Quality Certification Alliance

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safety

quality

Audits & Reporting: The Impact of a Shifting Supply Base

18 February 2019

social compliance

environmental protection

QCA Audits & Accreditation

- Who
  - Applicants, Accredited Suppliers & the Supply Chain
  - Approved Third Parties – BV & UL
- What
  - 5 Pillars of Compliance
- Why
  - Evaluating Compliance
  - Demonstrate Ability to Implement Effective Corrective Action

Why Audit?

- QCA requirement for accreditation
- Meet Customer Requirements
- Prequalify Suppliers
- Validate Effectiveness of Compliance Program
- Accountability

Who is eligible for an audit?

Applicants & Re-Accrediting Suppliers

1. Completed Self-Assessment or Update to Self-Assessment
2. Headquarters Audits
3. QCA-Approved Self-Selected Production Facilities
    a. Facility for Audit with Provider A (advised by QCA)
    b. Facility for Audit with Provider B (advised by QCA)
    c. Facility for Audit to by Provider A or B, as selected by Accredited Supplier

Who is eligible for maintenance audits?

Accredited Suppliers

(Random Maintenance Audits)

1. Submit to QCA list of 20 Production Facilities
    a. Item produced
    b. % of category
2. QCA Advises 3 Facilities for Audit
    a. Facility for Audit with Provider A
    b. Facility for Audit with Provider B
    c. Facility for Audit to by Provider A or B, as selected by Accredited Supplier

Who can perform QCA audits?
Eligible Third Party Audit Providers

1. RFP Completed in 2017

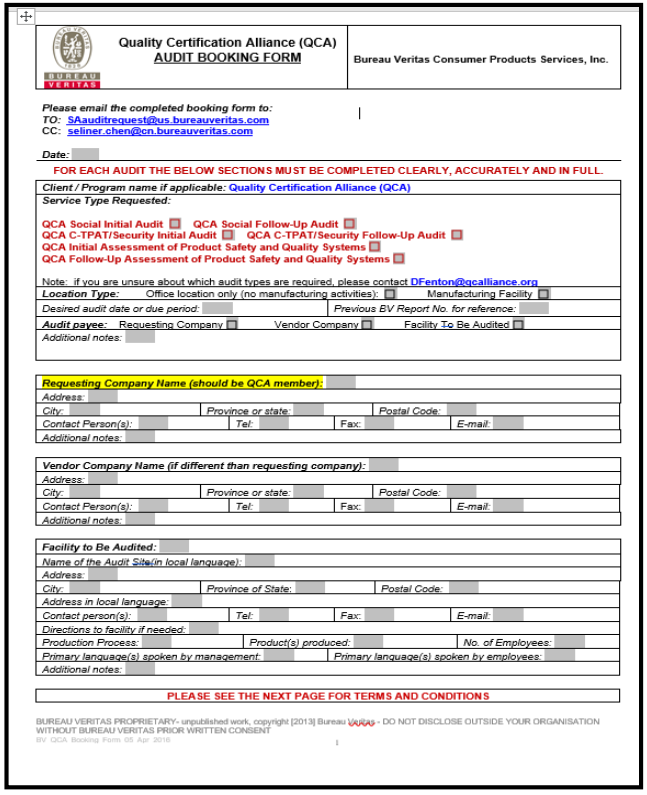
2. Two Approved Third Party Auditors
    a. Bureau Veritas (BV)
    b. Underwriters Laboratories (UL)

3. Scheduling Audits
    a. QCA advises eligible facilities or required random audits
    b. QCA advises which 2 facilities to be placed / scheduled with BV and UL, respectively
    c. Applicant or Accredited Supplier determines placement / scheduling of third facility with BV or UL

Who can perform QCA audits?

Eligible Third Party Audit Providers

Audit Scheduling Request Formats



Quality Certification Alliance (QCA)
AUDIT BOOKING FORM

Bureau Veritas Consumer Products Services, Inc.

