

## 10. Auditee Corrective Action Plan (CAP) Management

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To effectively assess risk and mitigate nonconformances, an effective risk assessment approach includes a risk assessment, audit, corrective action plan, and closure audit. Arguably the most important component of this process is for the Auditee to complete and submit a Corrective Action Plan (CAP), which will serve as the roadmap to effectively close their nonconformances to the EICC Code of Conduct.

Correction of Audit nonconformances can be addressed directly between the Auditee and each customer, or by the APM in the case of the APM managed CAP. It is the responsibility of the Auditee's management to prepare a "Corrective Action Plan" (CAP) to the Audit Report within **14 calendar days of the Auditee's receipt of the Final Validated Audit Report (VAR)**.

If Priority Nonconformances were found during the Audit, a CAP addressing those issues must be completed and submitted within **7 calendar days of the discovery and confirmation of the Priority Nonconformance**. The Auditee will be given the CAP template by the APM when the Priority finding is identified.

The purpose of the CAP is to define corrective actions for resolving any nonconformances identified during the Audit. The Auditee is responsible for completion of the corrective and preventive actions listed within the plan. The plan should be sent to Authorized Recipients per Attachment B of the Auditee Agreement and the APM and should detail:

- Determination of root cause(s);
- Description of the proposed corrective action to address root cause(s);  
Note: If Auditee management determines that no action will be taken or is necessary in response to a nonconformance, the plan must describe the basis for this determination and why no corrective action is required.)
- Application of a preventive action to prevent future recurrence of the problem or related issue;
- The date the action is expected to be completed (see appropriate timelines based on significance of findings, below); and
- Current status of the action items.

With the Validated Audit Report (VAR), a pre-populated CAP will be issued by the APM. The Auditee will receive a CAP from the APM that will contain the nonconformances identified in the Validated Audit. The Auditee **MUST** use this template to complete their Corrective Action Plan.



Environmental Impact Certification

|                            |                          |                          |                          |
|----------------------------|--------------------------|--------------------------|--------------------------|
| <b>Auditor Information</b> |                          |                          |                          |
| Auditor Name               |                          |                          |                          |
| Address                    |                          |                          |                          |
| Country                    |                          |                          |                          |
| Contact Name               |                          |                          |                          |
| Phone & Email              |                          |                          |                          |
| When Contacted for         |                          |                          |                          |
| Audit Name & Title         |                          |                          |                          |
| Email                      |                          |                          |                          |
| Telephone                  |                          |                          |                          |
| Auditor Contact for        |                          |                          |                          |
| Person with authority to   | Person with authority to | Person with authority to | Person with authority to |
| approve and release        | approve and release      | approve and release      | approve and release      |
| the audit report           | the audit report         | the audit report         | the audit report         |
| Signature                  |                          |                          |                          |
| Environmental              |                          |                          |                          |
| Health and Safety          |                          |                          |                          |

|                          |                              |  |  |
|--------------------------|------------------------------|--|--|
| <b>Audit Information</b> |                              |  |  |
| Start date of the audit  | 01/01/20                     |  |  |
| Close date of the audit  | 01/01/20                     |  |  |
| Audit type               | 1/1/20                       |  |  |
| Audit title              | 1/1/20                       |  |  |
| Audit form number        | EICC approved audit form 001 |  |  |

|                                     |  |
|-------------------------------------|--|
| <b>Corrective Action Plan (CAP)</b> |  |
| Priority                            |  |
| Reason                              |  |

