



Together for Sustainability

The Chemical Industry Initiative for
Sustainable Supply Chains

Third Party Audit Program
Version 3.1

One Audit for All

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About this document

This document has been developed by the Together for Sustainability (TfS) Initiative as an information source for TfS members, suppliers, audit companies, auditors, potential new members, and other interested stakeholders.

It sets out the objectives, requirements and procedures of the TfS Audit Program to ensure 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>	
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3.1	28.08.2019	<i>Update to Annex 4</i>	
3.1	29.2.2020	Update Audit Follow-up	

Introduction: Together for Sustainability (TfS)

Introduction: Together for Sustainability (TfS)

TfS is an international non-profit association under Belgian law (“association internationale sans but lucratif – AISBL”). Founded in August 2011 by the Chief Procurement Officers of six multinational companies, TfS has developed and implemented a global audit and assessment program to assess and improve sustainability practices within the supply chains of the Chemical Industry. In 2015 the TfS Office opened in the CEFIC premises in Brussels.

Introduction: TfS Audit Program

The TfS Audit Program is one element of the overall TfS framework to support supply chain partners (namely buyers and suppliers) in their continuous efforts to improve sustainability in their business practices.

A TfS audit is an on-site examination by an independent third party auditor looking at relevant sustainability practices. It typically covers a single or combined business location such as a production site or a warehouse. Following the TfS audit process the supplier's sustainability performance is verified against a pre-defined set of audit criteria covering 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.

TfS audits are performed by a pool of approved sustainability auditors from independent audit companies. Audits can neither be passed nor failed, but highlight areas of improvement that are documented in audit reports.

Following the completion of a Data Sharing Agreement (DSA) by the auditee, audit reports are shared between the supplier and all TfS member companies, enabling members and suppliers to have a productive dialogue on where improvements can be made. The supplier owns the audit report and is free to share it with any current or future customers, beyond the TfS members.

The following external references have been used to develop the TfS Audit Questionnaire, 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 statements.
- 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

Documents and References

- OHSAS 18001: Occupational Health and Safety Assessment Series
- Social Accountability International, SA8000 Standard
- United Nations, Universal Declaration of Human Rights
- United Nations, UN Convention against Corruption
- Organization for Economic Co-operation and Development, OECD Guidelines for Multinational Enterprises

Documents and References

All documents related to the TfS audit process are listed below. TfS documents bear version numbers and are approved by the TfS Work Stream before issuance.

Document Type	Document Name	Description
Background	TfS One-pager	An introduction to the purpose, objectives and structure of the TfS initiative.
	Frequently Asked Questions (FAQ)	Further detail on the TfS organization, audit and assessment programs in a “question and answer format”.
	TfS Supplier Academy	E-Learning modules available on the TfS website, providing a background on sustainability and describing the audit process.
Auditor Approval	Auditor Evaluation Form	A form used by the TfS Office to evaluate the credentials of auditors nominated to conduct TfS audits.
Audit Program	Third Party Audit Program 3.0 (This document)	The reference document for the TfS Audit Program, describing the process, roles and responsibilities of all involved in detail.
Preparation for an Audit	Audit Nomination Template	A form to be completed by TfS members and sent to the TfS Office prior to inviting a supplier to participate in a TfS Audit.
	Audit Request form	A form to be filled out by the supplier and send to the audit companies to request a quotation.
	Supplier Confirmation Form (SCF)	A form to be completed and signed by a supplier and sent to the TfS Office prior to a TfS audit.

Documents and References

	Data Sharing Agreement (DSA)	A legal document signed by the supplier to confirm consent for the audit to be shared with TfS members.
	Supplier Academy: Audit Process	Online training modules for suppliers to understand the basics of sustainability and the TfS audit process. (Available in English)
	Audit Preparation Document	A checklist for suppliers, detailing the tasks that must be completed and documents that must be submitted or available to prepare for a TfS audit.
During an Audit	Opening and Closing Meeting Template	A presentation providing an overview of the activities during an audit, which must be used by auditors during the opening and closing meetings of an audit.
	Audit Guidance and Reporting Template (AGRT) with Corrective Action Plan (CAP)	<p>The document used by auditors to conduct a TfS audit, and to record subsequent corrective actions. The document is also used to record progress against the actions in the event of an audit follow-up.</p> <p>A copy of the questionnaire can be made available in PDF format by the TfS office on request.</p>
	Enhanced TfS (eTfS) Audit Guidance and Reporting Template (AGRT) with Corrective Action Plan (CAP)	The document used by auditors to conduct a TfS mining audit (see Annex 4)

 Audit Objectives, Scope and Duration

	TfS Audit Report	The finalized audit report which is shared with TfS members, consisting of: <ul style="list-style-type: none"> • DSA with the confirmation by the audit company • The completed AGRT • Finalized bilingual CAP
	Witness Auditor Checklist	A form to be completed during a witness audit, documenting the performance of an auditor during the audit.
	Witness Audit Process	Explanation and description of an witness audit.
After the Audit	Confirmation by the Audit Company (AC) form	Document to be signed by an independent reviewer of the audit company

1 Audit Objectives, Scope and Duration

1.1 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;
- A consistent assessment of a supplier's performance on key sustainability criteria and the implementation of corresponding management systems;
- A **TfS Audit Report** including a **CAP** (if needed) appropriate for suppliers to understand their performance and areas of improvement needed;
- A **TfS Audit Report** as a 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.

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

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

1.2 Audit Scope

The Audit Program and criteria are designed to focus on the key issues and risks related to raw material, contract 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.

For auditing mining operations with the enhanced TfS (eTfS) Audit, see Annex 4 of this document.

Applying TfS Audit standards, suppliers are assessed against nationally and internationally recognized standards (as detailed in Introduction: TfS Audit Program) and expected to continuously improve performance in the following areas:

Management	
✓ Management in Charge	✓ Training
✓ Policy & Continual Improvement	✓ Business Partners
Environment	
✓ Environmental Compliance	✓ Energy
✓ Waste	✓ Land Use and Biodiversity
✓ Emissions to Air and Climate Change	✓ Soil and Groundwater
✓ Water and Wastewater	
Health and Safety Criteria	
✓ Product Safety	✓ Emergency Preparedness
✓ Transportation Safety	✓ Medical Care
✓ Process Safety and Storage	✓ Security
✓ Occupational Health and Safety	
Labor and Human Rights	
✓ Child Labor	✓ Freedom of Association
✓ Forced and Compulsory Labor	✓ Discrimination
✓ Working Hours	✓ Special Work Contracts
✓ Minimum Wages	✓ Facilities & Dormitories
Governance	
✓ Business Integrity	✓ Risk Area: Animal Care
✓ Privacy and Intellectual Property	✓ Fair Competition
✓ Risk Area: Conflict Minerals	✓ Disciplinary and Complaint Procedures

The standards are the same for all suppliers and applicable no matter where they are located.

