

# EICC Validated Audit Program (VAP)

## Operations Manual

### Revision 5.1.1 – January 2017

Organizations working with and in the Electronic Industry Citizenship Coalition (EICC) [www.eiccoalition.org](http://www.eiccoalition.org) are working to improve sustainability and social responsibility within the global supply chain.

These companies recognize a mutual responsibility to ensure working conditions are safe, workers are treated with respect and dignity, and that manufacturing practices are environmentally responsible. The Validated Audit Process is a collaborative approach to auditing to reduce the burden on supply chain companies from multiple requests for social audits. The Validated Audit Process meets the need for a high quality, consistent and cost-effective standard industry assessment for labor, ethics, health, safety and environmental practices based on the EICC code of conduct, laws, and regulations.

For more information about the Validated Audit Process, please contact:

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# Section D – Post Audit

*(Points 1 and 2 are omitted from Public Document)*

## 3 CORRECTIVE ACTION PLANS

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Corrective Action Plan (CAP) management is an important part of the EICC VAP. The purpose of the CAP is to define corrective actions for resolving any non-conformances identified during the audit.

The auditee is responsible for completion of the corrective and preventive actions listed within the plan.

The CAP should include:

- Determination of root cause(s)
- Description of the proposed corrective actions to address root cause(s)
- If auditee determines that no action will be taken or is necessary in response to a non-conformance, the plan must describe the basis for this determination and why no corrective actions is required
- Application of a preventive action to prevent future recurrence of the problem or related issue(s)
- The date the action is expected to be completed
- Current status of the action items

With the Validated Audit Report (VAR), a pre-populated CAP is issued by the APM. The auditee must use this template to complete their CAP.

### 3.1 PRIORITY NON-CONFORMANCE CONTAINMENT

Upon receiving notification of any Priority non-conformance(s) from the audit team, the auditee reviews the non-conformances and initiates containment immediately. Containment is the act, process, or means of immediately reducing a threat or lowering a risk of the situation identified in the Priority non-conformance(s).

The following process is used to implement immediate containment:

- Auditor notifies the auditee of the Priority non-conformance(s)
- Auditee investigates and determines needed containment activities
- Auditee documents activities within the CAP template

- Auditee implements containment actions so that the risk of the issue is minimized
- A permanent and systemic solution is then implemented through the CAP process.

## 3.2 CAP MANAGEMENT OPTIONS

Management of CAPs can be done in one of two methods:

- Auditee Managed CAP
- APM managed CAP

### 3.2.1 Auditee Managed CAP

The Auditee Management CAP process requires that the auditee manage the CAP, working directly with the companies listed in Attachment B of the Auditee Agreement. For each recipient, a new CAP is needed, and each recipient may have different CAP requirements and expectations.

Requirements for auditee managed CAPs:

- A copy of the approved CAP must be sent to the APM (NOTE: One CAP must be submitted per recipient).
- The auditee manages the CAP to meet the expectations of the recipient(s).
- The APM is not available as a resource, nor does the APM verify the actions taken will meet the expectations of an auditor during the Closure Audit.

### 3.2.2 APM Managed CAP

The CAP can be managed using the APM Managed CAP process. The communication on the CAP and its progress is managed by the APM with all customers listed in Attachment B, therefore, only one CAP is required no matter the number of audit customers.

An APM-managed CAP is strongly encouraged for:

- Auditees who are providing an audit to multiple customers.
- Auditees that could use additional guidance on developing or managing their CAP.
- Auditees that wish to have a quality review by the APM.

The APM is available as a resource, and actions taken suggested in an APM approved CAP will likely meet the expectations of an auditor during the Closure Audit.

## 4 CLOSURE AUDITS

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All Priority and Major non-conformances must be closed through a Closure Audit. Completing CAP items, either through the APM Managed CAP or through the auditee managed CAP process, does not close issues, as closure only occurs through a Closure Audit.

Minor and Risk of non-conformance findings may also be closed through a Closure Audit.

