Terms and Conditions of Certification

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II. Special Terms and Conditions of Certification under SAAS Accreditation

1. General

The TÜV Certification Body for SA8000 Management Systems of TÜV Rheinland (China) Ltd (hereafter "TÜV certification body") offers interested organizations a certification service for SA8000 management systems. Organizations' compliance with SA8000 requirements is thereby attested by a neutral certification body.

The certification body operates in a non-discriminatory manner and ensures the independence and impartiality of its appointed auditors. The structural and procedural organization of TÜV Rheinland (China) Ltd and other TÜV Rheinland subsidiaries acting as auditing bodies on behalf of TÜV Rheinland (China) Ltd ensures that ISO/IEC 17021 criteria and the accreditation requirements set out by the Social Accountability Accreditation Services (SAAS) are fulfilled. The organization and performance of the certification procedure are documented in the respective SA8000 management manuals.

With regard to the random sample character of the audit, it should be noted that additional nonconformities may exist, which were not found during the audit. The auditors findings do not relieve the auditee of its responsibility to ensure that the requirements of the standard are fulfilled and constantly adhered to.

2. Scope of this Document

These "Contractual Conditions for the Certification of SA8000 Management Systems" apply to the following steps of the certification process:

- Optional information meeting;
- Conclusion of certification contract;
- Optional pre-audit;
- Social Fingerprint assessment;
- Initial certification audit, stage 1;
- Initial certification audit, stage 2;
- Awarding of certificate;
- Surveillance audits;
- Follow-up Review and
- Recertification audits.

The service delivery process was designed based on the requirements defined by the SAAS, as documented in SAAS Procedure 200. This document and other information are publicly available on the SAAS website at http://www.saasaccreditation.org/.

3. Additional Contractual Requirements

Before the certification process begins, a "Contract on the Certification" is signed between the local TÜV office and the client.

In this contract ("Application"), both parties will recognize the following as a binding contractual basis.

- These Contractual Conditions for the Certification of SA8000 Management Systems;
- The order conditions of the TÜV office serving the client; and
- The price list of the local TÜV office or the price estimated for the project.

A prerequisite for the awarding of the TÜV certificate is a certification audit yielding a positive assessment of the effectiveness of the client's SA8000 management system in terms of its fulfilment of predetermined verification requirements based on the currently valid version of SA8000.

The client shall ensure that the audit team is granted access to the certified site to conduct all types of audit, including semi-announced audits and duplicate audits.

The client shall allow TÜV Rheinland to add trainees or observers to the audit team.

During the audit, the client shall allow the audit team (auditor) to access all records within the scope of application; to make copies of documents and records; to take photographs to document the current status of the audited facility and any areas of non-compliance; and to perform confidential interviews with employees without interference from the management.

Should the client organization not permit the audit team to take the photographs required as described in SAAS Procedure 200, Table 8, for new client, the certificate shall not be issued, for existing client the certificate shall be suspended.

If the client wishes to transfer its certificate to a new certification body, the client shall permit the TÜV certification body to provide the new certification body with copies of the client's previous SA8000 reports.

The client shall allow the certification body to maintain a public list of certified companies containing the name and address of each organization, scope of its certificate, date of initial and subsequent certifications, certification standard and certificate number. The client shall allow the certification body to report these data to the SAAS and Social Accountability International (SAI).

4. Service Delivery Process

The certification process for social accountability management systems on the basis of SA8000 is divided into several phases, as described below.

4.1 Application by Client

Any organization may elect to pursue third-party certification for SA8000, with the following exceptions:

- Organisations listed in the "SA8000 Certification Exclusions" list;
- Organizations without active operations, e.g. "shell companies";
- Organizations that have not been engaged in their stated business for at least 6 months prior to their application for SA8000; and
- Organizations without active contracts with their customers.

To apply for SA8000 certification, the client needs to complete an application form and submit it to the local TÜV Rheinland office. The office staff will review the application and issue a quotation to the applicant.

The client's entire organization, not only personnel in selected departments or on selected sites, must be certified. The scope of the SA8000 management system and certification shall cover not only staff in full-time employment but also seasonal, part-time, temporary workers, exclusive suppliers and subcontractors paid by the client either directly or through an employment agency. Calculation of the workforce will be based on worker totals during the high season.

Companies with multiple locations can request multiple certificates or a group certificate. Multi-site certification is only possible for commonly owned and managed group of facilities at multiple locations. SA8000 certification across

multiple countries may be permited under certain conditions as described in SAAS Procedure 200.

