

CATALYSING POSITIVE
SOLUTIONS FOR WORKERS
AND BUSINESSES



ANNUAL REPORT 2009
BUSINESS SOCIAL COMPLIANCE INITIATIVE

Over **15.000** BSCI audits
performed and accessible in
the database of suppliers

6 years
experience
improving working
conditions in supply
chains worldwide

13 meetings
of National Contact Groups
in Europe

176 new
company members

15 auditing
companies
experienced in BSCI audits

THE BSCI IN 2009

430 total members representing
over **300 billion €**
turnover and 1 million employees

4 million workers
reached via BSCI audits

A membership network of **616 contact**
persons dedicated to BSCI implementation

9 Stakeholder
Round Tables and meetings
in supplier countries

8000 visits
per month to our website

Over **2000 suppliers**
trained at more than 50 capacity-
building workshops in 10 countries

INTRODUCTION

DEAR READER,

2009 was an exciting year for BSCI as 176 new companies, retailers, brands and importers joined our initiative. This growth brought both opportunities and challenges as we strived to improve the working conditions in our members' supply chains.

In the current economic situation, one might think the issue of corporate social responsibility (CSR) would be left on the sidelines. On the contrary, all 430 BSCI members understand that improving working conditions in their global supply chain is an important strategy for enhancing competitive advantage, improving long term reputation and stimulating cost savings from the efficiencies created by our system.

Based on our experience, a combination of audits and learning is the most efficient way to make improvements in labour practices. Therefore, in 2009 we focused on increasing our ability to effectively deliver additional workshops to educate and train our growing membership and their suppliers and on improving the quality of our audits. We organised over 50 capacity-building workshops, updated our auditing tools, adopted an improved Code of Conduct and assigned BSCI country representatives in India and China.

We also focused on building solid working relationships with stakeholders in Europe and supplier countries.

Responding to stakeholder concerns, we enhanced our worker complaint mechanism and involved our stakeholders in constructive discussions through our internal Stakeholder Board and ad-hoc stakeholder meetings. In addition, we continued our support of the ten UN Global Compact principles.

The audit results for 2009 illustrate that our efforts have paid off. As of the end of 2009, we had more than 15.000 audits in our database: 8824 initial audits and 6360 re-audits. In 2009, for companies who completed a full audit cycle, the number of compliant companies increased significantly from 19% to 48% and the number of non-compliant companies decreased from 68% to 34%.

Yet, despite our progress, we face a key, on-going challenge: building our ability to make even greater improvements in the audit results, particularly by helping suppliers overcome specific and complex non-compliance challenges in areas such as working time, compensation and management practices.

Working together is the only way to tackle such challenges. We invite you to join us in our journey to bring about positive change in the global supply chains.



Ferry den Hoed
Chairman



Jan A. Eggert
CEO

SNAPSHOT OF THE BSCI

The Business Social Compliance Initiative (BSCI) is a broad, business-driven platform with the mission to improve working conditions in the global supply chain. To achieve this mission, the BSCI provides companies with a common Code of Conduct and a single implementation system based on a coherent audit process and comprehensive learning programme.

We have grown from 20 members in 2003 to 430 members at the end of 2009 representing over 300 billion € turnover (see our complete list of members on → www.bsci-eu.org).

Membership in BSCI provides tangible business value, including cost savings from implementation of an efficient social management system, better relations among supply chain actors, greater competitive advantage and enhanced reputation with investors and consumers.

This brief summary highlights our accomplishments in 2009. For a more complete discussion, see the on-line version of our 2009 Annual Report.

“

We joined BSCI for its standardised approach to improving social compliance in the supply chain and because the system is applicable in an agricultural work environment.

BSCI's system allows retailers and importers to learn from each other, reduce duplication, make life easier for suppliers and, most importantly, to work together across the supply chain to improve working conditions.

”

Hugo Byrnes

Director Product Integrity
Royal Ahold (Member since 2005)



CORNERSTONES OF BSCI

BSCI IS...

- **Committed:** Our members commit to implement the BSCI Code of Conduct as part of their business relations with suppliers, showing a willingness to improve the working conditions in their supply chain.
- **Consistent:** We offer a unique and uniform system for suppliers worldwide that consists of one Code of Conduct and one implementation process, ensuring consistency and comparability of audits.
- **Comprehensive:** The BSCI social compliance system covers both large and small companies and all products (industrialised and primary production) sourced from any country.
- **Development Oriented:** Our step-by-step, development oriented approach helps suppliers implement the Code of Conduct gradually.
- **Credible:** We only use external, experienced and independent auditing companies to perform audits.
- **Focused:** We focus on risk countries where violations of workers' rights occur frequently. The main sourcing countries, based on audits performed, are China, Bangladesh, India, Turkey and Vietnam.
- **Efficient:** Our common database of suppliers creates efficiencies and avoids duplicating audits at factories already in the system.
- **Knowledge-Based:** Our system integrates learning at the supplier level to develop their knowledge and skills on how to improve working conditions on the factory floor.
- **Collaborative:** BSCI cultivates involvement of relevant stakeholders in Europe and supplier countries.

As a family-owned, mid-size company, we see multiple advantages to being a BSCI member, including: cost savings from the efficient BSCI process, improved reputation from transparent and clear procedures, higher acceptance by our customers and standardised social requirements, which are achievable at the factory level.

Herbert Forthuber

Product Manager

Doppler (Member since 2009)



BSCI CODE OF CONDUCT

ONE CODE, ONE SYSTEM

The BSCI Code of Conduct is based on the most important international Conventions protecting workers' rights, notably the International Labour Organisation (ILO) Conventions and Recommendations.