A TfS Audit typically covers a clearly defined supplier location or legal entity. In some cases, the physical inspection can be specific to a plant/related infrastructure within the supplier location, for example a production plant or warehouse location. The location which is to be in scope of the audit must be agreed between the supplier and TfS member prior to the audit taking place and clearly defined by the supplier in the **SFC** and subsequently by the auditor in the **TfS Audit Report**.

The **TfS Audit Report** must contain an explanation which parts of the supplier site 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).

TfS will only conduct announced audits. The audits follow a defined series of steps encompassing awareness raising, audit preparation, audit execution, CAP, audit report sharing, **follow-up**.

1.3 Audit Duration & Lead-time

There are several factors determining the duration of a TfS Audit:

- ✓ The number of employees and therefore the number of employee interviews
- ✓ The supplier size (i.e. area of production facilities)
- ✓ The nature and complexity of the operations
- ✓ The diversity of tasks in the workplace might have an impact on the number of interviews (i.e. reducing the number when there is a high similarity).

A thorough preparation for 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 assumptions that suppliers actively support a thorough preparation of the audit and that only one auditor is present. They do not include **follow-up** activities (desk reviews / on-site visits etc.).

Figure 1: Guidance for duration based on the TfS AGRT 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

* 5 employee interviews is the minimum requirement for a TfS audit.

An audit can 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 Objectives, Scope and Duration

audit time is spent effectively and covers all audit subjects to the required level of detail. Therefore, 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 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 AGRT.

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, enhanced Audits (see Annex 4).
- **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), Short Audits (see Annex 3).

If concerns are raised by employees during an audit, auditors must take the time to explore these issues.

The typical lead-time for scheduling and audit from the day the contract is signed with the Audit Company is 3 months.

1.4 Audit Cost

The supplier-paid model is a principle of TfS. The cost for a TfS Audit is negotiated between the supplier and the TfS approved Audit Company. The cost can vary depending on many factors, for example the size and complexity of the facility being audited or the country in which the audit is taking place.

1.5 Combined Audits

In addition to sustainability topics, there may be other specific audit subjects relevant in a business relationship such as product quality, quality management systems or regulatory compliance. The TfS Audit can be combined with other audit subjects, contributing to an efficient approach for TfS members as well as suppliers.

If a combined audit is conducted, the TfS Audit report produced must be completely separated from other audit modules. The TfS audit process should be followed as detailed in this document, using the TfS AGRT, and must include the opening and closing meeting. Any matters beyond the sustainability topics (as described in section 1.2) are not part of the TfS Audit, must not be reflected in the TfS Audit report and will not be shared with TfS members.

A combined audit can be requested either by the supplier or by a TfS member. In both cases, it is responsibility of the respective audit company to ensure that the TfS Audit is conducted according to the process and standards detailed in this document.

All requirements defined in this document, including the approval of auditors/ audit teams (as described in section 2), have to be fulfilled in order to declare the sustainability audit to be a TfS Audit.

1.6 Recognition of other audit standards

In some instances, TfS has recognized other audit standards as being equivalent to TfS Audits. A list of these standards can be found in 'Annex 2 – Equivalent auditing standards'.

2 Auditor Approval and Selection

2.1 Selection of Audit Companies

TfS Audits are conducted by qualified auditors from the approved audit companies, listed on the TfS webpage. Suppliers can use this list to identify and select an audit company in their relevant region to carry out a TfS Audit.

Before becoming an approved audit provider, audit companies are required to undergo an approval procedure through the TfS Office to verify their credentials. During this process, internal controls, quality management and evidence of proven records are considered. The final decision on whether an audit company will be accepted rests with the TfS Steering Committee. TfS monitors 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.

Audit companies are expected to ensure only qualified and approved TfS auditors are deployed for TfS Audits. A TfS specific auditor training program needs to be conducted by the audit companies to provide the necessary background information and requirements with regard to the purpose and objectives of the TfS initiative, as well as training on the audit process, documentation and **follow-up**. TfS approved audit companies may be requested to confirm and provide evidence of according auditor trainings for example by sending the list of participants and training materials to the TfS Office.

2.2 Approval Process for Auditors

TfS requires auditors to prove competencies and experience in a range of sustainability relevant aspects. Approved audit companies can nominate qualified auditors for the TfS approved auditor pool. A set of reference criteria has been developed that serves as a basis for approving auditors before they are able to conduct TfS Audits.

An **Auditor Evaluation Form (AEF)** is required to be completed for every new auditor proposed by the audit company. The form sets out certain criteria with regard to the qualifications and experience of the potential auditor and must be sent to the TfS Office for final validation supplemented by proof of evidence to verify the information provided (e.g. CV, certificates, audit log). If a potential auditor does not meet the minimum requirements, the TfS Office can request

the audit company to provide an alternative candidate. The audit company is welcome to re-submit the rejected auditors for approval at a later stage, if they have obtained additional qualifications.

All TfS approved audit companies must ensure that even in peak times an adequate number of qualified auditors is available to perform TfS Audits. If there is no auditor qualified or available in the supplier country or region, the selected audit company must send further auditor profiles to the TfS Office for approval. (Refer to section 2.3 for the approval criteria of auditors)

2.3 Approval Criteria for Auditors

Approved auditors must have achieved and maintain proven expertise in labor and human rights, health & safety and environmental issues confirmed by:

- Basic SA8000 auditor qualification and 10 social audits every 2 years performed (to be approved for the social elements of a TfS Audit).
- ISO 14001 and OHSAS 18001 training completed and 10 HSE audits every 2 years performed (to be approved for HSE elements of a TfS Audit).
- Being knowledgeable and up-to-date in applicable laws as well as international standards with regard to social, ethical, and HSE audit subjects.
- Chemical Industry experience (to be approved for Chemical Industry specific audits)
- Familiar with local language and culture.
- Good working knowledge of English language (written and spoken).
- Qualified and trained for the TfS Audit Program (in accordance with section 2.1).

TfS therefore requests audit companies to take these criteria into account when proposing an auditor for approval.

To cover all areas of sustainability, a TfS Audit can be performed by an audit team with combined expertise in labor and human rights, health & safety and environmental issues.

Hence, auditors can be approved for either social or HSE aspects individually and join the team for their specific area of expertise. In this case, a lead auditor has to be named by the audit company 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.

The auditors' performance will be monitored through audit report quality reviews conducted by the TfS Office, and feedback provided by suppliers, witness auditors or TfS members.

2.4 Witness Audits

On a random sample basis, TfS members will conduct witness audits (observed audits). This means audits will be accompanied by experienced staff assigned by the individual TfS member according to the principles outlined in the TfS Witness Auditor Checklist. When requesting a TfS Audit, TfS members will inform the supplier if they plan to conduct a witness audit. However, a

Audit Process and Responsibilities

witness audit requires the consent of the respective supplier. This information will be recorded in the **SCF** and subsequently communicated to the TfS Office.

