RWS Toolkit

Supply Chain Certification

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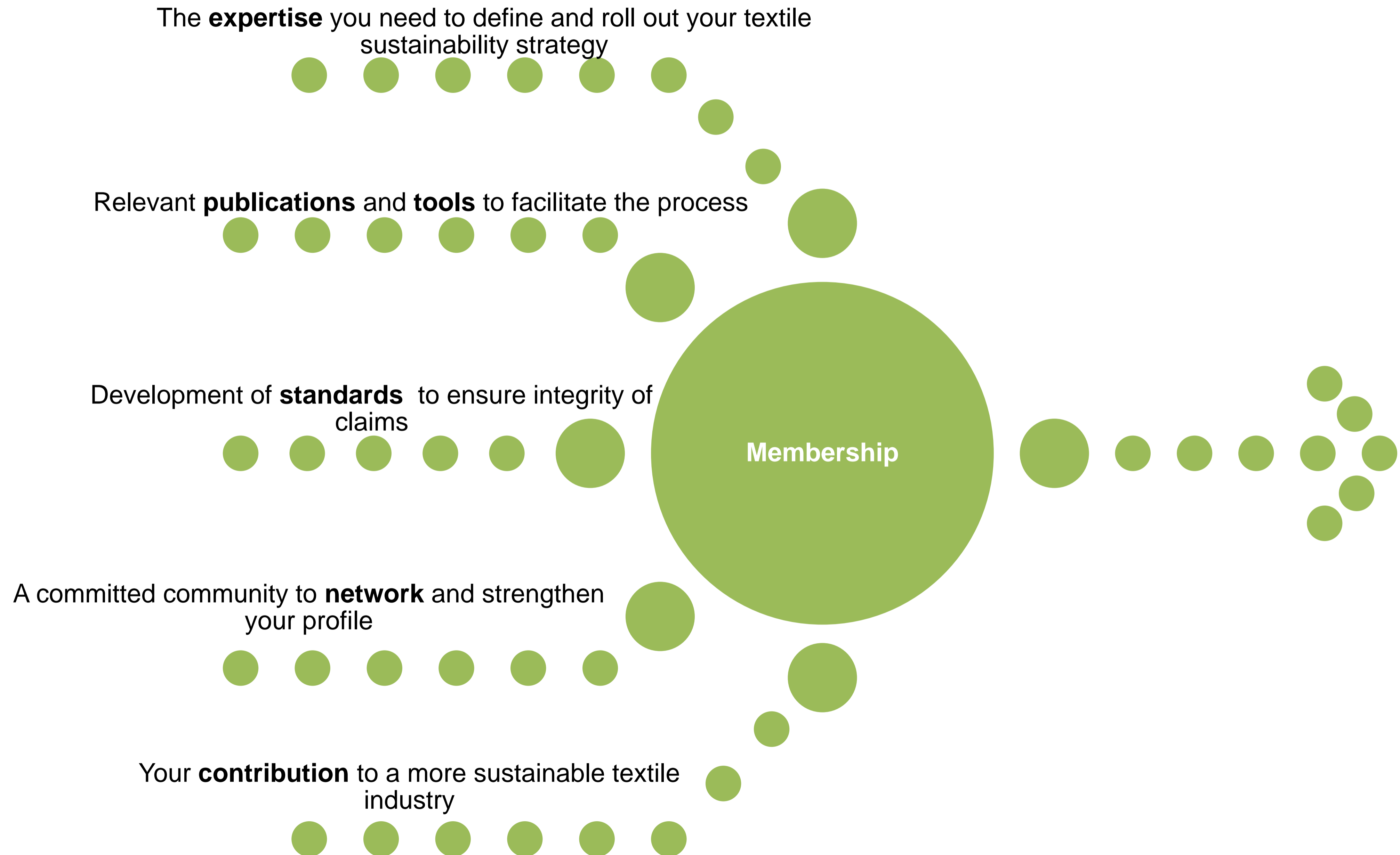TE welcomes you to use slides from this collection for your presentations on the condition that:

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We INSPIRE and EQUIP people
to accelerate sustainable practices
in the textile value chain.

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The Work of Textile Exchange

The **expertise** you need to define and roll out your textile sustainability strategy

Relevant **publications** and **tools** to facilitate the process

Development of **standards** to ensure integrity of claims

Membership

A committed community to **network** and strengthen your profile

Your **contribution** to a more sustainable textile industry

Textile Exchange Members

The Responsible Wool Standard is a voluntary global standard that addresses the welfare of sheep and the land they graze on.

Introduction

The Responsible Wool Standard requires that each stage of wool production is certified against the requirements of the Content Claim Standard (CCS), up to the seller in the last business-to-business transaction.

This toolkit provides information on certification process for the RWS, the chain of custody for the CCS, how to ensure compliance and information on costs.

Visit http://responsiblewool.org/tools-and-support/for-supply-chains/ for further tools and resources.

Terms

RWS - applies to products that contain only RWS-certified wool.

Auditor – the person doing the on-site inspection. He or she will work for the Certification Body directly or under contract, and send their findings to the Certifier.

Certifier – the person who reviews the results of the audit, cross checks documentation and information, and who has the authority to grant certification.

Certification Body – the organization that is authorized by the standard-owner to certify against the standard.

Inspection – the on-site audit against the requirements of the standard of the organization being certified.

Scope - the operations that the certification covers. The RWS has the farm scope and the supply chain scope.

Content

Why RWS?
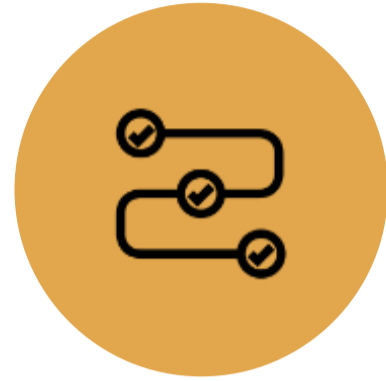
Easier Sourcing

The RWS provides a means for brands to communicate their fiber and traceability expectations clearly and consistently to any and all points in their supply networks. Multiple brands working with a single standard means economies of scale can be more quickly reached.

Reduce Risk

The RWS reduces the risk to brands, the supply chain and wool growers.

Protection from Activist or Media Attacks

Let the RWS and all of its users provide a united response to any claims against member of your supply chain or the wool industry in general.

Why RWS?

Messaging and Story Telling

The RWS will help bring the story of sheep farming to consumers. It presents an excellent opportunity for people to learn about the farmers, the incredible work that they do, and the care that they take of their land and their animals.
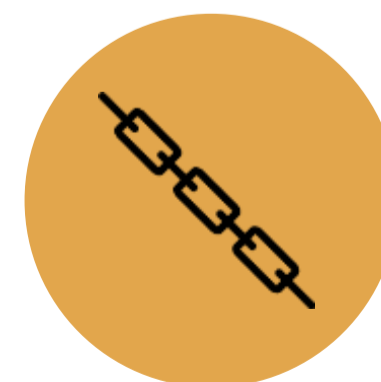
Connection to the farms

The RWS provides an opportunity for brands and farmers to better understand each other's realities and to meet each other's needs.

Credible Certification

A professional, third party certification body audits each stage in the supply chain.

Get What You Ask for and Pay For

The identity of the RWS wool is maintained at all times: from the farm to the final product, through a robust chain of custody.

Why RWS?

Protect Animal Welfare

The Five Freedoms of sheep are protected at all times: freedom from hunger and thirst, from discomfort, from pain, injury or disease, to express normal behavior, and freedom from fear and distress.

Preserve Land Health

Progressive methods of land management are practiced on RWS farms, protecting soil health, biodiversity and native species.
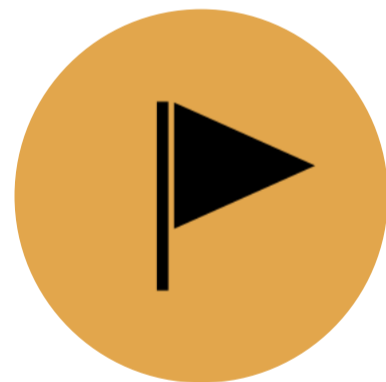
Meet CSR Goals

The auditing of farms will generate meaningful data that brands can use to report against their CSR targets.

Drive Industry Change

Support the develoment of an industry benchmark that will drive improvements in animal care and land management where needed

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RWS Supply Chain Certification

Certification of the Supply Chain

In order for products to be labeled as RWS, the supply chain must be certified at every stage before the final retailer. Certification requirements are different at the farm level and the processing level.

Processing

All processing steps must be certified to make sure the chain of custody is maintained to the last level of production.

RWS certified wool

Farm

Trader **Sourcing** **Yarn** **Fabric** **Garment**

Retailer

Farm Scope

- Animal Welfare
- Land Management

Supply Chain Scope

- Chain of custody

Certification of the Supply Chain

The RWS requires all sites to be certified, beginning with the wool farmers and through to the seller in the final business to business transaction. Usually the last stage to be certified is the **garment manufacturer or brand.**

**Retailers** (business-to-consumers) are not required to be certified.

| Farm | Trader | Sourcing | Yarn | Fabric | Garment | Brand | Retailer | Consumers |

Farms are certified to the Animal Welfare and Land Management Modules of the RWS.

Brands that sells product to retailers, must be certified to the Content Claim Standard requirements, which tracks the flow of goods and ensure proper identification

Subsequent stages of the supply chain are certified to the Content Claim Standard requirements.

Did you know?