It includes 10 key requirements:

- Freedom of association and the right to collective bargaining
- Prohibition of all forms of discrimination
- Payment of legal minimum wages
- No excessive working hours
- Health and safety at the workplace
- Prohibition of child labour
- Prohibition of forced labour and disciplinary measures
- Respect of environmental issues
- Implementation of social accountability policies
- Establishment of an anti-bribery and anti-corruption policy

Our members commit to engaging their suppliers to implement these principles. If members are benefiting from the association with BSCI, but not actively participating in our process, the Supervisory Board takes appropriate actions.

We provide two sets of tools to guide the BSCI process: one for suppliers involved in primary production and the other for suppliers of all industrial products.

A DATABASE OF OVER 15.000 AUDITS

A cornerstone of our system is the BSCI database of suppliers, which offers members access to BSCI audit results. The database helps member companies avoid multiple auditing of the same suppliers, resulting in cost savings. It is also an essential tool to track identified non-compliances.

OUR PROCESS

A STEP-BY-STEP, GRADUAL APPROACH TO DETECTING AND CORRECTING NON-COMPLIANCES

STEP 1: The BSCI Code of Conduct

BSCI members communicate the BSCI Code of Conduct to their suppliers.

STEP 2: Self-Assessment

Prior to the audit, suppliers complete a Self-Assessment. The objective is to introduce them to the practicalities of the BSCI Code and to prepare them for the audit. During this phase, we encourage suppliers to attend an Awareness Raising Workshop on BSCI implementation.

STEP 3: Initial Audit

The initial audit aims to assess the performance of a supplier against the BSCI Code of Conduct. Repeated every three years, the initial audit includes an inspection of the site, a thorough examine of company records and private interviews of a sample of employees to better understand the daily situation in the factory.

In September 2009 the METRO GROUP established a Sustainability Board, which brings together the central holding functions with members of the Management Board of all sales divisions. The Sustainability Board ensures that measures, such as the BSCI Code of Conduct, are implemented and supported group wide in the individual segments of the company. It aligns all corporate activities more consistently with the principles of sustainable management.

Dr. Michael J. Inacker

Senior Vice-President
METRO Group (Member since 2003)

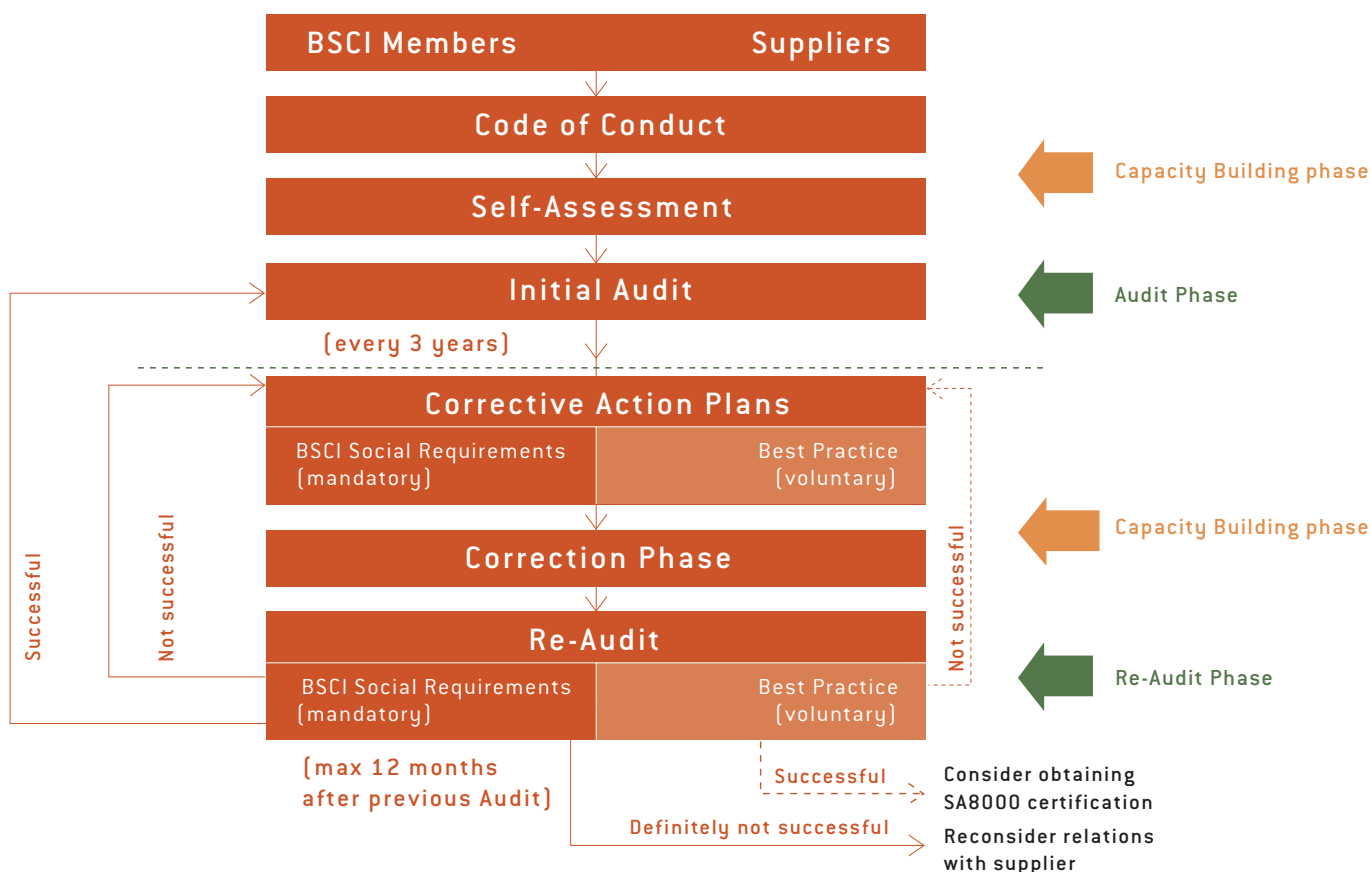
STEP 4: The Corrective Action Plans

If an initial audit shows non-compliances with the BSCI Code, the auditor prepares Corrective Action Plans (CAPs). The CAPs record which measures must be implemented and set a deadline for all requirements to be completed. Corrective actions for the best practices for industry remain voluntary. Advanced Workshops are offered during this phase to support suppliers tackle specific challenges.

