



Responsible Sourcing Equivalency Training

May, 2020





- **Daniela Ayllon** - Customer Success Manager



- **Ninh Trinh** - Director, Responsible Sourcing & Sustainability
- **Melinda Chen** - Reg. Dir RS
- **Arthur Hou** - Sr Manager Responsible Sourcing, Assessments
- **Aileen Zhang** - Sr. Manager Responsible Sourcing Supply Chain
- **Agnes Chan** - Manager Responsible Sourcing, Assessments
- **Christine Wilcek** - Sr Mgr Responsible Sourcing
- **Jennifer Weber** - Mgr Resp Sourcing Business Integration
- **Sara Sticha** - Sr Manager Sustainability

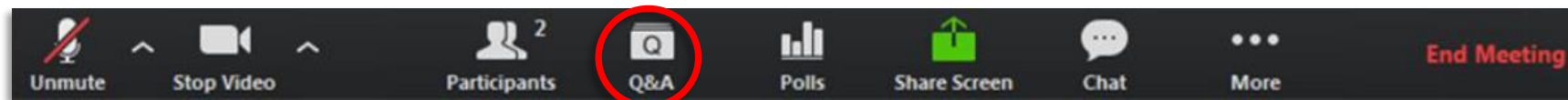


Q&A

Questions can be submitted throughout the webinar through the Q&A Chat Box

Recording

Recording of the webinar will be sent out after the webinar to all attendees





Agenda

Target Equivalency Introduction

Key Program Updates

Scheme How To Steps

Inspectorio Demonstration

Q & A





Equivalency Selection Criteria

All factories in scope for RS will roll into Equivalency. Each month a new set of factories will be selected.

May focus is on registered factories with:

- No Target RS audit
- Target RS audit with a “Needs Improvement” result

Vendors with several factories will receive multiple notifications

The screenshot shows an email interface with the following details:

- Sender:** Responsible.Sourcing
- Subject:** Required Action for Target Responsible Sourcing - Equivalency
- Retention Policy:** 13 Month Delete (1 year, 1 month)
- Expires:** 5/22/2021
- Info:** You forwarded this message on 4/29/2020 7:37 PM.
- Attachments:** FAQs.docx (29 KB) and Factories Invited to Equivalency.xlsx (33 KB)

Dear Business Partner,

In follow up to the March communication, we would like to outline next steps and address key questions as we launch Equivalency in just a few short weeks. You are among the first wave of partners to shift to the Equivalency model so we thank you in advance for your patience and look forward to your feedback and partnership.

We want to reiterate that you were selected, because you have a factory registered to you in VMM enclosed in the attached “Factories Invited to Equivalency” list that either 1) Does not have a Responsible Sourcing audit on record or 2) Has a Responsible Sourcing audit on record that requires an updated audit report.

Target requires all factories to meet Target’s minimum requirements. Due to COVID-19, we understand that there may be challenges with conducting oversight at this time. We have made some modifications to the previous directions and due dates so please read the below carefully to determine the next steps that apply to you. The following is required to maintain Target production.

