will be looking for are made.</p> <p>This provides some guidance to those implementing systems.</p> <p>The guidance contained in this document should not be used as an exhaustive checklist.</p>

4.0 System Requirements

4.1 Commitment

4.1.1 Policy

Senior management shall document its policy outlining the company’s commitment to provide and continually improve suitable employment conditions for all employees such that they are in line with national and other laws and agreements and the requirements of this standard.

- i. The policy shall be signed by the senior company executive, documented in a Policy Manual and communicated to all staff.
- ii. Senior management shall make the required financial, physical and human resources available so that this policy may be fully implemented.

Implementation	Auditing
<p>What does it mean? Commitment to a policy by the senior management team is a clear sign of leadership. The policy statement provides a focus on what the organization is wishing to achieve in relation to employment conditions.</p> <p>Tangible actions must follow commitment. Management must ensure that the resources required to implement the policy are available. Resources are scarce in most organizations. Management must be able to demonstrate that employees get "their fair share" of the resources that are available</p> <p>"Senior" means a person who controls or directs an organization at the highest level. In smaller organizations this will usually be the Chief Executive (or owner/manager). In medium to large organizations, the Chief Executive and Directors may have the policy drafted by others, but the senior managers must be the ones to commit the company to achieving it.</p> <p>Senior management should sign the document as a sign of their commitment to implement it. The management team’s follow-up actions, such as providing resources to implement the policy, must be put into place. "Walking the walk" is more important than "talking the talk."</p> <p>A policy statement usually sets out the objectives of the management system or provides a framework for the setting of objectives at an operational level. (Objectives should be SMART – specific, measurable, achievable, realistic and time-bound.)</p> <p>Objectives relate to the outcomes of the management system, and not the inputs to the management system. An example objective could be: "During the coming year to have no lost time due to work accidents." Objectives should be written in a way that everybody in the organization can contribute toward achieving them.</p> <p>Legal compliance is a bottom-line requirement for certification – this means compliance with legal requirements in the country in which staff are employed.</p> <p>"Agreements" may include staff employment contracts (individual or collective) as well as customer requirements set out in purchase specifications.</p>	<p>The auditor may look for evidence of:</p> <ol style="list-style-type: none"> 1. A documented policy statement in which the senior managers in the company commit the company to providing and improving suitable employment conditions for staff. 2. That the policy statement covers all areas required under this module. 3. Staff being able to demonstrate that, when the policy is implemented, activities and outcomes will comply with national and local laws and agreements relating to employment. 4. Examples of situations where the policy’s implementation leads to improvements in employment conditions. 5. The policy being signed (or otherwise endorsed) by the senior company executive. 6. The policy having been clearly communicated to all staff in a form that they understood, and the being able to tell, in their

<p>The policy statement is usually the first document in a manual containing all relevant procedures and information. This manual or relevant extracts from it should be made available to all staff, and particularly to those staff whose decisions influence the application of employment policies in the workplace – including supervisory staff. There may have to be a range of means of communicating the message to suit local conditions and customs – for example if the workforce has poor literacy standards. Continual improvement of employment conditions should be a clear objective – and this module utilizes the “Plan, Check, Do, Act” management cycle as used in other standards such as SQF 2000 and ISO 14001 (environmental management systems). The manual should be available for examination by interested parties – particularly clients. If done well, the policy (and its implementation) may provide excellent opportunities for informing all stakeholders of the work being performed.</p> <p>What do I have to do?</p> <p>Some of the main steps to be followed to comply with this clause are:</p> <ol style="list-style-type: none"> 1. Ensure that all national and local laws and other agreements related to employment are known and understood by those setting employment conditions. 2. Start writing the policy based on an analysis of where the organization is today, and knowledge of where the organization wants to be in the future. 3. Set objectives and targets for the organization - these may be short, medium and/or long term. 4. Have senior management commit to achieving the objectives set. 5. Publish the policy within the organization and ensure that staff is aware of the policy – and in particular what it means to them in the work place. 6. Make sure that supervisors and managers are aware of the responsibilities they have to implement the policy. 7. Implement the policies. 	<p>own words, what the employment condition policy is.</p> <p>7. The document being publicly available.</p>
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4.1.2 Policy and Operational Manual

A Policy Manual outlining the policies the company will implement to meet the requirements of this standard shall be documented. It shall reference an Operational Manual detailing the means by which the company will implement the policies and the procedures established.

Implementation	Auditing
<p>What does it mean?</p> <p>Documents, both internal and external, that provide consistent information are collectively referred to as a manual. The Policy Manual outlines the policies the company has determined to apply social responsible practice. It also will refer a reader to the Operational Manual where the detailed work instructions, specifications and guidelines can be found - filling the role of a master reference document.</p> <p>The Operational Manual is intended to describe how you will meet the requirements of the standard. Working instructions should be provided where their absence may create a problem. As an example, where staff undertake an activity on a daily basis, are fully aware of the risks involved, and use appropriate protective equipment, detailed instructions are unlikely to be useful. But where an activity is irregular, a check sheet of safety precautions to be followed could be of value.</p> <p>What do I have to do?</p> <p>Some of the main steps to be followed to comply with this clause are:</p> <ol style="list-style-type: none"> 1. The methods that the organization uses to achieve objectives set out in the policy (4.1.1) need to be designed and agreed. 2. Methods need to be documented when required, and where necessary reference documents defined and made available. 3. The manual and/or reference documents, shall be made available to staff who will need to access their contents. 4. Staff training may be required to ensure that they understand the contents of the manual, so that they may comply with it and therefore contribute to achieving the organization's objectives. 	<p>The auditor may look for evidence of:</p> <ol style="list-style-type: none"> 1. A documented operational manual, which sets out how the policy would be implemented, or provides guidance to find documents that set out how the policy will be implemented. 2. The manual or documents referenced within it, being available at places where they are needed to be consulted. 3. Documents being able to be understood by the people required to follow them. 4. Documents providing enough detail so that staff following them can clearly understand the requirements.

4.1.3 Company Representative

A senior company representative shall be appointed to plan and oversee the implementation of the company policy and the requirements of this standard. A job description outlining the responsibility and authority of this position shall be documented.

Implementation	Auditing
<p>What does it mean?</p> <p>The means of achieving company policy (and of compliance with this standard) must be planned, implemented and maintained.</p> <p>The position requires the person to have a level of authority so that they can mobilize the organization's resources (such as people, equipment and money) in such a way that the company policy can be fully implemented. A key part of a successful implementation process is the communication of the policy, and the means of achieving it throughout the organization. If this can be done by senior management, it will reinforce their commitment to the objectives with the policy.</p> <p>The company representative also is usually responsible for monitoring the effectiveness of the policy's implementation, so that continual improvement can take place. Performance monitoring also is usually an input into management review (see 4.1.4).</p> <p>The representative is responsible for implementing the policy – which implies that some part of their performance measurement should be related to the achievement of goals and objectives stated in the policy.</p> <p>The person appointed to the position should have the necessary knowledge, training and skills. Ideally, they will have clear authority to take action on employment related matters. Organizations should carefully consider whether further training in specialist areas is required.</p> <p>What do I have to do?</p> <p>Some of the main steps to be followed to comply with this clause are:</p> <ol style="list-style-type: none"> 1. Appoint a senior person to be responsible for planning and overseeing implementation of policies. 2. Ensure their job description sets out their responsibilities and authorities. 3. Provide them with the resources they require to develop and implement the program - including training as required. 	<p>The auditor may look for evidence of:</p> <ol style="list-style-type: none"> 1. A senior manager being appointed with responsibility to plan and oversee implementation of the company policy. 2. A job description having been prepared. 3. The job description setting out the responsibility and authority of the position. 4. The person appointed to the position demonstrating a clear understanding of their role and being able to demonstrate examples of their work.

4.1.4 Management Review

Senior management shall document the company's procedure for ensuring the continued effectiveness of its policy in relation to responsible social practice. Reviews shall be completed at least annually and shall be the responsibility of senior management.

Implementation	Auditing
<p>What does it mean?</p> <p>Senior management has set a policy (4.1.1) with supporting operational manual(s) (4.1.2) and has delegated a manager to ensure that the policy is effectively implemented (4.1.3). To complete the management cycle, a performance review needs to be carried out and, where needed, changes made to the policy and/or plans for creating desired staff employment conditions, and those changes implemented.</p> <p>A management review usually includes an assessment of opportunities for improvement, review of the continuing appropriateness of the policy, and of the current means of implementing it. A good management review meeting considers a range of data that indicates how well objectives are being met. Data to be reviewed could include:</p> <ul style="list-style-type: none"> • results of audits or inspections; • records of accidents and incidents; • feedback from staff and/or staff representatives, including complaints; • results of corrective actions; • changes in laws or other agreements that may have come into force since the last review, or be about to come into force; and • recommendations for improvements. <p>The management review shall be a relatively formal process and written minutes should be kept. It should occur at least annually, but a higher frequency may be appropriate if the system is newly introduced, is undergoing significant change, or if data indicate that it is not achieving its objectives.</p>	<p>The auditor may look for evidence of:</p> <ol style="list-style-type: none"> 1. A management review having been performed within the past 12 months. 2. The management review considering reports/data/information on the effectiveness of the management system in meeting objectives for staff employment 3. Conclusions from previous management reviews being fully implemented in the organization. 4. The management review procedure being documented. 5. The management review resulting in documented actions for improvement.

<p>A range of people may be involved in management review. Along with senior managers and supervisors, front-line staff could provide valuable contributions to setting and achieving objectives.</p> <p>The outcomes of the management review should concentrate on what changes may be required to enhance the company's social practice, and on how these changes need to be implemented. Implementation may require change or creation of documented procedures, records and training programs.</p> <p>What do I have to do?</p> <p>Some of the main steps to be followed to comply with this clause are:</p> <ol style="list-style-type: none"> 1. Schedule a management review meeting – at least annually and more frequently if required. 2. Provide data for the meeting to consider. 3. Set an agenda and hold the meeting. 4. Complete the minutes and proceed to implement action points. 	<p>6. The results of the management review being documented.</p>
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4.1.5 Training

Appropriate training shall be provided for new and existing personnel carrying out the tasks that are identified in the health and safety plan as necessary to maintain a safe working environment.

