

# MSC Third-Party Labour Audit Requirements



**Version 1.0, 28 March 2019**

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The MSC prohibits any modification of part or all of the contents in any form.

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## Responsibility for these requirements

The Marine Stewardship Council (MSC) is responsible for these requirements.

Readers should verify that they are using the latest version. Updated documents, together with a master list of all available MSC documents, can be found on the MSC website ([msc.org](http://msc.org)).

## Versions published

Version no.	Date of publication	Description of amendment
1.0	28 March 2019	N/A – new document.

## Introduction to this document

As part of the MSC Chain of Custody (CoC) requirements, organisations may be required to complete an on-site third-party labour audit. Where a labour audit is required, auditors may need to verify compliance with these requirements. This document contains normative requirements for organisations completing an on-site third-party labour audit, and guidance for auditors verifying that requirements relating to completion of labour audits have been met.

This document shall be used with the MSC Chain of Custody Standard and the MSC Chain of Custody Certification Requirements (CoCCR) section 8.2 or 8.3, as relevant.

## Effective date

The effective date for version 1.0 of the MSC Third Party Labour Audit Requirements is 28 September 2019.

## Review

Changes, which may include the addition of new labour audit programs recognised by the Sustainable Supply Chain Initiative (SSCI), may be made to this document periodically as per the MSC policy development process.

More information about the MSC policy development process and the MSC Standard Setting Procedure can be found on the MSC website ([msc.org](http://msc.org)).

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## MSC Third-Party Labour Audit Requirements

### 1 Scope – normative

- 1.1 The MSC Third-Party Labour Audit Requirements are for use by:
- Organisations that are Standard Risk and therefore required to complete a labour audit.
  - Auditors verifying completion of labour audits.

#### Guidance 1.2

The risk level of an organisation or site is calculated using the Country Labour Risk Scoring Tool (Table 5 and Table 6 in the CoCCR). See Annex 1 for the list of indicators used in the Country Labour Risk Scoring Tool and their respective websites

### 2 Requirements for the labour audit – normative

- 2.1 The labour audit shall:
- Be held on-site.
  - Be conducted by an independent, third-party auditor.
  - Use a labour audit program recognised by MSC (see 3.1).
  - Meet the performance criteria of the relevant labour audit program.

#### Guidance 2.1

This document explains how the organisation will meet (d) given that the performance criteria will differ depending on the labour audit program that a site is audited against.

### 3 Labour audit programs recognised by the MSC – normative

- 3.1 The labour audit programs recognised by the MSC are:
- amfori Business Social Compliance Initiative (amfori BSCI) Audit.
  - SEDEX's SMETA Audit.
  - Social Accountability International's SA8000 Certification.

#### Guidance 3.1

The MSC will also accept audits by programs recognised by the Sustainable Supply Chain Initiative. This document will be updated accordingly.

### 4 Requirements for demonstrating compliance – normative

- 4.1 The organisation shall select a recognised labour audit program that is relevant for the site(s) in the certificate.

#### Guidance 4.1

The evidence that the organisation will need to provide to their auditor will depend on the labour audit program that it is audited against.

- 4.2 The organisation shall meet the performance criteria and provide evidence of this as per Table 1.
- 4.3 The CAB shall verify that the performance criteria have been met as per Table 1.

**Table 1: Organisation and CAB requirements to demonstrate compliance**

Labour audit program	Performance criteria for organisation	Actions and evidence required to demonstrate compliance to the MSC CoC CAB
<b>amfori BSCI</b>	<ul style="list-style-type: none"> <li>• Successfully complete the amfori BSCI audit with no Zero Tolerance issues raised</li> <li>• Hold a valid (not expired) amfori BSCI audit</li> </ul>	<p>Log onto the amfori sustainability platform to verify that:</p> <ul style="list-style-type: none"> <li>• A valid audit is available (not expired) through amfori BSCI.</li> <li>• The site has no Zero Tolerance issues raised.</li> </ul> <p>The organisation is asked to provide the CoC auditor with information about potential current or past Zero Tolerance cases and if they have been resolved. This information will be cross-verified regularly between amfori BSCI and the MSC.</p>
<b>SA8000</b>	<ul style="list-style-type: none"> <li>• Hold a valid SA8000 certificate</li> </ul>	Copy of the SA8000 certificate for the CoC auditor to check against the SAAS website.
<b>SEDEX SMETA</b>	<ul style="list-style-type: none"> <li>• Successfully complete the SEDEX SMETA audit with no Business Critical Issues raised.</li> <li>• Complete an annual audit</li> </ul>	<p>Log onto the SEDEX platform to confirm the link between the MSC and organisation and to show SMETA audit results to the CoC auditor. Confirm via the Findings page that:</p> <ul style="list-style-type: none"> <li>• No Business Critical Issues have been raised.</li> <li>• Confirm that the audit took place within the previous 12 months.</li> </ul>

