



re-sourcing

Together for Sustainability Supplier Assessment Initiative

Auditing for Responsible Sourcing

Case Introduction: Wacker Chemie AG & the use of Tfs
audits for suppliers, to support responsible procurement
practices



This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement N° 869276



Case Study Learning Objectives



1. **Understanding** the advantages for a procurement department by engaging with suppliers to undergo a sustainability audit, under a joint initiative.
2. **Advantages** of engaging with suppliers on the benefits of a joint, standardised audit & assessment process.
3. **Insights** into how Wacker uses audit results to continuously monitor and improve supplier performance on sustainability.
4. **Dialogue** on challenges & advantages in introducing an assessment scheme similar to the Tfs in other sectors.



Case Context

- TfS offers a standardised assessment & audit process for clients & suppliers in the chemical industry.
- Wacker, a member of TfS, is a leading manufacturer of solar panels, operating a complex supply chain.
- Wacker, together with other chemical sector companies, shares a supplier database base covered by TfS assessments & audits.
- Wacker uses the same assessment tools to provide sustainability metrics to its customers, thereby providing consistent and standardised results for all members of the initiative.

Approach under TfS Initiative

- Chemical company procurement departments working with assessment partners to establish an actionable assessment & audit program.
- Pre-engagement with suppliers to encourage compliance & build trust in the TfS assessment & audit initiative.
- Training & engagement built into the process, to assist suppliers through the assessment & audit scheme.
- Focus on working together to improve supplier performance & not as a pass/fail exercise.



Challenges Being Addressed by the TfS Initiative

- Suppliers required to fill in too many questionnaires from different customers, creating inconsistency in compliance & heavy workload. Particularly an issue for small sized companies.
- Initial hesitance by suppliers to undergo assessments or audits, as not required under current laws.
- Suppliers struggle to understand & comply with the requirements of an assessment or audit, including preparation of documentation & conducting on-site visits.

Good Practice Elements of TfS Initiative

- The audit & assessment facilitates supplier & customer mapping of sustainable sourcing in under a standardised framework.
- A shared database & assessment results is more efficient use of resources for both suppliers & clients, reducing time & costs for both.
- TfS audit process has been developed in a collaborative approach and its framework and principles can be transferred to other sectors.



The Benefits of a TfS Audit

- Supports company's sustainability commitments.
- By sharing results with multiple clients, reduces efforts & costs for suppliers.
- Allows suppliers to identify issues requiring improvement, using a Corrective Action Plan.
- Efficiency gains through improved use of time & human resources.
- Equivalent to auditing standard: SQAS.
- TFS audits can be combined with other audit subjects: product quality, quality management systems, regulatory compliance etc.

Characteristics of a TfS Audit

- Standardised audit process covers five aspects of sustainability procurement.
- All members can access database for supplier audit results, thereby decreasing time & effort for suppliers & procurement departments.
- Not a certification exercise with pass/fail results.
- Supplier & client work together to continuously improve performance.
- Supplier/Customer confidentiality assured.
- Validity 1-3 years, depending on result.



1

Management

- Management in charge
- Management Systems, Policies & Continual Improvement
- Training
- Business partners/suppliers & contract managers

2

Labour & Human Rights

- Child Labour
- Forced & Compulsory Labour
- Working Hours
- Minimum Wages
- Freedom of Association
- Discrimination

3

Health & Safety

- Product Safety
- Transportation Safety
- Process Safety & Storage
- Occupational Health & Safety
- Emergency Preparedness
- Medical Care
- Security

4

Governance

- Business Integrity
- Privacy & Intellectual Property
- Fair Competition
- Disciplinary & Complaint Procedures

5

Environment

- Environmental Compliance
- Waste
- Water & Wastewater
- Soil & Groundwater
- Emissions to Air & Climate Change
- Energy
- Land Use & Biodiversity
- Nuisance (noise & odour)
- Hazardous Substances

Full list of sub-topics can be found [here](#)



1

Supplier Selection by Client

- Define supplier audit strategy
- Communicate audit requirements to suppliers

2

Supplier Invitation from Client

- Nominate a supplier to participate in a TfS audit
- Confirm the supplier nomination
- Invite the supplier to participate in an TfS audit

3

TfS Audit Preparation

- Complete the Supplier Academy
- Selected audit company, conclude contract, set date
- Prepare for audit, provide pre-audit information & sign DSA

Audit Preparation includes:

- 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

Time: Approximately 3 months (depending on supplier size & location) of supplier

Opening meeting

Site tour

Interviews

Document review

Closing meeting

Full details for process can be found [here](#)



4

TfS Audit

- Opening Meeting
- Site Tour
- Interviews
- Document Review
- Pre-Closing Meeting
- Closing Meeting

Audit conducted by certified,
independent audit firms

Full details on process can be found
[here](#)

5

Closing Meeting & Findings

- Agree on findings & propose corrective actions in closing meeting
- Report Audit Status to TfS Office

Results

- Minor: a concern of low priority
- Major: a concern of high priority
- Critical: a concern of immediate high priority

6

Sharing & Corrective Action Plan (CAP)

- Prepared report shared with supplier
- Review & establish CAP
- Finalise audit report & CAP
- Conduct Quality review of audit
- Upload audit report to TfS database – can be accessed by other clients