Validated Assessment Process (VAP) Overview

VAP Operations Team
## Tool enabled compliance process

### Risk Assessment: Risk Assessment Platform and Self-Assessment Questionnaire (SAQ)
- SAQ utilizes a standardized list of questions to assess labor, ethics, health, safety and environmental practices in the supply chain
- **Benefits:**
  - Raises awareness about the importance of the code areas
  - Enables companies to evaluate, improve and communicate their performance
  - Scopes and prepares audits
  - Provides insight into where capability building is needed.

### Monitoring: Validated Assessment Process (VAP)
- A third-party service that provides an independent audit of a facility
- **Benefits:**
  - Provides companies a way to identify nonconformances to the code
  - Drives improvements in management systems for labor, ethics, health, safety and environmental conditions.

### Corrective Action Planning (CAP)
- Third party management of corrective action plan
- Individual management between customer and supplier
- **Benefit:** Ensures findings discovered during the audit are addressed.

Why choose the VAP?
Is your business effectively managing social, ethical, and environmental risks in your supply chain?

Poor social and ethical performance in the supply chain can be damaging to your brand and shareholder value.

The Validated Assessment Process (VAP) provides companies assurance in identifying risks and driving improvements and robust management systems for labor, ethics, health, safety, and environmental conditions in the supply chain.

Transparency is the key to a successful audit. The Validated Audit model is contingent upon the supplier’s willingness to being open and honest about their social and environmental process and helps to build long lasting relationships with customers and stakeholders.
Defining the Validated Audit Process

A VAP audit provides a unique combination of depth and quality assurance in an independent, sharable qualified third party end-to-end audit service focused on improving business practices.

1 to 3-day Checklist Audit
- Closed (Y/N) questions
- Lack auditor checks on systems, policy and/or data triangulation
- Limited coverage and time on site, resulting in limited depth and # issues found
- Challenging to share a common audit report

RBA VAP Audit
- Systems based evaluation, ensuring adequate depth (days on-site based on size and complexity), worker interviews and data triangulation
- Management of the end to end process approved audit firms and auditor certification
- Rigorous Quality Assurance Process

Financial or Legal Due Diligence Audit
- Evaluates legal compliance & operational risks to inform investment and risk management
- Significant auditor day rates
<table>
<thead>
<tr>
<th>The RBA Validated Assessment Process Criteria</th>
</tr>
</thead>
</table>

### Foundation

- [ ] RBA Code of Conduct
- [ ] Local requirements

### Content

- [ ] Labor
- [ ] Health & Safety
- [ ] Environmental
- [ ] Ethics

Management Systems for Labor, Health & Safety, Environmental, and Ethics
<table>
<thead>
<tr>
<th>LABOR</th>
<th>HEALTH &amp; SAFETY</th>
<th>ENVIRONMENTAL</th>
<th>ETHICS</th>
<th>MANAGEMENT SYSTEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1 Freely Chosen Employment</td>
<td>B1 Occupational Safety</td>
<td>C1 Environmental Permits/Reporting</td>
<td>D1 Business Integrity</td>
<td>E1 Company Commitment</td>
</tr>
<tr>
<td>A3 Working Hours</td>
<td>B3 Occupational Injury and Illness</td>
<td>C3 Hazardous Substances</td>
<td>D3 Disclosure of Information</td>
<td>E3 Legal and Customer Requirements</td>
</tr>
<tr>
<td>A5 Humane Treatment</td>
<td>B5 Physically Demanding Work</td>
<td>C5 Air Emissions</td>
<td>D5 Fair Business, Advertising &amp; Competition</td>
<td>E5 Improvement Objectives</td>
</tr>
<tr>
<td>A6 Non-Discrimination</td>
<td>B6 Machine Safeguarding</td>
<td>C6 Materials Restrictions</td>
<td>D6 Protection of Identity &amp; Non-Retaliation</td>
<td>E6 Training</td>
</tr>
<tr>
<td>A7 Freedom of Association</td>
<td>B7 Sanitation, Food and Housing</td>
<td>C7 Storm Water Management</td>
<td>D7 Responsible Sourcing of Minerals</td>
<td>E7 Communication</td>
</tr>
<tr>
<td>A8 Health and Safety Communication</td>
<td>B8 Health and Safety Communication</td>
<td>C8 Energy Consumption &amp; GHG Emissions</td>
<td>D8 Privacy</td>
<td>E8 Worker Feedback and Participation</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>E9 Audits and Assessments</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>E10 Corrective Action Process</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>E11 Documentation and Records</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>E12 Supplier Responsibility</td>
</tr>
</tbody>
</table>
Validated Assessment Process (VAP)