If you have a large or complicated distribution network, there are different certification options that you may choose to reduce time and costs. See the Content Claim Standard and the Content Claim Standard Implementation Manual for more information

Chain of Custody
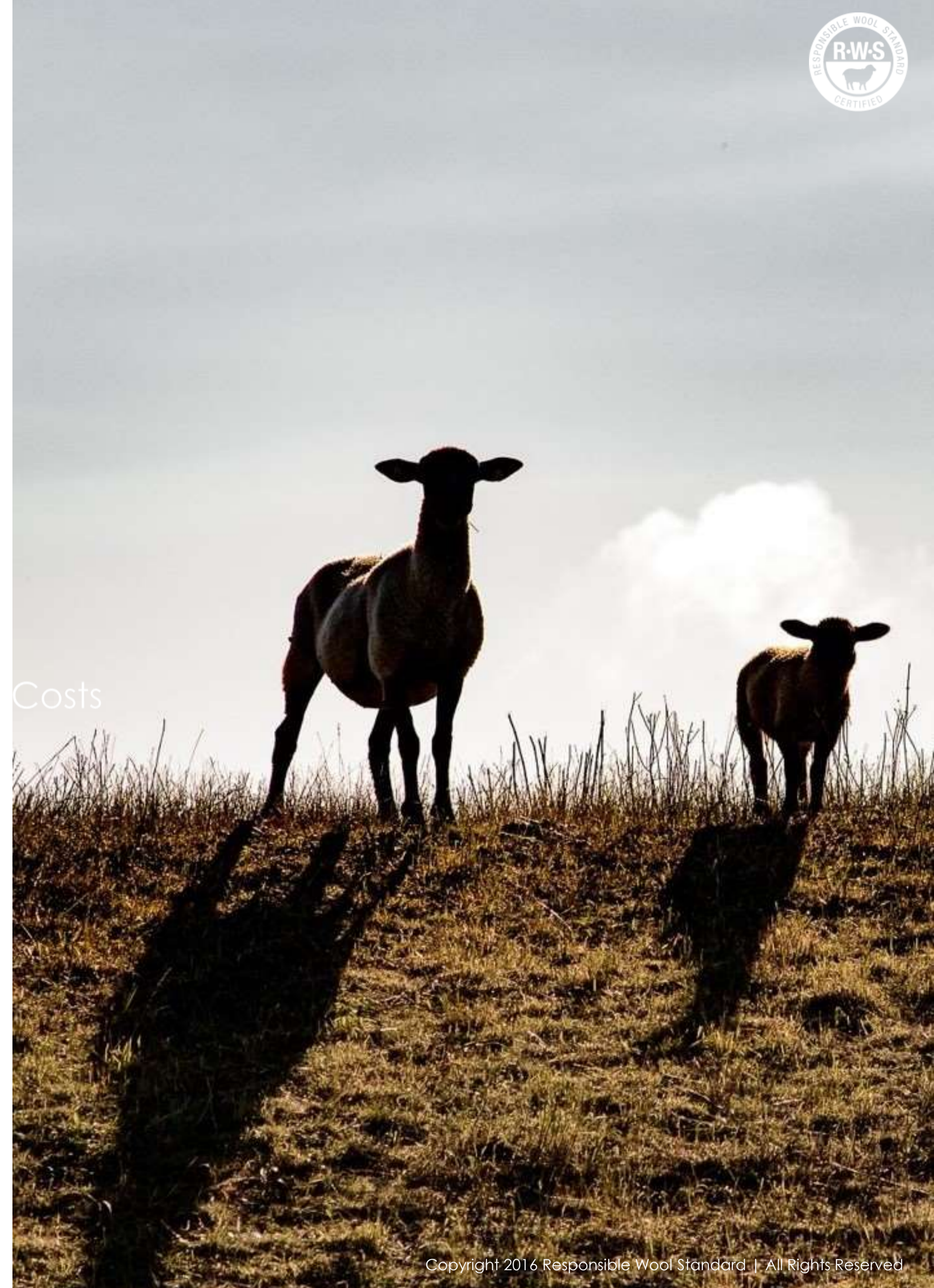
Chain of Custody

Chain of Custody is a system to document and ensure the path taken by a defined entry material through all stages of transfer and production, to the final product. The chain of custody preserves the identity of the raw material through the certification process.
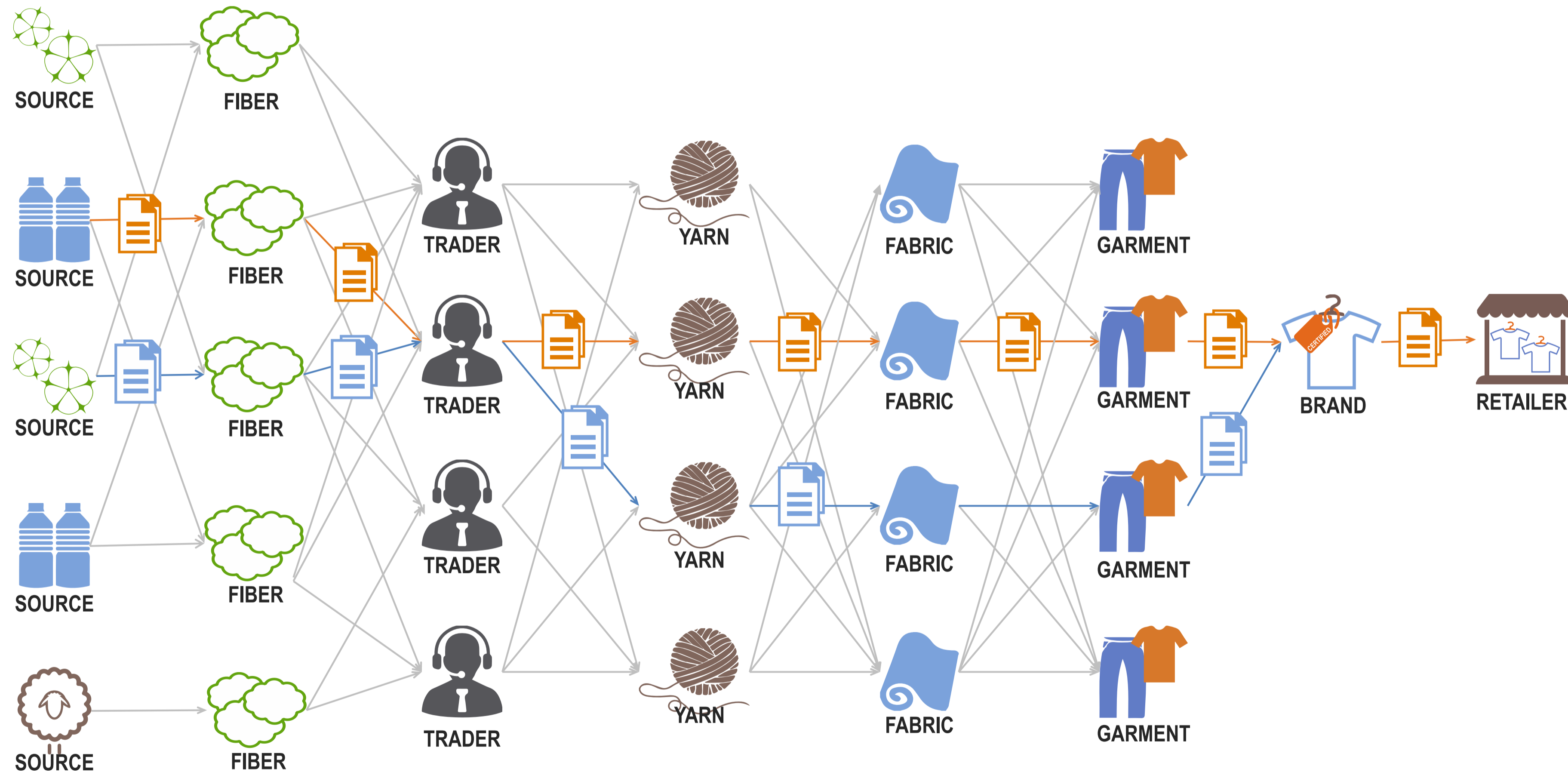
The forward product path is ensured, but suppliers are able to preserve confidentiality if desired.

Principles of Chain of Custody

Identification

- Certified products are accurately identified.
- Content percentages of claimed materials are accurate.

Segregation

- Certified goods are not mixed with non-certified goods.
- Certified goods are stored separately from non-certified goods.

Volume reconciliation

- Certified outgoing products match the incoming certified goods.
- (Input) +/- (production loss) = (output)

Content Claim Standard

A chain of custody standard that verifies the amount of a given raw material in a product. It forms the chain of custody requirements for all TE standards.

- Certification to the CCS verifies the **Chain of Custody principles** are followed in each stage of production.

- Tracks the flow of raw material from source to the final product.

- Addresses product flow, documentation, volume reconciliations, and segregation of materials and products.

- Based on scope and transaction certificates for maximum levels of verification and tracking.