TfS requires 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 evaluates the overall audit organization, the auditor and audit performance.

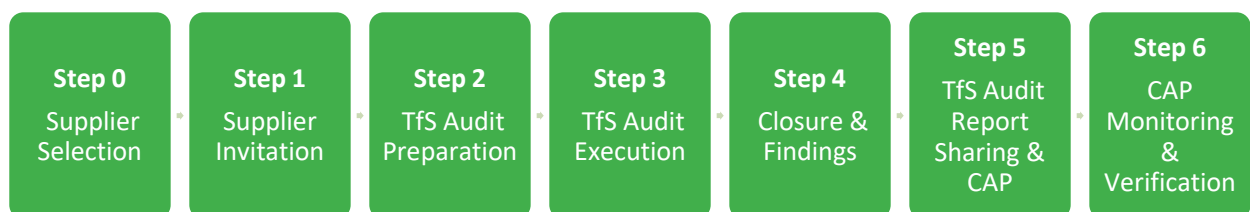
Due to antitrust requirements, disclosure on the supplier relationship must be avoided while sharing the results of the witness audits. Subsequently, witness auditors will report their findings to the TfS Office only. Relevant statistics and information regarding auditor performance and the auditor pool will be established annually.

3 Audit Process and Responsibilities

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

3.1 Introduction to the 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 approved 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 **findings** 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.



3.2 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 are key parameters for the quality of the TfS Audit Program. A description of the tasks and responsibilities for every audit step can be found in the following section.

4 Guidance through the Audit Process

Step 0 Supplier Selection

Task of TfS Member	Task of Supplier	Task of Auditor	Task of TfS Office
a) Define supplier audit strategy b) Communicate audit requirements to suppliers			
Key Documents	n/a		

a) Define supplier audit strategy

TfS Member

Individual member companies define their own specific approach to select the suppliers to be invited for a TfS Audit. Although approaches differ, they are typically based on several criteria e.g. potential risks and potential impact on business.

b) Communicate audit requirements to suppliers

TfS Member

Member companies notify suppliers of their specific auditing requirements in line with their supplier audit strategy.

Step 1 Supplier Invitation

Task of TfS Member	Task of Supplier	Task of Auditor	Task of TfS Office
a) Nominate a supplier to participate in a TfS Audit to the TfS Office c) Invite the supplier to participate in a TfS audit			b) Confirm the supplier nomination
Key Documents	TfS Audit Nomination Template SCF	TfS one-pager DSA TfS Supplier Academy	

a) Nominate a supplier to participate in a TfS Audit

TfS Member

After identifying which suppliers should undergo a TfS Audit, the TfS member company must nominate suppliers before formally inviting them to participate in a TfS Audit.

The TfS members nominate potential supplier candidates to the TfS Office for cross-check and to avoid double nominations.

b) Confirm the supplier nomination

TfS Office

The TfS Office compares the nominated audit candidates with suppliers already existing in the TfS Audit database. Feedback is then sent to the TfS member which is responsible for the invitation and execution of the TfS Audit.

If a specific site has already been subjected to a TfS Audit nomination by another TfS member company, the TfS Office will provide this feedback that the supplier is already undertaking an audit on behalf of another company.

c) Invite the supplier to participate in a TfS Audit

TfS Member

After receiving confirmation from the TfS Office, the TfS member must formally invite the supplier to participate in a TfS Audit. The following documents have to be provided by the TfS member:

- An official invitation letter from the TfS member CPO
- SCF with the TfS reference ID inserted
- DSA

Guidance through the Audit Process

In addition, the TfS member will engage with the selected supplier and:

- Inform the supplier about the purpose and benefits of TfS Audits
- Inform the supplier about the approved audit companies and the suppliers' responsibility to place an order with one of the audit companies
- Inform the supplier about the payment model
- Inform the supplier about the follow-up procedure for a TfS Audit. Ensure that when engaging with an audit company, the supplier agrees the subsequent costs and process for the follow-up and closure of corrective actions
- Takes a particular lead for status follow-up, engagement with and development of the supplier for the audit initiated
- Inform the supplier in case a combined audit will take place (Only if initiated by the member)
- Inform the supplier about the [TfS Helpdesk](#) for further questions

If the supplier does not respond to the invitation within reasonable time, a reminder letter should be sent, underlining the importance of the audit and supplier participation.

Step 2 TfS Audit Preparation

Task of TfS Member	Task of Supplier	Task of Auditor	Task of TfS Office
<i>Support the Supplier in completing the SCF</i>	a) Complete Supplier Academy b) Select audit company from approved audit company list, conclude contract with audit company and set an audit date c) Complete the SCF and return to the TfS Member and the TfS Office f) Prepare for Audit, provide pre-audit information and sign DSA	<i>Support the supplier during the contracting phase</i> e) Provide the supplier with pre-audit preparation requirements and DSA	d) Confirm leading TfS member for the audit planning and update the audit date
Key Documents	Supplier Academy (online) SCF DSA	Audit Preparation Document	

a) Complete Supplier Academy

Supplier

The supplier must complete the online e-learning **Supplier Academy on the TfS website**, which provides background on sustainability and an overview of how a TfS Audit will be conducted.

b) Select audit company from list, conclude contract with audit firm and set an audit date

Supplier

The supplier must select an audit company from the **approved list of Audit Companies**. It is up to the supplier to negotiate the terms of the agreement with the audit company. It is strongly advised

Guidance through the Audit Process

that the supplier and audit company make a provision for any potential **follow-up** activities such as closure of identified actions.

Once the agreement is concluded, the supplier must agree on an audit date with the audit company.

c) Complete the SCF and return to the TfS Office and member

Supplier

Once an audit date has been scheduled, the completed **SCF** must be sent to the [TfS Office](#) and TfS member.

d) Confirm leading TfS member for the audit planning, and update the audit date

TfS Office

After receiving the completed and signed **SCF**, the TfS Office will update the status of the supplier to include the audit date.

e) Provide the supplier with pre-audit preparation requirements and DSA

Auditor

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 to go through the following points:

- Ensure that the **DSA** is signed by the supplier before the audit takes place;
- Provide the **Audit Preparation Document** 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 sensitive¹ information will only be viewed by the auditor and that it's possible to provide an anonymized copy;
- 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 Personal Protective Equipment (PPE) that is required for the audited site; and
- Confirm logistics, including travel & accommodation.

Experiences from past audits show that suppliers often do not read all the materials in advance. Therefore, the auditor should proactively ask for feedback and invite questions whenever there is contact with the supplier.

Documents to be requested by the auditor:

¹ Sensitive information that the auditor shall have access to are employee names, date of birth, contract information, wages and working hours. Auditor shall not review other sensitive information like health data, crime records, etc. which are covered by privacy laws.

Guidance through the Audit Process

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

- The completed **Audit Preparation Document** including company profile and the list of documents referred to.