- i. General occupational health and safety induction training for personnel working on each site shall be provided.
- ii. Instructions shall be available, setting out how tasks identified in the health and safety plan are to be performed.
- iii. A training register describing who has been trained in the relevant areas shall be maintained.

Implementation	Auditing
<p>What does it mean?</p> <p>A health and safety plan is required under section 4.5.5, which requires that staff are appropriately trained in all areas required including training to meet the requirements of this standard.</p> <p>Induction training should set the scene for all new employees and should include discussion about management commitment to achieving the objectives set out in the policy. Key hazards identified in the health and safety management plan should be discussed, and the employees' roles in managing these hazards must be covered.</p> <p>In addition, senior managers and internal auditors for this standard may require appropriate training.</p> <p>What do I have to do?</p> <p>Some of the main steps to be followed to comply with this clause are:</p> <ol style="list-style-type: none"> 1. Ensure that all new staff (new to the organization and new to a different site or role within the organization) receive general induction on the ES policy as well as health and safety matters. 2. Ensure that staff involved in implementing, managing and auditing the policy are appropriately trained to carry out their roles. 3. Maintain records of induction and training activities including dates, what was covered and who attended. 	<p>The auditor may look for evidence of:</p> <ol style="list-style-type: none"> 1. Training that is appropriate for the priority areas of the ES policy and health and safety. 2. Staff identified above are competent as a result of the training activities. 3. Accurate training and induction records are up to date and are linked to the operational manual.

4.2 Suppliers and Subcontractors

4.2.1 Selection of Suppliers and Subcontractors

A senior company representative shall be responsible for maintaining procedures for the selection of suppliers and subcontractors and determining their ability to meet the company's social policies and the requirements of this standard.

Implementation	Auditing
<p>What does it mean?</p> <p>The obligation to provide suitable working environment for employees also covers subcontractors and suppliers. As an example, if a contract harvest gang is used, the employees of that harvest gang should at a minimum comply with legal requirements and other agreements (including customer specifications) which the employing organization complies with itself.</p> <p>This implies that those requirements are adequately documented and included as part of the contract service specifications.</p> <p>Suppliers and subcontractors who are successful in obtaining work should agree (possibly in a contract) to comply with the organization's requirements regarding employee conditions -- and in this case the requirements of the SQFI Program Responsible Social Practice.</p> <p>What do I have to do?</p> <p>Some of the main steps to be followed to comply with this clause are:</p> <ol style="list-style-type: none"> 1. Appoint a person with responsibility for evaluating suppliers and subcontractors. 2. Ensure they fully understand the ES policy and operational procedures. 3. Ensure that the specifications relating to supplier and subcontractor employment conditions have been developed and are adequately set out in the company's requirements for supplier or subcontractor services. 4. Maintain records of all supplier and subcontractor service agreements. 	<p>The auditor may look for evidence of:</p> <ol style="list-style-type: none"> 1. Specifications for supplier and subcontractor performance having been completed. 2. The company's requirements being clearly communicated to suppliers and subcontractors (and agreed to by them). 3. These specifications having been adequately documented and maintained.

4.2.2 Evaluation of Suppliers and Subcontractors

The company shall document its procedure for evaluating the performance of suppliers and subcontractors against the specifications set. A senior company representative shall be responsible for evaluating or monitoring the evaluation of suppliers and subcontractors. Evaluations shall occur:

- i. prior to the awarding of contracts to determine if the supplier or subcontractor can meet the specification required; and
- ii. at appropriate intervals following the award of a contract to verify that the conditions of the contract and the specified requirements are being complied with.

Implementation	Auditing
<p>What does it mean?</p> <p>This requirement relates to evaluation and assessment both prior to the awarding of a contract and after a contract has been awarded.</p> <p>Before a contract is awarded, suppliers and subcontractors should be asked to provide evidence that demonstrates their ability to comply with specified requirements. The organization must have a documented procedure to determine whether the supplier or subcontractor will be able to comply with the specifications set (see 4.2.1). This process should be objective and may include checking of references, interviewing past and current staff, labor associations, past users of the supplier or subcontractor and performing evaluation of performance at their present contract.</p> <p>Once a supplier or subcontractor has been appointed, the organization must have a means of monitoring their compliance with specifications. This may be by means of scheduled or unscheduled inspections, review of documentary evidence, monitoring of nonconformance, complaints or similar methods.</p> <p>The frequency and scale of monitoring should be appropriate to the risks and probability that noncompliance could occur. For examples, monitoring of subcontractors using dangerous equipment should be more frequent than of those not using equipment at all. Where past performance indicates that there is a risk of supplier noncompliance, frequency of monitoring should be higher than where evidence suggests a long history of compliance on the part of the supplier.</p>	<p>The auditor may look for evidence of:</p> <ol style="list-style-type: none"> 1. There being a documented procedure for evaluating and assessing the performance of suppliers and subcontractors. 2. The evaluations and assessments having been performed according to that procedure. 3. Evidence being actively looked for by the supplier to show that suppliers and subcontractors are able to comply with conditions that have been set. 4. Evaluations taking place at a frequency and detail appropriate to the risks, status and importance of the activity being undertaken.

<p>One person in the organization must be clearly responsible for carrying out the evaluations or for ensuring that the evaluations are performed by other staff. Records of evaluations or assessments should be kept to demonstrate compliance (see 4.2.3 for details).</p> <p>The procedure should address staff qualifications for carrying out the evaluations or inspections. It also should state what happens when evidence of noncompliance is discovered.</p> <p>What do I have to do?</p> <p>Some of the main steps to be followed to comply with this clause are:</p> <ol style="list-style-type: none"> 1. Develop a documented procedure for evaluating and assessing suppliers and subcontractors. The procedure should cover the means and frequency of evaluation and assessment. It should ensure that actions are appropriate to the risks of noncompliance, the consequences of noncompliance, and to knowledge about the past performance of the supplier or subcontractor. 2. Appoint a senior company representative who is responsible for evaluation or monitoring of suppliers and subcontractors, or ensuring that this is performed by other staff. 3. Ensure that staff involved in evaluation are suitably qualified and are aware of the specifications suppliers and subcontractors are to be evaluated against. 	<ol style="list-style-type: none"> 5. Those undertaking the evaluation being qualified to do so, and understanding the specification they are assessing against. 6. Adequate records of evaluation and assessment be maintained. 7. A senior company representative who is responsible for carrying out evaluation and monitoring of suppliers and subcontractors having discharged his or her responsibility.
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4.2.3 Evaluation and Assessment Reports

The company shall maintain appropriate records of all evaluations and assessments of suppliers and subcontractors.

Implementation	Auditing
<p>What does it mean?</p> <p>When supplier or subcontractor performance is evaluated, a written record of the results of that assessment shall be created.</p> <p>The record should identify, among other relevant things:</p> <ul style="list-style-type: none"> • the date, location of the evaluation; • the person(s) conducting the evaluation; • who was evaluated, and at what location; • the means of evaluation; • the outcomes of the evaluation, including objective evidence of compliance and noncompliance; • a summary of corrective actions that will be taken on all non-compliances. <p>The record could be in the form of a formal report, completed checklists or inspection notes. The type of record should be specified in the assessment procedure under 4.2.2.</p> <p>Ideally, the record should be agreed to by the supplier or subcontractor as being an accurate record of the evaluation. The record should show that corrective actions (see 4.4.3) have been carried out and any noncompliance is rectified.</p> <p>What do I have to do?</p> <p>Some of the main steps to be followed to comply with this clause are:</p> <ol style="list-style-type: none"> 1. Specify what records are required, the means of recording data and how long records should be retained. 2. Specify where records will be kept and how they will be indexed and retrieved; 3. Ensure that for each assessment of a supplier or subcontractor who is assessed a record is created and kept. 	<p>The auditor may look for evidence of:</p> <ol style="list-style-type: none"> 1. Records of the assessment activities being maintained. 2. The records being complete, legible and accessible. 3. Records containing enough objective information to allow an assessment of supplier or subcontractor compliance with specified requirements. 4. Noncompliances being clearly identified in the records. 5. Appropriate corrective action being taken on noncompliances.

4.3 Discrimination

4.3.1 Equal Opportunity in Hiring

The company shall not discriminate in its hiring of potential employees on the basis of age, race, gender, religion, ethnic origin, disability or other arbitrary or personal basis.

Implementation	Auditing
<p>What does it mean?</p> <p>This statement is a statement of fact and does not require development of policies and/or procedures as such. However, to comply with this requirement and to communicate the need to comply with this requirement within the organization, documented policies and procedures regarding discrimination will be needed.</p> <p>People with the same skills shall be treated equally and evaluated equally. They shall have the same opportunities and be subjected to the same sorts of constraints.</p> <p>A company recruitment policy must be developed that includes evaluation of all candidates based solely on skills and qualifications.</p> <p>What do I have to do?</p> <p>Some of the main steps to be followed to comply with this clause are:</p> <ol style="list-style-type: none"> 1. Ensure that the company hiring policy prohibits discrimination. 2. Ensure that all recruitment staff are aware of the policy, and implement the policy. 	<p>The auditor may look for evidence of:</p> <ol style="list-style-type: none"> 1. Recruitment and hiring policies and procedures that address discrimination. 2. All recruitment staff are aware of the company's policy on discrimination. 3. The company's policy being implemented at all levels of the organization.

4.3.2 Equal Opportunity in Employment

The company shall not discriminate against employees on the basis of age, race, gender, religion, ethnic origin, disability or other arbitrary or personal basis in regards to compensation, training, promotion, termination or retirement

Implementation	Auditing
<p>What does it mean?</p> <p>This statement is a statement of fact and does not require development of policies and/or procedures as such. However, to comply with this requirement and to communicate the need to comply with this requirement within the organization, documented policies and procedures regarding discrimination will be needed.</p> <p>People with the same skills shall be treated equally. They shall have the same opportunities and be subjected to the same sorts of constraints.</p> <p>Discrimination of any type shall not be tolerated, and this behaviour shall be specifically prohibited in the company policy. Not only shall discrimination be prohibited, the actions of the organization should show that the policy is being carried out.</p> <p>Discrimination can take place at many levels within an organization, including individuals reacting negatively toward others with whom they work. This policy cannot be fully implemented just by addressing activities of the personnel department. All staff must be actively involved. Where there is evidence of discrimination by staff members, management must act quickly and decisively to send out a clear message that discrimination will not be tolerated.</p> <p>When considering discrimination, cultural aspects must be taken into account. Supervisors and managers may benefit from attending cultural awareness training programs in this respect.</p> <p>What do I have to do?</p> <p>Some of the main steps to be followed to comply with this clause are:</p> <ol style="list-style-type: none"> 3. Ensure that the company policy prohibits discrimination. 4. Ensure that all staff are aware of the policy, and implement the policy. 5. Treat all allegations of discrimination seriously in order to reinforce the message that this is unacceptable behaviour. 6. Maintain records of incidents and complaints plus any actions taken. 	<p>The auditor may look for evidence of:</p> <ol style="list-style-type: none"> 4. Policies and procedures that may address discrimination. 5. All staff are aware of the company's policy on discrimination. 6. The company's policy being implemented at all levels of the organization. 7. Examples of management acting decisively with respect to allegations of discrimination. 8. Any indications that discrimination may be being practiced within the organization.