The timing of the Closure Audit should be based upon the type of findings in the Initial Audit (Priority, Major, Minor, Risk of Non-conformance and whether there are working hours, recruitment fees, and/or social insurance related findings).

#### 4.1 CLOSURE AUDIT FOCUS

There are two types of Closure audits:

- Priority Closure Audit
- Closure Audit

The focus of both closure audit types are the issues identified in the Initial Audit. However, if an auditor identifies any other finding during any Closure Audit, this is to be included as a new issue, following the same process and rules as the Initial Audit.

#### 4.2 PRIORITY CLOSURE AUDIT

Priority findings are required to be closed by a Priority Audit.

Closure Audits for Priority non-conformance(s) are triggered by the APM. The clock starts when the Priority non-conformance is confirmed, which may be:

- During the audit
- During the draft report stage (when more data is analyzed or during the APM review of the draft report)
- When the rating is changed as per the rating guidance (to correct a mis-rating in draft audit report)

Priority audits take place

- For all issues other than recruitment fees, working hours and social insurance: 30 days from discovery
- Recruitment fees: 90 days from discovery
- Working hours and social insurance: 180 days from discovery

Other findings may be closed during the Priority Closure Audit. However, to be closed it must be agreed upon with the APM during the scheduling process to ensure the Priority Closure Audit is properly scoped.

#### 4.3 CLOSURE AUDIT

Major issues must be closed through a Closure Audit. At the election of the auditee, minor issues can be closed through the same Closure Audits or through a separately scheduled stand-alone audit.

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Closure Audits for non-priority findings are not scheduled on a set timeline, rather, these are triggered by the customer or auditee.

Closure Audits can be remote or onsite, depending upon the pre-determined permission level for each finding.

A remote verification assessment may be requested prior to an on-site audit, making the on-site audit more efficient and reducing the possibility of having issues stay open after the Closure Audit, which, in the case of major issues, may require an on-site Closure Audit to close the issues.

#### **4.4 CLOSING AN APM MANAGED CAP**

The auditee decides when to conduct a Closure Audit; the APM may guide the auditee on the timing of this audit, noting which issues may still be considered non-conformance.

Once a Closure Audit is requested:

- The EICC VAP APM schedules a Closure Audit

The CAP is deemed closed upon verification of the audit

## Appendix 4    APM MANAGED CAP

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Auditees may choose to utilize the APM Managed CAP process to close issues and manage the CAP process.

The APM is available as a resource, and actions taken suggested in an APM approved CAP will likely meet the expectations of an auditor during the Closure Audit.

### *Roles and Responsibilities*

#### Appendix 4.1.1 Auditee

- Immediately contain Priority non-conformances, if needed.
- Create Corrective Action Plan(s) and submit to APM.
- Implement corrective and preventive actions for Priority, Major and Minor non-conformances and Risks of non-conformance.
- Provide monthly progress updates to APM.
- Schedule a Closure Audit (in collaboration with Companies on Attachment B) within EICC time frames.
  - One Closure Audit is possible to capture completed corrective actions for Major, Minor and Risk of non-conformance actions.
  - The Closure Audit for Priority non-conformance(s) is scheduled 30 days after the Initial Audit (remote or on-site depending upon the validation required). Other findings which are ready for closure verification may be included if the APM is alerted and appropriately scheduled.

#### Appendix 4.1.2 APM

- Communicate Priority non-conformance to the companies on Attachment B within 48 hours of discovery (within 12 hours if it is a Priority non-conformance).
- Review and provide format, completeness and code elements gap feedback on CAP.
- Define the type of validation required to close a corrective action (remote or on-site).
- Send approved CAP to companies on Attachment B.
- Validate monthly progress on CAP implementation.
- Communicate CAP status monthly to companies on Attachment B.

#### Appendix 4.1.3 Companies on Attachment B:

- Receive CAP from APM.
- Receive monthly CAP status reports from APM.
- Follow up with auditee in case of delays of implementation.
- In collaboration with auditee, schedule a Closure Audit.