Download the Content Claim Standard here

Textile Exchange
Content Claim Standard 2.0

CONTENTCLAIM STANDARD

TextileExchange
Creating Material Change

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Textile Exchange Suite of Standards

The Content Claim Standard (CCS) forms the foundation of our standards.
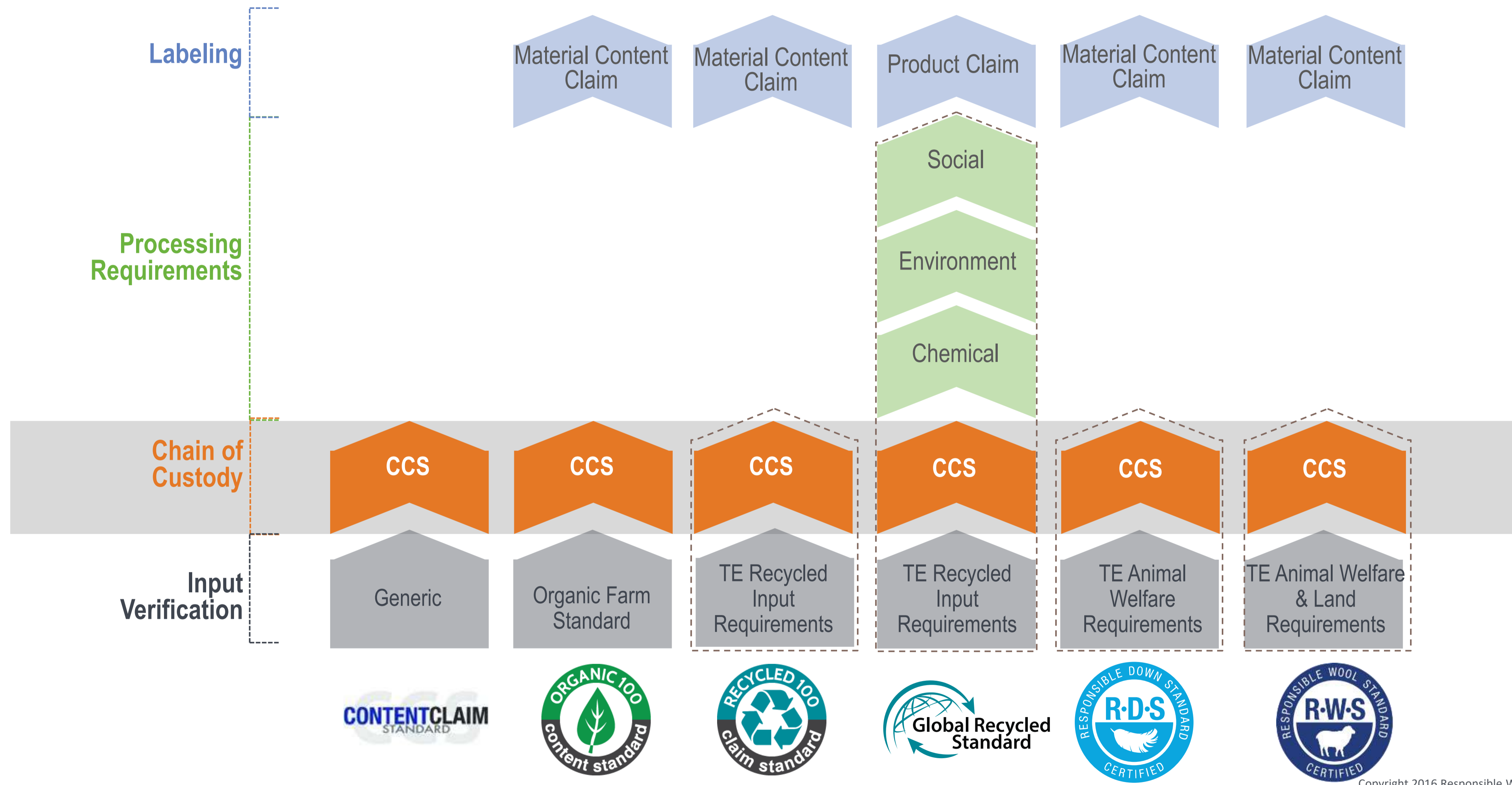
Chain of Custody for CCS

The aim of chain of custody, is to preserve the identity of the claimed material, and to track its movement through the supply chain up to the final product. This is done through Scope Certificates (SC) and Transaction Certificates (TC).

Transaction Certificates (TC)

| Farm | Trader | Sourcing | Yarn | Fabric | Garment | Brand | Retailer | Consumers |

Scope Certificates (SC)
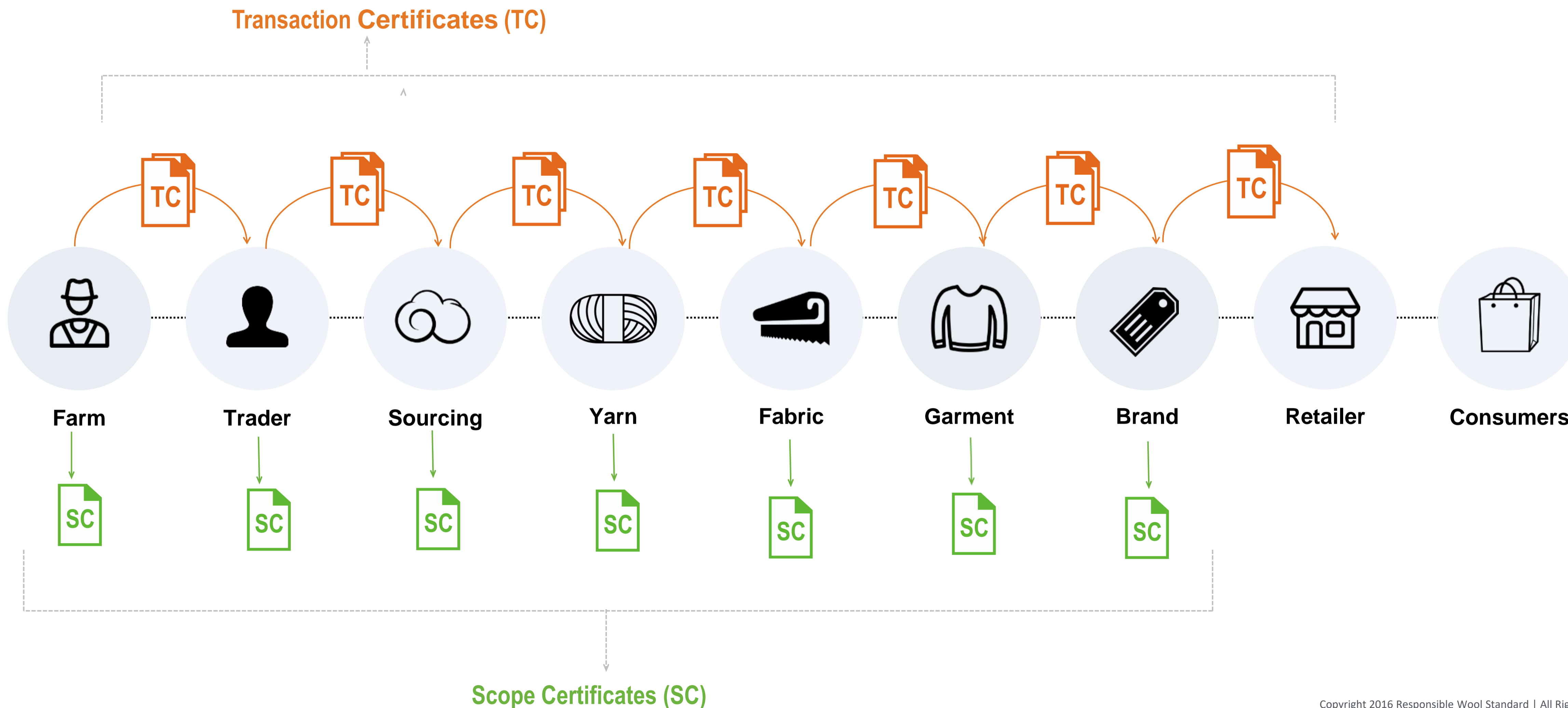
Scope Certificates

Scope Certificate (SC) is a document issued by a certification body, and verifies that a company is qualified to produce goods to a given standard. To qualify the company must be audited by the certification body to the requirements of the standard.

Farm	Trader	Sourcing	Yarn	Fabric	Garment	Brand	Retailer	Consumers
SC	SC	SC	SC	SC	SC	SC		

Scope Certificates (SC)
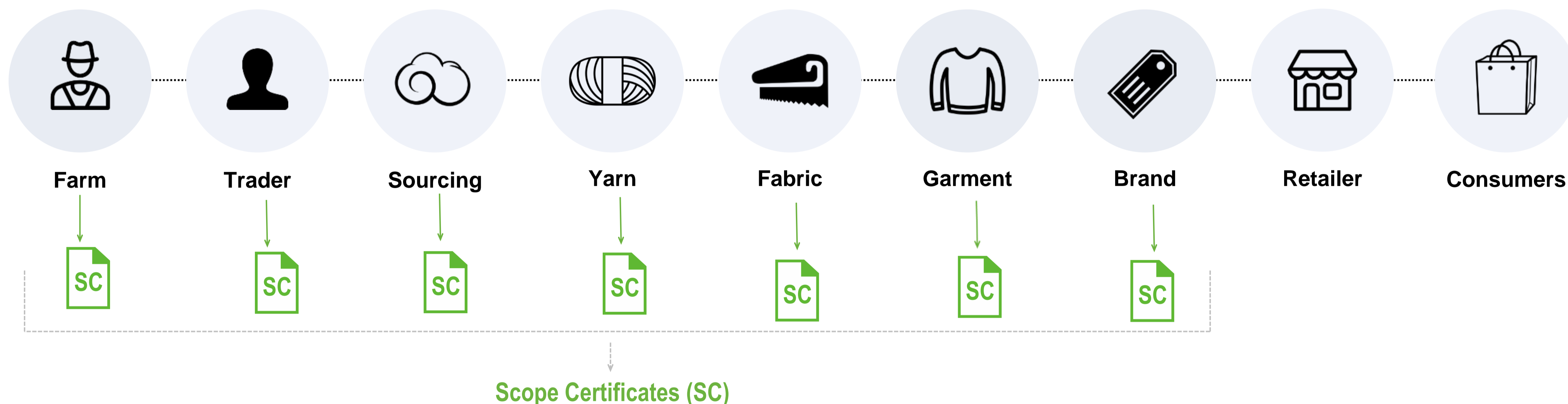
- The SC is applicable for a specific standard.

