



Fair Wear Foundation Audit Manual

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1. Introduction

Fair Wear Foundation's mission is to improve labour conditions in the garment industry. Fair Wear Foundation (FWF) is an international verification initiative dedicated to enhancing workers' lives all over the world. FWF works closely with a growing number of companies that produce clothing and other sewn products and that take responsibility for their supply chain.

FWF keeps track of the improvements made by the companies it works with. By joining forces of business associations, trade unions and NGOs, FWF increases the effectiveness of the efforts made by companies.

Companies that sell garments on the European market can become affiliates of Fair Wear Foundation (FWF) by accepting the FWF Code of Labour Practices (see Appendix F) and submit a credible plan for its implementation in their supply chains. The FWF Code of Labour Practices contains a set of labour standards, which must be implemented step by step in all supplying factories, including subcontractors. By endorsing this code, companies agree with Fair Wear Foundation to - amongst others - monitor the labour conditions throughout their supply chain and take steps to improve them where necessary. This includes changing buying practices to support better labour conditions on the factory floor. FWF verifies its affiliates' efforts and results and stimulates sound industrial relations worldwide. Wherever it enhances its mission, FWF strives for harmonisation of policies and methods with other initiatives.

FWF's verification activities consist of four elements:

1. FWF factory audits at its affiliates' manufacturing factories. This manual is a guide for those who perform factory audits on labour conditions under the FWF system.
2. FWF's complaints procedure. The complaints procedure is open to workers and their representatives, who can file complaints about their working conditions and the way the FWF Code of Labour Practices is implemented in factories that supply affiliates of FWF. The complaints procedure is meant for those cases where internal grievance mechanisms of the factory have failed or are absent.
3. FWF's brand performance checks. FWF performs an annual audit at each company that has been affiliated to FWF for at least one year, to verify whether the company's management system supports the implementation of the FWF Code of Labour Practices.
4. Finally, FWF uses the information gathered from stakeholder consultation to be able to assess working conditions in a country or specific region. When needed, FWF may include factory information from stakeholders in processes to verify improvements at a specific factory. .

1.1. The purpose of audits

The purpose of factory audits is to determine the degree to which factories comply with the labour standards. For any non-compliance with the FWF Code of Labour Practices, the auditor recommends steps for improvement, which are discussed with the management of the factory. The requirements and recommendations of the audit team are the basis for a corrective action plan (CAP) that should contain realistic, effective and measurable plans for improvement, with a clear timeframe.



The FWF affiliate discusses the outcome of the audit with its supplier to come to an agreement about the timeframe for the execution of the corrective action plan. The improvement of labour conditions in the supply chain is a process that takes time. Often, not all non-compliances can be solved at once. FWF believes that improvements in working conditions can only be realised in a sustainable manner if buyers and suppliers maintain long term relationships. Along this line of reason, FWF expects its affiliates to continue relationships with factories, also if they do not immediately comply with the FWF Code of Labour Practices.

1.2. Ownership of audit report and cooperation

Fair Wear Foundation's principal task is to verify that its affiliated companies implement the FWF Code of Labour Practices. The audits commissioned by FWF are one of the verification tools. This manual is intended for factory audits commissioned by FWF and those commissioned by FWF affiliates through FWF. In both cases, the audit report is jointly owned by the factory that is audited, the FWF affiliate and FWF. If the factory or the affiliate chooses to share the audit report with other parties (such as other customers of the factory), they are free to do so.

This manual was developed by Fair Wear Foundation, using parts of the following manuals as reference, with kind permission:

- ILO's Manual for working conditions monitors in Cambodia's garment sector (December 2002)
- FLA Monitoring Guidance, Version 1.1

FWF aims to cooperate with other monitoring and verification initiatives, especially in order to create synergy in auditing and to minimise multiple audits in one and the same workplace. Auditor training as well as audits can be undertaken jointly. For FWF, the quality of the monitoring process and the effectiveness of the corrective action plans that result from the audits, are the most important considerations when discussing joint action.

FWF encourages others who perform audits to use this manual.

2. The audit team

2.1. Sources of information

Auditors assess four primary sources of information about compliance with the FWF Code of Labour Practices and on communication, consultation and grievance procedures:

1. Interviews with factory management and staff;
2. Interviews with factory workers;
3. Review of documents, especially those regarding employment, salaries and working time;
4. Visual inspection, especially regarding occupational health and safety.

A 5th source of information are interviews with local stakeholders such as trade unions, NGOs, business associations and local authorities. These interviews are usually conducted by FWF or by a local contact person and are reported on in the relevant country studies¹. The information is updated through regular contact and exchange with stakeholders. Audit team members are encouraged to share their views on the labour standards with FWF in order to integrate their expertise in the country study.

2.2. Composition and skills

Due to the diversity of skills needed to deal with the different sources of information, audit teams are normally composed of various experts. Some skills can be combined by one person. Within every team, each of the four tasks mentioned above should be allocated to one of the team members. Team members are also expected to assist each other if circumstances require so.

One of the team members will be appointed supervisor. The supervisor represents the audit team externally. This entails maintaining communication with FWF and contacting the audited factory. During the audit, the supervisor acts as team leader. He/she is responsible for the composition of the audit report.

Audit team members should:

- Have expert knowledge about local labour relations;
- Have a sophisticated understanding of the way in which gender discrimination impacts female, low skilled and often migrant garment workers;
- Be aware of international standards on gender discrimination, equal pay, pregnancy and maternity protection and health and safety issues specifically pertaining to women workers;
- Be knowledgeable about local law and regulations in his/her field of expertise. The auditor must assess the labour situation against the FWF Code of Labour Practices but also against local laws and regulations, as the audited companies must comply with both.

¹ Country studies are published on the website of FWF.

