ZNU Standard
– driving sustainable change

Z 5 Multi-site certification

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17 th July 2018

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driving sustainable change

Z 5-1 General information an conditions

> ▸ General information (Z 5-1.1)
> ▸ Conditions (Z 5-1.2)

General information (Z 5-1.1)

All companies with more than one site which produce comparable products and / or offer comparable services may opt for a multi-site certification according to the *ZNU Standard – driving sustainable change.* An auditor and the certification body will decide on the suitability of a company for multi-site certification after a desk check of documentation and / or a pre-audit of the company's head office.

Definition of multi-site

A company with several sites and one identified head office which determines, controls, enforces and continuously monitors business activities (e.g. via internal audits, management reviews etc.) and with a network of local offices, subsidiaries, branches or outlets (in the following called sites) where such activities are fully or partially carried out.

Sites may be classified as shown below according to seasonality, partial activity or employed staff:

1. Site: Main activities within the scope of the certificate are carried out at the site fully and all year round. There is a site management and employed staff, irrespective of the employment relationship with regard to the site.

2. Seasonal site: Main activities within the scope of the certificate are carried out at the site fully and seasonally (e.g. seasonal cultivation of fruit and / or vegetables). There is a site management and employed staff, irrespective of the employment relationship with regard to the site.

3. Site with partial activities: Only some of the activities within the scope of the certificate are carried out at the site all year round (e.g. storage and / or sales and / or packaging). There is a site management and employed staff, irrespective of the employment relationship with regard to the site.

4. Site with temporary activities: An activity within the scope of the certificate is carried out at the site only temporarily (e.g. storage, packaging). There is no site management and staff is employed only temporarily, irrespective of the employment relationship with regard to the site.

5. Site with monitoring / support function (site where activities are automated all year round). Support activities are performed that are not explicitly recorded in the scope of the certificate but necessary to support / maintain activities within the scope of the certificate (e.g. pumping stations, automatic control units). There is no site management, only temporary staff exclusively pursuing monitoring / control functions at the site, irrespective of the employment relationship with regard to the site.

A multi-site company need not be a single legal unit; however, all sites must have a legal or contractual link with the company's head office and be subject to a joint system of sustainability management. Examples of companies which are suitable for multi-site certification:

▶ companies with several sites (e.g. production sites, service centres, logistics centres)
▶ companies where production and administration are located at different sites
▶ manufacturing companies with a network of sales offices (subsidiaries)
▶ Trading companies with a branch network and / or logistics centers
▶ organizations operating with license contracts (franchise systems)

The ZNU as the standard setter reserves the right to design individual multi-site solutions with the aim to further develop and test innovative audit procedures and processes and thus to steadily improve its certification system, and to pilot such solutions in the context of regular certification procedures. This applies in particular to companies wishing to integrate sites with partial, temporary or seasonal activities.

Conditions (Z 5-1.2)

1. The company shall have a key system in place to define, control, enforce and monitor the implementation of ZNU requirements for each site covered by the certification (e.g. head office).
2. The company must provide evidence that it collects, analyses and – where applicable – communicates key data from all sites including the head office.
3. The company has named at least one qualified central contact person for sustainability issues (chief sustainability officer) and at least one qualified contact person for sustainability (sustainability officer) at each site.
4. The entire company subscribes to a common philosophy and / or system of values.
5. Initiated by the central management system (the head office as a rule),
   ▶ at least one internal audit is verifiably carried out per year at each site covered by the certification;
   ▶ at least one management review per year checks the suitability, adequacy and effectiveness of systematic improvement measures; the review may be performed separately for each site or in the form of a central management review including all sites;
   ▶ an early detection system must be in place to detect and assess sustainability requirements for the entire company at least once per year, and at regular intervals for each site;
   ▶ the early detection system identifies sites which present increased risks for areas of sustainability action;
   ▶ achievement of objectives at head office and sites is checked on an annual basis.

Results shall be presented at the external audit and / or made available to the auditor / the certification body prior to the audit.

Z 5-2   Procedure and sampling

General information (Z 5-2.1)

Prior to certification procedures and for the purposes of tender preparation, all sites to be covered by the certification need to be identified, and the following information must be submitted to the certification body:

▸ list of sites including the respective business processes and types of products / services (scope)

▸ number of staff at each site and at the head office

▸ total turnover of the company

▸ head office including the central business processes located here (scope)

▸ description of function / characteristics of individual sites within the multi-site certification including legal form (separate GmbH/limited company, subcontractor, subsidiary, franchisee or other)

▸ findings from internal audits and management review for all sites

In general the *ZNU Standard – driving sustainable change* applies to all activities a company pursues. If a company wishes the scope to cover several sites, it must clearly define the limitations and applicability of sustainability management. Individual processes at one site must not be excluded; but the scope needs not to include all sites. It is necessary to clearly indicate in the audit plan and audit report and also in the certificate which sites of a company fall within the scope of certification, and which sites (and individual processes) are excluded.