- The SC is applicable for a specific list of product categories.

- The SC is valid for specific processing steps.

- The RWS Supply Chain Scope SC is valid up to 14 months and audits are conducted annually.

Example

The Spinner cannot sell certified material to the Knitter unless they have used certified inputs.

The Knitter can only buy certified material from a certified Spinner (with a SC).
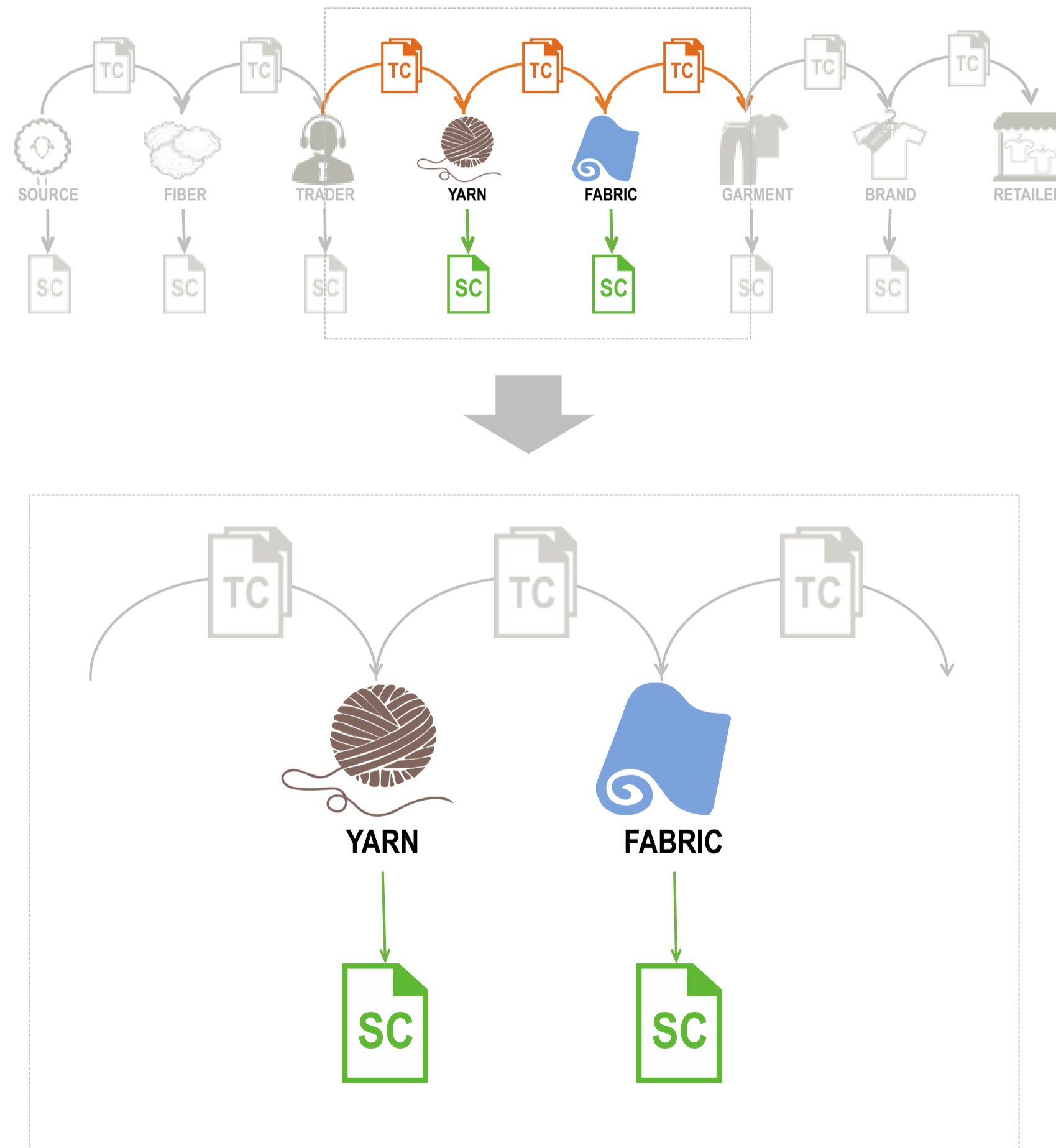
Transaction Certificates

Transaction Certificates (TCs) are issued by a certification body and verify that the wool being shipped from one company to the next conform to the RWS. TCs are issued each time goods change ownership, and details will match invoices and shipping documents.


Farm Trader Sourcing Yarn Fabric Garment Brand Retailer Consumers
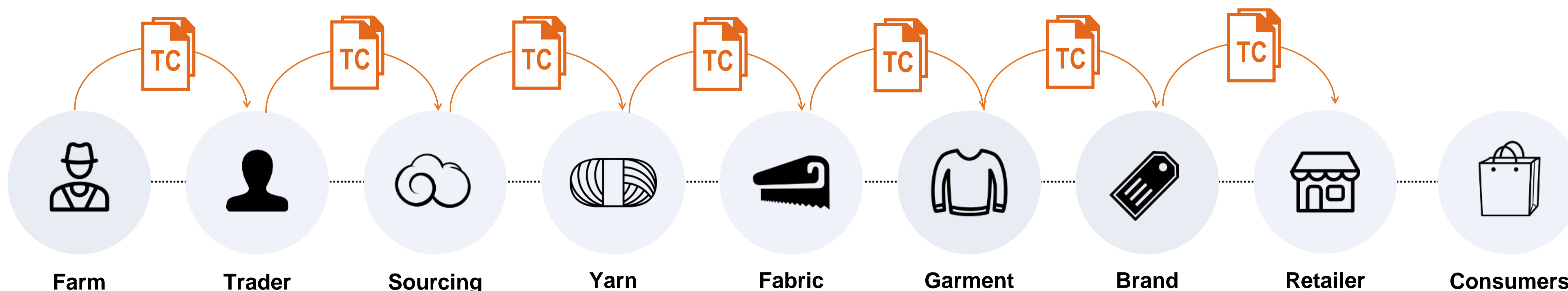
- TCs are requested from the Certification Body by the selling company.

- The TC request will include details of the shipment (i.e. shipping documents, invoices and TCs of certified inputs).

- The Certification Body will ensure that the company has sufficient certified inputs to produce the order on the TC.

Why are TC's Important?

TCs allow Certification Bodies to have accurate, verified records of certified inputs and outputs. This means that a single company within the supply chain can only sell certified goods if they have proof of certified inputs.

A company does not need to know certification details beyond its immediate supplier to be assured that the material purchased is certified.

TC

| Farm | Trader | Sourcing | Yarn | Fabric | Garment | Brand | Retailer | Consumers |
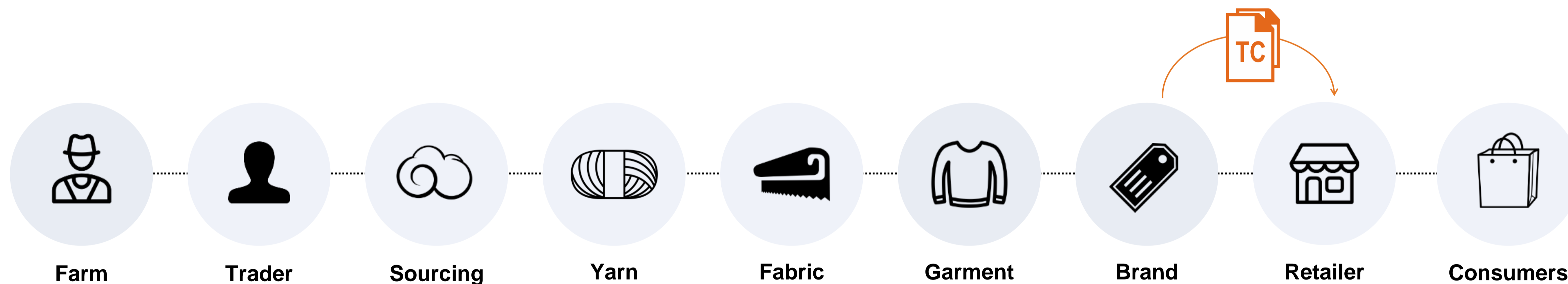
Based on TCs, volume reconciliations are done at each point along the full supply chain.

What is needed for compliance?

What do you need to do to comply?

Transaction Certificates

- Have TCs for all certified inputs and outputs

Keep good records

- Prove that standard requirements are being met

Manage policies, procedures & training

- Requirements are understood and applied.

Control flow of product
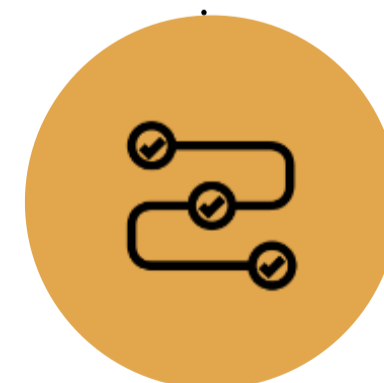
- Demonstrate identification, segregation, storage and volume reconciliation

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Maintain good records

Requirement

Records shall be maintained to enable the Organization and the Certification Body to track the certified products as they move through and between the different processing operations.