Audit Agenda:

TfS requires the audit 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
- Interviews (individual/group)
- Document review
- Closing meeting

DSA:

As a general rule, all TfS Audits are shared audits. The audit company is responsible to ensure the **DSA has been signed** by the supplier before the onsite inspections start. If a supplier does not sign the **DSA**, 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 **TfS 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 DSA, the auditor will send the final audit report to the supplier. The auditor will not send the **TfS 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.

Refusal to Participate:

The auditor should inform the TfS Office about any reasons a supplier refuses to participate, e.g. if the supplier is not willing to share the **TfS Audit Report** with all TfS members or is not willing to pay for the audit.

f) Prepare for Audit, provide pre-audit information and sign DSA

Supplier

Guidance through the Audit Process

The supplier must sign a **DSA** that permits the sharing of audit reports with TfS members.

The **Audit Preparation Document** must be completed by the supplier and sent to the auditor prior to the audit taking place. The document contains the following information:

- **General Information:** General information to be completed about your site.
- **Audit Preparation Checklist:** Lists all of the steps you need to take before an audit.
- **Document List:** Documents that may be requested by the auditor during an audit.

Step 3 TfS Audit Execution

Task of TfS Member	Task of Supplier	Task of Auditor	Task of TfS Office
	<i>Support the audit process by providing access to requested areas and employees and making the necessary information available.</i>	a) Opening Meeting b) Site Tour c) Interviews d) Document Review e) Pre-Closing Meeting f) Closing Meeting	
Key Documents	AGRT TfS Audit Report Opening & Closing Meeting Template	Audit Preparation Document	

a) Opening Meeting

Auditor

The opening meeting aims to achieve 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 a 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, using the **Opening & Closing Meeting Template** covers the following points:

- 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);

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 **AGRT**;
- Check whether they 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 they are 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.

b) Site Tour**Auditor**

The site tour allows the auditor to observe and inspect key production areas (inside and outside) which are within the agreed audit scope and gather evidence for compliance or non-compliance of activities with supplier policies, stated practice, as well as legal requirements and required standards. 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;
- Understand health, safety and environmental hazards and other risks that are present in the audit scope;
- Assess overall health, safety and environment (HSE) 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;
- Assess the surroundings of production facilities, e.g. natural habitats, population 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);
- Observe the working atmosphere among workers as well as between workers and managers;
- Observe whether workers understand the hazards in their workplace.
- Address any findings immediately once they are observed, to ensure that the supplier recognizes and can refer to the exact situation when discussed in the closing meeting. (Take pictures if possible, to include in the closing meeting)
- Where appropriate, major and critical findings should be immediately discussed and the auditor should ensure that the supplier has a full understanding of the issue. (See Step 4 - CAP for a definition of findings)

c) Interviews**Auditor**

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;
- Persons with a disability;
- Different nationalities; different ethnic 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 and shall be supplemented with a review of relevant documents.

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 towards general problem areas in the company and improvements potentials. 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
- 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. Only information which can be validated by evidence (e.g. confirmed by document review) may be shared with the supplier's management. Not approved or sensitive information (which could compromise the position of employees) should not be disclosed to the management

Guidance through the Audit Process

in order to protect workers. However, such information may be reported confidentially and separately to the TfS Office.

It is recommended that, auditors leave a business card 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.

d) Document Review**Auditor**

Documents build the basis for 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 **Audit Preparation Document**. 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.

e) Pre-Closing Meeting**Auditor**

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

- 1) 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.

Step 4 Closing Meeting and Findings

Task of TfS Member	Task of Supplier	Task of Auditor	Task of TfS Office
c) send Witness report to TfS Office		a) Agree on findings and propose corrective actions in closing meeting b) Report Audit Status to TfS Office	
Key Documents	TfS Audit Report CAP	AGRT Witness Audit Checklist	

a) Agree findings in closing meeting

Auditor

The aim of the closing meeting is to discuss the audit findings with management. 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.

During the closing meeting and using the **Opening & Closing Meeting Template**, the auditor must:

- Thank the management for their time, effort and support;
- Re-confirm the purpose of the audit;
- Mention good practices and optimization potential observed during the audit;
- Explain which improvements were detected;
- Discuss potential corrective actions;
- Explain next steps, which are:
 - Supplier receives the **TfS Audit Report Draft** for review after 10 days,
 - Supplier has 10 days for reviewing report and to establish the CAP.
 - After the 10-day comment period and finalization of CAP, the audit company will send the complete **TfS 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 **DSA**.

The auditor shall list all detected findings (non-conformities) in the **AGRT**.

Guidance through the Audit Process

Altogether, it should be clearly indicated whether detected audit findings are a non-conformity to local law or TfS requirements.

A printout of the findings including the category (see below table) has to be signed by the supplier and the auditor. It is important that the auditor ensures that the supplier has a full understanding of the findings. If a supplier fully meets the requirements and expectations stated in **AGRT**, still the printout of the blank findings has to be signed as evidence that there were no findings.

The Auditor can share best practice and give recommendation regarding the corrective action to close the findings.

If management does not agree with a certain finding, the audit team will review it if the supplier can provide evidence. This evidence should be verified; and where appropriate, the finding should be deleted from the **AGRT**. 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 AGRT**.

Category	Definition	Criteria	Examples
Minor	A concern of lower priority	<p>An occasional and/or isolated problem with lower impact;</p> <p>An issue with low risk to workers;</p> <p>A policy issue with no evidence of material breach; or</p> <p>An isolated non-compliance issue of national or international law that has been mitigated or will be mitigated without undue delay.</p>	<p>A missing policy (e.g. HSE policy);</p> <p>Missing or outdated safety data sheets; or</p> <p>Occasional overtime issues for a limited number of employees.</p>
Major	A concern of high priority	<p>An issue of critical danger to people or the environment;</p> <p>A material breach with national law putting the supplier's license to operate at risk; or</p> <p>A systematic violation of national law or international conventions.</p>	<p>Makeshift electrical installations;</p> <p>No operating license for business or material site installations;</p> <p>No firefighting equipment;</p> <p>Insufficient escape ways; or</p> <p>Chronically overtime issues significantly above national or international law.</p>

 Guidance through the Audit Process

Critical	A concern of high immediate priority	<p>Situations of immediate danger for the, employees, contractors, environment; neighborhood or the audit team or</p> <p>Cases of forced labor, child labor or physical/ sexual abuse.</p> <p>Cases of attempted bribery of the audit team</p>	<p>Employment of young workers below age of 15;</p> <p>Audit interruption/ stop because of auditor safety at high risk;</p> <p>Workers hindered to leave premises at their own will; or</p> <p>Dumping of hazardous waste polluting water sources.</p>
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b) Witness Audit
TfS Member

As described in section 2.4, TfS members, where possible, will conduct witness audits (observed audits). This means that auditors will be accompanied by experienced staff assigned by the individual TfS member.

TfS witness auditors must complete a **Witness Auditor Checklist** which aims to evaluate the observed performance of the auditor in the overall audit organization and execution. Upon completion, the checklist must be sent to the TfS Office only.

