



Agreement between ICS (Initiative for Compliance and Sustainability) and [Audit body]

ICS (Initiative for Compliance and Sustainability) and **[Audit body]** hereinafter referred to as “the Parties”.

[Audit body] hereinafter referred to as “the Audit body” consists of the Audit body and all the Audit body’s employees (including auditors, reviewers, sales and back-office teams) and all its subcontracting parties involved in the ICS audit process.

ICS hereinafter referred to as “ICS” consists of the ICS team working with its members to improve working conditions in their production plants by rolling out a shared audit framework and by exchanging information on their joint factories. The ICS groups major European retailers active in the textile, food, furniture, bazar and electronics global supply chains.

By signing the present agreement, the Parties agree to comply with it. The Initial term shall be one year from _____ to _____. At the end of the Initial Term, this Agreement shall automatically renew for one (1) additional year periods (each, a "Renewal Period") unless written notice of non-renewal is provided by one party at least ninety (90) days prior to the expiration of the then-current Initial Term or Renewal Period.

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A. Professional integrity and impartiality

The Audit body shall:

- Adhere to good governance, be honest and trustworthy and have measures in place to ensure that its employees uphold these principles, and
- Be impartial in its policy making and operations providing objective evidence to base its findings and decisions, and
- Avoid conflicts of interest with any related entity in which it has a financial or commercial interest and to which it is required to provide services, and
- Not communicate the name of the auditor to the factory, supplier or any party before the audit, and
- Avoid that the factory representatives have the direct contact details (email, telephone) of the auditor before, during and after the audit,
- Prohibit an auditor to audit the same factory (for ICS or any other audit standard) more than 3 times in a period of two rolling years, and
- Prohibit the offer or acceptance of a bribe in any form, including kickbacks on any portion of a contract payment, and
- Ensure that auditors arrange their own meals and do not accept any meal arrangement unless alternative meal is not readily available. In such case, upon the auditors' request, the factory may arrange meal for the auditors, but auditors should pay back all meal expenses at or before the closing meeting, and
- Ensure that auditors do not accept rides by any factory's representative to/from the factory location or any other location. Auditors may only accept rides under unique circumstances where alternative transportation is not available and with the approval of their supervisor, and
- Inform the auditor on the exact factory's name and location less than 2 days before the audit takes place, and
- Conduct marketing and presentations, including any comparisons with or references to competitors or their services, if any, in a manner that is truthful and not deceptive or misleading or likely to mislead.

B. Audit management, monitoring and sub-contracting

B.1. Audit management and monitoring

The Audit body shall:

- Provide, upon request, clear and unambiguous information about its governance structure and its operation, and
- Provide ICS with the name and contact details of the ICS programme manager as being the first contact point, and
- Immediately notify the ICS of any significant change within its organizational structure (e.g. change of ownership, relevant staff turnover), and



- Implement an internal audit monitoring process for the performance of the audit team and administrative team, and
- Accept to initiate an integrity audit to be conducted by an integrity team (separated from the operational teams) using the ICS audit tools upon the request of any ICS member or the ICS team, and
- Agree, in accordance with its confidentiality policy, to the shadow and witness auditing of its audit teams and the review of audit work documentation at the justifiable request of ICS or any ICS member, and
- Offer free of any charge every year the equivalent of 2% of the audit company's ICS audits volume within the limit of minimum 4 and maximum 10 man/days to the ICS monitoring system to perform a cross-check audit in a factory within one month, and
- Share upon demand non-confidential performance indicators on its activity with ICS members and statistics for the last two years.

B.2. Sub-contracting

The Audit body is authorized to sub-contract tasks linked to ICS audits including the audit completion and translation under the following conditions:

- To having declared the sub-contracting to the ICS member requesting the audit, and
- To having received a formal agreement on the sub-contracting from the ICS member requesting the audit, which agreement shall not be unreasonably withheld, and
- To enter into a legally enforceable agreement with the sub-contracting party that shall fully cover the clauses in the present agreement, and
- To implement documented procedures for the qualification and monitoring of the sub-contracting party, and
- To ensure that audits conducted by a sub-contracting party are reviewed by a lead reviewer.

In the case of a party to whom the Audit body frequently sub-contracts ICS-related audits and tasks, it is acceptable to only declare the sub-contracting once by year to each ICS member requesting the audits.

Any delegation by the Audit body to a subcontractor shall not relieve the Audit body of its obligations under this Agreement.

C. ICS Audit Process

- The Audit body shall only use the current version of all ICS tools communicated by ICS as available in the ICS database. The lead-time for the Audit body to use the new version of the tools shall not exceed 1 month from the date at which the new versions have been available on the database.
- The Audit body shall observe and apply all ICS tools and follow all processes and rules as defined in the ICS Auditor Guideline.
- The Audit body shall ensure that the ICS tools including the ICS Auditor Guideline are well known and understood by its teams of auditors and by all employees involved in the audit process.
- All audits performed in 1 man/day must be done by a lead auditor.