Please email the completed booking form to:
TO: SAauditrequest@us.bureauveritas.com
CC: seliner.chen@cn.bureauveritas.com

Date:

FOR EACH AUDIT THE BELOW SECTIONS MUST BE COMPLETED CLEARLY, ACCURATELY AND IN FULL.

Client / Program name if applicable: Quality Certification Alliance (QCA)
Service Type Requested:

QCA Social Initial Audit ☐ QCA Social Follow-Up Audit ☐
QCA C-TPAT/Security Initial Audit ☐ QCA C-TPAT/Security Follow-Up Audit ☐
QCA Initial Assessment of Product Safety and Quality Systems ☐
QCA Follow-Up Assessment of Product Safety and Quality Systems ☐

Note: if you are unsure about which audit types are required, please contact DFenton@qcalliance.org

Location Type: Office location only (no manufacturing activities): ☐ Manufacturing Facility ☐
Desired audit date or due period: | *Previous BV Report No. for reference:*
Audit payee: Requesting Company ☐ Vendor Company ☐ Facility To Be Audited ☐
Additional notes:

Requesting Company Name (should be QCA member):
Address:
City: | *Province or state:* | *Postal Code:*
Contact Person(s): | *Tel:* | *Fax:* | *E-mail:*
Additional notes:

Vendor Company Name (if different than requesting company):
Address:
City: | *Province or state:* | *Postal Code:*
Contact Person(s): | *Tel:* | *Fax:* | *E-mail:*
Additional notes:

Facility to be Audited:
Name of the Audit Site(in local language):
Address:
City: | *Province of State:* | *Postal Code:*
Address in local language:
Contact person(s): | *Tel:* | *Fax:* | *E-mail:*
Directions to facility if needed:
Production Process: | *Product(s) produced:* | *No. of Employees:*
Primary language(s) spoken by management: | *Primary language(s) spoken by employees:*
Additional notes:

PLEASE SEE THE NEXT PAGE FOR TERMS AND CONDITIONS

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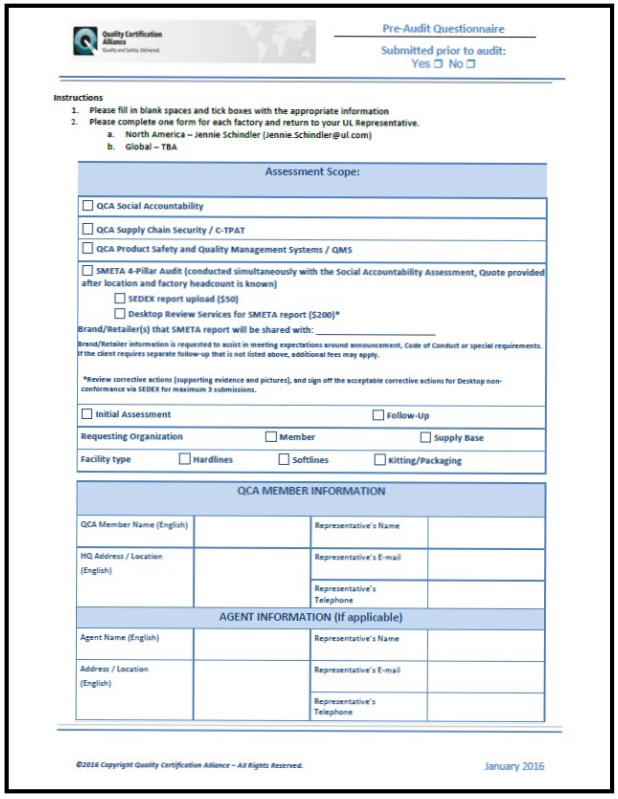
BV QCA Booking Form 05 Apr 2016



Pre-Audit Questionnaire

Submitted prior to audit:
Yes ☐ No ☐

Instructions
1. Please fill in blank spaces and tick boxes with the appropriate information
2. Please complete one form for each factory and return to your UL Representative.
   a. North America – Jennie Schindler (Jennie.Schindler@ul.com)
   b. Global – TBA

Assessment Scope:

- ☐ QCA Social Accountability
- ☐ QCA Supply Chain Security / C-TPAT
- ☐ QCA Product Safety and Quality Management Systems / QMS
- ☐ SMETA 4-Pillar Audit (conducted simultaneously with the Social Accountability Assessment, Quote provided after location and factory headcount is known)
  - ☐ SEDEX report upload ($50)
  - ☐ Desktop Review Services for SMETA report ($200)*

Brand/Retailer(s) that SMETA report will be shared with: _____

Brand/Retailer information is requested to assist in meeting expectations around announcement, Code of Conduct or special requirements. If the client requires separate follow-up that is not listed above, additional fees may apply.

