

## 1. OBJECTIVE

By this catalog, there are defined measures and consequences by the farmer/producer/processor/trader has to face within the case of established non-conformities during practicing production/processing /marketing of certified products. This catalog is a part of the GP 15 Procedure. ETKO takes references described in this catalog identifying sanction levels.

## 2. Issuance and Classification of Nonconformities

ETKO issues and classifies non-conformities as described below.

When a non-conformity is identified during an audit, it is classified according to the levels below.

ETKO applies the specified timeline for each non-conformity based on its level. Shorter timelines may be given when ETKO believes they are justified.

Evaluation of non-conformities is conducted on-site when this is needed for credible evaluation of the nonconformity. The use of alternative technologies (e.g. video conferencing) is considered prior to requiring an additional site visit.

In all cases, if a scope certificate is not issued within 60 days of an initial audit, or if a certificate is suspended for 180 days or until its expiry, whichever is shorter, a new audit is conducted before the organization may become (re-)certified.

*In cases of detection involving fraudulent activity, such as making changes to evidence, it is necessary to apply sanctions in accordance with the relevant standard article.*

*Corrections such as re-supplying this evidence, which has been changed illegally, and terminating the contract signed with the consultancy firm they are working with, are not sufficient to close the non-conformity. Even if there are consultancy organizations with which the Operator has a contract (works under contract), all responsibility for meeting the certification requirements belongs to the Operator and this responsibility cannot be transferred to another company. Especially in case of detected non-conformities in critical issues such as fraudulent activities, it is ensured that appropriate communication is established with the customer by ETKO Certification Department, including those abroad.*

*Especially with the customers in the countries where our foreign offices are located, ETKO Certification Department either communicate directly or at least make sure that they observe all communications made by the relevant country official.*

### 2.1 Critical Non-Conformity

<b>Definition</b>	Critical non-conformities represent serious failures to meet the fundamental principles of the Standard.
<b>Applicable Standards</b>	All
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<b>Initial Audit</b>	<b>Timeline</b>	Prior to certification
	<b>Consequence if not closed</b>	Scope certificate is not issued
<b>Recertification Audit</b>	<b>Timeline</b>	Immediate
	<b>Consequence if not closed</b>	Scope certificate is suspended
<b>Requirements</b>	<p>1. Critical non-conformities are reserved for requirements identified as critical in the Standard, or for intentional fraud.</p> <p>2. The auditor notifies ETKO immediately when a critical non-conformity is identified.</p> <p>3. When a critical non-conformity is identified for a certified organization, ETKO suspends the scope certificate immediately. In all cases, the suspension is enacted within a maximum of five business days from the day the critical non-conformity was identified, even if the entire audit has not yet been completed.</p> <p>4. When a scope certificate includes multiple sites (including groups) and a site receives a critical non-conformity, the site may be suspended from the certificate to avoid suspension of the entire scope certificate. (This does not apply to critical non-conformities issued to an Internal Control System.)</p> <p>5. ETKO immediately notifies Textile Exchange of all critical non-conformities, including details of the non-conformity.</p> <p>6. ETKO issues any non-conformities relating to deliberate fraud (including but not limited to altering any records related to claimed material by the organization’s personnel) as critical non-conformities to criterion C1.5 of CCS 3.0.</p> <p>7. ETKO issues a critical non-conformity, to any organization or site where evidence suggests that any of the following practices (collectively, the “unacceptable practices”) are occurring: <small>CCS-102 D5</small></p> <p>* The worst forms of child labor, as defined by ILO C182 – Worst Forms of Child Labour Convention, 1999 (No. 138 and No. 182); or</p> <p>* Forced and compulsory labor, as defined by ILO C029 – Forced Labour Convention, 1930 (No. 29 and No.105).</p>	

## 2.2 Major Non-Conformity

<b>Definition</b>	Major non-conformities occur if, either alone or in combination with further non-conformities relating to other requirements, they result in or are likely to result in, a fundamental or systematic failure to achieve the objectives of the standards system.	
<b>Applicable Standards</b>	All	
<b>Initial Audit</b>	<b>Timeline</b>	Prior to certification
	<b>Consequence if not closed</b>	Scope certificate is not issued
<b>Recertification Audit</b>	<b>Timeline</b>	30 days from the audit (closing meeting), and prior to recertification
	<b>Consequence if not closed</b>	Scope certificate is not reissued, and is