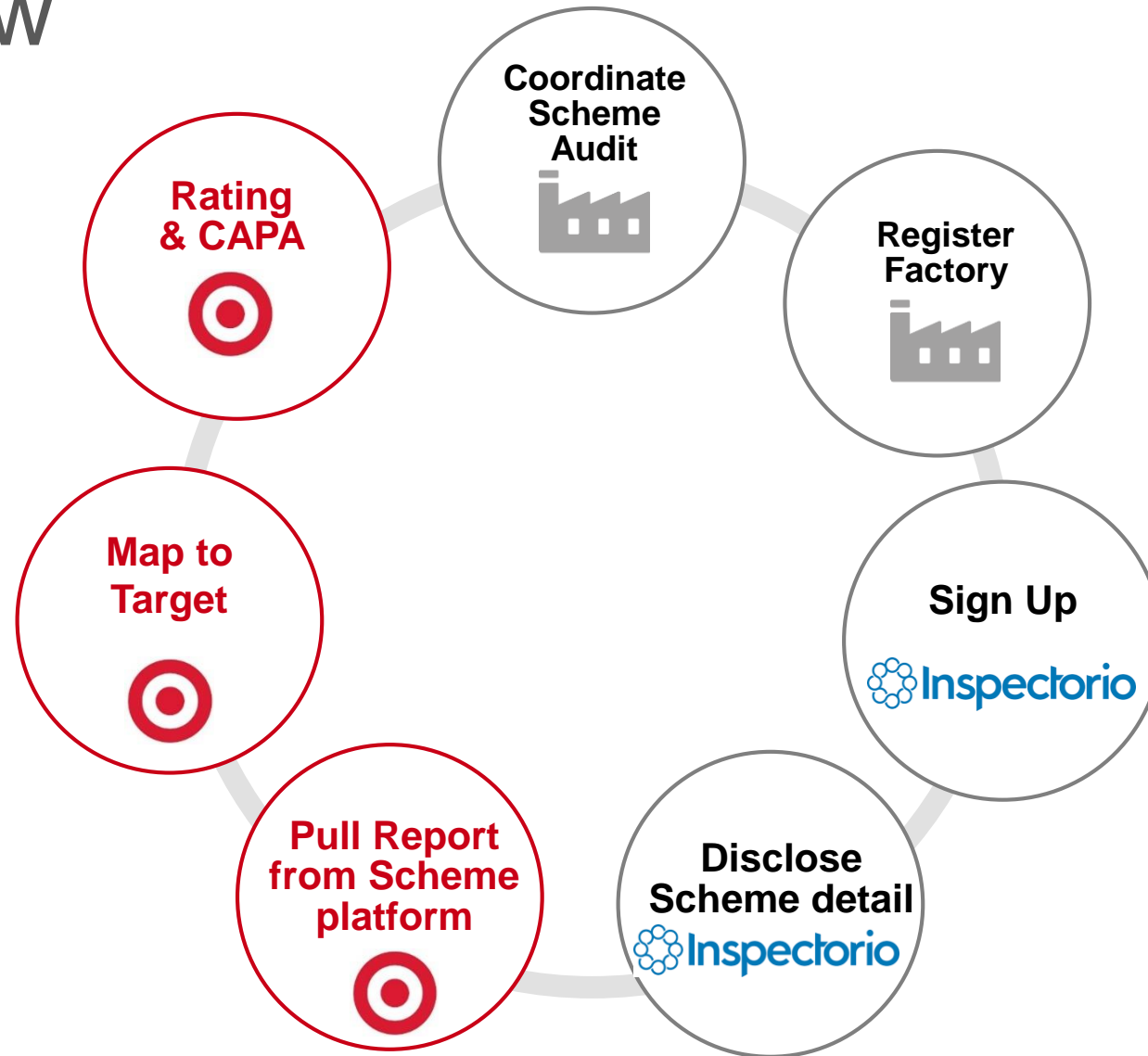
Required action for All Business Partners:

Why Equivalency

To evolve the Target oversight function into an industry compatible format that enables Business Partners to focus on validating compliance and driving continuous improvement across all facilities in scope of the Responsible Sourcing program.



Process flow





Key Program Changes

Equivalency

Reduce
Audit
Fatigue

Supplier
Ownership

New Audit
Ratings

Inspectorio
Rise
Platform



What is not
changing?

Target's
standards and
policies

Target reserves the right to
conduct unannounced audits
based on our discretion.





Critical Issues List

- ✓ Ensure that minimum requirements are met prior to beginning Target production.
- ✓ Prioritize remediation efforts of the most urgent violations in your facility matrix
- ✓ Properly vet potential new facilities to ensure they are suitable to meet Target’s standards
- ✓ Understand the reasoning for not meeting an Acceptable rating

Responsible Sourcing and Sustainability Critical Issues List

Print Page

Subscribe

Summary:
Description of critical responsible sourcing and sustainability standards.

Ethical Business Practices

Target requires vendor/factory transparency and unimpeded access throughout the execution of an audit. Any action, whether explicit or implicit, that impedes a Responsible Sourcing process is a

Issue ID	Issue Description
3b	Ensure that Target or authorized third party is permitted to conduct employee interviews.
3h	Target or authorized third party must be allowed to conduct management interviews.
3k	Recent time records are available for review at all times.
3l	Recent payroll records are available for review at all times.
20f	Factory must maintain only one set of payroll and time records that accurately reflect all regular and overtime hours worked and paid for all employees.

Target does not condone the imposition, by any actor, of employee deposits and/or fees in order to secure employment, regardless of local law. Exorbitant deposits and/or fees that require employees to pay all recruitment agency, employment agency, and/or labor agent/broker fees; factory cannot deduct employee wages in order to cover deposits and/or fees.

Issue ID	Issue Description
28a	Employees must be reimbursed for any deposit or fee paid for employment.

Health and Safety

Target is committed to a safe and secure workplace. Emergency exits must, at minimum, be commensurate with local law requirements (quantity, size, etc.). In absence of local law, Responsible Sourcing

Issue ID	Issue Description
9b	Must have adequate number of emergency exits in the factory.
9l	Must have adequate number of emergency exits in the dormitory.
9i	Emergency exits cannot be locked at any time.

Target is committed to a safe and secure workplace. Adequate fire safety provisions must, at minimum, be commensurate with local law requirements. In absence of local law, Responsible Sourcing critical risk mitigation.

Issue ID	Issue Description
12g	Functioning fire detection or emergency alarm system to notify employees of emergencies.
3a	Provide enough fire extinguishers/hoses and/or hydrants per local law and place in the appropriate locations throughout the factory.