|                         |     |              |        |                    | Preventive/Corrective Action                                 |       |          |        |  | Corrective Action |          |              |        |       |          | Comments |
|-------------------------|-----|--------------|--------|--------------------|--|-------|----------|--------|--|-------------------|----------|--------------|--------|-------|----------|----------|
|                         |     |              |        |                    | Action   | Owner | Due Date | Status | Action   | Owner             | Due Date | Verification | Status | Notes |          |          |
| CAP # Number            | Ref | EICC Process | Rating | Next Action/Assign | Describe action to be taken to immediately address the issue |       |          |        | Describe action plan - it should contain details on:<br>1. why/what/where changes<br>2. responsibility/reporting<br>3. activity and impact measurement |                   |          |              |        |       | Comments |          |
| Findings                |     |              |        |                    |  |       |          |        |  |                   |          |              |        |       |          |          |
| 1.                      |     |              |        |                    | Acceptable   | Owner | Due Date | Status | Acceptable   | Owner             | Due Date | Verification | Status | Notes |          |          |
| Other                   |     |              |        |                    |  |       |          |        |  |                   |          |              |        |       |          |          |
| 1.                      |     |              |        |                    |  |       |          |        |  |                   |          |              |        |       |          |          |
| Risk of Non-conformance |     |              |        |                    |  |       |          |        |  |                   |          |              |        |       |          |          |
| 1.                      |     |              |        |                    |  |       |          |        |  |                   |          |              |        |       |          |          |
| Other                   |     |              |        |                    |  |       |          |        |  |                   |          |              |        |       |          |          |
| 1.                      |     |              |        |                    |  |       |          |        |  |                   |          |              |        |       |          |          |

|                        |  |
|------------------------|--|
| <b>APPROVALS</b>       |  |
| Name of Auditor        |  |
| Name of Contact person |  |
| Signature              |  |
| Signature              |  |
| Signature              |  |
| Signature              |  |
| Signature              |  |

|                           |    |    |    |
|---------------------------|----|----|----|
| <b>Process CAP Number</b> |    |    |    |
| Revision                  | 01 | 01 | 01 |
| Revision                  | 01 | 01 | 01 |
| Revision                  | 01 | 01 | 01 |

## 10.1 CAP Management options

Currently, there are two options to manage the Validated Audit CAP process:

1. The Auditee manages the CAP directly with Authorized Recipient in Attachment B of the Auditee Agreement. This is outside the scope of the EICC. **However a copy of the approved CAP MUST be sent to the VAP APM.** It is possible in this situation to have several CAPs depending on the number of requesting customers.
2. The CAP can be managed through the VAP APM. This will be a centrally managed process with only one EICC Validated CAP. The communication on the CAP and its progress will be managed by the APM with all customers listed in the “Auditee Approved Recipient distribution list”.
  - An APM-managed CAP is strongly encouraged for Auditees who are providing an audit to multiple customers, or for Auditees that could use additional guidance on developing their first CAP. Please see chapter 10.3 for more detail on this process.

## 10.2 Implementing Immediate Containment Actions for Priority Nonconformances

Upon receiving notification of any Priority Nonconformance(s) from the Audit team, the Auditee reviews the Nonconformance(s) 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 Nonconformance(s).)

- The following steps are taken to implement immediate containment:
  1. Auditor highlights Priority Nonconformance(s) to Auditee
  2. Auditee investigates and defines needed containment activities and documents within the EICC CAP template
  3. Auditee implements containment actions so that the risk of the issue is minimized until a permanent and systemic solution is in place. **Priority nonconformances must be contained within 48 hours of discovery.**

**For Priority nonconformances, the immediate containment actions are mandatory and should be completed by end of audit and listed by auditor in conclusion as auditor note.** This does not apply for working hours and social insurance as no containment action can typically be taken before close of audit.

## 10.3 APM Managed CAP Process

### 10.3.1 Roles and Responsibilities

Auditee:

- Immediately contain Priority Nonconformances
- Create Corrective Action Plan(s) and submit to APM
- Implement corrective and preventive actions for Priority, Major and Minor Nonconformances and Risks of Nonconformance
- Provide monthly progress updates to APM
- Schedule a Validated Closure Audit (in collaboration with Authorized Recipients) within EICC time frames. Note:
  - One Validated Closure Audit is possible to capture completed corrective actions for Major, Minor and Risk of Nonconformance actions; and
  - A Validated Closure Audit for Priority Nonconformances is always scheduled separately and always on-site.

VAP APM:

- Communicate Priority Nonconformances to the Auditee's Authorized Recipients within 48 hours of **discovery (within 12 hours if it is a Priority item with imminent threat to life, limb, facility or community)**;
- Define the type of validation required to close a corrective action (remote or on-site);
- Review and provide format, completeness and Code elements gap feedback on CAP;
- Send Approved CAP to Authorized Recipients;
- Validate monthly progress on CAP implementation;
- Communicate CAP status monthly to Authorized Recipients; and
- Manage Validated Closure Audit Process.