## Guidance for auditors

### 5 Audit planning

It is important to plan in advance to ensure that the auditor and the organisation know what is expected of them on the day of the CoC audit. Some questions to help guide audit planning include:

- Is this the first or second (or subsequent) audit against the [CoC Default Standard v5.0](#) (or [CoC CFO](#) or [Group Standard v2.0](#))?
- Does the organisation have sites or subcontractors in different countries and with different scope activities? If so, has the risk level been evaluated for those entities as well?
- Which person will need to sign the MSC Chain of Custody Certificate Holder Statement of Understanding of Labour Requirements? For example, this may be the CoC contact person or it may be someone from Human Resources or another senior staff member.
- Is the CoC contact person also responsible for social compliance audits at the organisation? If not, has the responsible person been notified of any responsibilities during the CoC audit? (This is especially important for amfori BSCI and SEDEX.)

### 6 Verifying compliance

The following guidance is provided to support an efficient and thorough verification of an organisation's compliance with Section 5.7 of the [CoC Default](#) or [Group Standard](#) or Section 5.8 of the [CFO Standard](#).

Note: Remember to cross-check the company name and address with the CoC certificate to make sure they match.

Note: The CoC Standard requires the organisation to alert its CAB within 2 days if it fails to comply with the labour audit requirements. If the organisation does not alert its CAB then this will lead to an automatic suspension of 3 months as per the MSC General Certification Requirements [7.4.14](#).

#### amfori BSCI

**What is amfori BSCI?** amfori BSCI is a due diligence system that supports retailers, importers and brand companies to drive social performance and improvements within the factories and farms in their global supply chains. amfori BSCI follows a holistic approach and provides a range of tools, resources and activities to support its members in driving social sustainability, including:

- Supply chain visibility.
- Effective monitoring and early detection of human rights violations in global supply chains.
- Awareness raising among businesses and their business partners.
- Preventive measures, continuous improvement and implementation of good practice.
- Information sharing and influencing of key actors towards improving labour conditions in the supply chain.
- Effective remediation of abusive employment practices.

**Model:** amfori BSCI operates using a continuous improvement model. This means there is no certification (no Pass/Fail). The overall rating of an amfori BSCI audit, ranging from A to E, reflects the extent to which the auditee has integrated the amfori BSCI Code of Conduct and Terms of Implementation into its daily business culture and operations. It is not calculated by the auditor but generated automatically by the amfori BSCI IT system based on the combination of ratings across the 13 Performance Areas (PAs).

For audits rated A and B, the audit validity is 2 years and no follow-up audit is required (nor possible through the system) in the meantime. For audits rated C to E, a follow-up audit needs to take place

within 12 months from the full audit. If the follow-up audit is rated C to E, another follow-up audit is due within 12 months from the first follow-up audit.

When severe human rights violations are detected during an audit, a Zero Tolerance is triggered and an immediate process of remediation is started. amfori BSCI facilitates remediation of the case for up to 3 months after the Zero Tolerance alert.

### Verifying amfori BSCI compliance

At the CoC audit, the CoC auditor will request that the organisation:

1. Logs into its account on the amfori sustainability platform.
2. Displays the page hosting its company name and address.
3. Displays the page hosting the audit results to confirm that no Zero Tolerance issues have been raised OR if a Zero Tolerance Issue had been raised, that the CoC auditor was notified within 2 days.
4. Displays the validity of dates of the audit to confirm that it has not expired (this means that the organisation is following the audit frequency set by amfori BSCI).

