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amfori BEPI – Glossary

amfori BEPI Glossary v.2023

- **amfori:** amfori is the leading global business association for open and sustainable trade. We support retailers, importers, brands, and national associations to enhance human prosperity, use natural resources responsibly and drive open trade globally. We call this Trade with Purpose.
- **amfori BEPI:** amfori's environmental due diligence initiative founded in 2016 offering a wide range of services that support companies in driving targeted environmental improvements in their supply chain and trade with purpose.
- **amfori BEPI system:** Overall implementation process of amfori BEPI aimed at improving the environmental performance of the production at a specific production site.
- **amfori Member:** A member as defined by [amfori by-laws](#).
- **amfori Sustainability Platform:** A group of information technology (IT) features and technologies set by amfori to allow amfori members to exchange information on the implementation of different amfori services in their supply chains. This includes, but is not limited to, mapping the supply chain, management of supply chain risks, monitoring activities as well as the reporting and risk remediation process.
- **APSCA:** (Association of Professional Environmental Compliance Auditors) is a professional standards body for independent Social Compliance Auditors representing the vast majority of social compliance audit firms globally. The mission of APSCA is to enhance the professionalism, consistency and credibility of the individuals and organizations performing independent social compliance audits.
- **Audit: see Monitoring**
- **Auditor: see Monitoring Person**

- **Audit Quality Partner:** The external partner selected by amfori, following a tender process, to manage the overall quality of monitorings conducted within amfori.

- **Consultant:** A person appointed and authorized by amfori to deliver a qualified professional judgement, guidance and training on the Environmental Performance Areas prioritized for a business partner of an amfori member.

- **Business Enterprise:** An organisation involved in the trade of goods, services, or both to consumers or clients, regardless of their form of ownership or the way they are organised (limit liability, tax advantage or compliance criteria...). For the purpose of amfori BEPI, business enterprises are amfori members and their business partners, particularly but not limited to producers whose environmental performance will be monitored.

- **Business Partner:** Any external party from whom products or services are obtained or with whom contracts are concluded for the provision of such products and services. This relationship may be contractual and may or may not require an exclusive bond. These are examples of business partners:
 - A producer
 - A supplier
 - A customer
 - An intermediary
 - A recruitment agency or partner
 - A sub-contractor

- **Business Partner Journey:** refers to the steps that business partners participating in amfori BEPI are expected to take in order to identify, manage and mitigate any potential risks related to their operations. The amfori BEPI business partner journey includes the following steps (1) Site Details and classification, (2) Risk Assessment for amfori BEPI (Self-declared), (3) improvement activities

- **Calibration Meetings:** Periodic meetings organised by amfori with the Monitoring Partners and/or Consulting Companies to ensure that monitoring and consultancy activities are managed and conducted in line with the amfori's mission, vision, and expectations. amfori BEPI calibration meetings are held twice a year with the aim of discussing strategic topics and issues with Scheme Managers of

amfori BEPI Monitoring Partners. Ad-hoc calibration meetings can be called if consultation and/or alignment with amfori Monitoring Partners is urgently needed.

- **Capacity Building:** The process of assisting an individual or group to identify and address issues and gain insights, knowledge and experience needed to solve problems and implement changes. amfori organises capacity building activities to develop skills, capabilities and provide a comprehensive overview of due diligence topics including social and environmental management systems to different stakeholders (members, business partners, monitoring persons).

- **Cascade Effect:** A “chain of events” due to an act affecting a set of interacting or interdependent components, or relationships. For the purpose of amfori BEPI, amfori members are expected to cascade the amfori BEPI Code of Conduct to business partners in their supply chains.

- **Climate Change:** Climate change refers to long-term shifts in temperatures and weather patterns. These shifts may be natural, such as through variations in the solar cycle. But since the 1800s, human activities have been the main driver of climate change, primarily due to burning fossil fuels like coal, oil, and gas.

- **Code of Conduct (CoC):** Formal statement of, and commitment to, the values and principles that reflect the beliefs of amfori members and their business partners. The Code is publicly available and addressed to anyone with an interest in business enterprises’ activities and the way they do business. **Code observance:** Complying with national legislation is the first obligation of business enterprises"

- **Continuous Improvement:** It is the process of continuously assessing and improving one’s practices, deliverables, and performance. For the purpose of amfori BEPI, amfori members and their business partners are encouraged to improve their due diligence practices on a continuous basis.

- **Corrective Action:** action that can/should be taken by a business partner to avoid/mitigate/remediate identified risk related to their environmental performance.

