



List of frequently asked questions (FAQ) for suppliers (status: June 12, 2015)

General

- 1) What is the "Together for Sustainability (TfS)" Initiative?
- 2) What is the aim of the TfS Initiative?
- 3) What are the overall benefits of the initiative?

Organization

- 4) Who are the member companies of the TfS Initiative?
- 5) What do members have in common, what brought them together?
- 6) How does the initiative work?
- 7) Will TfS grow internationally or will it be kept as a European initiative?

Sustainability and Sustainable Sourcing

- 8) What is the definition of Corporate Social Responsibility (CSR)?
- 9) How is sustainability defined by the initiative and what is the focus of the engagement?
- 10) What does TfS mean by "sustainable sourcing"?
- 11) What does sustainability mean in supply chain?
- 12) What are examples of sustainability issues?
- 13) What is Responsible Care?
- 14) What are the principles of the UN Global Compact?
- 15) What are the International Labor Organization (ILO) Core Conventions?
- 16) What is Social Accountability International (SAI)?
- 17) What is the International Organization for Standardization (ISO)?

TfS Sustainability Assessments and Audits

- 18) Why are there two evaluation procedures in place?
- 19) What will happen to suppliers which do not meet the standard by the TfS Initiative?
- 20) What is the rationale to outsource audits and assessments when a multinational chemical company already has wide expertise?
- 21) How should suppliers which have already been rated by other initiatives react to an assessment or audit invitation by the TfS Initiative?
- 22) Do all suppliers have to participate in both, assessments and audits?
- 23) Are the EcoVadis assessment and the TfS audit criteria identical?
- 24) What about the frequency of assessments and audits? How long are they valid?

TfS Sustainability Assessments by EcoVadis

- 25) What is EcoVadis and what is the role of EcoVadis within TfS?
- 26) Why do TfS members use the EcoVadis scoring system?
- 27) What is a 360° watch?
- 28) Why is a sustainability assessment by EcoVadis relevant for doing business?
- 29) How will the supplier benefit from the EcoVadis evaluation?
- 30) What does the EcoVadis evaluation comprise?
- 31) How long does it take for the supplier to complete and to receive the results of the assessment?
- 32) How much does the EcoVadis assessment cost?
- 33) Can the supplier receive a questionnaire beforehand?

- 34) Is the online questionnaire available in different languages?
- 35) Does EcoVadis address the supplier in his national language in case he does not speak English?
- 36) What happens if one of the suppliers already has a valid result from EcoVadis?
- 37) How should suppliers use their evaluation results?
- 38) How can suppliers work on improvements?
- 39) Will the results of the evaluation be kept confidential?
- 40) Which technical resources does the supplier need for the evaluation?

TfS Sustainability Audits

- 41) What are the objectives of Together for Sustainability audits?
- 42) Which sustainability requirements are suppliers expected to fulfill?
- 43) How is the initiative ensuring that audit results are true and trustworthy if the business model of audit firms is based on audits and follow-up audits?
- 44) Which are the independent audit companies?
- 45) Which language(s) do the auditors speak?
- 46) Who will contact a supplier to schedule the audit?
- 47) Will TfS audits be carried out as announced or unannounced audits?
- 48) How long is the duration of an audit?
- 49) What type of objective evidence will the auditors collect?
- 50) How many days does a supplier have to develop the Corrective Action Plan (CAP)?
- 51) What should a supplier do with the completed CAP?
- 52) Who is responsible for the development of CAP?
- 53) What would be examples of required improvements?
- 54) What is the validity of a TfS audit?
- 55) Is the TfS audit mandatory if a supplier is asked to perform one?
- 56) What will an audit cost?

Auditor Qualification

- 57) What is a witness audit and who pays for it?

Benefits of Supplier Participation

- 58) Why should suppliers be committed to the TfS Initiative: What are the benefits for suppliers?
- 59) What do suppliers think of the TfS Initiative?
- 60) Which measures does the TfS Initiative take to improve or develop suppliers (e.g. special trainings, supplier days)?