Content selection criteria for audit sampling (Z 5-2.2)

Based on criteria listed below, the sample for the audit is selected with a view to covering a maximum of differences between selected sites for the validity period of the certificate. This procedure is primarily the responsibility of the certification bodies to which pertinent documentation must be submitted prior to audit planning (e.g. reports on internal audits, management reviews). The standard setter must be immediately informed of scope and sequence of the multi-site certification and may be included in decision-making in individual cases.

Selection criteria for audit sampling include the following aspects, among others:

- findings from internal or previous certification audits
- findings from early detection
- records of complaints, non-conformities, corrective and preventive measures
- significant differences in the size of sites
- modifications introduced after the last certification audit
- geographic distribution of locations (multi-national aspects)
- time lapsed since last audit

How to determine the audit sample size (Z 5-2.3)

In general, the head office is included in audit procedures; this applies to certification, re-certification and monitoring audits alike. The head office audit is always performed as a first step.

The certification body shall select the sample for the audit with a view to ensuring that an auditor performs on-site checks at all sites at least once within a cycle of three years prior to the next re-certification audit (100%); the audit sample in the certification audit comprises at least 40% of the total number of sites. The remaining sites (max. 60% of the total number) must then be audited in the context of the two subsequent annual monitoring audits. At least 20% of the total number of sites respectively plus the head office must be audited on an annual basis.

Distribution of sites to be audited in 3-year cycle

Certification audit	1st monitoring audit	2nd monitoring audit
40 % of total number of sites + head office	20 % - 40 % + head office	20 % - 40 % + head office

Table1 (Z 5-2): Minimum share of sites to be audited per year (1st 3-year cycle)

Calculation results will be automatically rounded up to whole numbers. Example: 40% of six sites equal 2.4; consequently, three out of six sites plus the head office must be audited in the initial audit.

A head office with manufacturing and / or service activities performs the dual function of administration and production site. For an audit of the head office alone, not including the production facility on site, the calculation is based on the number of staff in the administration (without production employees).

For an audit of a head office including production facilities on site (at least once within the certification cycle), audit expenses are calculated on the basis of the total number of employees on site, i.e. administration and production employees. If the head office houses administration only and no manufacturing and / or service activities, it is not included in the total number of sites but needs to be audited in addition on an annual basis.

After a first successfully completed certification cycle, i.e. starting with the re-certification audit, the company may undergo certification in accordance with the following sampling procedure:

The number of sites to be audited is calculated using the formula

- ▸ $0{,}6 \times \sqrt{n}$ (for a monitoring audit) and
- ▸ $0{,}8 \times \sqrt{n}$ (for re-certification audit).

„n" stands for the total number of sites not including the head office. The resulting value will be automatically rounded up. The head office undergoes annual audits. Otherwise the above criteria and the audit expenses mentioned below shall apply.

Calculation examples:

- ▸ Re-certification audit with 10 sites: $0.8 \times \sqrt{10} = 2.53 \sim 3$ sites plus head office
- ▸ Monitoring audit with 10 sites: $0.6 \times \sqrt{10} = 1.89 \sim 2$ sites plus head office

Distribution of sites to be audited from 2nd 3-year cycle

Re-certification audit	1st monitoring audit	2nd monitoring audit
$0{,}8 \times \sqrt{n} \times$ number of sites +head office	$0{,}6 \times \sqrt{n} \times$ number of sites +head office	$0{,}6 \times \sqrt{n} \times$ number of sites +head office

Table 2 (Z 5-2): Minimum share of sites to be audited per year (from 2nd 3-year cycle)

The certification body decides whether this procedure may be chosen or whether the audit sampling is equally distributed over another three years, total number of sites remaining unchanged (e.g. for six sites: two sites in re-certification audit, two sites in 1st monitoring audit, two sites in 2nd monitoring audit etc.).

In both cases the reasons must be documented in a traceable manner and made available for inspection upon request.