Authorized Recipient:

- Receive Approve CAP from APM;
- Receive monthly CAP status reports from APM;
- Follow up with Auditee in case of delays of implementation; and
- (In collaboration with Auditee) schedule a Validated Closure Audit.

### 10.3.2 Corrective Action Plan (CAP) Content

The Auditee must create a formal Corrective Action Plan that describes how and when their facility will address each of the identified Nonconformances and Risks of Nonconformance.

- Following containment of Priority Nonconformances, the Auditee develops a CAP for each Priority, Major, Minor and Risk of Nonconformance finding using the EICC CAP template.
- The CAP **MUST reflect timelines described in Timelines for Completion of Corrective Actions (section 10.4)** or the Auditee must provide justification when timelines cannot be met.
- The CAP is documented in the CAP Worksheet, which is located in “CAP print” folder tab in the Excel Audit Protocol. Additional instructions are in the “Instructions to Auditee” workbook tab. The CAP Worksheet is created in Excel 2007. For users of older versions of Excel, the Microsoft Office Compatibility Pack can be downloaded for free: <http://www.microsoft.com/downloads/details.aspx?FamilyId=941B3470-3AE9-4AEE-8F43-C6BB74CD1466&displaylang=en>. The compatibility pack will allow the user to open, edit and save documents that are in Office 2007 (or newer).
- 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 Validated Audit Report generation process.
- All CAP activities and modifications are monitored, reviewed, agreed to and closed through the CAP Worksheet. The Auditee develops corrective actions (CA) and records them in the CAP Worksheet. APM will review 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.

### 10.3.2.1 Corrective Action Plan (CAP) Step 1 – Root Cause Analysis

- The first step in the CAP process is to conduct a root cause analysis for each Nonconformance.
- “Root Cause Analysis” is a method used to identify underlying cause(s) of a Nonconformance. It is used to correct or eliminate the cause, and prevent the problem from recurring. If a root cause analysis is not conducted, or conducted poorly, there is a risk that time and resources will be wasted addressing the symptoms of a problem, rather than addressing the real issue.
- The most common element of a root cause analysis includes asking “Why a particular Nonconformance occurred?” and documenting the answer. Then for each answer, asking “Why?” again and again, until the desired goal of finding the “root causes” is reached. Normal practice indicates that a root cause is identified after 5 Why questions.
- When considering “Why” a particular problem occurred, it might be useful to consider the following potential elements to ensure comprehensive analysis:
  - 1) Knowledge – Did the problem occur due to lack of awareness or knowledge?
  - 2) Assignment – Did the problem occur because responsibility was not clearly assigned?
  - 3) Tools – Did the problem occur because appropriate tools are not available?
  - 4) Training – Did the problem occur due to lack of proper training?
  - 5) Accountability – Did the problem occur because little/no accountability, e.g. in typical situation nothing happens when the task is not done?
  - 6) Resources – Did the problem occur due to insufficient resources
- The CAP Worksheet provides space for three root causes per Nonconformance. Auditee may add or remove root cause entries as appropriate to their needs. **However, at least 1 root cause is required. No more than 5 root causes will be allowed.**
- **For each root cause, a corresponding containment and corrective action are 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.
- The corrective action to a root cause is most likely a management systems (procedural change).

### 10.3.2.2 Corrective Action Plan (CAP) Step 2 – Immediate Containment Action

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

| Immediate Containment Action  |                   |                        |                            |                   |
|---|-------------------|------------------------|----------------------------|-------------------|
| Action  | Owner             | Due Date               | Status                     |                   |
| Describe action to be taken to immediately reduce threat/lower risk | Accountable Owner | Target Completion Date | Progress (on or off track) | Actual close date |

“Describe action to be taken to immediately reduce threat/lower risk”: This section requires Auditees to describe the temporary actions taken to minimize the risk of the nonconformance. The description needs to include at least the following components:

- **Actions taken;**
- **Communication** to management, supervisors and workers on these actions; and
- **Inspection program** of 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 listed under “Describe action to be taken to immediately reduce threat/lower risk”. **This can be no longer than 3 weeks from receipt of final VAR.**
- **Progress (on or off track):** listed as
  - “on” if on time or fully implemented or
  - “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 “Target Completion Date”.
- **Actual close date:** Actual date when all items listed under “Describe action to be taken to immediately reduce threat/lower risk” are successfully implemented. **Proof in PDF or JPEG format needs to be provided for APM decision.**

### 10.3.2.3 Corrective Action Plan (CAP) Step 3 – Corrective Action

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

| Corrective Action   |                   |                        |              |                           |                   |                   |
|---|-------------------|------------------------|--------------|---------------------------|-------------------|-------------------|
| Action  | Owner             | Due Date               | Verification | Status                    |                   |                   |
| Describe action plan - it should contain details on<br>1.policy/procedure changes<br>2.communications/training<br>3. activity and impact measurements | Accountable Owner | Target Completion Date | Remote?      | Progress(on or off track) | Action Start Date | Actual Close Date |
| 1.  |                   |                        |              |                           |                   |                   |
| 2.  |                   |                        |              |                           |                   |                   |
| 3.  |                   |                        |              |                           |                   |                   |

- "Describe action plan - it should contain details on..." This section requires information on:
  - 1.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:
    - All items as listed under "minimum requirements – document review" (see section 12 for the relevant Conformance Statement); or
    - (Or refer to) the internal inspection/verification methods which will be used post implementation of the updated policy.
  - 2.Communications/training: Describe the details of the communications and training program to ensure that all people active within the facility are updated and understand the updated policy and procedures. These actions need to ensure all Auditee staff can effectively implement and adhere to the updated policy/procedure and include at least:
    - Communication detail and medium (meeting, bulletin board, mail, blog) to:
      1. Management
      2. Staff
      3. Direct and indirect workers
      4. Onsite contractors/suppliers
      5. Other affected or impacted groups



- Training to:
  1. Management
  2. Supervisors
  3. Workers
  4. Other affected or impacted groups
  5. Induction or new employee training
- 3. 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).
- 4. At least 3 activity indicators and 3 impact indicators are required for each nonconformance 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 listed under “Describe action plan - it should contain details on”. **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?: Remote means remote verification. “Yes” means closure can happen by submitting documents for closure review. **“No” means the EICC Auditors have to return to the Auditee to verify closure. This will be determined by the APM. See definitions for remote and on site Validated Closure Audit.**
- Progress (on or off track): listed as
  - “On” if on time or fully implemented ;or
  - “Off” when implementation is running late. If “Off”, then additional actions need to be listed in remarks as to how implementation will be corrected within the timeline “Target Completion Date”.
- Action Start Date: Proposed start date for each item listed under “Describe action plan - it should contain details on”
- Actual Close Date: Actual dates for each item listed under “Describe action plan - it should contain details on” that are successfully implemented. **Proof in PDF or JPEG format needs to be provided for APM decision.**

## 10.4 Timelines for Completion of Corrective Actions:

All Corrective Actions must be completed within the timeframes provided below. **Any deviations from the prescribed timelines must be approved by the APM.**

- **Containment action must be implemented immediately for any “Priority” Nonconformances,** including child labor, forced labor, and imminent danger to workers or imminent threats to the environment and surrounding community. The Audit team must encourage the facility to contain such issues during the Audit.

Corrective and preventive actions (to fully correct the issue and prevent a recurrence of a similar issue) must be implemented within 30 days.

- **Note: Any Nonconformance which has immediate impact of life, limb, environment or facility, even not classified as “Priority” Nonconformance, should have immediate containment actions to minimize the risk,** e.g. a locked emergency evacuation door should be immediately unlocked upon discovery.

### **TRS Approach**

#### **T: Remove Threat**

- Ensure that the threat is immediately eliminated;
- Stop other audit work to ensure the threat is gone; and
- Document what you saw and did (will be a finding).
  - As with any finding, note in the Audit Report what immediate action(S) occurred during the audit (example: exit doors were unlocked).

#### **R: Reduce or eliminate the risk through temporary measures**

- Engage with Auditee management to make short-term changes to prevent the threat from recurring; and
- Alert APM, who in turn will follow appropriate procedures (example: alerting customer, advising you).