Data Sharing

- 61) To whom should the Data Sharing Agreement signed by the supplier be sent?
- 62) Who should sign the Data Sharing Agreement at supplier level?
- 63) Which companies will be able to see the assessment or audit report?
- 64) Where will the assessment and audit results be shared?

General

1) What is the "Together for Sustainability (TfS)" Initiative?

The purpose of the TfS Initiative is to develop and implement a global audit program to assess and improve sustainability practices within the supply chains of the chemical industry. The initiative was founded by six multinational chemical companies: BASF, Bayer, Evonik Industries, Henkel, Lanxess and Solvay. To date, AkzoNobel, Arkema, Clariant, DSM, Eastman, Merck KGaA & EMD and Wacker have joined the initiative. In January 2015, the TfS Initiative incorporated as an International Non-Profit Association according to Belgian law.

2) What is the aim of the TfS Initiative?

TfS aims at developing and implementing a global supplier engagement program that assesses and improves sustainability sourcing practices, including ecological and social aspects. Technically, suppliers now only have to complete one form instead of multiple questionnaires. Additionally, buyers can access the information through a shared platform.

TfS has the following objectives:

- Join forces to create standards for sustainable supply chains
- Share sustainability assessments and audit results
- Raise awareness and initiate continuous improvements
- Exchange and promote best practices
- Use resources more efficiently and follow the principle of: "An audit for one is an audit for all".

3) What are the overall benefits of the initiative?

Technically, suppliers now only have to complete one form instead of multiple questionnaires. Additionally, buyers can access the information through a shared platform.

TfS provides the following benefits:

TfS member companies

- TfS members show that they take responsibility for their own operations and in the sphere of their influence for their supply chains to support adherence to existing regulations and to respond to the needs and expectations of consumers and society.
- TfS members join forces to harmonize requirements and to manage complexity and risk in their global value chains for the benefit of all stakeholders.
- TfS members engage in open and constructive dialogue with their suppliers and relevant stakeholders with the aim to improve the working and environmental conditions in the global supply chains and to shape sustainable business models.

- TfS members use resources more efficiently and reduce the bureaucratic burden for both, buyers and suppliers; they share supplier sustainability assessment and audit data.
- TfS provides its members with a platform to demonstrate that they operate in transparency and continuously monitor compliance with applicable laws and regulations.

Suppliers

- Towards one voice: Suppliers benefit through better aligned information requests on sustainability requirements by customers.
- Increase the value of information: The number of sustainability questionnaires will be reduced. Assessments shall support suppliers in identifying strength and weaknesses.
- Dialog and capability building: Sharing of pre-competitive information, resources, and tools to support suppliers understand sustainable sourcing standards.
- An audit for one is an audit for all: Suppliers only need to engage in one sustainability audit and share the report with all members of the initiative.
- Improve efficiency in sustainable certifications and audits: with less time inversion they'll be able to respond better their clients and general public demands.
- Learning tool: Assessments shall support suppliers in identifying strength and weaknesses. Suppliers will be able to compare themselves and their processes to their peers'.

Organization

4) Who are the member companies of the TfS Initiative?

See www.tfs-initiative.com for the current list of members.

5) What do members have in common, what brought them together?

The objectives of the member companies of Together for Sustainability are to

- join forces to create standards for sustainable supply chains,
- share supplier sustainability assessments and audit findings,
- raise awareness and initiate continuous improvements,
- exchange and promote best practices.

6) How does the initiative work?

Sustainable procurement representatives, appointed by the member companies, work on a number of work streams. Each work stream is chaired by one sustainable procurement representative. The TfS initiative has currently defined the following four work streams:

- Governance and Mutual Recognition
- Supplier Sustainability Assessments
- Supplier Sustainability Audits
- Communication and Awareness Raising

7) Will TfS grow internationally or will it be kept as a European initiative?

TfS is a global initiative of the chemical industry. Hence, membership is open to chemical companies, i.e. companies with a significant share of business operations in chemical production (including performing chemical or biochemical synthesis) or trading / distributing of chemicals from all over the world. The vast majority of sustainability assessments and audits is conducted outside Europe.

