



Ethical Sourcing Code

Voluntary Module

1st Edition
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Preface

This Ethical Sourcing standard is provided as a voluntary supplement for SQF 1000 or SQF 2000 Certified Suppliers whose customers require independent assessment of their commitment to the implementation of responsible trading, labor care and environmental practices.

This standard provides a core set of requirements that guide a supplier to document those management systems and procedures that it applies in order to demonstrate that it has implemented ethical sourcing practices in its operations, in particular acceptable conditions of employment and tenure for employees and management of the environment. This standard is not designed to replace other more extensive standards that apply to assurance of good social and environmental practice. However, it can be considered the first step in achieving those standards.

Suggestions for improvements to this document are encouraged from all users. They should be submitted in writing and be sent to SQFI, 2345 Crystal Drive, Suite 800, Arlington, VA 22202, USA.

Introduction

The food supply in the 21st century is characterized by fundamental changes, particularly at the consumer retailer interface. These changes are having a major impact on suppliers.

There is a shift from a food supply driven by the producer/manufacturer to a situation in which the consumer has considerable influence. Consumers have higher demands on food products. They want 'quality' freshness, safety, variety, convenience and a good quality/price relationship. Also important are the circumstances under which product is produced and manufactured. The conditions that impact on the care of labor, the environment and animal-friendly production methods have become important factors in the eyes of the consumer. The consumer is determining who is successful and who is not.

In response to a consumer awareness of the standards of employee welfare and environmental conditions in the food sector, consumers are placing greater pressure on suppliers and retailers to raise their standards and performance in regard to employee conditions, environmental management and responsible trading practices.

The Ethical Sourcing (ES) standard is provided as a voluntary supplement for SQF 1000 or SQF 2000 Certified Suppliers whose customers require independent assessment of their commitment to the implementation of responsible ethical sourcing. In this standard, the scope of ethical sourcing will be limited to management of the environment, social labor compliance and regulatory compliance around social and environmental issues. There may be many other factors that one may consider "ethical" (humane handling of animals) however those are not addressed within this standard. The standard has taken references from the SQF Responsible Social Practices, the Responsible Environmental Practices, the standards from the Global Social Compliance Program as well retailers who have development similar standards.

While implementation is voluntary, it is necessary to advise suppliers that once they commit to implementing ES, all elements must be addressed. The word "shall" used throughout this document indicates mandatory provisions.

1. Scope

This standard specifies the requirements for the conditions of employment and employee care to enable a SQF Certified Supplier to:

- i. Develop, implement and maintain policies and procedures applicable to ethical sourcing issues that it can control or influence; and
- ii. Demonstrate to interested parties that it has implemented policies, procedures and practices that conform to the requirements of this standard.

2. References

The Code makes reference to the following documents:

- i. Social Accountability 8000 Standard (SA 8000)
- ii. BSCI Code of Conduct (March 2004)
- iii. Code of Conduct for socially responsible sourcing (2nd Edition, 2001)
- iv. GSCP Environmental Module, draft
- v. GSCP draft reference code, version 1, June 2007

3. Definitions

For the purpose of this standard the relevant definitions outlined in "SQF Program – Vocabulary" apply.

4. 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 employment conditions, prevention of pollution and environmental management practices such that they are in line with national and local and regional 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.

4.1.2 Policy and Operational Manuals

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.

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.

4.1.4 Management Review

Senior management shall document the company's procedure for ensuring the continued effectiveness of its policy in relation to the ethical sourcing requirements of this standard. Reviews shall be

completed at least annually and shall be the responsibility of senior management.

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 well as compliance with the company environmental management system as necessary to maintain a safe working environment. Training shall cover:

- i. General occupational health and safety induction training for personnel working on each site shall be provided.
- ii. Instructions shall be available outlining how tasks identified in the health and safety plan are to be performed.
- iii. Tasks as defined by the environmental management plan to ensure compliance with plan and applicable regulations.
- iv. A training register describing who has been trained in the relevant areas shall be maintained.

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 ethical sourcing policies and the requirements of this standard.

4.2.2 Evaluation of Suppliers and Subcontractors

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

- i. prior to awarding of contracts to determine if the supplier or subcontractor can meet the specified requirements; 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.

4.2.3 Evaluation and Assessment Reports

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

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.

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.

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

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.

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).

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

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. The Environmental Management Plan includes specific details on the following:

4.5.1.1 Energy use and air emissions

i. An inventory of ozone depleting substances is maintained

4.5.1.2 Water consumption

4.5.1.3 Wastewater treatment and effluent management

4.5.1.4 Waste management

i. All waste containers are properly identified

ii. No on-site burning is maintained

iii. Recycling program / waste reduction program in place

4.5.1.5 Pollution prevention

i. Hazardous chemicals inventory

ii. Noise prevention

iii. Groundwater prevention

iv. Land / soil prevention

4.5.1.6 Land use and biodiversity

i. Environmental impact study

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.

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.

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.

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 all nonconformities identified.

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 accuracy appropriate to its use. Equipment and calibration records must be maintained.

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.

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.

4.6.5 Recordkeeping

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

Appendix 1: Certification of Ethical Sourcing

Certification of Ethical Sourcing is conducted by Certification Bodies (Registrars) licensed by SQF. Certification Bodies are required to meet specific criteria. The SQFI has prepared a document, "**General Requirements for Certification Bodies Offering Certification of SQF Systems**" to outline the requirements that SQF Auditors and Certification Bodies must comply with.

In addition, SQF Auditors must meet specified individual criteria, which includes:

- Completion of ESP systems training;
- Registration of the industry sector under audit;
- Auditing experience; and
- Registration as a SQF Auditor with the SQFI.

Following a comprehensive certification audit, recertification audits are conducted annually.

Conflict of Interest

Conflict of interest provisions form part of internationally accepted procedures and standards to ensure that the impartiality of the auditor is maintained and to maintain the integrity of the third-party audit system. The auditor must disclose to the Certification Body any existing, former or proposed link between themselves or their organization and the client.

The SQF Program outlines requirements for SQF Auditors and Certification Bodies to ensure that there is no conflict of interest in regard to the way in which SQF Auditors undertake audits of Ethical Sourcing.

Notes