### *Corrective Action Plan Content*

The auditee must create a formal CAP for each non-conformance and Risk of non-conformance finding using the EICC CAP template.

The CAP MUST reflect timelines described in Timelines for Completion of Corrective Actions or the auditee must provide justification when timelines cannot be met.

The auditee must complete the light-blue shaded areas of the CAP Template. The other areas of the CAP Worksheet are automatically populated as part of the audit report generation process.

All CAP activities and modifications are monitored, reviewed, agreed to and closed through the CAP Template. The auditee develops corrective actions and records them in the CAP Template. The APM reviews each CAP to ensure that it contains required information, correct format and that corrective actions are appropriate, clearly defined and within the timeline.

After the CAP is fully implemented, the auditee must provide a final update in the CAP template indicating the finding was addressed, the completion date, and provide appropriate supporting evidence.

The following steps are taken when creating a CAP.

#### Appendix 4.1.4 Step 1 – Root Cause Analysis

The CAP Template provides space for three root causes per non-conformance. Auditee may add or remove root cause entries as appropriate to their needs. However, at least 1 root cause is required, and no more than 5 root causes are allowed.

For each root cause, a corresponding containment and corrective action is required. Example: if a finding has 3 identified root causes then 3 containment actions and 3 corrective actions are needed in the CAP for the finding, each with timeline.

It is possible that several findings have the same root cause(s). In this case, the finding with same root cause can refer to the “other” finding where the corrective and containment actions have been defined.

#### Appendix 4.1.5 Step 2 – Immediate Containment Action

- The items below need to be submitted for each root cause identified per finding.
- “Describe action to be taken to immediately reduce threat/lower risk”: Description of the temporary actions taken to minimize the risk of the non-conformance. The description needs to include at least the following components:
  - Actions taken
  - Communication to management, supervisors and workers on these actions
  - Management system for the actions to ensure they remain in place and are effective until a permanent systems correction is implemented.
- “Accountable Owner”: Person(s) responsible at the auditee site to ensure overall effective implementation of the Immediate Containment Actions.
- “Target Completion Date”: Completion date of the initial implementation of all items. This can be no longer than 3 weeks from receipt of final VAR.
- “Progress” listed as:
  - “On” if progressing on time or fully implemented.
  - “Off” when implementation is running late. If “off,” then additional actions need to be listed in remarks how implementation will be corrected within the timeline.

- “Actual Close Date”: Actual date when all items are successfully implemented. Proof in PDF or JPEG format needs to be provided for APM decision.

#### Appendix 4.1.6 Step 3 – Corrective Action

The items below need to be submitted for each root cause identified per finding.

- “Describe action plan:” This section requires:
  - Policy/procedure changes: Describe the details of the changes which will be made to company policy/procedures. Include a reference to the current document number and issue date). The updated policy should contain at least the items required in the EICC code as well as the process to ensure the policy is sustainably implemented.
  - Communications/training: Describe the details of the communications and training program to ensure that all impacted workers are updated and understand the updated policy and procedures. This may include:
    - Who received the communication:
      - Management
      - Staff
      - Direct and indirect workers
      - Onsite contractors/suppliers
      - Other affected or impacted groups
    - How the communication was provided:
      - Newsletter
      - In-person training
      - Company blog or intranet
      - Others
    - If training is required, who received the training:
      - Management
      - Supervisors
      - Workers
      - Other affected or impacted groups
      - Induction or new employee training
    - If training is required, how the training was provided
      - In-Person
      - Webinar
      - Electronic Training
      - Other
  - Activity and impact measurements: Describe the indicators/measurements that will be used to monitor and ensure that the implementation of the updated policy/procedure and its communications and training are effective. Measurement should be impact and activity based (e.g. number of trainings = activity, awareness or reduction in occurrence = impact).



