



GoodWeave International

Standard Operating Procedure (SOP): Escalation and Communication of Non-Compliances

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1. Introduction

The purpose of this document is to describe the process of communication between GoodWeave International (GWI) and its licensees regarding information related to non-compliances against the GoodWeave Standard in monitored supply chains. While GoodWeave recognizes the importance of safeguarding confidentiality of business information, it is equally important to ensure good communication with importer and exporter licensees regarding compliance issues and status of certification label issuance.

Definitions

- **GoodWeave Standard** refers to the GoodWeave Generic Standard for Carpet Producers, available publicly online at www.goodweave.org/standard.
- **Licensees** are companies that have signed a license agreement with GoodWeave. These include importer and exporter licensees.
- **Producers** is a generic term that refers to all types of units involved in the manufacturing of products covered under a company's license agreement. This includes any types of production setups ranging from large or small factories to worker cooperatives, home looms, and any other types of production sites. Within a company's supply chain, Level 1 refers to the exporter licensees' own production unit(s), whereas Level 2 and Level 3 refers to sub-contractors and home looms, respectively, which work directly or indirectly for an exporter licensee.

2. Roles and Responsibilities

GWI shall ensure proper and timely communication of information to its importer and exporter licensees as per this SOP. GWI's internal teams include the following:

- GWI-Certification Division (GWI-CD) is the centralized certification body for the GoodWeave program. The Director of GWI-CD oversees and coordinates the work of inspection units in all producer countries. Designated staff members in each country office are responsible for communications with GoodWeave exporter licensees.
- The Certification Committee makes decisions for the GWI-CD. It approves license applications, corrective actions and decides cases involving certification label suspension and de-licensing. It ensures the rigor, consistency and impartiality of certification decisions, and is comprised of the GWI-CD director and a panel of experts from producer and consumer countries.
- The Business Development team is comprised of staff members based in the USA, UK and Germany. The Director of Business Development oversees and coordinates the team and is the main point of contact responsible for communications with GoodWeave importer licensees.
- The GWI Secretariat is based in the USA and sets the policy framework for the certification system. The designated senior staff member responsible for policy development coordinates the implementation of GoodWeave's certification system policies and procedures.

Importer and exporter licensees shall designate a primary point of contact for communications related to compliance. The exporter licensee is the primary party responsible for compliance within its supply chain. Whenever non-compliance issues are reported, the exporter licensee is responsible for taking necessary corrective actions and (if applicable) enforcement actions against sub-contractors. Exporter licensees are also responsible for an updated list of suppliers to GoodWeave at least every 6 months, or whenever new producers are added or removed. This list should be sent to the designated local country office point of contact. Importer licensees are encouraged to also provide updated list of their exporters' suppliers to GoodWeave, if this information is collected by the importer, and sent to the GWI Business Development Director with copy to the GWI-CD Director . This will facilitate supply chain mapping and monitoring.

3. Types of Non-Compliances

GoodWeave maintains a Certification Methodology, which defines levels of non-compliance. These are summarized below:

- **Major Non-Compliance (Major NC)**

Failure to maintain critical objectives of the GoodWeave Standard, including but not limited to: use of child labour, forced labour, or trafficking, failure to disclose the supply chain, or cooperate with or allow access by GoodWeave inspectors to conduct audits/inspections or to carry out remediation when non-compliances are found. Any Major NC will lead to suspension of certification if not corrected as specified in the corrective actions timeline. In general, Major NCs require immediate action.

- **Minor Non-Compliance (Minor NC)**

Failure to adhere to requirements of the GoodWeave Standard under the Certification Principles A1-A3, however not critical to the immediate safety or well-being of the individuals involved. For example: failure to maintain a policy, records or other documentation. Minor NCs must be corrected within the time period given in the corrective actions timeline, which ranges from 1-6 months.

Appendix 2 includes more detailed guidance on the classification of NCs for each of the Certification Principles in the GoodWeave Standard. Audit and inspection reports indicate the Major and Minor NCs identified.

