

# Manual for the Application of Social Audits and Development Actions at Suppliers in the Production and Cultivation of Raw Materials in the Upstream Supply Chain.

**How to Conduct a Social Audit and Introduce Continuous Improvement.**





# » Table of Contents

» 1.3 Objective and Purpose of the Manual	4
» 1.3 Objective of Social Audit and Continuous Improvement	4
» 1.4 Scope of the Social Audit and Continuous Improvement	4
» 1.4 Target Group of the Social Audit and Continuous Improvement	5
» 1.5 Development Background	6
» 1.6 Structure of the Manual	6
» 1.7 List of Definitions	7
» 2.1 Phase One: Preparation	11
» 2.1.1 General Preparation by Auditing Organizations	12
» 2.1.2 General Preparation by Audited Organizations	13
» 2.2 Phase Two: Data Collection	13
» 2.2.1 Desk Review	13
» 2.2.2 On-Site Visit	16
» 2.2.2.1 Site Tour at Factories and Farms	17
» 2.2.2.2 Interviews with Employees and / or Farmers	18
» 2.2.2.3 Interviews with Management	20
» 2.3 Phase Three: Applying Analysis, Evaluation and Scoring	21
» 2.3.1 Procedure to Analyze, Evaluate and Apply Scoring System	21
» 2.3.2 Interpretation of Total Social Performance Score	24
» 2.4 Phase Four: Develop & Implement Corrective Actions	25
» 2.5 Phase Five: Monitoring Continuous Improvement & Follow-up	27

# » List of Tables & Figures

» Figure 1: Implementing Social Audits and Continuous Improvement	11
» Table 1: Overview on Principles and Numbers of Social Requirements and Indicators	5
» Table 2: Desk Review Template	15
» Table 3: Scoring System	22
» Table 4: Sample of Justification / Evidence	23
» Table 5: Example of Corrective Action Plan	27
» Table 6: Monitoring Implementation of Corrective Actions	29

# 1- Introduction

## » 1.3 Objective and Purpose of the Manual

This manual shall guide corporate organizations in the food industry to identify risks for and violations of human and workers' rights in their upstream supply chains. Furthermore, it aims to support organizations in taking remedial action and introducing continuous improvements to labour standards in their agri-food supply chains.

This manual deals with the topic of conducting second-party audits by organizations and managing the subsequent improvement processes together with audited business partners. Social auditing, as a starting point into a subsequent continuous improvement process, is an indispensable tool for reviewing and enhancing sustainable development in supply chains. This manual provides comprehensive guidance for conducting social audits and supports the development of labour standards and working conditions in agri-food supply chains.

## » 1.3 Objective of Social Audit and Continuous Improvement

Social audits and the subsequent improvement process pursue various objectives. These include the following:

- » Assessing social impact: Measuring the impact of an organization's activities on its social environment.
- » Managing social risks: Identifying and mitigating risks for the violation of human and workers' rights in the upstream supply chains.
- » Promoting transparency: Revealing how an organization uses its resources and how its actions impact labour rights and standards, fostering transparency.
- » Identifying improvement areas: Pinpointing areas where the organization can improve its social performance.
- » Empowering stakeholders: Providing stakeholders with vital information to make informed decisions.
- » Encouraging Corporate Accountability: Enforcing accountability for any negative social and environmental effects of a company's actions. Social audits make risks and deficits in working conditions or labour standards visible to customers and suppliers. This can increase the motivation of both to achieve improvements.
- » Meeting social responsibilities: Ensuring organizations meet their social responsibilities and commitments.
- » Capacity building for workers' rights: Enhances the collective capacity of an organization to examine its activities from a workers' rights perspective and identifies strengths and weaknesses in promoting workers' rights issues.
- » Create supplier ownership: Promotes organizational learning throughout the process, which leads to the supplier ownership of the development actions throughout the process.

## » 1.4 Scope of the Social Audit and Continuous Improvement

This manual provides organizations with guidance on how to systematically carry out social audits and implement the necessary improvement measures in food processing factories and on farms cultivating natural products. It contains nine social principles on labour rights and working conditions and comprises 74 social requirements and 223 indicators that measure its implementation and fulfillment (see Table 1 below).

» **Table 1: Overview on Principles and Numbers of Social Requirements and Indicators**

	Principles	No. of social requirements	No. of Indicators
1	The Rights of Freedom of Association and Collective Bargaining	4	12
2	No Discrimination	7	25
3	Fair Remuneration	9	25
4	Decent Working Hours	11	34
5	Occupational Health and Safety	15	67
6	No Child Labour	5	14
7	Special Protection for Young Workers	12	21
8	No Precarious Employment	6	8
9	No Bonded Labour	5	17
<b>Total</b>		<b>74</b>	<b>223</b>

The social principles and requirements in this manual are based on the most recognized frameworks of international labour standards and human rights, such as the conventions and declarations of the International Labour Organization, the Guidelines for Multinational Enterprises of the Organization for Economic Co-operation and Development, and as well as the United Nations Guiding Principles on Business and Human Rights.

This manual does not contain any environmental principles and requirements. However, it can be supplemented by environmental requirements by the users of this manual.

» **1.4 Target Group of the Social Audit and Continuous Improvement**

The manual is addressing auditors from sustainability departments, purchasers, and quality managers, if applicable, and all other persons involved in social audits. Auditors should have social audit experience. Below are some experiences an auditor must have:

- » Familiarity with audit frameworks and methodologies, such as ISO 26000 or SA 8000
- » Ability to clearly communicate audit findings and recommendations in written reports.
- » Experience using software tools for data collection, analysis, and visualization.
- » Ability to effectively communicate with a diverse range of stakeholders, including management, employees, farmers' community members.
- » Skills in leading meetings, workshops, and focus groups to gather information and build consensus.
- » Ability to manage conflicts and disagreements that may arise during the audit process.
- » Knowledge of social justice principles and human rights issues.
- » Awareness of diverse cultures and customs, and the ability to adapt to diverse environments.

- » Understanding of ethical dilemmas that may arise in social auditing and the ability to navigate them appropriately.
- » Background in social work, human rights, or development studies can be an advantage.
- » Skills in planning, organizing, and managing audit projects.
- » Experience with specific industries or sectors: Familiarity with the challenges and opportunities of different industries can enhance the effectiveness of social audits.

## » 1.5 Development Background

The manual and related documents were developed in a joint project by Worlée, CARE and an Egyptian pilot supplier. The project is part of the Due Diligence Fund and is funded by the Sustainable Agricultural Supply Chains Initiative under the umbrella of the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ)

Worlée specializes in high-quality, natural dried products. The company offers a wide range of sustainably produced fruits, vegetables, spices, and herbs for the food industry worldwide. It sources its products from over 60 countries and is committed to high quality standards and fair-trade relations. With the development of this audit and development tool, Worlée aims to expand its efforts to improve labour standards in its agri-food supply chains. Furthermore, with this freely accessible tool, Worlée wants to encourage other companies in the food industry to use the manual to create good labour standards and conditions with their direct and indirect partners. Find more information on Worlée here: <https://www.worlee.de>.