*Review corrective actions (supporting evidence and pictures), and sign off the acceptable corrective actions for Desktop non-conformance via SEDEX for maximum 3 submissions.

☐ Initial Assessment ☐ Follow-Up

Requesting Organization ☐ Member ☐ Supply Base

Facility type ☐ Hardlines ☐ Softlines ☐ Kitting/Packaging

QCA MEMBER INFORMATION

QCA Member Name (English)		Representative's Name	
HQ Address / Location (English)		Representative's E-mail	
		Representative's Telephone	

AGENT INFORMATION (If applicable)

Agent Name (English)		Representative's Name	
Address / Location (English)		Representative's E-mail	
		Representative's Telephone	

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January 2016

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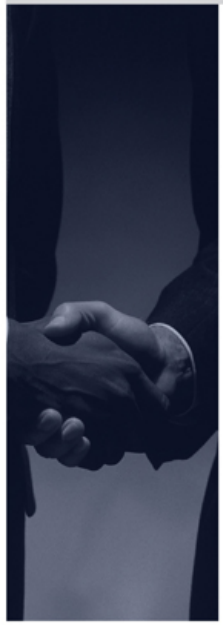
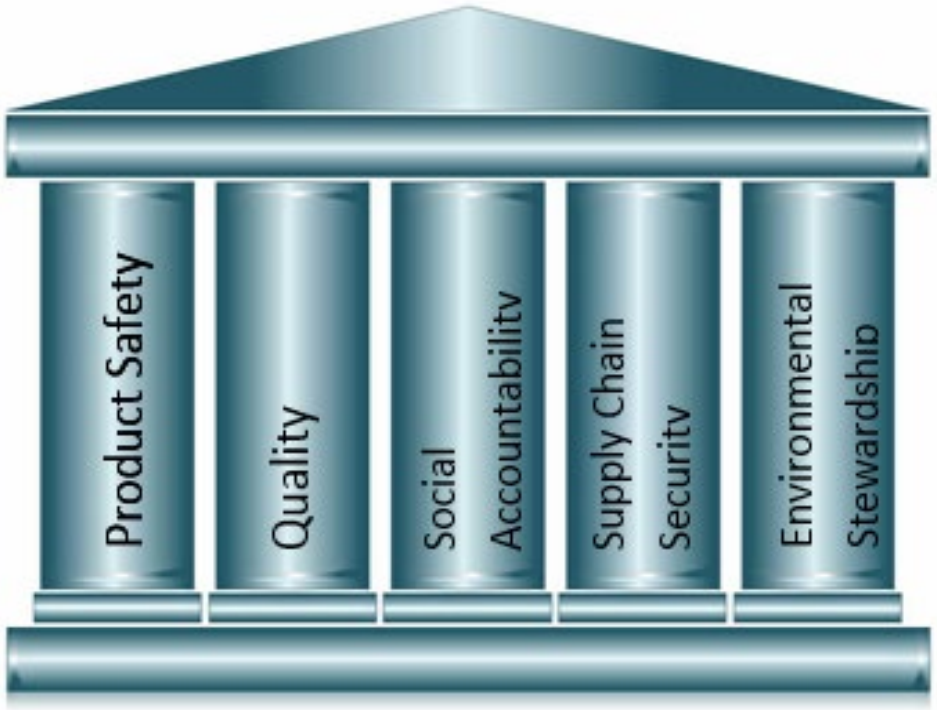
Who may schedule QCA audits?
Supply Chain Requested Audits