In addition to the above, audit and inspection reports may indicate one or more Risk Factors (RFs), which are areas for improvement not explicitly stated as part of the requirements, but represent underlying factors/root causes related to actual or potential NCs. (For example, if the factory management is not aware of or does not understand the laws and regulations on child labour/young workers, and does not maintain a policy on child labour, this is not an NC, but it is a situation that may likely lead to future non-compliances.) Areas for improvement related to the Progress Principles of the GoodWeave Standard are also included in the annual audit reports.

4. Escalation of Non-Compliances

When non-compliances are identified during audits and inspections, the following steps take place:

- i. All NCs are recorded on the audit/inspection report. Child labour cases are handled as per the GoodWeave policies for child protection and remediation. Findings from audits/inspections are treated as confidential per the GWI Confidentiality Policy.
- ii. The GoodWeave inspection unit first informs the exporter licensee(s) about any Major NCs found in its supply chain and discusses corrective actions to come into compliance.
- iii. The Certification Committee receives reports on all cases involving Major NCs and makes any decisions needed, such as approving the proposed corrective actions and timelines.
- iv. The Director of Business Development is informed in order to determine whether any communication with the importer is needed. If the case involves Major NCs at the exporter licensee's own Level 1 facility, the importer licensee is also informed as this could affect certification label issuance for the company.

- v. If the producer and/or exporter licensee fail to resolve the non-compliance within the specified timeline for corrective actions, the case is then escalated.
 - a. If the case involves Major NCs at the exporter licensee's own Level 1 facility, this results in suspension of certification label issuance.
 - b. If the case involves Major NCs in a Level 2 or Level 3 producer facility, the exporter licensee may take final enforcement actions, including de-listing the producers in question.
 - c. The importer licensee is contacted and informed about any Major NCs that have not been resolved, as well as any steps for taking further enforcement actions against the exporter.
- vi. At each stage the GoodWeave country team monitors implementation of corrective actions and reports to the Certification Committee. If the Certification Committee determines that the necessary corrective actions have not been completed within the given time frame, issuance of certification labels is suspended and the GoodWeave license is suspended.
- vii. If the non-compliances are not resolved with the involvement of the importer licensee, then the final action is de-licensing the exporter. The case is then sent back to the Certification Committee to de-license the exporter.

These steps are designed to ensure all necessary communications about cases involving Major NCs take place among the affected parties. The importer licensee and the exporter licensee in particular will be notified of any decisions that would affect label issuance.

5. Suspension of Label Issuance and GoodWeave License

Failure to take corrective actions on Major NCs within the given time frame results in suspension of certification label issuance and the GoodWeave license. The Certification Committee decides when to stop issuing certification labels based on the particulars of the case. Once corrective actions have been completed and approved by the Certification Committee, certification label issuance may resume. The Certification Committee determines the effective start and end date of the suspension. GoodWeave will obtain from the exporter complete details of the purchase orders that were produced during the period that child labour was found at the factory and then inform the exporter and importer licensees regarding any batches of certified products, which are affected by the suspension of certification labels.

6. Communications between GoodWeave and Importer Licensee

The following types of non-compliances are likely to result in escalation as described above, and therefore the importer licensee would be informed about them:

- Child labour cases;
- Forced/bonded labour cases;
- Denial of access to facilities, documentation or personnel;
- Unethical or abusive behaviour towards GoodWeave inspection personnel, such as threatening or physical violence;
- Lack of disclosure of sub-contracting;
- Misuse of certification labels;
- Failure to schedule annual audits.

When a case under review by the Certification Committee appears likely to lead to imminent suspension of certification label issuance, the GoodWeave business development team will inform the importer licensee. The types of Major NCs that would typically lead to suspension include those identified at the exporter's own Level 1 facility, as well as any Major NCs in the exporter's supply chain not resolved within the given

time frame. GoodWeave will notify the importer licensee within 10 working days of the case being sent to the Certification Committee. Copies of the relevant report(s) can be provided, which include a description of the non-compliance, date of the incident, and information related to decisions of the Certification Committee, if any. A list of Purchase Orders associated with the unit(s) where major non-compliances have occurred shall also be attached to the report.

The importer licensee should confirm receipt of the escalation report and schedule a meeting to discuss any implications with GoodWeave, such as suspension of certification label issuance. The Certification Committee will be informed of any enforcement actions that the importer licensee plans to take.

