



Together for Sustainability

The Chemical Initiative for
Sustainable Supply Chains

Third Party Audit Program Version 2.0

One Audit for All

CONTENTS

BACKGROUND	2
1 Introduction and Program Overview	2
2 Structure and Processes.....	3
3 Documents and References.....	4
4 Audit Objectives, Scope and Duration.....	5
4.1 Audit Objective	5
4.2 Audit Scope.....	6
4.3 Audit Duration	7
4.4 Combined Audits.....	8
5 Auditor Pre-Qualification	8
5.1 Pre-Qualification of Audit Company	8
5.2 Pre-Qualification of Auditors.....	9
5.3 Verification of auditor qualification.....	10
6 Audit Process and Responsibilities	11
6.1 Audit Process.....	11
6.2 Roles and Responsibilities	11
7 Guidance through the Audit Process.....	13
7.1 Awareness Raising (Step 1).....	14
7.2 Audit Preparation (Step 2).....	15
7.3 TfS Audit Execution (Step 3)	16
7.4 Corrective Action Plan (Step 4)	20
7.5 Audit Report Sharing (Step 5)	22
7.6 Follow-Up (Step 6)	24
8 Contact Details	26
Annex 1.....	27

Together for Sustainability

Introduction and Program Overview

BACKGROUND

This Third Party Audit Program has been developed by the Together for Sustainability Initiative as an information source for auditors, sourcing organizations, potential new members, and other interested stakeholders. The Third Party Audit Program and its related documents and templates specify and explain the objectives, requirements and procedures for a credible, transparent, and consistent audit approach.

Document History

Version	Date	Status / Changes	Comment
2.0 BETA	26.11.2013	<i>Final Draft Established</i>	
2.0	18.12.2013	<i>Version 2.0 Approved by TfS Members and Steering Committee</i>	

1 Introduction and Program Overview

The purpose of the Together for Sustainability (TfS) Initiative is to develop and implement a global supplier engagement program to assess and improve sustainability practices within the supply chain of the Chemical Industry. Founded in August 2011 by the Chief Procurement Officers of six multinational companies, TfS aims at building a collaborative platform for sustainable sourcing practices that is open for other sourcing and supplying organizations all over the world.

TfS builds on established principles such as the United Nations Global Compact (UNGC) and the Responsible Care Global Charter as well as standards developed by the International Labor Organization (ILO), the International Organization for Standardization (ISO), Social Accountability International (SAI), and others.

Foster sustainable development

TfS strives to achieve sustainable development and support adherence to regulations and society's expectations within the supply chains of its members. That means TfS members care about environmental, social, health & safety and good management practices not only in their own operations, but also at the supplier level. Thus TfS was created to increase transparency with regard to sustainability standards in supply chains. The overall aim is to manage the complexity and risks in increasingly global operations.

Together for Sustainability

Structure and Processes

The TfS Initiative strives to achieve mutual benefits for both its member companies and their suppliers. In doing so, the social and environmental conditions shall be continuously improved to the benefit of all relevant stakeholders, including employees, neighborhoods, local communities, or society as a whole. The harmonized audit approach makes it possible to save audit efforts and costs for both sourcing and supplying organizations. With a joint audit approach, double audits shall be avoided and the sharing of audit information will be facilitated. This will enable both buyers and suppliers to allocate resources more effectively and to mutually improve the sustainability standards in the global supply chains of the Chemical Industry.

Overall, TfS will focus on the following actions:

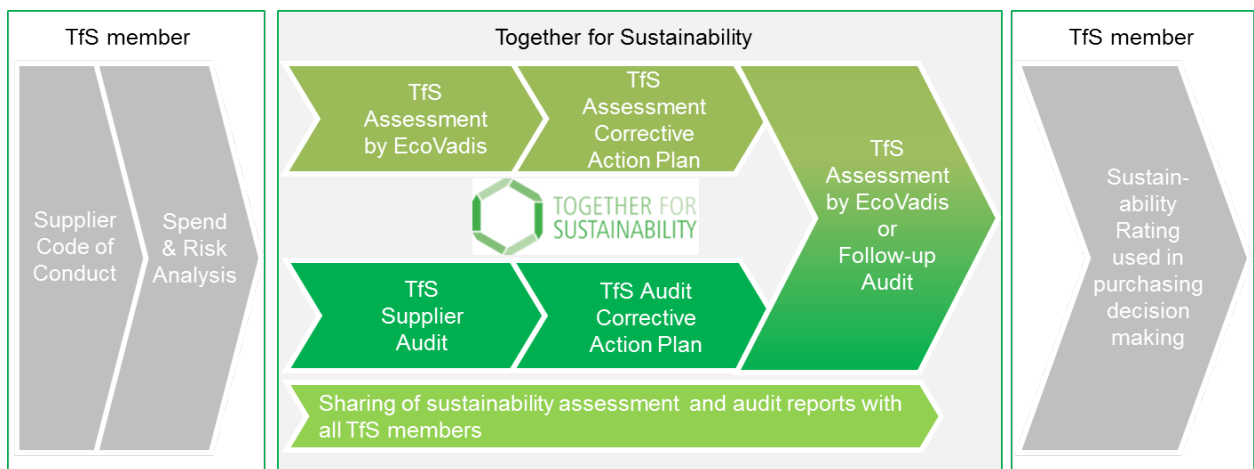
- To implement a global audit program to assess and improve working & environmental conditions
- To use resources more efficiently and reduce the burden of bureaucracy for the supplier
- To share supplier assessment and supplier audit information
- To reduce costs and time spent on auditing.

Accordingly TfS follows the principle “An audit for one is an audit for all”.

2 Structure and Processes

TfS provides a robust infrastructure that consists of an assessment process and an audit process. TfS members can individually and independently apply these processes for their sustainable sourcing approaches.

Figure 1: TfS Structure



Accordingly, every TfS member individually decides whether to ask a supplier to perform and share the results of a sustainability assessment and/or audit. This decision may be based on varying criteria, such as an independent and company- specific spend and risk analysis.

EcoVadis Assessment

A sustainability assessment is an evaluation of a supplier's management approach and performance. A typical assessment is conducted by using a questionnaire and does not include a physical examination of supplier facilities or interview of management or employees. Instead, documents will be requested as proof of implementation and reviewed, and data and information will be analyzed. To ensure a consistent and reliable supplier assessment approach, TfS cooperates with EcoVadis as an independent service provider.

EcoVadis performs supplier sustainability ratings, which take into account a supplier's size, industry and geographic location. The EcoVadis approach has been tailored for TfS members with regard to the requirements of the Chemical Industry. The sustainability experts of EcoVadis analyze the answers and supporting documents and other evidence of the supplier's sustainability policies. The results are combined on a dedicated scorecard that is accessible for both suppliers and TfS members on the EcoVadis online portal. For detailed information, please refer to: www.ecovadis.com

TfS Audit

A TfS Audit is an on-site examination of a company's business sites and sustainability practices by an independent third party auditor. The scope of a TfS audit typically covers a single or combined business location such as a production site, a warehouse, or an office building. Within the TfS Audit Process the supplier's sustainability performance is verified against a pre-defined set of audit criteria on management, environment, health & safety, labor & human rights, and governance issues. These topics have been defined by TfS and are tailored to the requirements of the Chemical Industry.

The TfS audit will be performed by sustainability auditors from a pre-approved auditor pool of independent audit companies. The TfS audits are not intended to lead to a supplier certification. Instead, the Audit Reports are shared between the supplier and all TfS member companies. A TfS label may be established in the future to enable suppliers to communicate on the successful completion of a TfS Audit.