Sustainability and Sustainable Sourcing

8) What is the definition of Corporate Social Responsibility (CSR)?

The term CSR refers to Sustainable Development issues applied to business. Different terms are used for a similar understanding of CSR, e.g. sustainability, corporate responsibility, or sustainable development.

The ISO 26000 standard defines CSR as an organization's responsibility for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior that

- contributes to Sustainable Development, including health and the welfare of society;
- takes into account the expectations of stakeholders;
- is in compliance with applicable law and consistent with international norms of behavior;
- and is integrated throughout the organization and implemented in its relations.

The six core subjects listed by ISO 26000 are:

- Human rights
- Labor practices
- The environment
- Fair operating practices
- Consumer issues
- Community involvement and development

9) How is sustainability defined by the initiative and what is the focus of the engagement?

Together for Sustainability supports and promotes the principles of the UN Global Compact and Responsible Care on sustainable development and continuous improvement. The initiative builds on established standards developed by the International Labor Organization (ILO), the International Standardization Organization (ISO), Social Accountability International (SAI) and other established frameworks.

For more information please visit:
- <http://www.unglobalcompact.org>

- <http://www.icca-chem.org/en/Home/Responsible-care>
- <http://www.ilo.org>
- <http://www.iso.org>
- <http://www.sa-intl.org>

10) What does TfS mean by "sustainable sourcing"?

Sustainable sourcing means to incorporate environmental, social and ethical aspects into spending decisions alongside the conventional procurement criteria of price and quality by selecting a supplier or evaluating a supplier relationship. The purpose of the Together for Sustainability Initiative is to develop and implement a global supplier engagement program to assess and improve sustainability practices within the supply chain of companies from the chemical sector. The supplier engagement program covers the following areas: Management, Environment, Health & Safety, Labor & Human Rights, Ethics and Governance. TfS members have committed themselves to various sustainability standards, like the UN Global Compact.

11) What does sustainability mean in supply chain?

With business activities becoming more global and supply chains more complex, companies need to look beyond the sustainability impact of their own operations. Companies need to understand the environmental and social impacts associated with a product's entire value chain, from raw materials extraction to final consumption and recycling.

12) What are examples of sustainability issues?

TfS audits will cover management, environment, health and safety, labor and human rights as well as governance issues. A supplier's sustainability performance will be assessed based on a defined set of audit criteria with regard to these five topics.

Management: A company's policies and procedures as well as measures to raise employee awareness about company practices.

Environment: For example, a company's system to handle and dispose of hazardous chemicals.

Health & Safety: Provision of personal protective equipment, the existence of an emergency plan, or whether the supplier's site conducts fire drills on a regular basis.

Labor & Human Rights: A company's practices regarding topics like working hours and non-discrimination.

Governance: For example, fair business and anti-corruption practices.

13) What is Responsible Care?

Responsible Care is the chemical industry's unique global initiative that drives continuous improvement in health, safety and environmental (HSE) performance, together with open and transparent communication with stakeholders. Responsible Care embraces the development and application of sustainable chemistry, helping the chemical industry contribute to sustainable development while allowing to meet the world's growing need for essential chemicals and the products those chemicals make possible.

For more information please visit: <http://www.icca-chem.org/en/Home/Responsible-care/>

14) What are the principles of the UN Global Compact?

The UN Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption enjoy universal consensus and are derived from:

The Universal Declaration of Human Rights

The International Labour Organization's Declaration on Fundamental Principles and Rights at Work

The Rio Declaration on Environment and Development

The United Nations Convention Against Corruption

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption:

Human Rights:

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour Standards:

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment:

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption:

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

For more information please visit: <http://www.unglobalcompact.org> "For more information please visit: <http://www.unglobalcompact.org>

15) What are the International Labor Organization (ILO) Core Conventions?

ILO is a specialized agency of the United Nations which deals with labour issues, particularly international labour standards and decent work. The ILO's Governing Body has identified eight conventions as "fundamental", covering subjects that are considered as fundamental principles and rights at work: freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labor; the effective abolition of child labor; and the elimination of discrimination in respect of employment and occupation.