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		suspended if the 30-day timeline ends before the expiry of the scope certificate
<b>Requirements</b>	<p>A. Major non-conformities are issued in the following circumstances:</p> <ol style="list-style-type: none"> <li>1. For requirements that are indicated as major requirements in the Standard. Or</li> <li>2. For violation of GRS Section C2.3d, C2.3e and C2.3f about Wastewater / Effluent. When the operator did not demonstrate they have been well prepared for certified production by providing the complete list of approved chemicals, SDS' and conformance testing reports for chemical inputs, even though there is not yet any certified production.</li> <li>3. For violation of the standard requirement as mentioned with "shall".</li> <li>4. Where, either alone or in combination with further non-conformities, the non-conformity results in or may result in a fundamental or systematic failure to meet the objectives of the Standard. This may be indicated by non-conformities which: <ol style="list-style-type: none"> <li>a. continue over a long period of time,</li> <li>b. are repeated or systematic,</li> <li>c. affect a wide area,</li> <li>d. affect the integrity of the product or the Standard, or</li> <li>e. are not corrected or adequately addressed once they are identified.</li> </ol> </li> </ol> <p>B. Scope certificates are suspended immediately if there are five or more open major non-conformities.</p> <p>C. Non-conformities issued to the following CCS 3.0 criteria always are issued as major non-conformities:</p> <ol style="list-style-type: none"> <li>a. C3.2.1 (records of materials);</li> <li>b. C3.3 (conducting volume reconciliation);</li> <li>c. C5.5 (contracts with associated subcontractors);</li> <li>d. C5.6 (contracts with independently certified subcontractors);</li> <li>e. D3.5 (avoiding commingling);</li> <li>f. D5.1 (transport packaging);</li> <li>g. D5.2 (transport documents);</li> <li>h. E3.1 (list of distribution sites);</li> <li>i. E3.2 (certification body access to distribution sites);</li> <li>j. F1.2 (multi-site and group certification);</li> <li>k. F5.1 (adding sites); and</li> <li>l. F5.2 (authority/removal of sites).</li> </ol>	

### 2.3 Minor Non-Conformity

<b>Definition</b>	Minor non-conformities occur when a single observed lapse has been identified in a procedure required as part of the client's management system.
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<b>Applicable Standards</b>	All	
<b>All Audits</b>	<b>Timeline</b>	30 days from the audit (closing meeting) But in case a corrective action plan is submitted to ETKO which convinces the certification department, it may delay until 60 days from the audit (closing meeting)
	<b>Consequence if not closed</b>	If a minor nonconformity is not closed within 60 days after the audit, the minor Non-conformity is upgraded to become a major non-conformity with a timeline of 30 days from the original deadline
<b>Requirements</b>	Minor non-conformities are issued in the following circumstances: <ol style="list-style-type: none"> <li>1. For requirements that are indicated as minor requirements, unless ETKO determines that the non-conformity is major based on the requirements above; or</li> <li>2. Where the non-conformity is a temporary lapse, non-systemic, limited in scale, or does not represent a fundamental failure to achieve the objectives of the Standard.</li> <li>3. Where the standard requirement that is mentioned with “shall” is partially met.</li> </ol>	

## 2.4 Point of Attention

ETKO issues “Point of Attention” for the situations that do not affect the certification decision and do not need to be defined as major, minor, or critical nonconformity according to the Standard/ETKO Procedure but can be developed by the operator.

## 3. Specific Rules

### 3.1 GOTS Specific Rules Dealing with Non-conformities:

#### 3.1.a GOTS Specific Rules regarding Certification GOTS Approval Procedure-5.2.3.4

The rule regarding major and minor non-conformities with TE scopes implements for GOTS certification, too.

a) Certification decisions may include requests for the correction of minor non-conformities within a specified time period. In case of major non-conformities, a certificate is withheld or suspended until the implementation of corrective actions can be demonstrated. In serious cases, certification is denied or withdrawn.

b) Reasons for denial, withdrawal, or suspension of certification are stated with clear reference to the GOTS criteria or other certification requirements violated.