- Have the social skills to easily relate to the different parties involved: management, workers, unions, NGOs and local authorities. They must also have a balanced view of the interests that are at stake.
- Be able to understand the views of both workers and management. Especially the auditor who performs worker interviews should have previous experience interacting with workers.
- Be committed to improve the situation for workers.
- Be able to communicate, preferably in English so as to facilitate communication with FWF and its affiliates. The writer of the audit report must be able to write in English.
- Be reliable and respect the confidentiality of the facts and data to which they will have access. Under no circumstances can any piece of information be given out, other than through the reporting as prescribed in FWF manual.
- A conflict of roles must be prevented. Thus, inspectors should not have any other formal or informal relation with the factory that they inspect. Audit team supervisors and members should inform FWF of any relevant communication between them and the audited company in the 18 months before and after the audit and shall not take on any work for or assignment with this company, without prior consultation with FWF.

2.3. Audit team training

In most countries where Fair Wear Foundation operates, FWF, together with partner organisations, recruits and trains audit teams.

FWF generally invites individuals who are already skilled in one or more of the required fields to attend a seminar which is designed to familiarise these potential audit team members with FWF working methods and reporting, to stimulate team building and to develop a common view on the local garment industry, the situation of the workers and the potential for improvement. FWF's training seminar is not set up to teach someone how to be, for example, an occupational health and safety inspector or an accountant.

Participants are expected to study FWF's country study and audit manual in advance. The training seminar takes two days and is free of cost. FWF will pay full travel and accommodation costs.

Having attended the seminar, participants receive a certificate stating that they have participated in a training programme for potential auditors of FWF in a specific country. Those participants that are selected as new auditors then conduct a minimum of three audits in the geographical region to which their training applies. These audits are overseen by a designated staff member of FWF. This staff member will be present during audits to provide guidance and feedback to the team – without taking over the supervisor role. On satisfactory completion of this process, the trained individuals will receive a second certificate stating that the auditor has conducted three FWF audits. They will also be provided with a FWF identity card and blank FWF business cards on which they could specify their role in the FWF audit team.

To work as FWF auditor, audit team members are required:

- To have participated in an FWF audit training.
- To use the FWF audit manual and audit report format and apply FWF procedures.
- To apply FWF rates and terms for costs reimbursement



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- To familiarise themselves with the country study and policy papers of FWF.
- To know and follow the anti corruption guidelines of FWF .

As a result of increasing cooperation between Multi-Stakeholder Initiatives in the garment industry, it is to be expected that in future, teams that have been trained by FWF and gained some practical experience, will also be able to perform social audits for other Multi-Stakeholder Initiatives.

3. The audit process

3.1. Preparation

FWF audit teams conduct audits on behalf of FWF. This means that the factory audit is initiated by FWF who has chosen which factory to audit and when. FWF member companies can also ask to use FWF audit teams to audit their own suppliers. For both situations the audit procedure is in principal the same. In both cases FWF expects its member companies to have taken appropriate steps before the audit and to assist the audit team.

Firstly it is expected that the member company has informed the manufacturer about the FWF Code of Labour Practices and explained that he is expected to work towards compliance.

It is also imperative that the following pre-conditions are met by the FWF member company prior to the preparation of the factory audit:

- The annual work plan, including a complete factory register, is submitted by the member company to FWF;
- The member company collects the completed questionnaire from the manufacturer and sees to it that FWF or the audit team supervisor receives the questionnaire filled in by the supplier.

If the factory audit is requested by a FWF Member Company following steps will apply (these steps are explained in detail in Appendix G.

The member company will send all necessary information, including the factory address to FWF along with a request to plan and conduct an audit as well as a suggested time for the audit. The information sent must include the size of the factory (number of workers) since this decides how much time will be spent auditing the factory and hence both the contract signed with the auditors and the cost for the audit.

After this, the member company, FWF and the audit supervisor will together agree on a date for the audit. The member company introduces the audit supervisor to the management of the factory; this is usually done when the definite audit date is announced by the company to the factory management.

The audit supervisor sends an announcement the factory to introduce the audit team, confirm the audit time and request the factory to prepare documents for reviewing.

The standard fee for supervisors includes half a day to organize the audit. In case additional time is needed because the audit date is repeatedly changed or information provided by the member company is late or insufficient, the audit supervisor will communicate this with the member company. An additional fee will have to be agreed in advance to compensate the supervisor for the extra time necessary for planning the audit.

The member company will ensure that the manufacturer (managing director or general manager) will be present during the audit, particularly during the opening meeting and the exit meeting. FWF recommends that members agree on a date with manufacturers at the earliest possible stage to ensure that management can be present during the audit.

FWF encourages member companies to be present during factory audits. In case the member company works with an agent who is in frequent contact with the audited



factory, FWF strongly recommends that the agent is present during the audit, especially during the exit meeting.

The member company will ensure that factory management will prepare all the requested documents before the audit and that documents are present in the factory at the date of the audit. The audit supervisor will provide the factory management with a list of required documents.

In the case that the factory audit is done on behalf of FWF, much of the initial organization will be done by the FWF verification staff. However, as soon as the plans are made for the audit, it is important for the audit supervisor to keep in touch with the FWF verification staff to identify if there are any tasks that have to be done locally. This may include making initial contact with the manufacturer or making the bookings for hotels and such like.

The FWF audit procedure differs from many other audit methodologies because a FWF factory audit is always an announced audit. The audit supervisor informs the factory at least a week in advance of the impending audit.

For practical issues with regards to planning the factory audit such as deciding what transport to use and what hotels to book, please see the document 'Financial Terms for Service Providers to FWF' (available through www.fairwear.org).