For more information please visit: <http://www.ilo.org>

16) What is Social Accountability International (SAI)?

Social Accountability International (SAI) is a non-governmental, multi-stakeholder organization whose mission is to advance the human rights of workers around the world. It partners to advance the human rights of workers and to eliminate sweatshops by promoting ethical working conditions, labor rights, corporate social responsibility and social dialogue.

For more information please visit: <http://www.sa-intl.org>

17) What is the International Organization for Standardization (ISO)?

ISO (International Organization for Standardization) is the world's largest developer of voluntary International Standards. International Standards give state of the art specifications for products, services and good practices, helping to make industries more efficient and effective. Developed through global consensus, they help to break down barriers to international trade.

For more information please visit: <http://www.iso.org>

TfS Sustainability Assessments and Audits

18) Why are there two evaluation procedures in place?

The TfS approach consists of two elements: the TfS assessment conducted by EcoVadis and the TfS audit conducted by independent audit companies.

Starting point for a collaborative engagement between TfS members and suppliers are assessments and audits. Both elements can be applied separately or combined:

- Assessments: TfS selected EcoVadis, a global leader for Corporate Social Responsibility assessments, as its partner. EcoVadis provides assessment results and scorecard ratings on a shared, web-based collaborative platform. As a prerequisite to

become a member of the TfS initiative, all TfS member companies have undergone the rating procedure which can be shared with their respective customers.

- Audits: TfS works with independent audit companies to assess a supplier's sustainability performance against a pre-defined set of audit criteria tailored to the requirements of the chemical industry. Audit criteria include management, environment, health & safety, labor & human rights, and governance topics. Audits comprise on-site visits covering, for example, production facilities, warehouses and office buildings.

The main difference between EcoVadis assessments and TfS audits is that the EcoVadis assessment is based on document analysis and publicly available sources of information while TfS audits are based on on-site inspections by an independent auditor, interviews and document review.

The advantage for suppliers to undergo a TfS assessment or audit is that they will not have to complete other sustainability assessments or audits since assessment and audit results are shared among all TfS members.

19) What will happen to suppliers which do not meet the standard by the TfS Initiative?

The TfS program is neither a certification scheme nor a simple comply-or-fail exercise. On the contrary, it offers instruments for buyers and suppliers to assess sustainability performance and identify opportunities for improvement. As such, suppliers which do not meet all assessment or audit criteria are expected to set-up a corrective action plan (CAP) to document targets and improvements over time.

20) What is the rationale to outsource audits and assessments when a multinational chemical company already has wide expertise?

The experts of the TfS members play an important role in defining the TfS sustainability criteria. Experts from various functions such as environment, health & safety, security, compliance, sustainability or human resources have been and still are involved in the development and continuous improvement of the TfS program.

As it is almost impossible to monitor the entire supplier base and the complex supply chain of a company alone. TfS offers a platform to join forces and pool efforts to increase impact and scope of activities with complex supply chains. By sharing assessment and audit results, the sustainability performance is measured once thus related costs and resources are optimized.

21) How should suppliers which have already been rated by other initiatives react to an assessment or audit invitation by the TfS Initiative?

With an ever increasing amount of environmental and social standards, it is becoming more and more difficult to select the “right” audit or assessment standard.

It is a key objective for TfS to avoid company-specific sustainability questionnaires and audits and to create a common set of sustainability criteria for companies to apply. TfS is interested to learn about and to actively engage with other collaborative initiatives in order to exchange best practices and reduce double audits.

Suppliers should engage with their customers and clarify which audits or ratings have been conducted in the past. This will help the customer to decide whether a TfS assessment or audit is needed.

22) Do all suppliers have to participate in both, assessments and audits?

No, it is an individual decision of each TfS member company whether to invite suppliers to an EcoVadis assessment, a TfS audit, or both.

23) Are the EcoVadis assessment and the TfS audit criteria identical?