Step 5 TfS Audit Report Sharing & CAP

Task of TfS Member	Task of Supplier	Task of Auditor	Task of TfS Office
	b) Review TfS Audit Report and establish CAP within 10 days after having received the report	a) Prepare TfS Audit Report & send to supplier for review (within 10 working days) c) Finalize and review TfS Audit Report, review CAP and send to TfS Office within 5 working days	d) Conduct Quality Review of audit report e) Upload audit report on the TfS member platform
Key Documents	DSA AGRT	CAP TfS Audit Report	

a) Prepare TfS Audit Report & send to supplier for review

Auditor

The completed **AGRT** will be sent to the supplier:

The **AGRT** 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 **AGRT**, the following should be described:

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

For all audit subjects, the auditor should describe in the **AGRT** 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 gained through interviews and/or document review. If available, the auditor should retain copies of the documented evidence (hardcopy or electronic version) or pictures taken.

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 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.

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

The **AGRT** has to be documented at least in English language.

The auditor finalizes the **TfS Audit Report** as soon as possible (but latest after 10 days), and must provide it to the supplier in a non-editable pdf format for the supplier's review.

The audit company remains responsible to validate the adequacy of corrective actions proposed by the supplier and documented by the auditor in the **CAP**.

b) Review TfS Audit Report Draft with CAP within 10 days

Supplier

1. Review Audit Report Draft

The supplier may formally comment on the audit observations 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 **TfS Audit Report** which will be shared with all TfS members.

2. Finalize CAP

The Supplier shall provide for each finding (minor, major and critical) an appropriate **CAP** including completion dates. The **CAP** included in the **AGRT** must be printed out and signed by the supplier before sending to the auditor. The **CAP** should be bilingual (English and local language) to ensure an aligned understanding of the audit results. The supplier can write the **CAP** in local language and the auditor has to translate it in English, resulting in a bilingual **CAP**.

c) Send finalized TfS Audit Report and CAP to the TfS Office

Auditor

The supplier has 10 days for reviewing the report and to establish the **CAP**. After these 10 days, the finalized **CAP** should be sent to the audit company for review. The audit company should follow-up on the reception of a complete **CAP** and notifies the TfS Office if there is a delay. If after an extended period the **CAP** is not delivered, the audit company will send the **TfS Audit Report** in a pdf and excel format to the TfS Office (helpdesk@tfs-initiative.com).

The Auditor will review the **CAP** and check if the corrective actions and the proposed time frames are appropriately set for the findings. In case it is not, it will be sent back to the supplier for correction.

Guidance through the Audit Process

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 to the TfS Office in writing that a quality review has been completed. The quality review must be conducted by someone other than the auditor(s). A checklist has been developed as part of the second page of the DSA to document the required control 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 3.0
- TfS Audit Documentation is complete:
 - **AGRT**
 - **CAP** signed by supplier and the auditor
 - **DSA** signed by supplier, with completed Confirmation by the audit company
- All of the above templates are complete and include all required data
- The TfS Audit documentation is written in English and quality checked; the CAP should be bilingual in English and local language
- Descriptions of observations and related evidence are clear (also for a person not involved)
- Evaluation of audit findings is consistent, any deviation from guidance is well explained
- No customer-supplier relationship is disclosed in any TfS Audit Documentation
- TfS Audit Documentation does not contain any competitively sensitive information
- TfS Audit Documentation does not contain personally sensitive data, including employee's names.

d) Review Audit Documentation**TfS Office**

The TfS Office conducts a further quality review of the Audit Report to check that all the necessary documentation is complete according to the TfS requirements.

e) Upload audit report on the TfS member platform**TfS Office**

The TfS Office will upload the **TfS Audit Report** on the TfS member platform since all Audit Reports shall be accessible for all TfS members.

Step 6 CAP Monitoring and Verification

Where a TfS Member company has initiated an audit, the member assumes ownership for following up with the supplier on progress of their **CAP**. TfS members should have an internal review and monitoring process established to:

- Review the TfS Audit Report and CAP
- Conduct a debrief with the supplier highlighting the expected next steps (eg. Priorities & timelines) according to what was established in the CAP
- Regularly liaise with the supplier on progress and determine next actions (eg. request updates and supporting information relating to progress of corrective actions, integrate update and monitoring in business visits, request the supplier to engage audit company for formal closure of findings)
- Provide regular updates to TfS office

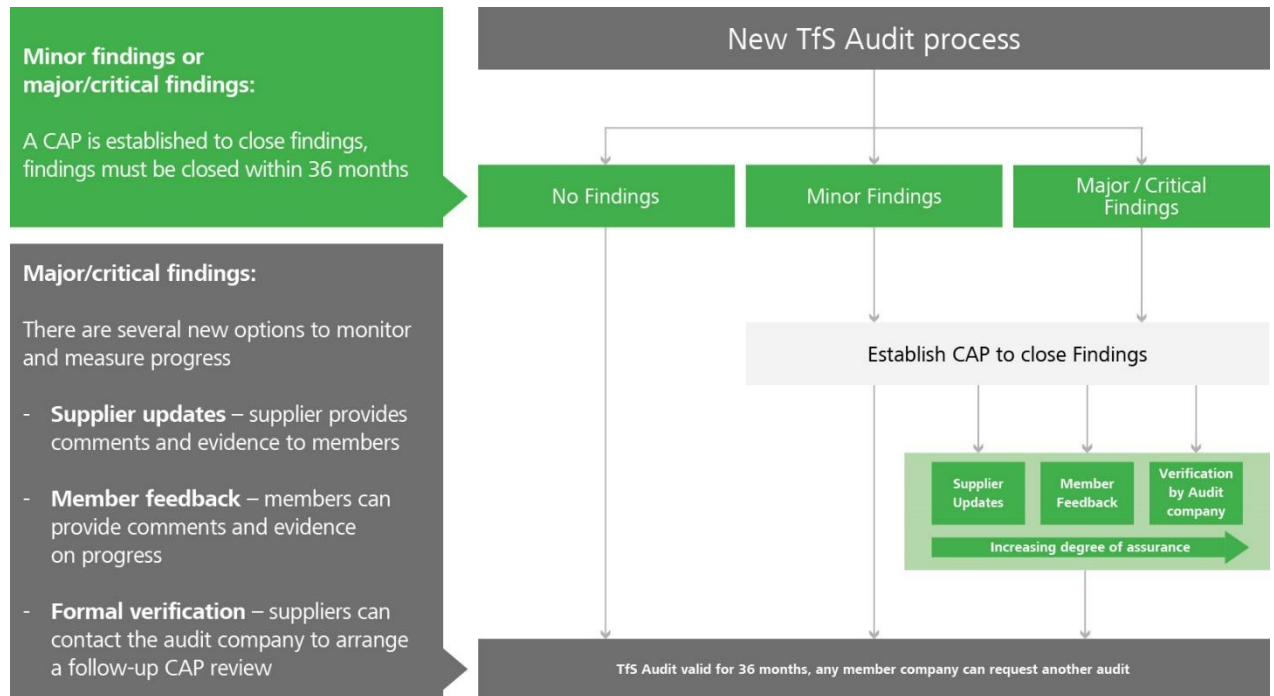
Suppliers are expected to remediate all audit findings as soon as possible and report the progress made with reference to the **CAP** to the TfS members. Critical and major findings should receive a priority and where possible, be closed within the 3-year validity of the audit report. TfS members may request the supplier to close findings earlier if there are any immediate concerns with regard to safety, health, environment, human rights or business ethics, all of which require immediate attention.