STEP 5: Re-Audit

Within twelve months after the initial audit, a re-audit must take place to check that all corrective actions have been implemented. If a company is still non-compliant, a second re-audit can take place. If a company is still non-compliant after a second audit and no measurable improvement is visible, we encourage members to reconsider their relations with that supplier.

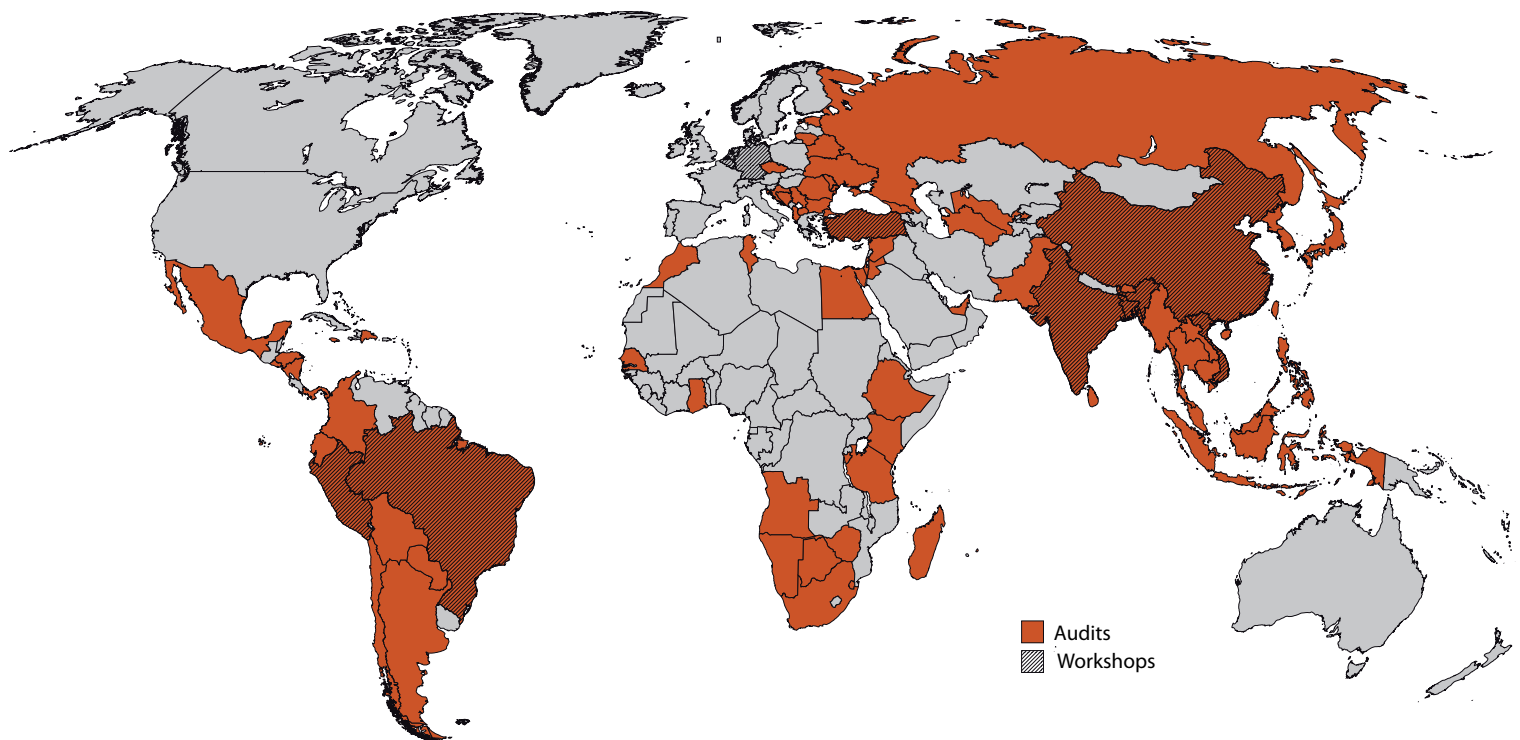
All suppliers who successfully comply with “Best Practice for Industry” are encouraged to pass the SA8000 certification, which BSCI considers as its best practice.



MEASURABLE IMPACT

A QUANTIFIABLE, POSITIVE IMPROVEMENT IN THE LIVES OF WORKERS

BSCI activities in the world in 2009



In 2009, the audit results show that our process delivers significant and measurable progress on improving working conditions at factories.

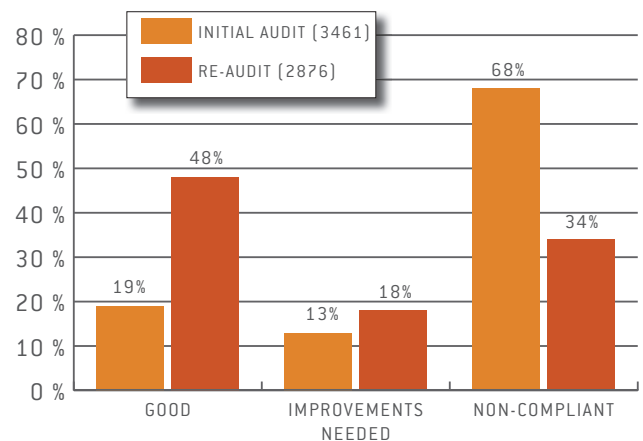
In order to assess the effectiveness of the BSCI process, one needs to compare the results of factories that have completed a full audit cycle (one initial audit and re-audit if necessary).