A multi-site organization is defined as an organization with an identified central function (central office, headquarters or head office) at which activities carried out by a network of offices, branches or sites are planned, controlled and/or managed. The organization must have a common management system with established policies and procedures for managing all sites. All sites shall be subject to internal audits and surveillance by the head office. The following activities shall be performed at the nominated head office:

- Authorization and control of SA8000 management system documentation;
- Evaluation and control of corrective actions, such as root cause analysis, correction and preventive action;
- Centralized management review addressing all sites;
- Centralized hazard analysis and risk assessment activities;
- Centralized internal audit planning and delivery and evaluation of internal audit results;
- Control of suppliers;
- Centralized management systems addressing HR function; and
- Identification and management of training needs.

For multi-site audits, a sampling approach will be adopted.

An organization that holds an SA8000 certificate issued by another SAAS-accredited certification body can transfer its certificate to TÜV Rheinland under the following conditions:

- The applicant must submit the last two SA8000 audit reports produced by the previous certification body, a copy of the previous certificate and all previous non-conformity reports to the TÜV Rheinland office;
- If these reports are not available (either from the client or the former CB or SAAS), then a transfer

cannot take place and the applicant shall be considered a new client requiring initial certification Stage 1 and Stage 2 audit to be conducted; and
- The client's existing certificate must be valid, with no open critical, major or time bound non-conformities.
- Any open minor non-conformity shall be addressed by a corrective action plan.

If the above conditions are met, an on-site audit equivalent to a recertification audit shall be performed. If the lead auditor determines that a stage 1 initial certification audit is also required prior to the transfer audit, the client shall complete a self-assessment prior to this stage 1 audit.

4.2 Optional Information Meeting

The TÜV certification body will, if requested, hold an information meeting with the organization interested in obtaining certification, prior to receiving an order. This meeting may cover the following points.

- Purpose and benefits of certification;
- Basic requirements for certification;
- Details of certification procedure;
- Scope of application and standards applied;
- Estimated costs; and
- Proposed schedule.

The services listed in the following sections – the individual phases of the certification – will be performed by the TÜV certification body after the client has completed the certification contract.

4.3 Optional pre-audit

To gain a preliminary understanding of the status of its SA8000 management system, the client can request that a pre-audit is performed on its site. A pre-audit generates non-binding findings and does not recommend solutions. As pre-audits are not considered to be part of the initial certification process, the man-days delivered in a pre-audit

are in addition to the man-days required for an initial certification audit.

4.4 Social Fingerprint Assessment

The Social Fingerprint is a set of tools developed by SAI to help organizations to measure and improve their systems for managing social performance. The Social Fingerprint process comprises a self-assessment undertaken by the organization and an independent evaluation conducted by the auditor. By incorporating the Social Fingerprint into SA8000:2014, SAI aims to increase the integrity, credibility and effectiveness of SA8000 certification and build the capacity of SA80000-certified organizations to develop mature management systems. See also the SAI website at http://www.sa-intl.org/.

All new SA8000:2014 applicants must first complete a Social Fingerprint self-assessment as part of their application or recertification. The TÜV Rhineland audit team will conduct a Social Fingerprint independent evaluation according to SAAS IE sequencing chart.

The audit team will use the assessment results in their audit planning, to support audit findings and as a basis for their recommendation on whether to proceed with certification.

4.5 Initial Certification Audit, Stage 1

A stage 1 audit must be conducted to verify the data provided by the client during the application, to gain an understanding of the client's management system and its state of development, to identify areas of concern and to gather the data needed for audit planning. The audit team will also review the client's SA8000 management system documentation and records of internal audits and management reviews.

A stage 1 audit is normally performed as an on-site visit, with a report issued to the client.

Prior to a stage 1 audit, the client must complete a Social Fingerprint self-assessment.

4.6 Initial Certification Audit, Stage 2

If more than 6 months have passed since the end of the stage 1 audit, the audit team shall conduct an additional stage 1 audit and related Social Fingerprint independent evaluation. In this case, the client organization will not be required to redo its self-assessment.

Before the stage 2 audit, the client will receive an audit plan in sufficient time to confirm or request changes to the plan. A profile of each auditor will be sent to the client with the audit plan to provide background information on the audit team. The client will have the right to object to the audit plan or to particular audit team members if specific reasons are provided. If no objection or change request is received by a minimum of 1 week before the audit, the plan will be considered to have been confirmed by the auditee.

The company's task during an on-site audit is to demonstrate the practical application of its documented procedures. The auditors verify the effectiveness of the implemented SA8000 management system. In addition, the auditors verify the client's records of all claims and corrective actions and their effects on the SA8000 management system.

The auditors document observed non-conformities in non-conformity reports. To conclude the audit, the auditors hold a closing meeting in which they notify the client of the audit results. The audit results are documented in an audit report.