#### **S: Update System to put in procedures so that this does not reoccur**

- Set expectation in Finding reporting that management system improvements are required to ensure that the nonconformance does not reoccur.

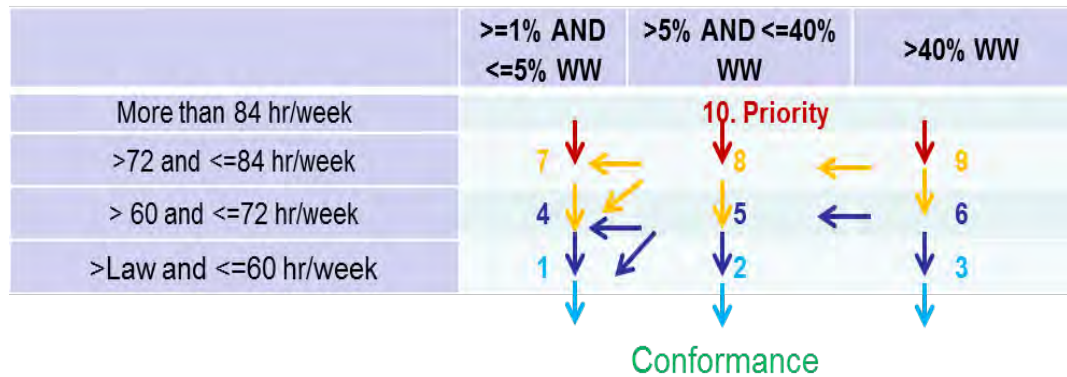
- **CAP Timeline**

| Finding  | Submit CAP                        | Approved CAP                      | Progress / Complete CAP   |
|--|-----------------------------------|-----------------------------------|---|
| Priority (for Working hours where Working Hours is >84hr/week)                   | 1 week from discovery             | 10 calendar days from discovery   | 30 days from <b>discovery</b> for EHS Priority findings/90 days from discovery for all other Priority (except Working hours Priority under 84 hours per week and social security) |
| Major or Priority (only where Working Hours under 84 h/week and social security) | 2 weeks from receipt of final VAR | 6 weeks from receipt of final VAR | 180 days from receipt of <b>final VAR</b> (for major nonconformance this is guidance only)  |
| Minor  | 2 weeks from receipt of final VAR | 6 weeks from receipt of final VAR | In conformance within 270 days from receipt of final VAR (guidance only)  |
| Risk of Nonconformance   | 2 weeks from receipt of final VAR | 6 weeks from receipt of final VAR | 270 days from receipt of final VAR (guidance only)  |

There is a

maximum limit of 18 months from the close meeting of the initial audit to be in conformance.

**Overview for working hours:**



- If the audit showed work hours > 84 hours, a Priority Nonconformance (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.
- For any other level, an Auditee has up to 2 weeks from receipt of final VAR to submit a CAP in the form of a Comprehensive Plan.
  - Working hours and social security;
  - 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 be ready to discuss the roadblocks or challenges.

