
General Regulation of the Supplier Certification Program

Brazilian Association of Textile Retail (ABVTEX)

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1. Preface

Founded in August of 1999, by companies of the clothing retail segment, the Brazilian Association of Textile Retail (ABVTEX) came after finding the lack of an entity that effectively represented the sector before the governmental agencies, as well as acting as a center of debate and exchange of experiences among professionals of the segment. The entity has the principles of ethics and respect for the law, supporting actions aimed at social responsibility, to formalize commercial relations, and combating fraudulent competition.

ABVTEX is an entity dedicated to the defense of interests of national retailers in the clothing commercialization sector and its accessories, strongly committed to the domestic market.

The retailer companies associated to ABVTEX have a large number of suppliers, responsible for the manufacturing of items manufactured by them. With this, comes the challenge to guarantee the full commitment to the relevant legislation, the technical quality of the products, to maintain high standards of production and, at the same time, guarantee adequate work conditions for the employed labor.

For this reason, the sectoral entity structured the Program of Supplier Certification, now called the Supplier Certification. The Supplier Certification looks to evaluate the compliance of worker laws in force and treat the problems related to the work conditions of the supply chain of the textile retail, through the certification of suppliers and its subcontractors, promoting the control unified with this certificate. In other words, a certified supplier will be - from the point of view of the requirements regarding laws and the work conditions of its installations and its supply chain - able to supply for whichever one of the associated companies signatory of the Supplier Certification.

The Certification of Suppliers contemplates the realization of impartial and independent audits, with the objective to verify the adherence of the suppliers and their subcontractors to the criteria and requirements established.

The Certification of Suppliers covers practices, compromises, and aspects of management connected to the following items:

- Formalization of the company;
- Child labor;

- Forced or Slave-Like Work;
- Irregular Foreigner Work;
- Adolescent in the work area;
- Housing;
- Liberty of Association;
- Discrimination;
- Abuse and Harassment;
- Health and Security of Work;
- Prevention and Combat against Fire;
- Monitoring and Documentation;
- Compensation;
- Hours Worked;
- Monitoring of the Productive Chain;
- Traceability;
- Subcontracting of services.

The companies of textile retail signatory of the Certification of Suppliers understand that a job together is one of the most effective ways to advance in the themes listed above, seeing that an sectoral action has the potential to provoke structural changes, that benefit all of the chain and not only one company in particular. In an assertive and coordinated way, the Certification of Suppliers promote practices of social responsibility in the supply chain of the sector.

2. Glossary of Terms

- **Corrective action:** Action taken to eliminate the cause and avoid occurrence of non-conformities.
- Signatory Associate: Company associated to ABVTEX that formalized their adherence to the Certification of Suppliers.
- Audit: Systematic process, documented and independent to obtain evidence in relation to the solicited requirements and evaluate them objectively to determine the extension in which the criteria of the audit are met.
- Certification Audit: First audit to be done to start the certification process.
- Follow-up Audit of Corrective Action Plan: Audit programmed specifically to verify the implantation of the corrective action plan determined during the Audit of Certification or of Re-certification.
- Traceability Audit: An integral part of the audit that will be verifying the process or receiving and expediting of orders of the signatory associate companies, just as if the orders that are being made in the declared locations by the suppliers.
- Recertification Audit: Audits to be done by the suppliers or subcontracts to renew the certification already obtained, before the validity deadline expires. The audit should be done without previous scheduling, after 1 (one) year of certification.
- **Supply Chain:** Direct and indirect suppliers (subcontractors) involved in the productive process, except suppliers of raw material. In this Certification, it will be considered the clothing suppliers (clothes in general, underwear, and socks), textile items for the home (bed, table, bath, and decoration), shoes and accessories, according to Annex 6.
- Certificate: Declaration of the independent Certification Body credentialed together with ABVTEX that the plant of the audited organization meets the requirements established in this Regulation. The declaration is given in the form of a certificate, that may be consulted on the site of ABVTEX, through an identification number. The Certificate may be canceled by the Certification Body, in agreement to the specified rules in this Regulation. In case of the supplier direct of the retailer, the Certificate of their plant and their subcontractors is a pre-requirement so that they may continue to supply to signatory associate companies.
- Conformity: Meeting the requirements provisioned in this Regulation.
- **Conversion of Audits:** Possibility of one location that was audited by internal programs of the signatory associates to have the results converted to the Certification of Suppliers, as long as it meets the defined requirements for this process.

- Dimensioning of audit: Necessary time of audit for the verifications and checks necessary. The time is always defined by plant, varying from one location to another according to the number of employees to working that production unit.
- Branch: Ramification of the CNPJ of the supplier.
- Supplier: Supplier (headquarters and branches) that have supplied to the signatory associate in the last 12 months, provided that there is prediction in the continuity of the supply relationship, or for the supplier to start supplying to the signatory associate.
- Economic Group: Together with the subordinated companies to a center of decision that, through financial connections, personal and above all stock ownership is able to exercise power, at least in strategic terms, above the administration, the investments, the technology base, the financial strategy, etc. of these subordinate companies.
- Non-Conformity: Deviation in meeting a set requirement in this Regulation.
- **Certification Body:** Independent organization, accredited with the ABVTEX, to do audits and make the decision of the certification based on the objective evidence obtained during the auditing process.
- Plants: Location where occurred a process, manipulation, or service that aggregates value in raw material, semi-product or final product. The same company may have various plants or units of production, that should be independently audited.
- **Portal of Certification:** Electronic address available on the Internet, containing information in respect to the Certification Program, accessible at www.abvtex.org.br/certificacao.
- Outsourcing: Passing production from the subcontractor to another company (process not permitted by the Certification of Suppliers).
- Final report of audit: Document that reports the audit and points out agreed referrals.
- Status of the audit: Possible classifications in the audit.
- Subcontractors: Third-party contracted by the supplier for doing one of the productive steps.
- **Participation Term:** Term filled out and signed by the legal representative of the company, with notarized signature. The term applies to all and whichever of the participating company of the Certification of Suppliers. Signing it, the suppliers and/or subcontractors formalize their accordance with the provisions of this Regulation. The model of this Term is found annex to this Regulation and should be renewed each step of the certification (certification or re-certification).

3. Characteristics of Certification

3.1 Objectives and Benefits

The Certification of Suppliers, that has for principals those described in Annex 1 of this Regulation, has for objectives:

- Develop a unique certification that permits the signatory associates to control their suppliers and respective subcontractors about compliance of aspects connected to social responsibility and work relationships;
- Establish the principles and criteria for the conduct of audits of suppliers and subcontractors of the supply chain of textile retail and related;
- Create criteria of certification for the suppliers and their subcontractors;
- Promote, through evolutionary engagement and continuous improvement, the best practices in the textile retail sector covered by ABVTEX.

With the attended objectives, the Certification of Suppliers provides benefits to all alleles involved:

- ABVTEX: offer a structured certification to associated companies, reuniting the retailers of the textile sector, shoes, and accessories;
- Signatory Associates of the Certification of Suppliers: adopt practices of social responsibility in their supply chain, preventing whichever way of irregular work and promoting better working conditions to all involved;
- Suppliers: adopt practices of social responsibility in their company and in the commercial relations of their subcontractors, adopt better working conditions for all of their employees and be apt to supply for the signatory associated companies of the Certification of Suppliers;
- Subcontractors: adopt better working conditions for their employees and be apt to participate in the supply chain of textile retail, shoes, and accessories.

3.2 Responsibilities

The responsibilities of each one of the parts involved directly in the Certification of Suppliers are:

ABVTEX

- Manage the activities of the Certification of Suppliers, being able to delegate powers to the Management Committee of the Program of the Certification of Suppliers;
- Establish the technical guidelines and decide about eventual themes or situations not provisioned, acting as maximum authority about the Certification of Suppliers;
- Evaluate, accredit, and disaccredit the Organisms of Certification;
- Promote the disclosure of the Certification of Suppliers;
- Point out the resources for development and maintenance of the Certification of Suppliers.