Freedom of Association

Target supports employee rights to freely associate with trade unions, or other employee associations without adverse actions, retaliation, harassment, and/or discrimination from factory, or other

Issue ID	Issue Description
23b	Ensure that all employees are able to freely affiliate with a trade union or other employee association without retaliation. Sensitivity training should be conducted for supervisors/managers.

License and Permitting

Target will not tolerate suppliers operating without valid current permits. Permits and/or licenses must reflect the most current operational condition of the factory. Renovations, demolitions, construction, in accordance with local law.

Issue ID	Issue Description
S2i	Must have an updated fire license or certificate, No Object Certificate (NoC), in line with legal requirements.
S2e	Factory must have approved building plans from local authority which reflect the current building's structure and use.
S2f	Factory must have building safety, stability certificates and permits in line with legal requirements.
EV2b	Factory must provide current and valid environmental permits and licenses as required by local law.

Target's Approved Industry Schemes



-  BSCI
-  SMETA 4 pillar
-  ICTI ethical toy program
-  Responsible Business Alliance
Formerly the Electronic Industry Citizenship Coalition
Advancing Sustainability Globally



-  BetterWork
-  SOCIAL & LABOR CONVERGENCE

 Higg FEM Self-Assessment required for all categories excluding FDA and/or USDA regulated factories



How to: Conduct and Submit Higg FEM

Factories are required to complete the **Higg FEM self-assessment** as a part of doing business with Target. This has been a request to factories since 2012 and will now be an annual requirement as a part of Target's Equivalency program. Factories in scope include partners that **produce Target Owned Brand, National Brand where Target is the importer of record, and authorized factories that produce tier 2 fabric, trim and packaging.**

Conduct

Step 1: Registration

- Register for an account on Higg.org or login to your existing account

Step 2: Purchase self-assessment

- Complete the FEM self-assessment

Submit

Step 1: Ensure that self-assessment is shared

- Post and share the module with Target Corporation

Step 2: Complete Inspectorio Section

- In Inspectorio, you will be prompted to enter the SAC ID
- Target will use the number to verify completion

Factories that choose to complete **Higg verification** will not be required to complete the environmental questions within the disclosure section in Inspectorio; this would apply to partners using SLCP, Betterwork and/or IETP. All other schemes already cover the environmental questions within the disclosure section of Inspectorio so they are excluded from this step.

For more information, please refer to “How To Higg” in POL

- Factories regulated by the FDA and/or USDA are out of scope
- Detailed Higg platform training can be found at <https://howtohigg.org/>

How to: Conduct and Submit BSCI Audits

Conduct

Step 1: Follow process applicable to on amfori membership status

Vendor/factory scenarios:	Vendor is a member or is joining amfori	Vendor is not an amfori member, and factory does not have a RSP
Process:	Vendor joins amfori Vendor schedules audit	Vendor emails RSP Request to Target Target schedules unannounced audit

Step 2: Schedule the audit

- Must provide Target factory location ID, if registered in VMM, to the audit firm.
- Inform the audit firm that the audit will be submitted to Target.
- Vendor is responsible for audit payment, even if Target schedules the audit

Step 3: Audit is conducted

- The audit firm will upload the report to the amfori platform
- No action is needed to 'share' the report.

Submit *Start here if the factory already has an audit

Step 1: Ensure that an approved audit report is uploaded in amfori system

- We will accept audits that occurred in the past 12 months for C rating or below.
- We will accept audits that occurred in 24 months if A/B rating.

Step 2: Complete Inspectorio Section

- In Inspectorio, you will be prompted to share the factory's amfori ID number.
- Target will use the number to connect with the factory and download the report.

*Vendor membership is optional.

*RSP Request instructions available in BSCI Scheme Guide on POL

How to: Conduct and Submit SMETA 4P Audits

Conduct

Step 1: Factory joins Sedex

- Connect directly with Sedex for any questions
- Factories must have Sedex account, Vendor membership is optional

Step 2: Vendor or factory schedules the audit with an approved firm

- It must be SMETA 4 Pillar audit
- Target restricts audits to approved 3rd party firms (Elevate, Underwriters Laboratories (UL), Intertek, Standard Global Services (SGS), and Bureau Veritas (BV)).
- **Must provide Target factory location ID, if registered in VMM, to the audit firm.**
- **Must inform the audit firm that the audit will be submitted to Target.**

Step 3: Audit is conducted

- The audit firm uploads the report to the SMETA platform

Submit

Step 1: Ensure that an approved audit report is uploaded in Sedex system

- We will accept audits that occurred in the past 12 months.
- Follow these instructions in SMETA How To Guide: “Sharing Facility Audit Report with Target in Sedex System”
[reference Target factory location ID# when initiating the trade relationship on Sedex with Target]

Step 2: Complete Inspectorio Section

- In Inspectorio, you will be prompted to share the factory’s Sedex number.
- Target will use the number to connect with the factory and download the report.