The audit data shows the following quantifiable, positive impact of our work in 2009:

- The number of compliant companies increased from 19% to 48%.
- The number of non-compliant companies decreased from 68% to 34%.

For details on our audit evaluation process and results per country, please see the on-line version of our 2009 Annual Report.

SUPPLIERS WITH BSCI CYCLE COMPLETED IN 2009



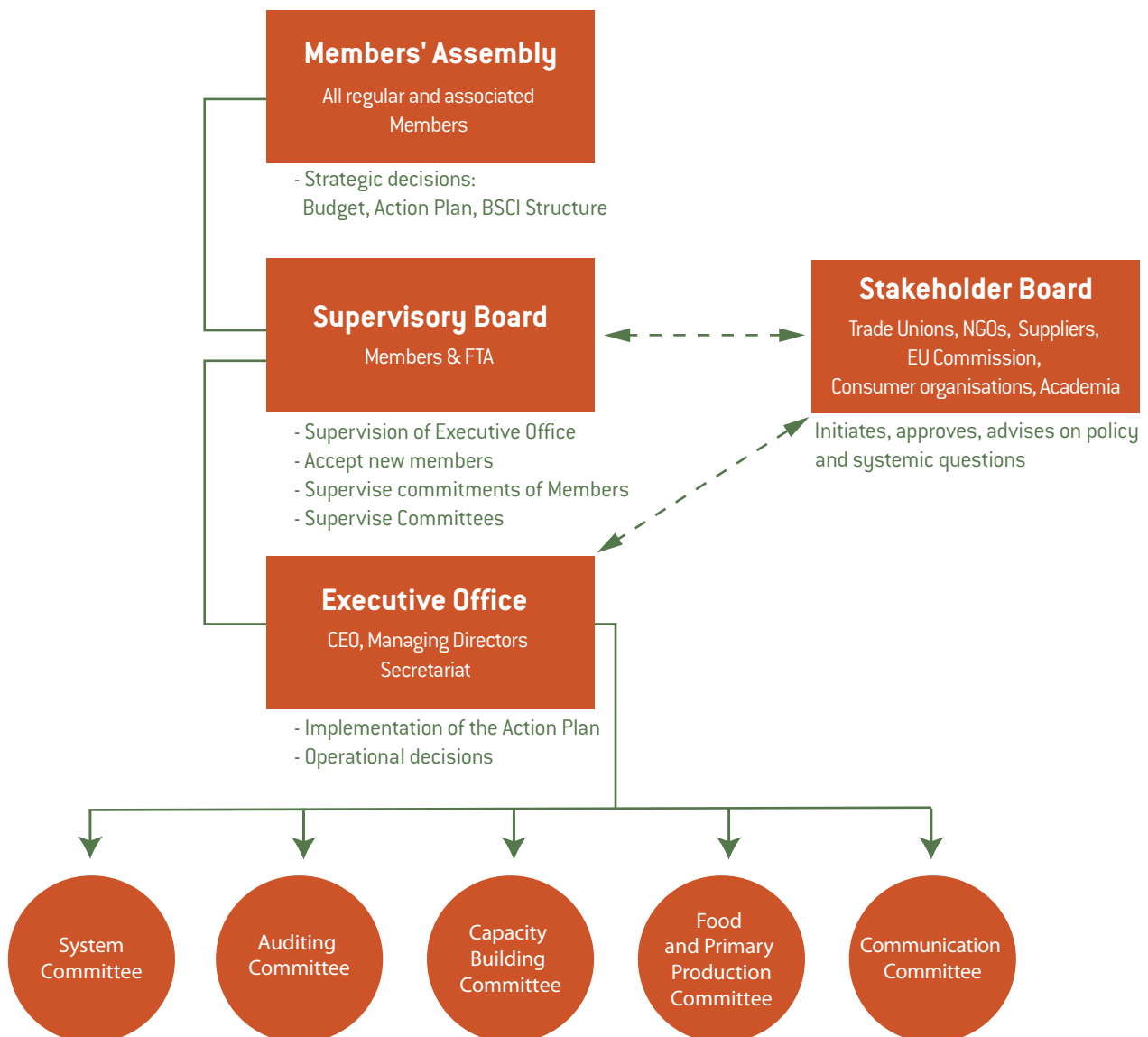
STREAMLINED PROCEDURES

MAKING OUR STRUCTURE MORE EFFICIENT

In 2009, we streamlined our governance structure to be more effective by clarifying Committee structures and focusing the Members' Assembly on core strategic issues. We formalised new priorities for 2009-2014 and set as our vision to be the leading business solution for improving working conditions in the global supply chain.

THE BSCI GOVERNANCE

All members can provide input into strategic issues through participation in the Members' Assembly, the core governance body of BSCI. Specific technical questions are dealt with at the Committee level.



A STRONGER BSCI SYSTEM

STRENGTHENING THE BSCI SYSTEM IS A HIGH PRIORITY

The Code of Conduct was updated to integrate changes in our best practice SA8000 and to align the Code with ILO Conventions and Recommendations related to the agriculture sector.

As of 1st January 2009, BSCI members broadened their commitment by including suppliers of hard goods (e.g. electronics, furniture, construction materials) as well as soft goods.

In addition, in 2009, we strengthened the BSCI member commitment formula. With this new commitment, we believe we will accelerate improvements in the labour situation of workers globally.

