TfS Overview

Join forces to create benchmarks for sustainable supply chains
What is Together for Sustainability?

- The initiative was founded in 2011 by six multinational chemical companies.
- 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 intends to grow membership over time. Since its foundation the number of members has doubled.
- The current members are:
Together for Sustainability focuses on environmental, social and governance issues in sustainable sourcing

**Sustainable sourcing:**
- Suppliers are no longer assessed purely on the basis of price, quality and on-time delivery.
- Sustainability topics such as health & safety, labor and environmental issues are additional business criteria.

**Supply Chain focus from...**
- Price
- Product Quality
- On-time Delivery

**...to**
- Price
- On-time Delivery
- Product Quality
- Sustainability

**TfS members want key sourcing markets to know that:**
- They care about supplier’s sustainability performance.
- They aim to identify and mitigate sustainability risks in their supply chains.
- They engage with suppliers to focus on a process of continuous improvement.

Together for Sustainability focuses on environmental, social and governance issues in sustainable sourcing.
Together for Sustainability

Objectives

TfS aims to build the industry’s benchmark for sustainable supply chains

- Join forces to create benchmarks for sustainable supply chains
- Share sustainability assessments and audit results
- Raise awareness and initiate continuous improvements
- Exchange and promote best practices

Engage beyond own operations
Efficient web-based database for buyers
Support suppliers in making progress
Interactive Platform for Members

“An audit for one is an audit for all”
Together for Sustainability
A dynamic and collaborative initiative

Stages of development:

**Initiation Phase**
Cross-company Alignment, Questionnaire and Business Case

**Build Phase**
Design of Audit Program, Select Platform Partner, Legal Review

**Pilot Phase**
Implementation of TfS Program for audits and assessments, Online Training Tools & Helpdesk, Marketing Materials

**Expansion Phase**
Further Sourcing Markets, Onboarding of New Members

**Growth Phase**
Broadening of Membership Base and Development of TfS to become a Standard for the Industry

**Beyond 2015**
Together for Sustainability
Achievements until 2015 are impressive …

- 7800+ assessments initiated
- 290+ Auditors qualified
- 300+ third party audits conducted
- 32 main audit criteria defined
- 8 service providers engaged
- Brand protected in EU, US, CN, BR, IN

Status: June 2015
TfS intends to build a strong partnership with regional associations...
For information on the TfS Initiative, please contact: info@tfs-initiative.com
and visit our web site www.tfs-initiative.com
Back-ups
Together for Sustainability
Joint Vision by all TfS member companies

As multinational companies we strive for sustainable development and support the principles of the United Nations Global Compact and Responsible Care.

We take responsibility for our own operations and in our supply chains' sphere of influence to support adherence to existing regulations and to respond to the needs and expectations of consumers and society.

We join forces to harmonize requirements and to manage complexity and risk in our global value chains for the benefit of all stakeholders.

We engage in open and constructive dialogue with our suppliers and relevant stakeholders to improve the working and environmental conditions in global supply chains and to shape sustainable business models.

To use resources more efficiently and reduce the bureaucratic burden for suppliers, we share supplier sustainability assessments and audit data.

We operate in transparency and continuously monitor compliance with applicable laws and regulations.
Within TfS assessments and audits the supplier's sustainability performance is verified against pre-defined audit criteria. Respective topics have been defined by TfS and are tailored to requirements of the Chemical Industry.

**Scope of a TfS audit or assessment:**
- Management
- Environment
- Health & Safety
- Labor & Human Rights
- Governance
Sharing of sustainability assessment and audit results
Two key processes of TfS

A shared infrastructure for a collaborative approach to build more sustainable supply chains

TfS Member
Supplier Code of Conduct
Spend & Risk Analysis

It remains each TfS member’s individual responsibility to embed expectations in business relationships

Together for Sustainability
TfS Assessment by EcoVadis
TfS Assessment Corrective Action Plan
TfS Supplier Audit
TfS Audit Corrective Action Plan
Sharing of sustainability assessment and audit reports with all TfS members

TfS offers the infrastructure that supports a high quality of third party sustainability assessments and audits as well as efficient and web-based data sharing of audit and assessment results.

TfS Member
Follow-up and manage business relationship

Sustainability Rating used as criterion for individual purchasing decisions
**TfS Supplier Audit**

**The TfS audit process**

- A TfS audit is an on-site examination of a company’s business sites and practice.
- 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 defined set of audit criteria on management, environment, health & safety, labor & human rights, and governance issues.
- To comply with TfS standards audits must be conducted by pre-approved audit companies. The list of pre-approved audit firms is available on the TfS webpage.
- The audit reports are shared between the audited supplier and all TfS member companies, if agreed by the supplier. The auditors will send the audit report to the TfS Office to be uploaded to a web-based platform accessible to all TfS members.

![Audit Process Diagram]

1. TfS Awareness Raising  
2. TfS Audit Preparation  
3. TfS Audit Execution  
4. TfS Corrective Action Plan  
5. TfS Audit Report Sharing  
6. TfS Follow Up

- Opening Meeting  
- Site Tour  
- Interviews  
- Document Review  
- Closing Meeting
TfS Supplier Audits
A detailed overview of the audit criteria

At a more detailed level the TfS audits are based on 32 audit criteria.

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TfS Supplier Audits
Third party qualified auditors

- The TfS audit will be performed by sustainability auditors out of a pre-approved auditor pool of professional and independent audit companies.
- The auditor qualification is based on three main steps.

1. Qualification of Audit Companies
   - Audit companies that have proven records of established internal controls and quality management system are invited to a Request for Proposal process.
   - The final decision on whether an audit company will be accepted or not lies with the TfS Steering Committee.
   - Audit companies that have passed the pre-qualification process will be announced on the TfS webpage.

2. Evaluation of Auditor Profiles
   - 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 wide 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 acting on behalf of TfS.

3. Witness Audits
   - On a random sample basis, TfS members conduct witness audits.
   - This means that audits will be accompanied by experienced staff assigned by the individual TfS member.
   - The witness auditors will report their findings to the TfS Office which will establish relevant statistics and information for an annual review of the auditor pool performance.
Raise awareness
The TfS website

- The TfS website includes key information about the Chemical Initiative “Together for Sustainability”
- It helps key stakeholders to understand the aims, objectives and activities of TfS
- The website includes FAQs for suppliers as well as supplier online training tools
Exchange and promote best practices
Mutual Recognition Concept

Definition of Mutual Recognition
A process to engage with other standard setters or value chain partners to share best practices and elaborate on overlaps and synergies. The depths of mutual recognition may vary based on overlaps and synergies as well as other criteria such as reputation, willingness and preparedness to cooperate.

Focus of Mutual Recognition Activities
- Promote TfS to become the chemical industry standard towards customers and suppliers (acceptance of TfS by others)
- Gain access to audit reports for non-chemical related categories (acceptance of other standards by TfS members)