

TCO Certified Assessment Guidelines – CSR Questionnaire

These guidelines shall be used by a verifier accepted by TCO Development to assess the answers and documented proof provided by the Brand Owner applying for CSR compliance using the TCO Certified questionnaire

How the verifier grades the completed questionnaire:

The answers shall be assessed and graded based on a Green, Yellow and Red award system.

- A green mark shall be given to Yes and completely proven answers.
- A yellow mark is given to Yes and not completely proven answers.
- A red mark is given to No and unproven answers.

- To be accepted as complying with the mandate the following is required.
- Answering yes (and providing the required documented proof) to questions 1-3 and either 4 or 5 (or both).
- At least two of these five questions must get a green mark.
- A maximum of four out of the 10 questions can be given a red mark.

A Brand Owner not meeting these minimum requirements is given a grace period of 12 months to implement the necessary changes from the date of the certificate application.

Definitions

First tier production facility: (or simply ‘production facility’) refers to the final assembly plant of the TCO certified products. This can be either your own production facility or the production facility of your supplier, depending on how your company has arranged production.

Second tier production facility: The Company that sells and delivers materials or goods directly to the first-tier production facility.

Brand Owner: The company or organization owning or controlling the *Brand Name*.

Brand Name: The name or sign, including but not limited to a trademark or company name, used to identify, amongst users and customers, the manufacturer or seller of a product

Questions:

Question 1. Does the *Brand Owner* have knowledge of where the products to be certified are produced?

The *Brand Owner* shall report the country and location of production, providing the main information with regards to *first tier production facilities*. The question also requires the *Brand Owner* to have knowledge of the location of important *second tier production facilities*.

The question evaluates to what extent the supply chain is known to the *Brand Owner*.

Assessment guidance

- Green mark: If the answer is Yes and the country and location of production for more than the first tier of the supply chain is provided.
- Yellow mark: If the answer is Yes but only first tier production is provided or if the provided information covers no specific location more than just stating the country.
- Red mark: If the answer is No or no information of where the production takes place is provided.

Question 2. Does the *Brand Owner* place satisfactory social / ethical requirements (Code of Conduct or similar) on working conditions for first tier production facilities (including both own production facilities and suppliers)?

The kinds of Code of Conduct TCO Development requests:

A policy that describes the requirements a *Brand Owner* places on working conditions at production facilities, including suppliers, is needed both internally and externally. Internally so that employees understand their position and externally so that the *Brand Owner's* business partners are aware of what is expected in the social relations of production. Formulating a code of conduct with social/ethical requirements on working conditions at production facilities (including suppliers) is often the first step for an organization beginning to work with social responsibility

A code of conduct works best when it describes what the *Brand Owner* wants, preferably so that it includes what it's customers want and is so detailed that it is possible to monitor compliance. It is important that there are clear requirements that can be communicated to the production facilities, including suppliers.

It is also important that the code is integrated into the entire business and imperative that there is a dialogue with production facilities, including supplier factories, on the content and their compliance role, with a chance to give constructive feedback.

Compliance with the eight ILO core Conventions, Article 32 of the UNCRC, the country's labour laws and national rules on health and security and minimum wage are required. It is therefore relevant to know to what extent the Brand Owner uses these requirements within their organization.

The question evaluates to what extent the Brand Owner places social/ethical requirements on working conditions at production facilities, including suppliers.

Assessment guidance

- Green mark: If the answer is Yes and the Brand Owner provides social requirements that refer to a proper code of conduct or similar
 - A proper Code of Conduct or similar contains:
 - References to the ILO:s eight Core Conventions, art 32 in UN:s Convention on the Rights of the Child, the health and safety legislation in force in the country of manufacture, and the labor law, including rules on minimum wage and the social security protection in the manufacturing country
 - and the contents have been adopted by the Board and addressed by management.
 - and the requirements relate to the specific product being delivered.
- Yellow mark: If the answer is Yes and the Brand Owner has an adopted Code of Conduct or similar with social requirements referring to supplier or own factories, but this code only contains some of the above criteria (for example the code does not reference to each of ILO:s core conventions).
- Red mark: If the answer is No or if the answer is Yes but the code does not include any of the above requirements.

Question 3. Are managers and workers at first tier production facilities informed about the Brand Owner's social / ethical requirements on working conditions?

One of the challenges in implementing Codes of Conduct and social requirements is to communicate these effectively to those affected by the demands. A risk is that the Code of Conduct only becomes a document without practical application in production.

The question evaluates the actions undertaken for the Code of Conduct and/or the ethic requirements to become known by management and workers at production facilities.