Non-conformities are categorized as follows. Each grade has different consequences for the certification process.

a) Critical non-conformity: grievous breach of the SA8000 standard with a severe impact on the individual rights, lives and/or safety of workers and/or the reputation of the

SA8000 standard, SAI or the SAAS. Examples are as follows:

Breach of ethical standards;

- Breach of ethical standards
- Immediate threat to workers' lives; and/or
- Grievous and intentional violation of human rights.

Critical non-conformities prevent a certificate from being issued or result in the suspension of an existing certificate.

b) Major non-conformity. Examples are as follows:

- Absence or total breakdown of a system implemented to meet SA8000 requirements – a number of minor non-conformities against one requirement can represent a total breakdown of the system and thus constitute a major non-conformity;
- Situations that pose an imminent and immediate but not life-threatening risk to employees' health and safety;
- A minor non-conformity that has not been addressed or to which no significant improvement has been made by the time of a follow-up audit; and
- A non-conformity that based on the judgment and experience of the SA8000 Lead Auditor is likely to have one of the following outcomes:
- Failure of the social management system to meet goals and expectations; or
- Material reduction in the system's ability to reliably assure control of workplace policies and directives designed to protect workers.

A major non-conformity may be noted after the audit ONLY if an auditor is concerned about a threat to their personal safety or other consequences of noting the major non-conformity at the time of the audit.

Major non-conformities prevent a certificate from being issued. Corrective actions will be verified during an onsite re-audit or via a review of documented evidence submitted by the client.

A major non-conformity that has not been addressed or to which no significant improvement has been made by the time of a follow-up audit, despite the organization's stated commitment to resolving the issue, SHALL lead to the organization's being issued a warning and moved toward suspension.

c) Examples of minor non-conformities are as follows:

- A failure or oversight in some part of the organization's social management system that is not systemic in nature; and
- A single observed lapse in following one item of a company's social management system

d) Time-bound non-conformity.

Time-bound non-conformities are special non-conformities that can only be raised as a result of audit evidence and findings demonstrating that the client organization meets the local law but not the higher requirements of SA8000 or vice versa. Time-bound non-conformities can only be raised for the findings described below:

SA8000 Element	Non-conformity	Maximum corrective action timeline
Working Hours	The client organisation does not meet the maximum overtime hours per week as prescribed by SA8000 or the country law	24 months
Remuneration	The client organization pays workers the legal	24 months

	minimum wage but not a living wage	

All non-conformities shall be recorded. Non-conformities shall not be closed by the audit team during the audit in which they were issued.

To rectify non-conformities, the client must perform a root cause analysis and define and implement corrections and corrective actions to be verified by the auditor. The time allowed to submit the findings of root cause analysis and a corrective action plan and to implement of corrective actions will depend on the grade of the non-conformity, as per the following table.

NC grade	Submit corrective action plan within	Implement corrective action within
Critical	1 week	1 month
Major	1 month	3 months
Minor	2 months	6 months
Time-bound	2 months	18-24 months

4.7 Following up Non-conformities

The effectiveness of corrections and corrective actions planned by the client will be verified by an auditor as per the following table.

NC grade	Verification within	Verification by
Critical	30 calendar days	Special audit on site *
Major	90 calendar days	Special audit on site *

Minor	6 months	Documentation review or during next regular audit
Time-bound	18-24 months	During regular audit

* Note: only in very limited circumstances can a critical or major NC be closed via a documentation review.

A special audit conducted to verify the effectiveness of corrective actions taken by the client to rectify critical, major and time-bound non-conformities focuses only on issues related to the non-conformities to be closed. The audit duration is decided by the lead auditor based on the time needed to verify the corrective actions.

4.8 Awarding of Certificate

The TÜV certification body will review the documentation on the certification procedure and decide whether to issue the certificate. The client will receive the certificate (in several languages if requested) if the following conditions have been met:

- The TÜV certification body has received the signed contract;
- The required audit documentation has been submitted;
- All deviations have been corrected; and
- The audit team has recommended that the certificate be awarded.

The TÜV certificate is valid for 3 years, provided that surveillance and follow-up review of the company are performed regularly and that their results are positive.

4.9 Surveillance Audits

The surveillance audits shall be performed as semi-announced within a 8 weeks' time window period.

The date of the first surveillance audit shall be performed as per SAAS Procedure 200 (see Figure 3).

The client shall ensure that the audit team is granted access to the certified site to conduct announced and semi-announced audits.

If critical non-conformities are detected during a surveillance audit, the certification body may have to suspend the client's certificate.

In such cases and other special situations, an extraordinary surveillance audit may become necessary. Decisions on the necessity of such audits will be made by the certification body.

The client will receive a report after a surveillance audit.

4.10 Follow-up Review

The follow-up review shall be performed at six-month intervals between each on-site annual surveillance audits. TÜV Rheinland retain the right conduct on-site follow-up of corrective action progress undertaken by clients to address outstanding major or time-bound nonconformities (or other issues demanding on-site review).