We updated the BSCI complaint mechanism, launching a hotline that is open 24 hours a day for workers' complaints about factory situations in China and India. Workers can use this system to raise confidential concerns that cannot be addressed within the company.

Another accomplishment included developing recommendations on buying practices as we believe poor purchasing practices can undermine the true implementation of the BSCI Code. We encourage our members to use those recommendations to better organise their business relations with suppliers.

Finally we increased our follow-up on implementation of the Code of Conduct. We suspended 11 companies and terminated membership of 2 companies who did not adequately fulfill their commitments.

The BSCI Code of Conduct is a solid component of our business strategy. In 2009, over 50% of our suppliers in Bangladesh and China were ranked compliant after completing the BSCI process.

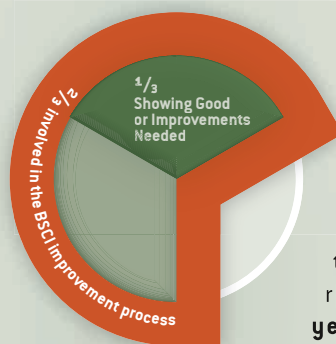
Michael Reim

Compliance Manager

G.Gueldenpfennig (BSCI member since 2008)

NEW COMMITMENT FORMULA

CYCLE 1



BSCI members commit themselves to reach the following requirements, **3 ½ years** after joining the initiative:

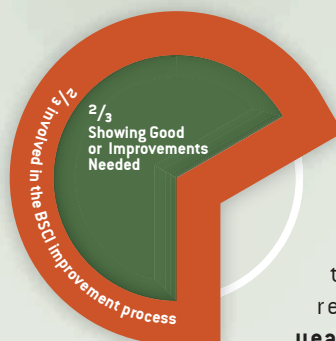
QUANTITATIVE REQUIREMENTS

Involve $\frac{2}{3}$ of buying volume or $\frac{2}{3}$ of suppliers of goods (non-food) in risk countries in the improvement process and be audited (first audit).

QUALITATIVE REQUIREMENTS

Show audit or re-audit results rated with **“good”** or **“improvements needed”** for $\frac{1}{3}$ of the suppliers in risk countries.

CYCLE 2



BSCI members commit themselves to reach the following requirements **5 ½ years** after joining the initiative:

QUANTITATIVE REQUIREMENTS

Involve $\frac{2}{3}$ of buying volume or $\frac{2}{3}$ of suppliers of goods (non-food) in risk countries in the improvement process and be audited (first audit).

QUALITATIVE REQUIREMENTS

Show audit or re-audit results rated with **“good”** or **“improvements needed”** for $\frac{2}{3}$ of the suppliers in risk countries.

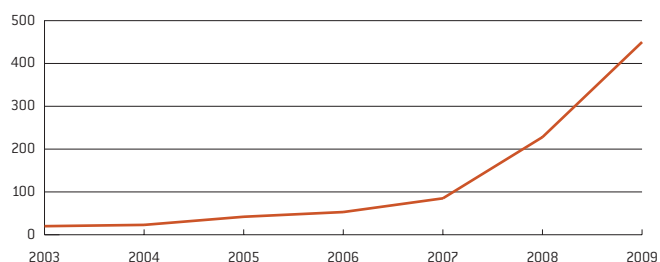
A DIVERSE AND GROWING MEMBERSHIP

EXPANDING OUR MEMBERSHIP FROM 245 TO 430 MEMBERS

A major success was increasing the diversity of our membership in terms of size, products and sectors.

We gained several large retail companies (e.g. Praktiker and Tokmanni), brands (e.g. Marc O' Polo and O'Neill), leading food companies (e.g. Delhaize and Univeg) and many SMEs, most notably importers.

BSCI MEMBERS GROWTH



To better serve our growing membership, we added two country representatives in China and India. They will help members and their suppliers in the implementation of the BSCI process, coordinate training sessions and support local stakeholder Round Tables.

In addition, we supported the six member-driven National Contact Groups (NCGs), providing members a forum for interacting at the country level.



“

National Contact Groups play an important role in making the BSCI idea better known in the local context.

”

Dr. Sibyl Anwander Phan-Huy

Head of Public Affairs and Sustainability
COOP Switzerland (Member since 2005)

“

I represent the India service and facilitator office for BSCI Member companies, their Indian suppliers and exporters, auditing organisations and all other stakeholders. At present my focus is on information and advice about the BSCI Code of Conduct, its philosophy and implementation rules. I also keep contact with local stakeholders and media to disseminate new developments related to the BSCI mission.

”

Dr. Dietrich Kebschull,

BSCI Representative in India

HIGHER QUALITY AUDITS

ENSURING EXTERNAL AND UNBIASED AUDITS

The only reliable way to ensure suppliers' operate responsibly is to rely on international audit and certification systems.

A comprehensive system such as the BSCI enables us to fulfill the requirements. In our opinion, the BSCI audit process is a win-win alternative for buyers as well as suppliers and their workers alike.

Helena Frilander

Corporate Responsibility Advisor
KESKO (Member since 2005)

In 2009 we implemented several measures to improve the quality of our audits.

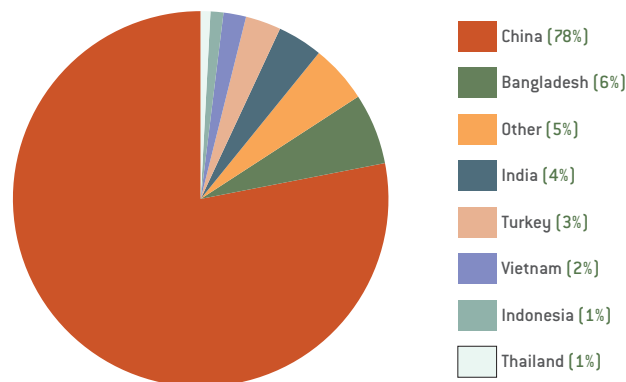
We revised and updated our auditing tool in regards to the new Code of Conduct and other improvements, such as the increased audit duration for better evaluation of the situation on the factory floor and renewed assessment of working hours. We also created an Employee Interview Sheet to clarify the characteristics of the workers' interviews.