3.2. The audit procedure

A FWF audit normally takes between 1 to 2 days. Additional time is spent in advance for worker interviews and for meetings with local stakeholders. After the audit 1 to 2 days are spent on writing the final audit report. During the audit, auditors will stay in a hotel near the factory, to enable them to work effectively and have team meetings in the evening. Usually a preparatory meeting takes place in the hotel the evening before the audit starts. This meeting is included in the audit fee. The general time frame is given in the table below. (For more details please refer to Appendix G: Terms for audits by FWF teams).

Activity	5 – 25 workers	26 – 50workers	51 – 500workers	501 – 1000 workers	> 1000workers
Preparation by supervisor	0.5 day	0.5 day	0.5 day	0.5 day	1 day
Off-site worker interviews incl. preparation & written report	1.5 days	2 days	3 days	3 days	4 days
Factory visit supervisor	1 day	1.5 days	1.5 days	1.5 days	2 days
Factory visit documents inspector/ OHS	1 day	1.5 days	1.5 days	1.5 days	2 days
Factory visit worker interviewer	1 day	1.5 days	1,5 days	1,5 days	2 days
Report by supervisor	1 day	1 day	1,5 days	2 days	2 days
Total	6 days	8 days	9.5 days	10 days	13 days

Also note that there are factories that have been audited by other agencies before and which appear to have put in place systems that are in compliance with recommendations. In such cases, this provides the audit team an opportunity to visit the

subcontractors of the factory (if such a practice exists) with the objective of assessing if the FWF Code of Labour Practices has been transmitted down the supply chain.

3.3. The factory visit

- At the start, audit team members will have an introductory meeting with representatives of management to explain the purpose of their visit (please see 4.3)
- To get a general picture of the situation, audit team members will walk through the factory accompanied by representatives of management who can answer questions that arise on the spot.
- During the inspection, auditors will walk through the factory several times to inspect the working environment, to collect information from documents which are available in the work space, and talk to individual workers and workers' representatives as necessary.
- Audit team members will examine records and documents (e.g. wages book, leave records etc.).
- Interviews are held with representatives of the management and workers.
- During the factory visit the members of the team exchange their findings with each other and identify main problem areas and possible gaps of information. Bear in mind that different labour standards are strongly interrelated, for example wages (living wage) and working hours (no excessive overtime).
- Every effort will be made by audit team members to resolve problems of interpretation and differences of opinion before the exit meeting.
- The audit team formulates conclusions, requirements and recommendations for each labour standard.
- The audit team will conduct an exit meeting with representatives of management (and if they exist: worker representatives) to discuss the conclusions, requirements and recommendations and a timeframe for implementation.
- During and immediately after the audit each team member takes notes, which are given to the team supervisor as a back up for writing the audit report.

3.4. Reporting and follow-up

Within 7 workdays after conducting the audit, the supervisor sends the report to FWF for revision. The member company will receive the audit report from FWF within 10 workdays after the audit.

The invoice that auditors send for the work should be written in accordance with the document 'Financial Terms for Service Providers to FWF' (available through www.fairwear.org). The invoice can be sent after the audit by audit team members and after the completion of the audit report by the audit supervisor.

3.5. How do you behave?

As mentioned in the ILO manual, "You are not monitoring people. Your task is to monitor working conditions. Separate the people from the task and concentrate on your assignment. Your aim is to collect information so that it can be used to improve working conditions for workers in garment enterprises. Always aim to give a balanced assessment of the interests of the different parties involved."

Impartial. Your work involves collecting and analysing information without accusation or judgement.

Honest. Acceptance of payments in cash or kind from any party with a view to influencing your monitoring and reporting functions is forbidden and grounds for summary dismissal.

Helpful. You have no legal powers to enforce the labour law but you can help enterprises to meet their obligations by explaining why monitoring is important, and by giving informal advice on how working conditions could be improved in the enterprise.

During your visit of the factory and your talks with management, supervisors and workers, be careful not to express any premature opinions or remarks. Try to stick to friendly but neutral conversation from your side. This should not restrain you from giving some practical advice on, for instance, health and safety or technical matters, as this may build confidence with the management and show that you know what you are talking about.

If there are any findings of non-compliance with the labour standards from worker interviews, documents inspection or the visual inspection, cross-check with management as soon as possible during the audit so the issue can be clarified before the teams draws its final conclusions. Do not argue at length with management during the exit meeting. Any discussion can take place during fact finding. Present the conclusions and requirement factually. Give a balanced assessment of the findings. Also mention positive aspects.

The audit team takes the initiative. Of course you have to be polite but you are there to do the job. Follow the work plan as agreed in the preparatory meeting. If management uses any delaying tactics take the initiative to continue your work.

No audit can be perfect. At the end of the factory visit the audit team should be able to conclude that the audit process has yielded sufficient reliable information to draw conclusions and requirements on most issues. The following sentence is always included in the audit report: 'we cannot rule out the possibility that there are issues of non-compliance that have not been reported in this Audit report.'

Moreover as FWF considers audits not as an isolated event but as part of a much more elaborate and continuous process of monitoring that should trigger a step-by-step improvement process, there will always be a chance to come back on previous audits.

Apart from what the inspector knows from his/her own experience to be useful methods for their auditing task, the standard FWF methods have to be applied in all countries. It is very important to follow these standards so that FWF can provide internationally consistent reports to its members. Work systematically, as much as possible along the lines of the labour standards. At the same time be flexible and creative in order to get information about the situation in the factory.

The chapters that follow give guidelines for the 4 different roles that are performed by the audit team members: for management interviews, worker interviews, documents inspection and inspection of the shop floor. While chapter 4 is meant to clarify the role of the audit team supervisor, the other auditors are expected to study this chapter as well.

