

Social Compliance

A.S. Watson (Health & Beauty Continental Europe) B.V.

A.S. Watson Social Compliance Policy, v. 2.1 October 2016

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1 Introduction

Dear supplier,

This guideline offers suppliers a clear overview of the new procedure regarding social compliance. For A.S. Watson this entails production locations based in risk countries offer fair, safe and responsible labour conditions to their employees.

In this guideline the social compliance policy of A.S. Watson Health & Beauty Benelux is described. In the scope is described which products are covered by the new procedure and have to comply with the BSCI Code of Conduct. Furthermore the renewed procedure is described step-by-step. Finally you can read what A.S. Watson Health & Beauty will do with the information and you will find the frequently asked questions.

If you have any question, please contact:

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Quality Coordinator Private Label

A.S. Watson Health & Beauty Benelux:

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2 Why social compliance?

In order to protect and maintain our reputation and brand name, A.S. Watson Health & Beauty Benelux has formulated a social compliance policy for its private label products. For our general merchandise assortment we focus on supply chain transparency and ensuring fair and safe labour conditions at the production locations.

1. Supply chain transparency

Our quality department must be informed about the production location and their social compliance status. This disclosed information will **NOT** be used for any other commercial purposes than verifying the social compliance status of the production locations. Upon request A.S. Watson can provide a confidentiality agreement to the supplier.

2. Fair and safe labour conditions & independent audits

A.S. Watson Health & Beauty Benelux expects production locations to comply with international labour standards. Therefore, we require our products to be manufactured in factories that have undergone an independent social compliance audit. We accept BSCI (Business Social Compliance Initiative), SA8000 (Social Accountability International), SEDEX (Supplier Ethical Data Exchange), WCA (Workplace Conditions Assessment van Intertek), STEP (by OEKO-TEX®) and ICTI (International Council of Toy Industries).

You can find more information about social compliance audits at the following websites:

- <http://www.bsci-intl.org/>
- <http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&PageID=937>
- <http://www.sedexglobal.com/>
- <http://www.intertek.com/business-assurance/supplier-management/workplace-conditions/>
- https://www.oeko-tex.com/media/init_data/downloads/STeP%20Standard.pdf
- <http://www.toy-icti.org/>

Production locations with a BSCI audit result “zero tolerance” will not be accepted. For production locations with an “E” or “D” score, a remediation plan must be shared with the quality team of A.S. Watson Health & Beauty Benelux, in case the supplier wishes to continue sourcing our private label brands from this factory.

3. What do we expect of our private label suppliers?

For our private label products that are manufactured in a risk country, we require suppliers to sign the Terms of Implementation (Toi) and to provide full transparency of the production location (name, address, city/town and country) and a valid social compliance audit. This information needs to be uploaded in ProductIP 10 weeks before the action week.

You can find an overview of the risk countries on <http://www.bsci-intl.org/resource/countries-risk-classification>. Please note this list is updated regularly, some countries could be falling into the higher risk category since your last order.

3 Scope

Below the products are listed which have comply with the BSCI Code of Conduct.

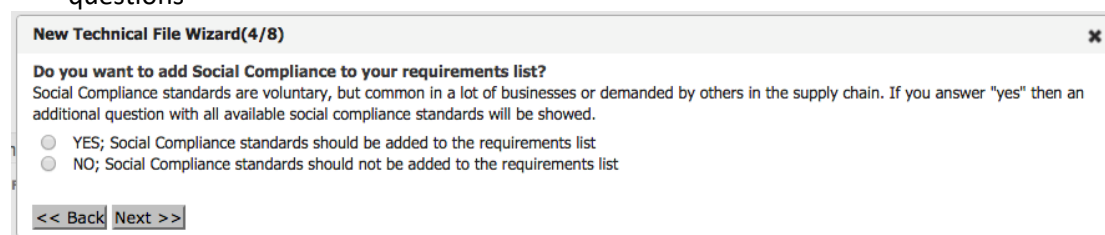
- General merchandise
- Private label
 - AnniRolfi/RolfiSport/RolfiMen/RolfiKids
 - RoyalFit
 - Playing Kids
 - Kruidvat
 - Trekpleister
 - Bambino
 - Watshome
 - Truespirit
 - Evora
 - A&M
 - Beauty/Hair Essentials
 - Europrofit
 - Villa Volance
 - **Also no-name articles with Evora at the packaging**
- Promotional and fixed assortment
- No IB articles (buying per Hong Kong's headquarters)

4 Procedure

Below the steps to be taken in the renewed procedure of social compliance are described. This procedure takes place in the ProductIP system.