4.4 Social Management Programs

4.4.1 Wage Compliance

Supplier has a wage compliance program in place which ensures that employee wages, payment cycles, overtime policies all adhere to local regulation or International Labor Organization (ILO) Conventions.

4.4.1.1 No forced labor is utilized. Bonded labor is prohibited. Identity papers are not required or bonded from employees to supplier.

4.4.1.2 No child labor is utilized. Minimum age of employment is in line with ILO recommendations

4.4.1.3 Excessive working hours (>72 hours per week) are not utilized

Implementation	Auditing
<p>What does it mean?</p> <p>Employees should be at or above the level of salaries and wages set out in legislative minimums and in all labor agreements.</p> <p>All deductions legally required (for example income tax or social security payments) shall be made, and the employer shall correctly account authorities for these deductions and shall communicate the nature and amount of these deductions to the employee.</p> <p>Wages should be paid in cash, by check or directly into a bank account. Expenses should not be offset against those wages unless this is freely and explicitly agreed by the employee.</p> <p>Appropriate records of hours worked, the wages paid and the date of payment shall be kept. Ideally, employees should acknowledge payment by way of signature or similar, and this should be included in the record.</p> <p>Employees shall be compensated for all hours worked (including overtime) according to local regulatory requirements. Excessive working hours (>72 hrs / wk) should be avoided</p> <p>No forced or bonded labor is utilized. Bonded labor is a form of debt slavery that is created when an individual begins to work for another person who holds a debt from that worker. It is also known as debt slavery.</p> <p>No child labor is utilized. Minimum age for employees is 15 and conditions must meet all ILO recommendations and local regulatory requirements. If local requirements allow 14 years of age, ILO requirements must be met.</p> <p>What do I have to do?</p> <p>Some of the main steps to be followed to comply with this clause are:</p> <ol style="list-style-type: none"> 1. Determine the minimum level of wages and salary to be paid in legislation or in labor agreements. 2. Pay employees at or above this level. 3. Keep records of hours worked, deductions and payments, with employee acknowledgement. 4. Ensure any deductions are paid to the appropriate government bodies. 	<p>The auditor may look for evidence of:</p> <ol style="list-style-type: none"> 1. A documented policy for the description of wage compliance, focusing on ensuring that a regulatory compliance with wage program is in place. 2. A documented policy that no forced or bonded labor will be utilized within the facility. 3. A documented procedure on the minimum age for workers to be used within the facility. 4. A documented procedure to ensure that all working hours will be compensated for within local regulatory requirements or ILO requirements. 5. Interview with employees show that employees are aware of wage policy and it is consistently applied. 6. When in high risk countries lacking a firm regulatory foundation in wage compliance, Auditor may review worker files (wage records, payment slips) at a rate of 2 per 50 employees (max 10) to ensure compliance

4.4.2 Benefits

Supplier will have a provision for workers leave, sick, and maternity/paternity as required by local regulation.

4.4.2.1 Employees have the right to join or form trade unions of their own choosing without prior authorization from supplier's management and to bargain collectively. Suppliers shall not interfere with, obstruct or prevent such legitimate and lawful activities.

Implementation	Auditing
<p>What does it mean?</p> <p>The supplier must have a documented provision on leave, including sick, holiday, maternity/paternity as required by local regulation.</p> <p>Employees have the right to join lawful associations such as labor unions. Employers (including subcontractors) shall not impede those employees who choose to join</p>	<p>The auditor may look for evidence of:</p> <ol style="list-style-type: none"> 1. A document provision for leave, including sick, holiday, maternity/paternity

<p>associations. The right of employees to be represented by those associations shall be respected, and representatives of those associations shall be given reasonable access to their members and be permitted to represent them in negotiations. There shall be no hidden discrimination toward members of associations.</p> <p>Should employees wish to represent themselves in negotiations, and where this is legally allowable, this right shall be respected.</p> <p>What do I have to do?</p> <p>Some of the main steps to be followed to comply with this clause are:</p> <ol style="list-style-type: none"> 1. Ensure that at all levels throughout the organization, employees are not prevented from joining lawful associations. 2. Recognize the right of those organizations to bargain on behalf of their members. 	<ol style="list-style-type: none"> 2. Employees being able to join lawful associations. 3. Interviews with employees verifies that employees are aware of benefits and able to freely join unions. <p>Note: Evidence that some employees are members of associations is a sound indicator that there are no restrictions but is not, in and of itself, evidence that restrictions do not exist.</p>
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4.4.3 Terms of Employment

The company shall provide employees documented terms of employment. The document shall address at a minimum:

- 4.4.3.1 Pay rates (including overtime pay rates), dates and means of payment; usual working hours
- 4.4.3.2 Rights and obligations of both parties as appropriate
- 4.4.3.3 Conditions for termination; and provisions for holidays and sick leave (if applicable).

Implementation	Auditing
<p>What does it mean?</p> <p>The terms of employment must exist in a written document.</p> <p>Where employees may not be able to read a written document, employers should ensure that as well as the written document, there should be a means of communicating this to employees so that they have a full understanding of the contents.</p> <p>Employees, when asked to sign a formal contract, should be given reasonable time to consider the contract’s content and seek advice from third parties if required. It is unlikely that reasonable time will be under a full day.</p> <p>The employer shall keep a copy of any contract and shall provide a copy to the employee.</p> <p>What do I have to do?</p> <ol style="list-style-type: none"> 1. Develop a documented terms of employment or contract. 2. Ensure employees have time to consider the contents before binding themselves to the terms of the conditions or the contract. 3. Where employment contracts are signed by employees, ensure that copies are provided to the employee for their record. 	<p>The auditor may look for evidence of:</p> <ol style="list-style-type: none"> 1. Documented terms of employment, which layout pay rates, overtime and usual work hours. 2. Employees knowing that there is a contract and being aware of the main terms of that contract. 3. Employees who may be illiterate being able to explain how the content of the contract has been communicated to them. 4. The supplier must have a documented statement which describes the rights and obligations for both employee and employer. 5. The supplier must have a documented termination program, which describes specifically the protocols to follow for termination.

4.4.4 Occupational Health and Safety

The company shall appoint a senior management representative responsible for employee occupational health and safety. The company shall provide a safe working environment for employees by documenting an Occupational Health and Safety Plan which:

- 4.4.4.1 Outlines the results of a risk assessment identifying all hazards to employee health and safety in the work environment
- 4.4.4.2 Identifies control points to manage those hazards identified
- 4.4.4.3 Establishes policies and procedures that are appropriate to the industry sector and that as far as reasonably practicable eliminate isolate and/or minimize the hazards.

4.4.4.4 Employees shall not be subjected to any sort of abuse, verbal, physical or sexual for any reason.

4.4.4.5 Suppliers shall provide safe and clean conditions for work and sanitary facilities and where provided, residential facilities

Implementation	Auditing
<p>What does it mean?</p> <p>The Occupational Health and Safety Plan is analogous to the Food Safety Plan and Food Quality Plan required by SQF 1000 and SQF 2000. A similar framework may be used to develop these.</p> <p>One individual shall be made responsible for occupational health and safety. This person does not have to do all the work, but must ensure that the work is performed. It is desirable to involve employees in the determination of hazards to health and safety to be managed and in the daily appropriate means of management.</p> <p>Occupational health and safety programs usually involve an analysis of risks to occupational safety and health, design of a means of managing those risks, and a process to verify that the risks are appropriately managed.</p> <p>The most common method of managing the risks identified is by either eliminating them (for example by changing a process to remove a risk completely), by isolating the risk (for example by installing guards on machinery with moving parts) or by minimizing their impact (for example by providing employees with protective clothing).</p> <p>The preferred order to manage hazards is elimination, isolation and lastly minimization.</p> <p>Where protective equipment is required to be used, it should be ensured that protective equipment is available for employee use, that it is in good condition, and that it is used by employees. Supervisors should ensure that staff follow procedures and use the protective equipment provided. Nonuse of safety equipment should be treated as a serious matter, and, if necessary, disciplinary action should be taken.</p> <p>All new employees should undergo some form of induction training, pointing out occupational health and safety policies and procedures and ensuring the employees understand their responsibilities in successfully carrying out the occupational health and safety program. There may be significant benefits in carrying out a pre-employment (and later a post-employment) health check, to identify any pre-existing conditions, and to verify that the employee's health has not deteriorated during the period of employment. For example, a hearing test or lung capacity test could be appropriate for those working in a noisy or dusty environment.</p> <p>Existing staff should receive training for all new situations that they may encounter (including the use of new machinery). Refresher training (particularly for seasonal operations) may be required.</p> <p>In some cases, regular health monitoring may be required to see if the long-term deterioration may be occurring.</p> <p>What do I have to do?</p> <p>Some of the main steps to be followed to comply with this clause are:</p> <ol style="list-style-type: none"> 1. Appoint a senior manager with responsibility for occupational health and safety. 2. Identify the risks to be managed. 3. Document the procedures by which hazards will be eliminated, isolated or minimized. 4. Implement the procedures. 5. Carry out follow-up audits to ensure that procedures are effective in managing these hazards. 6. Arrange for induction and refresher training. 	<p>The auditor may look for evidence of:</p> <ol style="list-style-type: none"> 1. A senior management person being appointed to be responsible for employee occupational health and safety. 2. Hazards being correctly identified. 3. Policies and procedures appropriate to the industry sector have been developed and implemented. 4. Control points for each hazard being identified and then eliminated, isolated or minimized. 5. Procedures being implemented in the workplace. 6. All new staff receiving occupational health and safety training. 7. Existing staff receiving additional occupational health and safety training as required. 8. Safety equipment being used. 9. Safety equipment being kept in good condition. 10. Regular updating of risk analysis.