Signatory associate companies of the Certification of Suppliers

- Communicate formally to their suppliers about the Certification of Suppliers;
- Support ABVTEX in the conduction of the Certification of Suppliers and following the established guidelines;
- Stimulate and support the adhesion and adequation of the Certification of Suppliers for part of their suppliers;
- Control the adhesion and adequation of their suppliers to the Certification of Suppliers;
- Renegotiate and, when necessary, impose the necessary changes in the existing contracts with suppliers, in a way to not conflict with the dispositions of the Certification of Suppliers, and to include the funding obligation of contracting the audits instituted here;
- Terminate contract with suppliers who do not want to conform to the Certification of Suppliers or that have not obtained the Certificate according to the deadlines established in this Regulation;
- Follow the compromises assumed in the Term of Adhesion to the Certification of Suppliers.
- Participate in meeting of the work group Suppliers (of ABVTEX) and adopt the agreed measures

of the same.

- Participate in the meetings of the Management Committee of the Program of Certification of Suppliers to deliberate about the indications of measures and suggestions of development in the Certification of Suppliers made by the work group Suppliers of ABVTEX.

Suppliers

- Adhere to the Certification of Suppliers;
- Follow the guidelines and meet the criteria and requirements described in this Regulation;
- Solicit Audits of Certification, of Accompanying of the Corrective Action Plan and of Re-Certification;
- Communicate formally to their subcontractors about the Certification of Suppliers;
- Stimulate and support the adhesion and adequation of the Certification of Suppliers for part of their subcontractors;
- Control the adhesion and adequation of their subcontractors to the Certification of Suppliers, within the established deadlines;
- Provide resources to suit your business requirements of the Certification of Suppliers;
- Provide resources for the contracting of audits planned in this Certification of Suppliers;
- Correctly inform and maintain updated their list of subcontractors in the system (according to Annex #) that produces goods for the signatory associate companies, subjecting it to a validation during the auditing process;
- Maintain commercial relations only with certified subcontractors as in compliance with the signatory retailers of the Certification of Suppliers of ABVTEX;
- In case to opt for conversion of audits (Annex 4), should follow all of the requirements established;
- In cases of alteration of address of the location audited, the supplier should inform immediately to the Certification Body, just as updating in the ABVTEX system, being granted a deadline of up to 90 (ninety) days to do the audit at the new address, as long as it is respected the limit date of validity of the certification. If this procedure is not done, the company will be suspended until the regularization of the situation.

Subcontractors

- Adhere to the Certification of Suppliers;
- Follow the guidelines and meet the criteria and requirements described in this Regulation;
- Guarantee that there are no outsourcing of the productive process, being subject to suspension of their certificate;
- Solicit Audits of Certification, of Accompanying of the Corrective Action Plan and of Re-Certification;
- Provide resources to suit your business requirements of the Certification of Suppliers;
- Provide necessary resources for the contracting of audits shown in the Certification of Suppliers (except in cases where the supplier opts to assume the costs of the audit and their subcontractors);
- In case to opt for conversion of audits (Annex 4), should follow all of the requirements established;
- In cases of alteration of address of the location audited, the supplier should inform immediately to the Certification Body, just as updating in the ABVTEX system, being granted a deadline of up to 90 (ninety) days to do the audit at the new address. If this procedure is not done, the company will be suspended until the regularization of the situation.

Organisms of Certification

- Conclude a contract with all of the auditors acting in the Certification of Suppliers, as an agreements of confidentiality;
- Maintain updated before the coordination of ABVTEX the register of all of the auditors acting in the Certification of Suppliers (new auditors may only act after previous registration together with ABVTEX);
- Only designated for the Certification of Suppliers auditors whose qualifications meet at least to what is defined in this Regulation;
- Send to ABVTEX to the documentation referring to the evaluation of the auditors, according to criteria established by ABVTEX;
- Compose and sign contract with the supplier or subcontractor that solicited the Audit. The audited company may only change the Certification Body in the moment of the Re-Certification Audit, as long as all of the steps in the process are followed;
- Program together with the supplier or subcontractor and do the Audits of Re-Certifications, that will not have previous scheduling, but will be done yearly in up to 60 (sixty) calendar days after each anniversary of the Certification Audit. The audited company may change the certifier once

per year as long as it is approved by the Certification of Suppliers;

- Maintain in secret about the information of the suppliers and subcontractors established during the audits;
- Budget the audit activities to be done with the base in the values referred and agreed with ABVTEX (available in the Portal of Certification);
- Do the Certification Audits and the Re-Certification within the maximum period of 30 days after receiving the solicitation and payment of the supplier or subcontractor;
- Wake up with the location audited (supplier or subcontractor) the action plan and deadlines for their implantation, in case of non-conformities being detected that should be resolved before the obtaining and renewal of the certification;
- Schedule with the audited company (supplier or subcontractor) the Accompanying Audit of the Corrective Action Plan or analyze documents for the verification of the implantation of corrective actions, in a maximum period of 90 days after the completed Audit;
- Do the Audits according to the explicit rules in the General Regulation, adopting the checklist defined here;
- Respect the duration time dimensioned for the audit to be done as provided in this Regulation;
- Prepare the final report of the audit and insert it in the system of the Certification of Suppliers (access by the Portal of Certification) in up to 10 business days after the audit date, respecting the maximum deadlines of the audit done;
- Certify or not certify the audited company (supplier or subcontractor);
- Register all of the process, documentation, and the result of the audits in the system of the Certification of Suppliers, including when the audited company opts for the conversion of audits (Annex 4);
- Participate in the technical meetings of ABVTEX and adopt the woken measures in the meeting;
- Respond in the period of 48 hours to the solicitation of the supplier or subcontractor for the audit to be done;
- Conduct audits of requested denunciation solicited by ABVTEX, in the maximum period of 10 (ten) calendar days starting from the date of the communication of ABVTEX.

3.3 Coverage

This Certification of Suppliers has national coverage and it applicable to all of the supplies and subcontractors that wish to be part of the supply chain of the signatory associated companies of the Certification of Suppliers.

This Certification of Suppliers applies exclusively to the suppliers (headquarters and branches) and of its subcontractors involved in the productive process (including those that handle imported goods), except suppliers and subcontractors exclusively of raw material, just as those involved in the benefiting of fabric before the cut.

It is not covered by the Certification of Suppliers whichever suppliers or subcontractors that adopt the individual micro-enterprise or that uses the prison system. Such modes of production units require specialized audits, whose requirements are not currently provided for in the protocols of ABVTEX. The signatory associates of the Certification of Suppliers may adopt their own criteria for the audits or such suppliers or subcontractors, deciding for the use or no of determined companies according to the control of them made.

Neither is covered by the Certification of Suppliers whichever form of audit of environmental nature, as the impacts of suppliers and subcontractors in the environment. Although certain documents required in the audits provisioned by the Certification of Suppliers may give indications about the compliance of environmental legislation aspects, the Certificated emitted by ABVTEX in no way attest to the adequacy of the companies with the legal requirements to protect the environment.

For the effect of the Certification of Suppliers, it will be considered the clothing suppliers (clothes in general, underwear, and socks), textile items for the home (bed, table, bath, and decoration), shoes and accessories, according to the definition in Annex 6.

3.4 Operational Structure

The Certification of Suppliers will be coordinated, in all of their phases, by a Management Committee of permanent character, that will establish in a common agreement with its members the meeting schedule, made up of 1 effective representative and 1 substitute, designated by each signatory associate. The company may substitute, at any time, the designated representatives. The members of the Management Committee will be validated by the Board. Within the provisions of the regiment of

the Board, emphasize the following actions:

- Identify any missing cases and situations not provided for in Regulation of the Certification of Suppliers, and presents them to the Board of ABVTEX for the final decision;
- Deliberate about cases of appeal and complaints of suppliers and subcontractors in respect to the results of the certification process.

For the approval of the decisions of the referred Committee, it will be necessary the approval of at least, "half of the members present, plus one".

The members of the Management Committee should maintain the confidentiality of information that they have access to, not being able to use them for any other purpose alien to the objectives of the Certification of Suppliers.

The Management Committee will work according to the Internal Regime, in which may be altered by the Board of ABVTEX at any moment.

The Certification of Suppliers will also have a Consultive Board, formed by the representative entities of society, which by their vocation and way of working can contribute to the development of the Certification of Suppliers. The Consultive Board will work according to the Internal Regime, that will be approved by the Management Committee.