How to: Conduct and Submit IETP Audits

Conduct

Step 1: Factory joins IETP

- Complete required steps with IETP
- Invite Target (brand ID is B000113) on IETP Connect platform.
- Target may or may not accept the invitation immediately but will do so when intaking the report

Step 2: Schedule the audit directly with IETP

- Follow IETP protocol for audit
- Target does not limit audit firms.

Step 3: Audit is conducted

- The audit firm will upload the audit report to IETP Connect platform.

Submit

Step 1: Ensure that a full audit report is available on IETP Connect

- We will accept a full audit and the most recent follow-up factory visit if available that occurred in the past 12 months

Step 2: Complete Inspectorio Section

- In Inspectorio, you will be prompted to share the factory's IETP ID number.
- Target will use the ID number to connect with the factory and download the report.



Audit ratings and scoring

Rating	Score	Action	Improvement Threshold	Audit Cadence
Outstanding	91 – 100	Approved for production		12 months
Acceptable	71 – 90	Approved for production		12 months
Needs Improvement	51 – 70	Approved for production - conditional	<p>First follow-up audit must reach 50% of the score gap to Acceptable</p> <p><i>If 1st condition is met then</i></p> <p>Second follow-up audit must reach Acceptable</p>	6 months
Auto-Fail	<p>Any of these circumstances</p> <ul style="list-style-type: none"> • Score of 0-50 • Any critical issue • Deny Target or Representative factory access • Overdue Audit 	Not approved for production		6 months
Zero Tolerance	≥ 1 ZT issue regardless of the total score	Not approved for production		N/A



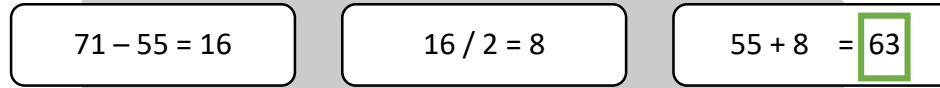
Needs Improvement Scenario

Rating	Score	Action	Improvement Threshold	Audit Cadence
Outstanding	91 – 100	Approved for production		12 months
Acceptable	71 – 90	Approved for production		12 months
Needs Improvement	51 – 70	Approved for production - conditional	First follow-up audit must reach 50% of the score gap to Acceptable <i>If condition is met then</i> Second follow-up audit must reach Acceptable	6 months

Factory Audit #1

Audit Rating	Needs Improvement
Several major, minor issues	Numerical Score of 55

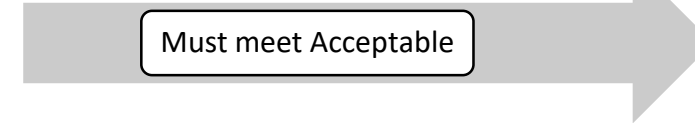
Improvement Threshold 6 months



Factory Audit #2

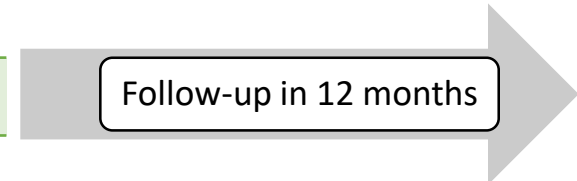
Audit Rating	Needs Improvement
Few major, minor issues	Score of 65