The EcoVadis Assessment as well as the TfS Audit Process may lead to a Corrective Action Plan (CAP) that describes all non-conformities detected. In the CAP, the supplier describes and documents measures planned to improve operating standards.

This document "Third Party Audit Program" and related attachments focus on a description of the TfS Audit Process as well as key roles and responsibilities. It is intended to guide all actors in the audit process, in particular suppliers, auditors in their audit activities as well as audit companies in implementing relevant auditor trainings with regard to the special needs of the TfS Audit Program.

3 Documents and References

All TfS documents related to the TfS Audit Process are attached to this Third Party Audit Program. All TfS documents bear version numbers and are approved by the TfS Working Group before issuance.

Together for Sustainability

Audit Objectives, Scope and Duration

TfS documents are:

- Together for Sustainability Brochure
- Third Party Audit Program 2.0 (i.e. this document)
- Annex to the Third Party Audit Program 2.0
 - Audit Preparation Checklist
 - Audit Guidance and Reporting Template with Corrective Action Plan
 - Witness Auditor Checklist
 - Data Sharing Agreement

The main record of the TfS audit is the TfS Audit Report. The TfS Audit Report is complete only if it consists of the following three records:

- Data Sharing Agreement (DSA), signed by the audited company/site, with auditor confirmation, signed by the auditor
- Audit Guidance and Reporting Template Finalized bilingual CAP (i.e. English and local language), signed by both auditor and company

The following external references have been used to develop the TfS Audit Program, amongst others:

- United Nations Global Compact (UNGC)
- Safety & Quality Assessment System (SQAS of the European Chemical Industry Council (CEFIC))
- Responsible Care Global Charter of the ICCA,
- International Labor Organization (ILO),
- Declaration on Fundamental Principles and Rights at Work as well as other key ILO Conventions on Labor Standards
- International Organization for Standardization (ISO),
 - ISO 26000: Guidance on Social Responsibility
 - ISO 9001: Standard for Quality Management Systems
 - ISO 14001: Standard for Environmental Management Systems
 - ISO 19011: Guidelines for Quality and/or Environmental Management System Auditing
- OHSAS 18001: Occupational Health and Safety Assessment Series,
- Social Accountability International, SA8000 Standard
- United Nations, Universal Declaration of Human Rights United Nations, UN Global Compact
- United Nations, UN Convention against Corruption
- Organization for Economic Co-operation and Development, OECD Guidelines for Multinational Enterprises,

4 Audit Objectives, Scope and Duration

4.1 Audit Objective

The objectives of the TfS Audit Program and the TfS Audits are to establish and maintain:

- A review process suitable to raise suppliers' awareness about sustainability expectations and requirements;

Together for Sustainability

Audit Objectives, Scope and Duration

- A consistent assessment of a supplier's performance on key sustainability criteria and the implementation of corresponding management systems;
- An Audit Report including an Action Plan (if needed) appropriate for suppliers to understand their performance and areas of improvement needed;
- An Audit Report as valid information source for sustainability information for buyers to evaluate the business relationship with a supplier; and
- An information basis for TfS members to individually and independently decide upon further actions to be taken supporting the supplier to improve its sustainability performance.

In summary, a TfS Audit is one element of the TfS overall framework to support supply chain partners (namely buyers and suppliers) to jointly work on improving environment and working conditions and to build strong and sustainable supply chains.

The TfS Audit Program is not and must not be understood as:

- A certification scheme
- A compliance exercise with a pass or fail outcome

4.2 Audit Scope

The TfS Audit Guidance and Reporting Template serves as a tool for documentation of the TfS Audit and has been developed by the TfS members. It is consistent with industry practice, regulation and acknowledged international standards (for overview and source, see external references above). The defined requirements are applicable for all suppliers no matter whether they are located in developed or emerging economies.

The audit program and criteria are generally applicable to various sourcing areas. Recognizing industry-specific sustainability matters, TfS follows the objective to work with other industry approaches to mutually recognize the efforts taken. The TfS Audit approach has been designed with a particular focus on sustainability issues and risks related to raw material, contract to manufacture, and other product-related supplies for the chemical industry. TfS members may apply the audit program to further supply categories, e.g. technical goods or packaging.

In terms of a sustainable sourcing practice according to the TfS standards, suppliers are requested to meet national and internationally recognized standards and to continuously improve performance in the following management areas: Management; Environmental; Health & Safety; Labor & Human Rights; and Governance.

A TfS audit typically covers a clearly defined supplier location or legal entity, e.g. a production site, storage or warehouse location, a selected manufacturing process within a site, a laboratory site, utility, or office area. An audit may exclude production facilities from the audit scope only if it clearly states the boundaries of the audit object in the Audit Guidance and Reporting Template. The Audit Guidance and Reporting Template must contain an explanation of which parts of the supplier sites are not included and why the audit excludes these parts (e.g. low sustainability risk profile, different location, unforeseen circumstances leading to a limited audit time, access denied by supplier).

Following the objective of initiating a continuous improvement cycle with regard to supplier sustainability performance, TfS will conduct announced and shared audits only. The audits

Together for Sustainability

Audit Objectives, Scope and Duration

follow a defined series of steps encompassing awareness raising, audit preparation, audit execution, corrective action plan, audit report sharing, follow-up.

4.3 Audit Duration

There are several factors determining the average length or the achievable depth of a TfS Audit. For the social audit part, the number of employees and respectively the number of employee interviews are the main criteria. For the health & safety and environmental audit part, the supplier size (i.e. area of production facilities), and the nature and complexity of the operations serve as the main criteria for the audit duration. The similarity of the workplace might have an impact on the number of interviews (i.e. reducing the number when there is a high similarity). Also, a thorough preparation of the audit by the supplier is a key factor determining the efficiency and thus the time the auditor needs to collect the required evidence. The estimates shown in figure 2 below are based on the assumption that suppliers actively support a thorough preparation of the audit.

Figure 2: Guidance for duration based on the TfS Audit Guidance and Reporting Template

Size of the facility (excluding management)	No. of Auditor Days	No. of Individual Interviews	No. of Group Interviews	Total No. of Employees Interviewed	Total No. of Employee records
1-50 employees	1	3	1 group of 2 employees	5*	5*
50-1000 employees	2	5	2 groups of 5 employees each	15	15-20
above 1000 employees	3	10	3 groups of 5 employees each	25	25-30

*If <5 employees interviewed, total number has to be individual interviews

As a standard, a regular TfS audit takes between one and three working days depending on the size of the company. An audit can also be conducted by a team of two auditors within half of the “standard time”. In such cases, a lead auditor must be defined who takes overall responsibility for the audit. Furthermore, it is required that the two auditors take two independent audit streams to ensure the standard audit time is spent effectively and covers all audit subjects to the required level of detail. That means, the auditor team will split up after the opening meeting and will meet again in the afternoon to briefly discuss and summarize their audit findings before the closing meeting starts.

The numbers of auditor days above in figure 2 do not include follow-up audit activities (desk review and/or on-site visit). If concerns are raised by employees, auditors must take the time to explore the issue.

The following factors may influence the audit duration planning, amongst others:

- **Increasing factors** are e.g. large site, large number of employees, high risk products/processes, high complexity processes, high number of unique processes

Auditor Pre-Qualification

- **Reduction factors** are e.g. small site, small number of employees, low risk products/processes, less complex processes, high number of similar processes, no production on site (office)

The individual audit company has to ensure that a minimum number of interviews will be conducted as described above. Deviations from these reference values have to be reported and explained in the sheet “Audit Information” of the Audit Guidance and Reporting Template. Documents which have been reviewed during the audit also have to be reported in the Audit Guidance and Reporting Template.