ABVTEX also provides a technological structure through the portal of ABVTEX (www.abvtex.org.br) where there is information about the **Certification of Suppliers** (www.abvtex.org.br/certificacao). The information available is:

- Regulation of the Certification of Suppliers;
- Contact;
- Guidebook;
- ABVTEX Seal;
- Relation of signatory retailer companies of the Certification of Suppliers;
- Relation of the Organisms of Certification accredited in the Program;
- How to start the Certification;
- List of documents that will be solicited by the auditors;
- Indicated Values;
- Form for the conversion of audits;

- Audit Results (through login and password):
 - Participation Term duly completed and signed;
 - Supplier certificate;
 - List of subcontractors informed by supplier;
 - Certificate of subcontractors;
 - Final Report of Audit (with photos and opinions);
 - Action plans established by the auditor.

Important: So that the signatory associated company has the knowledge of the process result of certification of its supplier and respective subcontractors, the supplier will have to inform its identification number and such information in the system. This mechanism aims to preserve the confidentiality of data of the suppliers. Only with the knowledge of the identification number (ID) of the company, it will be possible to access their information.

4. Certification Process of Suppliers

Important: It will be necessary to do a certification process of each plant. *If the company has more than one plant, it will be necessary to do separate certification processes for each one of them.*

In case of the existence of two or more CNPJs in the same plant and of the same segment, the audited company should inform to the Certification Body in the moment of the preparation of the proposal and a report should be made for each CNPJ.

4.1 Adhesion of Certification of Suppliers

To do the adhesion of the Certification of Suppliers, the supplier and its subcontractors should:

1) Formalize the adhesion of the Certification of Suppliers:

- Download the Participation Term in the Program, that will have the format contained in Annex 2 of this Regulation, available in the Portal of Certification (www.abvtex.org.br/certificacao), and fill out with the information pertaining to your company;
- Sign the document (the compromise should be signed by the legal responsible of the company, have their notarized signature, and be inserted into the system).

2) Define the type of Audit:

- Certification Audit: applicable if entering into the Program for the first time; or
- Re-Certification Audit: to renew the certification already obtained.

3) Solicit the Audit:

- Define the Certification Body of Suppliers that will do the audit (according to the list of credentialed Organisms available in the Portal of Certification);

The decision about which Certification Body the Supplier or the subcontractor will contract is free, as long as the choice is done within the options of registered organisms (list available in the Portal of Certification). It is part of the choosing process to analyze the attending deadline given by the organism, just as the presented costs (to know the referred values, consult the Portal of Certification). There are no requirements that the subcontractor contracts the same Organism as their supplier.

Once the certification process is started, the company should do the Certification Audit and eventual Accompanying Plan Audit of Corrective Action. It will only be permitted to substitute a Certification Body in the moment of recertification (after 1 year of the previous Audit), as long as the company is approved. If the action plan is not met in 90 (ninety) days, the company will be suspended and the process restarted with the same Certification Body.

4) Schedule the Audit:

- Wake up and set form of contracting directly with the Certification Body;
- Schedule the date of the Audit directly with the Certification Body.

Tip: *To optimize the process and diminish costs of transportation of the auditors of the Certification Body, the supplier may, together with its subcontractors, plan for the audits of close locations be scheduled on the same date or week.*

4.2 Audit Results

After the audit, the Certification Body will generate a respective report, with the following possible results:

- Approved: It occurs when the supplier or subcontractor subject to the certification process obtains the necessary result during the audit process. Even with the certification obtained, it is possible that the audit report points out places of improvement, that should be treated in

a preventive way before the next Audit.

- **Pending Action Plan:** Occurs when the supplier or subcontractor subject to the certification project did not reach the necessary minimum score for their certification (within the thematic blocks according to table 5), Therefore, the understanding of the Certification Body, fit corrective actions and further analysis. In this situation, the supplier or subcontractor should elaborate an action plan, with specific corrective actions for each non-conformity pointed out in the audit report. Once the plan is concluded, the supplier or subcontractor should send the evidence to the Certification Body or schedule an Accompanying Audit of the Corrective Action Plan with the same Certification Body, if it is necessary that the changes done by the audited be verified in the own plant (keeping the decision and criteria of the Certification Body).

The corrective action plant should be implanted in a deadline period inferior to 90 days. The Certification Body will evaluate, locally or through document analysis, the result of the corrective actions implanted. The maximum period of 90 days for the Accompanying Audit of the Corrective Action Plan done starts from the date of the Certification or Re-Certification Audit. The scheduling of this new audit and/or sending of missing documents withing the deadline is the responsibility of the audited, whether being the supplier or the subcontractor.

Within the period of 90 days, there may be as many Accompanying Audits of the Corrective Action Plan as it was necessary.

If the supplier or subcontractor is certified and the recertification audit stays pending of the action plan, during the period if 90 days of the referred plan, the supplier will maintain the status of certified within this period and may supply to the signatory associates.

In the case of not doing the Accompanying Audit of the Corrective Action Plan within 90 days, the Certification Audit done will lose its validity. In this case, in order to obtain the certification, a new complete audit should be scheduled with the same Certification Body. During this, the supplier or subcontractor will stay with a suspended certification.

- **Rejected:** The Non-Conformity Critique, that results in the rejection of the supplier or of the subcontractor, is always given to the Certification Body to detect an unacceptable infraction on the blocks 1, 2, 3, and 4 of the checklist. In this situation, the supplier will be subject to commercial sanctions of signatory associate companies with those that have a commercial relation. In the same way, the subcontractor may be exclude from the supply chain. In both cases, the audited location should wait 6 (six) months in order to schedule a new audit, staying during all of this period in the condition of non-certified. After the 6 (six) month period, the audited company may opt to return to the certification process with another

Certification Body. The unacceptable infractions are considered in all of those referring to the themes: Formalization of the Company, Child Labor, Forced or Slave-like Labor, and Irregular Foreigner Labor.

Important: *In case of a company and/or its supply chain suffers assessment of a governmental organization linked to the themes treated in the Certification of Suppliers, it may be rejected by ABVTEX for Non-Conformity Critique.*

4.3 Certification of new Suppliers

The new suppliers and subcontractors of clothing (Clothing in general, underwear, and socks) and textile items for the home (bed, table, bath, and decoration) and shoes and accessories may only be linked to the signatory associates after obtaining the certification.

5. Certification Audit:

5.1 Dimensioning of the Audit

There are some criteria for the dimensioning of time for doing the audits. In the specific case of the Certification of Suppliers, the dimensioning awaken with the Certification Body are described in the tables below.

Table 1: Dimensioning in days of the Audit (valid for suppliers* and subcontractors)

Number of employees in the plant	Duration of the Audit** (Certification or Recertification)	Equivalence in hours of the audit
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Up to 10	0.5 man/day	4 hours
From 11 to 50	1 man/day	8 hours
From 51 to 75	1.5 men/day	12 hours
Above 75	2 men/day	16 hours

* In the case of suppliers direct of retail, it will be necessary more 0.5 men/day of audit, in addition to table off, for the validation of the informed list of subcontractors.

** Time of traveling and preparation of the report are already included in the dimensioning above, in the situation of trips farther than 100km. In the case of existing more than one company installed in the same plant, it will be charged separately the making of each report (by CNPJ).

**Table 2: Dimensioning in days of the Accompanying Audit of the Corrective Action Plan
(valid for suppliers and subcontractors)**

The Certification Body will dimension the necessary time for this accompanying, that may vary*:	Of .25 to 1 man/day
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* Depending on the amount and type of corrective action.

To accredit Certification Bodies for the Program, ABVTEX made a previous negotiation for the referred values for the audits made (value "man/day"). The table with this information is available in the Portal of Certification(www.abvtex.org.br/certificacao). There are even other related costs, that will be specified in the commercial proposal of the Certification Body:

- Taxes;
- Trip expenses of the auditor (when applicable);
- Canceling and reprogramming of the activities with the inferior deadline of 10 (ten) business days, from the date programmed by the audit, will result in penalty.

Important: If there are no employees working on the day of the audit, the same will be canceled, without refunding the values paid and should be rescheduled.

5.2 Field Audit

The Certification Audit (covering the Certification Audit, Accompanying Audit of the Corrective Action Plan, or Re-Certification Audit) has some pre-defined moments, that will be followed in the Certification of Suppliers.