Outside of the CoC audit: If a Zero Tolerance issue has been raised in the past and is resolved by the time of the CoC audit (meaning the Zero Tolerance label has been removed), then the Zero Tolerance will no longer be visible on the amfori BSCI platform and thus the CoC auditor will not always be able to verify Point 3. To verify resolved or unresolved, underreported Zero Tolerance cases, amfori BSCI has agreed to provide the MSC with an Excel sheet on a quarterly basis that will list any CoC certificate holders on the amfori BSCI platform that have had Zero Tolerances raised. The MSC can pass this information on to the relevant CoC CAB manager for cross-verification. The organisation should provide this information as required within 2 days knowing the information given will be cross-verified by MSC and amfori.

If no Zero Tolerance issues are raised and the audit has not expired, the organisation has successfully demonstrated that it complies with the MSC requirements on forced and child labour. No further action is needed until the next scheduled CoC audit.

The following scenarios can be encountered:

	Type of scenario	Check to be performed
1	Site has an invalid audit	<ul style="list-style-type: none"> <li>• No further check, non-compliance with MSC requirements.</li> </ul>
2	Site has a valid audit (amfori BSCI audit or SA8000 certificate recognised by amfori*) with no Zero Tolerance issue raised	<ul style="list-style-type: none"> <li>• Compliance with MSC requirements.</li> <li>• MSC to cross-verify if no underreported history of Zero Tolerance cases exist.</li> </ul>
3	Site has a valid audit with a Zero Tolerance case reported and resolved within 30 days	<ul style="list-style-type: none"> <li>• Compliance with MSC requirements.</li> <li>• Zero Tolerance will need to be self-reported by site.</li> <li>• MSC to cross-verify information with Zero Tolerance summary provided by amfori (information not visible in amfori platform).</li> </ul>
4	Site has a valid audit with an open, unresolved Zero Tolerance issue ( <u>within</u> grace period of 30 days)	<ul style="list-style-type: none"> <li>• Compliance with MSC requirements (unless 30 days grace period are exceeded)</li> <li>• MSC to check if case has been reported to CAB within 2 days by the organisation.</li> <li>• If not reported, the company's CoC certificate will be suspended for a minimum of 3 months.</li> </ul>



		<ul style="list-style-type: none"> <li>MSC to cross-verify Zero Tolerance cases regularly with amfori BSCI and report all Zero Tolerance cases to relevant CABs.</li> </ul>
5	Site has a valid audit with a closed or an open Zero Tolerance (after grace period of 30 days)	<ul style="list-style-type: none"> <li>No further check, non-compliance with MSC requirements due to underreporting.</li> <li>Suspension of certificate for 3 months.</li> </ul>

\*If a site is SA8000 certified and has an amfori BSCI audit, MSC CABs are asked to check the last amfori BSCI audit/SA8000 certificate indicating the validity.

## SAI's SA8000

**What is SA8000?** SA8000 is a social certification program for factories and organisations. It measures social performance in 8 areas important to social accountability in workplaces, anchored by a management system element.

**Model:** SA8000 operates using a Pass/Fail certification model (as with the MSC Fisheries and CoC programs) and requires entities to be audited against all principles of the SA8000 Standard.

### Verifying compliance

At or in advance of the CoC audit, the CoC auditor will:

1. Request a copy of the SA8000 certificate and cross-check the contact details with the CoC certificate.
2. Go to the SAAS website and download the export of SA8000 certificate holders.
3. Search the certificate code in Column 3 'Internal CB SA8000 certificate ID number.'
4. Check the certificate is not suspended in Column AA 'Is this client currently suspended?'

If the organisation has a valid SA8000 certificate (i.e. not suspended), the organisation has successfully demonstrated that it complies with the requirements on forced and child labour. No further action is needed until the next scheduled CoC audit.

## SEDEX

**What is SEDEX?** SEDEX (Supplier Ethical Data Exchange) is a platform that supports coordinated efforts and information-sharing to reduce duplicative social audits. Anyone can participate in the SEDEX platform as soon as they gain membership.

The SMETA audit is an "audit procedure which is a compilation of good practice in ethical audit technique" with labour standards based on the Ethical Trading Initiative's (ETI) Code of Conduct.

**Model:** SEDEX operates using a continuous improvement model. This means there is no certification (no Pass/Fail). Instead, buyers set the criteria to which their suppliers must comply on: audit scope, frequency, auditor competency and severity level of issues. Auditors assess a site's performance against the different audit elements and upload the results to the platform.