4.4 Combined Audits

Through defined audit criteria, a regular evaluation of auditor qualifications, and a well-structured audit process, the TfS Audit Program ensures a common and consistent audit standard. This quality standard is the basis for sharing reliable audit information among TfS members.

Apart from sustainability issues, there may be other audit subjects relevant in a business relationship, such as product quality, quality management systems, or regulatory compliance. Therefore the TfS audit program can be combined with other audit subjects. This may contribute to an efficient and value-added audit approach for TfS members as well as suppliers.

Those matters beyond the sustainability topics described in 4.2 Audit Scope are not part of the TfS Shared Audit Program. The TfS audit module has to be separated from other audit modules regarding the audit process and documentation. The outcome of such combined audit activity will not be part of the TfS Audit Report and therefore will not be shared with TfS members.

In case the TfS audit will be conducted in a combined audit, e.g. as a sustainability audit module amongst other audit subjects, the TfS member requesting the combined audit is responsible for coordinating the combined audit in collaboration with the audit company and the supplier. The definition and provision of the audit subjects, audit criteria, or audit templates beyond the TfS audit program remain the sole responsibility of the individual TfS member. Only the TfS audit documents, i.e. the TfS Audit Report will be shared with other TfS members via the TfS platform.

Besides, for a combined audit, all requirements defined in this document have to be fulfilled in order to declare the sustainability audit module to be a “TfS Audit”. This also includes the requirement that the auditor or audit team performing the TfS audit have to be pre-qualified by the TfS Office as described in chapter 5.

5 Auditor Pre-Qualification

5.1 Pre-Qualification of Audit Company

TfS audits will be carried out by professional and independent auditors. Through cooperation with external auditors, TfS builds on the established quality management systems and internal

controls at professional audit companies such as code of conducts, personal accreditation and experiences of auditors, regular auditor training, sample checks of the audit performance and audit report quality assurance.

Audit companies interested in collaborating with TfS may contact the TfS Office. The TfS Office will invite those audit companies that have proven records of established internal controls and quality management to apply for acceptance to the audit pool. The TfS members will review the information provided by the audit companies and get back to an appointed contact person if necessary. The final decision on whether an audit company will be accepted or not rests with the TfS Steering Committee.

Audit companies that have passed the pre-qualification process will be announced on the TfS webpage. Suppliers can access the list of audit companies to identify and select an audit company in his region. It is the supplier's responsibility to select an audit company and agree on contractual terms. If there is no auditor qualified in the supplier country or region, the selected audit company has to send further auditor profiles for the specific region to the TfS Office for qualification. Refer to section 5.2 regarding the pre-qualification of auditors.

All TfS qualified audit companies have to ensure that, even in peak times an adequate number of qualified auditors are available to perform TfS audits based on a defined audit schedule. In addition, they also have to set up an initial and annual training program to train their auditors on the TfS Audit Program.

TfS will offer Train-the-Trainer Workshops and supporting training materials for audit companies to develop a TfS-specific auditor training program. On request, relevant TfS qualified audit companies have to prove the provision of annual training to their auditors by sending the list of participants and training materials used to the TfS Office. TfS will monitor the collaboration with the audit companies on a regular basis and may decide on accepting new audit companies or discontinuing the relationship with existing audit companies.

5.2 Pre-Qualification of Auditors

Audit companies that have successfully passed the application process can nominate auditors for the TfS pre-approved auditor pool. TfS audits require auditors to prove competencies and experience in a whole range of sustainability issues. To maintain continuously high audit standards, TfS has developed a set of reference criteria that serves as a basis for approving auditors before working on behalf of TfS. Therefore the audit companies are requested to fill out and return the Auditor Evaluation Form to the TfS Office.

The Auditor Evaluation Form provides information about the minimum criteria required to start the application procedure for a particular auditor profile to be accepted into the auditor pool. The minimum requirements for an auditor will be reviewed regularly by the TfS working group and may be adjusted as appropriate.

To cover all areas of a sustainability audit, a TfS audit will typically consist of one or two auditors. Ideally a team of two auditors with proven expertise in labor and human rights, health & safety and environmental issues will be performing the audit. For each audit, one lead auditor has to be specified by the audit company with the relevant experience and expertise to take

responsibility for the entire TfS audit execution. The lead auditor has to ensure that audit planning, audit execution, documentation and follow-up is performed in compliance with the requirements defined in this guidance document.

All auditors working on behalf of TfS must have a proven audit record and industry experience. Besides, the auditors must be fluent in the local language and in English, as well as familiar with the local culture. Moreover, they must be knowledgeable about key local and national laws as well as international standards. Furthermore, TfS requires each auditor to take part in an annual training on the TfS Audit Program.

TfS is aware that this approach requires a set of skills and experience that goes beyond the skills typically demanded, e.g. of environmental or social auditors. TfS therefore requests audit companies to take this quality requirement into account when proposing an auditor or auditor team. The TfS Office will request random samples in order to verify the information provided in the Auditor Evaluation Form. If an auditor does not meet the minimum requirements, the TfS Office will request the audit company to provide an alternative auditor or further proof of auditor experience.

5.3 Verification of auditor qualification

All auditors within the TfS pre-approved auditor pool will be regularly assessed based on their audit performance. The requirements to enter and remain in the pre-approved auditor pool are as follows:

- Social auditors must at least have attended the basic SA8000 auditor qualification course and completed a minimum of 10 social audits every 2 years.
- Health, Safety & Environmental (HSE) auditors must at least have completed trainings on ISO 14001, OHSAS 18001, and other equivalent subjects and completed a minimum of 10 HSE audits every 2 years
- To fulfill their duties according to the latest developments, auditors must attend regular update trainings on relevant regulations with regard to social, ethical, and HSE audit subjects
- The auditors' performance will be regularly monitored based on the Audit Report review conducted by the TfS Office, the feedback provided by the suppliers as well as the reports of the witness auditors.

On a random sample basis, TfS members will conduct witness audits (observed audits). This means that audits will be accompanied by experienced staff assigned by the individual TfS member.

The TfS Office will support coordinating the witness audits. Every TfS member has to provide the TfS Office with the list of audit candidates and the indication of witness audits. The TfS Office will review the indication and consolidate the individual supplier list to ensure sufficient number of different auditors will be witnessed.

TfS will require all witness auditors to complete a Witness Auditor Checklist form in order to receive a systematic feedback on the audit preparation, audit process as well as the lead- and co-auditor performance. This checklist will evaluate the overall audit organization, the auditor and audit performance. It remains the responsibility of the individual TfS members to evaluate

Together for Sustainability

Audit Process and Responsibilities

the adequacy and completeness of the audit reports. In order to remain in line with antitrust requirements, disclosure on the supplier relationship must be avoided while sharing the results of the witness audits. That is why witness auditors will report their findings to the TfS Office which will establish relevant statistics and information for an annual review of the auditor performance and the auditor pool.

6 Audit Process and Responsibilities

The following section describes the main steps for initiating and planning audits along with the corresponding responsibilities of each party.

6.1 Audit Process

The TfS Audit process comprises six steps. The main intent of the first step is to raise suppliers' awareness about sustainability requirements and to inform about the upcoming audit and its content. In the second step both the qualified auditor and the supplier get prepared for the audit. The audit execution is the third step, while the fourth step describes the establishment of the CAP during the closing meeting. In step five the TfS Audit Report will be finalized and shared with all TfS members. Based on the findings announced in the CAP, follow up activities will take place in step six.

Figure 3: TfS Audit Process



*There will be only one cycle of follow-up. In case major findings still exist after first follow-up a full re-audit will be initiated.