D. Appeals, complaints and external challenges

D.1. Appeals

An appeal refers to a situation where an auditee disagrees with the way the audit has been led and/or with some findings of the audit and communicates its points of disagreement and divergence to the Audit body and if applicable, to the audit requestor.

- The Audit body shall recommend that the auditee reports the appeal to the ICS member requesting the audit.
- The Audit body shall have a documented procedure to receive, evaluate and make decisions on appeals by auditees. Any non-confidential portion of this documented procedure shall be provided upon request to the ICS team and ICS members.
- The Audit body shall ensure that the submission, investigation of and decision on appeals do not result in any discriminatory actions against the auditee or any other party.
- The staff handling the appeal shall be different from the staff who conducted the audit and the audit review.
- If the appeal case is not resolved, the Audit body shall refer to an independent third party as the last resort.

D.2. Complaints

A complaint refers to a situation where any party, including the ICS team, ICS members, employees, trade unions or other stakeholders express a grievance or dissatisfaction with events or behavior during the audit process. This can relate to a specific action or service of the Audit body, violations of laws and/or administrative rules.

- The Audit body shall have a documented procedure to manage, resolve and record all complaints. Any non-confidential portion of this documented procedure shall be provided upon request to the ICS team and ICS members.
- Every complaint requires an investigation and, if confirmed as true, appropriate follow-up action.
- The staff handling the complaint shall be different from the staff who conducted the audit and the audit review.
- If the complaint case is not resolved, the Audit body shall refer to an independent third party as the last resort.
- In the case of a complaint submitted by an ICS member or the ICS team, the Audit body shall respond to the ICS member and/or ICS team within 15 working days providing a detailed process of the actions and steps to be implemented and within 2 months providing a comprehensive and detailed answer and investigation results.

D.3. External challenges

The Audit body undertakes to provide any necessary information and support that may be required by the ICS member or the ICS team in the event of any claim, action, demand or proceedings involving any employment site that it may have audited, in accordance with its confidentiality policy and relevant legal obligations, and to the extent it does not conflict with its obligations to a member.



E. Fraud prevention

E.1. Separation of activities

- The teams of auditors shall be clearly separate from the teams of trainers and consultants within the Audit body structure to avoid conflicts of interest. If for some reasons this requirement is not relevant (size of the team in countries with small activity or depending on the topic), the Audit body commits to previously declare its organization to ICS in order to request for approval.
- The Audit body shall guarantee that its information system clearly separates data between the auditing entity and other entities (e.g. consulting, training) either through different data management and storage systems or through data folders' separation and protection.

E.2. Policy

- The Audit body commits to implement policies setting out the behavior required from all staff involved in performing audits, reviewing audits and audit administration. These policies shall prohibit the acceptance of payments, samples, gifts or any other benefits.
- All the Audit body's staff shall be trained on these policies and sign an agreement on an annual basis certifying that they understand and abide by the policies.
- The Audit body commits to take appropriate action and carry out a full investigation in the event of any allegations of fraud or attempted fraud involving an auditor or contracted staff involved with audit completion, review or administration.

F. Confidentiality

The Audit body shall:

- Implement internal confidentiality policies regarding companies and sites, and
- Ensure security measures to protect confidential data, and
- Retain or deposit for safeguarding with a reliable institution full records and documents of all audits for a minimum duration of 2 years (as hard or digital copies). These records include the report, the auditing tools, auditor field notes and all information relating to non-compliances and supporting evidence found on the day of the audit and on any follow-up actions.

The Audit body shall not share, communicate or sell any ICS tool or document blank or filled in, under any version (current or previous) to any party unless officially authorized to do so by ICS. The Audit body shall refer to the ICS Auditor Guideline for the specific documents that can be shared in the context of the audit.

ICS members and ICS team commit to respect confidentiality clauses and implement data security measures.

G. Competence of personnel

All employees of the Audit body involved in the audit process including auditors, all subcontracting parties and back-office shall have a relevant level of experience and knowledge in their field of



activity namely on local laws, international standards and regulations, human resource management, labour relations practices, collective agreements and social dialogue.

The Audit body commits to ensure that all its auditors and reviewers who perform or review ICS audits meet the ICS qualification requirements defined in Annex 1.

H. Sanctions

ICS reserves the right to initiate a procedure of termination of the Audit body's accreditation if the Audit body fails to cure any default under this agreement within 30 days' written notice.

In witness whereof, the Parties have caused this agreement to be executed in two copies in.....on....., each by its duly authorized representative.

For the Audit body :

For FCD (Fédération du Commerce et de la Distribution) : Mr. Jacques CREYSSEL

For ICS (Initiative for Compliance and Sustainability): Mrs. Carole HOMMEY



Annex 1: Social auditors' qualification requirements

A. Experience

ICS recommends a bachelor level for auditors.