- **Corrective Action Plan:** a document describing how a specific situation can be changed/improved to better meet company’s sustainability goals. For example, a Monitoring Person may have identified potential risks on a business partner’s site

during an Environmental Monitoring. In this situation, the Corrective Action Plan will state how the situation should be corrected.

- **Due Diligence:** It refers to an enterprise's ongoing process aimed at identifying, preventing, mitigating, and accounting for how it addresses the adverse environmental impacts of its own activities, or which may be linked to its operations, products, or services by its business relationships. The process should include assessing actual and potential impacts, integrating, and acting upon the findings, tracking responses, and communicating how impacts are addressed.

The amfori BEPI Code of Conduct, and all the supporting and supplementary documents, integrate the characteristics of due diligence as listed by the Organisation for Economic Co-operation and Development (OECD).

- **Characteristics of Due Diligence¹**

1. Due diligence is preventative
2. Due diligence involves multiple processes and objectives
3. Due diligence is commensurate with risk (risk-based)
4. Due diligence can involve prioritisation (risk-based)
5. Due diligence is dynamic
6. Due diligence does not shift responsibilities
7. Due diligence concerns internationally recognised standards of RBC
8. Due diligence is appropriate to an enterprise's circumstances
9. Due diligence can be adapted to deal with the limitations of working with business relationships
10. Due diligence is informed by engagement with stakeholders
11. Due diligence involves ongoing communication

Furthermore, due diligence can be included within broader enterprise risk management systems, provided that it goes beyond simply identifying and managing risks material to the enterprise itself to include the risks of harm related to matters covered by the amfori BEPI CoC.

- **Environmental Due Diligence:** The process that should be conducted by amfori members and their business partners in order to identify, prevent, mitigate, and account for how they address their environmental risks and impacts. It should cover the adverse environmental impact that the business enterprise may cause or contribute to through its own activities, or which may be linked to its operations, products, or services by its business relationships. For the purpose of amfori BEPI,

amfori members and their business partners commit to exercise environmental due diligence_in their global supply chains in line with internationally recognized principles.

- **Environmental Impact:** Any change to the environment, whether adverse or beneficial, entirely, or partially resulting from an organisation's operations.

- **Environmental Management System (EMS)** For the purpose of amfori BEPI, it refers to a part of an organisation's management system used to develop and implement its environmental policy, and to manage its environmental aspects.

- **Environmental Performance:** Measurable results of an organisation's management of its environmental aspects. In the context of environmental management systems, results can be measured against the organisation's environmental policy, environmental objectives, environmental targets, and other environmental performance requirements. The results are the extent to which the operation of a business partner impacts the environment.

- **Environmental Performance Areas:** The risks addressed by amfori BEPI are captured in eight areas, called Environmental Performance Areas. Signatories of amfori BEPI Code of Conduct commit to addressing adverse impacts or risks in these areas in their own operations and in their supply chains. The areas are:
 - Environmental Management System
 - Energy & Climate
 - Emissions to Air
 - Water & Effluents
 - Waste
 - Biodiversity
 - Chemicals
 - Nuisances

- **EU (European Union) General Data Protection Regulation (EU GDPR):** The [General Data Protection Regulation \(GDPR\)](#) is the privacy and security law that was drafted and passed by the European Union (EU). Although it was passed at the EU level, it imposes obligations onto organizations anywhere, so long as they target or collect data related to people in the EU or process the data within EU. The regulation was put into effect on May 25, 2018.

- **Five Step Approach:** the amfori BEPI due diligence journey for members is a flexible five-step- process that includes (1) Materiality Assessment (2) Supply Chain Mapping, (3) Risk Assessment for BEPI (RA), (4) Improvement Activities, (5) Monitor and Report Progress.
- **Generic Data:** Self-declared data on the business partner's production and resource consumption levels included in the generic questionnaire, a part of Risk Assessment for BEPI. Generic data in the Risk Assessment for BEPI include annual water, electricity and total energy consumption, energy volumes purchased, produced, and sold by the site (by energy sources), annual production volumes as well as total weight of generated waste. Generic data self-declared by the business partners are verified against evidence documentation during the Environmental Monitoring.
- **Generic Questionnaire:** part of the Risk Assessment for BEPI common for all business partners. It gathers generic data.
- **Global Industry Classification Standard (GICS):** a method for assigning companies to a specific economic sector and industry group that best defines their business operations. GICS classification of industrial processes at factory level is used by amfori BEPI to provide a targeted risk analysis and prioritization.
- **GRI:** The Global Reporting Initiative is an international independent standards organization that helps businesses, governments and other organizations understand and communicate their impacts on issues such as climate change, human rights, and corruption.
- **Grievance:** It may have a non-judicial and a judicial meaning. As a non-judicial matter, a grievance refers to an expression of dissatisfaction or allegation that the expectations raised by a system, a business organisation or an individual were not satisfactory or fulfilled. As a judicial term, grievance refers to a formal legal document that sets out the facts and legal reasons that the filing party believes are sufficient to support a claim against another party and that entitles the filing party to a remedy.