The date of the follow-up review following the first surveillance audit shall be performed as per SAAS Procedure 200 (see Figure 3).

As required by the accreditation body SAAS, if during the follow-up review the auditor identifies weaknesses/findings in the organization against SA8000 requirements 3.5, 9.4, 9.6 or 9.8, then the auditor shall raise a nonconformity regarding inadequate demonstration of commitment to management systems principles within the organisation's SA8000 Policy. In the case of minor non-conformity raised, further actions shall be reviewed during the next scheduled audit visit. In case of major non-conformity raised, TÜV Rheinland shall perform a special audit on-site within 8 weeks to review responses and further actions undertaken. .

4.11 Recertification audit

Recertification audits can be conducted to extend the validity of the client's certificate for a further 3 years. A recertification audit shall be conducted at least 6 months before the expiry of the certificate to allow sufficient time for post-audit activities (corrective action definition by auditee, audit reporting by auditor and certification decision by certification office) to be completed before the expiry of the existing certificate.

If the client decides to pursue recertification more than 6 months after its certificate has been cancelled, withdrawn or expired, its application will be treated as new and the complete certification process, including stages 1 and 2 of the initial audit, must be conducted.

A stage 1 audit may also be deemed necessary if the certified organization has undergone a major change since the last audit, such as relocation, addition or deletion of sites or addition of business processes, shifts and/or personnel.

Prior to the recertification audit, the client shall submit a newly completed application form and complete the Social Fingerprint self-assessment again.

A recertification audit assesses the effectiveness of the entire SA8000 management system. The audit procedure is the same as described for the initial certification audit. As in a surveillance audit, the auditors verify the client's fulfilment of SA8000 management system requirements as per the standard, its orderly use of the certificate and logo, customer claims and the effects of corrective actions on the SA8000 management system. The auditors also verify the effectiveness of actions taken to correct previous non-conformities.

4.12 Duplicate audits

Each certification body is required by the accreditation body SAAS to perform a certain number of duplicate audits per year. The aim of a duplicate audit is to repeat a previously performed audit to check whether the original audit findings were credible.

When selecting a client for a duplicate audit, the number of SA8000 certificates nationwide, the country risk level and performance factors are considered.

A duplicate audit is performed in the same way as the previous audit. If the previous audit was unannounced, the duplicate audit is also unannounced.

Duplicate audits are offered free of charge to the client.

4.13 Scope Extensions

The geographical scope of the certification can be extended if surveillance and repeat audits are required, or independently of regular audits.

The effectiveness of SA8000 management system elements within the extended (geographical) scope will be verified and documented. The man-days required for the extension audit will be calculated on the basis of the scope of the extension itself, which must be clearly specified prior to the extension audit.

4.14 Withdrawal and Suspension

Client organization is not permitted to delay any surveillance audit unless the facility is subject to a force majeure such as an earthquake, flood or fire and cannot trade. In these cases, the client organization certificate shall be suspended and the reason for such suspension recorded by TÜV Rheinland. If the Client commences trading within three months of the incident, they shall be subject to a special audit by the TÜV Rheinland.

If the delay due to a client request is greater than three months, then the client's certificate shall be withdrawn/cancelled. Records of a suspension or cancellation shall be documented and maintained by TÜV Rheinland.

Client organization that does not readily accommodate a semi-announced surveillance audit visit during the window period shall have their certification suspended.

Time-Bound Non-Conformity: The Failure to demonstrate progress against the approved corrective action plan results in immediate certificate suspension and subsequent withdrawal.

Should the client organization not permit the audit team to access to any of the permanent sites at any time for whatever reason, a critical non-conformity shall be raised and the Client's multi-site certification shall be cancelled and withdrawn.

4.15 Labor agency/ workers cooperative

If a large number of agency workers or workers cooperative workers are employed by your organization, then the management of the labor agency and/or workers-cooperative shall attend the audit and be interviewed by the audit team. The labor agency /workers-cooperative management shall ensure that human resources, attendance and remuneration records are available for all their personnel at the time of at least every Stage 2 or Recertification Audit and upon the request of TÜV Rheinland

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4   Use of SAAS Accreditation Logo

An SA8000 certified organization may use the SAAS accreditation mark for SA8000 only in conjunction with accredited CB's certification mark on the organizations stationery, literature, and website. Neither the CB's mark nor the SAAS accreditation mark for SA8000 shall be used on a product by a certified organization, its labelling or packaging, or in such a way as to suggest that the CB or SAAS have certified or approved any product, process or service of a certified organization, or in any other misleading manner. Regarding the specifications of the SAAS logo, refer to the requirements published on the SAAS website.