The objective of the field audit is to confirm that the management of the organization and their activities are in conformity with the requirements of the Certification of Suppliers. This confirmation is given through the following actions:

- The start of the audit, a brief opening meeting is done by the auditor;
- The auditing follows the plan, and the auditor is accompanied by the representative of the audited during all of the process, except in the conducting of interviews;
- Objective evidence and documents should be examined to justify the adequacy of the supplier or subcontracted to the requirements of the Certification of Suppliers (the list of documents that will be analyzed is available in the Portal of Certification);
- In cases of non-conformities identified, these should be reported to the representative of the organization the moment in which are identified and registered through photographic reports;
- The audit follows the checklist (questionnaire) that contemplates requirements for the supplier and subcontractor (See Annex 5). The checklist is organized in thematic blocks and for each block there is a minimum scoring required for the certification, as detailed below;
- A Closing Meeting is done, as shown below.

5.2.1 Thematic Blocks of Certification

The audits will have as a base, the specified requirements in the checklist of auditing. There will be a single checklist to be applied in the audits of suppliers and subcontractors.

The rules established in this Regulation prevail over the constant in any version of it separate checklist.

The table to follow presents the thematic blocks of requirements of the Certification of Suppliers. The complete version of the checklist may be consulted in Annex 5.

Table 3: Thematic Blocks of Certification

Theme	Description
Formalization of company	The company should be judicially constituted, in accordance with Brazilian legislation.
Child Labor	The company should not involve itself or support the use of child labor (children under 16 years of age - except in the conditions of Apprenticeship). In the case of hiring children between the ages of 16 and 18, it should be respected what is established by Brazilian legislation (CLT- Consolidation of Worker Laws).
Forced or Slave-Like Work	<p>The company should not involve itself or support the use of forced or slave-like labor, characterized as:</p> <p>Reduce someone to the slave-like conditions, wanting to submit them to forced work or exhausted journey, subjecting them to degrading working conditions, or restricting, by any means, their locomotion in debt ratio contracted with the employer or agent (Reduction given by Law no. 10.803 of 12.11.2003)</p>
Irregular Foreigner Work	The company should not involve itself and not support the use of work or service that is extracted from any person whose residence status and work in Brazil not being regularized together with the competent organs.
Minors in the Work Environment	The company should not permit the permanency of minors in the environment of the company as a whole, that are not part of the employee square (according to CLT).
Housing	The company should not permit the existence of employee housing integrated with the offices. If the employer offers housing to any of its employees, this can be formalized in the work contract of the employee and the conditions of this housing that should obey what is previewed in this legislation.
Liberty of Association	The employees should have the right to unite or constitute workers unions for their own choice and to bargain collectively. The representatives of the workers should not be discriminated and should be able to exercise their representative functions in their work place.

Discrimination	The company should not involve itself or support discrimination in the contracting, renumbering, access to training, promotion, closing of contract or retiring, with base of race, social class, nationality, religion, deficiency, sex, sexual orientation, age, pregnancy, association to worker union, or party affiliation.
Abuse and Harassment	It is prohibited the physical or disciplinary abuse, sexual or other type of harassment, verbal abuse, and other forms of bullying.
Health and Security of Work	The company should provide a safe and hygienic work environment, bearing in mind the prevailing knowledge of the industry, such as whichever specific danger. It will be taken practical measures for the prevention of accidents and damages to health that may appear, associated or caused by the inherent dangers to the work environment.
Fire Prevention and Combat	The company should stick to the legal requirements of prevention and fire fighting
Monitoring and Documentation	The company should prove respecting the Brazilian laws and norms.
Compensation	All of the employees should work in agreement with the provisions of labor law and with registration in the Work Book and Social Security (CTPS). Salaries and hours worked should be paid in agreement with the national legal base, or as defined in the collective agreement, should prevail the highest.
Hours Worked	The hours worked (including overtime) should be done and paid in agreement with the national legal base, or as defined in the collective agreement.
Monitoring of the Productive Chain <i>(only for suppliers)</i>	The company should maintain mechanisms for monitoring of their subcontractors, with regard to ensuring decent working conditions to their employees. The company may also maintain a base of updated data of their subcontractors, just as the traceability and control of parts sent to them.
Traceability <i>(only for suppliers)</i>	The company should maintain registered and controlled, the companies in which they send services destined to the associates of ABVTEX.

Subcontracting of Services

(only for subcontractors)

The companies contracted by the suppliers of the signatory associates should not pass the jobs received.

Important: *Many of the requirements of the Certification of Suppliers are required of conformity with the legislation. It is possible that during the Certification of Suppliers, the legislation is updated, creating new requirements for the organizations. It is the duty of suppliers and subcontractors to stay updated as the new legal requirements and ensure compliance, independent of a determined legal requirement be or not be present in the Certification of Suppliers.*

5.2.2 Performance (scoring) for the Certification

Each thematic block (presented in the previous item of this Regulation) contemplates a set of requirements, structured in a form of questions. For each one of the questions, was defined a weight, that may vary from 1 to 3, according to the importance of the requirement for this Certification of suppliers. The weight of each question may be know in Annex 5, that presents the only checklist of the supplier and subcontractor.

Doing the audit, the Certification Body will evaluate the conformity of the company with each one of the requirements (questions). According to the evidence presented, the auditor will point out that requirement in the following way:

Table 4: Scoring of Requirements (or questions), obtained by the audited

(valid for suppliers and subcontractors)

0	Requirement not met
1	Requirement found partially met
2	Requirement found completely met

This way, the scoring obtained by the audited in a determined requirement will be calculated multiplying the weight of that question (1, 2, or 3) for the obtained scoring by the audited in that question (Table 4). In the box below, is an example of how the total score of a requirement for each other the conformity situations to the requirement:

Question of the block Health and Security of Work	Conformity to the requirement	Scoring of the requirement obtained in the audit	Weight of the question	Total scoring obtained by the audited in that requirement
The electrical installations are adequate?	Requirement not met	0	2	0
	Requirement found partially met	1	2	2
	Requirement found completely met	2	2	4

In the example above, the audited may reach a maximum score of 4 points in the requirement (question), if it had been assessed that the requirement was completely met. In the other extreme, it may obtain scoring equal to zero, in case to not have met the requirement.

This same process will be used for each of the questions of the checklist.

The tables below show which will be the minimum performance necessary in each of the blocks so that the supplier or subcontractor obtains the certification. This percentage will be always calculated about the maximum score possible of that block.

Table 5: Minimum Performance for the Certification of Supplier or Subcontractor	
Related Themes	Minimum performance necessary* (scoring obtained by the audited in relation to the maximum score possible in the block)

Formalization of the Company	100%
Child Labor	100% (unacceptable infraction-will be considered as a Non-Conformity Critique)
Forced or Slave-Like Work	100% (unacceptable infraction-will be considered as a Non-Conformity Critique)
Irregular Foreigner Work	100% (unacceptable infraction-will be considered as a Non-Conformity Critique)
Adolescent in the work area	100%
Housing	100%
Liberty of Association	100%
Discrimination	100%
Abuse and Harassment	100%
Health and Security of Work	75%
Prevention and Combat against Fire	80%
Monitoring and Documentation	85%
Compensation	100%
Hours Worked	70%
Monitoring of the Productive Chain (applicable only for suppliers)	70%
Traceability (block applicable only for suppliers)	100% (unacceptable infraction-will be considered as a Non-Conformity Critique)
Traceability (block applicable only for suppliers)	100%
Subcontracting of Services (block applicable only for subcontractors)	100%
TOTAL	THE TOTAL SCORING CAN NOT BE INFERIOR TO 70%

5.2.3 Interviews and document analysis

Within an audit process, interviews are made as a compliment to the document information collected. The interviews are individual and should occur in privacy, or in other words, the accompany of any other employer in the interview will not be authorized, not even by their superiors. In the specific case of this Certificate of Suppliers, the quantity of interviewed people is defined by the following table:

Table 6: Minimum quantity of people interviewed (valid for suppliers and subcontractors)	
Number of employees of the plant	Quantity of interviews done
Up to 10	40% of employees of production
11 – 30	30% of employees of production
31 – 100	25% of employees of production
Above 100	25 of employees of production

5.2.4 Validation of the List of Subcontractors

Specifically for the suppliers, another type of verification is required during the audit: the validation of the list of subcontractors that are in their own supply chain.