#### 10.4.1 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.

##### 10.4.1.1 Priority Nonconformance

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                       |
|------------|---|-----------------------------------|
| 0 Hours    | <ul style="list-style-type: none"> <li>Nonconformance identified and communicated to Auditee management during onsite VA</li> <li>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)</li> </ul>                | Audit team<br><br>Auditee         |
| ≤1 Hour    | <ul style="list-style-type: none"> <li>Lead Auditor to Alert APM with conclusion and data points in hand</li> </ul>   | Lead Auditor                      |
| ≤12 Hours  | <ul style="list-style-type: none"> <li>APM reports issue to Authorized Recipient Management</li> </ul>  | APM                               |
| ≤24 Hours  | <ul style="list-style-type: none"> <li>Authorized Recipient(s) contact(s) Auditee to discuss situation and status</li> </ul>  | Authorized Recipient              |
| ≤48 Hours  | <ul style="list-style-type: none"> <li>Priority Nonconformance action in place (Containment in place, Auditee puts in place temporary measures to ensure Priority Nonconformance does not re-occur)</li> <li>Communicate containment action and proof of implementation to Authorized Recipients/APM</li> </ul> | Auditee<br><br>Auditee            |
| 7 days*    | <ul style="list-style-type: none"> <li>Full CAP on Priority Nonconformance(s) is submitted for review to APM</li> <li>Feedback on Priority Nonconformance CAP</li> <li>Adjust Priority Nonconformance CAP if needed</li> </ul>  | Auditee<br><br>APM<br>Auditee     |
| 10 days*   | <ul style="list-style-type: none"> <li>Approved Priority Nonconformance CAP implementation</li> <li>Communicate Priority Nonconformance CAP to Authorized Recipients</li> </ul>   | Auditee<br><br>Auditee/APM        |
| 17 days**  | <ul style="list-style-type: none"> <li>Submit proof of Priority Nonconformance CAP implementation progress to APM</li> <li>Review of Priority Nonconformance CAP implementation progress</li> <li>Communicate Priority Nonconformance CAP implementation Status to Authorized Recipients</li> </ul>             | Auditee<br><br>APM<br>Auditee/APM |
| 24 days*** | <ul style="list-style-type: none"> <li>Submit proof of Priority Nonconformance CAP implementation progress to APM</li> <li>Review of Priority Nonconformance CAP</li> </ul>   | Auditee<br><br>APM                |

|            |  |                                  |
|------------|--|----------------------------------|
|            | implementation progress <ul style="list-style-type: none"> <li>Communicate Priority Nonconformance CAP implementation Status to Authorized Recipients</li> </ul>   | Auditee/APM                      |
| 30 days*** | <ul style="list-style-type: none"> <li>APM schedules Priority closure audit</li> <li>Validated Closure Audit of Priority Nonconformance(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<br>Audit team<br><br>Auditee |

\*except Priority Nonconformance for Working hours where Working Hours is under 84hr/week and/or social security (timeline = timeline above plus 1 week)

\*\*except:

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

\*\*\* except:

- Priority Nonconformance for Working hours where Working Hours is > 84hr/week = 90 days
- Priority Nonconformance for Working hours where Working Hours is under 84hr/week and/or social security = 180 days

#### 10.4.1.2 Major, Minor and Risk of Nonconformance

| Time  | Action   | Responsible  |
|---|--|--|
| 0 weeks   | <ul style="list-style-type: none"> <li>Receipt of final VAR and CAP template pre-populated</li> </ul>  | <ul style="list-style-type: none"> <li>APM</li> </ul>  |
| 2 weeks   | <ul style="list-style-type: none"> <li>Submit completed CAP version 1</li> <li>Review and provide feedback on CAP version 1 within 48h or approve CAP</li> <li>Communicate CAP status and Approved CAP (if applicable) to Authorized Recipients</li> </ul>   | <ul style="list-style-type: none"> <li>Auditee</li> <li>APM</li> <li>APM</li> </ul>                  |
| 4 weeks   | <ul style="list-style-type: none"> <li>Submit completed CAP version 2</li> <li>Review and provide feedback on CAP version 2 within 48h or approve CAP</li> <li>Communicate CAP status and Approved CAP (if applicable) to Authorized Recipients</li> </ul>   | <ul style="list-style-type: none"> <li>Auditee</li> <li>APM</li> <li>APM</li> </ul>                  |
| 6 weeks   | <ul style="list-style-type: none"> <li>Submit completed CAP version 3</li> <li>Review and provide feedback on CAP version 3 within 48h or approve CAP version 3</li> <li>Communicate CAP status and Approved CAP (if applicable) to Authorized Recipients</li> </ul> <p><b><u>Note: If version 3 is not approved then process ends</u></b></p>                               | <ul style="list-style-type: none"> <li>Auditee</li> <li>APM</li> <li>APM</li> </ul>                  |
| 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 Nonconformance CAP implementation progress to APM</li> <li>Submit proof for each Nonconformance CAP implementation which has been completed</li> <li>Review of Nonconformance CAP implementation progress</li> <li>Communicate Nonconformance CAP implementation Status to Authorized Recipients</li> </ul> | <ul style="list-style-type: none"> <li>Auditee</li> <li>Auditee</li> <li>APM</li> <li>APM</li> </ul> |
| CAP implementation completed or 18 months after close meeting                       | <ul style="list-style-type: none"> <li>Validated Closure Audit process management</li> </ul>   | <ul style="list-style-type: none"> <li>APM</li> </ul>  |

#### 10.4.1.3 Escalation to Authorized Recipient

The Authorized Recipient will be informed by the APM as soon as there is a delay in submission of a CAP of one week. The Authorized Recipient can follow up with Auditee and facilitate (if needed) timely submission of CAP or implementation updates. The “late” notification will be repeated to the Authorized Recipient until receipt of CAP or implementation update is received on a weekly basis.