CARE is an Egyptian Foundation at the Ministry of Social Solidarity. CARE is building on the legacy and expertise of CARE International in Egypt since 1954, by designing, implementing and managing development programs and projects aimed at helping the neediest communities in Egypt and by building strategic partnerships with the government sector, civil society and the private sector in an effort to help meet basic needs and improve the quality

and standard of life in a sustainable manner and consistent with the culture, reality and the local and national context. The Foundation focuses its interventions and designs its programs in the areas of economic and social empowerment of Egyptian women, developing and improving the educational environment, supporting the agricultural sector, especially small farmers, and supporting confidence-building processes among development partners. Find more information on CARE here: <https://care.org.eg>

The project started in summer of 2023 and was completed at the end of 2024. It consisted of four phases: the development of the instrument, its testing, its improvement and the publication and distribution of the instruments presented in the manual. In the first phase of development, Worlée and CARE designed the procedures and documents on conducting social audits and introducing continuous improvements in supply chains. In the second phase, all designed tools presented in this manual were tested together with an Egyptian pilot supplier in a food processing factory and in cultivation of plant-based foods. The tests revealed potential for improving the instruments, which were then implemented in the course of the third phase of the project by Worlée and CARE.

With the experience of the experts from the Worlée and CARE project team, approaches on how to introduce elements and procedures for continuous improvements were also identified and were added to the overall concept.

The publication and distribution of this manual and the tools in the food industry as well as the further development of the tools are carried out by Worlée.

## » 1.6 Structure of the Manual

The manual begins with a basic section on terms and definitions to create a uniform understanding among readers. After that, the manual addresses five basic parts that express the phases of implementing social audits and the improvement measures, which are as follows:

Preparation phase, this is the pre-work phase. It includes preparations for the social audit process, identifying the audit scope and (SIT) that conducts the audit and the evaluation, the

time frames, and the resources needed. It also includes the supplier company's readiness to receive the evaluation process.

The second phase is about the data collection. This is an important phase as it is the main part of the audit. It requires the use of data collection tools that were developed with this manual. Mainly, desk review, site tour, interviews with employees and / or farmers, and interviews with management.

The third phase continues with applying scoring, analysis and evaluation on the collected data. During this phase, a detailed explanation is provided on how to apply the evaluation, including the scoring process for indicators that measure whether social requirements are fulfilled. In this part, the reader learns how to score the indicators, and how to explain the scoring results for both the audited organization and auditing organization.

The next phase involves identifying the gaps that need to be closed ("Develop action plan and continuous improvements"). This part deals with corrective actions required to improve the level of individual indicators that received a low score. It includes elements such as measures,

target groups, resources, deadlines and responsible persons.

The last phase deals with the monitoring of continuous improvement and the follow up of audit non-conformities. It addresses the efforts needed to ensure the implementation of the corrective actions and monitoring. Furthermore, it provides guidance on how the process of continuous improvement can be continued. While phases two and three address the procedures of social audits, phases four and five deal with the development actions and the continuous improvement procedures.

In each of the individual phases, reference is made to the appendices and associated templates. The manual contains all the necessary tools and forms for carrying out the audit, evaluation, and improvement processes.

## » 1.7 List of Definitions

Below you find definitions of terms used in this manual. The list is in alphabetical order. The manual addressed these definitions at the beginning to standardize the reader's understanding of the individual sections of the manual.

Terms	Definition
Annual leave	A paid number of days each year employees are entitled to take off from work. It is also referred to as vacation leave, holiday leave, or paid time off (PTO).
Anti-discrimination policy	The anti-discrimination policy is a company's documented strategy in preventing and taking actions against unequal treatment and discrimination against people based on certain characteristics such as gender, age, religion, race, birth, social background, disability, ethnic and national origin, nationality, membership in unions or any other legitimated organizations, family responsibilities, marital status, diseases or any other condition that could give rise to discrimination.
Audited organization	The audited organization represents one of the actors in the upstream supply chain that will be audited based on the social standard by the auditing organization. It is also the organization that applies the concept of continuous improvement described in this manual. The audited organization provides goods or services to the auditing organization. It is often involved in a business-to-business (B2B) relationship, where they sell their products or services to other businesses. In this manual, the audited organization refers to the position of a supplier.

Auditing organization	The auditing organization is the supply chain actor that applies the concept of social audits and continuous improvement on its upstream supply chain actors based on the social standard of this manual. The auditing organization outlined in this manual does business with the audited organization and buys its products or services. Therefore, in this manual, the auditing organization refers to the position of a customer.
Bank holiday	An official public holiday when banks, schools, and many businesses are closed for the day.
Child labour	Child labour is defined as work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development.
Corrective action	Corrective actions are steps taken by an organization to address instances of non-compliances or areas for improvement identified in an audit. These actions aim to rectify existing issues or events and prevent future occurrences.
Corrective action plan	A list of tasks or steps needed to complete that must be completed to achieve specific goals. An effective action plan works like a management plan for companies' initiatives, outlining the steps needed to be taken to address the required corrective actions agreed.
Continuous improvement	Continuous improvement refers to the ongoing process of identifying, analyzing, and implementing changes to enhance an organization's social performance based on the findings of a social audit. It involves a commitment to learning, adapting, and taking action to address identified gaps and improve upon existing practices.
Desk review	A desk review is a systematic examination of existing documents to gather information about an organization, its management, and activities. It involves a thorough analysis of relevant records such as reports, policies, strategies, and other written materials.
Employee	An individual who works for an organization in exchange for wages or a salary. Employees typically perform tasks or duties assigned by their employer, following specific guidelines or instructions. The relationship between an employee and an employer is often governed by a formal employment contract.