This list should be filled out by the supplier, via system, and validated by the Certification Body during the audit.

The objective of this validation is to ensure that the supplier is correctly informing and in a complete way, their subcontractors that produce pieces for whichever one of the companies associate signatory to this Certification of Suppliers. Therefore, it will be analyzed, the movement of materials, sub products, and products through fiscal invoices, fiscal books, or emission system of fiscal invoices.

This validation will be done within the process of the Audit of Certification and Audit of Re-certification. The retailer companies signatory to the Certification of Suppliers may also conduct an Audit of Traceability independent with this purpose, at whichever moment and inform to ABVTEX about

divergent information to which was reported by the supplier.

Alterations (inclusions or exclusions of subcontractors) should be informed in the system and each Signatory Retailer should authorize also through the system, the bond of the subcontractor filled out by the supplier of their brand, confirming or no, the liberation of each company that belongs to the production chain. A subcontractor can only be included if it was already approved in the Certification of Suppliers.

5.2.5 Interruption of the Audit

The auditor may decide the interruption of the audit if:

- There is a fault in the organization in appropriately cooperating with the audit process;
- The company refuses to give whichever document solicited and/or prevent total or partial access to the installations;
- Identify that his/her safety is under risk. It is acknowledged that there may be a necessity of visiting in regions considered risky and the viability of the visit will be analyzed cases by case;
- In the moment of arriving at the unit to be audited, find other inspections of public organs, present at the location.

In whichever way, in whichever situation of interruption of the audit, there should be no prejudice to the remuneration agreed in the contract with the Certification Body. A brief report should be prepared by the auditor explaining what happened, formalizing their decision and the agreed conditions with the representative of the auditory company.

5.2.6 Private Meeting

The organization should provide space in their installations for a private moment of the auditor, before the closing meeting in order to:

- Ensure that the process is complete and all requirements of the Supplier Certification were audited;

- Revise the findings (conformities and non-conformities) of the audit;
- Confirm that the registrations of the audit are present and complete.

5.2.7 Closing Meeting

The auditor should conduct a closing meeting with the representative of the organization, presenting a preliminary report of audit and relating the non-conformities found.

The auditor should also inform that the final report of the audit, eventual plan of corrective action, and other information will be available in the system (access by Portal of Certification) and that the representative of the organization may access it with his identification number, in the system.

5.3 Emission of Final Report of Audit

Completing the process, the auditor will prepare a final report of the audit. This report will follow the report model established by the Certification of Suppliers and should be completed in a way faithfully describing the audit process.

The audit findings resulting from deviations from the service of specified requirements in the Certification of Suppliers will be duly reported in the report and classified as non-conformities. The non-conformities detected in whichever visit that impacts in the classification and results in the scoring below the passing score, require the correction within the deadline established in the Regulation before the recommendation for the Certification of Suppliers.

The final report of audit presents the information if the organization is apt for the Certification of Suppliers.

Important: *In case of disagreement of the supplier or subcontractor in relation to the results presented in the final report of the audit, he/she should send directing to the Certification Body (contacts available in the Portal of the Certification), by writing in up to 10 business days after the emission of the report, a solicitation of revision of the results. Remaining the disagreement, the audited should communication, written, to ABVTEX, that will discuss the case under the Committee Manager. Further questioning should be posted through the Contact on the site of*

6. Rules and Criteria of Certification Document

6.1 Emission

If the organization has obtained the necessary scoring for the Certification of Suppliers, it will be emitted a Certificate, by the system of ABVTEX, through the insertion of the identification number.

It is prohibited from participating in the program (supplier or subcontractor) create whichever type of document, with the purpose to prove its certification.

It is prohibited that the participant of the Certification of Suppliers (supplier or subcontractor) uses the logotype of ABVTEX in whichever material of disclosure.

Important: It is the responsibility of the supplier to inform the company (ies) to who supplies when the conclusion of their process of certification and of their subcontractors, and informing about their identification number, so that it can be consulted in the system of the respected Certificate.

Important: *At any moment, the company can receive a new audit, in cases in which ABVTEX receives a denunciation of any violation of this regulation. In the case of finding faults, the company will be penalized according to the rules of this regulation.*

6.2 Duration

The validation of the Certificate is of 1 (one) year starting from the date of obtaining the approval of the audit. The validity date comes printed on the Certificate and available in the system of ABVTEX.

The date of the Re-certification Audit should be counted starting from the approval and not necessarily of the audit certificate.

6.3 Re-Certification Audit:

The responsibility to monitor the deadline of the Certificate (date that shows on the Certificate) and, therefore the need of programming the Audit of Re-Certification is of the company (supplier or subcontractor).

If the deadline of validity of the Certificate expires and the Re-Certification audit is not done after one year of the initial certification, the supplier or subcontractor will have the maximum flexibility of 60 (sixty) days counting from the expiration date of the document for the renewal of the Certificate. If this renewal does not occur, the status will be Suspended.

In any case it is evidenced unacceptable offense (blocks 1, 2, 3, or 4 of the checklist) during the Re-Certification Audit (Formalizing the Company, Child Labor, Forced or Slave-Like Work, Irregular Foreigner Work), the supplier or subcontractor will be with the status "Suspended" and the location may not participate in a new certification process for 06 (six) months, starting from the finding of the infringement.

It is possible to do the Re-Certification Audit with advancement of up to 90 (ninety) days of maturity.

6.4 Suspension

ABVTEX should be communicated by the Certification Body about the suspension of the Certificate of the company (supplier or subcontractor), when this occurs.

The suspension of the Certificate will be communicated to the company by ABVTEX through the portal of the Certification Program, in which the company has access.

The Certificate of the supplier or subcontractor will be suspended due to whichever of the following situations:

- The company is already certified (supplier or subcontractor) not authorized the access of their dependencies or did not do the Re-Certification Audit of the Follow Up Audit of the Corrective Action Plan. In this case, the validity of the Certificate will be suspended until the company (supplier or subcontractor) does a new Audit.
- In cases of moving to a new address of the company and not doing a new Audit in up to 90 (ninety) days. In this case, the suspension will be valid until there is regularization.
- If in the period of 90 (ninety) days does not have an alteration in status of the pending action plan for approval, the company will have the status suspended until the regularization and pass through a new Audit.

- Having more than one company in the same productive plant, if any of the other supplying companies or subcontracted of this plant was suspended.
- The subcontracted company outsources production.
- The supplier company passes production to non-declared companies, such as subcontracted or non-certified companies.

During the period of suspension of the Certificate, is a signatory to the associated decide whether receives requests already issued to the supplier before the suspension. This condition also applies in relation to the orders of production in the subcontractor of the chain of this supplier.

During the suspension period, there should not have emission of new orders on part of the associated.

After the suspension period, there should be a new audit (that will be done considering the step of the process in which the company was before the suspension).

6.5 Canceling

The canceling of the Certificate will be communicated to the company by ABVTEX through the portal of the Certification Program, in which the company has access.

The Certificate of the supplier or subcontractor will be canceled due to whichever of the following situations:

- The certified company (supplier or subcontractor) is out of business;
- By solicitation of the company (supplier or subcontractor), in case they do not want to remain in the chain of signatory associates;

The canceling of the Certificate implies also in the suspension of supplying to the signatory associated companies to the Certification of Suppliers and impedes a new audit in the period of 6 (six) months.

6.6 Audit Conversions

It will be possible to do a conversion of audits that have been done through the internal audit program of the ABVTEX associates, provided that such audits are approved by the credited Certification Bodies for the realization of Audits and contains at least the same requirements as the Certification of Suppliers.

Conversions of audits may be done for the Certification of Suppliers, as long as it follows the requirements described in Annex 4.

The conversion of audits to the ABVTEX system may be accepted in a maximum period of 90 (ninety) days, starting from the date of the audit, and should be registered with the date of the audit and not with the date of the conversion.

