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## Initial certification audit

General - ICG's auditing work is conducted in two stages: Stage 1 and Stage 2.

### Stage 1


Planning ensures that the objectives of stage 1 can be met and the client is informed of any "on site" activities during stage 1.

The objectives of stage 1 are:

- a.) Review of client's management system documentation,
- b.) Evaluate the client's location and site specific conditions and to undertake discussions with the client's personnel to determine the preparedness for the stage 2 audit,
- c.) Review the client's status and understanding regarding requirements of the applicable standard, in particular with respect to the identification of key performance or significant aspects, processes, objectives and operation of the management system,
- d.) Collect necessary information regarding the scope of the management system, including;
  - the client's site(s);
  - processes and equipment used;
  - levels of controls established (particularly in case of multisite clients);
  - applicable statutory and regulatory requirements;
- e.) Review the allocation of resources and competence for stage 2 audit and agreeing with the plant management on the details of the stage 2 audit,
- f.) Provide focus for planning stage 2 by gaining a sufficient understanding of the client's management system and site operations in the context of the management system standard or other normative document;
- g.) Evaluate the internal audits and management reviews are being planned and performed, and that the level of implementation of the management system substantiates that the client is ready for a stage 2 audit.

Documented conclusions with regards to fulfilment of each stage's objectives shall be communicated to the client, including identification of any areas of concern that could be classified as nonconformity during stage 2.

When determining the interval between stage 1 and stage 2, consideration is given to the needs of the client to resolve areas of concern identified during stage 1. ICG also reviews arrangements for stage 2. If any significant changes which would impact the management system occur, the ICG considers the need

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to repeat all or part of stage 1. The client is informed that the results of stage 1 may lead to postponement or cancellation of stage 2.

## Stage 2

The purpose of the stage 2 audit is to evaluate the implementation, including effectiveness, of the client's management system. The stage 2 audit will take place at the site(s) of the client. It includes at least the followings.

- a.) Verification of documentation and processes required by the standard or the customer along with information and evidence about conformity to all requirements of the applicable standard or other normative documents.
- b.) Performance monitoring, measuring, reporting and reviewing against key performance objectives and targets (consistent with the expectations in the applicable management system standard or other normative document)
- c.) The plant's management system ability and its performance regarding meeting of applicable statutory, regulatory and contractual requirements;
- d.) Operational control of the client's processes
- e.) Internal auditing and management review
- f.) Management responsibility for the client's policies

Links are necessary and established between the Code of Conduct requirements, policy mandates, performance objectives and targets (consistent with the expectations in the applicable CSR management system standard or other normative document), any applicable legal requirements, responsibilities, competence of personnel, operations, procedures, performance data and internal audit findings and conclusions.


ICG normally agrees to the first surveillance audit date during the Stage 2 Audit. This date must be within 12 months of the last day of the Stage 2 Audit.

## Analysis of Stage 1 and Stage 2

The audit team will analyse all information and audit evidence gathered during stage 1 and stage 2 audits to review the audit findings and agree on the audit conclusions.

## Conducting audits

General – Monitoring and auditing for social compliance has unique elements. Beyond the rigor of a standard audit process which seeks specific measurements upon which to render judgement on compliance, social compliance incorporates voluntary as well as government mandated comportment which is at the core of Corporate Social Responsibility. ICG's focus on social compliance auditing and the resulting body of knowledge that its auditors have developed makes our auditors uniquely qualified to efficiently and effectively execute the audit process and identify areas which require special attention. With this unique viewpoint ICG auditors conduct monitoring events that blend excellence in auditing with the focus on social compliance that only an auditor dedicated to the field can provide.

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International Compliance Group has a process for conducting on site audits that benefits from the knowledge that auditors have not only of worldwide accepted social compliance tenets, but also of the laws and regulations to which the audited factory must adhere in order to comply with the ICG Corporate Social Responsibility Code of Conduct but also with the laws of the country in which they operate. The process includes an opening meeting at the start of the audit and a closing meeting at the conclusion of the audit.