Criteria are not identical but quite comparable. The four assessment areas are: environment, social, ethics, supply chain. The TfS audit criteria refer to five areas, including management, environment, health & safety, labor & human rights and governance. The main difference between EcoVadis assessments and TfS audits is that the EcoVadis assessment is based on document analysis and publicly available sources of information while TfS audits are based on on-site inspections by an independent auditor, interviews and document review.

24) What about the frequency of assessments and audits? How long are they valid?

Assessments are valid for three years but TfS members may ask suppliers to go through a more regular assessment to show continuous improvement. The frequency may also depend on the result of the assessment.

The validity of an audit depends on the audit results. In case of no or minor findings the audit is valid for 36 months (please also refer to question 55).

TfS Sustainability Assessments by EcoVadis

25) What is EcoVadis and what is the role of EcoVadis within TfS?

EcoVadis is a global leader for Corporate Social Responsibility assessments and has been chosen by TfS member companies to rate the CSR performance of selected suppliers. EcoVadis evaluates more than 6,000 companies per year, covers 150 industry sectors and operates in 95 countries.

26) Why do TfS members use the EcoVadis scoring system?

TfS decided to implement a simple process based on international CSR standards and providing CSR experts' feedback. The EcoVadis platform is quickly emerging as a standard for supplier CSR performance monitoring and is used in many different industry sectors. Moreover, using a collaborative solution allows suppliers to minimize the workload linked to CSR reporting by sharing their results with multiple customers. Please visit www.ecovadis.com for more information about the assessment scope and process.

27) What is a 360° watch?

The EcoVadis sustainability assessment enables companies to take better sourcing decisions. One part of the sustainability assessment is the 360° watch which draws upon more than 500 reliable sources of information, including assessments by NGOs, trade unions, and other stakeholders as well as media. These sources are analyzed to identify CSR-related risks and opportunities in relation to the supplier organization.

28) Why is a sustainability assessment by EcoVadis relevant for doing business?

Sustainability becomes more and more relevant in business relationships. In supplier relationships, transparency on a supplier's environmental and social performance is a key parameter for supplier selection and supplier evaluation in many companies. TfS members are committed to make sustainability an integral part of supplier management.

29) How will the supplier benefit from the EcoVadis evaluation?

Suppliers benefit from a standardized way of assessing their sustainability performance. The outcome helps suppliers to better understand strengths and weaknesses in their management approach to ethical, environmental and social issues. Another main benefit is that the supplier will conduct the evaluation only once because the results of the evaluation will be shared with all TfS members. Thus, the supplier will save time and money to respond to customer requirements.

The benefits for the supplier can be summarized as follows:

UNDERSTAND:

- Getting feedback on your CSR practices with ratings on four topics (environment, social, ethics and supply chain) and details on your strengths and areas for improvement.
- Being able to compare your sustainability performance against your competitors and to benchmark your company within a specific industry.

COMMUNICATE:

- Use your EcoVadis rating for all of your clients' sustainability requests and report on a continuous basis for multiple customers.

IMPROVE:

- Prioritize your corrective actions and improvement measures by utilizing EcoVadis' scorecard that highlights your main opportunities for improvement.
- Manage improvement plans directly online. Share them with your clients and get their feedback.

UPDATE:

- Embrace on a continuous improvement process with a yearly re-evaluation of your CSR performance.
- Access up-to-date information about your CSR performance.

30) What does the EcoVadis evaluation comprise?

The assessment is comprised of four steps:

1) Registration

Register online and provide company specific information (taking 5 to 10 minutes).

2) Data collection

Fill out an online questionnaire customized to your company sector, size, and countries of operation and upload all requested supporting documents.

3) Analysis

EcoVadis CSR experts analyze your answers and evidence through supporting documents. The EcoVadis assessment methodology is based on international standards such as the Global Reporting Index (GRI), ISO 26000 and the UN Global Compact principles.

4) Results

The analytical results are summarized in a sustainability scorecard accessible online.

31) How long does it take for the supplier to complete and to receive the results of the assessment?