1. Self-Assessment
2. Audit
3. Corrective Action Plan and Preventive Action
4. Closure Audit

Continuous Improvement
Integrity Standards of VAP

APM managed Audit process, with option for 4th party or internal RBA QM

- Documentation of Findings and Conformance Ratings
- Full Scope of Facility Audited
- Triangulation required to validate all Conclusions
- Independent Payment Processing
- Shadow Auditor Program
- Minimum of two auditors on site at all times
- Auditor/Audit Firm Certification and Performance Review
- Auditee Survey
Benefits of the Validated Assessment Process (VAP)

Credibility
- Third-party assessment against an industry-wide standard
- 15+ years program management experience
- Trained and approved auditors, audit firms, processes and protocols

Reduce Burden
- Collaborative approach to auditing to reduce the burden on supply chain companies from multiple requests for social audits
- Auditee ownership of audit report (to distribute as appropriate)

Capacity Building
- Audit findings are accompanied by good practices
- Corrective Action Plan (CAP) can be managed and shared online
VAP Roles and Responsibilities

Audit Program Manager (APM)
- Strategy, Audit firm selection
- Auditor training and certification
- Supplier onboarding, audit contracts
- Audit scoping, scheduling, invoicing

Audit Quality Manager (AQM)
- QC check & Ethical complaints
- Audit report management
- AQM CAP Management
- Audit Firm performance, report scorecard
- On-site emergency issues (technical)
How to leverage VAP within your company

- Build awareness of VAP process in your organization
  - ✓ Senior management commitment
  - ✓ Train all employees

- Utilize the tools and resources provided
  - ✓ Local Training Resources
  - ✓ Certified RBA Factory Lead
  - ✓ Complete the SAQ
  - ✓ Use provided materials

- Start assessing your own facilities and processes and training your people
  - ✓ Root cause analysis and corrective action

- Make necessary improvements
  - ✓ Openly discuss with customers
  - ✓ Utilize the Audit Quality Manager

- Engage with your customers
How to leverage VAP with your suppliers

1. Check to see if your supplier already has a VAP report
   
   **If not,**

1. Build awareness of VAP at the supplier level
2. Build supplier awareness of the VAP process and Code of Conduct by providing links, suggestions for resources, or sharing your experience
3. Advocate supplier facility Self Assessment Questionnaires
4. Review and make necessary improvements prior to external audit based on assessment results
5. Encourage suppliers to engage with their customers
6. Understand the audit process

- Secure copy of report
- Senior management commitment
- Train all employees
- Training Resources
- RBA Certified Factory Lead
- Complete the SAQ
- Use provided materials
- Root cause analysis and corrective action
- Openly discuss with customers
- Utilize the Audit Program Manager
Audit Costs

The price of the audit includes the following:

<table>
<thead>
<tr>
<th>Work Area</th>
<th>Cost Contributors</th>
</tr>
</thead>
<tbody>
<tr>
<td>RBA Audit Program Management</td>
<td>Administrative: Contracts, invoices and business management</td>
</tr>
<tr>
<td></td>
<td>Technical: Process management, coordination, quality assurance process,</td>
</tr>
<tr>
<td>Third Party Qualified Audit Firm</td>
<td>Labor cost and expenses</td>
</tr>
<tr>
<td></td>
<td>Audit Preparation (scheduling, document review, etc.)</td>
</tr>
<tr>
<td></td>
<td>On-Site Audit</td>
</tr>
<tr>
<td></td>
<td>Report Writing</td>
</tr>
<tr>
<td></td>
<td>Rates vary by firm and expertise</td>
</tr>
<tr>
<td>Audit Quality Manager</td>
<td>Independent review of Audit report against VAP Protocol</td>
</tr>
<tr>
<td></td>
<td>Auditor Scorecard for each Audit</td>
</tr>
<tr>
<td></td>
<td>Corrective Action Plan Management initial guidance*</td>
</tr>
</tbody>
</table>

Costs have already been negotiated, is the result a competitive comparison analysis and breakdown is not provided because of legal/contractual restrictions.
# Audit Man-Days

## Complexity of operations within the scope of the audit.

*Criteria: dormitory, significant chemical operations, intensive physical handling, complex manufacturing operations, canteen, special operations, etc.*