- At least 3 activity indicators and 3 impact indicators are required for each non-conformance finding.
- “Accountable Owner:” Person(s) responsible at the auditee site to ensure overall effective implementation of the Corrective Actions.
- “Target Completion Date:” Completion date of the implementation of each item. This date can exceed the timing as indicated in Timelines for Completion of Corrective Actions section 10.4. If a justification is submitted to the APM for approval.
- “Remote?” Determination if the closure can be completed through a Remote Closure Audit.
  - “Yes” means the issue can be closed through a Remote Closure Audit.
  - “No” means the issue cannot be closed through a Remote Closure Audit.
- “Progress” listed as:
  - “On” if progressing on time or fully implemented.
  - “Off” when implementation is running late. If “off”, then additional actions need to be listed in remarks how implementation will be corrected within the timeline.
- “Action Start Date:” Proposed start date for each item.
- “Actual Close Date:” Actual dates for each item. Proof in PDF or JPEG format needs to be provided for APM decision.

*Timelines for Completion of Corrective Actions*

Appendix 4.1.7 Priority Non-conformance Timeline

All corrective actions must be completed within the provided timeframes. Any deviations from the prescribed timelines must be approved by the APM.

Priority non-conformances (other than exceptions listed in the priority non-conformance section), must be immediately contained.

Appendix 4.1.8 Overall CAP Timeline

The following table shows the issues and associated timelines.

Rating	Finding	Submit CAP	Approved CAP	Progress / Complete CAP
Priority	Health & Safety, Environmental	1 week from discovery	10 calendar days from discovery	30 days from discovery
Priority	Working Hour ≤84 hr/wk and Social Insurance	2 weeks from receipt of final report	6 weeks from receipt of final report	180 days from receipt of final report
Priority	All Others (including Recruitment Fees)	1 week from discovery	10 calendar days from discovery	90 days from discovery
Major	All	2 weeks from receipt of final report	6 weeks from receipt of final report	180 days from receipt of final report (guidance only)

<b>Minor</b>	All	2 weeks from receipt of final report	6 weeks from receipt of final report	In conformance within 270 days from receipt of final report
<b>Risk of Non-conformance</b>	All	2 weeks from receipt of final report	6 weeks from receipt of final VAR	270 days from receipt of final VAR (guidance only)

Appendix 4.1.9 Working hours

Work Hours/Week	% of Work Weeks (Total or Specific Area or Function or Nationality)			
	≤1%**	>1% to ≤5%	>5% to ≤40%	>40%
>84 hours/week	<b>Priority</b>			
To move a conformance level				
>72 hours/week to ≤84 hours/week	<b>Conformance</b>	<b>Major</b>	<b>Priority</b>	<b>Priority</b>
To move a conformance level				
>60 hours/week to ≤72 hours/week	<b>Conformance</b>	<b>Minor</b>	<b>Major</b>	<b>Priority</b>
To move a conformance level				
>Local law* to ≤60 hours/week	<b>Conformance</b>	<b>Minor</b>	<b>Minor</b>	<b>Major</b>
To move a conformance level				
<Local law* AND ≤60 hours/week	<b>Conformance</b>			

- If the audit reported:
  - Work hours > 84 hours, a priority non-conformance (the top box of the rating table), an auditee has up to 1 week from discovery to submit a CAP and 90 days from the date of the finding to move all workers below 84hrs per week.
  - Work hours < 84 hours, an auditee has up to 2 weeks from receipt of final VAR to submit a CAP in the form of a Comprehensive Plan.
  - Due to the challenges and complexity of a working hours non-conformance, a detailed plan is expected to contain milestones or check points every 90 days.

- An auditee may have up to 90 days to improve from one non-conformance level to another. A conformance level is either a ROW or a COLUMN in matrix below:
  - Move down a row in the table, lowering the working hours of ALL workers;
  - Moving left across the table, lowering the percent of workers impacted; or
  - Moving down and left across the table to lower the working hours of all workers and the portion of workers impacted.
- Status must be given to the APM/Company APM who is managing the CAP at least every 90 days and show the improvement noted above or is ready to discuss the roadblocks or challenges.
- For a 90-day priority audit, the trend since the last audit must be reviewed and the one month immediately preceding the priority audit is sampled at 3 times the normal sample rate. For a 180-day priority audit, the trend since the last audit must be reviewed and the 3 months immediately preceding the priority audit are checked with the normal sample rate.