6.2 Roles and Responsibilities

Within the TfS Audit Process the audit company and the qualified auditor have an important role. The audit company's infrastructure to select and train highly qualified auditors as well as the auditor's professional behavior in executing the audit program are key parameters for the quality of the TfS Audit Program. A description of the tasks for every audit step can be found in figure 4.

Together for Sustainability

Guidance through the Audit Process

Figure 4: Tasks within the TFS Audit Process

Step	Task of TFS Member	Task of supplier	Task of Auditor	Task of the TFS Office
0. Determine Supplier Scope (Individual member action)	<p>Define supplier audit strategy.</p> <p>Communicate audit requirement to suppliers.</p> <p>Inform TFS Office about supplier audits and witness audits planned.</p>			Record planned audit in audit schedule overview.
1. TFS Awareness Raising	<p>Inform supplier about audit requirement and expected date of completion.</p> <p>Provide supplier with brochure and information about "fit for Audit" Training.</p>	<p>Complete "Fit for Audit" Training and respond back to audit invitation.</p>		
2. TFS Audit Preparation	<p><i>Optional: Inquire supplier on audit schedule.</i></p>	<p>Select Audit Firm from qualified auditor list and conclude contract with audit firm.</p> <p><i>Optional: Inform buyer on audit schedule.</i></p> <p>Prepare for site Audit & provide pre-audit information as well as Data Sharing Agreement to Auditor.</p>	<p>Support supplier in contracting phase.</p> <p>Provide supplier with an agenda for the audit, audit preparation checklist with document list and data sharing agreement.</p> <p>Report Audit Status ("contracted/scheduled") to TFS Office.</p>	Record audit firm engagement in audit schedule overview.
3. TFS Audit	<p><i>Optional: Coordinate witness audit with supplier and audit firm. Inform TFS Office about witness audit scheduled.</i></p>	<p>Support the site audit.</p>	<p>Pre-qualified auditor which has been approved by TFS performs site audit.</p>	
4. TFS Corrective Action Plan		<p>Approve documented audit findings.</p> <p>Agree on findings, corrective actions and timeframe for corrective actions in closing meeting.</p>	<p>Prepare bilingual CAP by listing the findings and proposed corrective actions.</p> <p>Consult and agree on corrective actions in closing meeting.</p> <p>Report audit status (audit completed) to TFS Office</p>	Record audit completed status in audit schedule overview.
5. TFS Audit Report Sharing	<p>Access audit report of TFS platform and review results with CAP to respond to supplier on expected follow-up activities.</p>	<p>Review Audit Report with CAP within 10 days.</p> <p>Engage with TFS member on follow-up activities.</p>	<p>Prepare TFS audit report and ensure quality of audit documentation.</p> <p>Send to supplier for review.</p> <p>After the comment period of 10 days send the audit report to the TFS Office.</p>	<p>Review Audit Documentation on a sample basis.</p> <p>Upload audit report on the TFS member platform.</p>
6. TFS Follow up	<p>Review CAP and engage with supplier on follow-up activities.</p> <p>Request re-audit if necessary.</p>	<p>Close corrective actions and prove improvements through follow up activities or a re-audit.</p> <p>Engage with audit firm or EcoVadis if necessary.</p>	<p>Follow up with supplier on findings through follow up activities requested by the supplier.</p> <p>Send Follow-up report to TFS Office.</p>	Record audit follow-up completed status in audit schedule overview.

Together for Sustainability
Guidance through the Audit Process

7 Guidance through the Audit Process

TfS members will individually identify suppliers subject to a sustainability performance assessment. TfS members will decide individually and independently whether a TfS Audit or an EcoVadis assessment will take place based on company-specific criteria and processes.

Step	Task of TfS Member	Task of supplier	Task of Auditor	Task of the TfS Office
0. Determine Supplier Scope (Individual member action)	<ul style="list-style-type: none"> Define supplier audit strategy. Communicate audit requirement to suppliers. Inform TfS Office about supplier audits and witness audits planned. 			Record planned audit in audit schedule overview.

Based on the list of audit candidates provided by every individual TfS member, the TfS Office will pull together a list of suppliers selected for an audit and will ensure only a defined set of information will be shared amongst TfS members. This list provides information on the status of a particular supplier in the joint audit process:

- Date of invitation;
- Witness audit planned (yes/no);
- Audit planned (yes/no);
- Audit date
- Audit report received (yes/no; date);
- Audit report ID (Audit company + Audit report number)
- Witness audit report received (yes/no; date);
- Audit report checked;
- Audit report shared on TfS platform (yes/no; reference number on TfS platform)
- Follow up activities planned (yes/no; expected date of completion)
- Follow up report received (yes/no; date)
- Follow up report ID (Audit company + Follow up report number)
- Follow up report checked
- Follow up report shared in TfS platform (yes/no; reference number on TS platform)

Furthermore, to support the internal coordination within a TfS member company, the list includes the following supplier data:

- Supplier name,
- Site Address
- Site zip code and city
- Site State / Province
- Country
- DUNS number,
- Tax number
- Supplier Contact name,
- Function,
- Email,
- Telephone Number

Together for Sustainability

Guidance through the Audit Process

Once a supplier has selected and contracted the audit company from the auditor pool (see step 2), the audit company reports the planned audits to the TfS Office. The list maintained by the TfS Office will then also contain the following auditor data:

- Name of the audit company;
- Name of the pre-approved auditor;

This information will be shared with TfS members to help TfS members to track the status of the audit process. TfS members may want to reach out to the supplier and/or the auditor in case of further inquiries within the limits of the data sharing agreements. The list will be made accessible to all TfS members via a shared platform. TfS members will not be able to see any information indicating which member initiated the audit nor on existing supplier relationships. By doing so, it will also not be possible to draw any conclusions on the consequences that each participating company will draw from the audit results. A list of all suppliers that have been invited by one of the members will be shared amongst the TfS members.

7.1 Awareness Raising (Step 1)

In the awareness raising step, the auditor does not have an active role.

Step	Task of TfS Member	Task of supplier	Task of Auditor	Task of the TfS Office
1. TfS Awareness Raising	Inform supplier about audit requirement and expected date of completion. Provide supplier with brochure and information about "fit for Audit" Training.	Complete "Fit for Audit" Training and respond back to audit invitation.		

TfS member companies should advise their suppliers on the TfS audit program and the audit requirements. Supplier communication must include a reference to the supplier co-participation approach that requires the supplier to take ownership and actively support the audit process. .

At this early stage, TfS members should contact the supplier and inquire on existing sustainability evaluations, e.g. availability of a valid EcoVadis Assessment, SMETA Audit, or SQAS Audit. If a supplier provides detailed information on a valid sustainability assessment or audit, the TfS member should check the scope of the evaluation (e.g. right entity or location evaluated) and whether the assessment or Audit Report complies with the TfS Mutual Recognition Partner list.

The TfS member that nominates a supplier for a TfS audit will have the TfS Audit Leading Company role. In its role, the TfS member will send an invitation to the selected supplier and:

- Inform the supplier about the purpose and benefits of TfS audits
- Inform the supplier about the qualified audit companies and the suppliers' responsibility to place an order with one of the qualified audit companies
- Inform the supplier about costs for the audit

Together for Sustainability

Guidance through the Audit Process

- Send the link of the TfS website (www.tfs-initiative.com) to access relevant information and documents as well as the supplier training tool
- Inform the supplier in case a combined audit will take place
- Inform supplier about the Helpdesk for further questions

In case the supplier does not respond to the invitation within reasonable time, a reminder letter will be sent once again underlining the importance of the audit and supplier participation.