Improvement Threshold 6 months



Factory Audit #3

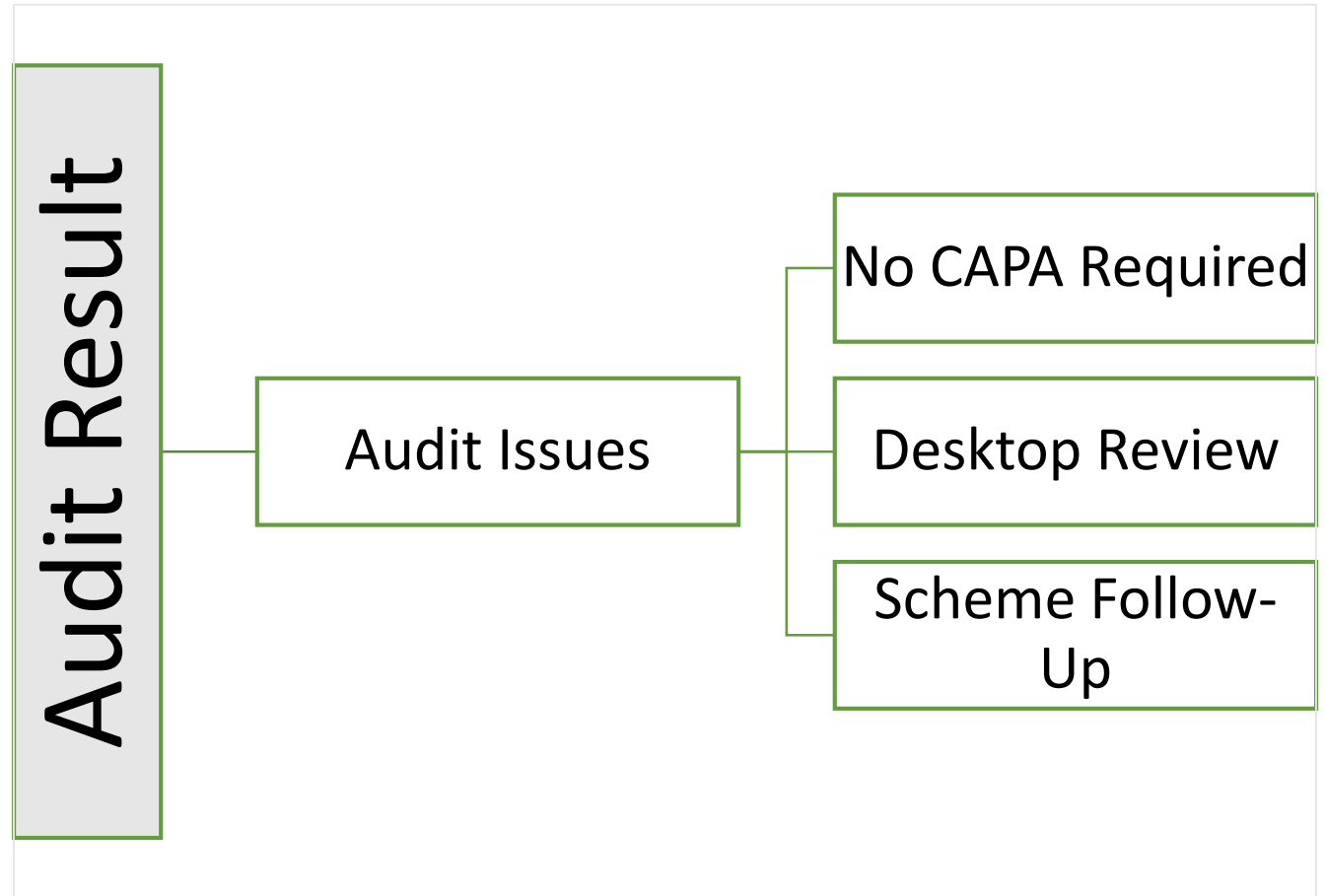
Audit Rating	Acceptable
Few minor issues	Numerical Score of 85