<table>
<thead>
<tr>
<th>Complexity</th>
<th>No listed complexity criteria</th>
<th>&lt; 1000 workers</th>
<th>Medium</th>
<th>1000-5000 workers</th>
<th>High</th>
<th>&gt; 5000 workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td></td>
<td>4 days</td>
<td>2 listed complexity criteria</td>
<td>6 days</td>
<td>10 days</td>
<td>8 days</td>
</tr>
<tr>
<td>Medium</td>
<td></td>
<td></td>
<td>4 days</td>
<td>4 days</td>
<td>8 days</td>
<td>12 days</td>
</tr>
<tr>
<td>High</td>
<td>3+ listed complexity criteria</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Size: employees include both hourly paid workers and salaried employees
2. Days: person days on site
Audit Scope
The Scope of the Validated audit is **ALWAYS** full site (all lines of business, all buildings and sections or areas of a facility) in line with the RBA philosophy and mission to reduce audit fatigue and increase audit report sharing focusing on industry sector improvements within the supply chain.

The scope of the audit can be limited due to the following reasons **ONLY**:

- Site has more than 40,000 workers
- Some operations of the site are not within the industries covered by RBA membership
- A section of the site is non-accessible due to proprietary or confidentiality reasons (within industries covered by RBA membership)
  - This is **ONLY** accepted if a written proof of objection from the customer of the restricted area is submitted and approved by the APM
- Different sections of the site have different management systems, management teams or there is more than 5 km separation between the sections
- Operate under a different legal entity or license
Type of Auditee

Manufacturing
Any site of which the main activity is manufacturing, assembly, repair, chemical, significant mechanical or distribution operation.

Service Provider
Any site of which the main activity is to provide a service such as design, call-center, security, canteen workers, cleaning companies, gardeners.
On site audit will happen at office of service provider and deployment site (if applicable)

Labor Agent/Labor Contractor
Any service provider who provides any type of labor or staff to a site.
On site audit will happen at office of service provider and deployment site (if applicable)
Audit Activities

Initiating a VAP audit
The Validated Assessment Process follows a simple five-step process from the initial request for an audit to corrective action management and the Closure Audit.

1. Initiate request and schedule
2. Preparation
3. On-site audit
4. Report and Quality Assurance Process
5. Follow and CAP Management
Auditee creates profile in RBA-Online, pays a fee and adds a facility (fee is per year, per facility)

Auditee completes and releases a facility Self Assessment Questionnaire

Auditee submit an audit request through RBA-Online and completes the necessary contracts

Contracts are executed, the RBA Audit Program Manager will scope, assign and cost the audit

RBA APM completes attachment C (costing approval / Scoping Agreement and sends to Auditee

Auditee approves attachment C which fixes the date of the audit
# VAP Contracts: The Auditee Agreement

## Purpose
- Service Agreement
- Non-disclosure agreement

## Content
- Attachment B – Authorization to share report with RBA Members
- Attachment C – Scoping Agreement where Auditee pay for Audit
- Attachment D – Scoping Agreement where 3rd party pays for the audit on behalf of Auditee

## Revisions
- RBA does not accept changes to the standard agreements to ensure consistency and fairness among all users of the Validated Assessment Process
Auditors must book travel and schedule well in advance of the audit. In the event that an auditee needs to cancel or reschedule an audit, the following penalties apply:

<table>
<thead>
<tr>
<th>Timeframe</th>
<th>Rescheduling Penalty</th>
<th>Cancellation Penalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>After contracting but no date agreed</td>
<td>NO Charge</td>
<td>NO Charge</td>
</tr>
<tr>
<td>16-20 business days prior to the audit</td>
<td>20 percent of the agreed auditor labor cost plus incurred audit expenses plus 350 USD (Rescheduling) or 500 USD (Cancellation)</td>
<td>30 percent of the agreed auditor labor cost plus expenses plus 350 USD (Rescheduling) or 500 USD (Cancellation)</td>
</tr>
<tr>
<td>0-15 business days prior to the audit</td>
<td>Rescheduling - 30 percent of the agreed auditor labor cost plus expenses plus 350 USD (Rescheduling)</td>
<td>Cancellation - full auditor labor cost plus incurred audit expenses plus 350 USD (Rescheduling) or 500 USD (Cancellation)</td>
</tr>
</tbody>
</table>
Denied access or cancellation of an audit during the audit will result in penalty of the full audit cost plus incurred expenses.
On-Site Assessment

- Open Meeting
- Facility tour
- Worker interviews
- Management interview
- Document review
- Daily wrap up
- Closing Meeting
Auditee Responsibilities