This description is not exhaustive. Auditing is never mechanical; every member of the audit team is expected to be attentive to all kinds of information that can help come to conclusions that are closer to reality. Cross-fertilization between all sources and all inspection methods is the major factor determining the effectiveness of the audit.

4. Guidelines for the audit supervisor

4.1. Leading the Audit Team

The supervisor represents the audit team externally and directs the audit. This includes maintaining communication with FWF and leading the audit team.

The audit supervisor sees to it that all audit team members have received and studied the latest version of the country study and the audit manual, and solves any remaining questions with FWF.

The audit supervisor organises a preparatory meeting with the audit team during which a division of tasks and responsibilities is agreed. Any useful information about the company can be shared during this meeting.

The audit supervisor plans meetings of the audit team during and after the factory visit, in which the audit team members discuss progress of the audit, exchange findings from different sources, so that the findings can be crosschecked with other sources and identify areas that deserve special attention. At least two meetings are needed: one meeting during the first audit day to present findings to each other, and discuss for which labour standard additional information is needed and a second meeting in the evening of the first day to discuss conclusions, requirements and recommendations and to identify issues that need to be crosschecked before the exit meeting.

The audit supervisor sees to it that the team works effectively. He/she makes use of the available time to go deeper into findings, to discuss main issues and conclusions, to critically compare each other's findings on inconsistencies, to brainstorm over the corrective action plan and to write (part of) the report. If the team appears to be working ineffectively the company will certainly criticise FWF and the team.

A short closing meeting of the audit team may be useful to ensure that the audit supervisor receives all the notes and to briefly evaluate the audit.

Details of the responsibilities of the FWF member company, FWF and the audit supervisor are listed in the Appendix G. The main points for the audit supervisor are also listed below.

4.2. Preparation of the audit

The member company should inform the factory about the FWF Code of Labour Practices and explain that it is expected to work towards compliance. The member company submits the following data of the factory to FWF:

- Name and full address of factory location;
- Name of contact person;
- Confirmation that supplier agreed to the audit;
- % of total production that member company sources from the factory;
- Preferred week(s) in which the audit can take place;
- List of other factories that are part of the same organisation / or work with the same trading company.

Once all this data has been sent to FWF, FWF will provide the supervisor with the data. The audit supervisor checks the right name and address of the factory and makes sure it is the same as mentioned in the questionnaire the factory has filled in in advance.



The audit supervisor, FWF and the member company will together agree on a date for the audit. The member company must introduce the audit team or its supervisor to the management of the factory.

FWF encourages member companies to be present during audits. In case the member company works with an agent who is in frequent contact with the audited factory, FWF strongly recommends that the agent is present during the audit, especially during the exit discussion. While setting the date for an audit the supervisor should ask the member company about the presence of a representative of the member company and a possible agent during the meetings.

The supervisor should try to get some information on the enterprise in advance using, if available, easy accessible sources (internet, local papers, local contacts, audit team members). This should not lead to a big investigation by itself but an attempt to see what is easily available.

The member company announces audits to the supplier. The member company introduces the audit supervisor to the supplier.

The supervisor then sends a letter to the factory to announce the audit. An example letter is available on the FWF website for reference. The letter should include the following information:

- Introduction of the audit: this is an audit on behalf of the affiliate or a verification audit carried out by FWF.
- Introduction of the audit team members.
- Procedure of the audit, including the lunch plan (having short working lunch at a private location, to avoid that the factory invites auditors for long lunches outside the factory).
- List of documents the factory should prepare for the auditors to review.
- Estimated time when the factory can expect to receive the report.
- If the factory needs a testimonial about the FWF audit.

The supervisor contacts the manager at least a week before the factory inspection starts and follows up whether the factory has questions about the letter. The supervisor explains the audit procedure and makes sure that no impediments will arise when the audit is being performed, that the right persons are present, that rooms are available and that the right documents are there. The supervisor asks for reports of possible previous FWF audits and may also ask the enterprise whether it is prepared to share reports of non-FWF audits with the team. The supervisor announces the introduction and exit meeting, which will take place at the beginning and end of the factory visit and makes sure that the management is available for these meetings.

The supervisor also asks which unions have members in the factory or which unions are involved with the factory in any other way. If there are union representatives inside the factory, they will be invited to join the exit meeting.

The audit supervisor explains to management that the aim is to make an assessment of the working conditions in the factory and not to approve or reject the factory. Assure management that the member company shall not end business in case non-compliance with the labour standards is detected. FWF realises that breaking the business relationship might only imply a loss of employment for workers instead of an improvement of working conditions. The aim is to come to a proper corrective action plan for the findings of non-compliance with the FWF Code of Labour Practices.

The audit supervisor arranges transport to and from the factory (he/she should discuss this with management since factories can be difficult to find and often management is willing to provide transport). When arranging transport and accommodation for the audit team, also refer to the document Financial Terms for Service Providers to FWF (available through www.fairwear.org) to see what kind of expenses are covered by FWF.

Check whether the member company has appropriately informed management; did they receive a letter that explains the audit, list of required documents and questionnaire? The supervisor should receive a copy of this questionnaire.

Make a plan and time-schedule for persons to be interviewed and materials to be revised.

Check with the worker interviewer, how the interviews will be done before the actual factory inspection. Also enquire about the possible local stakeholders, and if necessary provide guidance as to who could potentially be met while the worker interviewer is in the field.

See to it that the worker interviewer uses the information sheet for workers in the language(s) most commonly spoken by the workers. The information sheet should contain the address details of a local contact person or organisation, through which workers can file a complaint.

4.3. Opening meeting with management

At the start of the factory inspection the audit team has a meeting with the factory manager and the management team. The supervisor chairs this meeting. He / she should allow management to welcome you but do not let the manager take control of the meeting.

If needed, the audit supervisor should also assure the management once again that all information gathered during the audit will be treated as confidential.

The introduction meeting takes place in order to:

- Observe business courtesy;
- Introduce the audit team;
- Establish again the requirements of the audit team, including full access to all relevant documents, production facilities, dormitories, kitchens and workers for the duration of the factory visit and to make sure that requested rooms are available;
- Review factory policies and procedures related to implementation of the FWF Code of Labour Practices;
- Get insight in type of operations in every room on the basis of a map of the factory;
- Factory owners must identify all satellite facilities, subcontractors, homework situations, or any other locations where cutting, sewing, embroidering, knitting, ironing, finishing, marking, packing, or other preparation of finished garments takes place, so that the compliance with the labour standards may be verified at all locations;
- Ask what managers there are (organisational chart) and settle times to interview the important persons for this audit;
- Obtain assurances from factory management that no retaliatory steps will be taken against workers who speak to audit team members and briefly explain the

complaints procedure (see also FWFs complaints procedure, of which a description can be found on the FWF website under 'resources');

- Agree with management the ways in which the information sheet for workers will be distributed. As a minimum management must accept that it will be posted on notice boards in all sections and that the worker interviewer will hand it out.
- Discuss with management that workers will not lose compensation if interviews take place during working hours;
- Agree on a time for the exit discussion (see chapter 10);
- Arrange lunch inside the factory, to be paid by the audit team. It may be culturally appropriate to allow the factory management to host the lunch – any such offer may be accepted while at the same time being aware that the factory is not using the opportunity as a diversionary activity to waste the time available to the audit team.

4.4. Subcontractors and model factories

Some factories subcontract part of their production to other factories or workshops. These subcontractors are thus part of the supply chain of the member company and must be taken into account when monitoring compliance with the FWF Code of Labour Practices.

In case the factory to be audited has part of its production subcontracted then the following questions pertaining to the subcontractor will also have to be answered:

- a) name, address and contact persons (office and production locations) of each subcontractor;
- b) name, address and contact persons of the possible agent and intermediary between the manufacturer and the subcontractor;
- c) approximate number of staff involved in the manufacturing of clothing at the subcontractor's enterprise, with gender disaggregated data;
- d) type of production, estimated production capacity;
- e) for how many years does the commercial relationship between the manufacturer and the subcontractor exist;
- f) what part and percentage of the production was given to the subcontractor by the manufacturer during the past 12 months;
- g) The approximate value of the orders placed by the manufacturer at each subcontractor (in that same period of 12 months);
- h) The reason why production was subcontracted.

Management of the audited enterprise might not be open about the fact that they use subcontractors. It is the task of the audit supervisor to make an estimation of the use of subcontractors. If the audit supervisor suspects a lot of subcontracting while management claims not to subcontract (much), the supervisor should make a capacity check together with the documents inspector. Assess the production capacity of the factory and compare this with actual production. To assess the production capacity, look at some simple but critical parts of the production process, like collar stitching or even ironing (whatever you feel is underrepresented in the factory capacity).

Alternatively it might be the case that the factory to which the audit team has been sent is a model factory. Model factories come in various shapes: manufacturers might build a separate facility which is to a large degree compliant with labour standards, specifically for factory auditing. Alternatively manufacturers may take auditors to a facility which is mainly used to train apprentices or to produce samples, whereas the bulk of production takes place elsewhere.

If at any point of time, the auditors sense that they are visiting a model factory, it is important that steps are taken to verify this issue. In case there is one 'good'/'show-case' factory and other factories of the company are strikingly worse it is possible that:

- a) The company as a whole does not live up to the FWF Code of Labour Practices and
- b) There is a high risk that production of the FWF member takes place in another factory of the same enterprise with sub-standard conditions.

The general approach of FWF is that the team tries to get a picture of the labour standards in the manufacturer as a whole. In case the factory the audit team is sent to appears to be a fake factory, it should be insisted upon that the audit team is taken to the real production location. If the factory is reluctant to cooperate in such cases, the audit team should report this to FWF at once (preferably by making a phone or Skype call with the country representative at FWF). In such cases FWF will discuss with the member company how to address the issue.

In case the manufacturer has one model factory where auditors are sent to whereas at the same time there is a number of other factories over which production is spread out the following should happen:

The audit team conducts the audit in the factory where the FWF member company wants to carry out an audit. At the same time the team tries to get an understanding of the entire enterprise: its structure, number of facilities and labour standards on the basis of the different sources of information. The off-site interviews are an important source of information. A thorough check of records may reveal that the concerned factory is not always producing for this buyer. Further worker interviews may corroborate such findings, for example when workers state that they have never seen the brand label of the member company before.

A further step may be asking management's permission and assistance in visiting one or some of their other factories in close proximity. In such cases, auditors should take physical distance to other production locations into consideration to assess if these can be visited. In case time does not allow it, it should be written in the report that the audit team collected evidence or has indications that production for the member company takes place in other facilities which could not be visited. In such cases, the reason why these facilities could not be visited should be explicitly stated.

4.5. The exit meeting

At the end of the factory inspection, the audit team meets with factory management (and a worker representative if there are elected representatives) to discuss the outcomes of the audit. The supervisor presents the conclusions and necessary corrective actions (see chapter 10).

Management (and the worker representative) are asked for comments on the findings and the proposed corrective action plan. Do they agree with the findings? What is the cause of these problems? What is a realistic timeframe for improvement? The



supervisor includes these comments in the audit report in line with the format. Therefore one of the other audit team members is asked to take notes of his meeting.

During the exit meeting the audit supervisor once again obtains assurances from factory management that no retaliatory steps will be taken against workers who have spoken to audit team members. A check on this will be an important element of any follow inspection.

During the exit meeting, the manufacturer should be informed about the possibility to obtain a testimonial. It should be made clear that a testimonial is no certificate. The testimonial states that the manufacturer was audited on behalf of an affiliate member of FWF and that on the basis of the audit findings a corrective action plan is agreed upon and jointly committed to by both parties in order to make step-by-step improvements in working conditions. The testimonial explicitly states that the manufacturer may not yet fully comply with all above standards, and that the original audit report and corrective action plan should be made available to other customers of the manufacturer.

4.6. Audit report

The supervisor is responsible for the audit report. The audit report must follow the prescribed format (see Chapter 11 for more details).

At the end of the factory visit each audit team member give his/her notes to the audit supervisor as a backup for writing the final report. They must organise their notes in line with the audit report format. Also the notes of the exit meeting should be given to the supervisor directly after the inspection.

In addition to the findings of the audit, the supervisor will include statements from local stakeholders regarding the labour standards in the detailed findings. These statements can be retrieved from the country study.

The supervisor completes the final audit report within the indicated period (please see document "Terms for audits by FWF teams March" available on www.fairwear.org) after concluding the factory visits. The report should be sent to FWF. FWF passes the report on to the member company and assesses if the follow-up process is effective.

4.7. Payment of the team members

The invoice pertaining to the audit shall be submitted upon the completion of the assignment to FWF as soon as possible, but no later than one year after executing the assignment. FWF shall reimburse the costs within four weeks after receiving the invoice. Please see the Appendix G and the document 'Financial Terms for Service Providers (available through www.fairwear.org)' for details on invoicing.

5. Guidelines for interviews with management and staff

5.1. Introduction

Management interviews are not only a source of information to make an assessment of the working conditions but are also meant to provide the team with an understanding of the view and policies of management.

Like every other source of information, interviews with management alone do not give the auditor sufficient information or objectivity to conclude that the factory is in compliance with the workplace FWF Code of Labour Practices.

Appendix A is the basis for the interviews and for reporting. During and directly after the interviews, the interviewer fills in and completes the questionnaire.

The interview with management should not take longer than one to one and a half hour.

5.1. Who is being interviewed

Interviews are held with the manager(s) and with senior staff members whose work is related to the labour standards, for example the health and safety officer or the human resources manager. To check whether the right persons are interviewed, it is useful to have a chart of the organisation upfront.

5.2. The interviewer

Usually the audit supervisor will do the management interviews. Sometimes it might be decided that the whole team is present during the interview with the general manager or that one of the other auditors conducts the interview.

Appointments for the interviews with management are made during the preparatory contact between the audit team supervisor and management or during the introduction meeting. Appointments for interviews with staff members whose work is related to one of the labour standards specifically, such as the health and safety officer and the human resources manager are made during the first interview with the general manager. Some items must be discussed in more detail in the presence of the documents inspector or the occupational health and safety inspector.

Interviewers must have sufficient language skills to conduct an effective interview and be sufficiently knowledgeable about the garment industry, labour standards and gender based circumstances to analyse information gathered through the interview.

5.3. Interview techniques

The interviewer should generally be aware of accepted interview techniques, which contribute to effective interviews, such as asking open-ended questions. These should be applied to the maximum degree possible.

Use **culturally appropriate interview techniques** to ensure that questions are asked in a suitable manner. Managers in different parts of the world and with different national, cultural or linguistic backgrounds may respond differently to the interviewer.

Focus on **issues of particular importance** to gather information that corroborates or disproves findings on the basis of other sources of information. While management should be given the opportunity to discuss all issues, which are part of the audit, it is also necessary to use the interview to focus on issues of particular importance. The interviewer will check with other members of the audit team whether they have found



any apparent cases of non-compliance with the labour standards, so that these can be discussed in the interviews with management and staff.

5.4. Analysis and synthesis of information

The management interviewer shall analyse the gathered information in relation to information gathered from worker interviews, records and capacity review and inspection of the workplace. For example: if the auditor is aware that the turnover rate is unusually high in this factory, in comparison to similar facilities in the local area, this may be an indicator of broader problems in the factory. Based on the information gathered through management interviews, it may be necessary to gather additional information. Additional information should be gathered only if there is a specific need to corroborate or disprove a finding. Quick feedback from the outcomes of the management interviews to the other audit team members is important to identify issues that need to be checked with other sources of information.

Whenever the team encounters information that contradicts statements made by management, the team should try to sort that out as soon as possible during the audit. Management should not be taken by surprise about non-compliances that have not yet been discussed during the audit.

6. Guidelines for interviews with workers

6.1. Introduction

Worker interviews are a crucial part of the monitoring process. They allow for information gathering directly from the people, which the labour standards are supposed to protect. Worker interviews are an element of monitoring that requires great care and sensitivity for local conditions, and must always be conducted in a manner ensuring that workers will not face retaliation or any negative consequences as a result of their participation in interviews. Worker interviews must be conducted by a person who is most likely to gain the trust of workers.

The following presents guidance on general interview techniques and practices for the monitor to execute worker interviews. On most of these topics, the guidance provides a principle that must be applied in all cases and yet may be implemented differently in different locations. For example, the location of an interview must in all cases safeguard the worker from retaliation; however, the location itself may vary.

Worker interviews are also the source of information that is most complicated to analyse. Individual workers' memories and opinions may be mixed up and they may differ from those of other workers. Also the fact that workers do not raise certain issues may not always be seen as evidence that these issues are not at stake. It is important that female, as well as male workers are interviewed as the issues that concern them will differ in some important respects.

6.2. Guiding principles

'Safety in numbers': the more workers you talk to, the more difficult it will be for management to single out and victimise certain workers.

Being interviewed is not voluntary: the interviewer must make clear that those workers who are called up for an interview are expected to cooperate. This principle is meant to protect the workers. If it appears that workers are free to choose to talk to the audit team or not, the interviewed workers may be held responsible for giving information to the audit team. This must be avoided. The interviewer can explain this to the worker(s) at the beginning of the interview.

Interviews may not lead to wage loss: especially in piece-rate situations, workers may lose compensation if they are required to participate in extensive interviews during working hours. Audit team members should take all reasonable precautions to ensure that the interview process does not result in lost wages. Also the worker interviewer should take care not to waste the workers' time, for example by letting her/him wait for the interview.

Don't raise expectations of reconciliation: the worker interviewer cannot solve issues which workers complain about directly. The interviewer should make clear from the start what the audit is about and what the aim of the interview is. Make clear that a complaints mechanism exists, that they can contact the complaints handler throughout the year, but that this interview is not part of the complaint mechanism.

Do not use the interview to organise nor mobilise workers. That is not the purpose of the interview.

If workers come up with complaints these should always be cross-checked against other sources. The fact of workers complaining is in itself significant and points out the need to improve social dialogue. Therefore this should be noted in the audit report.

Safeguard worker confidentiality and security: all reasonable steps should be taken to ensure that the interview process does not compromise the safety or job security of the worker. At a minimum, audit team members must ensure that the interview process is conducted in a confidential manner and communicate to both management and workers that retaliation as the result of the interview is not tolerated. Audit team members should inform workers that the information will neither be attributed to them, nor provided to management without their permission. In the case of informal conversations between audit team members and workers on the production line, audit team members shall take precautions that will safeguard the worker. In addition, audit team members should take great care not to provide information to management which could lead to the identification of specific workers as the source of that information. In the event that the monitor needs to gather additional information to corroborate or disprove information received in the interview process, the monitor shall gather this additional information in a manner that protects the identity of the worker interviewed.

6.3. The interviewer

FWF works with locally recruited worker interviewers. Very often these auditors work with labour oriented NGOs whose day to day work it is to support and mobilise workers. Interviewers should keep in mind that the purpose of these interviews is different. The purpose of the interview is to gather information about working conditions in the factory and to explain the audit procedure to the interviewees.

In general a large majority of the workforce are women; therefore usually female interviewers should do the worker interviews.

Interviewers must have sufficient language skills to conduct effective interviews and have sufficient knowledge of the local culture, the labour market, labour relations, the local industry and factory conditions in order to analyse the information gathered through the interviews.

6.4. Interview techniques

Appendix B provides a checklist for the interviews to make sure that no important items are left unanswered. Do not use the checklist as a fixed structure for the interview. The interview should be an open dialogue.

Ask open-ended questions that do not provide any clues to workers of how they “should” respond. The interviewer should allow workers, to the maximum degree possible, to respond to neutral questions.

If workers raise issues that indicate non-compliance with labour standards, it is important to ask further to get sufficient information to permit either corroboration or disproof. If there are issues of particular concern that are identified by local stakeholders, these might be worth to discuss with workers.

Be aware that workers might be instructed by others/management which answers to give. Consider ways to find indications whether workers have been instructed and try to get the real facts anyway without putting pressure on workers.

If questions appear to be sensitive an indirect approach may be useful. For instance, do not ask ‘how old are you’, but ask about school, brothers, sisters, their age, and by this way you might find out the age of the interviewee. Ensure to conduct interviews in a

manner which is sensitive to the habits of the workforce. Is it, for example customary to look each other in the eye when having a discussion?

Be sensitive to “non-verbal clues” such as workers who look away from the auditor, workers who avoid particular questions or workers who laugh nervously when certain topics are raised. Audit team members should discuss in advance whether there are certain non-verbal clues which they are more likely to encounter in a specific context.

Use language that is easily understandable for workers. For example, “freedom of association” may be unfamiliar to people, while asking workers if they are free to support or consider joining a union may be more understandable. Similarly, asking workers if they are “harassed” may confuse, while asking if workers are treated fairly may elicit more and better information.

Ask workers to describe situations that they have encountered or issues related to the labour standards that they have observed elsewhere in the factory. In some circumstances, workers may be more willing to describe non-compliance affecting others than issues which they face themselves. Without compromising the workers’ trust the interviewer should try to get the picture as exact as possible: how often did it occur, when did it happen last, how many workers were involved, etc.

Be aware of specific gender issues in the garment industry, for example sexual harassment, equal pay and opportunity or maternity leave.

Determine the best way to conduct worker interviews in advance, based on previous experiences and information gathered through consultation with local stakeholders.

6.5. Interview procedure

The worker interviewer makes herself thoroughly familiar with the question list in appendix B, so that during the worker interviews she can discuss spontaneously without leaving out issues that should be reported. Appendix B is not meant as a questionnaire or a question list directly to be used in the interviews, but as a checklist and reporting tool.

Depending on the size of the factory, different numbers of interviews take place before the factory inspection. In the ‘Terms for audits by FWF audit teams’ available on www.fairwear.org, it is listed how many workers need to be interviewed before an audit. For example, at a factory with 50 to 500 workers, the interviewer should ideally interview 10 workers off site and additionally 1 or 2 local stakeholders. Within two days after the interview the interviewer makes a short written report with a consolidated (but detailed) overview of the findings of all interviews. The reporting should follow the standard structure of the labour standards as in appendix B. The interview report is given to the audit supervisor and not further distributed to anyone.

During the preparatory meeting of the audit team the worker interviewer informs the other members of the team about the most important areas of concern which result from the interviews. During the factory inspection the audit team crosschecks these issues with the other sources of information (management interview, company books, workplace inspection, consultation of local stakeholders).

The audit team takes care that as few persons as possible, inside or outside the factory, are aware that interviews are conducted and know which persons are being interviewed. Interviewees should be guaranteed that a next visit of the audit team will contain a check whether they have suffered any negative consequences from the interview. Management is informed about this check.