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c) In case reasons for denial or withdrawal of certification include fraudulent activities ETKO promptly notifies Global Standard gGmbH who will circulate among all approved Certification Bodies details of such operators. ETKO does not offer certification to those operators within a period specified by Global Standard gGmbH.

**3.1.b GOTS Specific Rules regarding Approval** GOTS Approval Procedure-5.3.3.3

a) Reasons for denial of approval of applied inputs are stated with clear reference to the GOTS criteria or other certification requirements violated.

b) In case reasons for denial or withdrawal or suspension of approval include fraudulent activities of the operator ETKO promptly notifies Global Standard gGmbH who will circulate among all Approved Certification Bodies details of such entities.

c) ETKO does not offer input approval to such entities where fraudulent activities have been detected for a time period specified by Global Standard gGmbH.

d) In case a chemical input, which was included in the latest circulated summary list needs to be removed from a 'Letter of Approval' because of non-conformities found, a notification is to be sent to the GOTS Technical Director for circulation to all Approved Certifiers. This notification includes the kind of non-conformity found so that the risk potential related to the use of this input can be estimated.

**3.2 CCS Specific Rules Dealing with Non-conformities:**

- In case an organization did not have documented procedures, a major non-conformity is issued for CCS-101-V3.0 Content Claim Standard, section C1.2 (documented procedures) however a minor non-conformity is issued if there are small elements of the procedures which are missing or out of date.
- ETKO does not actively evaluate legal compliance except where this is applicable to the particular Standard. However, ETKO issues a non-conformity if the organization is identified to be out of legal compliance during the audit. The non-conformity is graded as minor, major, or critical depending on the scale and importance of the legal compliance. An organization undergoes an initial audit for both GRS and RCS at the same time. A non-conformity relating to legal non-compliances is issued as part of the RCS audit. During an OCS audit, the auditor notices violations of applicable legal health and safety criteria. A non-conformity relating to legal non-compliances is issued.

**3.3 RAF (Primary Certification) Specific Rules Dealing with Non-conformities:**

Minor non-conformities for LM requirements which are issued during an initial audit, or during a farm audit for a farm which has been part of a group for less than six months are issued with a timeline of up to one year. All other minor non-conformities for Communal Farmer Groups may be issued with a timeline of up to six months.

ETKO issues major non-conformities for minor requirements if, either alone or in combination with other non-conformities, when ETKO believes they result in, or are likely to result in, a fundamental failure to achieve the objectives of the standard. Such fundamental failure is indicated by nonconformities which continue over a long period of time, are

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repeated or systematic, affect a wide area, or are not corrected or adequately responded to by the client once they have been identified.

When a critical non-conformity is issued to a farm for an animal welfare criterion, ETKO:

- a. Immediately removes the farm from the scope certificate or suspends the scope certificate;
- b. Notifies Textile Exchange with the farm name, region, scope certificate identification, the criterion, and the date the non-conformity was identified;
- c. Notifies the scope certificate holder, if held by a different company; and
- d. Not permits the farm to be recertified (including lifting the suspension or rejoining the group) until the later of 180 days from the date the critical non-conformity was identified. This still applies to a farm group member if the farm group scope certificate is suspended, and the suspension is lifted or the scope certificate re-issued during the specified time.

When a critical non-conformity is identified during a Farm Group or Communal Farmer Group audit, ETKO identifies the scope certificate as high risk and increases sampling for the current audit accordingly if a low or medium risk designation was in place.

When two or more critical non-conformities are identified during a Farm Group or Communal Farmer Group audit for different farms, a major non-conformity is issued to the organization/ICS.

ETKO does not issue an Individual Farm Certification to a farm where a critical non-conformity has been issued, and where the required waiting time defined above(in item d) has not been completed, and does not allow such a farm to be included in a Farm Group or Communal Farmer Group Certification.

ETKO issues “Recommendation” which is not required to achieve or maintain certification, and which serves as guidance and is best practices in the industry. All recommended requirements are fully audited and recorded by ETKO, but do not have any effect on the certification status of the organization.

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