7. Applicable Requirements to the Organisms of Certification

7.1 Qualification of Auditors

The professionals contracted by the Organisms of Certification should have the minimum experience and qualification that follow the requirements established by ABVTEX. Such qualifications are described in the table below:

Table 8: Minimum qualifications of the auditors of the Certification of Suppliers		
Academic Graduation	Specific Courses	Professional experience
College completed or technical graduation (Superior level)	<p>Revision of the legal requirements for the the industry in question: work requirements, health, and security</p> <p>Training in the Certification of Suppliers*. The training should have, at least, 24 hours of theory and should be complemented by 2 ABVTEX audits as an observer and 2 as observed.</p>	<p>Minimum experience of 2 years in the activity of textile segment (ex. manufacturing, fabrication, purchases, quality inspection) or in audits of social responsibility and/or health and security.</p> <p>If they do not have the experience above, it may be compensated by, the minimum, 160 hours of social responsibility audits and/or health and security as a leader.</p>

*The program trainer mandatorily should be an audit leader with, at least, 2 years of experience in the social

responsibility area.

7.2 Monitoring of the Auditors Performance

The Certification Body should maintain an evaluation program of performance of all of the auditors in a way to continuously monitor by methods that include:

- Feedback of the supplier or subcontractor: whichever negative feedback should be registered, evaluated, and responded to by the responsible manager of the Certification Body;
- Accompanying of auditors;
- Analyzing of audit documents;
- System of continuous improvement;
- Evaluation of auditors, following established criteria by ABVTEX;
- Performance analysis: The Certification Body should report their performance to the Committee Manager of the Certification of Suppliers Program of ABVTEX, whenever requested by the Committee. At least, the following indicators should be reported:
 - a) Complaints received in feedbacks given by the audited companies;
 - b) Disputes resolved under the Certification Body;
 - c) Number of qualified and active auditors in the program with resume and registrations of qualification.
 - d) Whichever other indicator of performance that comes to be developed in common agreement between ABVTEX and their associates.

ABVTEX reserves the right, at their criteria, to accompany auditors in the suppliers or subcontractors, with members of the Management Committee of the Certification Program, independent auditors or audit organization, always observing the aspects of conflicts of interest.

At any moment, ABVTEX may solicit an audit in the Certification Body, on the date and hour to be agreed upon between the parties, with the objective to evaluate meeting the requirements defined in this Regulation.

8. Annexes to Regulation

Annex 1: Ethic Principals of the Certification of Suppliers

1. The job will be chosen freely

1.1 There will be no involuntary work, forced, or slave-like.

1.2. The workers will not have to leave, under custody of the employer, deposits or documents of identity and will be free to leave the employer after a reasonable warning.

2. The liberty of association and the right to collective negotiations will be respected

2.1. The workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.

2.2. The employer will adopt an open attitude before the activity of the trade unions and their organizational activities.

2.3. The representatives of the employees will not be discriminated and will have access to exercise their representative functions in their work place.

2.4. In whichever circumstance should the employer facilitate, and not complicate, the development of parallel alternatives for the association and free and independent negotiation.

3. Work conditions will be safe and hygienic

3.1. It will be provided a safe and hygienic working environment, bearing in mind the prevailing knowledge of the industry, as well as any specific danger.

3.2. Reasonable and practical measures will be taken, to prevent accidents and health damage, that may appear, associates or caused by the dangers inherent in the working environment.

3.3. The employees will regularly receive documented training about health and security, in which will be repeated for new or transferred employees.

3.4. It will be provided access to clean bathrooms and drinkable water, and if necessary, adequate installations for the storage of food.

3.5. The company should designate a representative of management as responsible for the health and security and that has knowledge of the conduct code.

4. Child labor should not be used

4.1. There should be no contracting of child labor.

4.2. Companies shall develop or participate, policies and programs, which will provide a basis of transition for children found working, giving them or them to attend and remain in quality education until the age of majority.

4.3. Children and adolescents younger than 18 years of age, should not be hired for night shifts or in risk conditions.

4.4. These policies and procedures should be followed in agreement with the OIT norms.

5. Worthy salaries will be paid

5.1. Salaries and benefits should, at least, be paid in accordance with the national legal base, or industrial sector base, should prevail the higher of the two. Whichever way, the salaries should always be sufficient to comply with the basic necessities and also provide free income.

5.2. Before starting to work, all of the employees will receive written and comprehensive information, in respect to the salary details during the paid period of each time they receive.

5.3. It will not be permitted, the reduction of salary owed to disciplinary measures, just like the deductions that are not constituted in the national laws, without authorization expressed of the employee in question.

6. The working hours will not be excessive

6.1. The working hours should be in agreement to the national laws and with a base of the industrial sector or with that in which offers the most protection.

6.2. The workers should not exceed 44 regular + 10 extra hours weekly. The workers should have at least one day off for each period of 7 days. Overtime will be voluntary, and may not exceed 10 hours per week, and also not be required regularly. The overtime will always be compensated with values superior to the value of the salary. The substitution of overtime for a bank of hours should be communicated to the workers union and have the agreement of the workers.

7. There will be no discrimination

7.1. There will be no discrimination in the contracting, remuneration, access to trainings, promotions, firings, or isolating for motives of race, social class, nationality, religion, age, disability, sex, marital status, sexual preference, filiation to the syndicate or political party.

8. Regular work will be provided

8.1. In all possible conditions, the work should be based on the relationship of work acknowledged and established through the laws and national norms.

8.2. The obligations that with the worker coming from the laws of the regular relation of job, may not be avoided through the use of a job contract, outsourcing, or working from home. These obligations may not also be avoided through programs of internship, where there is not a real intention to confirm the abilities or proportion fixed jobs not even in the excessive use of contracts of a determined time of work.

9. Inhumane and sever treatments are not permitted

9.1. Physical or disciplinary abuse, the threat of physical abuse, sexual, or other type of harassment and verbal abuse or other forms of intimidation are prohibited.

9.2. The provision of this code constitutes minimum standards, and not maximum. This code should not be used to limit that the companies may go beyond these. The companies that apply to this code have to comply to the national laws and other norms, and where the law and basic code treat the same subject, should follow that that gives the most protection to the employee.

Annex 2: Participation Term

PARTICIPATION TERM OF THE SUPPLIER OR SUBCONTRACTOR

Through this term, the supplier or subcontractor indicated below declares the agreement to accept the Certification of Suppliers, according to the conditions specified in the General Regulation of the Program of Certification of Suppliers, available in the Portal of Certification (www.abvtex.org.br/certificacao).

The supplier or subcontractor acknowledges that it may have its Certificate canceled or suspended in cases previsioned in the Regulation.

The supplier and subcontractor acknowledges that a photographic register is integrally part of the audit process.

The supplier or subcontractor recognizes that the certification is the necessary condition for the supplying (direct or indirect) to whichever one of the associated signatory companies.

The supplier recognizes that its List of Subcontractors will be validated by the Certification Body, during the auditing process, aiming to guarantee that its subcontractors are also certified- conditions are indispensable so that it may continue to supply to the signatory companies of the Certification of Suppliers.

The supplier is also responsible maintain their registration and list of their subcontractors updated in the ABVTEX system.

ABVTEX clarifies that all of the information provided and cleared in the audits will be used only for monitoring purposes on part of ABVTEX and will not be used for commercial purposes. Such information will be treated in a restricted way, except in cases of public authorities that requires disclosure of the same.

This term should be renewed each step of the Audits (certification or re-certification).

Company name: _____

CNPJ: _____

State Inscription: _____ City Inscription: _____

Address: _____ Zip _____ Code: _____

District: _____ City/State: _____

Email: _____ Telephone: _____

Check here the condition of your company:

() Direct Supplier or Retailer

() Subcontractor - Indicate here the company(ies) that solicited your certification

The company has more than one CNPJ in the same plant () yes () no. Which:

I declare to be aware of the penalties provided for in the General Regulation of the Certification of Suppliers.

Name _____ of _____ Legal
Representative: _____ Position: _____

Date: ___/___/____ Signature: _____ (with notarized signature)

Annex 3: List of Subcontractors

This list should be filled out by the supplier directly in the Portal of Certification. Access www.abvtex.org.br/certificacao and follow the instructions.

If there are any irregularities identified in the given subcontractors list, the supplier will be suspended according to the determined in this regulation.

A determined productive unit of the supplier may also be related to this list, highlighting this information.