Where any part of the audit is made by electronic means or where the site to be audited is virtual, ICG will ensure that such activities are conducted by personnel with appropriate competence. The evidence obtained during such an audit will be sufficient to enable the auditor to take an informed decision on the conformity of the requirement in question.

Conducting the opening audit - A formal opening meeting, where attendance of participants of the meeting is recorded, held with the plant's management and, where appropriate, those responsible for the functions or processes to be audited.

The purpose of the opening meeting, which is usually conducted by the audit team leader, is to provide a short explanation of how the audit activities will be undertaken and must include the following elements. The degree of detail of opening meeting shall be consistent with the familiarity of the client with the audit process;

- a.) introduction of the participants, including an outline of their roles;
- b.) confirmation of the scope of certification;
- c.) confirmation of the audit plan (including type and scope of audit, objectives and criteria), any changes, and other relevant arrangements with the client, such as the date and time for the closing meeting, interim meetings between the audit team and the client's management;
- d.) confirmation of formal communication channels between the audit team and the client;
- e.) confirmation that the resources and facilities needed by the audit team are available;
- f.) confirmation of matters relating to confidentiality;
- g.) confirmation of relevant work safety, emergency and security procedures for the audit team;
- h.) confirmation of the availability, roles and identities of any guides and observers;
- i.) the method of reporting, including any grading of audit findings;
- j.) information about the conditions under which the audit may be prematurely terminated;
- k.) confirmation that the audit team leader and audit team representing the certification body is responsible for the audit and in control of executing the audit plan including audit activities and audit trails;
- l.) confirmation of the status of findings of the previous review or audit, if applicable;
- m.) methods and procedures to be used to conduct the audit based on sampling;
- n.) confirmation of the language to be used during the audit;
- o.) confirmation that, during the audit, the client keeps informed of audit progress and any concerns;

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p.) opportunity for the client to ask questions.

#### Communication during the audit

During the audit, the audit team will periodically assess audit progress and exchange information as appropriate. The audit team leader reassigns work as needed between the audit team members and periodically communicates with the client on the progress of the audit and any concerns that may have surfaced during the process.

Where the available audit evidence indicates that the audit objectives are unattainable or suggests the presence of an immediate and significant risk (e.g. safety), the audit team leader reports this to the client and, if possible, to the ICG manager to determine appropriate action. Such action may include reconfirmation or modification of the audit plan, changes to the audit objectives or audit scope, or termination of the audit. The audit team leader reports the outcome of the action taken to the ICG

#### ICG Obtaining and verifying information

The audit team leader reviews with the client any need for changes to the audit scope which becomes apparent as on site auditing activities progress. Also during the audit, information relevant to the audit objectives, scope and criteria (including information relating to interfaces between functions, activities and processes) are obtained by appropriate sampling and verified to become audit evidence.

Methods to collect information include followings, but are not limited to;

- a.) interviews;
- b.) observation of processes and activities;
- c.) review of documentation and records


#### Identifying and recording audit findings

Audit findings summarizing conformity and detailing nonconformity identified, classified, and recorded to enable an informed certification decision to be made or the certification to be maintained.

Opportunities for improvement may be identified and recorded, unless prohibited by the requirements of a management system certification scheme. Audit findings, however, which are nonconformities, are recorded as opportunities for improvement.

A finding of nonconformity is recorded against a specific requirement of the audit criteria, contain a clear statement of the nonconformity, and identify in detail the objective evidence on which the nonconformity is based. Nonconformities are discussed with the client to ensure that the evidence is accurate and that the nonconformities are understood. The auditor however refrains from suggesting the cause of nonconformities or their solution.

The audit team leader attempts to resolve any diverging opinions between the audit team and the client concerning audit evidence or findings, and unresolved points are recorded.