It will take between several hours to a few days to complete the dynamic questionnaire and upload all required documents. It depends on the supplier's company size, its CSR maturity level and speed of availability of the requested information (including access to documents).

Once the supplier has filled out the questionnaire and submitted all supporting documents, the EcoVadis team of CSR experts will need four to six weeks to analyze all information and create the sustainability scorecard. EcoVadis will inform the supplier via email once the results are published.

32) How much does the EcoVadis assessment cost?

Suppliers are asked to pay an annual subscription fee which covers:

- Access to online CSR monitoring services, including one assessment per year of your data by EcoVadis experts.
- Possibility to share your CSR online profile on demand with all your customers.

The service levels and pricing model can be found on: <http://www.ecovadis.com> (see Supplier Solutions - Fees)

33) Can the supplier receive a questionnaire beforehand?

No. After the registration of a supplier on the EcoVadis platform, EcoVadis creates a tailored questionnaire depending on the size of the supplier, the industry sector and the region in which the supplier or its subsidiary is located.

34) Is the online questionnaire available in different languages?

The questionnaire is available in English, French, Italian, Dutch, Chinese, Spanish, German and Brazilian Portuguese. The supplier can change the language of the questionnaire by selecting the flags on the top right of the page.

35) Does EcoVadis address the supplier in his national language in case he does not speak English?

E-mail communication by EcoVadis is in English, French, Italian, Dutch, Spanish, German, Russian, Japanese, Brazilian Portuguese and Chinese. All suppliers which do not reply in due time are contacted by phone and in their local language (currently approx. 10 major languages).

36) What happens if one of the suppliers already has a valid result from EcoVadis?

In this case, no new evaluation is necessary. Based on the supplier's consent, the results are shared with all TfS members within the EcoVadis portal.

37) How should suppliers use their evaluation results?

Suppliers can share their evaluation results with TfS members and other clients to promote their sustainable development involvement.

They can also use scorecard details (strengths and weaknesses) to prioritize their improvement measures and achieve a better sustainability performance by implementing corrective action plans.

38) How can suppliers work on improvements?

The assessment results give an indication of areas of improvement which can directly be accessed in the corrective action plan model on the supplier portal of the EcoVadis platform.

39) Will the results of the evaluation be kept confidential?

Please note that all assessment results are shared with all current and future TfS member companies. However, documents provided for the assessment are treated with strict confidentiality and are not shared among TfS members, unless specifically authorized by the supplier, and will only be used by EcoVadis in the process of evaluating the supplier's sustainability performance.

40) Which technical resources does the supplier need for the evaluation?

No software installation is required: The EcoVadis platform is a web-based solution available via a secure interface. The assessment is conducted using an electronic assessment questionnaire. EcoVadis provides updates and technical support.

TfS Sustainability Audits

41) What are the objectives of Together for Sustainability audits?

The objective of the member companies of Together for Sustainability is to share supplier sustainability assessments, audits and capacity building efforts. This will reduce double efforts and free resources for effectively driving sustainability improvements within the supply chain.

For this purpose, TfS members have agreed on a consistent set of sustainability audit criteria and a process to perform audits in a consistent quality and share audit data. The audits mark the starting point for a collaborative engagement with the suppliers in assessing and improving sustainability standards in the supply chain.

The audit program is based on good practices and builds on reference frameworks such as the United Nations Global Compact, the Responsible Care Charter, and the Conventions of the International Labor Organization.

Please visit www.tfs-initiative.com for more information on the audit program. Please also have a look at the online training tools in different languages provided on the webpage.

42) Which sustainability requirements are suppliers expected to fulfill?

Suppliers are requested to meet certain standards and continuously improve in the following areas:

- **Management:** Management in charge, policies, continuous improvement, management systems, risk assessment training
- **Environment:** Environmental compliance, waste, air emissions, climate change, water and groundwater, wastewater, energy, nuisance (noise & odor), land use & biodiversity, soil, hazardous chemicals
- **Health & Safety:** health & safety compliance, product safety, transport safety, process safety & storage, occupational health & safety, emergency preparedness, medical care, security, hygienic facilities
- **Labor & Human Rights:** labor & human rights compliance, child labor, forced & compulsory labor, working hours, minimum wages, freedom of association, discrimination, special work contracts
- **Ethics and Governance:** supplier standards, memberships, business integrity, privacy & intellectual property, fair completion, disciplinary & compliant procedures

43) How is the initiative ensuring that audit results are true and trustworthy if the business model of audit firms is based on audits and follow-up audits?