The Authorized Recipient will be 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.

### 10.5 Approval of Corrective Actions

- The Corrective Action Plan must be approved by the APM before any corrective actions are implemented.
- APM should review and approve the CAP for all nonconformances within 3 days.
- All corrective actions must be reviewed and approved by the APM before they can be closed. 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 (remote or off site).**
- Corrective actions cannot be approved until the Auditee provides a completed CAP and proof of implementation.

### 10.6 Monitoring Progress

- For CAPs with implementation periods greater than 30 days, Auditees must provide VAP APM with status updates at monthly intervals. **It is the responsibility of the Auditee 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 Nonconformance has been addressed and provide the appropriate evidence supporting this position.
  - **The evidence must be provided in either PDF or JPEG format.** Any other format will not be accepted. The evidence needs to have the correct references in 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 will have to be reviewed and authorized by the VAP APM.



## **10.7 Closing Corrective Actions**

### **10.7.1. All findings should be verified through a Closure Audit**

- Timing should be based upon the type of findings in the initial audit (Priority, Major, Minor, Risk-of-Nonconformance and whether Working Hours and/or Social Insurance related). For example, if there were several Major and Minor findings but no working hours findings, the closure audit should occur within a 12 months (270 days to close Minor finding plus allowance for 3 months of data).
- The closure audit should not occur later than 6 months before expiry of validity of the VAP cycle (2 years from the close meeting of the initial EICC audit).

### **10.7.2. Closure Audits on Priority Findings are Mandatory within Specific Timeframes:**

- Closure Audits for priority findings (Priority Audits) are triggered by the APM. The clock starts when the priority finding is confirmed:
  - During the audit
  - During the draft report stage (when more data is analyzed or during the APM QA 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 within 30 days from discovery with exception of working hours and social security, which take place at 180 days from discovery.
- If there are any other findings from the VAR that the Auditee has closed and is ready to have verified, especially those requiring on-site verification per the VAP Ops Manual. These can be included in a Priority Finding Closure Audit. However, these do need to be agreed upon upfront when the APM is scheduling the audit to ensure the closing Audit is properly scoped.

### **10.7.3. Separate closure audits are required to verify closure of Major/Minor/Risk-of-Nonconformance items:**

- These are triggered by the customer or Auditee
- Typically all findings are included in a single closure audit
- Best practice is a two-step closure audit:
  - It begins with a remote verification; and is followed by an on-site element.
  - This often leads to a higher rate of success on-site as items can be addressed between the remote and on-site steps. This avoids a 2nd, costly on-site element.

**10.7.4. 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**

#### **10.7.5. Closing an APM managed CAP**

- The VAP APM will review the information provided by the Auditee in support of the CAP implementation to verify closure of each Corrective Action.
- If the VAP APM requires additional information, the Auditee will make it immediately available.
- The supporting documents must provide relevant information as evidence of the actions listed in the CAP. **Only PDF and JPEG files will be accepted.**
- The APM determines the type of evidence required for closure of a CAP action item.
- Upon reviewing the information provided by the Auditee, the VAP APM will agree or disagree with the closure of the corrective actions implementation. **It is not an approval or statement of conformance. Conformance can only be determined by the qualified third party Audit firm upon detailed review (remote or off site).**
- The VAP APM will schedule a Validated Closure Audit for all Corrective Actions.
- If there is sufficient/legitimate evidence that more time is required, the Auditee must submit details outlining the rationale to the APM. The APM will consider if adjustment to the timeline is appropriate.
- The CAP is deemed closed upon verification by Validated Closure Audit of all individual Corrective Action(s) as listed in the CAP.