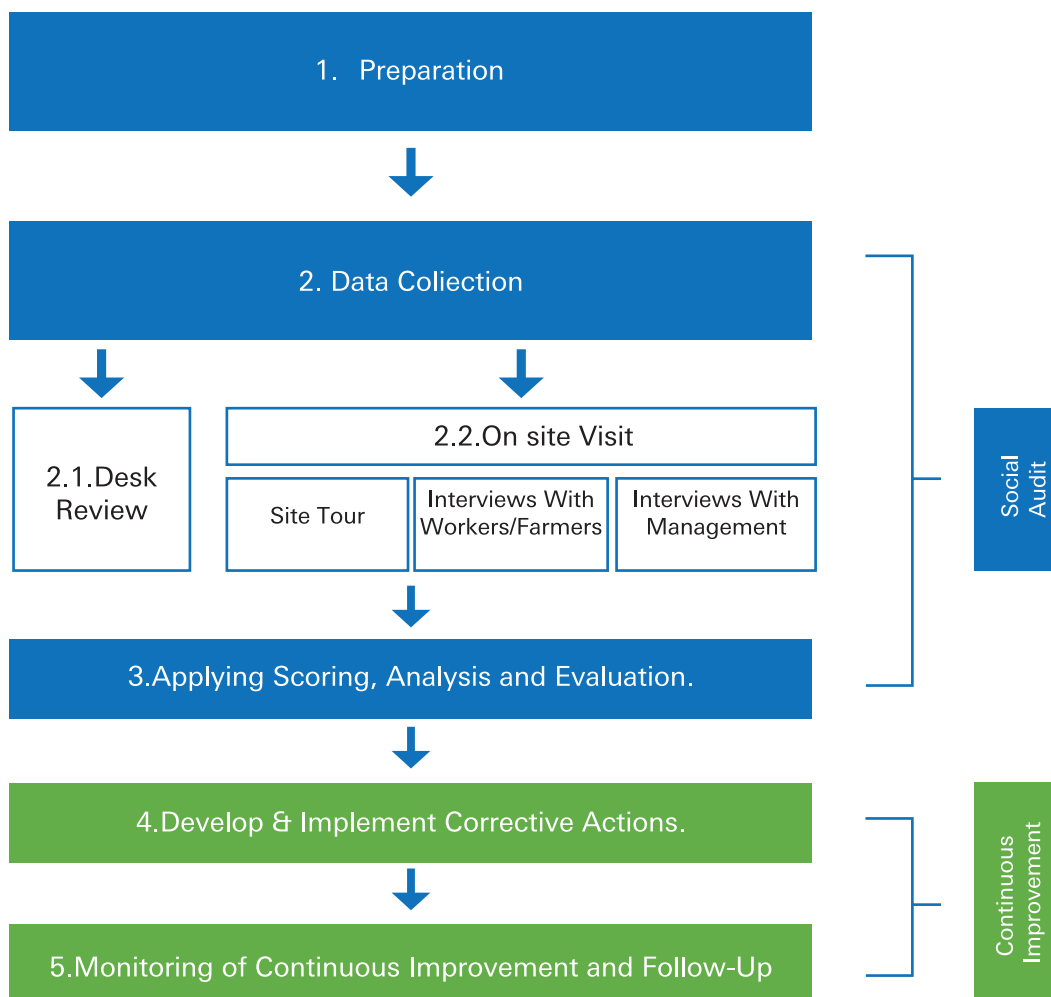
<p>Five -Whys method</p>	<p>The Five -Whys method is a simple yet effective problem-solving technique that involves asking "why" five times to drill down to the root cause of a problem. In the following there isThe following provides a basic overview of how it works:</p> <ol style="list-style-type: none"> <li>1. Identification of the problem: cClearly define the non-conformity which needs to be solved.</li> <li>2. Asking "why" five times: fFor each answer developed, asking "why" needs to be repeated. This helps to dig deeper into the underlying causes.</li> <li>3. Documentation of answers: tThe answers need to be documented to each "why" question.</li> <li>4. Identification of the root cause: aAfter five "whys," the fundamental reason for the non-conformity should be identified.</li> </ol>
<p>Grievance mechanism</p>	<p>A procedure that provides a clear and transparent framework to address complaints, for example about labour standards and conditions. It is typically an internal procedure for complaints followed by consideration, management response and feedback. Grievance procedures should be tailored to meet the needs of complainants.</p>
<p>In-kind payments</p>	<p>In-kind payments are non-monetary payments made in the form of goods or services rather than cash. For example, an organization might provide in-kind payments to its employees, such as company-provided housing, or use of a company car.</p>
<p>Indicator</p>	<p>An indicator is a sign, measurement, or metric that provides information about the status, progress, or performance of something. In this manual, an indicator provides information on what needs to be verified and assessed in order to prove that the social requirements are fulfilled.</p>
<p>Light work</p>	<p>Light work may be performed by children between the ages of 13 and 15. Light work is work that is acceptable for children (child work). Children may perform light work provided that it does not hinder their physical and mental development as well as interfere with their education. As much as children have responsibilities towards their families, it is also important that the work they perform does not deprive them of their childhood or pose any danger to their wellbeing.</p>
<p>Maternity leave</p>	<p>Maternity leave is a period of time granted to a female employee after the birth of her child, allowing her to take time off from work to care for her new-born. This leave is typically paid, but the specific benefits and duration vary depending on the country and the employer's policies. The primary purpose of maternity leave is to enable mothers to bond with their babies and recover from childbirth.</p>
<p>Non-conformity</p>	<p>Non-conformity refers to a failure to meet a social requirement, which is measured by indicators in this social standard.</p>

Root cause	<p>The fundamental reason for the occurrence of a problem.</p> <p>The root cause is the core issue - the highest-level cause - that sets in motion the entire cause-and-effect reaction that ultimately leads to the problem(s).</p> <p>For the identification of the root cause of a problem the five-why-method can be used.</p>
Site tour	<p>A guided visit to a particular location or facility. It typically involves a knowledgeable person who provides information and explanations about the place being visited. The site tour, referred to in this manual, is conducted for the purpose of collecting information on the sustainability performance of the supplier. It concentrates mainly on issues that can be observed.</p>
Social audit	<p>A systematic assessment of an organization's endeavors, procedures, and activities regarding social responsibility and performance. A social audit is an assessment of how well the company is achieving its goals or benchmarks for social responsibility. The results of social audits are often form the basis for introducing corrective actions and continuous improvements.</p>
Social Impact team SIT	<p>The SIT is put together by the auditing organization that carries out the social audit at the selected business partner / supplier. The SIT accompanies the respective supplier during the entire assessment, evaluation and continuous improvement period.</p>
Social benefits	<p>Social benefits are financial or in-kind benefits in addition to remuneration that may be provided by the employer. Social benefits include, for example, additional health or dental insurances, life insurances, employee assistance programs, gym memberships, additional paid time off, flexible work arrangements.</p>
Social insurance	<p>Contributions deducted from wages and paid by employers and employees, such as medical and pension insurance.</p>
Worker	<p>A worker is a broad term that encompasses individuals who perform labour or tasks, often for wages or a salary. This includes people employed in various industries, from manufacturing and construction to service and office jobs. While "employee" specifically refers to individuals working for a company or organization, "worker" can also include self-employed individuals, freelancers, and those engaged in temporary or seasonal work.</p>
Young worker	<p>A child between the minimum age of employment (15 years/in some countries 14 years) and 17 years, performing non-hazardous and age-appropriate work, in line with ILO Conventions 138 and 182.</p>

# 2- Five Phases of Implementing Social Audits and Continuous Improvement

The following illustration shows the procedures of the social audit and continuous improvement processes:

» Figure 1: Implementing Social Audits and Continuous Improvement



## » 2.1 Phase One: Preparation

The identification of a supplier that needs to be audited is usually done on a risk basis. As the methodology for selecting suppliers for audits is a company-specific process, it is not covered in this manual.

Once a supplier has been selected by an organization for a social audit, the preparation phase starts. This includes the determination of the audit team that will carry out the assessment, the time frame, and such other required resources as an interpreter, etc.

It is important to allocate sufficient resources to the social audit and improvement process to enable the identification of risks and the implementation of corrective measures. These resources are both financial and non-financial in nature. All required resources, especially financial resources, should be considered in the organization's annual planning.

Supplier involvement is also an important part of the preparation phase, in which the aim is to gain the supplier's willingness to undergo the audit and improvement processes. Therefore, organizations should ensure that social principles are communicated to suppliers of the upstream supply chain ahead of conducting a social audit. In addition, organizations should also seek a common understanding and commitment of suppliers to social principles by confirming to use their best endeavors to comply with the principles both entities agreed upon in advance to the social audit.

In the following, all necessary steps for preparation, which should be implemented by the auditing and the audited company, are explained in detail.