1. List of Approved Requesting Parties
    a. Applicants
    b. Accredited Suppliers
    c. Production Facilities
        1. Approved for Provider A
        2. Approved for Provider B

2. Supply Chain Requested Audits Require Prepayment

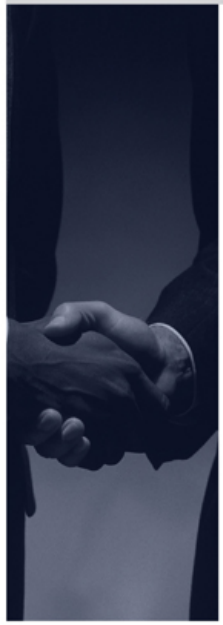
What areas of compliance are tested in QCA Audits?

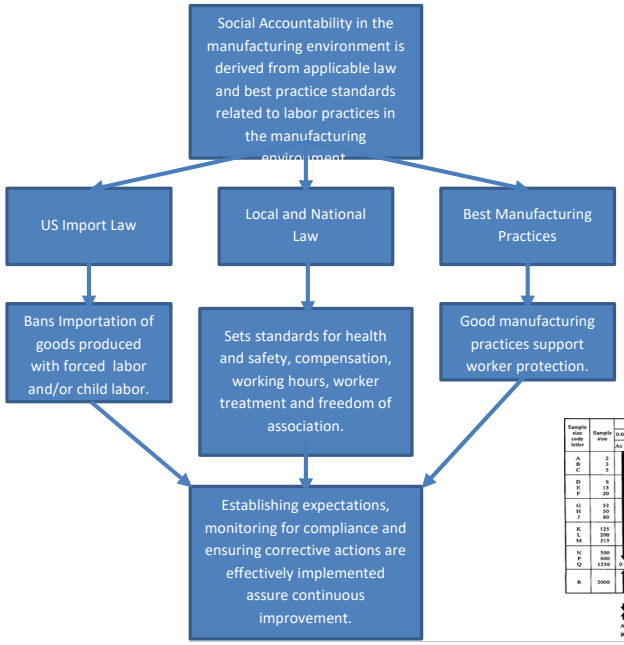


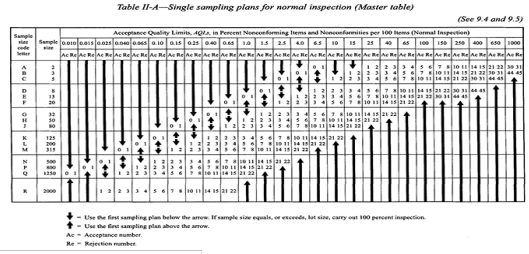


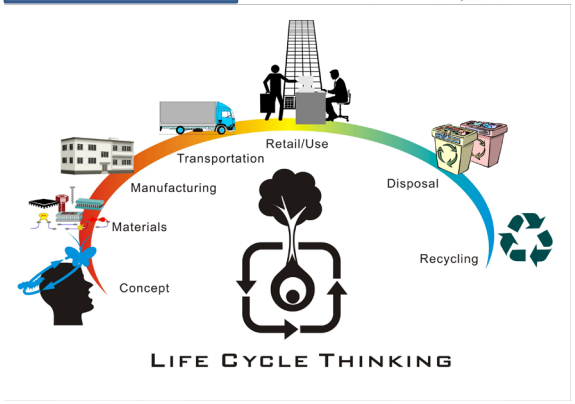
QCA Pillars of Compliance

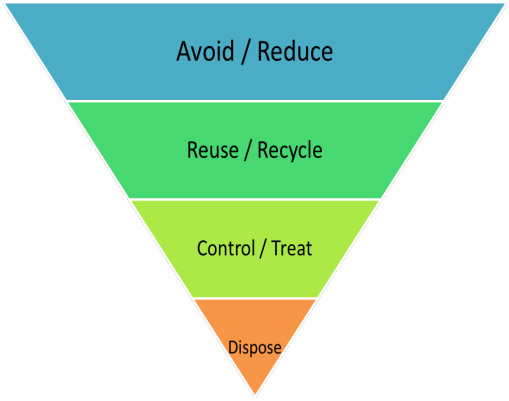
What areas of compliance are tested in QCA Audits?