The on-going of monitoring and verification of corrective action progress can be conducted through:

- An update provided by the supplier to the relevant TfS Member Company along with evidence of the actions taken. (As described below in Step 6.1)
- An on-site visit to check progress done by the member
- **A TfS Audit Follow-Up**, in which progress of the **CAP** is formally verified by a TfS approved auditor and then recorded in the **TfS audit report**. (As described below in Step 6.2)

These different routes of progress monitoring can be conducted in combination with one another across the 36 months following the audit and can be done multiple times until all findings are satisfactorily closed.

Guidance through the Audit Process



The TfS Member should discuss and agree with the supplier the best course of action to determine the closure of findings. E.g. Whether to monitor progress of a suppliers CAP through updates received directly from the supplier (Step 6.1), through a formal TfS Audit Follow Up (Step 6.2) or through a combination of both.

Suppliers can also decide to undertake a TfS Audit Follow Up themselves to formally acknowledge their progress and to update their TfS Audit Score.

It is strongly recommended that if an audit contains major or critical findings then a formal TfS Audit Follow Up be completed within 12 months. After 36 months, the TfS Member can decide to request another audit, if necessary.

Step 6.1 CAP Progress Monitoring

CAP Progress Monitoring is undertaken by TfS Members through actively engaging with their suppliers to seek and share updates on progress of the CAP. There is no formal update of the CAP document and TfS Audit Report resulting from the Progress Monitoring and no impact on the original audit score.

Task of TfS Member	Task of Supplier	Task of Auditor	Task of TfS Office
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Guidance through the Audit Process

<p>a) Review CAP and follow-up on progress with the supplier.</p> <p>c) Assess progress of actions by reviewing evidence.</p> <p>e) Respond to periodic request from TfS office with updates on action progress made by supplier</p>	<p>b) Report progress of actions listed in the CAP to TfS member and provide evidence for improvement</p>		<p>d) Periodically request updates from TfS Members on progress of Corrective action plans.</p> <p>f) Consolidate progress updates and share with all members</p>
Key Documents	CAP	TfS Audit Report	

a) Review CAP and follow-up on progress with the supplier. **TfS Member**

TfS Members follow-up with suppliers periodically to get updates on the latest status of the CAP.

b) Report progress with reference to CAP and provide evidence for improvement **Supplier**

The result of an audit determines required corrective actions and agreed timelines. Suppliers are expected to remediate all audit findings as soon as possible. It is the responsibility of the supplier to report the progress made with reference to the **CAP** to the TfS members. The supplier should provide an update on the status of each action in the CAP to the relevant TfS Member company. The actions that the supplier indicates have been completed should be accompanied by evidence of the improvements, such as documents, pictures etc.

c) Assess progress of actions by reviewing evidence **TfS Member**

TfS members review the available evidence provided by the supplier and evaluate progress which has been made against the specific actions outlined in the CAP.

If a TfS Member plans to visit a supplier for a commercial or technical discussion, then it is recommended to allocate some time to assess progress of the CAP.

d) Periodically request updates from TfS Members on progress of Corrective action plans.
TfS Office

The TfS Office will periodically contact each member company to request update on the status of CAP for audits initiated by the individual member companies.

e) Respond to periodic request from TfS office with updates on action progress made by supplier
Auditor

The TfS Member company will respond to the request with their assessment of any progress on the corrective action plan.

f) Consolidate progress updates and share with all members
TfS Office

The TfS Office will consolidate the input of all member companies and distribute a summary of the progress of each supplier.

Step 6.2 TfS Audit Follow Up

The **TfS Audit Follow Up** is executed by a TfS Approved Auditor and used to formally verify whether the corrective actions defined in the **CAP** have been successfully implemented. It can take place at any time within the 36 months validity of the audit report, however it is advisable to schedule once all major and critical findings are considered closed.

Task of TfS Member	Task of Supplier	Task of Auditor	Task of TfS Office
	a) Engage with the audit company to agree TfS Audit Follow Up	b) TfS Audit Follow Up execution c) Send TfS Audit Follow Up report to TfS office	d) Conduct Quality Review of TfS Audit Follow Up report e) Upload TfS Audit Follow Up report on the TfS member platform

Key Documents	AGRT CAP	TfS Audit Report
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a) Engage with the audit company to agree TfS Audit Follow Up

Supplier

Suppliers contact one of the TfS Approved audit companies to conduct the verification of closed actions through a TfS Audit Follow Up. Suppliers are strongly advised to work with the same auditor or auditing company who carried out the original audit, since they will be familiar with the specific findings highlighted during that audit.

TfS Audit Follow Ups can be conducted within 36 months of the TfS Audit taking place.

b) TfS Audit Follow Up execution

Auditor

For corrective actions the supplier has completed and wishes to close, the supplier must provide the auditor with evidence (Can be pictures, documents etc.) supporting the closure of these actions. It is imperative that suppliers include appropriate supporting documentation when they report to the Auditor on the implementation of any corrective actions.

The TfS Audit Follow Up can be either conducted in form of a **desktop review** or where appropriate a **physical on-site inspection**. It is at the auditors' discretion to determine the appropriate method to verify closure of the outstanding corrective actions based on the information provided by the supplier.

- **Desktop Review:** A review of evidence provided by the supplier (can include documents or pictures). Typical examples: Missing documents, procedures, certificates, HSE deficiencies with single occurrence and/or minor severity
- **On-Site inspection:** A specific on-site review of the status of corrective actions identified in the **CAP**. Typical examples: Labor and Human Rights issues, in particular with regard to payment, working time (requiring new set of samples, employee interviews etc., major (systematic) HSE issues)

TfS Audit Follow Up Report

A TfS Audit Follow Up report is issued by the Auditor as an updated version of the initial report (see separate sheet "Follow-up Action Sheet" in the AGRT). 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 audit report comment section of the Follow-up Action Sheet and a new **DSA** has to be signed by the supplier. The final report must undergo the same quality checks by the audit company outlined in step 5.

c) Send TfS Audit Follow Up report to TfS office

Auditor

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The auditor should provide the TfS Office with the updated AGRT including the signed Follow-Up Action Sheet by the auditor and the supplier following the process described in 'Step 5 - TfS Audit Report Sharing'.

d) Conduct Quality Review of TfS Audit Follow Up report

TfS Office

The TfS Office conducts a further quality review of the TfS Audit Follow Up report to check that all the necessary documentation is complete according to the TfS requirements.

e) Upload TfS Audit Follow Up report on the TfS member platform

TfS Office

The TfS Office will upload the TfS Audit Follow Up report on the TfS member platform since all Audit Reports shall be accessible for all TfS members.