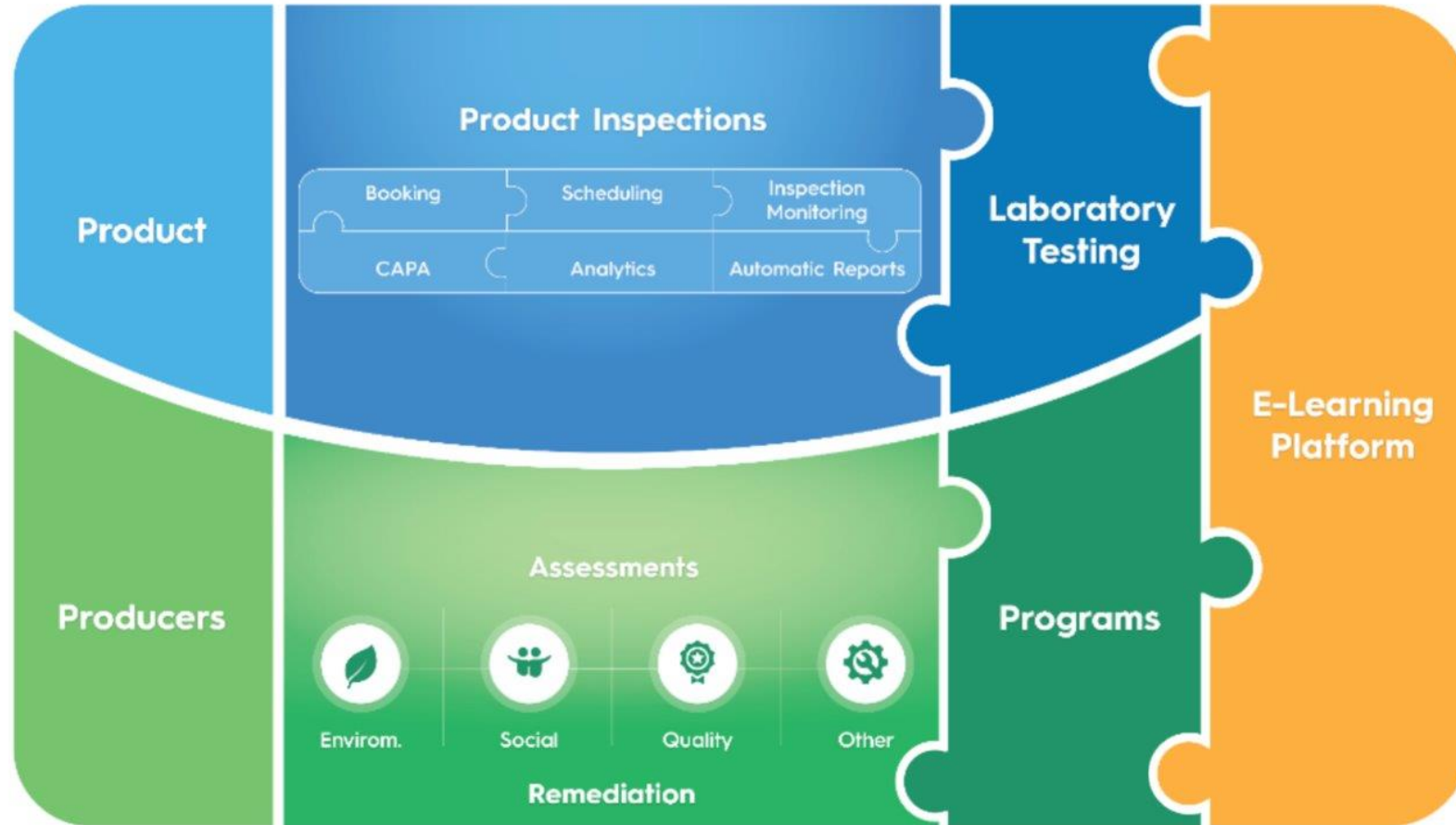
Remediation and CAPA

Based on the issues identified in the scheme report, Target will determine the follow-up activities.



Agenda

- Inspectorio overview
 - Equivalency Process Flow in RISE
 - Request
 - Disclosure
 - Report
 - CAPA
 - Next Steps
 - Q & A
- 



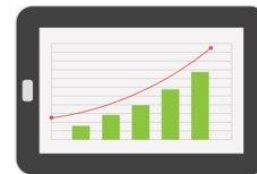


Inspectorio RISE



Self-assessments

Identify the root causes



Programs

Continuous improvement



Verification*

Depending on risk



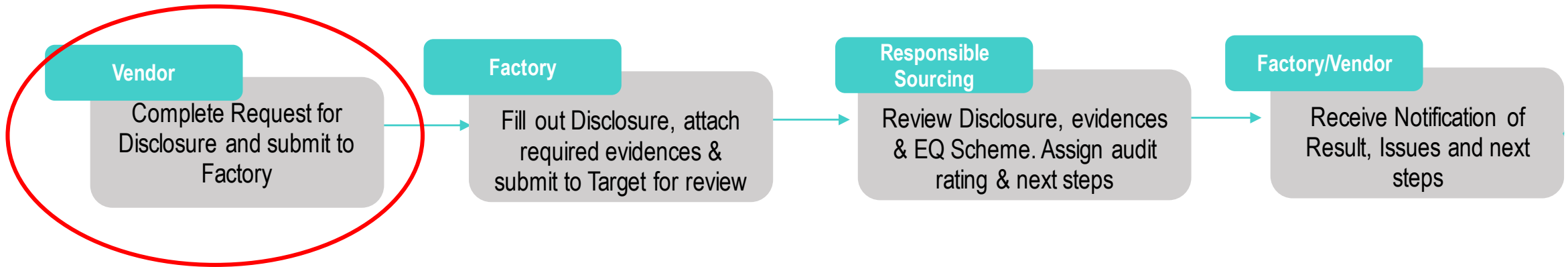
Remediation

Correct the most urgent



Equivalency

RISE





Overview

Assessments

Reports

[View Configuration](#)

Search by Case ID or Assessment ID



2178 Total

[Request Assessment](#)

Requestee VMM ID: Select

[More](#)

Case ID	<input type="text" value="Select"/>	Requestee VMM ID	Requestee Name	Country	
40412	<input type="checkbox"/> F11001 <input type="checkbox"/> F11111 <input type="checkbox"/> F11213 <input type="checkbox"/> F11302	F16881409	Factory 1	India	⋮
40411	<input type="checkbox"/> F11572 <input type="checkbox"/> F11662	F16862810	Factory 2	India	⋮



Hello,

Scheme disclosure assessment has been submitted.

Assessment ID	64475-1
Case ID	64475
Requestee	Demo Factory Chi 02
Standard	RS Compliance
Workflow	Disclosure
Assessment Type	Disclosure
Due Date	<Selected due date or N/A if no due date>

To view assessment result at :

- **Generated Report:** [<Report Name>](#)

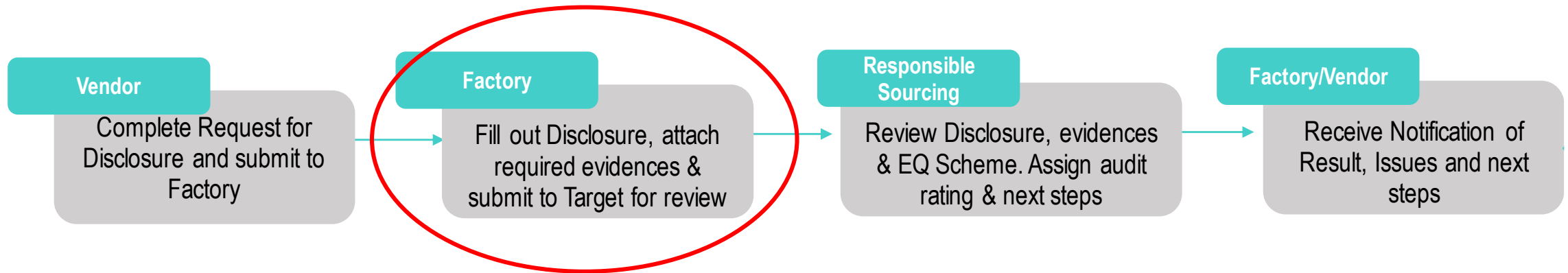
Any questions, please contact us at rise-support@inspectorio.com

** Please do NOT reply to this message, it is a notification only **

** We highly recommend using Chrome, Firefox, or Safari for optimal experience, other browsers may not be supported. **



Inspectorio
RISE





1. Notification email is sent to Factory, its associated BPs, and Target for Disclosure's submission
2. After Disclosure is submitted, Intake assessment is automatically generated for Target to begin working on audit score and rating

Inspectorio
RISE

Hello,
Scheme disclosure assessment has been submitted.

Assessment ID	64475-1
Case ID	64475
Requestee	Demo Factory Chi 02
Standard	RS Compliance
Workflow	Disclosure
Assessment Type	Disclosure
Due Date	<Selected due date or N/A if no due date>

To view assessment result at :

- **Generated Report:** [<Report Name>](#)

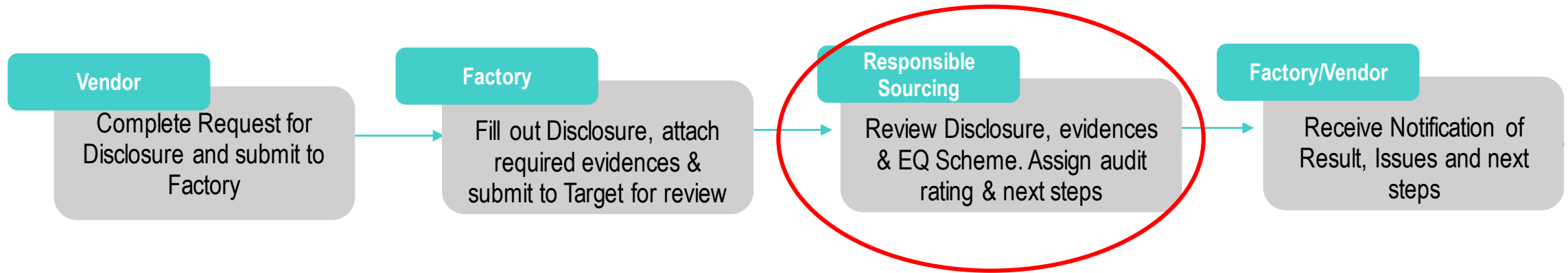
Any questions, please contact us at rise-support@inspectorio.com

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Inspectorio
RISE





Hello,

Intake assessment has been submitted.

Assessment ID	14196-2
Case ID	14196
Requestee	Shoes Bags & Leather Accessories Factory
Standard	RS Compliance
Workflow	Intake

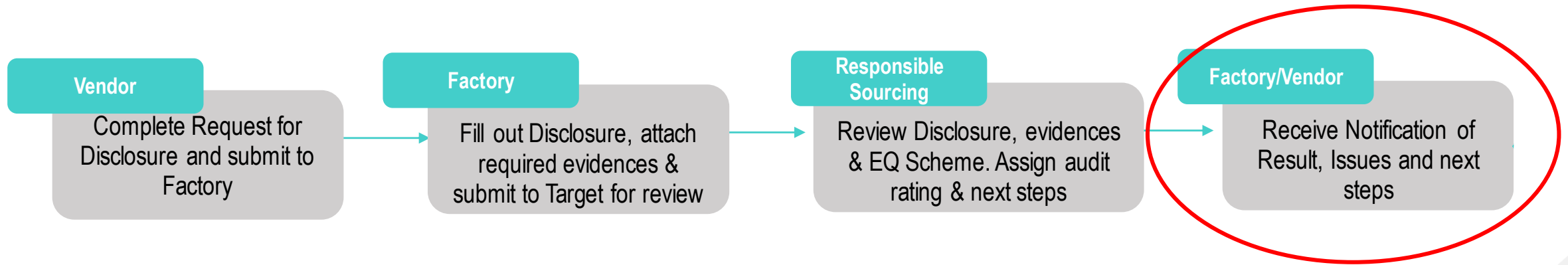
To view assessment result at :