Z 5-3   Fees and audit expenses

The calculation of audit expenses for a multi-site certification is based on provisions set down in the *ZNU Standard – driving sustainable change*. The ZNU provides a tool to calculate audit expenses.

In addition to expenses incurred by the certification bodies / auditors to conduct the audit, the ZNU has ongoing expenses for updating, further development and administration of the *ZNU Standard – driving sustainable change*. These are covered by ZNU fees and invoiced to the companies via the certification bodies. ZNU fees for multi-site certification are based on annual net turnovers, similar to calculations for individual sites, and are scaled as follows:

ZNU fees for multi-site certification

Annual net turnover at several sites, totalling	Certification audit / re-certification audit	Monitoring audits
up to 40 million €	1.000,- €	500,- €
40 – 500 million €	2.000,- €	1.000,-€
over 500 million €	5.000,- €	3.000,- €

Table 3 (Z 5-3): ZNU fees based on annual turnover for companies with several sites

Audit times shall be calculated separately for each site and for head offices without connected manufacturing and / or service facilities. For head offices with connected facilities, the numbers of employees are added in case of a joint audit, and total expenses are calculated on that basis. This will have no bearing on the fact that a head office with connected site is considered as head office and at the same time as a site to be included in the total number of sites.

The actual expense of an audit in person days is based among other things on structures and complexity of business processes. Reasons for reductions need to be substantiated in writing and in a manner that is easy to understand for third parties.

The minimum expense per site is one person day (1 PD) on site; reduction in multi-site certification is possible in exceptional cases (e.g. very small site located nearby, or site with partial activities, or site without site management), but always requires consultation with the standard setter.

Calculation of regular surcharges for preparation and follow-up shall be based on the sum of all on-site times per year.

In addition to reductions for individual sites (due to existing certification or a combined audit) the following reductions may apply for a multi-site certification in certification, re-certification or monitoring audits:

- central administration / head office without connected site   5%
- site without central functions[1]   30%

Respective reductions will be added, and the sum will be deducted from the total of expenses for all sites.

The certification body may decide at its own discretion to increase audit expenses in a multi-site certification on the basis of special circumstances (e.g. number of sites, complex corporate group structures) (cf. Z4-1.3 "Calculation of audit expenses").

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[1] Central functions in this context: central business processes such as purchasing, sales, personnel etc

Z 5-4   Certificate and handling of non-conformities

> ▸   Certificate (Z 5-4.1)
>
> ▸   Handling of non-conformities (Z 5-4.2)

Certificate (Z 5-4.1)

After completed audit procedures and positive decision by the certification body, a single certificate will be issued bearing name and address of the company's head office. The first page must clearly indicate a multi-site certification. A list (with names and addresses) of all sites covered by the certification will be issued as an appendix to the certificate. The certificate text must make reference to this appendix. If not all sites of a company have obtained certification, the certificate must clearly indicate this fact.

A sub certificate (site-specific certificate) may be issued for each site upon request. This shall be valid only in combination with the company certificate (the certificate text must contain a pertinent reference).

Successful certification presupposes that requirements according to the *ZNU Standard – driving sustainable change* are met at all certified sites. If this condition is not met at one site in the context of a multi-site certification then the certificate and all sub certificates issued for the company will be withdrawn.

Apart from these specific conditions to be met for certification, the general rules for the certificate shall apply, cf. Z4 "Your path to certification" (e.g. the validity period for the multi-site certificate is three years as well).

For a proper understanding the multi-site certificate must clearly indicate the following data as a minimum requirement:

1. logo, name and address of the certification body
2. logo of the *ZNU Standard – driving sustainable change*
3. name and address of the company obtaining certification, and logo upon request
4. scope of the audit: products, services and indication of all included sites
5. certificate validity (expiry date after three years)
6. reference to multi-site certification
7. reference to number of sites covered by certification
8. reference to appendix listing all individual sites
9. place, date, signature

Handling of non-conformities (Z 5-4.2)

If a non-conformity is identified at one site in the course of the multi-site certification (D rating), certification is interrupted or denied to the entire company. The company may submit appropriate corrective measures (action plan) for the auditor's approval within eight weeks in order to obtain certification (initial and re-certification audit). The certificate for the entire company will be withdrawn if non-conformities identified at individual sites are not rectified via appropriate corrective measures (action plan) approved by the certification body within eight weeks. Identified non-conformities must always be checked for their potential to compromise the entire system integrity of sustainability management, and possible implications for other sites.

If a follow-up audit becomes necessary for an individual site, then only those areas shall be audited that showed discrepancies.