Assessment guidance

- Green mark: If the answer is Yes and the Brand Owner says it has informed production facilities and can describe how this was done.

Examples may be that the Brand Owner has translated the Code of Conduct into local languages. This shows that the company has made efforts so that management and employees are able to be informed about the code's content in their own language. Or the company has conducted training on the Code for employees and/or management at production facilities. Another common way to inform production facilities can be to have them fill out a questionnaire (self assessment) on compliance with the code.

- Yellow mark: If the answer is Yes and the Brand Owner says it has informed the production facilities of the requirements, but provides an incomplete or non-credible explanation of how this is was done. An example would be that the company can only show that they sent the Code of Conduct to the factory owner's for signature.
- Red mark: If the answer is No or the Brand Owner does not give any details that they have informed the production facilities of the Code of Conduct.

Supporting documentation

Documents provided for the assessment of a green mark can be:

- Report from a workshop or training session where the requirements were discussed.
- A copy of the Code of Conduct translated into local languages.

Note: Incomplete documents shall be given a yellow mark instead of a green.

Question 4. Have you inspected major first tier production facilities with regards to working conditions within the last two years?

Audits of social responsibility can take different forms, everything from internal audits conducted by a purchaser or quality manager to third-party audits by accounting firms. It can also be controls implemented within the framework of an existing standard, like SA8000 (Social Accountability 8000), within a system such as EICC (Electronic Industry Citizenship Coalition) or similar.

A thorough inspection will, for example: disclose all of the ethical requirements, include explanations of the review method and show that the person that conducted the review visited the production facility. Serious investigations are also addressing employee's views and where possible the views of local union and trade associations.

The question evaluates to what extent the Brand Owner has carried out social audits.

Assessment guidance

- Green mark: If the answer is Yes and the provided documentation is reliable, current, and accounts for all major producing factories being subject to social audits within the past two years
- Yellow mark: If the answer is Yes and the provided documentation is reliable, current but only accounts for occasional or a few of the producing factories having been subjected to social audits within the past two years. If the answer is yes and the Brand Owner only provides documentation of audits that cover parts of the Code of Conduct requirements of TCO Development.
- Red mark: If the answer is No or the Brand Owner does not report any reliable information on social audits being carried out

Supporting documentation

Examples may be an audit protocol, an audit report or similar. If there are many audited production facilities then at least two representative examples of documentation is sufficient.

Question 5. Are other activities carried out in conjunction with first tier production facilities to help them live up to the social / ethical requirements?

Companies that have worked a long time with improving working conditions at the production facilities notice that social audits can fulfill important functions, but that it is not always enough. It can be difficult to achieve substantial and long-term improvements at certain production facilities. One explanation for this may be the absence of trade unions or other arrangements to channel employee complaints. Another explanation may be cultural differences in the way that the supplier has no understanding of the way in which ethical requirements are important for the buyer.

The question evaluates activities made by the Brand Owner to achieve lasting change to live up to the social requirements in relation to suppliers. Activities may include educating workers, educating management, or other kinds of cooperation with suppliers to improve the work environment. If thoroughly implemented, these types of activities can work as a satisfactory alternative to audits.

Assessment guidance

- Green mark: If the answer is Yes and the Brand Owner can describe at least one activity conducted at a production facility or together with one or more of their suppliers, and the event's purpose, content and results.
- Yellow mark: If the answer is Yes, but there are no complete reports that cover the activity's purpose, content and results.

- Red mark: If the answer is No or there are no reports of conducted activities.

Supporting documentation

Examples of documentations may be a report on education on the Code of Conduct for management and/or workers at production facilities (including suppliers), or a description of management system for continuously informing production facilities. One example of this can be that the Brand Owner has a routine to post the code of conduct in the production facilities so that workers can read about their rights.

Question 6. Do target and time plans to remedy encountered problems regarding working conditions at first tier production facilities exist?

The question evaluates how the Brand Owner works with & monitors issues that arise. The Brand Owner shall describe the action plans and time-schedule adopted to overcome identified problems and challenges. This gives both an indication of whether the company has identified some problems and cites the improvement work that is carried out.

Assessment guidance

- Green mark: If the answer is Yes and an example of an action plan is provided, that includes clear objectives and a time-schedule to handle identified challenges.
- Yellow mark: If the answer is Yes but the Brand Owner does not give an example of an action plan to handle challenges identified or if the action plan does not include a time-schedule.
- Red mark: If the answer is No or the company cannot account for any objectives

Supporting documentation

In many cases the supporting documentation under this point will be the same as for "Have you inspected major first tier production facilities with regards to working conditions within the last 2 years?" An example of documentation may be considered to be a sustainability report where planned objectives and actions regarding working conditions at production level are explicitly stated. Action plans, including a schedule, can also be found as part of an internal or external review, for example, an audit protocol. It may also be an internal work document.