An importer licensee may request additional information regarding non-compliances in their exporters' supply chains in addition to the cases requiring escalation described above. In these cases the business development team in consultation with GWI-CD shall determine the feasibility of approving the request based on the types, nature and timelines of the information requested, as well as any concerns regarding confidentiality. If approved, the specific types of data and frequency of reporting agreed with the importer licensee shall be documented in the template provided in Appendix 3.

Note: GoodWeave is developing an online system for reporting supply chain information to importers in real time. Interested importer licensees may request to participate in the online system when it is launched.

7. Confidentiality

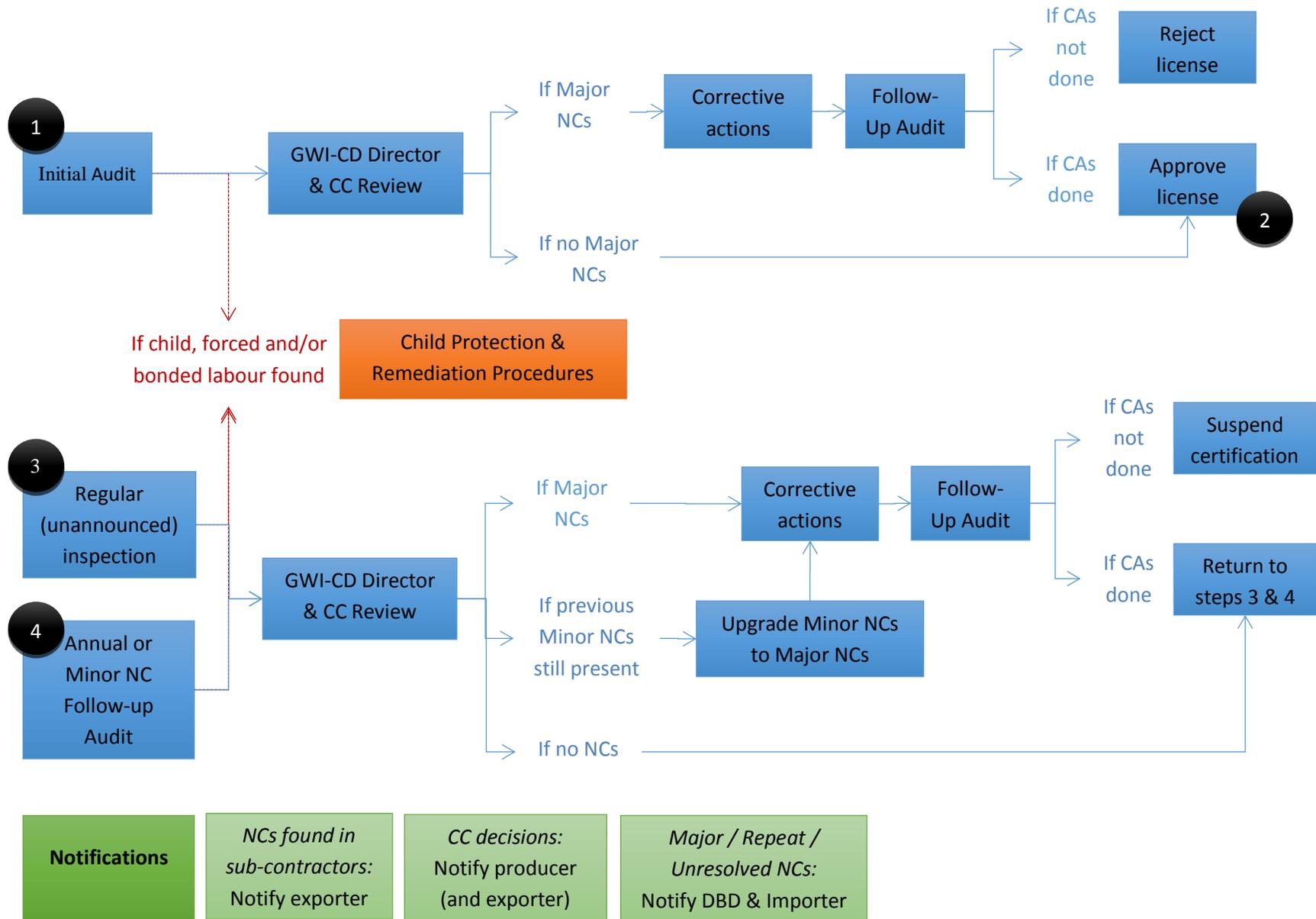
GoodWeave recognizes that labour rights issues are not uncommon in the monitored supply chains and therefore aims to encourage producers to make progressive improvements and support a culture of compliance. However, GoodWeave also maintains a zero tolerance policy for use of child labour in supply chains. When non-compliance information is communicated with an importer licensee, the GoodWeave confidentiality policy shall be followed. GoodWeave will provide details of non-compliances related to the exporter licensees as specified in this SOP, but the names of sub-contractors, home looms, workers and children shall be redacted in order to protect confidentiality.