Annex 4: Conversion of Audits for the Certification of Suppliers

The company (**location audited**) _____, received an audit of the associated (**name of the associated company**) _____, done by an Certification Body (**name of the Certification Body**) _____ on ____ / ____ / _____.

At the end of the audit, we were given the option to convert the audit above to an audit of the Certification of Suppliers and we declare that:

WE ACCEPT

WE DO NO ACCEPT

If WE ACCEPT, we read and agree with the terms below:

1. We should access the system at the address: www.abvtex.org.br/certificacao and follow the instructions aimed so that the registration may be effective in the system of ABVTEX:

- insert as an annex the Participation Term;
- insert as an annex the Conversion of Audits Term;
- follow the additional instructions in the system.

2. We are aware that must pay the amount of man-days used for the audit, according to the Referred Values on www.abvtex.org.br/certificacao (save if there is some other type of agreement made directly with the associate referred to this payment).

3. We accept whichever costs referred to the subsequent audits (action plan or re-certification) will be

paid by our company: audit value, necessary travel, taxes, etc. (save if there is some other type of agreement made directly with the referred associate to this payment).

4. We authorize that the Certification Body sends us a proposal of audit (that will show the values to be charged in this moment) and the subsequent submission of the invoice for this audit (save if there is some other type of agreement made directly with the referred associate to this payment).

5. We commit ourselves to read the Regulation of Certification of Suppliers and follow them according to the established by ABVTEX.

6. In the period of 10 business days of the solicitation of the conversion, the Certification Body (name of Certification Body) _____ will provide the results in the ABVTEX system and will send the identification number to the audited location. Starting from this moment, this audit will pass to be valid for the ABVTEX program.

7. The audited location may inform their identification number to other suppliers or associates, regardless of who paid for the audits.

8. The conversion of audits to the ABVTEX system may be accepted in a maximum period of 90 (ninety) days, starting from the date of the audit, and should be registered with the date of the audit and not with the date of the conversion.

9. Because of the audit was conducted at the request of the associated _____ **(name of associate)**, it is necessary to complement the traceability procedure so that the subcontractors used for other customers associated vendor are also validated. The traceability audit encompassing applications for all retailers should occur up to 7 (seven) business days of the signing of this term and their report should be inserted into the ABVTEX system together with the other documents of the process.

To be filled out by the Certification Body:

Point out the type of audit that is being converted:

Certification Audit

Re-Certification Audit

The Audit was not done:

with previous scheduling at the audited location

without previous scheduling at the audited location

Location and date

Signature of Responsible
Name of Responsible
LOCATION AUDITED

Signature of Responsible
Name of Responsible
Certification Body

Annex 5: Checklist applicable to the Supplier or Subcontractor and Scoring

Look below at the checklist that will be used in the audit of the supplier or subcontractor of the signatory companies.

The rules laid down in this Regulation shall prevail over the constant in any version of its separate checklist.

1. Formalization of company		Weight	Minimum scoring necessary in the block
1.1	Is it constituted as a legal person, respecting the Brazilian legislation?	Yes (conformity) / No (non-conformity)	100%

2. Child Labor		Weight	Minimum scoring necessary in the block
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2.1	If there are employees with an age less than 16 years, it was proven a apprentice contract in accordance with legal requirements?	Yes (conformity) / No (non-conformity)	100% (infractions to these questions will be considered as a Non-Conformity Critique)
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3. Forced or Slave-Like Work		Weight	Minimum scoring necessary in the block
3.1	Is it evident the absence of forced/slave-like work?	Yes (conformity) / No (non-conformity)	100% (infractions to these questions will be considered as a Non-Conformity Critique)
3.2	Is it evident the absence of some type of value loans or retention of personal documents in exchange for labor?	Yes (conformity) / No (non-conformity)	100% (infractions to these questions will be considered as a Non-Conformity Critique)
3.3	Is it evident the free circulation of employees?	Yes (conformity) / No (non-conformity)	100% (infractions to these questions will be considered as a Non-Conformity Critique)

4. Irregular Foreigner Labor		Weight	Minimum scoring necessary in the block
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4.1	Is it evident the absence of work of irregular immigrants?	Yes (conformity) / No (non-conformity)	100% (infractions to these questions will be considered as a Non-Conformity Critique)
4.2	Is it evident the absence of the foreign employee without RNE or Saipro expired?	Yes (conformity) / No (non-conformity)	100%

5. Minors in the Work Environment		Weight	Minimum scoring necessary in the block
5.1	Is it evident the presence of minors younger than 16 in the work environment?	3	100%

6. Housing		Weight	Minimum scoring necessary in the block
6.1	The employer provides housing for their employees or part of them, in accordance with legislation?	Yes / No	100%
6.2	Is it evident the absence of employee housing at the same address of the office?	Yes (conformity) / No (non-conformity)	
6.3	Is it evident accommodation in accordance with the NR 24 and the labor legislation?	Yes (conformity) / No (non-conformity)	

7. Liberty of Association		Weight	Minimum scoring necessary in the block
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7.1	Is it evident the absence of bullying in relation to the free right of association and the right to collective bargaining agreement?	3	100%
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8. Discrimination		Weight	Minimum scoring necessary in the block
8.1	Is it evident the absence of discrimination for age, ethnicity, sex, sexual orientation, group, religion, politics, or another specific motive?	3	100%
8.2	Is it evident the absence of pregnancy exams in the contracting of the employee?	3	
8.3	Is a pregnant employee given differentiated treatment in accordance to the need of each one?	3	

9. Abuse and Harassment		Weight	Minimum scoring necessary in the block
9.1	There are complaints or evidence of whichever type of harassment to the employees taking into account the hierarchy of the company?	3	100%
9.2	Overtime is done with the consent of employees?	3	

10. Health and Security of Work		Weight	Minimum scoring necessary in the block
10.1	Work Conditions and Infrastructure		75%
10.1.1	The installation does not offer risk to the work conditions (cracks, holes, large leaks)?	3	

10.1.2	The internal areas are so designed that the use of temporary facilities is not observed?	2
10.1.3	The areas of the company are found in good conditions of hygiene and cleanliness?	2
10.1.4	Is there filtered water and/or mineral water available for the employees?	2
10.1.5	Are the electrical installations adequate?	3
10.1.6	Are the areas that represent electrical risks under tension signaled according to NR-10?	3
10.1.7	Does the location have a ventilation system, exhaustion, and/or air conditioning adequate to the tasks done in each step of the process?	2
10.2	Bathrooms	
10.2.1	The changing rooms / bathrooms have adequate ventilation?	1
10.2.2	The bathrooms are supplied with toilets with seats and covers?	2
10.2.3	Are there a sufficient amount of toilets for the number of employees?	1
10.2.4	The bathrooms are with products destined to personal hygiene: toilet paper, liquid soap, paper towel for hands or another hygienic way to dry hands, and a garbage can with lid?	2
10.2.5	The bathrooms / changing rooms are separate for both sexes with identification on the doors?	2

10.2.6	In case of obligatory changing rooms, are there sufficient lockers to put individual belongings for the number of employees? The lockers are found in good conditions of hygiene and cleanliness?	1
10.3	Cafeterias	
10.3.1	Do meals happen in the company??	Yes / No
10.3.2	Are the meals done in the company?	Yes / No
10.3.3	Is the cafeteria clean and without residuals of food?	2
10.3.4	Is the food and dishes/pans stored and/or saved adequately?	1
10.3.5	Is the cafeteria airy?	1
10.3.6	Are the meals made separate from the productive area?	3
10.4	Health and Security	
10.4.1	The company establishes technical and legal requirements in the installation, maintenance, and operations of boilers and pressure vessels in accordance with NR-13?	3
10.4.2	The machines, equipments, elevators, tables, and chair are in satisfactory conditions of health and security, without adaptations?	1
10.4.3	Does the company have and follow the recommendations of the PPRA (Program of Prevention of Environmental Risks) defined in accordance with all of the requirements of NR-09 and updated (annually)?	3