7.2 Audit Preparation (Step 2)

Once a supplier has been informed by the TfS member that he has been nominated for a TfS audit, the supplier needs to contact an audit company from the pre-approved list of audit companies. As soon as the supplier has signed the contract with the audit company, the contracted audit team headed by the lead auditor must:

- Contact the supplier and agree on the audit date and audit schedule;
- Provide Data Sharing Agreement to supplier and ensure that the form is signed before the audit takes place;
- Provide the Audit Preparation Checklist with the Document List to supplier, and follow-up prior to the audit;
- Provide the supplier with an agenda prior to the audit;
- Inform the supplier that the auditors will ask for access to confidential information. Reassure the supplier that sensitive information will only be viewed by the auditor; and supplier can also provide copy that is anonymized;
- Announce that employee interviews will be carried out on a random basis to cross-check, in particular the prevalent working conditions;
- Ask the supplier to confirm which key staff members will be available during the audit, e.g. management staff, HR representative, health & safety representative, operations managers, union or worker committee representatives;
- Ask for all the special Personal Protective Equipment (PPE) that is required for the audited site; and
- Confirm logistics, including travel & accommodation.

Step	Task of TfS Member	Task of supplier	Task of Auditor	Task of the TfS Office
2. TfS Audit Preparation	<i>Optional: Inquire supplier on audit schedule.</i>	Select Audit Firm from qualified auditor list and conclude contract with audit firm. <i>Optional: Inform buyer on audit schedule.</i> Prepare for site Audit & provide pre-audit information as well as Data Sharing Agreement to Auditor.	Support supplier in contracting phase. Provide supplier with an agenda for the audit, audit preparation checklist with document list and data sharing agreement. Report Audit Status ("contracted/scheduled") to TfS Office.	Record audit firm engagement in audit schedule overview.

Experiences from past audits show that usually suppliers do not read all the materials in advance. Therefore, the auditor should proactively ask for feedback or ask if there are any questions whenever the auditor gets in touch with the supplier (e.g. via email or phone).

The following documents / information need to be requested by the auditor and need to be provided by the supplier prior to the audit:

Together for Sustainability

Guidance through the Audit Process

- The completed Document List including company profile and the list of documents that should be available on site during the audit;
- A list of the most hazardous components and their maximum permitted quantities (the most hazardous components shall be mentioned in the Audit Report); and
- A floor plan of the production site and a floor plan of the buildings.

TfS requires the auditor team to provide the supplier with an agenda prior to the audit in order to conduct the audit in the most efficient way. The agenda should include:

- Opening meeting
- Site tour as well as visits to storages
- Interviews (individual/group)
- Document review
- Closing meeting.

As a general rule, all TfS audits are shared audits. The audit company is responsible to ensure the signing of the Data Sharing Agreement by the supplier before the onsite inspections start. If a supplier does not sign the Data Sharing Agreement, the audit company shall send a written reminder and follow-up with a telephone call about the consequences of not accepting the data sharing conditions. The consequences are:

- The Audit is not a valid TfS Audit
- The Audit Report cannot be shared with other TfS Members via the online platform
- The supplier risks multiple audit requests from various customers
- The Supplier does not benefit from the service level agreements specified between TfS and the audit companies for the audit

In the case the supplier does not accept the data sharing agreement the auditor will send the final audit report documents to the supplier. The auditor will not send the Audit Report to the TfS Office. Instead, the auditor will inform the TfS Office about the audit completion only. The TfS Office ensures that these audits are marked as non-shared audits in the list of suppliers selected for an audit. The supplier is solely responsible to ensure their customers obtain relevant audit documentation on request.

The auditor should inform TfS Office for any reason a supplier refuses to participate, for example because the supplier is not willing to share the Audit Report with all TfS members or is not willing to pay for the audit or other reasons.

7.3 TfS Audit Execution (Step 3)

In order to evaluate a supplier's performance based on the TfS Audit Report, TfS requires auditors to conduct the following activities during an audit:

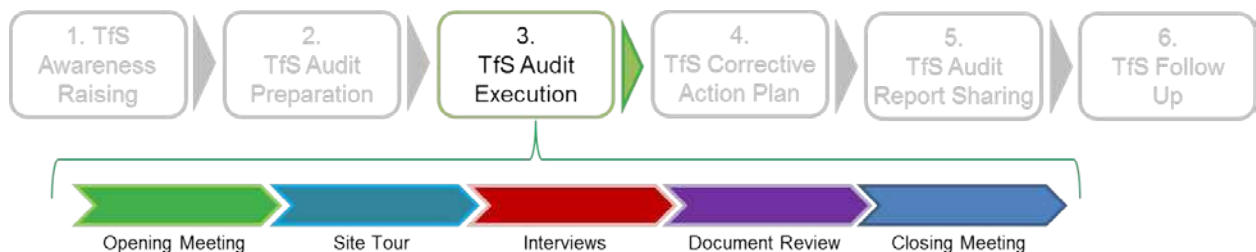
Step	Task of TfS Member	Task of supplier	Task of Auditor	Task of the TfS Office
3. TfS Audit	<i>Optional: Coordinate witness audit with supplier and audit firm. Inform TfS Office about witness audit scheduled.</i>	Support the site audit .	Pre-qualified auditor which has been approved by TfS performs site audit.	

Together for Sustainability

Guidance through the Audit Process

- Opening Meeting with management team including HSE, manufacturing/technical operations, union and HR representatives (Topics are the schedule of the day and short company presentation);
- A site tour of all key production areas and premises in scope of the audit (e.g. storages, canteen, medical room, sanitary facilities);
- Interviews with management and specialists (e.g. HR, HSE, engineering and maintenance staff);
- Individual and group interviews with employees without management attendance;
- A comprehensive document review;
- Auditor pre-closing meeting (in case of an audit team or witness audit) and
- Closing meeting (includes presentation and documentation of both positive and negative findings and the agreement on corrective actions as well as timelines for implementing these actions).

Figure 5: TfS Audit Execution Process



It is important that the audit schedule will be designed to minimize any disruption to your production. All elements of the audit process are described in detail as follows.

Opening Meeting

The opening meeting aims at achieving a mutual understanding between the management and the auditor about the purpose of the TfS audit, the underlying audit requirements as well as the individual timelines within the audit process and agenda. Besides, it provides the valuable opportunity for management to raise questions or provide company specific information to the audit team. A trade union or worker representative should be invited to both the opening and closing meeting.

During the opening meeting the lead auditor should:

- Introduce the audit team;
- Introduce TfS and the benefits it offers to suppliers;
- Confirm purpose and scope of the audit; clearly state that this audit is directed at promoting continuous improvement;
- Explain the audit process and importance of the CAP and Follow-ups;
- Assure the confidentiality of the interviews and audit findings ;
- Confirm the key contact persons for the audit ;
- If not yet received, ask management for a plan of the production site and a floor plan of the buildings;
- Obtain an attendance list of workers with additional information to take a representative sample (e.g. gender, department, contract type);

Together for Sustainability

Guidance through the Audit Process

- Explain the selection process for employees to be interviewed and confidentiality arrangements;
- Confirm the availability of auditor room and interview rooms;
- Obtain a list of the most hazardous components and their maximum permitted quantities; and mention the most hazardous components in the Audit Report;
- Check whether to comply with certain health and safety issues;
- Remind management team of the closing meeting and agree on a tentative time;
- Explain that the auditors should be allowed to move freely on site and that the auditor is granted access to all areas of interest. Ask permission to take pictures for documentation purposes; and
- Ask the management team if they have any questions.