In 2009, we also ran three calibration meetings for auditors (two in Brussels and one in India), doubled the number of surveillance audits performed in 2008, covering all major supplying countries (by conducting 25 surveillances) and dedicated a staff person to managing our internal quality review program.

The growth in our membership resulted in an increased demand for BSCI audits in 2009. To respond to this additional demand, we contracted with three additional auditing companies (CISE, APCER and ABS Quality Evaluations). Members can now select from a total of 15 accredited bodies and nearly 800 qualified auditors available to perform BSCI audits.

In addition, we successfully held the first BSCI auditor workshop focused on the methodology for primary production.

DISTRIBUTION OF INITIAL AND RE-AUDITS BY COUNTRY IN 2009



The systematic approach and ongoing calibration of auditors has allowed BSCI to gather valuable data on the status of its supply chain and to identify weaknesses and areas in need of improvement.

Doug DeRuisseau

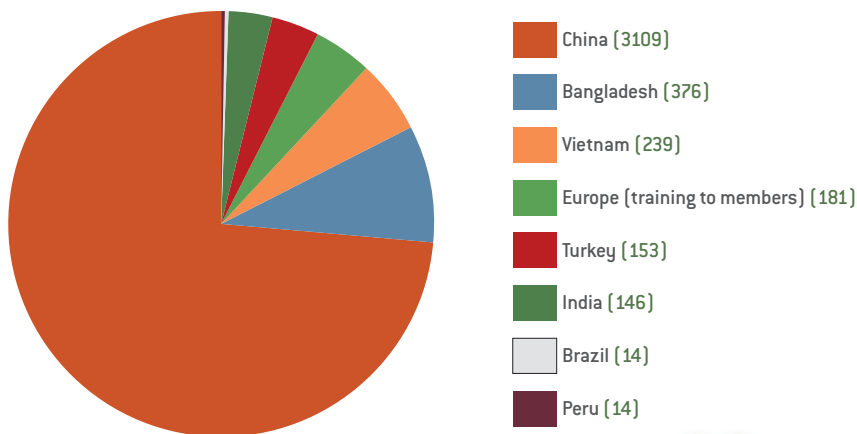
Director of Field services and lead accreditation auditor
Social Accountability Accreditation Services (SAAS)



MORE CAPACITY-BUILDING WORKSHOPS

DELIVERING OVER 50 CAPACITY-BUILDING WORKSHOPS TO 2000 SUPPLIERS FROM 10 COUNTRIES

BSCI SUPPLIERS AND MEMBERS TRAINED PER COUNTRY IN 2009 (PARTICIPANTS)



In 2009, we focused on expanding our infrastructure to deliver more capacity-building workshops to our members and their suppliers. We improved our training materials and organised over 50 workshops. A key achievement was the overwhelming success of the workshops, which were well attended and received positive evaluations, with over 70% of the participants rating them as very good.

Capacity-building workshops in 2009 included:

- 27 Awareness Raising Workshops
- 32 Advanced Workshops in partnership with China National Textile and Apparel Council (CNTAC)
- 10 Days of trainings for members: four days of Professional Training Workshops in partnership with SAI (Germany and The Netherlands); six Information Seminars (Belgium)

BSCI Information Seminars are a valuable part of the system. The seminars help our staff understand the BSCI principles, the specific aims of the audit process and the approach for continuous improvement at production facilities.

Johann Züblin

Head of Standards and Social Compliance
Migros (Member since 2003)

I attended a BSCI Advanced Workshop on employee relationships in December last year in Guangzhou. I gained valuable knowledge regarding BSCI's Code of Conduct, had the opportunity to meet with other managers facing similar issues and learned about new tools to resolve worker-manager issues.

Peter Song

Manager of H.R. Dept.
Shenzhen Maniform Lingerie Co., LTD.

MORE ENGAGEMENT WITH STAKEHOLDERS

TACKLING TOUGH CHALLENGES TOGETHER

Since our inception, we have welcomed input and dialogue with NGOs, trade unions, business associations, governmental organisations, academia and others. We believe it is important to hear the experience and views of others who share our objective: to improve social compliance in the global supply chain. Stakeholders are valued partners for identifying critical trends and issues, implementing improvements and increasing credibility.

An important objective in 2009 was strengthening our engagement with stakeholders in Europe and in supplying countries.

We welcomed two new members in our Stakeholder Board and organised several Round Tables and stakeholder meetings in Europe and sourcing countries to promote dialogue, exchange experiences and encourage local ownership.

We had discussions with the Fair Wear Foundation, an international verification initiative dedicated to improving social conditions in the garment industry. We identified areas of potential collaboration, including hosting Round Tables in supplier countries and working together to avoid duplication of audits.

STAKEHOLDER DIALOGUES IN 2009

Round Tables:

5 February 2009, New Delhi, India
5 May 2009, Agadir, Morocco (with GLOBALGAP)
21 May 2009, HCMC, Vietnam
7 October 2009, Dhaka, Bangladesh

Stakeholder Meetings:

4 March 2009, Lima, Peru
9 March 2009, San José, Costa Rica
16 March 2009, Sao Paulo, Brazil
19 October 2009, Brussels, Belgium
24 November 2009, Brussels, Belgium

WORKING FOR A DECENT WAGE

The Asian Floor Wage (AFW) campaign was launched in 2009 by a large number of NGO's and trade unions in Asia, Europe and the US. One of the main proposals is setting a minimum living wage for Asian workers in the garment industry.