References

GoodWeave Generic International Standard for Rug Producers
GWI Child Protection Policy
GWI Confidentiality Policy
GWI Forced, Bonded and Child Labour Remediation Policy

GoodWeave's policies and procedures are available online here: <https://www.goodweave.org/policies-and-procedures>.

Appendix 1: Flowchart of Certification Decisions, Non-Compliance and Corrective Actions Process



Appendix 2: Guidelines for Classification of NCs by Principle

The following guidelines explain how to classify various types of audit/inspection findings as major or minor non-compliances. Inspectors should also refer to the Standard Guidelines for additional explanation of each of the Certification Requirements under the GoodWeave Standard's Certification Principles, as well as definitions of terms used (e.g. "Child Labour", "Young Workers", etc.).

Principle 1: No Child Labour is Allowed

- A.1.1: All cases of child labour involving children working below the statutory minimum age are classified as a Major NC. The status of corrective actions with respect to each child labourer identified (e.g. enrolled in a community-based or centre-based rehabilitation program or reunited with parents and ensured admission in a local school) should be indicated on the reports.
- A.1.4: The licensee/sub-contractor is expected to provide access to the facilities and any relevant information that the GoodWeave inspectors or social program staff need in order to investigate cases of child labour. Any efforts to obstruct or hinder the activities of inspectors or social program staff in providing assistance to children and their families working to address child labour situations are classified as a Major NC. This includes extreme cases, such as verbal or physical threats or assaults against inspectors, social workers or other GoodWeave personnel.
- A.1.5: If young workers are present in a factory operated by the licensee or sub-contractor, a systematic failure to meet the legal requirements related to young workers is classified as a Major NC. This includes young workers engaged in hazardous work, night shifts, and overtime hours, among others (Note: please consult the country-specific guidelines which further explain the legal requirements). The inspector should consider whether the failure to meet the requirements is systematic or incidental, and if it is the latter then it would be classified as a Minor NC.
- A.1.7: If any young workers who are subject to compulsory education laws are regularly working during school hours, this is classified as a Major NC. The inspector should consider whether this is systematic, i.e. happens consistently, or incidental, i.e. happens once but is not a regular occurrence and if it is the latter then it would be classified as a Minor NC.
- A.1.9: In the case of homework, if any child or young person who is subject to compulsory education laws is not in school and working during school hours, this is classified as a Major NC. The inspector should consider whether this is systematic, i.e. happens consistently, or incidental, i.e. happens once but is not a regular occurrence and if it is the latter then it would be classified as a Minor NC.
- All other requirements of Principle 1 not listed above are classified as Minor NCs.

Principle 2: No Forced or Bonded Labour is Allowed

- A.2.1: A detailed explanation of the criteria related to forced and bonded labour is provided in the Standard Guidelines. Any incidence of forced labour found is classified as a Major NC. This includes any employer that prevents workers from leaving the work premises or from leaving employment, using physical or psychological coercion, withholding deposits or identity papers, or threats of penalties. If the employer does not have the records necessary to demonstrate compliance with this requirement, such as terms and conditions of work, or time/wage records, this is classified as a Minor NC.
- A.2.2: If a company or contractor's employment practices systematically fail to establish an agreement with workers for their labour, or if workers do not understand the terms and conditions of their employment, this is classified as a Major NC. If any such failures exist but are incidental, e.g. an agreement is established with the lead worker of a team, but some of the other workers on the team are not aware of some of the terms and conditions, then this is classified as a Minor NC. The inspector should assess the situation based on records and worker interviews and determine whether the failure is systematic or incidental, as the basis for determining whether it is a Major or Minor NC.
- If workers are bound to the job through significant amounts of debt/advances (see the Standard Guidelines) and/or there is evidence of any threat of penalty, sanctions, or coercion relating to the debt, this is classified as a Major NC. If evidence of debt/advances is present but other forms of coercion are

not present, or if records of wage and loan payments are incomplete or not provided to workers, this is classified as a Minor NC.