### » 2.1.1 General Preparation by Auditing Organizations

» Identify the social principles and requirements to be assessed during the audit. All social principles and requirements of this manual can be audited. However, due to time constraints, the auditor may confine their examination to certain social principles. Social principles can be prioritized with regard to the country- and sector-specific risks that apply to the selected upstream supplier of the agri-food supply chain. For the identification of the risk, use recognized sources. The process to identify the country- and sector-specific risk that apply to supplier's site is not covered by this manual. Another option is to select the minimum requirements, which can be found in each data collection template enclosed. If there is not enough time available for the audit on-site, the social requirements can be selected for the audit depending on the country and sector risks. Here, the SIT concentrates on the key social requirements. In addition, the requirements can also be filtered using

the 'minimum' and 'standard' filters for a shortened audit. This option should be only used exceptionally.

- » Assemble the SIT: the SIT is responsible for auditing and supporting the supplier in the improvement process. For the social audit, it is recommended to conduct it with at least two auditors, in order to facilitate the data collection on-site. In case of time constraints, the audit team can split up and divide the topics, with one auditor focusing e.g. on aspects such as occupational safety and the other on employment issues.
- » Identify stakeholders: name the key stakeholders who should be involved in the assessment process, such as employees and/or farmers, management at the supplier together with the commercial department of the auditing organization, e.g. purchasing department. Consider involving these stakeholders in a suitable way throughout the auditing and improvement processes.
- » Contact the supplier to be assessed and explain your pursuit of continuous improvement of labour standards and working conditions in supply chains.
- » Explain the assessment procedure and introduce the process and phases of the social audit and improvement processes to the audited organization. Make sure that the supplier understands the importance and the necessity of conducting worker interviews during the audit. Ensure confidentiality and secrecy of statements made by employees. Use the chart no. 1 above for your explanations.
- » Make sure that the supplier involves the managers and employees of the factory and / or farm, which delivers the products your organization purchases, into the preparatory steps for the audit (often suppliers have several factories and / or farms). Request the contact person at the supplier to involve the relevant stakeholder at the selected and relevant factories and / or farms.
- » Provide the contact person at the supplier's company with the list of preparatory steps (see chapter 3.1.2).

- » Identify who will be the focal person for the organization at the supplier's part.
- » Agree on a time frame for the implementation of the social audit with the selected supplier.
- » Always consider informing or involving the commercial department or the focal contact person for the supplier in the organization.
- » Ensure to connect commercial with quality and sustainability matters to increase leverage for improving working conditions.

### » 2.1.2 General Preparation by Audited Organizations

- » Demonstrate cooperation with the SIT of the auditing organization by confirming compliance with all requirements of the social audit and improvement processes.
- » Identify a contact and coordination person between your customer's audit team and your company who will be responsible for coordinating joint efforts related to the social audit and improvement processes.
- » Ensure the preparation and availability of all documents necessary for the social audit and improvement processes, which will be determined by the SIT.
- » Provide information to the SIT of the auditing organization in order to be able to prepare for the audit on-site.
- » Ensure that groups of workers and employees are prepared and available for group and individual interviews, if necessary.
- » Inform the management team of the audited organization about the planned group and individual interviews.
- » Book or reserve required conference rooms for interviews and discussions.
- » If agreed upon, ensure the implementation of farm visits. This might require the involvement of actors in the upstream supply chain, e.g. suppliers, sub-suppliers.

- » Prepare for participation and discussion in developing corrective actions and continuous improvement plans in conjunction with the SIT.
- » Ensure commitment to implement corrective actions and continuous improvement plans, if required.
- » Ensure monitoring and adjustment of corrective actions and improvement processes, if required.
- » Ensure supplier's management involvement at each stage of evaluation and improvement processes.

### » 2.2 Phase Two: Data Collection

In the data collection phase, all relevant information is collected in order to assess and evaluate the status quo of the implementation of agreed social standards by the upstream actor/s selected for the audit. The data collection phase is split into two parts: the desk review and the on-site visit.

The data collection starts with the desk review and continues with the on-site visit that includes a site tour, interviews with employees and / or farmers, and interviews with management. The corresponding documents and templates of this manual support the whole phase of data collection.

#### » 2.2.1 Desk Review

The desk review establishes a factual basis as it provides verifiable facts and data that serve as a foundation for the following data collection during the on-site visit. It allows for the verification of the supplier's self-assessment and offers an additional perspective. The findings of the desk review are used as a starting point for the site tour and the interviews with the management and employees and / or farmers. And finally, yet importantly, it establishes a baseline for future documentations and audits. Once the preparatory steps (see 2.1) have been completed together with the supplier, the SIT starts to collect relevant information in order to prepare the on-site visit. Therefore, the team requests the contact person at the audited organization to complete the Template Self-Assessment Questionnaire on Basic Company

information. Furthermore, the SIT provides a list with selected documents, which will be reviewed prior to the on-site visit. For the list of relevant documents to be collected prior to the on-site visit, use the Template Desk Review. Important notes:

- » It is important to inform the contact person at the audited organization that only existing documents are to be transmitted. Requested documents that are not available at the time of the request do not have to be created additionally, and do not need to be provided to the SIT.
- » In addition, requested documents may have names that differ from the names used by the audited organization, for example a supplier code of conduct might be called a responsible sourcing policy. In case of uncertainty, the contact person at the audited organization should notify the SIT.

An agreement on a deadline to receive the documents shall be made between the auditing and audited organization, which ideally shall be no longer than one and a half weeks.

Steps to Conduct the Desk Review:

- » Identification of received documents: all received and relevant documents from the organization to be audited are identified and collected by the SIT.
- » The SIT must ensure that all documents received suite the following principles:
  - Validity: The documents are up to date and valid.

- Relevance: The documents are relevant for the assessment.
- Authenticity: The documents are authentic and unaltered (as far as possible).

» Content analysis:

- The documents are systematically analyzed by the application of guiding questions provided with the Desk Review Template. There is a selection of guiding questions for each requested document.
- The application of the guiding questions to the particular document facilitates and enables the identification of potential or factual non-conformities and irregularities in regard to the social principles defined in this manual.
- The resulting answers through the application of the guiding questions onto each received document are collected in the Desk Review Template. Presented below is an excerpt from the Desk Review Template.

» Transferring results: identified potential or factual non-conformities, irregularities or questionable aspects are transferred to the corresponding interview questions or the Site-Tour Template. This will enable the further investigation of the respective matter during the on-site visit.

The example below in the table shows how to use the Desk Review Template. The second and the last column in the example can be used to document the results of the documents review.