Note: The MSC has a SEDEX membership which allows it to connect to a supplier (certificate holders) and set the criteria, including the Business Critical issues that require immediate action. All suppliers (CoC certificate holders) should link to the MSC through the SEDEX platform and set access rights to view all information. SMETA audits must be uploaded onto SEDEX and should be shared with MSC.

Note: The MSC has set the audit frequency to annual to align it with CoC surveillance audit frequency. Therefore, a SEDEX SMETA audit will be required annually.

### Verifying compliance

At the CoC audit, the CoC auditor will:

1. Request the organisation to log into its SEDEX member account.

2. Request the organisation to show the relationship between the MSC and organisation, if available
3. Navigate to the Findings page of the SEDEX platform.
4. Confirm via the Findings page that no Business Critical issues have been raised OR if a Business Critical Issue had been raised, that the CoC auditor was notified within 2 days of an audit being published on the system. If a Business Critical Issue has been identified, the supplier needs to close the issue within the recommended completion date set by the MSC of 30 days.
5. Confirm on the audits page that the audit is within a 1-year period.

Note: SEDEX also allows the option for CABs to register as SEDEX members. If a CoC CAB wishes to connect to their CoC client in order to verify remotely and/or in advance of the CoC audit, they can make that request to their client. However, it is not mandatory for organisations to connect with their CoC CAB.

If there are no Business Critical Issues listed on the Findings page and the audit has not expired, then the organisation has successfully demonstrated that it complies with the requirements on forced and child labour. No further action is needed until the next scheduled CoC audit.

## Frequently Asked Questions

### **Does my organisation have to sign the MSC CoC Certificate Holder Statement of Understanding in advance of the CoC audit or can we do it on the day?**

You can submit the MSC CoC Certificate Holder Statement of Understanding in advance, or you can do it on the day. You can choose the option that works best for your organisation. We recommend you speak with your CoC auditor to clarify your intent.

### **What happens if I do not meet the requirements set out in Table 1?**

There are two ways that you may not meet the requirements set out in Table 1:

1. You did not complete the labour audit at all, or
2. You completed the labour audit but did not meet the performance criteria.

In both cases, your auditor will raise a major non-conformity and you will have 30 days to close it out.

For the second scenario, because this may happen in between CoC audits, you need to notify your CoC CAB within 2 days of detection by the relevant labour audit program. For example, if you have a Business Critical Issue found during your SEDEX audit, you need to notify your CoC auditor within 2 days of the Business Critical Issue being on the Sedex platform. When your CoC auditor is informed of the Business Critical Issue, they will raise a major non-conformity as per the CoC Certification Requirements [9.2.8.c](#) and you will have 30 days to close it out.

### **Can you pass the amfori BSCI and SEDEX audit while having a Zero Tolerance or Business Critical Issue raised?**

amfori BSCI and SEDEX audits do not have a 'pass/fail option' as they are not certification programs. The results of the audits are made available to the organisation and their selected buyers, the latter of whom may take action.

For amfori BSCI, the Zero Tolerance Protocol requires its member companies to take immediate action within 72 hours to define remediation steps to protect victims and restore their rights. While the mid-term remediation can take up to 3 months in some cases depending on the complexity, for the purpose of the collaboration with the MSC a shortened remediation window of 30 days is required. Failure to remediate the issue will lead to blocked audit results until the issue has been resolved. Severe human rights violations that are considered a Zero Tolerance issue within the amfori system are child labour, forced labour, severe occupational health and safety (OHS) issues, inhumane treatment, or unethical business behaviour. For more information on Zero Tolerance issues, see the [amfori BSCI System Manual Annex 5: How to Follow the Zero Tolerance Protocol](#).

For SEDEX, Business Critical Issues require action if required by the buyer that sets the audit specifications. The MSC has a buyer membership and will require all issues that are Business Critical to be verified by the SMETA auditor within 30 days to develop and implement an action plan. As with amfori, the Business Critical Issue needs to be remediated within 30 days to remain in conformity with the MSC requirements.

### **If my organisation has a Zero Tolerance or Business Critical Issue raised and we correct it, will we then be in compliance with the MSC requirements?**

If you correct and verify the issue within 30 days, you have resolved the MSC major non-conformity which can then be closed. However, you need to always inform your CoC CAB within 2 days of a Zero Tolerance or Business Critical Issue being raised so that your CoC CAB can raise the major non-conformity. If you do not notify your CoC CAB, then you risk a 3-month suspension.