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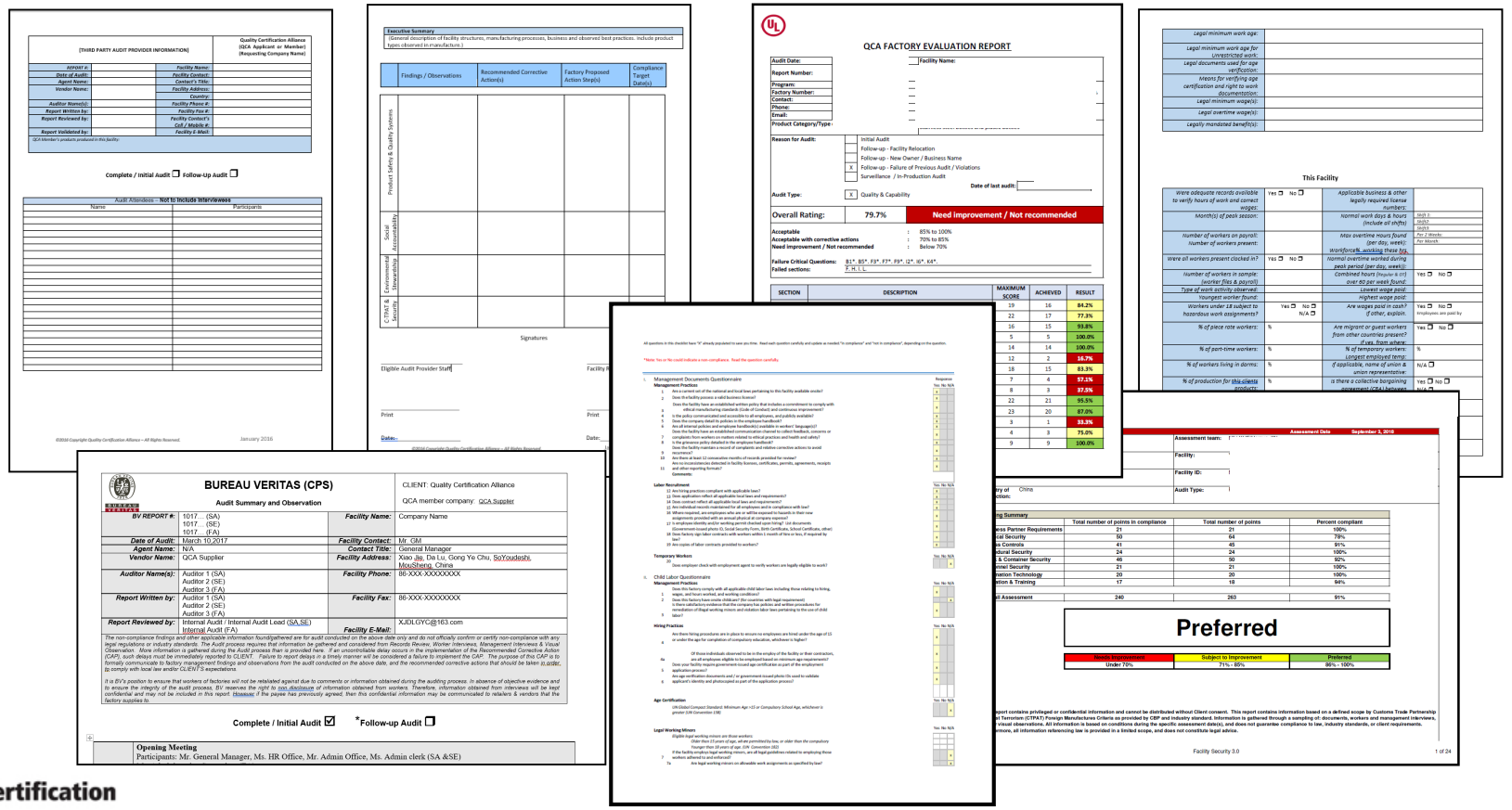
What reporting is used to communicate the results of a QCA Audit?