Step 1: creating technical file

- When receiving the order confirmation form our buying department, you will be asked to create a technical file in ProductIP.
- During creating a technical file in ProductIP you must ALWAYS select 'YES' for below questions



New Technical File Wizard(4/8)

Do you want to add Social Compliance to your requirements list?
Social Compliance standards are voluntary, but common in a lot of businesses or demanded by others in the supply chain. If you answer "yes" then an additional question with all available social compliance standards will be showed.



YES; Social Compliance standards should be added to the requirements list
 NO; Social Compliance standards should not be added to the requirements list

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- In the image below you have to select the social compliance standard that applies to the production location. Only **BSCI, SA800, SEDEX, WCA** and **ICTI** are accepted by ASW. (**STEP** is part of the environmental standards and thus not mentioned in below list.)

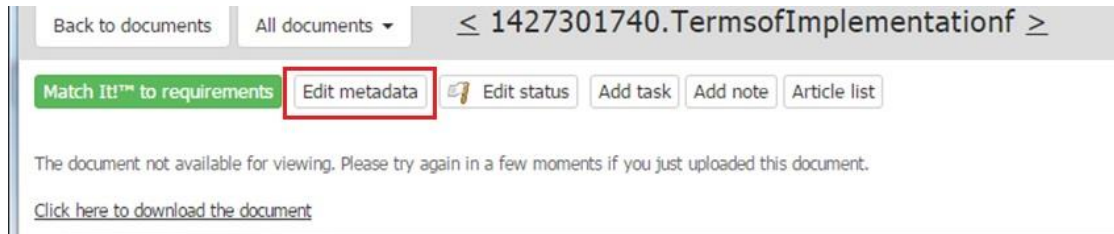
Which social compliance standard(s) do you want to add?

Please select all the social compliance standard(s) that are demanded for you or your suppliers. The selected programs will be added to the requirements overview.

- Business Social Compliance Initiative (BSCI) 
- Social Accountability International (SA8000) 
- Internal Labour Organization - ILO C100 - Equal Remuneration Convention
- Internal Labour Organisation - ILO C138 - Minimum Age Convention (no child labour)
- Internal Labour Organization - ILO C182 - Worst Forms of Child Labour (no child labour)
- United Nations Global Compact 
- World Fair Trade Organisation (WFTO) - Charter
- Ethical Trade Initiative (ETI) 
- Supplier Ethical Data Exchange (SEDEX)
- Workplace Conditions Assessment (WCA)
- CSR Performance Ladder/MVO Prestatieladder 
- OECD Guidelines for Multinational Enterprises 
- Global Social Compliance Program (GSCP)
- OHSAS18001 (Health and Safety Management System)
- International Council of Toy Industries (ICTI) - Care Program 
- European Promotional Products Association (EPPA) - Code of Conduct
- British Retail Consortium (BRC) - Consumer Products Standard
- British Retail Consortium (BRC) - Packaging Standard
- British Retail Consortium (BRC) - Storage and Distribution Standard
- Environmental compliance declaration
- Global e-Sustainability Initiative (GeSI)
- Extractive Industries Transparency Initiative (EITI)
- International Labor Organization (ILO) declaration
- Vendor (private) - Code of Conduct

Step 2: upload the social compliance document

- Besides adding test reports, declarations and artwork you have to upload a (by the EU supplier) signed **Terms of Implementation (Toi)**
[attention: this step is only for BSCI, please find on the end of this page the steps for the other programs]
- During uploading the Toi you have to add additional information in the 'meta data'.
Open the Toi-document and use the button 'Edit metadata'.



The following elements have to be completed:

- **Name**= Toi
- **Document category** = Social Compliance (CSR) – certificate
- **Expiry date** = expiry date of the audit
- **BSCI DBID number** = factory's registration number
- **Result** = Result of last audit
- **BSCI factory country** = country of the production location

- If your factory didn't provide a BSCI audit, but a SA8000, SEDEX, WCA, STEP or ICTI, you will upload the audit report or certificate. Then you have to complete only the following 'meta data':
 - **Name** = fill in SA8000, SEDEX, WCA, STEP or ICTI

Step 3: Linking the document to the right requirement

- Link the document to the applicable requirement:

Linking received documents:

Step 1: open tab documents

Step 2: open document


Step 3: click on MatchIT

Match It!™ to requirements

In case if it's an authentic PDF Match-IT will find a reference between the requirement list and the document. This will be shown at the additional requirements.

Match document to requirements ✕

Document : Terms of Implementation for Business Partners.pdf

Checking: Done.([Re-run Match IT](#)) 

Article number
38987726 Not found

Attention: You may need to add an identity declaration to your file.