- **Grievance Mechanism:** A non-judicial procedure that offers formalised means through which individuals or groups can raise concerns about the impact a business enterprise has on them and can seek remedy. These mechanisms may use adjudicative, dialogue-based, or other processes that are culturally appropriate and rights-compatible. For a grievance mechanism to be effective, it should be legitimate, accessible, predictable, equitable, transparent, rights-compatible, and a source of continuous learning. These grievance mechanisms, together with legal cases and incidents are self-declared on the risk assessment for BEPI.

- **Holistic Approach:** Focusing on the whole rather than parts. For the purpose of amfori BEPI, holistic approach refers to the manner of managing risk in the supply chain and acting with the whole due diligence process in mind, rather than focusing on one part of the process. An example of holistic approach: A member requests their business partner to conduct a Risk Assessment for BEPI to understand the risks related to their operations. Risk profile generated as a result of Risk Assessment for BEPI informs the potential monitoring process, which in turn creates the visibility needed to conduct a sustainable and effective remediation process.

In the context of amfori BEPI audits, holistic approach is the way amfori BEPI Monitoring Persons interrelate multiple amfori BEPI values and principles to come to a professional conclusion on the due diligence performance of the business partner, rather than focusing on each principle in isolation.

- **Intermediary:** An intermediary is an individual or legal entity that contributes goods or services in a supply chain. They may or may not function as distributors of goods. They may or may not function as manufacturers of goods. They may or may not own the goods (e.g., agents, traders, or importers).

- **Improvement Activities:** activities aimed at mitigating, preventing, and remediating identified environmental risks or impacts. These activities may involve collaborating with internal stakeholders and business partners, and other stakeholders. Amfori BEPI improvement activities include Environmental Monitoring, Capacity Building, Consultancy and/or other projects to deliver positive environmental impact.

- **Leverage:** An advantageous position that gives power to influence others and/or the ability to change wrongful practices of the amfori member or business partner that is causing or contributing to a negative impact.
- **List of Least Developed Countries (LDCs):** This classification is developed by the UN (United Nations) based on the income criterion, human assets index and economic and environmental vulnerability index. Countries included in this [list](#) have exceptions regarding certain ILO (International Labour Organization) Conventions (e.g., ILO Convention 138 on Child Labour)
- **Management:** Co-ordinated activities to establish and achieve defined objectives. The term management can also refer to a person or group of persons with authority and responsibility to conduct and control a business enterprise or business entity.
- **Materiality:** Determining topics that represent the organisation's most significant environmental risks or impacts.
- **Materiality Assessment:** formal exercises aimed at engaging stakeholders to find out how important specific environmental, social and governance (ESG) issues are to their business. amfori' s environmental materiality assessment includes identification of environmental impacts, prioritization of sustainability issues and defining areas of focus. The member can benefit from training materials, workshops, and support. Materiality assessment is the first of 5 steps in the amfori BEPI journey recommended to all amfori BEPI members.
- **Member Journey:** Refers to the flexible five-step process that amfori BEPI members should follow to drive improvement in their supply chains. See: Five-step approach.
- **Monitor and report on progress:** Monitoring progress and reporting on the implementation of the commitments set out in the amfori BEPI CoC.
- **Monitoring (Audit):** A methodical examination, review or inspection of conditions or situation on site aimed at gathering satisfactory evidence. Audits must be objective, impartial, and independent. The audit process must be both systematic and documented. amfori BEPI audits (monitorings) verify environmental

performance of business partner's factory (site) against the standards set by the amfori BEPI Code of Conduct. The term audit includes all types of monitorings regardless of the methodology used and/or the scope.