4.5 Environmental Management Programs

4.5.1 Environmental Management Plan

The supplier shall develop Environmental Management Plans for priority impacts identified through the risk assessment. Environmental Management Plans must specify: management objectives and targets for priority impacts, local regulatory requirements for environmental management and tasks time frames and responsibilities required to meet the nominated objectives and targets.

Implementation	Auditing
<p>What does it mean?</p> <p>Environmental Management Plans (EMPs) relate to the significant or priority environmental impacts you have identified through the initial Environmental Review and Risk Assessment or subsequent Management Reviews. Generally, they include specific objectives and targets to be met within stated timeframes for the priority areas backed up by procedures to eliminate, reduce and control the risks identified along with procedures for internal auditing and review. They also will define the necessary records and documentation needed to demonstrate that the EMP is operating effectively.</p> <p>What do I have to do?</p> <p>Your Environmental Management Plan is the core of the systems management approach. It is the strategic plan for key areas of environmental impacts caused by your business. Some EMPs are applicable to all businesses in the agrifood chain, while others are specific to key stages, types of business or even geographical location.</p> <p>In developing your EMP, you should focus on:</p> <ol style="list-style-type: none"> 1. Energy use and air emissions; <ul style="list-style-type: none"> • An inventory of ozone depleting chemicals. Examples of these chemicals include <ol style="list-style-type: none"> i. Chlorofluorocarbons (CFCs) ii. Halons iii. Carbon Tetrachloride (CC14) iv. Hydrochlorofluorocarbons (HCFCs) <p>A useful general source of information relating to ODS is the Ozone Secretariat of the United Nations Environment Programme (http://ozone.unep.org/).</p> <ol style="list-style-type: none"> 2. Water consumption 3. Wastewater treatment and effluent management 4. Waste management <ul style="list-style-type: none"> • Recycling program / waste reduction program in place 5. Pollution prevention <ul style="list-style-type: none"> • Hazardous chemical inventory • Noise prevention • Groundwater prevention • Land / soil prevention 6. Land use and biodiversity <ul style="list-style-type: none"> • The impacts of the company on the local environment and communities <p>Where local regulatory requirements describe objective or targets, the supplier must ensure that these are utilized and met. Where no regulatory requirement exists for the area of concentration, the supplier should utilize best industry practice.</p> <p>Many countries have developed guidance on good agricultural practices. These can be used to help develop your Environmental Management Plans. Some food sectors in some countries also have developed environmental guidance. Also, see Annex 3 Environmental Issues and Agrifood Supply.</p>	<p>The auditor may look for evidence of:</p> <ol style="list-style-type: none"> 1. A documented environmental management plan that includes objectives and targets for achieving each area of concentration. 2. Objectives and targets that are relevant to the priority areas and capable of being realized through the application of the documented procedures and management. 3. Procedures that are capable of eliminating or reducing the identified environmental impacts to an acceptable level. 4. Operators following these procedures including those for normal, abnormal, accident and emergency situations. This may mean that auditors will interview operators to evaluate their understanding of procedures. 5. The documented plan must include energy use and air emissions, water consumption, waster treatment, waste management, pollution prevention and land use.

4.5.2 Regulatory Compliance

The supplier shall ensure that all local and applicable regulations are in compliance, including that all monitoring is completed per regulatory requirements and; business licenses and permits are maintained and current.

Implementation	Auditing
<p>What does it mean?</p> <p>The supplier must be aware of all applicable regulations dealing with environmental impact, discharge or waste. In addition the supplier must be aware of all social, labor, and employment regulations under which they operate.</p> <p>Where no regulation exists, the supplier should be aware of industry best practice or the International Labor Organization (ILO) (www.ilo.org) for social and labor compliance best practices. For environmental . the global social compliance program guidelines on implementation of environmental (http://www.mygscp.com/gscpfiles/GSCP_Environmental_Draft_Reference_tools.zip) is an excellent resource.</p> <p>The supplier be aware of any and all business license and permits which are required for environmental management compliance and ensure that all licenses and permits are current.</p> <p>What do I have to do?</p> <ol style="list-style-type: none"> 1. Be aware of all application regulations for the implementation of this module. 2. Ensure that all required business licenses and permits are current. 	<p>The auditor may look for evidence of:</p> <ol style="list-style-type: none"> 1. The supplier is aware of all local and national regulations which include all applicable areas which are covered under this module 2. The supplier must ensure that all business licenses and permits are current as required by local regulation.

4.5.3 Equipment Maintenance

All equipment used in the treatment, handling, monitoring and storage of air, waste, waste water, water, or other elements as identified within the Environmental Management Plan shall be properly maintained, be included on a maintenance schedule, and have records maintained to verify maintenance activities.

Implementation	Auditing
<p>What does it mean?</p> <p>The supplier must be aware of all monitoring that is required in their environmental management plan. Any equipment that is utilized to monitor compliance with the environmental management plan must be identified.</p> <p>The identified equipment must be properly maintained per the manufacturers recommendations. This includes a preventative maintenance schedule for proactively assuring that the equipment remains in proper working order.</p> <p>Records must be maintained for all maintenance activities, including preventative maintenance to ensure that it was completed.</p> <p>What do I have to do?</p> <ol style="list-style-type: none"> 1. Identify all equipment used to monitor environmental management plan targets 2. Develop a maintenance program, including preventative maintenance schedule, for all identified equipment 3. Maintain records of all maintenance activities. 	<p>The auditor may look for evidence of:</p> <ol style="list-style-type: none"> 1. The supplier must have a documented maintenance program for all equipment which is used in monitoring targets for monitoring of environmental targets 2. The supplier must ensure that the maintenance program has a preventative schedule of activities and records to ensure that activities have occurred. .

4.5.4 Incident Management

The supplier shall have an emergency response program to an environmental incident, including an emergency management team with current contacts, a communications plan for incidents, a current contact list of customers and stakeholders, procedures for the manage an emergency response, and at least annual testing of the emergency response program.

Implementation	Auditing
<p>What does it mean?</p> <p>This can be an extension of a crisis management program or business continuity plan. A supplier must ensure that their incident management plan includes the event of an incident in the area of environmental management.</p> <p>Although various definitions exist, an incident would usually be considered 'major' if it causes (amongst others):</p> <ul style="list-style-type: none"> • persistent and extensive effect on the quality of the air, land or water environment; • significant harm to the environment; • closure (temporary or permanent) of a drinking (potable) water abstraction point; • significant impact on property; • significant damage to agriculture and/or commerce; or • serious impact on humans (via air, land or water). <p>Significant harm to the environment can include (but not necessarily be limited to):</p> <ul style="list-style-type: none"> • the death of, or adverse effects on, local species; • widespread damage to habitats or specific ecosystems; • significant contamination of water supplies, soil or groundwater; • damage to historic buildings, landscape, heritage sites, recreations areas; and • loss of utility/resource e.g. fishing grounds in a river, an area for recreation or leisure. <p>The impact of a major incident will not only relate to the cause and the substances involved, but also to the environment in which it occurs, proximity of other land uses, people, sensitive habitats etc. An uncontrolled situation (incident) may arise due to on-site or off-site events or factors which the site If your facility could not lead to a major environmental incident, this element may not be applicable As with all incident management plans, a current contact list of all stakeholders is critical to success. The incident management plan must be tested at least annually</p> <p>What do I have to do?</p> <ol style="list-style-type: none"> 1. Ensure that your current business continuity plan includes the possibility of an environmental incident 2. Ensure that all stakeholder contact lists are current and up to date 3. Test the incident management program at least annually 	<p>The auditor may look for evidence of:</p> <ol style="list-style-type: none"> 1. The supplier must have a documented emergency response program which included environmental incident management. 2. The supplier must have a current contact list of stakeholders, internal resources and customers. 3. The supplier must test the system at least annually.

4.6 Monitoring

4.6.1 Internal Audits

The company shall schedule, carry out and document regular internal audits to confirm the effectiveness of its implementation of this module. Results of audits shall be brought to the attention of senior management and those responsible for the area being audited, who shall be responsible to ensure that actions are taken in a timely manner to correct any nonconformities identified.

Implementation	Auditing
<p>What does it mean?</p> <p>The scope SQF 1000 clause 4.4.2 or SQF 2000 clause 4.4.2 can be expanded to cover the requirements of this module.</p> <p>Internal reviews should be carried out by suitably qualified staff to ensure that the organization's activities comply with planned arrangements. These staff should be qualified in the process of auditing (ISO 19011 provides useful guidance in this area), as well as having detailed knowledge about the company's policy and procedures with respect to employment conditions.</p> <p>Reviews should be scheduled at a frequency that is appropriate to the probability and magnitude of any risks being faced, and to information regarding previous levels of noncompliance. The minimum frequency for reviews is once a year.</p> <p>The results of audits should be documented, either as review notes, on checklists or</p>	<p>The auditor may look for evidence of:</p> <ol style="list-style-type: none"> 1. Internal audits being scheduled. 2. Audits being carried out according to the schedule. 3. The schedule reflecting the risk, status and importance of the activity. 4. Staff involved in auditing complying with the staff

<p>in formal ESorts. Evidence of noncompliance must be clearly documented and follow-up action taken (see 4.4.3).</p> <p>What do I have to do?</p> <p>Some of the main steps to be followed to comply with this clause are:</p> <ol style="list-style-type: none"> 1. Create an audit schedule. 2. Schedule audits according to the risk, status and importance of the activity. 3. Define staff qualification criteria for people performing audits. 4. Carry out audits using suitably qualified staff. 5. Ensure that audit results are documented. 6. Audit results should be brought to the attention of those managers responsible for the area being audited. 7. Ensure that a system exists to ensure that appropriate and effective corrective action is taken on non-conformities. 	<p>qualification criteria set.</p> <ol style="list-style-type: none"> 5. Results of audits being documented. 6. Results of audits being brought to the attention of those people who are responsible for the area being audited. 7. Effective corrective action taking place.
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4.6.2 Monitoring

The Supplier must establish and maintain programs to monitor and measure impacts identified as a priority for management. All equipment used for monitoring must be routinely calibrated to ensure accuracy appropriate to its use. Equipment and calibration records must be maintained.