Appendix 4.1.10 Process Steps and Timing of APM Managed CAP process

The following steps, timelines and process applies to the APM managed CAP process or in the case of a priority finding, regardless of whether the APM is managing the CAP process.

*Appendix 4.1.10.1 Priority Non-conformance*

The following timeline should be followed for priority non-conformance.

If a finding is deemed to be a priority during QA, the APM then assumes the role of the audit team and contacts the auditee to have them immediately remove the threat, and continue with the timeline.

Time	Action	Responsible
<b>0 Hours</b>	• Non-conformance identified and communicated to auditee management during onsite VA	Audit team
	• Auditee immediately removes the threat (issue which has caused the Priority issue – e.g. remove the child of the work floor in case of child labor)	Auditee
<b>≤1 Hour</b>	• Lead auditor to Alert APM with conclusion and data points in hand	Lead Auditor
<b>&lt;12 Hours</b>	• APM reports issue to authorized recipient management	APM
<b>≤24 Hours</b>	• Companies on Attachment B contact(s) auditee to discuss situation and status	Authorized Recipient
<b>≤48 Hours</b>	• Priority non-conformance action in place (containment in place, auditee puts in place temporary measures to ensure priority non-conformance does not re-occur)	Auditee
	• Communicate containment action and proof of implementation to companies on Attachment B /APM	Auditee
<b>7 days*</b>	• Full CAP on priority non-conformance(s) is submitted for review to APM	Auditee
	• Feedback on priority non-conformance CAP	APM
	• Adjust priority non-conformance CAP if needed	Auditee
<b>10 days*</b>	• Approved priority non-conformance CAP implementation	Auditee
	• Communicate priority non-conformance CAP to companies on Attachment B	Auditee/APM

Time	Action	Responsible
17 days**	<ul style="list-style-type: none"> <li>Submit proof of priority non-conformance CAP implementation progress to APM</li> <li>Review of priority non-conformance CAP implementation progress</li> <li>Communicate priority non-conformance CAP implementation Status to companies on Attachment B</li> </ul>	Auditee  APM Auditee/APM
24 days***	<ul style="list-style-type: none"> <li>Submit proof of priority non-conformance CAP implementation progress to APM</li> <li>Review of priority non-conformance CAP implementation progress</li> <li>Communicate priority non-conformance CAP implementation status to companies on Attachment B</li> </ul>	Auditee  APM Auditee/APM
30 days***	<ul style="list-style-type: none"> <li>APM schedules priority Closure Audit</li> <li>Closure Audit of priority non-conformance(s)</li> <li>Note: If there is sufficient / legitimate evidence that more time is required, auditee must respond to the APM with the details for the APM to consider</li> </ul>	APM Audit Team Auditee

\*Exception: Priority non-conformance for working hours where working hours is under 84hr/week and/or social security (timeline = timeline above plus 1 week)

\*\*Exceptions:

- Priority non-conformance for Working hours where working hours is > 84hr/week =10 weeks
- Priority non-conformance for Working hours where working hours is under 84hr/week and/or social security = 90 days

\*\*\*Exceptions:

- Priority non-conformance for working hours where working hours is > 84hr/week = 90 days
- Priority non-conformance for working hours where working hours is under 84hr/week
- Priority non-conformance for social security = 180 days
- Priority non-conformance on fees (code provision A1) = 180 days