» Table 2: Desk Review Template

Topic/Document to be provided	Available/ Not Available	Purpose	Guiding Questions for Document Analysis	Results of the Document Analysis and Identified Non-Conformities
<b>1. The Right of Freedom of Association Collective Bargaining</b>				
Internal bylaws related to freedom of association	Not available	Respecting the freedom of association and collective bargaining and organizing the process of dialogue and communication between workers and management	The company's management recognizes the right of workers to organize in a trade union, and this is stipulated in any of the company's documents	No document available recognizing the right of workers to organize in a trade union.  needs to be checked in the interviews with management and workers during the on-site visit
Grievance mechanisms to raise complaints and concerns (e.g. policy, standard operating procedure, info sheet)	Available	The purpose is to understand the rules and procedures of the company when it comes to freedom of association and, where not applicable, to learn how employees can file complaints when needed	Describes internal and external procedures of the grievance mechanism including filing a complaint, processing of complaints, finding a solution for remedy and the implementation and monitoring of remedy <ul style="list-style-type: none"> <li>- Describes target group of the grievance mechanism</li> <li>- Describes involved parties in the processing and remedy of complaints (e.g. working committee, human resource department, NGO, labor office)</li> <li>- Describes channels complaint can be filed to</li> <li>- Provides information on the involvement of complainant in the remedy procedures</li> <li>- Describes how the grievance mechanism guarantees the confidentiality of the worker</li> <li>- The grievance mechanism is announced to all existing and new workers</li> </ul>	A grievance mechanism is documented, but the remedial procedure to involve complainants is not included.  needs to be assessed in the interviews with management and workers during the on-site visit

### Steps to Use the Self-Assessment Questionnaire on Basic Company Information

The Template Self-Assessment Questionnaire on Basic Company Information is answered by the audited organization and helps the SIT to plan the audit in terms of locations and scope of the assessment, required time, necessary transportation and audit participants. It consists of three sections that provide information on a) the audited organization and its business purpose, b) personnel issues and c) the supply chain.

For example, the size of the organization, the number of employees, the location of warehouses or the number of relevant factories and their distances from each other have an influence on the scope, the time required and the contact persons for the audit. In addition, if a farm visit is planned, the farms that produce the organization's products need to be identified and their location and distances from the factory considered. It is also necessary to involve farm owners in the communication process. Furthermore, working and harvesting times must be taken into account in the planning. This is because when there is no work in the field, there are usually no people on the farm who can be interviewed about their working conditions.

### » 2.2.2 On-Site Visit

On-site visits at suppliers' sites are crucial elements for ensuring ethical sourcing, mitigating risks, enhancing stakeholder relationships, and driving continuous improvement. They are generally considered more reliable than sole document reviews of supplier self-assessments. Therefore, the on-site visit is a mandatory element of this social audit standard.

The on-site visit consists of observations and an exchange with management, employees and farmers on working conditions. This section contains a detailed description, which shall guide auditing organizations in conducting an on-site visit at factories and associated farms.

The following actions during the on-site visit are described in this section:

- » Opening meeting
- » Site tour at factory and / or farm
- » Interview with employees and / or farmers
- » Interview with management
- » Closing meeting

#### Preparatory Steps Prior to the On-Site Visit

- » Make yourself familiar with all the templates or tools, which are required during the on-site visit. Consider how to document the findings during the on-site visit, e.g. by computer or on paper.
- » Prepare the interview templates: apply the initially defined audit scope to the social principles listed in the interview templates for the management and employees and / or farmers and select the social principles. They will be the subject of the interviews. Ensure that the audit scope is in line with the main risk topics identified for the country and sector of the selected upstream suppliers.
- » To carry out the audit in another country, it is necessary to familiarize yourself with some national laws and regulations. The SIT may need to carry out research for this. For this purpose, the Template Country Specific Information can be used. The template lists social aspects that are part of the social standard and need to be researched in advance if they are not known. This includes, for example, the minimum wage or the minimum age for employment.
- » Preparation of factory interviews:
  - Add or amend questions, when needed, based on the desk review.
  - The desk review should guide you in focusing on certain aspects more than others when needed.
- » Develop an audit plan: take the received information in the Template Self-Assessment Questionnaire on Basic Company Information into account and create a detailed plan that outlines the audit

- » activities, responsibilities, and schedule.
  - Conduct interviews with the factory and the farms.
  - Consider the time required for each step considering the company's size, locations and distances of proprietary warehouses and the number of employees.
  - If the audited organization provides housing, check the location and distance from the factory and/or farm and plan time to visit them as well.
- » Organize the on-site visit: create a draft of an agenda and agree on it with the audited organization (time, procedures, participants, interview rooms) and share the agenda with the supplier at least one week before the assessment. Use the Agenda template.
- » Make yourself familiar with the sampling method and prepare what groups of employees you would like to interview.
- » Check once again the target site's address and re-ensure that the site is part of your organization's supply chain.
- » Check and, if necessary, organize an interpreter for the employees' interviews. The interpreter shall hold no links or relationships to the audited supplier company.

Steps to Conduct the On-Site Visit:  
Opening Meeting

An opening meeting is important to introduce the SIT to the supplier's management and participating employees. The meeting is a good opportunity to explain the objective of the social audit and its benefits for the audited company as a supplier.

The meeting will cover the following aspects:

- » Welcome and introduction of each participant.
- » Exchange on the background and aims of the visit by the SIT.
- » Check and document the name of the participants: management of the supplier, or rather, the managers who fully accompany the audit, e.g. HR or H&S.

- » Discuss the procedures of the day and review all single points on the agenda together with the supplier. Adapt, if necessary.
- » For the orientation, ask for a company map, which displays all production halls and all associated areas. This ensures the conduction of a complete site tour.
- » Together with the HR manager, check the list of available employees and select employees for interviews according to the described sampling method (see "Interviews with employees and / or Farmers").
- » Once selected, the employees are informed immediately. Therefore, the audited organization asks the selected employees / farmers if they are willing to participate in the interview and it confirms that the discussions are handled confidentially, and no information is passed on. As soon as employees agree to be interviewed, their superiors must be informed. Ensure that the selected employees are available for the planned time slot and know where the interviews take place.
- » Leave time for open questions.
- » Care for your own safety on site.

» **2.2.2.1 Site Tour at Factories and Farms**

The factory and / or farm tour shall take place at the very beginning of the on-site visit, ideally right after the opening meeting. It is used to gain an overview of the factory or farm, to locate the supplier's activities and to gather initial information on potential non-conformities by observation.

- » 1. Make sure to visit, if possible, all processing halls and operated warehouses, social rooms including sanitary facilities, canteen area, chemical storages and the backyard of the factory or farm.
- » 2. The duration of the site tour is dependent on the size of the factory and / or farm that is visited. Planning the required time is an important part of the preparatory steps prior to the visit.

- » 3. Ask whether pictures can be taken during the site tour. Pictures help to remember the observed situation and to understand questionable aspects afterwards without revisiting.
- » 4. During the site tour, it is advisable to be accompanied by someone who possesses the necessary understanding of and familiarity with the site, e.g. the health and safety manager. They can clarify any questions that may arise during the tour and can navigate the tour according to the requirements of the audit.
- » 5. If necessary, questions can be posed to employees and / or farmers during the tour, e.g. if very young workers are encountered or dangerous work is observed. The target of the exchange is to understand and collect information about the facts of the case and use this information for the following management or employees and / or farmers interviews.
- » 6. For the documentation of findings, use the Site Tour Template during the factory and / or farm tour. Take the template with you and tick the checklist boxes if the status mentioned at the template can be observed. If your observations are different, note in the column of the comments and transfer the information to the respective interview templates.
- » 7. Once arrived back to the meeting room, transfer important notes and findings from the site tour template to the relevant interview templates and be prepared to recover facts in the following interviews.

### » 2.2.2.2 Interviews with Employees and / or Farmers

Interviews can help assess whether the audited organization is complying with labor standards and ethical guidelines, which are anchored in this standard.