**I am a German trader (Lower Risk) with a Group CoC certificate including processing sites in Thailand (Standard Risk). What happens if a processing site does not comply with the MSC forced and child labour requirements?**

CoC certificates may include sites in different countries and with different scope activities. As the central office, you are responsible for ensuring compliance of your sites with the CoC Standard, including the labour requirements. If a site is required to complete a labour audit and does not do so (or does not meet the performance criteria), then a major non-conformity will be raised.

## Annex 1: Country Labour Risk Scoring Tool indicators

Indicator	Location
Country Risk Assessment Process for SA8000	<a href="http://www.saasaccreditation.org/countryriskassessment">http://www.saasaccreditation.org/countryriskassessment</a> (can be downloaded in Excel or PDF)
International Trade Union Confederation Global Rights Index	<a href="https://www.ituc-csi.org/IMG/pdf/ituc-global-rights-index-2018-en-final-2.pdf">https://www.ituc-csi.org/IMG/pdf/ituc-global-rights-index-2018-en-final-2.pdf</a>
Ratification of 5 or more of the following UN conventions: ILO Work in Fishing Convention 188 ILO Abolition of Forced Labor 105 ILO Worst Forms of Child Labor 182 ILO Forced Labour Convention 29 ILO Protocol of 2014 to Forced Labor Convention 29 Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime ("Palermo Protocol (a)") UN 1926 Slavery Convention UN 1956 Supplemental Slavery Convention FAO Port State Measures Agreement	C188: <a href="https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11300:0::NO:11300:P11300_INSTRUMENT_ID:312333:NO">https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11300:0::NO:11300:P11300_INSTRUMENT_ID:312333:NO</a> C105: <a href="https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11300:0::NO:11300:P11300_INSTRUMENT_ID:312250:NO">https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11300:0::NO:11300:P11300_INSTRUMENT_ID:312250:NO</a> C182: <a href="https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11300:0::NO:11300:P11300_INSTRUMENT_ID:312327:NO">https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11300:0::NO:11300:P11300_INSTRUMENT_ID:312327:NO</a> C29: <a href="https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11300:0::NO:11300:P11300_INSTRUMENT_ID:312174:NO">https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11300:0::NO:11300:P11300_INSTRUMENT_ID:312174:NO</a> Protocol to C29: <a href="https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11300:0::NO:11300:P11300_INSTRUMENT_ID:3174672:NO">https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11300:0::NO:11300:P11300_INSTRUMENT_ID:3174672:NO</a> Palermo Protocol: <a href="https://treaties.un.org/pages/ViewDetails.aspx?src=TREATY&amp;mtdsg_no=XVIII-12-a&amp;chapter=18&amp;clang=_en">https://treaties.un.org/pages/ViewDetails.aspx?src=TREATY&amp;mtdsg_no=XVIII-12-a&amp;chapter=18&amp;clang=_en</a> UN Slavery Convention (1926): <a href="https://treaties.un.org/Pages/ViewDetails.aspx?src=IND&amp;mtdsg_no=XVIII-2&amp;chapter=18&amp;clang=_en">https://treaties.un.org/Pages/ViewDetails.aspx?src=IND&amp;mtdsg_no=XVIII-2&amp;chapter=18&amp;clang=_en</a> UN Supplemental Slavery Convention (1956): <a href="https://treaties.un.org/pages/ViewDetailsIII.aspx?src=TREATY&amp;mtdsg_no=XVIII-4&amp;chapter=18&amp;Temp=mtdsg3&amp;clang=_en">https://treaties.un.org/pages/ViewDetailsIII.aspx?src=TREATY&amp;mtdsg_no=XVIII-4&amp;chapter=18&amp;Temp=mtdsg3&amp;clang=_en</a> Port State Measures Agreement: <a href="http://www.fao.org/port-state-measures/background/parties-psma/en/">http://www.fao.org/port-state-measures/background/parties-psma/en/</a>
US Department of Labor List of Goods Produced by Child Labor or Forced Labor	<a href="https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods">https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods</a>  Can be downloaded in Excel and filtered by Goods (dried fish, fish, lobster, shellfish, shrimp, tilapia)

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