Z 5-5   Entry and exit sites

The company needs to continually update the list of sites. The certification agreement requires the company to inform the certification body of any changes immediately (e.g. seasonally operated sites). In addition the company will be requested to provide an updated list for audit planning.

Additional sites may be entered in an existing certificate following a monitoring, re-certification or extension audit.

The following applies to the entry of sites:

> ▸   extension in 1st monitoring audit   at least 50% of new sites
> ▸   extension in 2nd monitoring audit   all new sites
> ▸   extension in re-certification audit   at least 50% of new sites.

At their first inclusion in certification procedures, the new sites are considered as separate population and included as such in the audit sampling. After positive evaluation the sites will be considered part of the existing total population of the multi-site certification in a subsequent monitoring and / or re-certification audit.

Appendix   Case examples of multi-site certification

Set out below are several examples to illustrate the application of multi-site certification:

1. **Organization with a head office and connected manufacturing site (dual function) plus 15 sales offices.**

   The initial certification covers the head office plus 40% of all sites. For 16 sites as total number of sites (15 sales offices plus one manufacturing site) this means 6.4 sites, rounded up to 7 sites. The first monitoring audit covers at least 20% of the total population plus the head office; this means 3.2 sites, rounded up to 4 sites. At this time 11 sites have already undergone an audit. The last monitoring audit must now cover all remaining sites (5 sites) plus head office in order to cover 100% of the total number of sites. Each site must undergo at least one audit within the 3-year period. The joint audit for the manufacturing site plus the head office must take specifications for dual function into account and be based on the added numbers of both work forces. Having successfully completed a first certification cycle (i.e. after these three years) the company may then – provided the certification body agrees – opt for the $\sqrt{}$ solution; this means:

   $0.8 \times \sqrt{16} = 3.2 \sim 4$ sites plus the head office will undergo the re-certification audit, and

   $0.6 \times \sqrt{16} = 2.4 \sim 3$ sites per monitoring audit plus the head office.

2. **Companies with a head office and connected manufacturing site (dual function) as well as further manufacturing sites at other locations.**

   The head office must be audited on an annual basis. The site connected with the head office is included in the total number of sites. This means, the head office counts as head office with administrative functions and also as a site. If the head office undergoes a joint audit with the connected manufacturing site, audit expenses will be calculated for the entire work force of both. Since a manufacturing site is connected to the head office, a reduction on the basis of multi-site procedures will only apply to manufacturing sites located elsewhere. In case of a separate audit for the head office, without the connected site, the calculation of audit expenses will be based on the number of head office staff only. For five manufacturing sites the certification audit must cover the head office plus at least two manufacturing sites (40% of the total number of sites). Monitoring audits must then cover the head office in each case plus at least one site (20% of the total number of sites). It should be noted that all five manufacturing sites (100% of the total number of sites) must undergo audits within the certification cycle.

3. **Change from single-site certification to multi-site certification for a company with one head office and several sites. A second site is included in the site certification after the first year. Further sites maybe added in subsequent years.**

A single-site certification will be extended by one site in the first monitoring audit and thus turned into a multi-site certification. In this case the audit will cover the head office plus the "new" manufacturing site (at least 50% of new sites in the 1st monitoring audit). The number of head office staff will from then on be added to that of the connected manufacturing site only for the purpose of a joint audit. The connected site will be added to the total number of sites (in this case: two sites). If no further site is added in the subsequent year (2nd monitoring audit) then as a general rule the audit shall cover one of the two manufacturing sites plus the head office. If one or more further sites are added in the 2nd monitoring audit, then all new sites need to be audited in any case.

4. **Combination of several single-site certifications to form one multi-site certification.**
Several single-site certifications may be combined to form a multi-site certification after, e.g., a new central sustainability management system has been introduced.

5. **Certification of head office and one subsidiary of a trading company. Further subsidiaries to be added in subsequent years.**

The initial audit covers the head office and one subsidiary located elsewhere. The 1st monitoring audit shall cover additional sites, whereby the new subsidiaries are counted as a total number of sites of their own (example: three new subsidiaries, so that at least 50% = 2 subsidiaries must be audited in the 1st monitoring audit), with a resulting extended audit sample size respective total number of sites. The 2nd monitoring audit must then check all other sites within the multi-site certification which have not been audited so far. The head office with the central sustainability management procedures will be checked on an annual basis. As soon as all subsidiaries have successfully completed the first certification cycle, the √ variant may be adopted starting with the re-certification audit (see case example 1).