- **Monitoring (process):** Monitoring is a systematic process, which enables business enterprises to measure and analyse environmental performance, identify critical problems pro-actively, and use data to propose a Corrective Action Plan that will improve the quality and efficiency of its continuous improvement. For the purpose of amfori BEPI, monitoring is mainly conducted by means of self-assessments followed by amfori BEPI monitorings.
- **Monitoring Partner:** Auditing companies selected and contracted by amfori to provide professional monitoring of business partners' performance against the requirements of the amfori BEPI Code of Conduct.
- **Monitoring Person (Auditor):** A person appointed and authorised by amfori to deliver a qualified professional judgment on the environmental performance of a business partner of an amfori member. For the purposes of the amfori BEPI, auditors shall be qualified through the amfori BEPI auditor qualification process to be able to conduct an amfori BEPI monitorings.
- **Responsibility (RSP):** The active role assumed by amfori members that adhere to the amfori BEPI Code of Conduct to take an active role in working together with their business partners (particularly producers), and with other amfori members with whom they share the same business partners, to lead them through the due diligence process. It relies on the ability of amfori members to act or decide upon the spirit, values and principles set out in the amfori BEPI Code of Conduct, without need for supervision
- **Risk:** The probability of environmental damage to any organisation, institution, or person and/or the environment and/or the community at large, resulting from regular or deficient production processes and procedures at a production site or lack of thereof. The overall environmental risk of a production site is the sum of the risks associated with each risk factor of the production site.
- **Risk Assessment for BEPI:** Self-declared and site-based Risk Assessment for BEPI remains one of the key concepts of the amfori BEPI system and one of the

most important steps in the amfori BEPI cycle as it provides both business partner and all linked member with an overview of potential environmental hotspots on site and therefore to a considerable extent determines the next steps in the BEPI journey. Risk assessment is a scoping exercise to identify the most significant risks of harm in a company's own operations and in supply chain.

- **Risk Profile:** the outcome of the Risk Assessment for BEPI providing a combined assessment of site maturity in managing a given Environmental Performance Area and of the magnitude of its potential consequences. Risk Profile enabling members and business partners to identify the main progress opportunities and set up the most appropriate Improvement Activities. The level of risk in the amfori BEPI Risk Profile is calculated based on severity and likelihood of negative environmental impacts that could occur if the site does not have the appropriate measures.
- **Self-assessment:** The process by which a person or organisation plans, organises, executes, and evaluates its actions and determines the level of performance achieved. In the context of the amfori BEPI, it is the process of gathering information in order to understand the level of risk and support the decisions regarding the implementation of the next steps in the amfori BEPI due diligence process. amfori provides self-assessment questionnaires to be used for this purpose. The information collected in these documents is a self-declaration and cannot be compared to other verified activities, such as Environmental Monitoring. Self-assessments enable the amfori members and their business partners to have the strategy, processes, and sufficient resources in place to meet their commitment to the amfori BEPI Code of Conduct and ensure that there is continuous improvement in its implementation.
- **Signatories:** It refers to amfori members, and their business partners, including producers, or intermediaries in the amfori BEPI Code of Conduct V.2023.
- **Stakeholder:** An individual, community or organisation that is affected by and may affect some aspect of an organisation's actions, products, operations, markets, industries, and outcomes. Stakeholders may be internal (for example, employees) or external (for example, customers, suppliers, shareholders, financiers, trade unions, NGOs, the media, the government, or the local community).

- **Stakeholder Engagement:** A set of processes and actions identified and taken to have an active dialogue with stakeholders, with the aim to ensure transparency, inclusion, two-way communication, and where relevant, identification, mitigation, and remediation of negative impacts to individuals and communities.

Stakeholder engagement or consultation refers here to an ongoing process of interaction and dialogue between an enterprise and its potentially affected stakeholders that enables the enterprise to hear, understand and respond to their interests and concerns, including through collaborative approaches.

- **Supply Chain:** Coordinated system of organisations, people, activities, information, and resources involved in moving a product or service in a physical or virtual manner from supplier to customer.

Supply Chain Mapping: In the context of amfori Sustainability Platform, supply chain mapping means mapping business relations between amfori members and their business partners by inviting the latter to the amfori Sustainability Platform to gather information about their sustainability performance.

- **Transparency:** For the purpose of amfori BEPI, it refers to the act of making processes, decisions, outcomes, and root causes visible, available, and accessible to internal and external stakeholders. The principle of transparency requires amfori members and their business partners to openly communicate on their actions and impacts between each other, as well as with shareholders, stakeholders, and governments.

List of ABBREVERATIONS

AAP	Audit Assurance Programme
APSCA	Association of Professional Social Compliance Auditors
CoC	amfori BEPI Code of Conduct
EPA	Environmental Priority Area
EU	European Union
EU GDPR	EU General Data Protection Regulation
FAO	The United Nations Food and Agriculture Organization
ILO	International Labour Organization
IOM	International Organization for Migration
IT	Information Technologies

MCP	Member Commitment Programme
NGO	Non-governmental Organization
OECD	Organization for Economic Cooperation and Development
RSP	Responsibility holder (amfori Glossary)
UN	The United Nations
UNGP	United Nations Guiding Principles on Business and Human Rights
UNECE	United Nations Economic Commission for Europe
UNEP	United Nations Environmental Programme
UNFCCC	United Nations Framework Convention on Climate Change
WEPs	Women Empowerment Principles