5 Contact Details

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

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

Antitrust-Considerations:

The purpose of the TfS Initiative is to develop and implement a global audit and assessment 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 during 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. In case participants are unsure which topics are appropriate to be discussed, they may refrain from disclosing or requesting information and are directed to their organization's policies and legal advisors.

Annex 1: Glossary

Audit Guidance and Reporting Template (AGRT)	TfS specific template for auditors to document the audit and findings. Needs to be provided in English.
Auditor	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. 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 prevented in any cases.
Auditor Evaluation Form	Excel tool that needs to be completed by the audit company for every auditor in order to evaluate the auditor's qualifications. Only auditors that have adequate qualifications will be part of the TfS approved auditor pool.
Auditor Pool	Pool of auditors that have been 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 AGRT and to prevent recurrence.
Corrective Action Plan (CAP)	The plan of actions drawn up by the supplier and agreed upon with the auditor. 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 AGRT.
Data Sharing Agreement (DSA)	TfS specific form that documents suppliers' consent to share the audit report with all TfS members.
Enhanced Audits	Additional specific modules to Standard TfS Audit questionnaire (see Annex 4)
TfS Audit Follow Up	An on-site inspection or a desktop review aimed at the verification of the closure of findings from the previous audit.
Short Audits	Suppliers in possession of an approved certificate are eligible to conduct a shorter version of the TfS audit; please send the certificate and report for review to your requesting customer and the audit

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	company for verification of eligibility. See Annex 3 for full list of approved certificates.
TfS 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.
TfS Audit	A methodical examination or review of a condition or situation. For the purposes of TfS, the audits will verify environmental, health & safety and social conditions in the supply chain of TfS members, against the TfS AGRT through an on-site inspection.
TfS Work Stream(s)	The working groups of TfS composed of TfS member participants, responsible for driving topics forward in the Initiative
TfS Mutual Recognition Partner List	The TfS Mutual Recognition Partner List summarizes the other standards that TfS has recognized as being equivalent to a TfS Audit.
TfS Steering Committee	The executive body of the TfS Initiative composed of 7 CPOs of the TfS Members, including the TfS President
Witness Audit	An audit that will be accompanied by experienced staff assigned by the individual TfS member.

Annex 2: Equivalent auditing standards

- SQAS (Logistics Service Providers)

Annex 3: Short Audits

- RCMS®/RC 14001® in the United States and Canada

Annex 4: Enhanced Audits

- [A4.1 Annex 4 – Enhanced TfS \(eTfS\) Audit](#)

Together for Sustainability

The Chemical Initiative for
Sustainable Supply Chains

Annex 4:

Mining Module (eTfS Audit)
Version 1

Contact Details
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A4.1 Annex 4 – Enhanced TfS (eTfS) Audit

This document provides guidance on auditing mining operations, as well as some general information on audit good practice, when using the enhanced TfS (eTfS) Audit Guidance and Reporting Template (AGRT). It is an annex to the TfS Audit Program and should be consulted in case a mining operation will be audited.

A4.2 eTfS Audit Objective and Scope

A4.2.1 eTfS Audit Objective

The objective of the eTfS Audit is to enable TfS members to audit mines against sustainability standards and to address and evaluate mining specific concerns. The goal is to enable mines to improve and engage in improvement actions regarding their sustainability performance.

In order to achieve this objective, TfS has developed an additional module that supplements the core TfS Audit questionnaire (see Audit Program Guidance Document). The eTfS audit template therefore contains an additional module with mining specific questions that enhances the core TfS Audit questionnaire and program.

The questions and guidance in the eTfS AGRT refer to numerous internationally accepted mining and other standards. In addition to the standards used to develop the core part of the TfS audit, the following additional external references have been used to develop the eTfS Audit questionnaire, amongst others:

- the IFC Environmental and Social Performance Standard,
- Voluntary Principles on Security and Human Rights,
- UN Declaration on the rights of Indigenous Peoples
- The Cyanide Code
- The Initiative for Responsible Mining Assurance (IRMA)
- UN Basic Principles on the Use of Force and Firearms by Law Enforcement Officials

A4.2.2 eTfS Audit Scope

The questionnaire is to be applied to opencast and underground mining operations and is intended to be globally applicable. The scope of the eTfS Audit is best applied to large scale mining operations. It may be difficult for artisanal and small-scale mining (ASM) activities to fulfill best practice standards designed for the formal mining sector.

The decision on which suppliers are to be audited against the eTfS module remains with the individual TfS Member company. See “Step 0” in Section 4 regarding Supplier Selection in the Audit Program Guidance document.

For some eTfS mining section questions, there may be an overlap with questions in the core part of the TfS AGRT (Management, Environment, Health and Safety, Labor and Human Rights, Governance). The questions in the core TfS Audit part are relevant but not sufficient to cover mining specific operations.

A4.2 eTfS Audit Objective and Scope

It is expected that the mine not only complies with the local legislation, but aligns its operations, systems and processes with internationally accepted good or best practices. The questions and guidance in the eTfS refer to numerous internationally accepted mining and other standards.

Through the TfS process, suppliers are assessed against nationally and internationally recognized standards and expected to continuously improve performance in the areas outlined in the table below. In the eTfS Audit, further criteria and focus areas specific to mining are included, in addition to the topics in the core part of the TfS audit questionnaire:

TfS Audit	
Management	
<ul style="list-style-type: none"> ✓ Management in Charge ✓ Policy & Continual Improvement 	<ul style="list-style-type: none"> ✓ Training ✓ Business Partners
Environment	
<ul style="list-style-type: none"> ✓ Environmental Compliance ✓ Waste ✓ Emissions to Air and Climate Change ✓ Water and Wastewater 	<ul style="list-style-type: none"> ✓ Energy ✓ Land Use and Biodiversity ✓ Soil and Groundwater
Health and Safety Criteria	
<ul style="list-style-type: none"> ✓ Product Safety ✓ Transportation Safety ✓ Process Safety and Storage ✓ Occupational Health and Safety 	<ul style="list-style-type: none"> ✓ Emergency Preparedness ✓ Medical Care ✓ Security
Labor and Human Rights	
<ul style="list-style-type: none"> ✓ Child Labor ✓ Forced and Compulsory Labor ✓ Working Hours ✓ Minimum Wages 	<ul style="list-style-type: none"> ✓ Freedom of Association ✓ Discrimination ✓ Special Work Contracts ✓ Facilities & Dormitories
Governance	
<ul style="list-style-type: none"> ✓ Business Integrity ✓ Privacy and Intellectual Property ✓ Risk Area: Conflict Minerals 	<ul style="list-style-type: none"> ✓ Risk Area: Animal Care ✓ Fair Competition ✓ Disciplinary and Complaint Procedures