Principle 3: Business Practices are Documented and Verifiable

- A.3.1: During initial and follow-up audits, licensees and sub-contractors must provide complete lists of their production sites and those of their respective sub-contractors. Each tier of sub-contractors are in turn inspected and required to provide this information, in order to ensure that all facilities in the supply chain – at all levels, including home weaving – have been identified. In the case of failure to provide documentation/records to verify this supply chain information during the audit, this is classified as a Major NC. If the licensee or sub-contractor provides a supply chain list but is not aware of all the tiers of sub-contracting beyond their immediate suppliers down to the lowest level where production is taking place, this is classified as a Minor NC.
- A.3.1: Licensees are required to send updated lists of production sites and sub-contractors at least once every 6 months. If this information is not received within 6 months then a follow-up audit should be scheduled, and if it is still not received by the date of the next audit, then it is classified as a Major NC.
- A.3.2: Supply chain information is routinely checked during the inspection process, which includes cross-checking information with sub-contractors, workers and members of the community, as applicable, in order to confirm that all production sites have been registered with GoodWeave. If evidence is found through any available means that there are additional unlisted facilities in the licensee’s supply chain list, then a follow-up audit should be scheduled, and this is classified as a Major NC.
- In case it is found that a licensee has requested certification labels for a product for which it has not provided to GoodWeave a corresponding production facility, it will be classified as a Major NC (e.g. if licensee applies for labels for jute carpet whereas no production facility of jute carpet is provided to GoodWeave).
- A3.3: Inspectors collect information relating to wages, working hours, working environment (health and safety), which fall under Progress Principles and are not currently related to the requirements for the purposes of certification. Compliance criteria for this broader range of issues is in development, which will be covered under the new, expanded standard in the future, once it has been fully phased in. However, if a licensee or sub-contractor does not provide access to the necessary documentation, records or personnel to verify this information (), including wages, working hours, etc. during audits or inspections, then this is classified as a Major NC.
- A.3.4 & A.3.5: The licensee and their sub-contractors must willingly provide access to the facilities, workers and any information necessary for undertaking audits and unannounced inspections. Specifically, each supplier must:
 - Provide immediate and unhindered entry for audits and inspections of all activities within the facility premises;
 - Provide requested information including any applicable: worker employment data, wage records, attendance records, warehouse or shipping data, or other documents that indicate workplace standards and production capacity;
 - Co-operate with approved inspectors (do not verbally or physically threaten, abuse or otherwise interfere with the work of inspectors);
 - Provide access to all workers for confidential interviews; and
 - Allow photos to be taken of the facility by GoodWeave inspectors and its other approved personnel to document any non-compliances.
- Any actions by a licensee or its subcontractors to obstruct the audit or inspection process by impeding access to production sites or access to workers for confidential interviews are classified as a Major NC.

Administrative licensing requirements are handled separately from handling certification requirements/NCs. This includes completion of initial license application documents, furnishing copies of company registration and tax documents, regular payment of license fees and any other administrative requirements for the renewal of the license. GoodWeave’s local office informs licensees of all such administrative requirements.

Appendix 3: Supplemental Agreement on Communication of Non-Compliance Data

This agreement is an addendum to GoodWeave's *Standard Operating Procedure (SOP) – Escalation and Communication of Non-Compliance*. Any importer licensee, which chooses to request additional information regarding the compliance status of their suppliers shall enter into a supplemental agreement as specified in this document. Once approved, a copy of this document shall be provided to the affected exporter licensee(s).

Name of licensee: _____

Point of contact: _____

GoodWeave point of contact: _____

The following communications protocol shall be carried out **in addition to** the steps outlined in the SOP: