



# LRQA's Equivalency (EQ) Process

POWERED BY



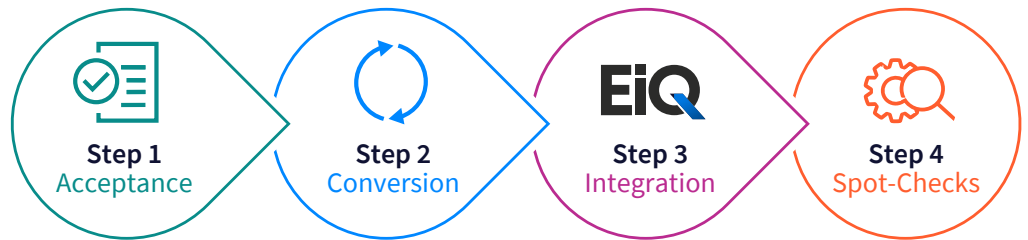
LRQA's Equivalency (EQ) Process is the resolution for “mutual recognition,” where brands and retailers look to align industry scheme audit protocols with their internal programmes.

EQ is designed to enable a data-driven comparability that reflects either (a) backwards compatibility to a company's own tools or (b) a future-proofed alignment with LRQA's world-leading responsible sourcing programme (ERSP) protocols, systems and analytics.

## EQ approach

Our proposed 4-step approach is embedded into our supply chain due diligence platform EiQ. The concept leverages a credible rating process based on an underlying set of metrics.

Accepting audit reports from suppliers requires a framework of trust, confidence and assurance



## Step 1: Acceptance

Pre-check to ensure report is valid

The original audit reports submitted by the factory must meet all of the below criteria to be accepted for an EQ and associated Corrective Action Plans (CAP) service:

- Audit type: must be an Initial, Full, Annual, Follow-up with Initial audit findings
- Audit date: must have at least 2 months before expiration date\*
- Audit schemes: e.g. BSCI, Better Work, RBA, IETP, SMETA 4-Pillar, SA8000, WRAP, ERSA
- Audit firms: e.g. Bureau Veritas (BV), LRQA, Intertek, SGS, UL
- No zero tolerances are found using either ERSA or industry protocols

\*If a factory does not meet all of the above criteria, an in-person audit is required.

## Step 2: Conversion

Aligning the scheme with your standard

Once a report is deemed “acceptable”, it is then transacted through the Equivalency Process. Depending on a client's protocol, LRQA will complete one of three levels of “Equivalency” including:

- **EQ (CAP) conversion:** focused purely on the non-compliances and grading and is complemented with additional scheme, firm and risk analytics
- **EQ (full report) conversion:** where the report is converted in its entirety to a client's audit report structure, grading, non-compliances and metrics such as wages, hours and demographics
- **EQ (bulk upload) conversion:** for alignment of bulk historic data or where there is a data connection or extract from an industry scheme e.g., Sedex or Amfori BSCI, etc.



## Step 3: Integration

Profiles for all vendors and factories

Data from EQ is then uploaded into the EiQ platform to generate comprehensive profiles for all vendors and factories. EQ CAP conversion and EQ full report conversion reports are uploaded one by one by the Assessments team. EQ bulk upload conversion is uploaded by the Product and Analytics team.

## Step 4: Spot-checks

Provide quality assurance

For brands and retailers, accepting industry scheme reports leads to reduced transparency on actual issues at site. Spot-checks provide quality assurance on the integrated equivalency reports to identify hotspots and allow clients to prioritise on-site visits for risk mitigation.

The spot-check model leverages a set of (1) inherent risk exposure metrics and (2) risk management metrics (equivalency) data to generate priority sites for on-site visits.

Example set of metrics include:

- Geography risk ratings
- Sentinel risks
- ERSAs Predicted Score: machine learning generated audit score based on findings from equivalency report against LRQA benchmarking audit data
- Likelihood of falsification indicators at site level based on history of factory compliance, transparency subcontracting, bribery, etc.
- Audit schemes used, and other brand specific flags / rules

Spot-check results feed back into our algorithm to support continuous improvement in future (annual or bi-annual) to be confirmed with brand.

## EQ full report conversion sample

### Conversion summary

The screenshot shows the 'Report summary' for Excellent Footwear Co., Ltd. It includes a facility EQ score of 85.5/100, a grade of B, and a performance summary table. The table lists categories like Labour, Health & Safety, Environment, Business Ethics, and Management System, each with a score of 100. A grade distribution chart shows the score of 85.5. The report also includes EQ team remarks and a detailed description of the factory's production process and working hours.

### Equivalency mapping

The screenshot shows the 'Equivalency mapping' section for Labour and Health & Safety. It details findings and BSCI violations. For Labour, findings include 'The facility provides all legally mandated benefits to all eligible workers' and 'The overtime hours for all employees are within statutory limits under applicable laws or agreements whichever is stricter'. For Health & Safety, findings include 'There are enough distances between the rack and the wall in storage areas as required by the law' and 'Points of operation and other potential dangerous parts are operated with proper machine guards and safety features'. The overall EQ score for Labour is 98.5 and for Health & Safety is 86.5.

## Get in touch

Visit [eiq.ai](http://eiq.ai) for more information

→ Request a demo

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