To perform ICS social audits as an auditor, the latter shall have conducted a minimum of 25 social audits, including 5 social audits as an observer, 3 social audits as team member under supervision and 3 audits as team member under evaluation. These audits shall have preferably been conducted in factories of different sizes and sectors.

To perform ICS audits as a lead auditor, the latter shall have conducted a minimum of 50 social audits, including 10 social audits as lead auditor of an audit team under supervision.

In countries where social audits activity is low and where these requirements may be not met, the Audit body must previously identify those countries and declare the list to ICS in order to obtain ICS approval for the accreditation of the Audit body in such countries taking into account the management system defined by the Audit body to ensure auditors' experience.

B. Training

The Audit body shall train all its auditors, reviewers and relevant teams to the ICS process and tools and ensure that all teams are up-to-date on relevant local and international laws and regulations. Trainings and exams shall be organized internally by the Audit body each time it is necessary.

C. Performance monitoring system

The Audit body shall annually communicate to ICS its internal competences and performance monitoring process for auditors and audit-related teams.

D. Language requirements

Auditors and reviewers shall meet below levels' descriptions. If an auditor does not meet the audit's local language requirements, the audit body can send a translator with the auditor. The translator is under the responsibility of the audit body and shall therefore meet below language requirements (be a proficiency user in the audit's local language and be an upper intermediate English user).

All auditors shall be proficiency users of the audit's local language (official language in the audited region or country). Auditors shall:

- Understand with ease virtually everything heard or read.
- Summarize information from different spoken and written sources, reconstructing arguments and accounts in a coherent presentation.
- Express themselves spontaneously, very fluently and precisely, differentiating finer shades of meaning even in the most complex situations.



All auditors shall be upper intermediate English users. Auditors shall:

- Understand the main ideas of complex text on both concrete and abstract topics, including technical discussions in their field of specialization.
- Interact with a degree of fluency and spontaneity that makes regular interaction with native speakers quite possible without strain for either party.
- Produce clear, detailed text on a wide range of subjects and explain a viewpoint on a topical issue giving the advantages and disadvantages of various options.

All audit report reviewers shall be advanced English users. All reviewers shall:

- Understand a wide range of demanding, longer clauses, and recognize implicit meaning.
- Express ideas fluently and spontaneously without much obvious searching for expressions.
- Use language flexibly and effectively for social, academic and professional purposes.
- Produce clear, well-structured, detailed text on complex subjects, showing controlled use of organizational patterns, connectors and cohesive devices.

Annex 2: Environmental auditors' qualification requirements

A. Experience

ICS recommends a bachelor level for auditors.

To perform ICS environmental audits as an auditor, the latter shall have conducted a minimum of 15 environmental audits, including 5 environmental audits as an observer, 3 environmental audits as team member under supervision and 3 environmental audits as team member under evaluation. These audits shall have preferably been conducted in factories of different sizes and sectors. To be taken into account, these environmental audits must cover all the topics and chapters included in the ICS environmental audit.

To perform ICS environmental audits as a lead auditor, the latter shall have conducted a minimum of 30 environmental audits, including 10 environmental audits as lead auditor of an audit team under supervision. To be taken into account, these environmental audits must cover all the topics and chapters included in the ICS environmental audit.

In countries where environmental audits activity is low and where these requirements may be not met, the Audit body must previously identify those countries and declare the list to ICS in order to obtain ICS approval for the accreditation of the Audit body in such countries taking into account the management system defined by the Audit body to ensure auditors' experience.

B. Training

The Audit body shall train all its auditors, reviewers and relevant teams to the ICS process and tools and ensure that all teams are up-to-date on relevant local and international laws and regulations. Trainings and exams shall be organized internally by the Audit body each time it is necessary.



Environmental auditors should be certified against ISO 14001, or have the equivalent education background that should be previously declared and approved by ICS and the concerned member, within one year after being authorized by their audit company to conduct ICS environmental audits.

C. Performance monitoring system

The Audit body shall annually communicate to ICS its internal competences and performance monitoring process for auditors and audit-related teams.

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Auditors and reviewers shall meet below levels' descriptions. If an auditor does not meet the audit's local language requirements, the audit body can send a translator with the auditor. The translator is under the responsibility of the audit body and shall therefore meet below language requirements (be a proficiency user in the audit's local language and be an upper intermediate English user).

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- Understand the main ideas of complex text on both concrete and abstract topics, including technical discussions in their field of specialization.
- Interact with a degree of fluency and spontaneity that makes regular interaction with native speakers quite possible without strain for either party.
- Produce clear, detailed text on a wide range of subjects and explain a viewpoint on a topical issue giving the advantages and disadvantages of various options.

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- Produce clear, well-structured, detailed text on complex subjects, showing controlled use of organizational patterns, connectors and cohesive devices.