Requirement results :

Expected requirements based on document categories

<u>Requirements</u>	<u>Match It!™ to requirements</u>
Social Compliance (CSR)	
<input type="checkbox"/> Business Social Compliance Initiative (BSCI) Code of Conduct New Match!	BSCI

Select all Deselect all Report incorrect requirements

Additional requirements


<u>Requirements</u>	<u>Match It!™ to requirements</u>
<input type="button" value="Add Requirement"/>	<input type="button" value="Report incorrect requirements"/>

Other requirements in the file ([show](#))

- Another possibility is to open the full requirements list by clicking on 'show'. Check the appropriate requirement(s) and link to the document.

Match document to requirements ✕

Document : Terms of Implementation for Business Partners.pdf

Checking: Done. ([Re-run Match IT](#)) 

Article number
38987726 Not found

Attention: You may need to add an identity declaration to your file.

Requirement results :

Expected requirements based on document categories

Requirements	Match It!™ to requirements
Social Compliance (CSR)	
<input type="checkbox"/> Business Social Compliance Initiative (BSCI) Code of Conduct New Match!	BSCI

Select all Deselect all Report incorrect requirements

Additional requirements

Requirements	Match It!™ to requirements
Add Requirement Report incorrect requirements	

Other requirements in the file ([show](#))

Link document to the selected requirements
Link document & Fulfill requirements

- The technical file will be shared including the available documents (at least EAN codes, Bill of Materials, declarations, artwork and signed Toi) **10 weeks** before the promotion week.
- The technical file will be completed latest **4 weeks** before the promotion week

5 How is information used by A.S. Watson?

A.S. Watson Health & Beauty Benelux will use the disclosed information for the following purposes:

1. Verifying if the factory complies with A.S. Watson Health & Beauty Benelux policy. If an audit is expired or had a bad result, the Quality Assurance department will contact the supplier and buyer.
2. Reporting (in %) the overall social compliance state at the General Merchandise Private Label department to the CSR (Corporate Social Responsibility) manager and the Buying Director.
3. Linking factories at the BSCI platform so that the status can be monitored (control validity of audits).
4. FACTORY INFORMATION WILL NOT BE SHARED WITH BUYERS

6 FAQ

1. Should I become a BSCI member?

We encourage our suppliers to become a BSCI member, as we believe that this initiative helps businesses to improve labour conditions as well as enhance efficiency, productivity and quality of the products. However, membership of BSCI is not required to do business with A.S. Watson Health & Beauty Benelux. For more information on the BSCI membership please contact Norma Snell norma.snell@fta-intl.org.

2. Should I disclose the production facilities even if I am a BSCI member?

A.S. Watson Benelux strives towards supply chain transparency and 100% compliance with the BSCI code of conduct. For that reason, we require the name and location of the factory and DBID number where the products are produced. This enables us to verify whether a BSCI (or equivalent) audit has been conducted, and the results of that audit. Mere membership of BSCI is not sufficient, as this does not guarantee that the particular production location (where our orders are produced) is audited and complies with the BSCI Code of Conduct.

3. How are details of production facilities used by A.S. Watson Health & Beauty Benelux?

A.S. Watson requires full transparency of its supply chain, for reasons stated above. These details can only be accessed by the QA department and CSR manager and will only be used for monitoring our social compliance objectives. This supply chain transparency will not result in A.S. Watson Health & Beauty Benelux establishing direct commercial relationships with production facilities.

4. Information is not shared with buyers, but do they have access to ProductIP?

Starting 2016 buyers and assistants have **NO** access to ProductIP. Also we've signed a general confidentiality agreement stating factory information will not be shared with the buying department.

5. What if the factory has not yet been audited?

A.S. Watson Health & Beauty Benelux does not accept orders that are produced in production locations that have not undergone an independent (and valid) social compliance audit. When a factory is not audited yet, a BSCI audit will need to be performed.

6. Can orders be conditionally approved?

We do not approve orders upon completion of a social compliance audit or re-audit, as the time needed to complete an audit process may conflict with our commercial objectives.

7. What if the product is produced in a non-risk country?

Then this procedure doesn't apply, no additional social compliance document needs to be uploaded into ProductIP.

8. Will factory information be shared with third parties?

No, but in case of a request of the government we are obligated to give this information. However until now no market surveillance team has requested this kind of information.

9. Where can I find the "Terms of Implementation" (Toi)?

When the Toi is not send with this document you can request it from the contactperson mentioned in the Introduction.

10. I'm already a member of BSCI should I still sign the included Terms of Implementation?

If you are already a member of BSCI you should have already signed the Toi for participants. You can upload this document into the ProductIP technical file. The Toi for participants is also available on the BSCI platform.