Wages are an important social issue being addressed through the BSCI Code of Conduct. Our Code takes a two-pronged approach to wage payments, requiring compliance to a legal minimum wage and allowing a living wage to be pursued on a voluntary basis by each supplier. The experience tells us that the payment of a legal minimum wage is often already a challenge, however in some countries is not enough for enabling workers to make a living.

The legal minimum wage should be sufficient for people to have a decent living. In 2009, we started putting the topics of wages on the agenda of Round Tables in supplying countries. It is important to involve local stakeholders, notably local governments as they bear the responsibility to ensure the well-being of the workers in the country.

MEMBERS OF THE STAKEHOLDER BOARD

Susan Bird (observer)	European Commission
Alke Boessiger	Uni Europa Commerce
Erbil Cihangir	Istanbul Textile & Apparel Exporters' Association (ITKIB)
Thomas Dodd (observer) . .	European Commission
Luc Van Liedekerke *	European Business Ethics Network (EBEN)
Munir Ahmad	International Textiles and Clothing Bureau (ITCB)
Simon Pickard *	European Academy of Business in Society (EABIS)
Nico Roozen	Solidaridad
Christian Rousseau	Test-Achats
Alice Tepper Marlin	Social Accountability International (SAI)

* Joined the Board in January 2010

INDIA: ADDRESSING THE ISSUE OF CHILD LABOUR

In February 2009 BSCI participated in the CSR Round Table hosted by the Northern Indian Organisation of Chambers of Commerce (PHDCCI) in New Delhi. Nearly 40 participants from a diversity of sectors discussed the question of child labour remediation. It was stressed by participants that the challenge of child labour was linked to education. India is a country with an important population under 25 years, but many young people drop out of school, gravitating towards work. The BSCI has developed a clear position on child labour detailing its auditing and remediation approach and we will continue to engage on this important topic.

MOROCCO: SETTING UP PRACTICAL GUIDANCE FOR AUDITORS

In May 2009, in collaboration with GLOBALGAP, we hosted a Round Table with local stakeholders in Morocco. The focus was on understanding Moroccan labour law and its interpretation by BSCI and GLOBALGAP. The Round Table concluded with concrete and practical guidelines on how the local labour law should be applied and interpreted by auditors.



BANGLADESH: ROUND TABLE ON SOCIAL COMPLIANCE NEWLY FORMED

In October 2009 the Government representatives - among them the Minister of Commerce as key guest - buyers, suppliers, NGOs, trade unions, think tanks, business associations met in Dhaka to re-launch the Bangladesh Round Table on Social Compliance to set a neutral forum to dialogue necessary improvements in the garment industry. It was noted that the different set of compliance Codes raises production costs, highlighting the value that the BSCI Code of Conduct offers to Bangladesh suppliers.

The stakeholders identified future topics for discussion, including safety and health, management, workers relations (including the Workers Participation Committee), ethical buying and minimum wage reform. However, communication was the most common listed and is an important underlying issue which needs to improve, within the factories but also among the stakeholders. This stakeholder dialogue is meant to be a continuous forum to foster cross-table understanding and is a trust building effort achieving result-orientated cooperation. In view of the many incidents and the social unrest, sustainable change in Bangladesh is imperative to keep the trust of international buyers.

VIETNAM: COMPARING THE BSCI REQUIREMENTS AND NATIONAL LAW

In May 2009 stakeholders, including various industry and association members such as the Leather and Footwear association (LEFASO), the Textile and Apparel Association (VITAS) and private audit and training consultants attended a Round Table in Ho Chi Minh City. A core issue discussed was BSCI's transparency and other standard requirements with regard to national regulations. Specific issues were identified for the next Round Table in 2010, including: how to increase participation of government organisations and associations, creating a comparison between the BSCI standard and the national labour code, developing a map showing current CSR activities in Vietnam and identifying a format to increase the exchange of best practices among local actors.

ENHANCED COMMUNICATIONS

HELPING MEMBERS COMMUNICATE THEIR COMMITMENT TO SOCIAL RESPONSIBILITY

To increase our visibility and reach out to all our stakeholders we continued to distribute our publications, such as the BSCI Echo, which updates over 2000 people worldwide on our latest developments and activities. We also published a transparent and comprehensive Annual Report 2008.

In 2009 we participated in several international shows and conferences in Europe and Asia to explain what we do and detail our achievements and challenges thus far. In addition, we published several press releases which were picked up by some European and Asian newspapers and magazines. We also proudly received the DNWE prize for "Business Ethics" at the end of 2009.

In a booming organisation such as the BSCI, membership communication is key. To ensure a smooth communication among the 430 BSCI members, we regularly published our internal newsletter BSCI News which is distributed to 616 BSCI company contact persons directly involved in the BSCI implementation. We also updated and increased the information resources on our website which receives approximately 8000 visits a month.

In addition, our members play an important role in the communication about BSCI. Since 1st January 2009, all BSCI members agreed to actively communicate their BSCI membership in their corporate communication tools. We launched a new BSCI members' logo to help them to be transparent and communicate to their stakeholders their commitment to social responsibility, increasing recognition and support of our work.

Rapid membership growth increases the risks of negative incidents in the supply chains and negative media coverage. In 2009, we also put a lot of effort into helping members respond to press and consumer inquiries and explain the complexity of the issues at stake and the positive changes brought by the BSCI.