#### Selecting Employees and / or Farmers for Interviews

When selecting employees and / or farmer for interviews, use the stratified sampling method. In this method, the employees or farmer to be

assessed are divided into subgroups (or strata), all of which have a similar characteristic. Thereby, it ensures that all subgroups are represented. The selection should be broad and take into account gender, age, nationality, ethical minorities, religion, and people with disabilities. One representative from each employee level is selected from a subgroup for an interview.

#### Group and Individual Interviews

By combining group and individual interviews, social audits can gather comprehensive and reliable information about the working conditions, ensuring that the voices of employees are heard, and their rights are protected. Both methods can capture a wide range of perspectives, including those of different departments, shifts, and seniority levels. Comparing information from individual and group interviews can help verify the accuracy of information and identify inconsistencies.

The SIT will start to apply first group then individual interviews with employees or farmers. Various options for the composition of the interview partners while maintaining the sampling methodology described can be applied. One possibility is that employees from the group interview are also selected for the individual interview. The other option is to select different employees for the group and individual interviews. The first option has the advantage that statements made in the group interview can be analyzed in more detail in the individual interview.

**Group Interview:** A group interview involves multiple candidates being assessed simultaneously, often in a single session. Group size should not exceed 12-10 candidates. This size is considered optimal because it allows for diverse opinions while still being manageable for discussion. The number of groups depends on the size of the organization and the diversity. In a company of 100 employees, 5-2 focus groups are sufficient. In the case of separating females and males, 2 groups from each would be necessary.

### Advantages

- » Collective Insights: allow employees to discuss shared experiences, identify common issues, and collectively express their needs and concerns.
- » Efficiency: saves time by evaluating several candidates at once.
- » Interpersonal Skills Assessment: allows for observation of communication, teamwork, and leadership skills.
- » Comparative Evaluation: facilitates direct comparison of candidates answers in real time.
- » Pattern Recognition: can help identify systemic issues that affect multiple workers, such as poor working conditions, unfair wages, or lack of training.

### Challenges

- » Limited Individual Attention: harder to delve deeply into one candidate's skills and experiences.
- » Dominance Dynamics: outspoken candidates may overshadow others.
- » Bias Risk: group dynamics might favor extroverts over introverts. Some candidates may end up not voicing their real opinion in front of the rest of the group.

Individual Interview: An individual interview involves one-on-one interaction between the interviewer(s) and a candidate.

### Advantages

- » Unfiltered Feedback: provide a confidential space for employees to share their experiences, concerns, and opinions without fear of repercussions.
- » In-depth Understanding: enables deep exploration of an employee's opinion, experiences, and personality and can help to delve into specific cases- Also provides detailed information about individual experiences, which can be used to identify root causes of problems.

### Challenges

- » Time-Consuming: requires more time per employee compared to group interviews.
- » Less Peer Interaction: misses opportunities to observe how employees interact with others.
- » Limited Perspective: heavily reliant on the interviewer's judgment without direct comparisons.

### Steps to Conduct Employees and / or Farmers Interviews

- » The employees / farmers interviews should take place in a private, comfortable and welcoming setting that allows for open and honest communication.
- » Start by introducing yourself and explaining the reason for the conversation. Inform the interviewees about the purpose of the interview, that their information will be used confidentially, and that none of their responses will be disclosed to any other person of the company. Also, it will not be possible to draw any conclusions about individuals.
- » Pay special attention to general rules for conducting interviews: treat the interviewee with courtesy and respect. Express gratitude for their time and participation. Pay close attention to the interviewee's responses. Encourage detailed responses with open-ended questions. Avoid questions that suggest a particular answer. Ask follow-up questions to clarify or explore specific points.
- » For conducting the interviews and documentation of answers, use the Template for farmers/employees interviews.
- » The Template for Management Interviews covers 74 social requirements in total and 223 indicators.
- » For each indicator, a group of questions is proposed to be applied during the interview. The questions serve as orientation. They scrutinize the facts in an indirect way and are intended to help uncover the

information in question. The SIT is free to use the questions, if they are appropriate to the situation found during the audit day.

- » Use observed events and practices or statements from the site tour as well as conclusions made from the desk review in order to verify the compliance with the social requirements.
- » Record key points and quotes in the template next to the corresponding social requirements.
- » In cases where questions are irrelevant, they can be properly classified as “not applicable”.
- » Mark findings, irregularities and answers that potentially violate the social requirements. This way you will identify them afterwards immediately in the completed interview template. Use them to further assess them in another interview or check them by a document review.

### » 2.2.2.3 Interviews with Management

- » The main target group for the management interviews includes, among others, the managers responsible for running the company, human resources, health and safety and/ or the production divisions. If present, the workers council also plays an important role in collecting information on the social performance of the company.
- » For conducting the interviews, use the Template for Management Interviews.
- » The Template for management interviews covers 74 social requirements and 223 indicators in total.
- » For each indicator a group of questions is proposed to be applied during the interview. The questions serve as orientation. They scrutinize the facts in an indirect way and are intended to help uncover the information in question. The SIT is free to use the questions, if they are appropriate to the situation found during the audit day.

- » Use observed events and practices or statements from the site tour as well as conclusions drawn from the desk review in order to verify the compliance with the social standards requirements.
- » During the interview, documents should also be examined as evidence. These should corroborate the statements of the interviewees. The possible documents to be reviewed are listed in the aforementioned template. The audit team can make a list during the interview and, by the end, can ask to check these documents as evidence for some indicators. A review of all documents listed in the template is not planned during the interviews.
- » The collected answers for each indicator are documented in the template next to the corresponding indicators.
- » In cases where questions are irrelevant, they can be properly classified as “not applicable”.
- » Mark findings, irregularities and answers that potentially violate the social requirements. This way you will identify them afterwards immediately in the completed interview template. Use them to further assess them in another interview or check them by a document review.

Once the site tour and all interviews have been completed, the SIT can close the data collection. The team withdraws to discuss initial observations and potential non-conformities and to reflect and conclude on its overall impressions and initial audit findings, which are then shared with the audited organization’s management team in the closing meeting.

#### Closing Meeting

- » Summarize the audit day, express gratitude for the time and participation.
- » Share initial observations, good practice and potential non-conformities with management and / or involved departments.
- » Inform about the next steps after the audit:
  - Explain that the SIT will prepare the audit report with final results, and share

it including the corrective action plan and an attestation on the social audit with the audited organization,

- Describe the structure and the task for the audited organization in completing the corrective action plan and explain the SIT's expectations towards continuous improvements.
- Encourage the audited organization and make it aware that the social audit may be the start of continuous improvement actions for sustainable development.

The closing meeting is the last but important action for the on-site visit. The discussion in the closing meeting is a valuable ground for future developments, as it prepares the audited organization for the continuous improvement phase.

The following chapter provides guidelines for the analysis and evaluation of the collected data.

### » 2.3 Phase Three: Applying Analysis, Evaluation and Scoring

Once the on-site visit is completed, collected information and data must be collated for the subsequent analysis and evaluation by the SIT. For the consolidation of the data, use the Template Analysis, evaluation, and scoring.