Implementation	Auditing
<p>What does it mean?</p> <p>It is important to monitor whether your procedures are actually addressing the environmental threat(s) you have identified. This means that you must develop a program to monitor the threats. It also means that any equipment you use to monitor or carry out a process must be maintained and regularly calibrated. In order to demonstrate that this has been done, you should keep records of monitoring and calibrations.</p> <p>What do I have to do?</p> <p>Based on the methods you used to identify the threat(s) to the environment in the Environmental Review (4.2.1) and Risk Assessment (4.2.2), the key steps in developing a monitoring program are as follows:</p> <ol style="list-style-type: none"> 1. Where you have identified steps in your process that can have an impact on environmental receptors, establish monitoring procedures for operational and critical limits and keep records of this monitoring. 2. Identify how you can objectively assess the environmental impact of the threats you have identified and establish a program to reassess the threat(s) periodically. The frequency of this will partly depend on the length of the production process (e.g. annual production of some crops to daily batch processes). 3. If any equipment is used in a procedure that may affect the presence or absence of the threat, this should be calibrated according to manufacturer's instructions and records maintained of the calibrations. 4. Similarly, any equipment used to specifically measure environmental parameters also should be calibrated according to manufacturer's instructions and records kept of these calibrations. 5. All equipment used in procedures or for monitoring should be appropriate for the intended use. <p>The outcomes of the monitoring program should be used as part of the Management Review (4.2.3).</p>	<p>The auditor may look for evidence of:</p> <ol style="list-style-type: none"> 1. The methods and equipment used to measure environmental threats to ensure they are appropriate for the intended use. 2. Calibration of equipment used in procedures and/or to measure environmental impacts are carried out according to manufacturers instructions. 3. Records that show monitoring procedures and calibration are being carried out regularly and according to the EMP. 4. Appropriate training of staff responsible for monitoring, and that they understand their roles and responsibilities. 5. That monitoring records are used to inform internal audit procedures and the management review.

4.6.3 Investigation of Employee Concerns

The concerns of company employees and other directly involved interested parties in respect to their working environment and conditions shall be investigated by a senior company representative in a timely manner.

Implementation	Auditing
<p>What does it mean?</p> <p>There should be a process by which the employees can freely raise their concerns, without fear of negative consequences or discrimination (4.2.1). This may be formal by way of scheduled meetings with staff, suggestion boxes, using an independent</p>	<p>The auditor may look for evidence of:</p> <ol style="list-style-type: none"> 1. Concerns of employees and third parties being

<p>third party to elicit staff views; or informal by managers asking staff about their concerns, or by observation. Concerns raised by staff must be followed up by way of the corrective action system (see 4.4.3).</p> <p>Other interested parties could include stakeholders such as the local community, shareholders, employee bargaining agents, regulatory authorities or the organization's suppliers or customers.</p> <p>Recognizing that some concerns will be related to occupational health and safety, responses need to be timely in relation to the level and immediacy of the hazard.</p> <p>It may be appropriate for significant concerns to be investigated by an independent party that does not have an interest in the outcome of the investigation. This ensures that the investigation will not be seen by those raising concerns as a "whitewash."</p> <p>What do I have to do?</p> <p>Some of the main steps to be followed to comply with this clause are:</p> <ol style="list-style-type: none"> 1. Ensure that all concerns are investigated by a senior company representative or by an impartial person who reports to that representative. 2. Ensure that the issues arising from investigations are reviewed and, where required, effective actions are taken. 3. Document the outcome of such investigations. 	<p>investigated in a timely manner.</p> <ol style="list-style-type: none"> 2. Findings of such investigations being followed up on in an appropriate fashion. 3. Findings of actions taken as a result of reviews of these concerns. 4. Documentary evidence of investigations and outcomes.
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4.6.4 Corrective Action

The company shall document a procedure for identifying and documenting the cause and resolution of issues that arise as a result of accidents and incidents, internal reviews and concerns by employees or other parties. Appropriate effective action shall be taken to resolve issues raised.

Implementation	Auditing
<p>What does it mean?</p> <p>When a noncompliance (or potential noncompliance) is raised, the matter should be investigated. The noncompliance may be with the company's own procedures, or may be that the procedures themselves are a noncompliance with legal or other requirements, or that they do not result in the stated policy objective being met.</p> <p>The investigation should consider the root cause of the problem and how this root cause can be addressed so that the problem does not reoccur. Other instances where the root cause may have created problems should be investigated, and, if need be, corrected.</p> <p>The effectiveness of the corrective action taken needs to be verified to ensure that the root cause of the noncompliance was correctly identified and that the solution has correctly and effectively addressed the problem.</p> <p>The process for achieving this shall be documented.</p> <p>What do I have to do?</p> <p>Some of the main steps to be followed to comply with this clause are:</p> <ol style="list-style-type: none"> 1. Develop a procedure for identifying and documenting the cause and resolution of actual or potential non-compliances. 2. Ensure that all actual or potential non-compliances are fully investigated to identify the root cause. 3. Propose appropriate effective corrective action to address the issues. 4. Verify that the action has been taken. 5. Verify that the action has been successful in addressing the matter raised. 6. Document procedures. 	<p>The auditor may look for evidence of:</p> <ol style="list-style-type: none"> 1. There being a documented procedure for identifying and documenting non-compliances or potential non-compliances. 2. The procedure requiring that the investigation of the cause of the noncompliance or potential noncompliance and its resolution are documented. 3. The procedure being effectively implemented. 4. Examples of effective corrective action addressing problems. 5. Records indicating that action taken to address actual or potential non-compliances are appropriate and effective.

4.6.5 Record Keeping

The company shall maintain legible records to demonstrate compliance with this module.

Implementation	Auditing
<p>What does it mean?</p> <p>Records are documents that provide objective evidence of activities performed or results achieved.</p> <p>They must be complete, legible, and stored in a way that they can be retrieved, and be created and stored in a way to prevent them from deterioration during the required period of maintenance.</p>	<p>The auditor may look for evidence of:</p> <ol style="list-style-type: none"> 1. Records being able to be easily retrieved on request, showing that they are well filed and indexed.

<p>Electronic records should be backed up, with backup copies kept off site. The minimum period of record retention should be specified.</p> <p>What do I have to do?</p> <p>Some of the main steps to be followed to comply with this clause are:</p> <ol style="list-style-type: none"> 1. Set out a procedure for the creation, maintenance, retrieval and disposal of records. It also may be useful to specify disposal methods for records, for as they deal with staff matters there is a strong element of confidentiality about them. 2. Ensure that records are appropriately created, maintained and stored. 	<ol style="list-style-type: none"> 2. All records being legible. 3. Records being complete. 4. Retention times for records being set. 5. Retention times for records being followed. 6. Records adequately demonstrating compliance with this module.
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Annex 1: Social Issues in Agrifood Supply

All businesses have a responsibility to their employees irrespective of their position along agrifood supply chains. However, some stages have particular problems to address such as seasonal and gang work in primary agriculture or the unsocial hours associated with 24-hour opening of some retail and food service businesses.

Corporate Social Issues	Stages in the Food Supply Chain					
	Fisheries and Fish Farming	Primary Production	Food Processing	Food Manufacture	Food Distribution	Food Service and Retail
Employment <ul style="list-style-type: none"> Full-time/Part-time Seasonal Legal compliance 	*	*	*	*	*	*
Subcontractors <ul style="list-style-type: none"> Services Projects Gang workers 	*	*	*	*	*	*
Conditions of Employment <ul style="list-style-type: none"> Contracts and pay Freedom of association/employment Time off and holidays 	*	*	*	*	*	*
Health and Safety <ul style="list-style-type: none"> General Higher risk operations Legal compliance 	*	*	*	*	*	*
Equal Opportunities <ul style="list-style-type: none"> Gender and age Child labor Disability 	*	*	*	*	*	*
Suppliers and Customers <ul style="list-style-type: none"> Terms of trading Customer health Special interest groups 	*	*	*	*	*	*
Local Community <ul style="list-style-type: none"> Health and safety Prosperity 	*	*	*	*	*	*

Figure A1: Potential social issues at different stages of the food supply chain in relation to key stakeholders.

*Note: * = Potential minor issue and * = Potential major issue.*

Many organizations and special interest groups have sought to define corporate social responsibility in both general terms and in relation to specific sectors of industry. Some approaches consider whole sectors, all stakeholders linked and the communities affected by proximity to the sector. Other approaches, including the SQF Responsible Social Practice Module focus more on the individual businesses and those factors under the direct control of management.

The following section details key social issues linked to the agrifood supply chains and indicate how adopting ES can help you address such issues.

Equal Opportunities – Refers to a general principle that each person should have the same opportunities for employment without discrimination on grounds of race, religion, gender or any other arbitrary division. In stating this, however, it is important to recognize the global nature of many food supply chains and the sensitivity needed to embrace trading relationships where cultural differences may impact the equality of opportunity.

Adopting ES provides the framework to enable you to consider the issues raised under equal opportunities and laws linked to preventing any form of discrimination in the workplace.

Employment – Food and farming businesses depend on people to deliver safe quality products and services. Investing in the training and development of employees and the provision of career development opportunities are indicative of socially responsible businesses that value their staff. As a minimum, employers must ensure that employees are aware of their rights and obligations as well as those of the employer. Potential employees should be aware of their pay rate and method of payment, usual working hours and any overtime arrangements, holiday and sick leave arrangements, and should be given adequate time and access to independent advice before signing any contract of employment.

The ES module allows you to link your employment policy and procedures to the promotion of your products and services in the marketplace

Conditions of employment – It is important that food and farming businesses are aware of and comply with local laws and any industry standards or agreements. In addition, employees should not be required to deposit any identity papers or other documents of value as a condition of employment. Equally, employees should not be denied their employment rights (above) by employers treating them as subcontractors or outworkers. In addition, employees should have the right to join and be represented by lawful associations or unions and be free to terminate their employment after an agreed term of notice.

Adopting ES enables you to ensure your conditions of employment meet the requirements of local employment law and the principles of employment laid down by the ILO.

Child Labor - An important issue in agrifood supply is the use of child labor. Children can contribute significantly to family and small business incomes, but they can be exploited in terms of their conditions of employment and the detrimental impact of work on physical and emotional development as well as affecting their access to education. As a minimum, International Labour Organisation conventions on protecting child labor should be adopted to prevent child labor exploitation, unless local laws set alternative standards and rules.