10.4.4	Does the company have and follow the recommendations of the PCMSO (Program of Medical and Occupational Health Control) defined in accordance with all of the requirements of NR-07 and updated (annually)?	3
10.4.5	The ASO (Occupational Health Certificate) is updated and contemplates all of the exams provisioned in the PCMSO for the functions considered?	3
10.4.6	The CIPA (Internal Commission of Accident Prevention) is established in accordance with the NR- 05? In the cases of non-obligated of the CIPA, there is a responsible representative for the questions of health and security?	2
10.4.7	The company presents the minimum requirements of conservation and comfort in the buildings in accordance with the NR-08?	2
10.4.8	The location provides seats for the continuous work of the employee to be able to work seated?	2
10.4.9	The seats used in the work posts attend the minimum requirements of comfort and ergonomics (NR-17)?	2
10.4.10	The illumination is adequate for the activities done?	2
10.5	EPI's	
10.5.1	It is evident situation in which the worker is exposed to situations of risk, without protection?	3
10.5.2	The location provides adequate EPIs, with CA (Approval Certificate), provided and substituted when necessary (in case of damage or misplacement) in accordance with the NR- 06, for their employees and has a delivery form of the EPI duly signed?	2
10.5.3	All of the employees are aware in relation to the adequate use, storage, and conservation of the EPI's?	2
10.6	Handling of Chemical Products	

10.6.1	The FISPQs (Identification Form of Security of Chemical Products) are updated and available for employees that handle chemical products, in accordance with Decree 2657/98?	2	
10.6.2	In case of leaks or accidents with chemical products, the employees are oriented and have the resources to take the provisioned measures in the FISPQs?	2	
10.6.3	Flammable and dangerous substances are stored in an adequate area and form?	2	
10.6.4	Flammable and dangerous substances are within the valid date and in adequate containers?	2	
10.6.5	Handling done in a correct way with chemical products in the production?	3	

11. Fire Prevention and Combat		Weight	Minimum scoring necessary in the block
11.1	The company has AVCB (Auto Inspection of Fire Department) or equivalent?	2	80%
11.2	The company has clear marked emergency exits?	2	
11.3	The company has emergency signage and illumination (evacuation route)?	2	
11.4	The company has equipment to combat fires in conservation state, valid date, adequate quantity, signage, and clear?	2	

11.5	The company has a fire department trained and conducts simulations of evacuation regularly?	2	
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12. Monitoring and Documentation		Weight	Minimum scoring necessary in the block
12.1	The company has the GFIP guide updates with the name of all of the employees?	3	85%
12.2	It is evident the use of fiscal invoices?	3	
12.3	It is evident the absence of abusive disciplinary practices?	2	
12.4	Evidenced licenses to acquire controlled products (Federal Police, Civil Police, or Army)?	3	
12.5	Evidenced a Certificate of Movement of Residuals of Environmental Interest?	2	
12.6	Environmental license?	3	
12.7	Evidenced Operating License?	1	
12.8	All of the documentation of the company is updated in the Federal Revenue Agency, together with Commercial and the other competent organizations?	2	
12.9	It is evident the compliance of conventions and/or collective agreements?	3	

13. Compensation		Weight	Minimum scoring necessary in the block
13.1	The salaries, overtime, DSR, 13th paycheck, paid leave, vacation bonus, additional (nocturnal, insalubrity, and dangerousness) are paid in agreement with the labor legislation and the collective agreement and local legislation applicable?	3	100%
13.2	Are provided to the employees copies of the paystub/paycheck?	2	
13.3	Is there some type of deduction in the salary that is not permitted by law or without agreement of the employee? (as for example: Delays withing the tolerance or justified, justified faults, uniforms, EPI's, disciplinary practices, damaged parts)?	3	
13.4	Overtime worked are paid or compensated in accordance with the labor legislation and the collective agreement?	2	
13.5	All of the employees have a registration in CTPS?	3	
13.6	In case of the company not having employees and only partners, this partnership is found regular?	3	
13.7	If there are employees with an age higher than 16 years and younger than 18 years, the labor laws are being followed such as: no exposure to hazardous / unhealthy work, not doing nocturnal work, working contract according to permitted by law?	3	
13.8	The company presented the Relative Debits Certificate to federal tax credits and the Active Debt of Union, as well as the last 6 paid guides of INSS?	3	
13.9	The company presented regularity certificate of FGTS/CRF?	3	
13.10	The company presented the CAGED extract updated or RAIS negative?	3	
13.11	The payments, advance payments, and loans are made full by a deposit in a bank account of the title of employee?	3	

14. Hours Worked		Weight	Minimum scoring necessary in the block
14.1	The fulfillment of the workload is in agreement with the labor legislation and the collective agreement?	3	70%
14.2	It is given to the employee, the right to check the overtime worked with the receipts? The overtime and regular work time are 2 registered in the same mirror/point card?	2	

15. Monitoring of the Productive Chain (block applicable only for suppliers)		Weight	Minimum scoring necessary in the block
15.1	Exists a process for the selection of new subcontractors, for matters relating to regular work?	1	70%
15.2	The organization has some formal document signed by the subcontractors, addressing issues related to working conditions?	1	
15.3	The organization has an updated list, in an electronic form, of all the subcontractors with which it has business relationship, with at least the following information: register data as corporate name, address and CNPJ; type of service done; local formalization conditions (CLT); among other relevant information?	2	
15.4	The organization does semester monitoring of the activities of current subcontractors on issues related to regular work and monthly request of copy of payment slips and certificates of INSS and FGTS?	2	

16. Traceability (block applicable only for suppliers) - Rejection		Weight	Minimum scoring necessary in the block
16.1	During the process of traceability of orders of signatory retailers, it was evident in its totality, subcontractors declared and certificated by ABVTEX?	Yes (conformity) / No (non-conformity)	100%

16.2	During the process of traceability of orders of signatory retailers, it was evident the absence of one or more subcontractors not certified by ABVTEX?	Yes (conformity) / No (non-conformity)	
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17. Traceability (block applicable only for suppliers) -Action Plan		Weight	Minimum scoring necessary in the block
17.1	There is an order number of the signatory associate on the Fiscal Invoices (shipping / return)? This number may be: Purchase of order, model, internal reference, supplier reference.	3	100%
17.2	Presented the official order of the signatory associate?	3	
17.3	Presented a fiscal invoice of return (in chronological order) of all of the subcontractors used in the production process?	3	
17.4	Presented a fiscal invoice of shipping (in chronological order) for all of the stages of the productive process (when outsourced)?	3	
17.5	The date of the fiscal invoice (shipping/return) is inferior to the sale date for the signatory associate?	3	
17.6	The quantity of pieces produced are within the 10% margin in relation to the order made by the signatory associate (shipping x return)?	3	
17.7	The quantity of pieces produced is equal or superior to the quantity sold/delivered to the signatory associate?	3	
17.8	Has control of internal production, for the cases in which do not outsource (100% internal)?	3	
17.9	Has control of internal production (when there is production internal x external)?	3	
17.10	For cases in which there is triangulation, the fiscal invoices have a fiscal code corresponding to (CFOP 5649 or 6949 and the mention "On account and Order", not characterized by outsourcing?	3	

17.11	Presented the fiscal invoices of purchase of components that are part of the final product (insole / outsole / decorations)? (when the internal process or by subcontractors is not done)	3	
17.12	All of the companies (subcontractors), that are found in the same plant of the supplier were certified?	3	
17.13	The company presented the fiscal book and/or the system of emission of fiscal invoices (of the last 2 months) for the traceability process to be done?	3	

18. Subcontracting of services (block applicable only for subcontractors)		Weight	Minimum scoring necessary in the block
18.1	It is evident the absence of outsourcing?	3	100% (infraction to this question will be rejected)

Annex 6: Definition of accessories, textile items for the home, and shoes

Accessories:

Rings;
Bibs;
Bags;
Baseball Caps;
Earrings;
Scarves;
Wallets;
Hats;
Belts;
Necklaces;
Cloth Diapers;
Beanies;
Ties;
Handkerchiefs;
Gloves;
Blankets;
Backpacks;
Glasses;
Pashmina Scarves;
Briefcases;
Hair clips;
Bracelets;
Crowns;
Anklet.

Textile Items for the home:

Pillows;
Aprons;
Throw Pillow Covers;
Mattress Cover;
Couch Cover;
Blankets;
Bedspreads;
Curtains;
Comforters;
Pillow cases;
Napkins;
Place mats;
Bed sheets;
Gloves;
Blankets;
Dish cloths;
Pillow cases;
Robes;
Towels;
Pillows.

SHOES: all of the types and models.