Only pre-approved audit firms are allowed to perform a TfS audit. Audit firms should meet specific criteria such as quality management, adequate auditor trainings and availability of auditors in key markets. Only auditors with an appropriate level of industry

knowledge, audit experience as well as technical and language skills are pre-approved to perform TfS audits.

There are several quality assurance mechanisms that assure consistent and high quality audits, for example, witness auditors evaluate the audit process against pre-defined criteria. That means, experts of TfS members accompany auditors on a sample basis and evaluate the auditor's competence and the audit process.

44) Which are the independent audit companies?

A TfS audit must be conducted by pre-approved auditors only. The pre-approval process shall ensure that the audit firm has adequate quality management and training procedures in place. Also, the auditors must have the required competences, skills, and experience to consistently perform high quality audits. To date, four audit firms have been approved by TfS. The list of pre-approved audit firms is published on the TfS webpage: www.tfs-initiative.com.

45) Which language(s) do the auditors speak?

All auditors are fluent in the local language and in English. They are also familiar with local law and culture. If an auditor does not speak the local language, the audit firm will provide a translator to accompany the auditor.

46) Who will contact a supplier to schedule the audit?

The TfS member company will reach out to a supplier if a sustainability audit is expected. A TfS member invitation is required for a company to participate in a TfS audit. The supplier will find all relevant information about TfS and the audit process on the TfS website – including an online training program. The supplier can select and contact an audit firm from the list of pre-approved audit firms. Pre-approved auditors will provide further guidance and information on the preparation for a TfS audit.

47) Will TfS audits be carried out as announced or unannounced audits?

There will only be announced audits.

48) How long is the duration of an audit?

An audit in the frame of the Together for Sustainability Initiative takes about one to three days. An audit may be performed by either one or two auditors. The audit duration will be reduced accordingly. Please also note that there are additional factors that influence the audit duration (e.g. high / low risk products / processes, high / low complexity, (no) on-site production). For further guidance, see audit program section 4.3, page 7.

49) What type of objective evidence will the auditors collect?

Objective evidence can be taken from visual observations (e.g. pictures taken during the on-site visit), information collected during interviews and/or document review. The auditor should retain copies of the documented evidence (hardcopy or electronic version) and / or pictures taken.

50) How many days does a supplier have to develop the Corrective Action Plan (CAP)?

The Corrective Action Plan (CAP) must outlined at the end of the audit. No later than ten days after the audit, the auditor will send the audit report including the CAP to the supplier. After receiving the audit report from the audit firm the supplier has ten working days to review the report. In case of questions, the supplier is required to contact the audit leading company. After the comment period of ten days, the audit company will send the audit report to the TfS Office for quality review before it is shared among TfS members.

51) What should a supplier do with the completed CAP?

It is the responsibility of the supplier to implement the Corrective Action Plan (CAP) and to report to the TfS members as part of the existing business relationship about the progress made against the individually defined corrective actions. 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. The follow-up audit shall take place within twelve months if not defined differently in the CAP.

52) Who is responsible for the development of CAP?

It is the responsibility of the supplier to develop a Corrective Action Plan based on the findings documented in the audit report. Options for mitigation of minor and major findings may have been discussed already during the closing meeting. At the end of the meeting, all issues should be clearly described and understood.

53) What would be examples of required improvements?

Required improvements cannot be specified universally. They are always highly context and supplier specific. Improvements could be, for example, establishing a new company policy and training employees accordingly or providing personal protective equipment to employees.

54) What is the validity of a TfS audit?

The auditor will finalize the audit report and provide it to the supplier no later than ten working days after completion of the audit.