Question 7. Are trade unions represented at the first tier production facilities producing the products to be certified?

Trade union rights have a key role in the eight ILO core conventions (No: 87 and 98). Respecting trade union rights and effective communication channels between employees and employers facilitate a procurer's work with ethics and environmental issues. The

absence of trade unions is a risk factor in relation to workers rights.

Complaints and disputes are, at best, settled with ongoing and collective agreements. In countries where unions are prohibited or union discrimination is common, alternative ways of supporting dialogue between management and employees need to be explored. More on this under question 9.

The question evaluates the extent to which trade unions are represented at the factories producing the products to be certified.

Assessment guidance

- Green mark: If the answer is Yes and the Brand Owner also provides information of the contact persons to trade unions active at all major producing factories.
- Yellow mark: If the answer is Yes but the Brand Owner provides only contact persons to trade unions at a single or very few of the total producing factories. A yellow marker is also given if no contact persons are given
- Red mark: If the answer is No or the Brand Owner cannot name or in any other way specify any active trade unions

Question 8. Is your company in any way working to counter union discrimination at the first tier production facilities?

Trade union discrimination is widespread in many ICT producing countries. Some employers avoid hiring workers that work with union activities or dismiss or in other ways punish persons who are trying to forward workers demands.

The question evaluates whether the Brand Owner has been engaged in efforts to combat violations of the ILO conventions 87 and 98.

Assessment guidance

- Green mark: If the answer is Yes and the company clearly describes what methods/approaches are being used to counter union discrimination.
- Yellow mark: If the answer is Yes, but there are no clear descriptions on how the company has conducted efforts to counteract union discrimination.
- Red mark: If the answer is No or the company cannot show any efforts to counteract union discrimination.

Supporting documentation

For example, the production facilities could have invited local union representatives to the factory in order to introduce them to the employees and by doing so demonstrated that it is not against employees joining unions. Another example is if the production facility can demonstrate how they train all their leading management to respect trade union rights. Another example is if the company itself has visited and consulted with local trade unions on the risks of discrimination within the business.

Question 9. In cases where union rights are restricted, is your company working with first tier production facilities to ensure opportunities for dialogue between employees and their employers?

In countries where free and independent trade unions are prohibited by law, i.e. China, it is important to ensure that there exists a means of dialogue between employees and their employers. The Brand Owner shall allow workers to freely elect their own representatives. The question evaluates the Brand Owner's commitment to improving management and employee dialogue at the factories.

Assessment guidance

- Green mark: If the answer is Yes and the Brand Owner provides a clear description or documentation of dialogues carried out during the last two years.
- Yellow mark: If the answer is Yes, but the Brand Owner provides no clear description or documentation of dialogue.
- Red mark: If the answer is No or the Brand Owner does not provide any activity.

Supporting documentation

For example, description of training of workers, meeting minutes from committee meetings and documentation from internal complaints handling in factories.

Question 10. Has your company adapted its business (for example sourcing practices or production planning) to enable production facilities to meet the social / ethical requirements?

This question is especially relevant in the cases where the first tier production facilities are not owned by the Brand Owner, i.e. in cases where the first tier production facility is an external supplier to the Brand Owner. Many Suppliers express the opinion that it is difficult to live up to the Buyer's social and environmental requirements. In some cases the demands are associated with costs and the production facilities may feel they cannot afford the investments required to meet the requirements.

The Brand Owner shall evaluate its role as a purchaser. This may result in refraining from pressing prices to a level that makes the production facilities' necessary investments in environmental and working conditions impossible to implement, or imposing late orders or making late changes to orders that generate excessive or illegal overtime for the production employees.

The question evaluates whether the company has analyzed its role as a purchaser in order to enable the production facilities to meet social / ethical requirements.

Assessment guidance

- Green mark: If the answer is Yes and the Brand Owner provides a detailed description or documentation of at least one activity carried out during the last two years.
- Yellow mark: If the answer is Yes, but the Brand Owner gives no clear description or documentation of an activity.
- Red mark: If the answer No or the Brand Owner cannot describe or provide documentation of any activity.

Supporting documentation

Examples of documentation may be a description of an internal project to avoid submitting late orders, or making late changes to orders that generate excessive or illegal overtime for the production employees. It may also be a decision to refrain from pushing prices to a low level that makes necessary investments in environmental and working conditions impossible for suppliers.