The template covers all nine social principles. Compliance with these social principles is assessed by 74 social requirements and 223 associated indicators (see table no. 4). The indicators measure the implementation and fulfillment of the social requirements.

In the following, the consolidation of data and the evaluation of compliance with the principles, as well as the application of the scoring system are described in detail. It is recommended that the SIT, who conducts the audit, analyze and evaluate the results as well.

#### » 2.3.1 Procedure to Analyze, Evaluate and Apply Scoring System

- » Consolidation of Data: in the first step, data from different sources providing information on the compliance with requirements based on indicators must be consolidated. Therefore, any information and data obtained during the desk review, site tour, interviews with employees or farmers, and interviews with the management are considered as input for the evaluation. In the event of obtaining contradictory data from different sources, the data that is accompanied by clear evidence and proof will be relied upon.
- » Evaluation of Compliance: afterwards, each social requirement and associated indicators must be reviewed and assessed, in order to evaluate the overall supplier's compliance with the social principles. All evaluation results must be backed up and documented by providing solid evidence in the last column of the template. Evidence is anything that can be used to prove or disprove a fact or statement. It can come in many forms, including, for example, a reviewed document or a statement of interviewees.
- » Scoring: as a final step, the level of compliance of each indicator is scored according to the definitions provided in table no. 3 "Scoring system" below.

Table no. 3 below shows the scoring system, which is applied to the different levels of fulfillment of the indicators. Scores are awarded for the indicators from 0 to 3 according to the following scheme:

» Table 3: Scoring System

n.a.	The indicator is not applicable to the specific situation
0	The audited organization does not comply with the indicator. Measures have to be taken and implemented to meet the requirements of the indicator. The identified non-conformities have the potential to jeopardize human life. In addition, it can show that applicable statutory regulations and local laws are not being observed. (Danger to life and limb, non-compliance with legal requirements)
1	The audited organization fulfills the indicator only partially, but insufficiently. Expertise and competences of the supplier need to be developed. The audited organization is required to increase its efforts to fulfill the requirements of the social standard. Failure to comply with the measures already taken can jeopardize the health and / or well-being of employees. (Health risk, threat to well-being)
2	The audited organization complies with the indicator in a largely satisfactory manner. Nevertheless, there is a need to further improve labour conditions and standards to fully fulfill the indicator. Improvements are highly recommended. (Minor impact on the health and well-being of employees)
3	The audited organization fully complies with the indicator. Sufficient measures have been taken to meet the requirements of the indicator. There are no consequences for the well-being, health or safety of all employees. The audited organization complies with all legal requirements. This development should continue to be actively supported. In addition, compliance with social standards in the upstream supply chain should be promoted. (Compliance with indicator and legal requirements, no danger or risks to health and well-being of employees)

If a supplier complies fully with an indicator and evidence can be provided, for example by a document reviewed or by statements of different interviewees, a score of 3 is awarded to the indicator, and so on. If the suppliers cannot provide evidence and the statements

of different interviews does not support the indicator, a score of 1 is awarded.

The following table shows an example of a conducted evaluation and scoring of indicators.

» Table 4: Sample of Justification / Evidence

Indicators	Scores (N/A 0 = Not fulfilled 1 = Partially met, insufficient 2 = Partially met, sufficient 3 = Fulfilled)	Justification /Evidence
There are internal efforts to raise workers' awareness about their rights to form trade unions	1	Awareness sessions for employees about their rights to form trade unions are not provided by HR on an annual basis and for each new employee. This was proved by documents and interview statements of all employees
Workers are informed about their rights to form trade unions.	2	The SIT found 10 out of 30 interviewed employees who are informed about their rights to form trade unions.
Workers are informed about their rights to form trade unions.	1	The SIT found 3 out of 30 interviewed employees who are given opportunities to participate in trade union activities
Workers who engage in activities of trade unions are treated equally compared to all other workers.	3	The workers who engaged in trade union activities stated that they are treated equally compared to all other workers.
Workers are aware of the meaning of collective bargaining and are familiar with the procedures of collective bargaining	2	19 workers stated that they are aware of the procedures for collective bargaining.
Workers take part in collective bargaining, if the company is member of a trade union or has procedures in place for it.	3	In the interviews, workers stated that they take part in collective bargaining.
In case the company is not a member of a trade union, a focal person between workers and management must be appointed to exchange issues related to employment conditions	3	A focal person between workers and management was appointed in order to exchange issues related to employment conditions.
Worker committees can be formed in the company through elections, e.g. works council, workers' committee.	N/A	
Total	15	

Once each indicator is scored, the indicators are summed up for each social principle and the average score of each principle is calculated.

The calculation of the principles' average scores is conducted using the following procedure:

$$= \frac{\text{Total score of all indicators within one social principle}}{\text{Number of indicators within one social principle}}$$

The average score of a social principle can always only range between 0 to 3. Consider excluding the indicators from the equation, which are answered by "not applicable" (N/A).

Referring to the example above: Total score of social principle A with seven indicators.

$$= \frac{15}{8} = 1.87$$

In the next step, the total score of the overall social performance of the supplier can be calculated. Therefore, the average scores of all assessed social principles are summed up and divided by the total number of assessed social

principles. If a full audit has been conducted, the total number of social principles is nine; see the exemplary equation below. Otherwise, the number of social principles analyzed is applied for the denominator of the equation.

$$= \frac{\text{Total score of all indicators within one social principle}}{\text{Number of indicators within one social principle}}$$

For example:

$$= \frac{2.1+2.5+1.3+1.7+0.5+2.2+3+2+1.87}{9} = 1.87$$

The total social performance score of the audited organization always ranges between 0 to 3.

In addition, the total social performance score can be used to compare the social performance of different audited organizations with whom business is conducted. This can be important when selecting suppliers or awarding contracts, for example.

### » 2.3.2 Interpretation of Total Social Performance Score

The total social performance score indicates the level of social compliance with the social standard on which this manual is based. It depicts the status quo of a supplier's social performance and can be used during a repeated inspection by the SIT to visualize the changes and developments of the respective audited organization at a higher level. However, it cannot indicate where exactly developments can be found. Therefore, an analysis of the level of the individual social principles is required.

Important note: the total social performance score is for internal use only, and is not shared with audited suppliers, in order to focus on eliminating non-conformities.

The following gradation can be used internally to categorize the number of points achieved:

Score 0 (Not compliant)	The audited organization of the upstream supply chain is not complying with the set social standard. There is a clear need to undertake efforts to comply with the social principles of this standard.
Score 1 (Partially compliant/ Insufficient)	The audited organization partially complies with the social standard, but not sufficiently. Expertise and competences of the supplier need to be developed. The organization is required to increase its efforts to fulfill the requirements of the social standard.
Score 2 (Partially compliant/ Sufficient)	The audited organization is on the way to sustainable development. The social principles are largely implemented by the organization. Nevertheless, there is a need to further improve labour conditions and standards according to the respective social standards set with this manual
Score 3 (Compliant)	The audited organization is strong and effective in applying the respective social standards. This development should continue to be actively supported. In addition, compliance with social standards in the upstream supply chain should be promoted.