The supplier may formally comment on the audit observations and findings within a ten-day working day period.

After the comment period, the auditor will send the audit report to the TfS Office for quality review before it is shared among TfS members.

The validity of a TfS audit depends on the audit results:

- No or minor findings: TfS audit report is valid for 36 months
- Minor findings: expected to be closed within twelve months
- Minor / major / critical findings: set-up of a Corrective Action Plan required
- Major / critical findings: Follow-up audit within 12 months required

Depending on the results of the follow-up audit, a re-audit may be required. The re-Audit shall be conducted after twelve months unless specified differently in the CAP.

55) Is the TfS audit mandatory if a supplier is asked to perform one?

Each TfS member determines individually whether an audit is required or not. Suppliers are asked to discuss and agree on the necessity of an audit with the associated TfS member.

56) What will an audit cost?

The audit costs depend on various factors, e.g. country, supplier factory size, travel expenses.

Auditor Qualification

57) What is a witness audit and who pays for it?

A witness audit is a regular TfS audit that will be accompanied by experienced staff assigned by the individual TfS member. Witness auditors evaluate the audit process against pre-defined criteria. Therefore, experts from a TfS company join auditors on a sample basis and evaluate the auditor's competence and the audit process. There are no extra costs added or caused by the witness auditor.

Benefits of Supplier Participation

58) Why should suppliers be committed to the TfS Initiative: What are the benefits for suppliers?

There are several benefits for suppliers participating in the TfS audit process:

- By sharing audit information with multiple customers, time and costs caused if several audits were conducted separately are reduced.
- Participating in the TfS audit program will allow suppliers to reduce the number of audits.

- Suppliers will have the opportunity to discuss sustainability requirements and challenges with customers.
- Suppliers will lay the foundation for long-term customer relationships.
- Knowing the sustainability score will help suppliers to improve sustainability performance.
- Suppliers will mitigate risks associated with sustainability requirements.

59) What do suppliers think of the TfS Initiative?

The harmonized TfS program has advantages for both suppliers and buyers. About 100 suppliers, which participated in the TfS pilot audit program, were invited to provide feedback via a standardized online questionnaire. As a result of this feedback process, TfS received answers from 21 suppliers:

- 91% of suppliers who participated in the TfS audit program responded that the audit added value.
- 86% of suppliers think that the audit report is easy to understand.
- 67% of suppliers rate auditor competence as “highly professional”.

In general, suppliers highlighted that for them the TfS approach saves scarce resources by avoiding redundant assessments and audits.

60) Which measures does the TfS Initiative take to improve or develop suppliers (e.g. special trainings, supplier days)?

TfS offers two online training tools which can be accessed through the TfS website at www.tfs-initiative.com.

Module 1 provides background information on Together for Sustainability, the concept of sustainability and sustainable sourcing as well as the advantages for suppliers. Module 2 describes in detail the audit process and the supplier's role in preparing and assisting in the audit process.

Data Sharing

61) To whom should the Data Sharing Agreement signed by the supplier be sent?

The Data Sharing Agreement (DSA) has to be completed, signed, and returned to the audit firm prior to the audit. The DSA specifies the sharing of the TfS Audit Report and Corrective Action Plan with all TfS member companies.

62) Who should sign the Data Sharing Agreement at supplier level?

The Data Sharing Agreement must be signed by two representatives of the supplier organization. The signatories need to be authorized to represent the supplier company individually or as a team. A company stamp is required in some countries according to local regulation.

63) Which companies will be able to see the assessment or audit report?

TfS audit reports and assessment are only disclosed to TfS members. Data sharing will take place in accordance with the signed Data Sharing Agreement. With new members joining the TfS initiative, suppliers will increasingly benefit from sharing their audit results with a larger community. Refer to www.tfs-initiative.com for the current list of members.

64) Where will the assessment and audit results been shared?

After the ten-day comment period, the auditor will send the audit report to the TfS Office for quality review. As defined in the signed Data Sharing Agreement, the audit report will be uploaded to a web-based platform where it can be accessed by all TfS members.