To demonstrate compliance:

All records related to the CCS should be:

- ✓ Current
- ✓ Complete
- ✓ Accurate
- ✓ Easily auditable and understood
- ✓ Held for at least five years
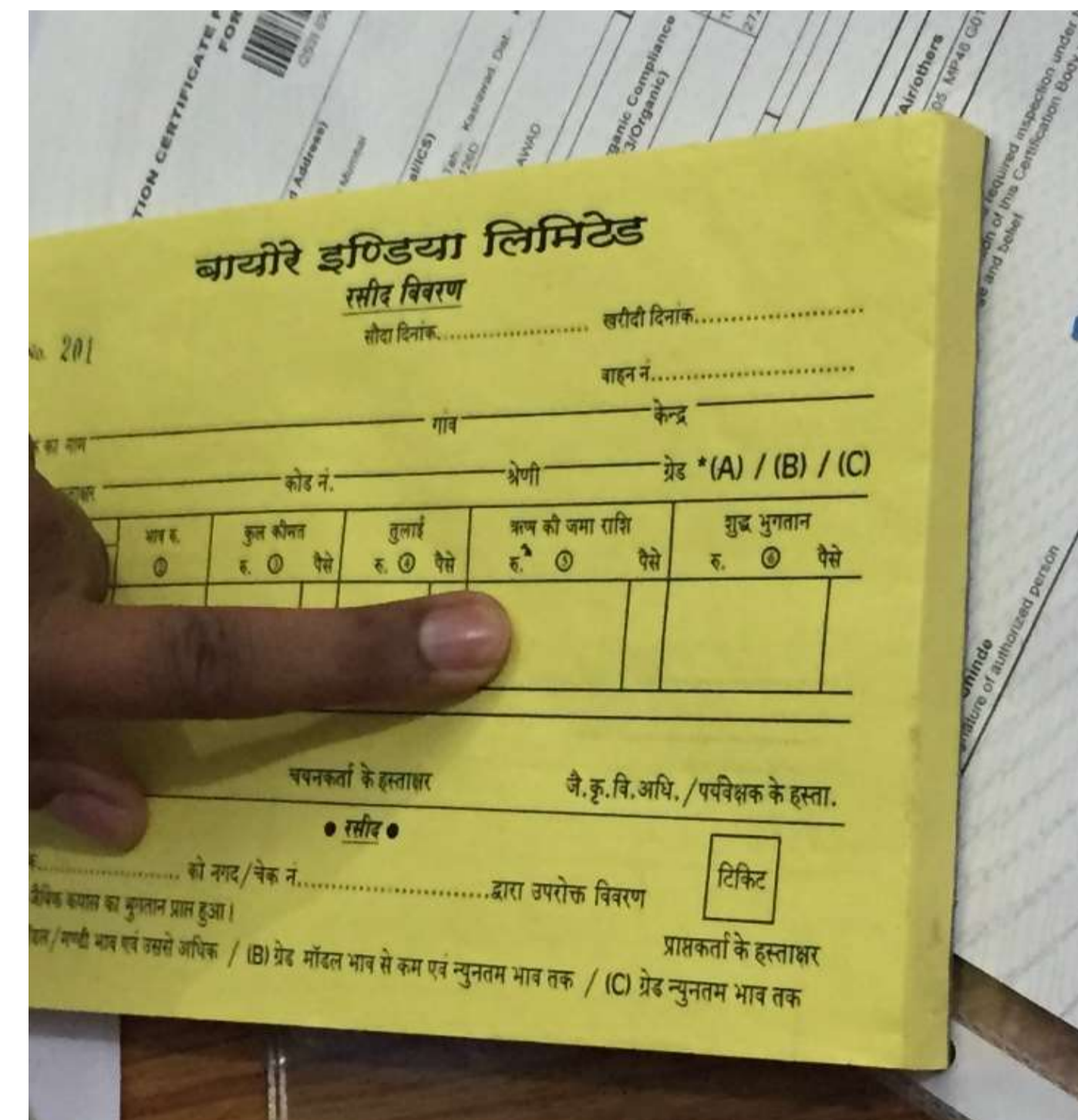
Records to maintain

Management records

- Organizational structure

- Procedures related to CCS Compliance

- Staff training records

- Staff training manuals

Records that capture the flow of goods

Materials

INCOMING GOODS	GOODS IN PRODUCTION	OUTGOING GOODS

Records

INCOMING GOODS	GOODS IN PRODUCTION	OUTGOING GOODS
❑ Details of all inputs ❑ Details of all suppliers' invoices, transport documents ❑ Supplier TC's ❑ Records of inspection of incoming goods	❑ Description of product flow ❑ Volume reconciliation formulas ❑ Documentation of internal flow of goods	❑ Details of all outputs ❑ Records of TCs requested for outputs ❑ Details of all buyers

Document checklist

Management documentation:

- ☑ Organizational structure
- ☑ Staff training manuals
- ☑ Training records
- ☑ Details of the procedures and handling requirements for attaining and maintaining compliance to the Standard
- ☑ Procedures in place to ensure standard compliance
- ☑ A full list of all products being certified to the Standard, including their material compositions

Control flow of goods:

- ☑ <u>Input Management</u>
  - ☑ All relevant documents accompanying incoming goods (TCs, purchase orders, invoices, transport documents)
  - ☑ Any relevant verification documents and/or test results deemed necessary to ensure the identity of the certified material
  - ☑ Results of voluntary inspection and sampling programs
  - ☑ A complete list of suppliers for the certified and non-certified products or input materials
- ☑ <u>Control during processing</u>
  - ☑ Diagram and description of the manufacturing process showing all material and product flows
  - ☑ The volume reconciliation equation they use to calculate content claims for all certified product lines, as well as an example of the equation being applied. Conversion rates whenever a process is being performed that results in a change of amount or volume from inputs to outputs should be included in the equation.
  - ☑ All documents that track the flow of the certified products
- ☑ <u>Output Management</u>
  - ☑ All relevant documents accompanying outgoing goods (records of requested TCs, invoices, transport documents)
  - ☑ A complete list of buyers of certified and non-certified goods

Manage policies, procedures and training

Requirement

The Organization shall have procedures covering all applicable requirements of the CCS.

- ✓ Written policies/procedures that ensure all requirements are met.

- ✓ A management representative.

- ✓ The responsible staff identified and given proper and regular training on CCS implementation.

- ✓ Auditable records are to be kept of staff training related to the CCS.

Manage inputs

Requirement

Check all incoming goods to make sure they match the corresponding verification of certification. Production should not begin until inputs are verified.

To demonstrate compliance:

✓ Required information available for all incoming products containing Claimed Material, including corresponding Transaction Certificates.

✓ Procedure and records for inspection of incoming products containing Claimed Material.
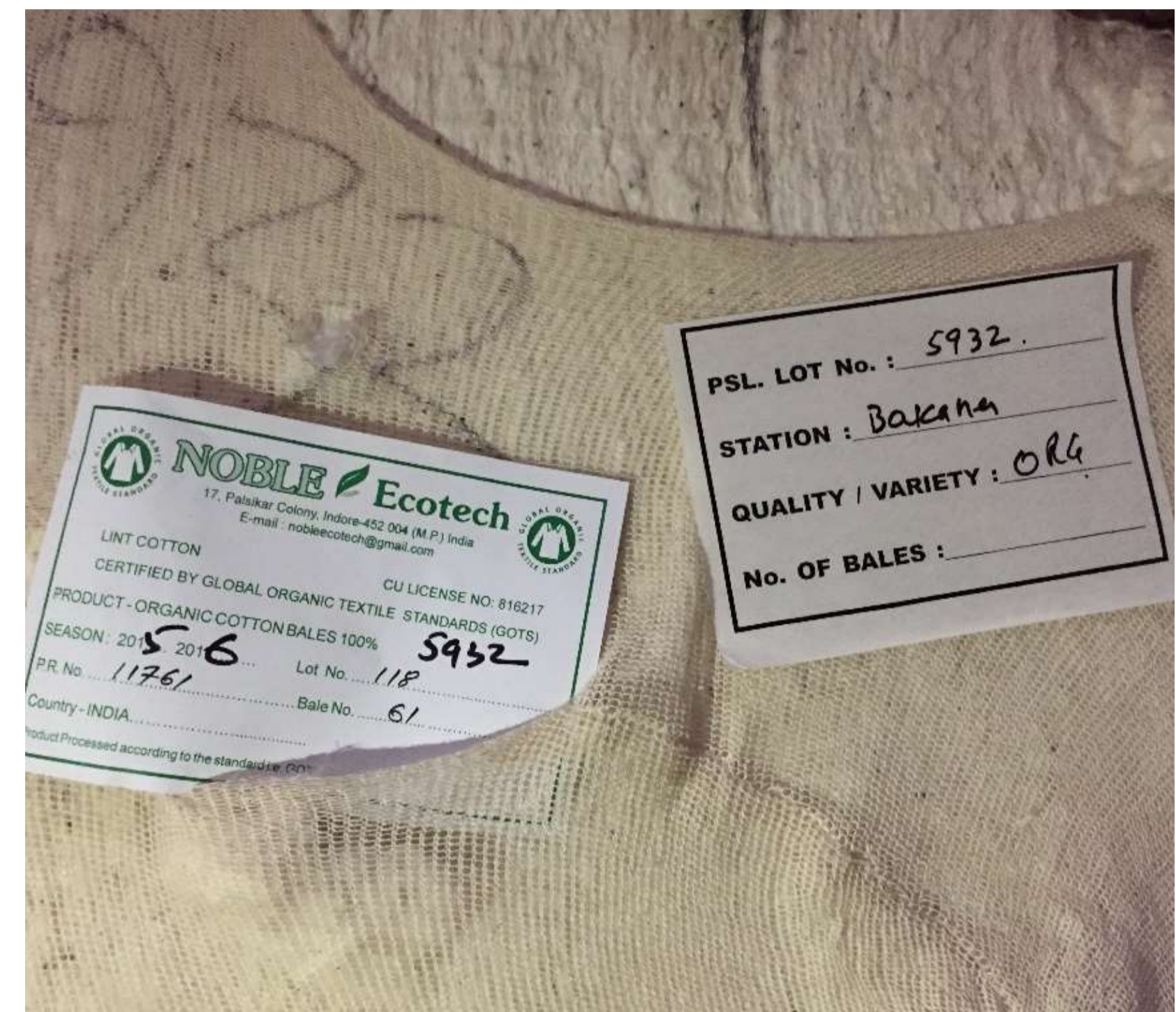
Input inspection