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### Preparing audit conclusion

Under the responsibility of the audit team leader and prior to the closing meeting, the audit team:

- a.) reviews the audit findings, and any other appropriate information obtained during the audit, against the audit objectives and audit criteria and classify the nonconformities;
- b.) agrees upon the audit conclusions, taking into account the uncertainty inherent in the audit process;
- c.) identifies any necessary follow-up actions;
- d.) confirm the appropriateness of the audit program or identify any modification required for future audits (e.g. scope of certification, audit time or dates, surveillance frequency, audit team competence).

### Conducting the closing meeting

A formal closing meeting, where attendance of all participants is recorded and held with the client's management and, where appropriate, those responsible for the functions or processes audited. The purpose of the closing meeting, which is normally conducted by the audit team leader, is to present the audit conclusions, including the recommendation regarding certification. Any nonconformity is presented in such a manner that they are understood, and the timeframe for responding the non-conformity is agreed between ICG and the client.


The closing meeting also includes the elements listed below. The degree of detail is dependent upon the familiarity of the client with the audit process:

- a.) advising the client that the audit evidence collected was based on a sample of the information; thereby introducing an element of uncertainty;
- b.) the method and timeframe of reporting, including any grading of audit findings;
- c.) the ICG process for handling nonconformities including any consequences relating to the status of the client's certification;
- d.) the timeframe for the client to present a plan for correction and corrective action for any nonconformities identified during the audit;
- e.) the ICG post audit activities as requested by the standard or the client;
- f.) information about complaint handling and appeal processes

The client is given opportunity for questions. Any diverging opinions regarding the audit findings or conclusions between the audit team and the client are discussed and resolved where possible. Any diverging opinions that are not resolved are recorded and referred to ICG management.

### Audit report

The ICG provides a written report for each audit. The audit team may identify opportunities for improvement but shall not recommend specific solutions. Ownership of the audit report is maintained by the ICG and follows formats required by the standard or the client.

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The audit team leader ensures that the audit report is prepared and is responsible for its content. The audit report provides an accurate, concise and clear record of the audit to enable an informed certification decision to be made and includes or refer to the followings;

- a.) identification of the ICG.
- b.) the name and address of the client and the client's representative;
- c.) the type of audit (e.g. initial, surveillance or recertification audit or special audits);
- d.) the audit criteria;
- e.) the audit objectives;
- f.) the audit scope, particularly identification of the organizational or functional units or processes audited and the time of the audit;
- g.) any deviation from the audit plan and their reasons;
- h.) any significant issues impacting on the audit program;
- i.) identification of the audit team leader, audit team members and any accompanying persons;
- j.) the dates and places where the audit activities (on site or offsite, permanent or temporary sites) were conducted;
- k.) audit findings, reference to evidence and conclusions, consistent with the requirements of the type of audit;
- l.) significant changes, if any, that affect the management system of the client since the last audit took place;
- m.) any unresolved issues, if identified;
- n.) where applicable, whether the audit is combined, joint or integrated;
- o.) a disclaimer statement indicating that auditing is based on a sampling process of the available information;
- p.) recommendation from the audit team
- q.) the audited client is effectively controlling the use of the certification documents and marks, if applicable;
- r.) verification of effectiveness of taken corrective actions regarding previously identified nonconformities, if applicable.


The audit report also contains;

- a.) A statement on the conformity and the effectiveness of the management system together with a summary of the evidence relating to:
  - The capability of the management system to meet applicable requirements and expected outcomes;
  - the internal audit and management review process;
- b.) a conclusion on the appropriateness of the certification scope;
- c.) confirmation that the audit objectives have been fulfilled.

#### Cause analysis of non-conformities

ICG requires the client to analyze the cause and describe the specific correction and corrective actions taken, or planned to be taken, to eliminate detected nonconformities, within a defined time.

#### Effectiveness of correction and corrective action

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ICG reviews the corrections, identified causes and corrective actions submitted by the client to determine if these are acceptable. ICG verifies the effectiveness of any correction and corrective actions taken. The evidence obtained to support the resolution of nonconformities is recorded. The client is informed of the result of the review and verification. The client is informed if an additional full audit, an additional limited audit, or documented evidence (to be confirmed during future audits) is needed to verify effective correction and corrective actions.