Site Tour

The site tour allows the auditor to observe and inspect key production areas (inside and outside) and to gather evidence for compliance or non-compliances of activities with supplier policies, stated practice as well as legal requirements and required standards. Interviews with staff members working in different departments are supplemented with relevant document review. The duration of the site tour depends on the size. The site tour needs to be performed efficiently to cover all relevant site areas to support the effectiveness and efficiency of the remaining audit activities.

During the site tour the auditor team should:

- Understand the key production processes ;
- Assess the surroundings of production facilities, e.g. natural habitats, population areas;
- Understand production risks;
- Assess overall health & safety and environment conditions (e.g. fire extinguisher, suction, emergency exits, ladders and stairs, machine safety, PPE, hazardous components, hygiene of sanitary facilities and canteen, availability of drinking water, assembly places, alarm devices, evacuation and emergency plans) to understand HSE risk areas;
- Observe the working environment (e.g. space, temperature, orderliness, noise);
- Observe any display of information (e.g. Codes of Conduct, national law, information released by union, awareness raising posters); and
- Observe the working atmosphere among workers as well as between workers and managers.

Interviews

Interviews have the aim to cross-check information collected during the site tour and the document review. The auditor is recommended to randomly choose a sample of workers from the daily attendance list. The management should not interfere when the auditor chooses the interview sample.

To be representative of the whole workforce, the sample should take the following aspects into account:

- Gender composition of the workforce;
- Different contract types (including, permanent, temporary, agency workers);
- Different departments (e.g. production and warehouse staff, security forces);
- Different ages;
- Physically challenged persons;

Together for Sustainability

Guidance through the Audit Process

- Different nationalities; different cultural, ethical or religious backgrounds; Different shifts; and
- Different ranks and pay grades (e.g. apprentices, regular workers, temporary workers, supervisors, managers, department heads).
- Union and / or worker representatives (to learn about their assessment of the working conditions and their specific role)

All interviews must be conducted in a separate room, preferably in an area where workers are comfortable to speak.

In contrast to individual interviews, questions raised in group interviews should be of a more general nature and do not require workers to disclose any personal details such as their wage or union membership. Group interviews should rather be directed at general problem areas in the company and points for improvements. Employee interviews are strictly confidential, especially with regard to labor issues, and thus must be managed with discretion, and conducted in the absence of management or supervisors.

Good communication skills and a sense for the local culture will be crucial for the success of the interviews:

- The auditor's dress code must take into account the local dress code and the auditor should make the interviewee feel comfortable, also through suitable body language as appropriate (e.g. by keeping regular eye contact, smiling, not sitting behind a desk/laptop).
- The auditor must introduce himself/herself and explain the audit purpose. Besides, he/she must emphasize the confidential nature of the interviews and not mention an individual worker's identity to management.
- The auditor should conduct the interview in an informal style rather than reading question by question from a checklist.
- Open questions should be raised so that workers can give full answers and explain rather than answer with a 'Yes' or 'No'.

Only approved information (e.g. confirmed by document review) may be shared with the supplier's management. Not approved or sensitive information should not be disclosed to the management in order to protect workers. However, such information may be reported confidentially and separately to the TfS Office.

Finally, auditors should always leave a business card and/or a local phone number for workers to get in touch after the interview, e.g. in case they have a question or have been subject of discrimination after the interview.

Document Review

Documents build the basis of the audit through providing support for the procedures implemented, evidence obtained, and conclusions. The objective of the document review is to obtain further evidence and check the availability and status of key documents, such as guidelines, handbooks, files and certificates as defined in the TfS Document List. A sample of documents reviewed should be retained by the auditor in form of hard copy/electronic copy. The duration of the document review will depend on the preparation of the supplier and the size of the company.

Together for Sustainability

Guidance through the Audit Process

Pre-Closing Meeting

Prior to the official closing, the audit team should review the audit results:

- Review and discuss the Objective Evidence found/presented;
- Examine and achieve consensus on the findings to be shared with management;
- Discuss inconsistencies, non-compliance issues as well as good practices;
- Examine specific documentation or evidence to verify audit findings;
- Prepare a presentation/ abstract to explain the audit findings, ideally illustrated by pictures taken during the audit.

The past has shown that it is crucial to inform the management of negative findings before the official Closing Meeting.

Closing Meeting

The aim of the closing meeting is to discuss the audit findings with management and to reach a mutual understanding about the corrective actions with timelines. The auditor will explain the differences between the classifications of findings and propose options for mitigating minor, major and critical findings during the closing meeting. Suppliers will have the opportunity to identify strengths and weaknesses in their sustainability performance. A Corrective Action Plan (CAP) needs to be established for negative findings and agreed between the auditor and the supplier during the closing meeting. It is crucial that all issues are clearly described and understood by the end of the meeting.

During the closing meeting the lead auditor should:

- Thank the management for their time, effort and support;
- Re-confirm the purpose and scope of the audit;
- Mention good practices and optimization potential observed during the audit;
- Explain which improvements were detected;
- Discuss potential corrective actions;
- Finalize CAP with timelines;
- Explain next step, which are:
 - Supplier receives the TfS audit report for review after 10 days,
 - Supplier has 10 days for reviewing report,
 - After these 10 days comment period, the audit company will send the audit report to the TfS Office for uploading on the TfS member platform.
- Ask the management team if they have any remaining questions about the audit or next steps; and
- Reconfirm the understanding of the sharing rules of the TfS Audit Report and CAP with all TfS member companies as agreed in the Data Sharing Agreement.

If management does not agree with a certain finding, the auditor should state that if they can provide evidence that shows the finding is incorrect, the audit team will review it. If such evidence is provided, the evidence should be verified; and where appropriate, the finding should be deleted from the CAP. If a detected audit finding can be corrected immediately, e.g. a blocked gangway, it should still be recorded as an audit finding with classification of the finding type (minor, major or critical) in the CAP.

7.4 Corrective Action Plan (Step 4)

The CAP has to be established and agreed with the supplier during the closing meeting. The auditor should distinguish between minor, major and critical audit findings based on the

Together for Sustainability

Guidance through the Audit Process

frequency, severity and probability of the recurrence of an incident found as well as the existing management system and current management response.

Step	Task of TFS Member	Task of supplier	Task of Auditor	Task of the TFS Office
4. Tfs Corrective Action Plan		Approve documented audit findings. Agree on findings, corrective actions and timeframe for corrective actions in closing meeting.	Prepare bilingual CAP by listing the findings and proposed corrective actions. Consult and agree on corrective actions in closing meeting. Report audit status (audit completed) to Tfs Office	Record audit completed status in audit schedule overview.

A **minor** finding is a concern of lower priority, such as:

- An occasional and/or isolated problem with lower impact;
- An issue with low risk to workers;
- A policy issue with no evidence of material breach; or
- An isolated non-compliance issue of national or international law that has been mitigated or will be mitigated without undue delay.

Examples for minor findings are:

- A missing policy (e.g. HSE policy);
- Missing or outdated safety data sheets; or
- Occasional overtime issues for a limited number of employees.

A **major** finding is a concern of high priority, such as:

- An issue of danger to people;
- A material breach with national law putting the supplier's license to operate at risk; or
- A systematic violation of national law or international conventions.

Examples for major findings are:

- Makeshift electrical installations;
- No operating license for business or material site installations;
- No firefighting equipment;
- Insufficient escape ways; or
- Chronically overtime issues significantly above national or international law.

Amongst major findings, the auditor may define **critical** audit findings. Critical findings are issues of immediate concern, such as e.g.

- Cases of attempted bribery of the audit team;
- Situations of immediate danger for the audit team, employees, contractors, environment or neighborhood; or
- Cases of forced labor, child labor or physical/ sexual abuse.