- Provide resources to complete working hours template on Day 1.
- Ensure all documents are ready for review by lunch time on Day 1. If not, **audit will be canceled**.
- Assign representatives for Labor, Ethics, Employee Health and Safety (EHS) and Management Systems.
- Ensure management representatives and workers selected for meetings and interviews are available at the times agreed.
- Ensure personnel, time and wage records for subcontracted workers in core operations are available by the end of Day 1.
- Provide required PPE and safety guidance during facility tours.
Audit Observer and Shadow Auditors

**Observer**
- **Purpose** – To provide feedback to the RBA member on audit process and audit firm performance.
- The Observer will not:
  ✓ Attend worker interviews
  ✓ Attend audit firm internal audit briefings and analysis
  ✓ Visit product areas that are not their own (in cases where a customer in an observer).
  ✓ Join individual management interviews (in cases where an observer is from a corporate office).
  ✓ Interfere, guide, advise an audit firm or auditee in any way.

**Shadow Auditor**
- **Purpose** – To provide feedback to the RBA on the auditors’ performance, competency and professionalism
- The Shadow Auditor will:
  ✓ Attend worker interviews
  ✓ Attend audit firm internal audit briefings and analysis
  ✓ Visit all product areas
  ✓ Join individual management
  ✓ Intervene if necessary, guide, advise an audit firm
Ownership

- Auditee owns the report data and can distribute the report as Auditee decides where Auditee pays for the Audit.
- Where a Third-Party Payer paid for the report, the ownership of the report and distribution of the report is subject to a separate agreement.

Sharing

- Companies listed in attachment B may receive a copy of the report direct from the RBA APM and RBA-Online.
- The Report is available in system and must be distributed through the system.

In the system

- Working hour template completed during this audit is an attachment.
- Corrective Action Plan is managed in the system.
Report Writing Timelines

1. Priority Finding Notices
   - Same Day
2. AFA Submission
   - 2 Days (2)
3. Initial Draft
   - 12 Days (14)
4. Sanitation Review
   - 1 Days (15)
5. Auditee Review
   - 7 Days (22)
6. Full AQM Review
   - 5 Days (27)
7. Revisions Process
   - 7 Days (34)
8. Final Draft
   - 2 Days (36)
9. Report Released
   - 2 Days (38)
Corrective Action Plan
Management and Verification
Purpose

• Assess underlying root cause of identified findings
• Develop plan of action to address audit findings
• A fix during audit is still a finding but will be mentioned by audit firm as a “containment response”

Form

• Drafted using a standard excel template or RBA-Online

Sharing

• Must be shared with customers who are approved to receive the Validated Audit Report (VAR).
• Must entered into RBA-Online and approved by the assigned CAP Manager in order for a closure audit to be scheduled

Closure

• Mandatory closure audit to validate that corrective actions have been implemented effectively.
• This is a separate audit and require costing approval (cost not included in this audit) and scheduling
Managing the CAP

**AQM Managed CAP Services**

- Centrally managed process with only one RBA Validated CAP.
- Additional fee
- Communication on the CAP and its progress will be managed by the APM with all customers listed in the "Auditee Approved Recipient distribution list" (attachment B).

**Auditee Managed CAP**

- It is possible to have several CAPs depending on the customers.
- A copy of the approved CAP MUST be entered into RBA-Online in order for any closure audit activity be scheduled thru RBA.*

**Customer Managed CAP**

- A copy of the approved CAP MUST be entered into RBA-Online in order for any closure audit activity be scheduled thru RBA.*
- *OUTSIDE THE SCOPE OF RBA

*OUTSIDE THE SCOPE OF RBA
## Value of the AQM Managed CAP

<table>
<thead>
<tr>
<th>Criteria</th>
<th>AQM CAP</th>
<th>CMA CAP</th>
<th>AMA CAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corrective Action for each finding in an audit</td>
<td>✓</td>
<td>✓</td>
<td>?</td>
</tr>
<tr>
<td>Qualifies for RBA Recognition when verified through VAP Closure Audit</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Requires closure as part of the VAP Process</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Highest level of independence for governments, customers and eco-label due diligence</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Independent 3&lt;sup&gt;rd&lt;/sup&gt; Party monitoring of CAP process</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Single CAP</strong> for multiple customers</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collective input of <strong>multiple customers to drive CAP Closure</strong></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>3&lt;sup&gt;rd&lt;/sup&gt; Party Quality Check of CAP</strong> to have the highest likelihood of successful closure audit</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statistically, highest CAP Closure rate</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Verification
Follows same process as initial audit (request, scoping, costing approval, scheduling, on site, report)
Timing should be based upon the type of findings in the initial audit (Priority, Major, Minor, Risk-of-Nonconformance)
The closure audit should not occur later than 18 month maximum from receipt of the VAR