Procedures and records for inspecting incoming products that contain Claimed Material

✓ Product received matches all corresponding certification documents.

✓ No production until conformance is proven.

✓ Record outcomes of inspection of incoming goods.

Goods Received   **Corresponding TCs**

Transaction Certificate checklist

TEMPLATE TRANSACTION CERTIFICATE (TC) FOR TEXTILES PROCESSED ACCORDING TO THE [STANDARD]

☑ Correct standard is listed.

☑ The certification body is accredited to the standard.

☑ Supplier information is listed.

☑ Company receiving the goods is listed as consignee.

☑ Your company information is listed.

☑ Correct shipment details.

☑ Make sure the input material certification is correct.

☑ Check for a second page: this is where annexes are listed if there is insufficient space on the first page.

☑ The certificate is signed, stamped and dated by the certification body.

☑ The correct logo of the standard appears in color.

What if TC's are delayed?

- There is a maximum window of 1 month for TCs to be issued.

- TCs may not be available immediately if supplier is batching them in multiple shipments (maximum 100 shipments in 3 months).

- At time of receipt, TCs must be checked against all relevant documents.

- Companies should work with CBs to determine best way to address delay in receipt of TCs from suppliers of certified goods.

One TC

Multiple Shipments
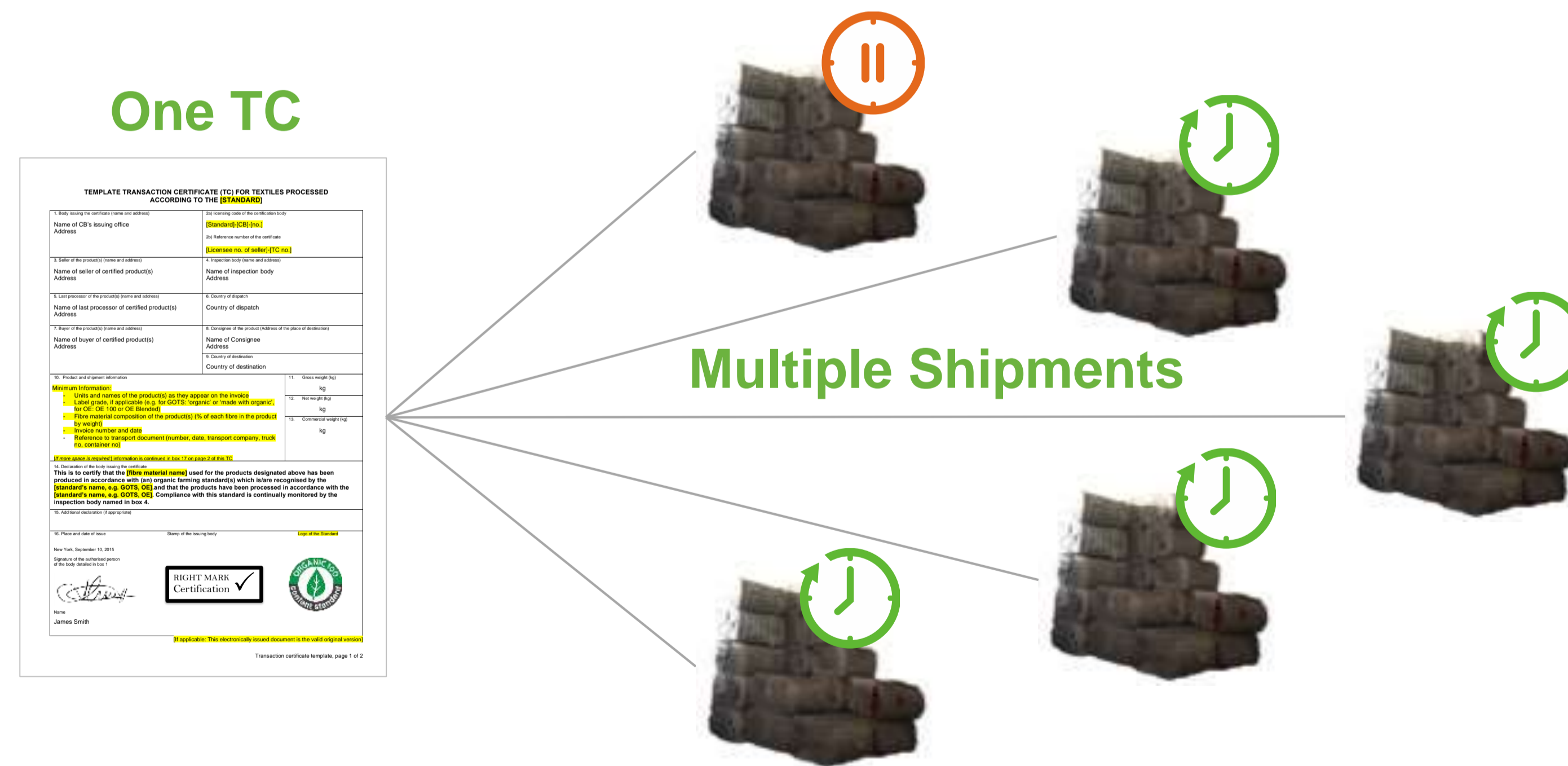
Companies with multiple units

- No TCs are required between units of the same organization.

- Require corresponding documentation that references the initial CCS product, the quantity, blend percentage, and description of the CCS products being received.

Different units, same organization

Internal documentation needed but TCs not required
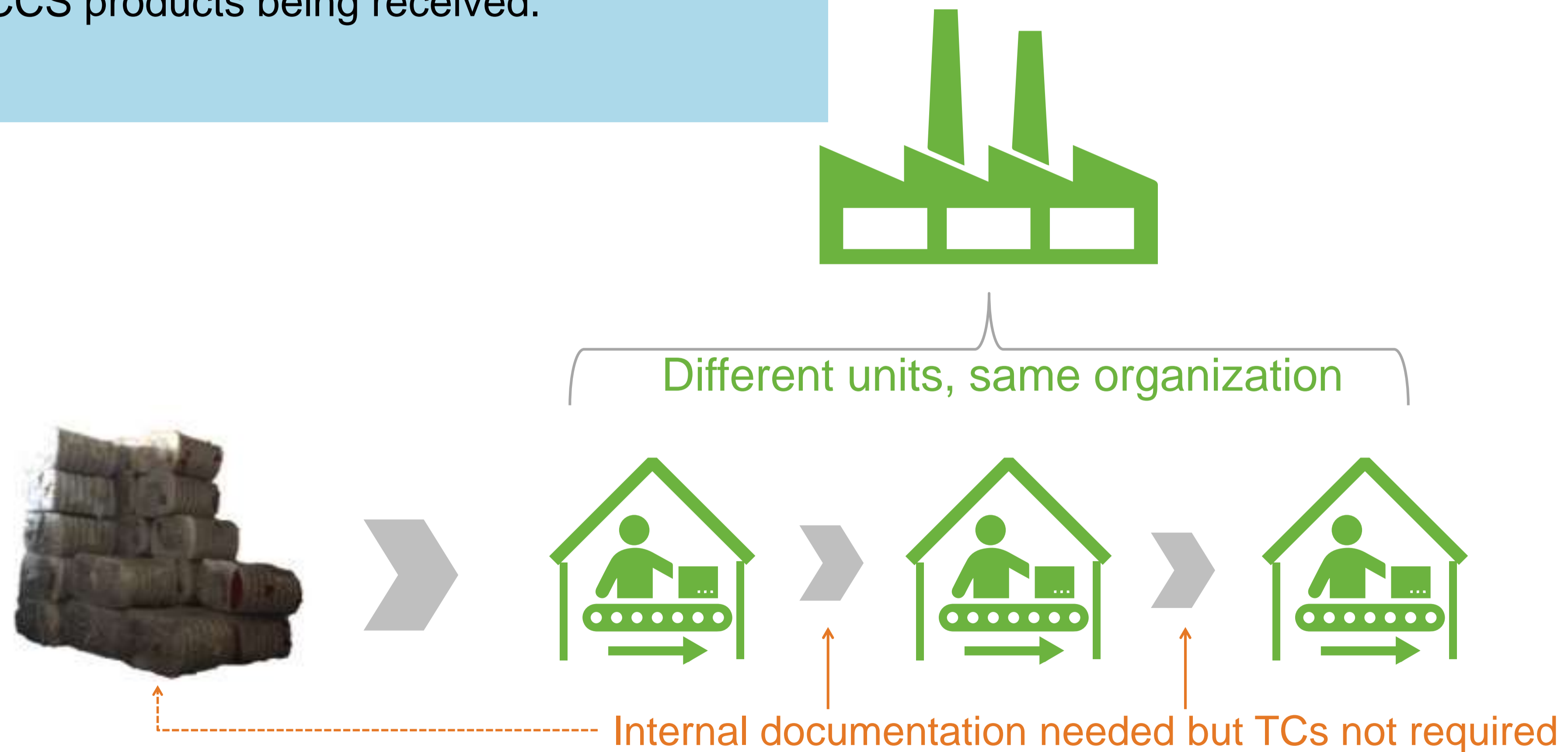
Manage certified goods during production

Requirement

Demonstrate control over the flow of Products within the unit (e.g. processing/manufacturing steps performed), recipes used, composition, and stock quantities.

To demonstrate compliance:

Auditor shall observe:

✓ **Identification** of Certified Goods.

✓ **Segregation** of Certified Goods from non-certified goods during production

✓ **Proper storage** of Certified Goods.

Storing Certified Goods

Identification

Claimed Materials and/or Certified Products shall be identified at all times.

Segregation

Certified Production shall be kept separate from non-Certified Production (by either space or time).

Storage

Certified Products shall be stored to prevent commingling and contamination.

Manage outputs

① Transaction Certificate Issuance

- Request TCs from CB for all Certified Products
- Submit information about the shipment

② Volume Reconciliation

- Calculate for each outgoing shipment
- Calculate by CB during annual audit

③ Storage and Shipping

- Identification of Claimed Material and/or Certified Products
- Containers shall prevent commingling and substitution

Transaction Certificates

Transaction Certificates (TCs) are issued by a Certification Body to verify a product as Certified. The **seller** will request a TC from the Certification Body after the shipment has been sent. Shipping documents, invoices, and TCs for input purchases must be provided. The Certification Body performs a volume reconciliation and sends the TC to the seller.

Provide supporting documents & request TC

Certification Body

TC may also be sent directly from CB to Buyer

Verify inputs & outputs & issue TC

Send TC

Ship certified product

Seller

Buyer
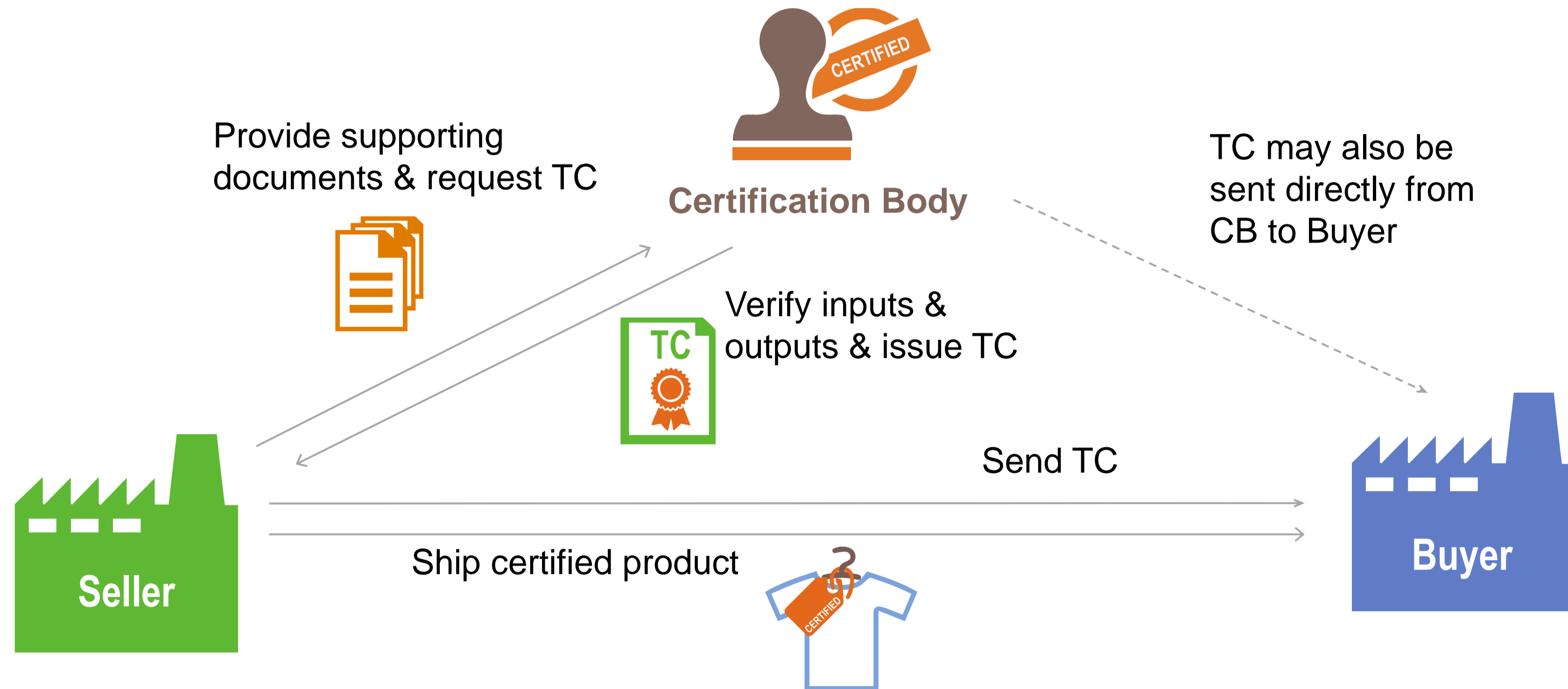
Volume reconciliation

The volume reconciliation determines if enough inputs were available to produce the outputs – taking into account loss during production. This shall be done **on an annual basis** and for **each batch of outgoing certified goods.**
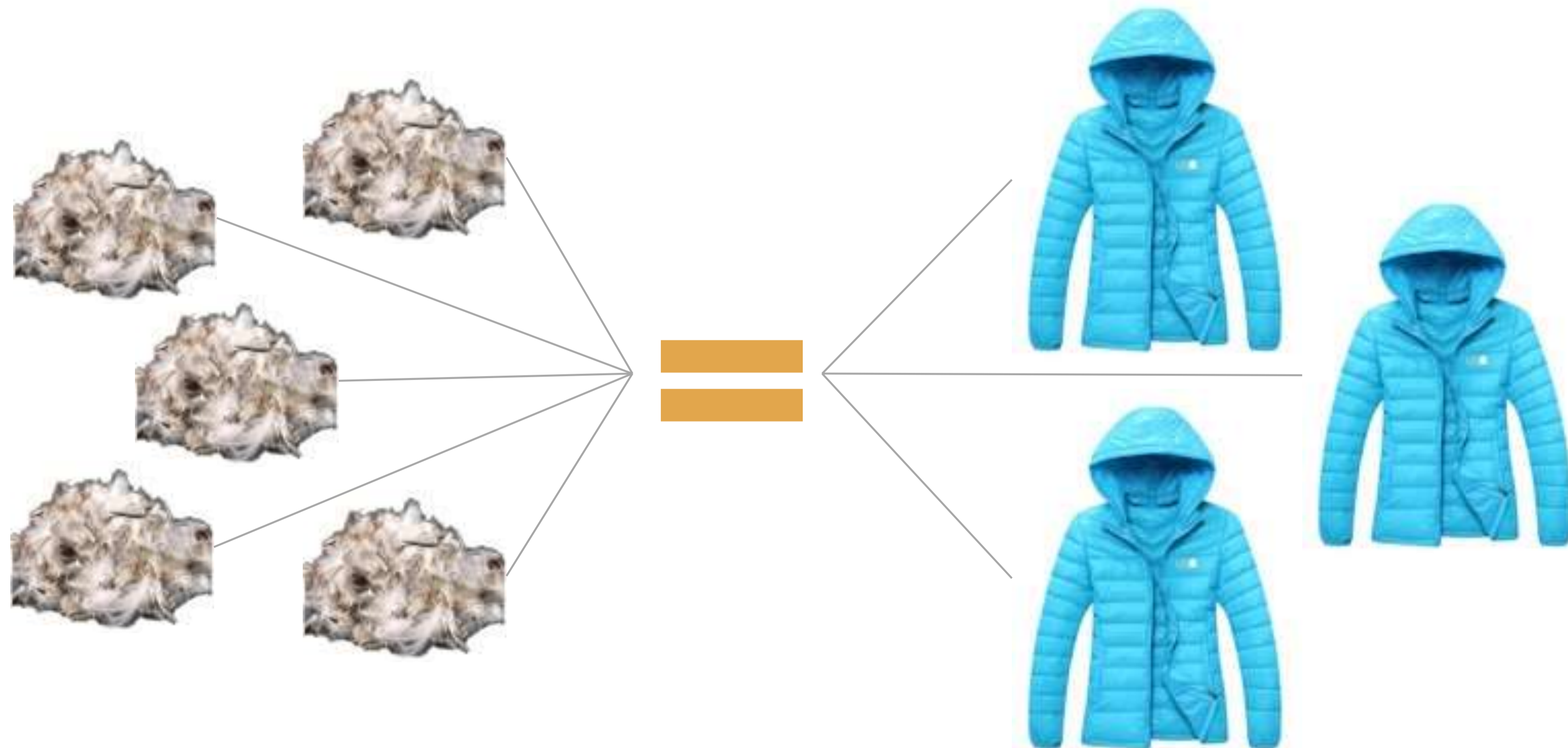
Certification Process

Read and **Understand** the RWS and the CCS

The first step in the process is to read the RWS and the Content Claim Standard and be sure that it meets your needs.

You can **download** the standard at:
ResponsibleWool.org/certification/

If you have any questions, contact:
ResponsibleWool@TextileExchange.org

To further understand the way that Textile Exchange standards work, you can also download the Certification Toolkit at:
TextileExchange.org/integrity/ (scroll to the bottom of the page)

Choose a Certification Body

Certification to the RWS is carried out by independent Certification Bodies. Certification Bodies can be licensed for the Farm and/or the Processing Scope of the RWS.

If you wish to become certified to the RWS, you can contact one of the Certification Bodies listed on http://responsiblewool.org/certification/ or contact responsiblewool@textileexchange.org

Currently approved to certify against the Supply Chain Scope of the RWS are:
Control Union
Scope: Farm Scope, Processing Scope
Contact person: Gyorgyi Acs gacs@controlunion.com

NSF
Scope: Farm Scope, Processing Scope
Contact person: Philip Alexandrin Alexandrin@nsf.org

These Certification Bodies have begun the process of being licensed by Textile Exchange to certify to the given scopes of the RWS: LETIS, SCS Australia, ICEA, Asurequal, LSQA
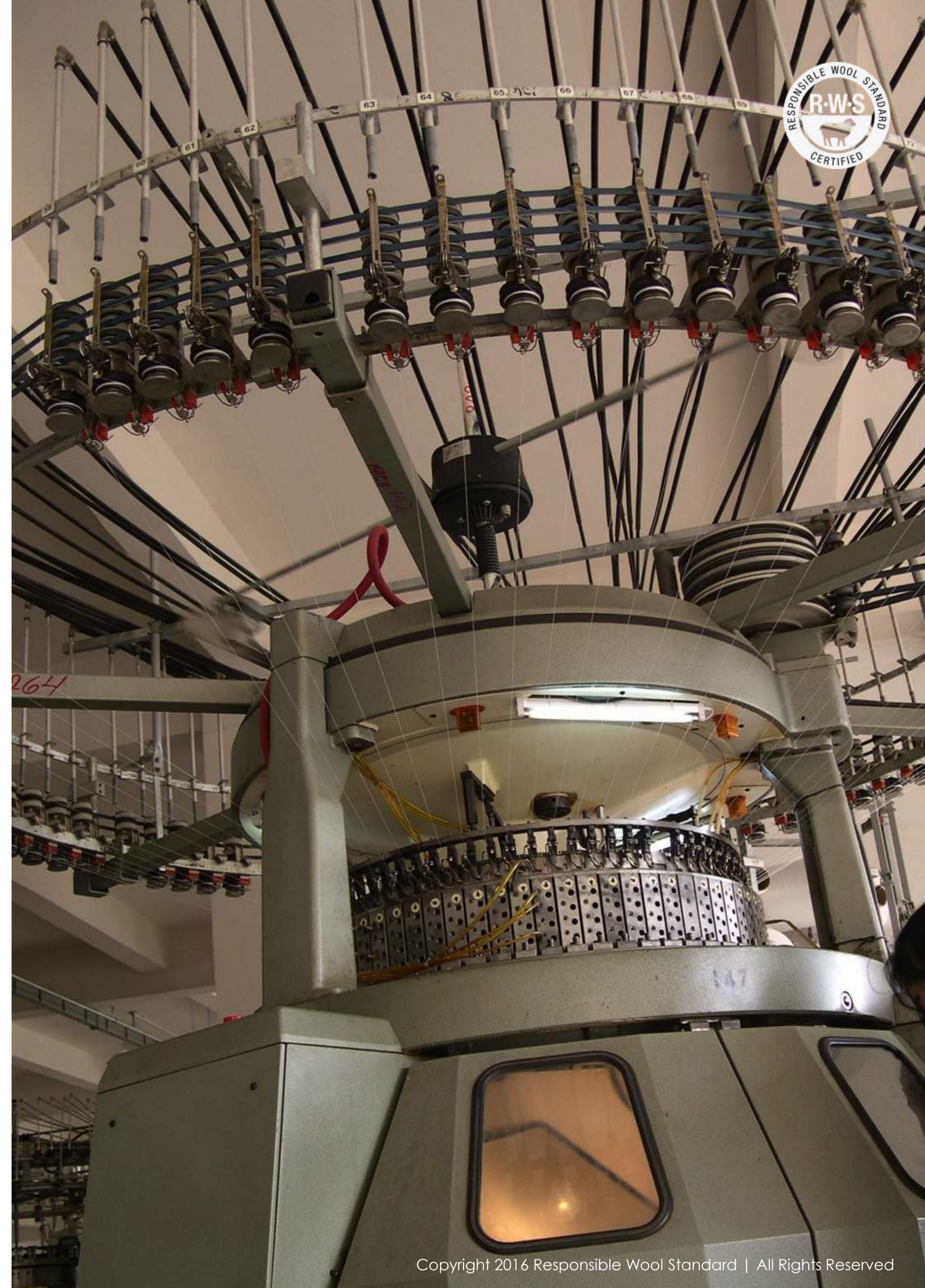
Certification Process

Before a certification body will start the certification process, the client (e.g. wool supplier) will have to submit an application, an offer will be made by the certifying body, and a contract will be signed by the client.

For first audits done in the supply chain, the certification body will usually only be able to verify that the site has the understanding and systems in place to comply with the standard, since certified product may not yet be present. Once the site starts working with certified product, the certification body may choose to do a random audit to confirm that they are meeting all of the requirements.

Did you know?

The Certification Toolkit contains useful information on how the certification process works. You can access a copy by contacting integrity@textileexchange.org

Certification Process

1 **Application Submission**

The site will fill in an application form provided by the CB, giving details about the operation.

2 **Quotation offer & contract**

The CB will evaluate the details of the site and put together an offer, that will include the expected costs. If the offer is accepted, a contract will be signed, and the process can begin.

3 **Document Preparation – system plan**

In advance of the inspection audit, the site will send the CB the requested documents for evaluation.

4 **Inspection/Audit**

The auditor will physically visit the site (remote audits are also possible in some cases) to ensure that the standard is being met. The audit will include visual inspection, document reviews and interviews.

5 **Report**

The results of the audit will then be sent to the Certifier, who will do a final evaluation to confirm if the standard is met, or if there are non-conformities that must be corrected.

6 **Corrective Actions**

If there were any areas of the standard that were not met, the site will have a limited amount of time to make corrective actions. Once these are all done, the CB will review and make the certification decision.

7 **Scope Certificate issued**

When certification is granted, the site will be issued a Scope Certificate to show that is is now able to sell certified goods.

Cost

Cost of certification

The cost of certification apply to annual inspections, re-inspections for failed audits, issuing of both Scope and Transaction Certificates, and the Textile Exchange annual fee.

Costs will vary depending on:

- Location of the site

- Complexity of operations

- Level of preparedness

- Initial compliance

- Number of transaction certificates

Factors Affecting Costs: Brokers

Costs
- Certification: audit fees, TE fees, compliance costs
  - Costs to set up ICS and do internal audits

Opportunities
- Can establish long term stable relationships with brand and/or supply chain customers
- Same advantages as farmers
- Added value to provide to growers

Actions
Get examples or quotes from CBs on actual certification costs, so that these can be factored in accurately

Factors Affecting Costs: Suppliers

Costs
- Certification: audit fees, TE fees, compliance
- Costs of transaction certificates
- Lost ability to price average over time (initially)
- Lost ability to blend for quality and cost (initially)
- Smaller volumes: increased processing costs (initially)

Comments
Top-makers will buy and inventory wool fiber continually over the year, allowing them to cost-average and manage quality mixing of their inputs to meet the specifications of the yarn spinners

Opportunities
- Leverage CCS certification for other standards (RDS, RCS, OCS etc.)
- Enhance relationships up and down the supply chain
- Can establish long term stable relationships with brand and/or supply chain customers

Actions
- Get examples or quotes from CBs on actual certification costs, so that these can be factored in accurately
- Get copy of the Certification Toolkit – Supplier's Package

Textile Exchange Resources

Textile Exchange offers the following:

Copies of the RWS and accompanying documents
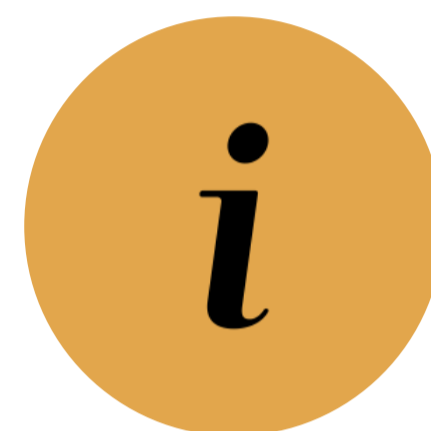
Background information on the RWS development process

A place to submit your input for future versions of the standard

TE Certification Toolkit that explain the certification process in detail

Supplier Toolkits

Customized training and tool development

General support on questions about the RWS and its implementation

END