Consolidated Facility Corrective Actions and Audit Findings Reporting



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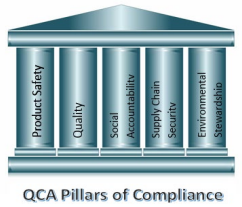
What reporting is used to communicate the results of a QCA Audit?

Universal Reporting Common Information

- Facility details and corresponding unique report identifiers
- Audit findings by Pillar, recommended remediation and target dates
- Audit attendees and acknowledgement



QCA Pillars of Compliance

What reporting is used to communicate the results of a QCA SA Audit?

Common Information

- Facility details and corresponding unique report identifiers
- Audit findings by Code of Conduct Principle
- Means by which observation was detected with a citation for the legal standard
- Facility description & demographics
- Audit attendees and acknowledgement

The Shifting Supply Base

- Most QCA audits are performed in China and North America

- In ongoing trade discussions, the US has threatened China with tariffs:

- "Negotiators are also discussing the possibility of eliminating the 10 per cent punitive tariffs Washington has imposed on US$200 billion of Chinese products, while leaving the 25 per cent tariffs on US$50 billion of Chinese imports unchanged, two other sources said." (SCMP, 15 Feb 2019)

- Long-time trend shifting production to other Southeast Asian countries and countries in the Indian Subcontinent increasing.

The Shifting Supply Base

Top 10 Social Accountability Observations by Country

IN, PK, BD, ID, MY, KH, TH, VN, MM, PH

Section	Question	Country
Laws And Regulations	All required government licenses and certificates related to all areas of operation are not maintained on site (D)	India, Bangladesh, Indonesia, Cambodia, Vietnam
Laws And Regulations	Employment contracts have not been approved by the local authorities as required by local law (D)	Indonesia
Laws And Regulations	No employment contracts as required by law (D)	Indonesia
Monitoring And Compliance	Insufficient records maintained at the facility site (I, O, D)	Myanmar
Wages And Benefits	Overtime wage violations (I, D)	Indonesia
Wages And Benefits	Minimum wage violations (I, D)	Indonesia
Wages And Benefits	Benefits	Pakistan, Bangladesh, Indonesia, Thailand, Vietnam, Philippines
Wages And Benefits	Miscalculation of benefits (I, D)	Philippines
Wages And Benefits	Failure to provide legally mandated benefits (I, O, D)	Pakistan, Bangladesh, Indonesia, Thailand, Vietnam, Philippines
Hours Of Work	Overtime	Malaysia, Thailand, Vietnam, Philippines
Hours Of Work	Timekeeping	India, Cambodia, Myanmar
Hours Of Work	No rest day during a 7 day period. (I, D)	Bangladesh, Myanmar, Philippines
Health And Safety	Evacuation plans, exit path-related issues, evacuation drills	India, Pakistan, Bangladesh, Malaysia, Thailand, Cambodia, Vietnam, Myanmar
Health And Safety	Fire safety	India, Pakistan, Bangladesh, Malaysia, Thailand, Cambodia, Vietnam, Myanmar, Philippines
Health And Safety	Missing/inadequate MSDS/CSDS for chemicals utilized (O, D)	Myanmar
Health And Safety	No MSDS/CSDS for hazardous chemicals utilized (O, D)	Bangladesh
Health And Safety	Missing/inadequate first aid supplies (O)	Indonesia, Cambodia, Vietnam
Health And Safety	No eye wash/shower station in chemical handling section or storage area (O)	Thailand, Vietnam, Myanmar
Health And Safety	No regular occupational health checks provided to the employees (I, D)	Indonesia, Thailand
Health And Safety	PPE & Machine Guards	India, Pakistan, Bangladesh, Cambodia, Vietnam, Myanmar
Health And Safety	No licenses/certificates for machines or equipment (O, D)	Bangladesh
Environment	Employees handling waste are not effectively trained on safe handling of waste (I, D)	Philippines
Environment	Employer does not use an authorized waste contractor to remove waste from the facility (D)	Thailand
Environment	No/inadequate environmental permits (O, D)	India, Pakistan, Indonesia, Philippines
Environment	Improper air emissions (O, D)	Pakistan
Subcontracting	Homework (I, O, D)	Philippines
Subcontracting	Unauthorized subcontracting (I, O, D)	India, Thailand

What are the results of a QCA Audit?