### **Certification decision**

#### General

ICG ensures that the persons or committees that make decisions for granting or refusing certification, expanding or reducing the scope for certification, suspending or restoring certification, withdrawing certification or renewing certification are different from those who carried out the audits. The individual(s) appointed to conduct the certification decision shall have appropriate competence

The person(s) [excluding members of committees] assigned by the International Compliance Group to make a certification decision is (are) employed by, or under legally enforceable arrangement with the ICG.

If there were persons employed by, or under contract with, entities under organizational control of ICG for a particular audit process, those individuals would fulfil the same requirements of this part of ISO/IEC 17021 as persons employed by the International Compliance Group.

International Compliance Group records each certification decision including any additional information or clarification sought from the audit team or other sources.

#### Actions prior to making a decision

International Compliance Group has a process to conduct an effective review prior to making a decision for certification, expanding or reducing the scope of certification, renewing, suspending or restoring, or withdrawing a decision to grant certification, including, that


- a.) The information provided by the audit team is sufficient with respect to the certification requirements and the scope for certification;
- b.) for any major nonconformities, it has reviewed, accepted and verified the correction and corrective actions;
- c.) for any minor nonconformity it has reviewed and accepted the client's plan for correction and corrective action.

#### Information for granting initial certification

The information provided by the audit team to management for the issuing of a decision for certification includes, as required, the following:

- a. the audit report;
- b. comments on the nonconformities and, where applicable, the correction and corrective actions taken by the client;



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- c. Confirmation of the information provided to the ICG used in the application review;
- d. confirmation that the audit objectives have been achieved;
- e. a recommendation whether or not to grant certification, together with any conditions or observations.

If the ICG is not able to verify the implementation of corrections and corrective actions of any major nonconformity within the time established by the standard, the ICG conducts another stage 2 audit prior to recommending certification.

Should a transfer of certification be envisaged from one certification body to another, ICG will review the request and the documentation before accepting the transfer and granting certification.

#### Information for granting re-certification

International Compliance Group makes decisions on renewing a certifications based on the results of the recertification audit, as well as the results of the review of the system over the period of certification and complaints received from users of certification.

#### **Maintaining certification**

General - International Compliance Group maintains certifications based on demonstrations that the client continues to satisfy the requirements of the management system standard. ICG may maintain a client's certification based on a positive conclusion by the audit team leader without further independent review and decision, provided that;

- a.) for any major nonconformity or other situation that may lead to suspension or withdrawal of certification, the ICG has a system that requires the audit team leader to report to the ICG management team the need to initiate a review by competent personnel, different from those who carried out the audit, to determine whether certification can be maintained;
- b.) competent personnel of ICG monitors its surveillance activities, including monitoring the reporting by its auditors, to confirm that the certification activity is operating effectively.

#### Surveillance activities


##### General

International Compliance Group has available surveillance activities so that representative areas and functions covered by the scope of the management system are monitored on a regular basis, and take into account changes to its certified client and its management system.

Surveillance activities include on-site auditing of the certified client's management system's fulfillment of specified requirements with respect to the standard to which the certification is granted. Other surveillance activities may include:

- a.) enquiries from the ICG to the certified client on aspects of certification;
- b.) reviewing any certified client's statements with respect to its operations (e.g. promotional material, website);



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- c.) requests to the certified client to provide documented information (on paper or electronic media);
- d.) other means of monitoring the certified client's performance.

#### Surveillance audit

Surveillance audits are on site audits, but are not necessarily full systems audits, and are planned together with the other surveillance activities in response so that the ICG can maintain confidence that the client's certified management system continues to fulfil requirements between recertification audits. The surveillance audit program for the relevant management system standard includes;

- a.) Internal audits and management review
- b.) A review of actions taken on nonconformities identified during the previous audit
- c.) Complaint handling
- d.) effectiveness of the management system with regard to achieving the certified client's objectives and the intended results of the respective management system (s);
- e.) Progress of planned activities aimed at continual improvement
- f.) Continuing operational control
- g.) Review of any changes, and
- h.) Use of marks and/or any other reference to certification

#### **Re-certification**

##### Recertification audit planning

The purpose of the recertification audit is to confirm the continued conformity and effectiveness of the management system as a whole, and its continued relevance and applicability for the scope of certification (in effect all aspects of the management system will be examined as per stage 2). A recertification audit shall be planned and conducted to evaluate the continued fulfilment of all of the requirements of the relevant management system standard or other normative document. This will be planned and conducted in due time to enable for timely renewal before the certificate expiry date.