- **Generated Report:** [R_TRA_RS Compliance_14196_12052020](#)
- **Generated CAPA:** [R_TRA_RS Compliance_14196_CAPA_12052020](#)

Any questions, please contact us at rise-support@inspectorio.com

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Hello,

The case is already completed on **20 May 2020**.

Case ID	14196-2
Requestee	Shoes Bags & Leather Accessories Factory
Standard	RS Compliance

Validity Duration: 3 months

Comment

Christina Brooks email@company.com

Factory should have new disclosure after 3 months

Any questions, please contact us at rise-support@inspectorio.com

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Inspectorio
RISE

Who will receive an invitation to create an account on RISE?

There are different scenarios:

- If your organization is new to Inspectorio – we will send out invitations to all registered contacts in Target's VMM system.
- If your organization has an account on **SIGHT** (quality inspections platform) – all SIGHT users will receive an invitation to create an account on RISE.
- If your organization already has an account on RISE – you will not receive a new invitation. You can immediately log in.

How do I create an account on RISE?

Step 1: Once you receive an email invite from Inspectorio RISE, follow the instructions to go to the login page.

Step 2: Create a personal password.

- **Note 1:** The account can only be created using the same e-mail address where you receive the e-mail invite, it is not transferrable among different members.
- **Note 2:** If you have an account on Inspectorio, you will not be required to create a new account. Use the same password to access RISE.

Step 3: Sign the subscription agreement from the platform. An e-signature is required (one user/ one time only).



When should I expect an e-mail invitation from Inspectorio?

All invitations will be sent on **May 22 (Asia)**

If you don't receive an invitation from Inspectorio RISE, please contact our support e-mail:
rise-support@inspectorio.com

在2020年5月22日之前，你将会收到加入Inspectorio RISE平台的邀请，如果没有收到邀请，请联系rise-support@inspectorio.com

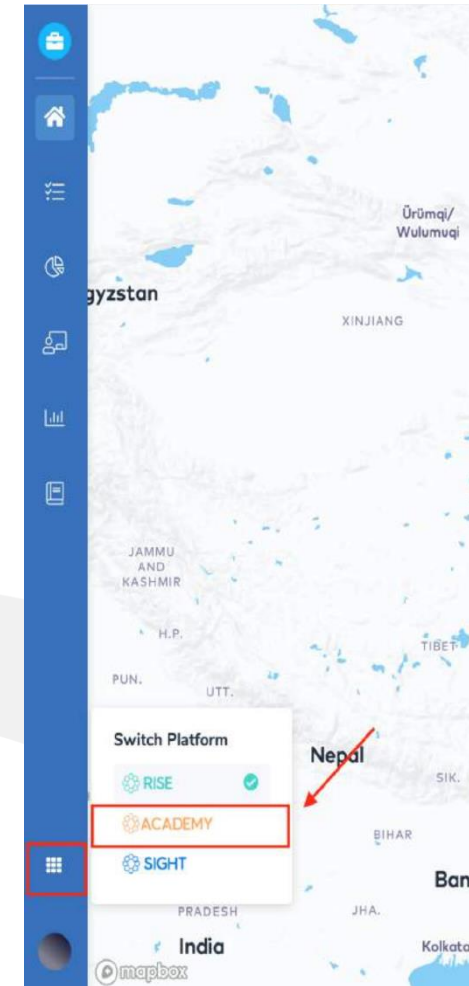
Training - Inspectorio Academy:



Self-Guided Training in Inspectorio Academy – available from May 22, 2020.

- Modules for Business Partners
- Modules for Factories

Access directly from Inspectorio RISE
or visit <http://inspectorioacademy.com>





Resources:

- ❖ Please review www.partnersonline.com for information on Target's Policies and Expectations.
- ❖ For specific questions regarding Target's invitation to join Equivalency Responsible.Sourcing@target.com
- ❖ **Technology support:**
 - ❖ **Live Chat** - Need Help? button
 - ❖ **Inspectorio RISE support email:** rise-support@inspectorio.com
- ❖ **Inspectorio Academy:**
 - ❖ Once you create your account on the RISE platform, you will be automatically enrolled to take an interactive course on the Inspectorio Academy platform.
- ❖ **RISE Help Center:** <https://inspectoriorise.zendesk.com/hc/en-us>
- ❖ We value your opinion. Let us know what you think!
Please take this survey:



Open for Q&A