*Appendix 4.1.10.2 Major, Minor and Risk of Non-conformance*

Time	Action	Responsible
0 weeks	<ul style="list-style-type: none"> <li>Receipt of final VAR and CAP template pre-populated</li> </ul>	APM
2 weeks	<ul style="list-style-type: none"> <li>Submit completed CAP version 1</li> </ul>	Auditee
	<ul style="list-style-type: none"> <li>Review and provide feedback on CAP version 1 within 48h or approve CAP</li> </ul>	APM
	<ul style="list-style-type: none"> <li>Communicate CAP status and Approved CAP (if applicable) to companies on Attachment B</li> </ul>	APM
4 weeks	<ul style="list-style-type: none"> <li>Submit completed CAP version 2</li> </ul>	Auditee
	<ul style="list-style-type: none"> <li>Review and provide feedback on CAP version 2 within 48h or approve CAP</li> </ul>	APM

	<ul style="list-style-type: none"> <li>Communicate CAP status and Approved CAP (if applicable) to companies on Attachment B</li> </ul>	APM
6 weeks	<ul style="list-style-type: none"> <li>Submit completed CAP version 3</li> </ul>	Auditee
	<ul style="list-style-type: none"> <li>Review and provide feedback on CAP version 3 within 48h or approve CAP version 3</li> </ul>	APM
	<ul style="list-style-type: none"> <li>Communicate CAP status and Approved CAP (if applicable) to companies on Attachment B</li> </ul> <p>Note: If version 3 is not approved then process ends</p>	APM
1 month from CAP approval and every following month until CAP completed or month 17	<ul style="list-style-type: none"> <li>Provide monthly update of non-conformance CAP implementation progress to APM</li> </ul>	Auditee
	<ul style="list-style-type: none"> <li>Submit proof for each non-conformance conformance CAP implementation which has been completed</li> </ul>	Auditee
	<ul style="list-style-type: none"> <li>Review of non-conformance CAP implementation progress</li> </ul>	APM
	<ul style="list-style-type: none"> <li>Communicate non-conformance CAP implementation Status to companies on Attachment B</li> </ul>	APM
CAP implementation completed or 18 months after close meeting	<ul style="list-style-type: none"> <li>Closure Audit process management</li> </ul>	APM

### *Escalation*

The Companies in Attachment B is informed by the APM if there is a delay in submission of a CAP of one week. The authorized recipient can follow up with auditee and facilitate, if needed a timely submission of CAP or implementation updates. The “late” notification is repeated to the Authorized Recipient until receipt of CAP or implementation update is received on a weekly basis.

The companies on Attachment B is informed by the APM if the CAP implementation status varies by more than 20 percent versus agreed CAP implementation due date or EICC CAP timeline.

### *Approval of Corrective Actions*

- The Corrective Action Plan should be approved by the APM before any corrective actions are implemented.
- APM should review and approve the CAP for all non-conformances within 2 days of submission.
- All corrective actions must be reviewed and approved by the APM before they can be closed. Corrective actions cannot be approved until the auditee provides a completed CAP and proof of implementation.

NOTE: The objective of obtaining APM approval is to ensure completeness of CAP, completeness of implementation, use of correct EICC format. It is not an approval or statement of conformance. Conformance can only be determined by the qualified third party audit firm upon detailed review through a Closure Audit (remote or on-site).

### *Monitoring Progress*

- For CAPs with implementation periods greater than 30 days, auditees must provide EICC VAP APM with status updates at monthly intervals. It is the auditee's responsibility to submit this to the APM.
- Once the auditee believes the CAP has been fully implemented, the auditee must provide a final status update indicating the non-conformance has been addressed and provide the appropriate evidence supporting this position.
  - The evidence must be provided in commonly accepted formats (JPEG, PDF, Word.doc, excel, etc.). It is the responsibility of the auditee to provide evidence in a format that can be accessed by the APM.
  - Evidence must have the correct references in and to the CAP template to allow easy navigation between CAP template and proof of implementation.
- If the Corrective Action has not been closed in the time specified in the CAP or if the corrective action is inappropriate, the auditee has to provide a proposal to address the issue in the CAP worksheet status.

Any changes to an approved CAP must be reviewed and authorized by the EICC VAP APM.

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