The recertification activity includes the review of previous surveillance audit reports and considers the performance of the management system over the most recent certification cycle.

Recertification audit activities may need to have a stage 1 in situations where there have been significant changes to the management system, the organization, or the context in which the management system is operating (e.g. changes to legislation or others as identified).

##### Recertification audit

The recertification audit includes an onsite audit that addresses the following:

- a.) The effectiveness of the management system in its entirety in the light of internal and external changes and its continued relevance and applicability to the scope of certification.

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b.) Demonstrated commitment to maintain the effectiveness and improvement of the management system in order to enhance overall performance.

c.) the effectiveness of the management system with regard to achieving the certified client's objectives and the intended results of the respective management system (s).

For any major nonconformity, the ICG defines time limits for correction and corrective actions. These actions are implemented and verified prior to the expiration of certification.

When recertification activities are successfully completed prior to the expiry date of the existing certification, the expiry date of the new certification can be based on the expiry date of the existing certification. The issue date on a new certificate shall be on or after the recertification decision.

If the ICG has not completed the recertification audit or the ICG is unable to verify the implementation of corrections and corrective actions for any major nonconformity prior to the expiry date of the certification, then recertification shall not be recommended and the validity of the certification shall not be extended. The client shall be informed and the consequences shall be explained for such.

Following expiration of certification, ICG can restore certification within 6 months provided that the outstanding recertification activities are completed, otherwise at least a stage 2 shall be conducted. The effective date on the certificate shall be on or after the recertification decision and the expiry date shall be based on prior certification cycle.

### **Expanding scope**

ICG will, in response to an application for expansion to a previously executed audit, undertake a review of the application (contract review) and determine any audit activities necessary to recommend whether or not the expansion may be applicable and sufficient, under the customer's goals, to produce a quality audit. This may be conducted in conjunction with a surveillance visit.

The certification decision maker will be responsible for granting an extension to scope based upon the information supplied. The process is the same as for initial certification following a stage 2 audit.

### **Short notice audits**


ICG may, when necessary, conduct short notice audits to investigate complaints, or in response to changes, or as follow up to suspended clients. In such cases:

- a.) ICG will describe and make known in advance, with prior agreement with the customer, the conditions under which these short notice visits are to be conducted, and
- b.) ICG will exercise additional care in the assignment of the audit team because of the lack of opportunity for the client to object to team members.

The report resulting from the short notice audit will be referred to the certification decision maker / competent person for consideration.

### **Suspending, withdrawing or reducing the scope of certification**

ICG may recommend suspension, withdrawal or reduction of the scope of certification.

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ICG may suspend a certification in cases when, for example:

- The plants certified management system has persistently or seriously failed to meet the certification requirements, including requirements for the effectiveness of the management system.
- The certified plant does not allow surveillance or recertification audits to be conducted at the required frequency, or has failed to pay the due fees.
- The certified plant has voluntarily requested a suspension

Under suspension, the client's management system certification is temporarily invalid.

ICG will restore a certification if the issue that has resulted in the suspension was resolved. Failure to resolve the issues that triggered the suspension in the time established by ICG will result in withdrawal (deregistration) or reduction of the scope of certification.

ICG will reduce the scope of certification to exclude the parts not meeting the requirements, when the certified client has persistently or seriously failed to meet the certification requirements for those parts of the scope of certification. Any such reduction will be in line with the requirements for those parts of the certification. Any such reduction shall be in line with the requirements of the standard used for certification.