The ES standard enables you to address the difficult issues of child labor (within your own business or in relation to those you trade with) according to ILO conventions and local laws.

Subcontractors and Suppliers – Where subcontractors, including gang work masters, are used to provide services to a food business, it is the responsibility of the food business to ensure that these subcontractors meet the same requirements as the business in relation to employment laws, employee conditions of service, and health and safety requirements. A socially-responsible business also may choose to stipulate conditions of employment, health and safety on their suppliers as part of the contract to supply raw materials or finished product and in return should be expected to provide suppliers with fair terms of trading such as clear product specifications and payment terms.

By following the standards and guidance of the ES module, the terms and conditions you develop with subcontractors will reflect the quality of management you have set for your own business.

Health and Safety – Employers are obligated to provide a safe working environment for employees and visitors as well as the local community, and this is codified by legislation in many countries. In the absence of any legal requirements, your policies and procedures should reflect a clear awareness of obvious hazards and a general regard for the well being of employees and other visitors to your business. At the most basic level, employees should have access to drinking water and clean toilet areas, and there should be procedures to deal with minor and serious injuries that may occur. Fundamental to your health and safety strategy, however, is the assessment of risks to people and the strategies to avoid, minimize and reduce such risks to an acceptable level.

Adopting ES provides you with an opportunity to ensure that you are complying with local laws and that your health and safety plan is implicitly linked to your food production management plan.

Customers and the Local Community – As a food or farming business, it is important to be aware of, and sensitive to, local community and customer (and consumer) issues. At the local community level it is important to demonstrate how your business links with the community in relation to employment and career opportunities to how you may support local public groups or projects. At the same time you should gauge what social and ethical issues are important to your customers and consumers in general. This may include issues of animal welfare, how food is produced or whether farmers in emerging countries are getting a fair price for their goods, or there may be a focus on resource use and environmental responsibility. If your food or farm business is able to deliver these extra attributes, then it is important to promote this to your customers.

By embracing the views and opinions of customers and the local community through the adoption of the ES module, you have the opportunity to demonstrate and communicate your corporate social responsibility.

Annex 2: Social Risk Assessment Toolkit

Carrying out a social risk assessment is partly about meeting your legal obligations in relation to employment, health and safety conditions, and contractual relationships and partly about how others perceive your company or your company ESutation. For example:

Corporate Social Risk = Severity of Threat to Person(s) X Likelihood of Occurrence

Corporate ESutation = Severity of Loss to ESutation X Likelihood of Occurrence

The following risk assessment toolkit combines health and safety with corporate ethics and takes you through the key steps in determining the social impacts of your business.

Step 1: Using your existing food process flow diagram, developed as part of your SQF 1000 or SQF 2000 system, map each stage of your food or farm process against potential social issues. (See Figure A2.1, Social Threat Identification Matrix.) The receptors listed in Figure A2.1 can be used as the basis of your social issues list. Highlight cells where there might be threats to persons or the company’s ESutation. This is called Threat Identification. You also should highlight any areas that link to legal compliance related to employment, health and safety, and contractual relationships.

Corporate Social Issues	Key Stages in Your Food Business, e.g. Farming					Comments on Examples
	Step 1	Step 2 e.g. Crop Spraying	Step 3	Step 4 e.g. Crop Harvest	Step 5	
Employment <ul style="list-style-type: none"> • Full time/Part-time • Seasonal • Legal compliance 		T 1 *				T1 – Are employees qualified operators for pesticide application?
Subcontractors <ul style="list-style-type: none"> • Services • Projects • Gang workers 				T 4		T2 - Pesticide application can harm operators. Is protective clothing being used?
Conditions of Employment <ul style="list-style-type: none"> • Contracts and pay • Freedom of association/employment • Time off and holidays 						T3 – Pesticide drift can affect the public. Are warning signs posted, and are weather conditions being monitored?
Health and Safety <ul style="list-style-type: none"> • General • Higher risk operations • Legal compliance 		T 2 *				T4 – If gang work is used, does gang master comply with employment legislation and conditions of employment?
Equal Opportunities <ul style="list-style-type: none"> • Gender and age • Child labor • Disability 						T5 – Does your customer specify any requirements linked to gang work or the use of child labor?
Suppliers and Customers <ul style="list-style-type: none"> • Terms of trading • Customer health • Special interest groups 				T5		* Legal Compliance
Local Community <ul style="list-style-type: none"> • Health and safety • Prosperity 		T 3				

Figure A2.1: Social Threat Identification Matrix linking food or farming processes to social issues.

Now that you have identified the potential threats to the environment, you should determine the points in your process where you can control these threats – see Step 2.

Step 2: For each of the threats identified along your food process flow diagram, you now have to determine which of these are Critical Social Points (CSPs) and which are Social Points (SPs). These may affect the legal status or ESutation of your company (or the social credentials of your product or service). In deciding whether a Social Control Point is critical or not, a decision tree can be used (Figure A2.2).

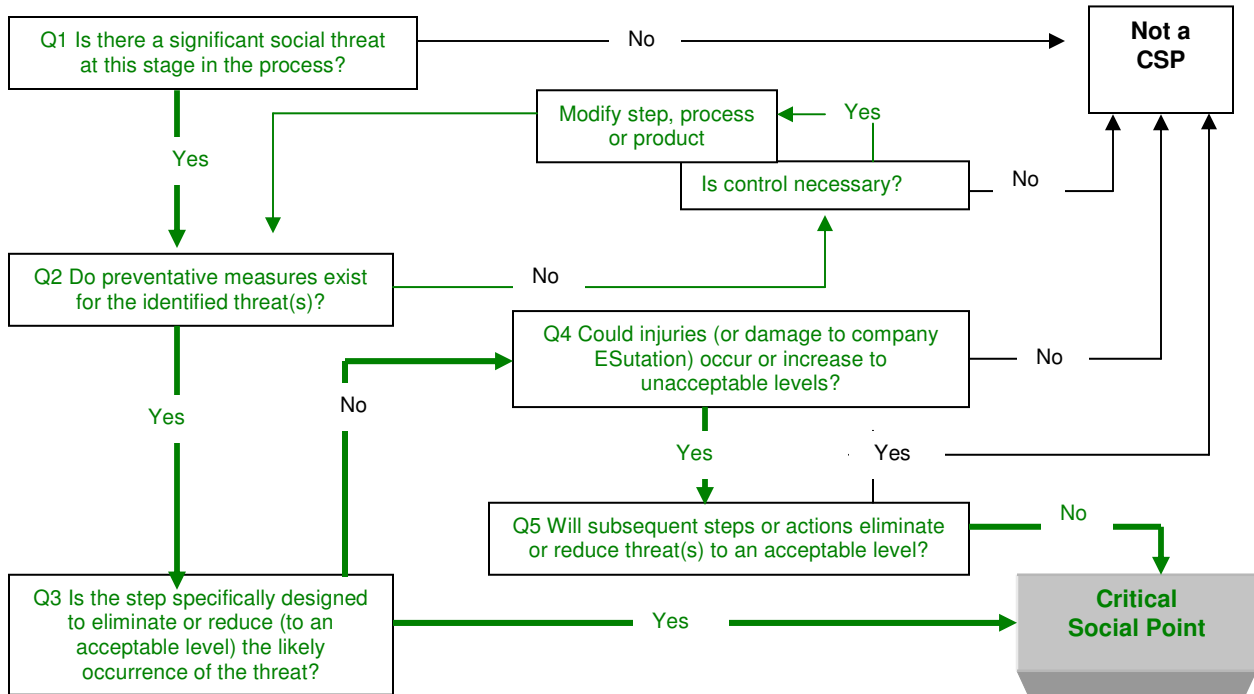


Figure A2.2: Social Control Point Decision Tree

Those points in your process that are not Critical Social Points may warrant some form of monitoring or control over them. This may be because your customer has specified some additional social conditions in your supply contract (e.g. employee working and housing conditions) or because you are promoting your products or services with associated social or ethical benefits (e.g. fair trade products). These control points are Social Points (SPs) – points in your process where a lack of control could compromise your business ESutation or product quality attributes.

At this stage, your judgements of these Social Points will be generally subjective. The next step is to verify your initial findings through a more quantitative risk assessment method, which evaluates the probability of the threat occurring and the consequences to your business – see Step 3.

Step 3: For each CSP and SP identified, you now should assess the significance of the threats identified in terms of their impact. You can do this by using the Social Risk Criteria Assessment (Figure A2.3a) and the Social Threat Significance Matrix (Figure A2.3b).

Severity of Threat to Person(s) and Company		Likelihood of Occurrence	
1	Death or permanent injury to person(s)	A	Common occurrence
2	Major but temporary injury to person(s)	B	Known to occur
3	Minor but temporary injury to person(s) Perceived major impact to company ESutation	C	Could occur (published)
4	Perceived minor impact to company ESutation	D	Not expected to occur
5	No perceived impact to company ESutation	E	Practically impossible

Figure A2.3a: Social Risk Criteria Assessment (severity and occurrence) used in the Social Threat Significance Matrix.

Note 1: A **major impact** can be considered as an impact that results in the loss of major customer contracts or similar.

Note 2: A **temporary impact** can be considered as one where concerns are raised by stakeholders, but where the company is able to recover to its original state within a reasonable time period.

Severity	Likelihood of Occurrence				
	A	B	C	D	E
1	1	2	4	7	11
2	3	5	8	12	16
3	6	9	13	17	20
4	10	14	18	21	23
5	15	19	22	24	25

What the values indicate to your business:

- Critical Social Point (CSP) - values 1-3 indicate serious threats that should be addressed immediately; - values 4-10 require that control measures be put in place.
- Social Point (SP) – values 11-25, you should decide whether control measures need to be put in place or whether any loss of control could compromise your business.

Figure A2.3b: Social Threat Significance Matrix.

Although this social risk assessment focuses on the potential of agrifood businesses to cause harm to the persons (from employees to customers and the local community) or the ESutation of your company, you also should consider the economic benefits of additional corporate social responsibility activities. In other words, you can set the social limits of your processes to a level above legal compliance (the green zone) in the same way as you have addressed quality under the SQF system. This is particularly important if your customers are looking for ethical suppliers to help them meet their stated CSR program. This can be addressed along with legal employment, health and safety, or contractual requirements at the next stage – see Step 4.