DNWE GIVES ETHICS PRIZE TO BSCI - A CLEAR RECOGNITION OF OUR APPROACH

The German Business Ethics Network (DNWE) has awarded the BSCI for having taken a leading role in providing a solution for companies to respond to a key challenge in business ethics. BSCI is not about charity, but it aims at a process towards change in companies' value chains and management structures which brings along also changes in its core business. The DNWE award to BSCI underlines the initiative's determination to achieve change in the future. BSCI and its members have decided to go this challenging path, which deserves support and acknowledgement.

Prof. Dr Albert Löhr
Chairman of DNWE

OUR NEW ACTION PLAN OUTLINES OUR LONG-TERM OBJECTIVES AROUND FOUR KEY PILLARS:

- Increase Impact
- Broaden Stakeholder Engagement
- Build Capacity
- Pilot Innovation

With the support of our member companies and Stakeholder Board, our expanded staff and newly installed country representatives in Asia, we are well positioned in 2010 to make progress towards these objectives.

INCREASE IMPACT

Our long-term objectives to increase BSCI's impact include:

- Increase the level of compliance in audits by achieving 66% 'Good' or 'Improvement Needed' results by 5½ years after joining the BSCI
- Strengthen the quality of audits
- Improve tools for members and auditors
- Develop partnerships with other systems
- Increase external visibility through improved communications
- Build stronger relationships with the media
- Ensure a smooth communication flow with members
- Expand membership to capture increased synergies

BROADEN STAKEHOLDER ENGAGEMENT

In the long run, we want to strengthen our working relationships with stakeholders and achieve:

- A large and representative Stakeholder Board
- An active network of Round Tables
- Productive stakeholder dialogues leading to strategic collaborations

BUILD CAPACITY

Building the capacity of BSCI members, suppliers and auditors is a key pillar of the BSCI long-term strategy. Our goal is to:

- Create a strong network of service providers
- Increase training capacities in producing countries
- Deliver more advanced trainings for suppliers
- Enhance capacity-building programs in the food sector

PILOT INNOVATION

Meeting the growing needs of our membership will require BSCI to think outside of the box and experiment with new approaches. For 2010, we have identified two areas worthy of pilot projects:

- **SMEs:** A key goal for 2010 is to launch a pilot project that develops innovative approaches for meeting the needs of SMEs and provides them with a tool to smoothly and more easily implement the BSCI.
- **Public Entities:** BSCI has also identified a need among public entities (e.g. public authorities and publicly-owned companies) for a tool that enables them to implement CSR in their supply chain. Since public procurement programs must adhere to specific rules, different from that of a business, BSCI plans to pilot a project that will determine how such organisations can use BSCI as a tool for improving social compliance in their supply chains.

ADVANTAGES TO BSCI MEMBERSHIP

By joining the BSCI, you will:

- Enhance working conditions in your global supply chain
- Reduce costs and save time by sharing audit information in the BSCI database of suppliers
- Boost your supplier productivity and competitiveness
- Increase your credibility and company reputation for fairness
- Be part of an effective and well-established platform of companies devoted to the same goal

BSCI MEMBERSHIP OBLIGATIONS

However, membership also brings obligations. To be a BSCI member means to:

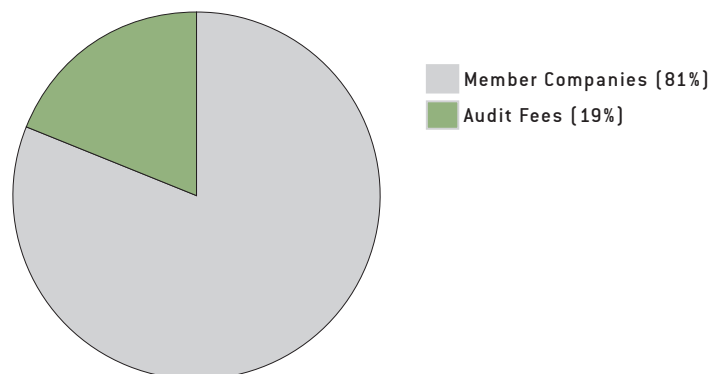
- Commit to the implementation of the BSCI Code of Conduct in your supply chain
- Share audit results in the BSCI database
- Support the improvement process of suppliers by involving them in capacity building activities
- Be active in BSCI life
- Communicate about your involvement

Details on how to join BSCI can be found on our web site: ➔ www.bsci-eu.org.

FINANCIAL OVERVIEW

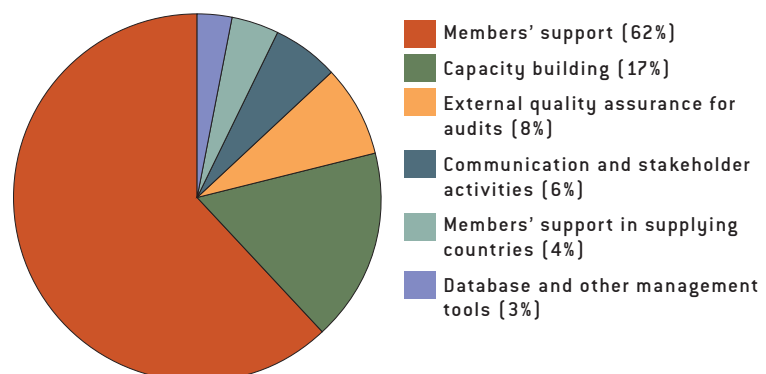
INCOME

Our total income for 2009 was 2,385,000 € and came from two sources: member companies and audit fees.



EXPENDITURES

In 2009, the majority of our expenses went to member support, capacity building, external quality assurance for audits and communications/ stakeholder activities.



CONTACT

BSCI Executive Office*

CEO

Jan A. Eggert

Managing Director – Strategy & Stakeholder Relations

Lorenz Berzau

Managing Director - Operations

Dr Olga Orozco

Communication Advisor

Stéphanie Luong

Capacity Building Consultant

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