

Zero Tolerance Success Stories: Falsifying Documents

A series of stories highlighting Zero Tolerance issues that became a catalyst for continuous improvement

THE CONTEXT

Remaining vigilant over sub-contractors is instrumental in protecting workers and safeguarding against corruption. The BSCI system strives to go beyond tier 1 producers by cascading values and principles that protect workers and promote legal and decent work practices. A small Thai factory supplying BSCI participants has found improving the management system that facilitates due diligence challenging. Although the factory has made significant progress in other areas, such as responsibly hiring migrant workers, the falsification of documents coming from sub-contractors remains an unaddressed issue.

In March 2016, before the follow-up audit, the auditor had already identified the type of documentation inconsistencies that go against the BSCI Code of Conduct's Performance Area 13: Ethical Business Behaviour. However, the later triggering of the Zero Tolerance Protocol helped the producer establish corrective action steps.



Issue: Falsifying documents



Industry type: Food, Drink and Tobacco



Country: Thailand

JULY 2016 – BSCI FOLLOW-UP AUDIT

Sub-contracted security guards at the factory inform the auditor that 5 per cent of their wages are being deducted for social security, from which they receive no benefit. When the auditor asks for their payslips he receives visibly amended photocopies and the sub-contracted security guard agency representative provides no comment when the auditor questions the legitimacy of the documents.

AUDITOR'S JUDGEMENT ON SEVERITY

The auditor identified that all security guards hired through the sub-contracting agency are impacted by the falsification of documents.



REMEDIATION PROCESS

ZERO TOLERANCE ALERT

Following the BSCI Zero Tolerance Protocol, the auditor triggers an alert through the BSCI platform to inform all companies sourcing from the producer and the FTA secretariat about the findings and severity of the case.

AD-HOC REMEDIATION GROUP

Within 72 hours of the auditors' alert, the FTA secretariat organises an ad-hoc remediation call with the six businesses, who then decide to send a common letter to the producer requesting an action plan.

OUTCOME

The producer promptly contracts another security guard agency that it assures meets BSCI standards and also commits to assessing this new agency on a monthly basis. The factory management has begun assessing key subcontractors and has attended BSCI capacity building training on responsible recruitment.

We have worked intensively with the producer to improve the situation at the factory and we have acknowledged great improvements, especially for migrant workers. However, the Zero Tolerance case, highlighted the importance of cascading the BSCI Code of Conduct to all relevant sub-contractors.

BSCI participant

The Zero Tolerance Protocol was essential in triggering a systemic change in our management system.

BSCI producer

BSCI AUDIT RATINGS

A Outstanding

B Good

C Acceptable

D Insufficient

E Unacceptable

Zero Tolerance

LESSONS LEARNED

1. SUPPLY CHAIN MAPPING

Thorough mapping of the supply chain could have helped avoid illegal practices and the damaging impacts on reputation and performance.

2. CONTINUOUS FOLLOW-UP

Continuous follow-up on business partners, particularly labour subcontractors is required to reduce risk of involvement in illegal practices.

3. THE BEST APPROACH IS A UNIFIED ONE

Stop working with unreliable agencies. A holistic approach helped this producer take proactive action to reduce risk.

ABOUT FTA

The Foreign Trade Association (FTA) is the umbrella organisation of BSCI and the Business Environmental Performance Initiative (BEPI), and also offers an International Trade Policy service.

FTA unites 2,000 retailers, importers and brands to defend values of international trade and offers practical solutions towards more sustainable supply chains.

To learn more, visit the FTA website at:

<http://www.fta-intl.org>

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