Step 4: Determine and document the critical limits for the identified CSPs (and SPs) and document them. Critical limits set the boundaries for controls. In deciding on your critical limits, you also may choose to set more stringent operational limits, which will trigger actions before limits are reached and product integrity is compromised. Social Points can be divided into two groups, those linked to legal compliance and those that demonstrate positive business ethical policies.

Legal Compliance – Information on employment and health and safety legislation is held by various government departments and also may include guidance on meeting legal requirements. Issues linked to contractual obligations can be discussed with legal experts within trade associations or opinions sought from the legal profession. In the absence of any specific 'in country' guidance, you should refer to the standards and guidance provided by the International Labour Organisation www.ilo.org to see if the country has ratified any conventions in relation to:

- Freedom of association
- Abolition of forced labor
- Equality
- Elimination of child labor

Corporate Social Policy – This is a more subjective area and will require more effort to determine your critical and operational control limits. Some governments and industrial sectors have developed guidance documents. In addition, several nongovernmental organizations also have evaluated the social impacts of agrifood chains and have subsequently developed guidance. The following are examples of social enhancement limits.

- Providing markets for small scale suppliers or suppliers in developing countries
- Donating some profits to charitable funds or projects
- Supporting social and educational developments in communities
- Promoting well being and supporting health initiatives.
- Linking social responsibility with environmental responsibility and enhancement

You have now completed your social risk assessment and have identified the critical and operational limits for those stages in your process that have either positive or negative impacts on your business. You should now build this into your SQF system in the same way as you did for safety and quality. The remaining steps you should take are as follows:

Step 5: Develop and document the monitoring procedures and their frequency. You should set up a scheduled program for the measurement of your CSPs and SPs so that any loss of control can be detected.

Step 6: Develop and document corrective action procedures. These procedures will inform you of what should be done if control is detected through monitoring.

Step 7: Develop and document verification procedures. The development of these procedures will enable you to ensure that your entire social responsibility plan is working effectively.

Step 8: Develop and document recordkeeping procedures. It is essential to maintain records to show that your social responsibility plan is working and to help you identify problem areas that need further development.

Step 9: Train those employees who have operational, audit or management responsibilities at the Social Points in the procedures developed.

Annex 3: Environmental Issues in Agrifood Supply

Some aspects of environmental responsibility are common to all businesses such as energy use and waste management, while others are more relevant to particular stages such as atmospheric emissions linked to distribution or the impacts on soil, water and biodiversity as a result of primary production (Figure A1).

Environmental Receptor	Stages in the Food Supply Chain					
	Fisheries and Fish Farming	Primary Production	Food Processing	Food Manufacture	Food Distribution	Food Service and Retail
Earth <ul style="list-style-type: none"> • Soils • Landscape 	*	★	*	*	*	*
Water <ul style="list-style-type: none"> • Surface • Ground • Seas 	★	★	★	★	*	*
Air <ul style="list-style-type: none"> • Quality • Climate 	*	*	★	★	★	*
Biodiversity <ul style="list-style-type: none"> • Species • Habitats 	★	★	*	*	*	*
Landscape <ul style="list-style-type: none"> • Natural • Built 	*	★	*	*	*	*
Local Community <ul style="list-style-type: none"> • Health • Safety 	*	*	*	*	*	*
Energy Use <ul style="list-style-type: none"> • Fossil • Renewable 	*	*	★	★	★	*
Waste Generated <ul style="list-style-type: none"> • Effluent • Solid • Packaging • Chemicals 	*	*	★	★	*	★

Figure A1: Potential impacts of different stages of the food supply chain in relation to key receptors.

Note: * = Potential minor impacts and ★ = Potential major impacts.

The following further details key areas of environmental concern linked to the agrifood supply chains and indicates how the adoption of ES can help you address these concerns:

Soil Damage and Land Losses – Concerns over soil damage can arise under both dry and wet conditions and can result in the loss of biological or economic productivity in croplands, pastures and woodlands. The most commonly cited forms of unsustainable land use are over-cultivation and periods without crop cover, overgrazing, deforestation and poor irrigation practices. In addition to the challenges facing primary production, the increasing volume of global agricultural production and trade also has impacts on land use, including increased demand for roadways, distribution centers, port facilities and other related infrastructure.

ES provides you with the framework to adopt practices that avoid or minimize soil damage and losses, especially in relation to primary production.

Water – Agriculture accounts for 70 percent of all water use. However, water resources are being depleted at a rapid rate, with water tables falling worldwide. Both primary food production and food processing are critically dependent upon reliable water supply and adequate water quality. Improper use of pesticides and fertilizers, poor management of animal manure, as well as inefficient practices in the food processing industry can all contribute to serious pollution of ground and surface waters.

ES encourages you to focus on practices that minimize the use and pollution of water resources.

Energy – Although energy input for food production is relatively low compared to other industrial sectors, substantial amounts of energy are consumed throughout food production and pESaration. Also, the way food is pESared and consumed at home has significant impacts on the environment with up to 20 percent of the total energy being used in home pESaration. The food sector now consumes about 10 to 15 percent of total energy in industrialized countries, though only 20 to 30 percent of this occurs on farms. In contrast, transport activities related to agrifood production have widespread and serious environmental impacts mainly due to air pollution from fossil fuels.

ES encourages an assessment of energy use which can lead to greater energy efficiencies and cost savings.

Climate Change – Greenhouse gas emissions are generated throughout the agrifood production and consumption chain. For example, up-stream agricultural activities such as livestock production and land pESaration release greenhouse gases. Fertilizer manufacture contributes to climate change through the generation of carbon dioxide (CO₂) and nitrous oxide (N₂O). Energy consumed in the transport of agricultural products and food processing is another source of greenhouse gas emission. Refrigeration facilities used for food processing, storage and retail can release greenhouse gas emission if the CFCs contained in the equipment are not ES-laced and disposed of responsibly. Climate change, in turn, can become a major threat to agrifood production as supply and the impact on crop yields and productivity may vary considerably. Added heat stress, shifting monsoons and drier soils may reduce yields in the tropics and subtropics, whereas longer growing seasons may boost yields in northern Canada and Europe for example. Addressing climate change is a strategic challenge to society and to the agrifood industry.

The adoption of ES can contribute to this challenge.

Use of Chemicals – Many of the negative environmental effects of agrifood production are associated with chemical use, especially that of mineral fertilizers and pesticides used in agriculture. The use of **Mineral Fertilizers**, which has expanded tremendously since 1960, is one of the factors contributing to the "Green Revolution" and has vastly increased global agricultural yields. However, to be effective, fertilizers need to be applied at the right times and in the correct quantities and balances. If this is not done, some or most of the fertilizer will be wasted, and this can have an impact on the wider environment. Similarly, the introduction of **Synthetic Pesticides** (insecticides, fungicides and herbicides) has changed the concept of pest control and permitted agricultural intensification and safer storage of food along supply chains. This rapid growth in the use of pesticides in agrifood chains has, however, increased the level of risks for the users of these chemicals, the consumers of treated foodstuffs, domestic animals and the wider environment. In addition, the use of **Chemicals** throughout the food chain in cleaning routines, food processing and packaging also has increased. Chemical use is largely inevitable in the current practice of food production and consumption.

ES encourages you to focus on how to maximize the benefits of chemical use in the food chain and to minimize the associated negative environmental impacts.

Biodiversity – Biodiversity includes all components of biological diversity relevant to food, fisheries and agriculture. It also includes all components of biological diversity that constitute the wider environment: the variety and variability of animals, plants and micro-organisms, at the genetic, species and ecosystem levels that are necessary to sustain key functions of ecosystems. Impacts of agrifood production activities on biological diversity can be negative and irreversible. However, this trend is not inevitable. Different approaches to agrifood production are being developed so as to minimize negative impacts and enhance biodiversity.

ES provides you with an opportunity to consider both the positive and negative impacts of your business on biodiversity.

Biotechnology – Modern biotechnology has great potential to contribute to human well-being, for example the development of many medicines used today. Various food crops have been genetically modified for greater productivity or nutritional value, or for resistance to pests or diseases. However, there is growing public concern about the potential risks of biotechnology to human health and the wider environment, and these potential risks may affect future developments in agrifood production. As a result there is growing pressure for the international community to take action to create credible and effective safeguards for humans and the environment. Currently however, the marketplace largely determines the choice of adopting or not adopting biotechnology.

You can integrate specific biotechnology requirements or restrictions into ES where necessary.

Waste – All businesses produce waste, which has to be disposed of in a legal and safe way. From both environmental and economic perspectives it is a challenge to minimize expensive and damaging wastes. Assessing your current business processes to look for opportunities to reduce, reuse or recycle waste can address these challenges. In agriculture, for example, the wastes from cropping can be valuable inputs for livestock or crops, and livestock wastes can improve soil fertility and reduce fertilizer purchases. All along the supply chain there are opportunities to reduce waste streams, such as reducing secondary packaging or the adoption of reuseable containers for raw materials and finished product.

Waste may damage the environment and cost you money. ES provides the framework for you to evaluate and reduce waste streams.

International Trade – The trade of agrifood inputs and products plays an important role in world food supply and economic development. However, associated with trade is the threat of increased environmental degradation. Trade in agrifood products creates significant transport and energy-related environmental impacts. What needs to be better understood are the environmental consequences of current agrifood trade practices so that productivity can continue to increase while environmental degradation is minimized.

The adoption of ES provides you with an opportunity to reduce the negative impacts and enhance the positive impacts of your trading activities.

Consumption – What we choose to eat affects not only our health and well being, but also the environment and natural resources. The production of different types of food requires the input of different natural resources that in turn have different environmental impacts. Consumer concerns over the environment reflect this, which is why more retailers are responding by demanding higher environmental responsibility from their suppliers.

ES provides the means of demonstrating to customers and consumers your environmental integrity.

Given this overview of the environmental issues linked to agrifood supply chains and consumption, it is important to now consider the impacts of your business on the environment. Annex 2 provides you with an environmental risk assessment toolkit to help you decide which parts of your business are causing environmental damage or, indeed, are resulting in environmental improvements and benefits.

Annex 4: Environmental Risk Assessment Toolkit

Carrying out an environmental risk assessment is very similar to the food safety risk assessments you have already carried out. For example:

Food Safety Risk = Severity of Food Safety Hazard X Likelihood of Occurrence

Risk to the Environment = Severity of Threat to the Environment X Likelihood of Occurrence

The following risk assessment toolkit takes you through the key steps in determining the environmental impacts of your business.