Examples for critical findings are:

- Employment of young workers below age of 15;
- Audit interruption/ stop because of auditor safety at high risk;
- Workers hindered to leave premises at their own will; or
- Dumping of hazardous waste polluting water sources.

Together for Sustainability

Guidance through the Audit Process

The auditor shall list all detected findings (non-conformities) in the CAP. In the closing meeting, the auditor shall take note of corrective actions in response to the audit findings proposed by the supplier representative. During the closing meeting the auditor and the supplier will agree on corrective actions and define timelines to close these actions to finalize the CAP. A printout of the CAP with findings and corrective actions described has to be signed by the supplier and the auditor.

Altogether, it should be clearly indicated whether detected audit findings are a non-conformity to local law or TfS requirements. All findings and objective evidence must be documented in the TfS Audit Guidance and Reporting Template. Each TfS member remains individually responsible to validate the adequacy of corrective actions proposed by the supplier and documented by the auditor in the CAP.

If a supplier fully meets the requirements and expectations stated in the Audit Guidance and Reporting Template, no CAP needs to be established during the closing meeting.

For all audit subjects, the auditor should describe in the TfS Audit Guidance and Reporting Template how the site is complying with the particular requirement including the objective evidence based on which the auditor makes his/her judgment. Objective evidence includes visual observations (e.g. during the site tour), information received at the interviews and/or document review. If available, the auditor should retain copies of the documented evidence (hardcopy or electronic version) or pictures taken.

7.5 Audit Report Sharing (Step 5)

The auditor finalizes the TfS Audit Report as soon as possible (but latest after 10 days) and sends it to the audited supplier. The supplier may formally comment on the audit observations (see CAP comments by the supplier) and conclusions within 10 working days. This optional supplier comment shall support a transparent and collaborative audit approach. The supplier comments will be part of the Audit Report which will be shared with all TfS members. As soon as the supplier has shared his comments on the Audit Report, the auditor has to send the audit report to the TfS Office who will then upload the audit report on the audit sharing platform.

Step	Task of TfS Member	Task of supplier	Task of Auditor	Task of the TfS Office
5. TfS Audit Report Sharing	Access audit report of TfS platform and review results with CAP to respond to supplier on expected follow-up activities.	Review Audit Report with CAP within 10 days. Engage with TfS member on follow-up activities.	Prepare TfS audit report and ensure quality of audit documentation. Send to supplier for review. After the comment period of 10 days send the audit report to the TfS Office.	Review Audit Documentation on a sample basis. Upload audit report on the TfS member platform.

Sufficient information needs to be provided to allow TfS members to make an informed decision about the performance status of the audited supplier. This is particularly important for buyers and specialists functions that review Audit Reports to assess the supplier performance without having participated in the audit process. Each audit must be documented in the TfS Audit Report which consists of three main documents:

Together for Sustainability

Guidance through the Audit Process

1. Data Sharing Agreement with the confirmation by the audit company
2. Audit Guidance and Reporting Template
3. Finalized bilingual Corrective Action Plan

These documents will be described in detail in the following.

Data Sharing Agreement (DSA) with the confirmation by the audit company:

The filled out and signed data sharing agreement is a mandatory part of the Audit Report to ensure the sharing among the TfS member companies. The supplier agrees on the sharing of the audit results and the CAP by signing the Data Sharing Agreement. An Audit Report without a Data Sharing Agreement completed and signed by the supplier will not be accepted as a TfS Audit Report and thus will not be shared on the platform.

The audit company must set up a control procedure to ensure that all Audit Reports shall go through a quality review. For each TfS Audit Report, the audit company must confirm the conducted quality review to the TfS Office in a written format. The quality review person must be different from the lead auditor. A checklist has been developed as part of the second page of the DSA to document the required controls procedures. The quality review performed by the audit company shall cover, at least the following:

- The audit has been performed according the latest TfS audit program 2.0
- TfS Audit Documentation is complete:
 - Audit Guidance and Reporting Template
 - Corrective Action Plan signed by supplier
 - Data Sharing Agreement signed by supplier
- The TfS Audit templates and forms are complete with all required data
- Translation of TfS Audit Documentation in English is available and quality checked
- Descriptions of observations and related evidence are clear (also for a person not involved)
- Evaluation of audit findings is consistent, any deviation from guidance well explained
- No customer-supplier relationship is disclosed in any TfS Audit Documentation
- TfS Audit Documentation does not contain any competitive sensitive information¹
- TfS Audit Documentation does not contain personally sensitive data²

Audit Guidance and Reporting Template

The Audit Guidance and Reporting Template includes the company profile, a summary of positive and negative findings, a list of the most hazardous components and the auditor's documented responses to the audit guidance. For each requirement specified in the Audit Guidance and Reporting Template, the Audit Report should:

- Describe the findings and evidence as well as the management practice; and
- Describe the findings and evidence as well as a reference to national law and the proposed corrective actions.

¹ The Audit Documentation must not include any strategic and thus competitively sensitive subjects, including costs, prices, product specifications, sales, product marketing, and other confidential information. Please specifically check free-text fields in which such information may inadvertently be included.

² The Audit Documentation must not include personally sensitive information that may infringe privacy and data protection laws & regulations.

Together for Sustainability

Guidance through the Audit Process

If the auditors are not allowed to take any pictures, this has to be mentioned in the Audit Guidance and Reporting Template. More detailed descriptions should be provided to support the understanding of the auditor's conclusions.

Finalized bilingual CAP

The CAP included in the Audit Guidance and Reporting Template and printed out to be signed by the supplier and the auditor includes minor, major and critical findings as well as corrective actions with timelines defined during the closing meeting.

Wherever possible, examples of good practice should be listed to underline conformance (e.g. additional benefits to employees such as free meals, free transport, private health schemes, etc.). Issues of a sensitive nature should not be mentioned to management if this may place employees of the supplier in disadvantage or danger. Instead, such findings should be reported directly to the Tfs Office.

The Audit Guidance and Reporting Template has to be documented at least in English language while the CAP should be bilingual (English and local language) to ensure an aligned understanding of the audit results. The auditor will provide the supplier with an Audit Report in an unsecured and non-changeable pdf format for the supplier's review. The supplier has 10 days for reviewing the report. After these 10 days, no matter if the supplier has contacted the audit company; the audit company will send the Audit Report in a pdf and excel format to the Tfs Office (helpdesk@tfs-initiative.com). The Tfs Office will upload the Audit Report on the Tfs member platform since all Audit Reports shall be documented and accessible for all Tfs members.