## » 2.4 Phase Four: Develop & Implement Corrective Actions

This phase is essential because it lays the foundation for the desired and subsequent process of continuous improvement of social performances. It involves an agreement on a planned path to improvements between the SIT and the audited organization's management. In the following, the required steps to achieve this agreement are described:

- » Prior to the exchange between the above-mentioned parties, the SIT transfers the scores for all indicators to the Template Corrective Action Plan.
- » A meeting is then arranged between the SIT and the audited organization's management. It is recommended that the auditing organization's purchasing department also takes part alongside the SIT. In this way, unity can be demonstrated between the different requirements placed on the audited organization. On the part of the audited organization, participation is required from the management, or rather, the employees who fully accompany the audit.
- » The SIT starts the meeting by repeating the idea and relevance of developing a corrective action plan and of the following phase of continuous improvement. It is important to also show the connection

between the audited organization's social performance and their business relationship with the auditing organization.

- » Firstly, a summary of the positive audit findings is shared with the audited organization's management.
- » Both parties then take a look at each individual non-conformity. Corrective actions for all indicators that score between 0 and 2 are required.
- » Together both parties elaborate and agree on corrective actions suitable to meet social requirements.
- » A fundamental aspect in the development of corrective actions is the search for the cause of the non-conformity. In this instance, the Five Whys methodology is recommended for the purpose of root cause analysis. For the definition of the Five Why methodology, check the definition list.
- » Once the fundamental reason for the non-conformity, the so-called root cause, is identified, the suitable corrective action is described in regard to:
  - the measures which are planned to be implemented by the audited organization (Measures),
  - the managers, employees or farmers who

are addressed by the planned measures (Target Group),

- the resources which are required to implement the planned measures (Resources),
- the due date on which the implementation of the corrective actions is completed (Deadline),
- the employee appointed by management who is responsible for implementing the corrective measures (Responsible Person),
- the evidence that must be submitted to the SIT to demonstrate the elimination of non-conformities (Evidence for Elimination of Non-Conformity). In some cases, a follow-up on-site might be necessary, because the evidence cannot provide sufficient information about the elimination of the non-conformity. Determine which form of follow-up is appropriate for each situation - if via document or on-site review. Therefore, the severity of non-conformities and the supplier's progress in implementing corrective action needs to be

taken into consideration.

- » The supplier's management and involved employees take the lead in developing the corrective actions, as they can decide on the appropriate actions and required time for eliminating non-conformities.
- » The management appoints one person to take the lead in monitoring the completion of the corrective actions by the persons responsible for the implementation and to inform the SIT on the progress.
- » The SIT moderates the meeting. It can provide advice on the implementation of the requirements and decides whether the corrective measures are appropriate to remedy the non-conformities. The corrective measures defined are documented in the attached Template Corrective Action Plan.

The table below shows an example of a corrective action plan.

» **Table 5: Example of Corrective Action Plan**

Principle 1: The Rights of Freedom of Association and Collective Bargaining										
	Indicators	Score	Justification / Evidence	Root Cause	Corrective Action					
					Measures	Target Group	Resources	Deadline	Responsible Person for Implementation	Evidence for elimination of non-conformity
1	There are internal efforts to raise workers' awareness about their rights to form trade unions.	1		No resource allocated for this action	Implement annual awareness session about employees' rights to form trade unions	All employees	Personnel resources if applicable financial resources	March 2025	HR Manager	A session has been conducted to raise awareness on the topic of trade unions rights
2	Workers are informed about their rights to form trade unions.	2		Action is not done regularly	Inform employees annually about their rights to form trade unions	All employees	Organization budget	At the time of signing the worker contract	HR Manager	Employees know about their rights based on interview findings and copy of contract

Both parties sign the completed corrective action plan. By signing the action plan, the audited organization undertakes to implement the specified corrective actions within the defined deadline.

» **2.5 Phase Five: Monitoring Continuous Improvement & Follow-up**

The phase of continuous improvement begins with the implementation of the corrective actions by the audited organization. For the SIT, it is important to monitor the implementation of the corrective actions within the specified deadline and to re-engage in dialogue if difficulties in implementation are communicated by the audited organization. If corrective measures are not pursued further, the audited organization

is requested to notify the SIT and provide an explanation.

In the following section, the monitoring process of implementation of corrective actions and continuous improvement are described.

» Monitoring of the implementation by the organization: at least at the expiry of the specific deadlines, evidence of the elimination of non-conformities needs to be provided to the SIT by the audited actors. Monitoring is to ensure that planned activities are carried out effectively; it requires comparing progress against the original plan.

- » The evidence provided by the audited organization shall demonstrate the elimination of identified non-conformities (e.g. documents, photos, certificates, invoices etc).
- » If no evidence is provided on time by the supplier, the SIT informs the responsible purchase manager of its organization, who contacts the audited business partner.
- » Plan follow-up audit: it is recommended to repeat a social audit at an audited organization every two years. In the case where the supplier scored 2-0 in total and or has severe non-conformities, a follow-up can be repeated after one year to verify compliance with corrective actions and assess overall performance. For the follow-up, the SIT may use the same form of the action plan that was completed previously in conducting the follow-up audit.
- » Track and document the improvements made by the audited organization over the years by comparing its total social performance score. Ensure to inform the responsible purchase manager of the developments made in the supplier's social performance and integrate the score, if possible, into the organization's annual supplier assessment. This enables the organization to take a holistic view on the suppliers' development and decide on its future business relationships.
- » Support continuous improvements of the audited organization: if necessary, support should be offered to build the supplier's knowledge and skills. In certain cases, consideration should also be given to sharing the costs of implementing major investments with the audited organization.
- » Procurement behavior as a preventive measure: all actors of the supply chain - customers and suppliers, auditing and audited organizations - are responsible

for a sustainable development of labour standards and working conditions. A customer's procurement behavior can be a lever for it:

- Pricing should take into account direct and indirect labour costs, including sustainability costs and living wages.
- Delivery times should take performance and human rights aspects into account, e.g. rights to refuse performance from a human rights perspective for suppliers or subcontracting with a right of refusal if this leads to risks or violations.
- Avoidance of short-term changes: short-term changes to delivery times and product specifications should only be made in consideration of performance and human rights aspects, regular orders, and call-off of booked capacities.
- Contract terms: focus on long-term contractual relationships.
- Incentives for good sustainability performance must be created.

To document the elimination of non-conformities, the Template of the Corrective Action Plan can be extended by two additional columns as follows:

- » Measure was implemented - Yes/No: in this column, the SIT notes that the agreed corrective actions were either implemented on time (Yes) or not (No).
- » Challenges: if challenges arise during the implementation phase and deadlines cannot be met, the SIT can use the column "Challenges" to note why the audited organization did not eliminate the non-conformities on time and describe the difficulties of enhancing the situation.

## » IMPRINT

Published by:

Photo credits/sources:

Responsible:

Author:

Design:

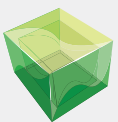
On behalf of

This project has been part of the Due Diligence Fund funded by the Sustainable Agricultural Supply Chains Initiative under the umbrella of the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ).

Digital publication only  
Place, Date



[www.worlee.de](http://www.worlee.de)



NATÜRLICHE  
ROHSTOFFE

**WORLÉE**  
seit 1851



**care<sup>®</sup>**  
**Egypt**