Step 1 — Using your existing food process flow diagram (developed as part of your SQF 1000 or SQF 2000 system), map each stage of your food or farm process against potential environmental receptors (Figure A2.1). The receptors listed in Figure A1 can be used as the basis of your environmental receptor list. Highlight cells where you consider there might be threats to environmental receptors or where energy use and waste generation may be significant. This is called Threat Identification (Figure A2.2). You also should highlight any areas that link to legal compliance.

Environmental Receptor	Key Stages in your Food Process					Comments on Examples
	Step 1	Step 2 e.g. Crop Spraying	Step 3	Step 4 e.g. Road Transport	Step 5	
Earth <ul style="list-style-type: none"> • Soils • Landscape 						<p>T1 - Pesticide spray could drift over watercourses and affect water quality.</p> <p>T2 - Pesticide application can harm non-target pests and may indirectly damage their predators.</p> <p>T3 — Road transport results in air pollution in the form of gasses and particulate matter.</p> <p>T4: Food transport is a significant user of fossil fuel. However “green” fuels are available, e.g. bio-diesel.</p> <p>* Legal Compliance</p>
Water <ul style="list-style-type: none"> • Surface • Ground • Seas 		T 1 *				
Air <ul style="list-style-type: none"> • Quality • Climate 				T 3		
Biodiversity <ul style="list-style-type: none"> • Species • Habitats 		T 2 *				
Landscape <ul style="list-style-type: none"> • Natural • Built 						
Local Community <ul style="list-style-type: none"> • Health • Safety 						
Energy Use <ul style="list-style-type: none"> • Fossil • Renewable 				T 4		
Waste Generated <ul style="list-style-type: none"> • Effluent • Solid • Packaging • Chemicals 						

Figure A2.1: Environmental Threat Identification Matrix linking food or farming processes to environmental receptors.

Step 2 — For each of the environmental threats identified along your food process flow diagram, you now have to determine which of these are Critical Environmental Points (CEPs) and which are Environmental Points (EPs) that may affect the environment (or the environmental credentials of your product or service). In deciding whether an environmental control point is critical or not, it is useful to consider whether there is an environmental threat if control is lost at this particular point or whether later controls can overcome the threat. To assist in determining where the correct CEPs are, a decision tree can be used (Figure A2.2).

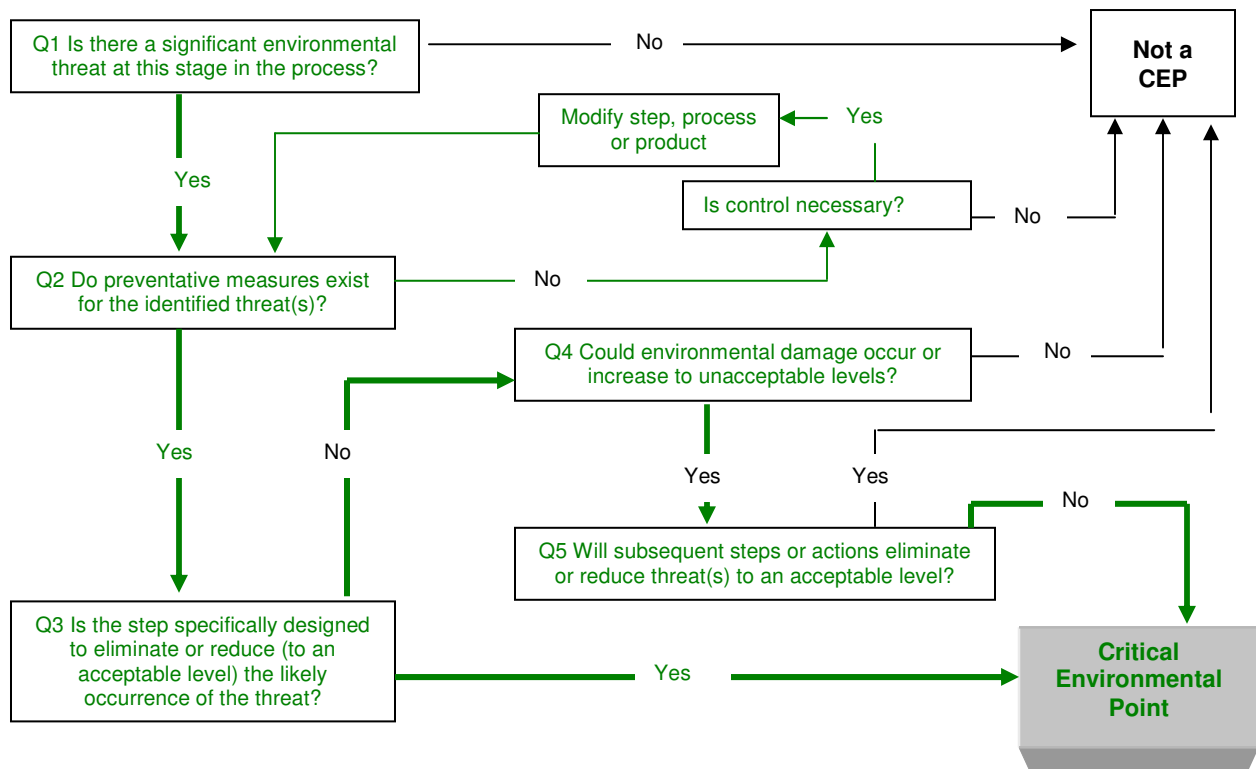


Figure A2.2: Critical Environmental Control Point Decision Tree

Those points in your process that are not Critical Environmental Points may warrant some form of environmental monitoring or control over them. This may be because your customer has specified some environmental conditions in your supply contract (e.g. active conservation on the farm) or because you are promoting your products or services with associated environmental benefits (e.g. only using recycled packaging). These control points are Environmental Points (EPs) — points in your process where a lack of control could compromise your business reputation or product quality attributes.

At this stage, your judgements of these Environmental Points will be generally subjective. The next step is to verify your initial findings through a more quantitative risk assessment method that evaluates the probability of the threat occurring and the consequences to the environment and your business — see Step 3.

Step 3 — For each CEP and EP identified, you should now assess the significance of the threats identified in terms of their impacts on the environment. You can do this by using the Environmental Risk Criteria Assessment (Figure A2.3a) and the Environmental Threat Significance Matrix (Figure A2.3b).

Severity of Threat to Environment		Likelihood of Occurrence	
1	Major and permanent impact on the environment	A	Common occurrence
2	Major but temporary impact on the environment	B	Known to occur
3	Minor but temporary impact on the environment	C	Could occur (published)
4	Perceived minor and temporary impact	D	Not expected to occur
5	No impact on the environment	E	Practically impossible

Figure A2.3a: Environmental Risk Criteria Assessment used in the Environmental Threat Significance Matrix.

*Note 1: A **major impact** can be considered an impact that occurs beyond the physical limits of the food business, but in the case of primary production this may include impacts within the boundaries of the business.*

*Note 2: A **temporary impact** can be considered one where the environment is able to recover to its original state within a reasonable time period once the threat is removed.*

Severity	Likelihood of Occurrence				
	A	B	C	D	E
1	1	2	4	7	11
2	3	5	8	12	16
3	6	9	13	17	20
4	10	14	18	21	23
5	15	19	22	24	25

What the values indicate to your business:

- Critical Environmental Points (CEP) - values 1-3 indicate serious environmental threats that should be addressed immediately; - values 4-10 require control measures to be put in place.
- Environmental Point (EP) — values 11-25, you should decide whether control measures need to be put in place or whether any loss of control could compromise your business.

Figure A2.3b: Environmental Threat Significance Matrix

Although environmental risk assessment focuses on the potential of agrifood businesses to cause harm to the environment, you also should consider the economic benefits of environmental enhancement. In other words, you can set the environmental limits of your processes to a level above legal compliance (green zone) — in the same way as you have addressed quality under the SQF system. This is particularly important if your customers are looking for environmentally-friendly products. This can be addressed along with legal environmental requirements at the next stage — see Step 4.

Step 4 — Determine and document the critical limits for the identified CEPs (and EPs) and document them. Critical limits set the boundaries for environmental controls. In deciding on your critical limits, you also may choose to set more stringent operational limits, which will trigger actions before limits are reached and product integrity is compromised. Environmental Points can be divided into two groups, those linked to legal compliance and those that demonstrate positive business environmental improvements.

Legal Compliance — Information on environmental legislation is held by various government departments and also may include guidance on meeting legal requirements. The following are examples of critical environmental compliance limits:

- Compliance with environmental legislation, e.g. effluent discharge that may require sampling of effluent concentration and volumes
- Legislation linked to the storage, use and disposal of pesticides
- Fertilizer limits in environmentally sensitive water catchment areas
- Waste disposal legislation
- Legal protection of vulnerable wildlife sites or species.

Environmental Enhancement — This is a more subjective area and will require more effort to determine your critical and operational control limits. Some governments and industrial sectors have developed guidance documents. In addition, several environmental organizations also have evaluated the environmental impacts of agrifood chains and subsequently have developed guidance. The following are examples of environmental enhancement limits.

- Enhancement of biodiversity on farmland — see good agricultural practice guidance
- Contribution of part of product value to environmental organizations and their activities
- Reduced pollution from transport — e.g. through route planning and vehicle servicing
- Waste management strategies — reduce, recycle and reuse
- Energy use reduction — building design, insulation, heat recovery, etc.

You now have completed your environmental risk assessment and have identified the critical and operational limits for those stages in your process that have either positive or negative impacts on the environment. You should now build this into your SQF system in the same way you did for safety and quality. The remaining steps you should take are:

Step 5 — Develop and document the monitoring procedures and their frequencies. You should set up a scheduled program for the measurement of your CEPs and EPs so that any loss of control can be detected.

Step 6 — Develop and document corrective action procedures. These procedures will inform you of what should be done if control is detected through monitoring.

Step 7 — Develop and document verification procedures. The development of these procedures will enable you to ensure your entire environmental care plan is working effectively.

Step 8 — Develop and document recordkeeping procedures. It is essential to maintain records to show that your environmental care plan is working and to help you identify problem areas that need further development.

Step 9 — Train those employees who have operational, audit or management responsibilities at the Environmental Care point in the procedures developed.