SB Fty 3 - Initial Audit	
Process Management	93
Product Design	100
Materials	61
Product Compliance	100
Recall	89
Testing	100

SB Fty 3 - Initial Audit	
Monitoring Documents	93
Child Labor	100
Forced Labor	100
Health & Safety	86
Freedom of Association	100
Discrimination	100
Discipline	100
Harassment	100
Compensation	88
Hours	83
Environment	100
Subcontracting	100

SB Fty 3 - Follow up Audit	
Personnel Security	86
Physical Security	70
Physical Access Control	80
Procedural Security	90
Information Technology Security	69
Security Training and Threat Awareness	100
Container Security	100

SB Fty 3 - Initial Audit	
Quality Management System	85
Production Practices	72
Inspection	67
Facility Quality Practices	85

SB Fty 3 - Initial Audit	
Environment Social	100
Environment Practices	100

What are the next steps?

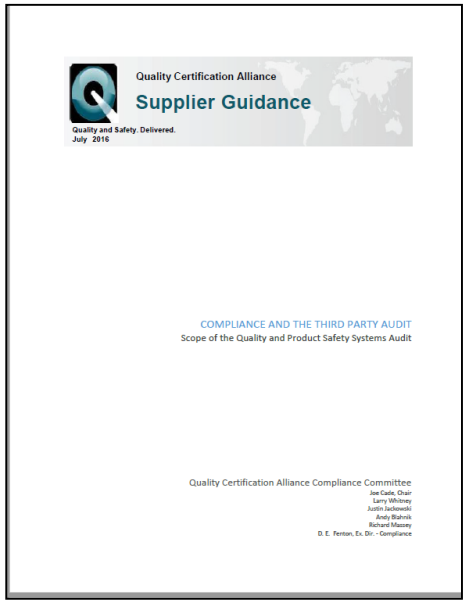
Prioritizing Remediation:

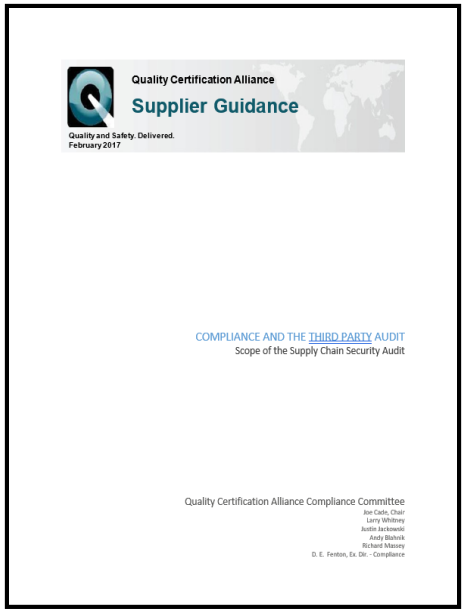
Minimum Scores

Location	Minimum Total Score	Minimum Sub-Part Score
HQ	91	81
Sourcing Office	81	71
Factory – Applicant Owned	81	71
Factory – 3rd Party	81	61

Product Safety	Quality	Social Accountability	Supply Chain Security	Environmental Stewardship
Process Management	Quality Management System	Monitoring Documents	Personnel Security	Environment Social
Product Design	Production Practices	Child Labor	Physical Security	Environment Practices
Materials	Inspection	Forced Labor	Physical Access Control	
Product Compliance	Facility Quality Practices	Health & Safety	Procedural Security	
Recall		Freedom of Association	Information Technology Security	
Testing		Discrimination	Security Training and Threat Awareness	
		Discipline	Container Security	
		Harassment		
		Compensation		
		Hours		
		Environment		
		Subcontracting		

Supplier Guidance





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Q & A

Thank You