7.6 Follow-Up (Step 6)

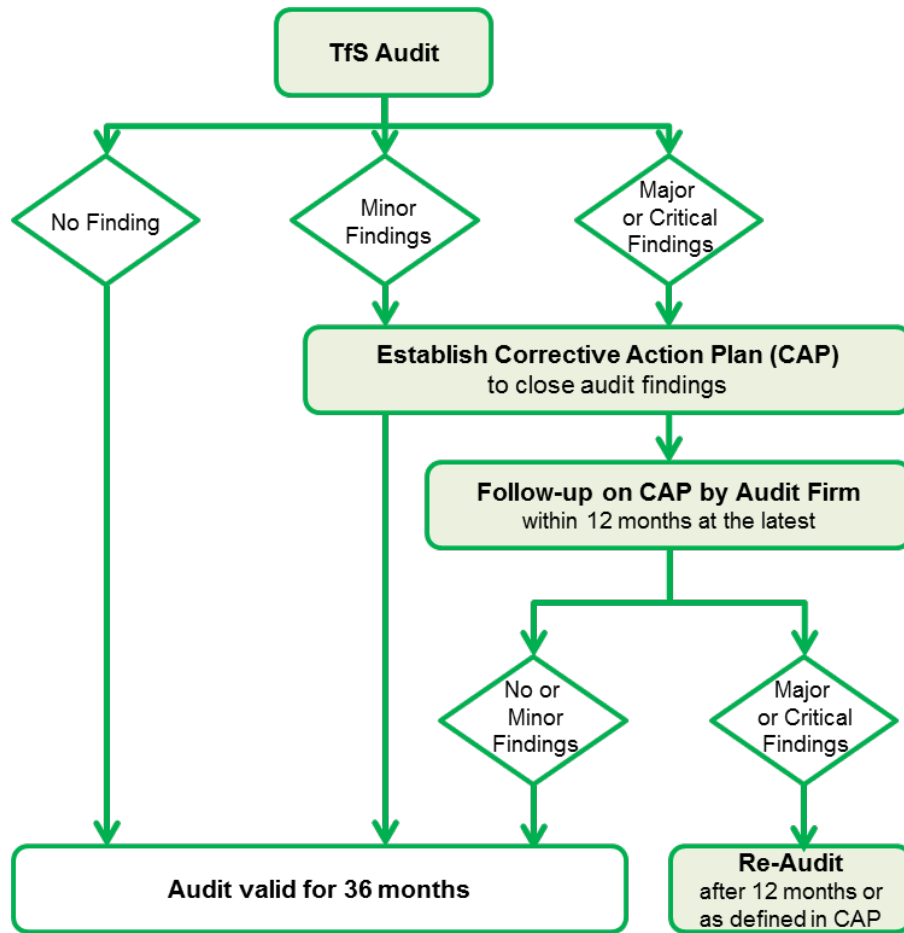
It is the responsibility of the supplier to report to the Tfs members about the progress made against the CAP as individually defined in the existing business relationship. Suppliers are expected to remediate all audit findings as soon as possible. The closure of major and critical findings shall be validated with a follow-up audit or desk review. The follow-up audit or desk review shall take place within 12 months if not defined differently in the Corrective Action Plan.

Step	Task of Tfs Member	Task of supplier	Task of Auditor	Task of the Tfs Office
6. Tfs Follow up	Review CAP and engage with supplier on follow-up activities.	Close corrective actions and prove improvements through follow up activities or a re-audit.	Follow up with supplier on findings through follow up activities requested by the supplier.	Record audit follow-up completed status in audit schedule overview.
	Request re-audit if necessary.	Engage with audit firm or EcoVadis if necessary.	Send Follow-up report to Tfs Office.	

Depending on the audit findings, a follow-up action may be necessary. The follow-up action may not be a full audit; instead, it may be a document review or an on-site inspection to verify whether the corrective actions defined in the Corrective Action Plan have been implemented. The follow-up action for social audit findings may include employee interviews as well as a review of the working hours and payroll, however with a smaller sample size.

Together for Sustainability
Guidance through the Audit Process

Figure 6: Follow-up Process



A follow-up CAP report is issued as an updated version of the original report (see separate sheet “Follow-up” in the Audit Guidance and Reporting Template). For all findings previously raised it should provide a clear explanation of the evidence reviewed, applicability and effectiveness of corrective actions and the closing of issues. Any new findings must be noted down in the initial audit report in the sheet follow up and a new Data Sharing Agreement has to be signed by the supplier.

If the audit does not result in any findings or only in minor findings, then the audit report is valid for 36 months. A Corrective Action Plan has to be established in the event an audit results in any type of negative findings. In case of minor findings you are expected to close these findings within 12 months. A follow-up review by the audit company must be completed in the event of major or critical findings.

Depending on the findings of the follow-up by the audit company, a re-audit may be required. The re-audit shall be completed after 12 months unless specified differently in the Corrective Action Plan (CAP).

Suppliers are responsible for remedying any findings. It is imperative that suppliers include appropriate supporting documentation when they report to their customers (TfS member company) on the implementation of any corrective actions.

8 Contact Details

For further information on the Together for Sustainability Initiative and the Joint Audit Program please contact:

Together for Sustainability Office
helpdesk@tfs-initiative.com
www.tfs-initiative.com

Antitrust-Considerations:

The purpose of this Joint Supplier Audit Initiative is to develop and implement a global audit program to assess and improve sustainability practices within the supply chains of the Chemical Industry. It is the intention of all participants to operate in strict compliance with antitrust law. Therefore nothing discussed at the meetings is intended to result in an agreement on price, exclude suppliers from any market or otherwise restrain competition. Those participating in the meetings will avoid discussion of competitively sensitive subjects, including costs, price, sales, product marketing, and other confidential information. Participants with questions regarding what is appropriate may refrain from disclosing or requesting information and are directed to their organization's policies and legal advisors.

Annex 1

Glossary

Assessment	A systematic process of collecting and analyzing data and information to determine the current status of the management systems of an organization. The TfS initiative has contracted the service provider EcoVadis to perform sustainability assessments and develop a CSR rating for supplier organizations.
Audit	A methodical examination or review of a condition or situation. For the purposes of the TfS, the audits will verify environmental, health & Safety and social conditions in the supply chain of TfS members, against the TfS Audit Guidance and Reporting Template.
Audit Guidance and Reporting Template	TfS specific template for auditor to document audit and findings. Needs to be provided in English.
Auditor	<p>A person appointed and authorized to deliver a qualified audit judgment on the sustainability performance of the supplier. The auditor may collect objective evidence by means of examination of documents, interviews and site inspection.</p> <p>For the purposes of TfS, auditors have to be qualified and approved by the TfS Office. They must satisfy high quality criteria and meet the requirements defined in the auditor evaluation tool. A conflict of interest must be excluded in any cases.</p>
Auditor Evaluation Form	Excel tool that needs to be completed by the audit company for every auditor in order to evaluate the auditor's qualification. Only auditors that have adequate qualification will be part of the TfS pre-approved Auditor Pool.
Auditor Pool	Pool of auditors that have been pre-approved by the TfS Office. Only auditors that work for an accredited audit company can be part of the TfS Auditor Pool.
Corrective Action	In the context of TfS, it refers to the implementation of measures or systemic change to eliminate the cause(s) of an existing deviation from the criteria defined in the TfS Audit Guidance and Reporting Template and to prevent recurrence.
Corrective Action Plan (CAP)	The plan of actions drawn up by the auditor and agreed upon with the supplier during the closing meeting. It states the non-compliances identified during the audit and what measures have to be taken within a certain time frame, to remedy these deviations from the criteria defined in the TfS Audit Guidance and Reporting Template.

Together for Sustainability

Contact Details

Data Sharing Agreement (DSA)	TfS specific form that documents suppliers consent to share the audit results with all TfS members.
Re-Audit	An audit or assessment aimed at verification of the CAP of the previous audit.
Supplier co-participation approach	Supplier co-participation approach means that the TfS model assumes a shared effort between buyers and suppliers to evaluate and continuously improve sustainability standards in global supply chains. On the one side, TfS members invest resources to maintain and build TfS as a platform to efficiently collect and share sustainability data in their supply chains. They also invest in promoting TfS and grow the impact and efficiencies of the initiative by growing membership and reaching out to further sourcing regions globally. At the same time, suppliers may be asked to pay for costs involved in assessment and audit activities of their company or selected site. In return, they will benefit from comprehensive information in a TfS sustainability audit report or EcoVadis assessment scorecard.
TfS Mutual Recognition Partner List	The TfS Mutual Recognition Partner List summarizes all partners TfS is working with.
Witness Audit	An audit that will be accompanied by experienced staff assigned by the individual TfS member.