Priority Findings
Mandatory within specific timeframes
Triggered by APM
Any other findings the auditee has closed and is ready to have verified, especially those requiring on-site verification, these can be included in a Priority Finding Closure Audit. These need to be agreed on upfront with the APM

Major/Minor Findings
Triggered by the customer or auditee
Typically all findings are included in a single closure audit
Best practice is a two-step closure audit
• Remote verification
• On-site element
• Higher rate of success on-site as items can be addressed between the remote and on-site steps thus avoiding a 2nd, costly on-site element

The focus of a closure audit is on the open findings but if the auditor encounters a code violation then that must be recorded and becomes a new finding
VAP Recognition Program

Factories who successfully complete a VAP, closing audit findings and verify closure through a VAP Priority Closure or VAP Closure audit, are recognized with a certificate valid for 2 years from last day of initial audit.**

** Recognition expires when the audit expires

### RBA Framework → Site Level RBA Recognition

- **Platinum**
  - Social & Environmental Leader
  - Closes All Audit Findings
  - Minimum VAP Score: 200

- **Gold**
  - Above Average Sustainable Factory
  - Closes Priority & Major Findings
  - Minimum VAP Score: 180

- **Silver**
  - Sustainable Factory
  - Closes Priority Findings via VAP
  - Minimum VAP Score: 160

- Must be VAP (no CMA/AMA)
- Must close all findings and submit CAP in RBA-Online
- Must have VAP closure Audit
- Must have a score of 200

- Must be VAP (no CMA/AMA)
- Must close Priority & Major findings, submit CAP in RBA-Online
- Must have VAP closure Audit
- Must have a minimum score of 180

- Must be VAP (no CMA/AMA)
- Must close Priority findings and submit CAP in RBA-Online
- Must have VAP Priority Closure Audit
- Must have a minimum score of 160

### Factories who successfully complete a VAP, closing audit findings and verify closure through a VAP Priority Closure or VAP Closure audit, are recognized with a certificate valid for 2 years from last day of initial audit.**

* If there are Priority Findings in Forced Labor or Child Labor, the site is subject to an unannounced audit over the next 12 months
Feedback Loops
## When can an auditee provide feedback?

### On-site
- It is preferred that auditees provide feedback to auditors during the on-site audit.
- **This is the best time and most encouraged!**

### During draft review
- Through RBA-Online Discussion tab
- For review by QM and auditors

### Post VAR Release / Any time
- Online at [https://www.surveymonkey.com/r/RBAVGM](https://www.surveymonkey.com/r/RBAVGM)

### Post-Audit Survey (not related to findings)
- Available online: [https://www.surveymonkey.com/r/LQ2CWWJ](https://www.surveymonkey.com/r/LQ2CWWJ)
Guidelines for Providing Feedback

- Select the most important issues to dispute
- Additional information (not available at the start of the audit) will not be reviewed at this time

Reasonable

- After VAR is closed, auditee will have access to discussion tab for 7 days
- Feedback provided during this time will be sent to APM
- After this time, auditee must submit through survey monkey

Timing
Resources
VAP Guidance Documents

The below documents are selected chapters from the 6.0.1 VAP operations manual, which took effect for audits starting Aug. 15, 2019. Please note the entire VAP operations manual is not publicly available. If you have any questions, please contact us.

- Auditee Preparation (English)
- Auditee Corrective Action Plan Management (English)
- Code Interpretation Guidance (English)
- Operations Manual Notifications
- Working Hours Guidance (English)
- Definition of Fees (version effective until Dec. 31, 2018) (English)
- Definition of Fees (updated version effective as of Jan. 1, 2019) (English)
- Worker-Type Decision Tree (English)

http://www.responsiblebusiness.org/vap/about-vap/
Contracting, Code and technical assistance
  - vap@responsiblebusiness.org (RBA Audit Program Manager)

Validated Assessment Process
  - HAmster@responsiblebusiness.org (Hillary Amster, Director of Audit Operations)

Invoicing and payment
  - RBAFinance@responsiblebusiness.org

General non VAP RBA information
  - info@responsiblebusiness.org

Tools and Resources
  - http://www.responsiblebusiness.org/standards/vap/