A4.3 eTfS Audit Duration

Mining Module	
✓ Environmental, Social and Human Rights management	✓ Protected Areas, Biodiversity and Ecosystem Services
✓ Stakeholder and Rights Holder Engagement	✓ Noise and Vibration
✓ Labor and Working Conditions	✓ Greenhouse Gases / Climate Change
✓ Mine and Community health, and safety	✓ Substances of Concern: Cyanide and Mercury Management
✓ Security Arrangements	✓ Local social and economic development
✓ Land acquisition and involuntary resettlement	✓ Closure, rehabilitation and financial planning
✓ Indigenous Peoples	✓ Compliance
✓ Cultural heritage	✓ Transparency
✓ Water Management	✓ Supply Chain Management
✓ Mineral Waste and Water Holding Facilities	

A4.2.3 Consistency Across Operations

When auditing more than one operation for the same auditee, finding descriptions and finding types should be checked for consistency, where there is a group approach to managing an aspect of the operations. Where there are differences in execution at site level and/or a different risk profile, these differences should be documented, and the same finding type assigned where findings are similar.

A4.3 eTfS Audit Duration

Audits of mining operations will likely require more time than audits of other types of operations, both because of the scale and nature of mines (typically containing multiple mining and possible beneficiation processes) and because of the additional questions in the mining section in the eTfS AGRT. The table below is a guide for determining the time for conducting an eTfS Audit.

The following factors should be considered for determining the required on-site audit time:

- Complexity of operations:
 - Extent of mining operations – e.g. opencast, underground, or both, and number of pits or mine shafts; and
 - Extent of beneficiation/processing on site.
- Nature of the risks, considering sensitive receptors;
- Specific complex issues where additional effort for one section is anticipated e.g. recent fatality(ies), strikes, community action, contraventions that have resulted in closure, prosecution, political issues; and

Geographical distance:

A4.3 eTfS Audit Duration

- to and between mining operations (pits, working areas underground) and beneficiation processes that required significant driving or walking time,
- to and between communities and other sensitive receptors outside of the mine boundary (e.g. water courses, heritage sites, protected or sensitive flora/fauna areas); and
- distance from auditor accommodation, for example where mines are located in a remote area without onsite accommodation, requiring extensive daily travel).

Considering the additional complexity of auditing mining operations, there may be the possibility that there is not enough time to complete a review of an issue during the audit. This should be clearly documented in the AGRT by raising it as a finding and providing further recommendations in the CAP. The auditor should provide a full description of what was evaluated, and why a conclusion could not be made. The TfS Member can discuss with the supplier on what further action may be required to complete the review.

A4.3.1 Engagement with the Community

Engagement with the members of the public, the community or other stakeholders should not be undertaken unless permitted by the site and if time permits. Site visits to the area in which the community resides or works, however, can be conducted, for example to inspect projects funded/supported by the mine, or housing and associated utilities where resettlement has taken place.

A4.3.2 Number of Auditors for eTfS

It is recommended to have up to three auditors who audit different focus areas (i.e. environment, health and safety, and social). The audit company will decide on the number of auditors on a case-by-case basis dependent on the knowledge of the auditors conducting the audit and the potential issues specific to the site to be audited.

For simple mine operations, two auditors may be considered, where one auditor has strong competencies in two focus areas. This may also apply to complex mine operations; however three auditors would likely be more suitable. Where fewer auditors are selected, additional audit time may be necessary.

Table 3.1 Guidance for no. of auditors and audit duration (on site) based on the eTfS AGRT:

Mine Type	Description	No. Auditors	No. days on site
Simple mine	Small, only opencast or underground, no or simple beneficiation involving no / limited hazardous chemicals, no or limited communities	2-3	3
Complex mine	Multiple processing/beneficiation processes, opencast and underground mining, operations and/or sites outside of mine boundary (community) geographically spread out; complex and high risk social, environmental or health safety issues	2-3	4-5

A4.3.3 eTfS Audit Cost

The supplier-paid model is a principle of TfS. The cost for a TfS Audit is negotiated between the supplier and the TfS approved Audit Company. The cost can vary depending on many factors, for example the size and complexity of the facility being audited or the country in which the audit is taking place.

A4.4 Guidance for Auditors on the eTfS AGRT

For the specific audit process steps and responsibilities, as well as the **follow-up** process, please refer to Section 4 of the Audit Program Guidance Document.

The auditor(s) should always ensure that there is consistency across the answers and finding type where there is any overlap across the core TfS Audit questionnaire and the Mining section.

Comments based on evidence are required to support all findings, including when there are no findings (either because the site is either considered fully compliant or the question is not applicable).

Questions relating to policies, strategy, processes, procedures, programs and plans shall be supplemented by a confirmation on whether the documents are being implemented. The auditor should therefore review the actions the site has taken to fulfil the objectives of these documents and assess whether the site can demonstrate their success in achieving the intended objective(s).

Finding Type: Ensure that the finding description provides adequate detail to explain why the finding is considered critical, major or minor, taking consideration of the guidance “Notes to the Auditor”.

If there was insufficient evidence found by the auditor, a finding should be made in cases where documentation has been requested but not been made available and is required to conclude the finding.

When documenting the explanation of audit results, the auditor should make mention of the site’s position on the issue and explain why the site considers the existing measures in place to be adequate. Furthermore, the auditor should provide clarity on why the recommended action (i.e. application of an international standard or accepted practice) would be beneficial and decrease any associated risks.

Conversely to the point above, it may be acceptable to the auditor that the site has not implemented ‘best practice’ (that should be in place according to the respective eTfS question and guidance) and has rather implemented ‘standard’ practice that is considered adequate, even though the site does not fully meet the TfS requirement. Here, the context of the organization is important. Context may include internal and external factors (e.g. existing relations with the community, site and corporate culture). For example, the level of stakeholder engagement for an operation where there is little community impact/involvement would be expected to be lower (and therefore best practice not necessarily required), in comparison to one where there are many communities that are directly impacted by the site’s operations. The auditor should take the

A4.5 eTfS Auditor Approval and Selection

context of the mine into account when making a finding, ensuring the explanation of the finding and finding type is explicit.

A4.5 eTfS Auditor Approval and Selection

For the selection of audit companies and the approval process of auditors, as well as additional information on the criteria, please refer to section 2 of the Audit Program Guidance Document.

Approval Criteria for eTfS Auditors

Auditors should be able to demonstrate both audit skills, competence in the field they are auditing, an understanding of local legislation, and experience with the sector they are auditing. In addition to the current qualification requirements for the core part of TfS Audits, the auditor should be able to demonstrate experience evaluating operating mines against internationally accepted standards on environmental and social performance.