During the factory visit more worker interviews are conducted. This can be done in different ways: short chats during a walk through of the factory, group interviews or questioning a large number of workers with 1 or 2 simple yes/no questions. Another possible method is to bring a group of 20 to 30 workers together (in single or mixed sex groups as appropriate), give them a short introduction about the purpose of the audit and then to ask them to fill in a written questionnaire. Of course the identity of the persons that are interviewed inside the factory cannot be kept secret, so auditors must be very careful.

If there are official representatives of the workers in the factory, they will be interviewed during the factory visit.

As a general rule the worker interviewer is part of the team during the factory visit. There might be cases however, in which the presence of the worker interviewer in the factory hinders trust building with workers when the interviewer is seen with the management or jeopardises workers who have been seen with the interviewer during the off-site interviews. Worker interviewers should in such cases use the on-site interviews with workers to again clarify the role of the audit team with interviewed workers.

When invited for the interview, the worker receives the information sheet for workers. At the start of the interview, the interviewee will be further informed about Fair Wear Foundation and the labour standards and encouraged to ask questions.

The interviewees are asked to bring over their pay slips of the last three months and their labour contract. The interviewees are asked for permission to pass these documents on to the documents inspector to be crosschecked with other sources of information, for example the working hour records.

If according to the workers' interviews or other sources in the past there was a union in the factory or if an attempt to form or join a union was obstructed by management, the worker interviewer will contact the union that was involved to get the details. Contact the level in the union organisation which is closest to the factory, for example rather a regional office than the head office of the union confederation. Try to get information about the union history in the factory. If the above mentioned information was a result of the off-site interviews, try to contact the union before the factory visit.

The worker interviewer participates in the team meetings where findings are exchanged and conclusions formulated.

A list of the names of the interviewed persons is given to FWF. This is used in future audits of the same factory to check if any retaliation has taken place.

If it concerns a follow-up audit, the names of all persons that have been interviewed during a previous audit are given to the documents inspector in order to check whether these persons still work with the enterprise. If not it is crucial to find out the reasons of their departure.

In the final report and in the verbal reporting to management during the exit meeting great care should be taken to give as little information as possible as to what was said by workers on controversial issues.

6.6. Location of interviews

Conduct interviews in a location that makes the worker feel comfortable and which does not raise the possibility that the employer will subject the worker to retaliation. Always conduct the interview outside the presence of factory managers. This does not, and is not intended to, preclude asking routine questions of workers at the factory floor however. A range of locations can be used. Common sense should be used to

determine specific sites that afford the greatest opportunity for productive, confidential discussions. Onsite interviews may include informal conversations in the production area of the factory floor, the cafeteria/dining area at meal and rest breaks, the area just outside the factory as shifts end, other common areas and locations on site that allow for workers to be interviewed without observation by factory management. Interviews conducted off site should be conducted in such a way that factory managers do not gain information about which workers have been interviewed. The monitor should use discretion in selecting the location where such interviews take place. Consult local organisations which are trusted by workers to determine where interviews can take place. When arranging meeting times and locations, the audit team should take into account the demands of domestic responsibilities of the women workers and their ability to travel to a location.

6.7. Selection of workers

The interviewer interviews a number of workers before the factory visit. More interviews will be done during the visit and if needed after the factory visit. The audit team should interview a sufficient number of workers to give an accurate picture of workplace practices, bearing in mind that a relatively higher number might give individual workers more protection against identification. Guidance on how many workers should be interviewed is listed in the 'Terms for audits by FWF audit teams' available on www.fairwear.org.

The interviewer should base the interview methods on information received from local organisations as can be found in the country study or as discussed during the audit training. Also information gathered in the factory through other techniques and the need to corroborate or disprove findings from other sources will influence the number and methods for the interviews. For example, if conflicting information arises about pay practices, it may be necessary to speak with more workers. If there are different trade unions that have members in a factory, it may be necessary to speak with members of each union, as well as workers who are not affiliated with any of them. Care should be taken that women's issues are adequately covered, bearing in mind that male worker representatives may accept the status quo that women's work is less valuable than men's, that pregnant women leave work, or not be willing to promote family friendly working patterns that they see as threatening men's (premium) overtime payments.

The selection of workers should be considered carefully. The group of interviewees should be heterogeneous. They should for example include union members and non-members, men and women, different races and ages, different functions and departments of the factory. It may be helpful to interview groups of women-only to discuss issues concerning female health and hygiene (e.g. adequate number of toilet breaks, especially during menstruation or sexual harassment). Only production workers are interviewed. (Middle-) management or office workers are covered under interviews with management and staff.

Under no circumstances should management play any role in the selection of workers to be interviewed. In addition, other monitoring activities (like consultation with local stakeholders) and the country study may lead audit team members to select particular workers, or categories of workers, for interviews. In making this determination the following indicators can be considered: (1) workers who appear to be particularly young; (2) workers in an ethnic, racial, national origin or other group that is often disadvantaged in the workplace locally; (3) migrant workers employed under labour contracts; (4) members of a trade union; and (5) workers engaged in particularly hazardous manufacturing processes or processes that are likely to cause repetitive strain injury. If the interviewer focuses attention on particular workers, she should identify the purpose

of this selection, as well as the group selected. Make sure that not only those workers who may raise concerns about non-compliance are interviewed; a cross-section should be interviewed to provide a full picture of workplace practices. Care should be taken to maintain a representative sample of workers appropriate to the information-gathering objectives.

6.8. Analysis and synthesis of information

Interviews should be conducted with an eye to uncover issues or to corroborate findings from other monitoring activities. If interview results confirm findings of other monitoring practices, there is a good evidentiary basis for conclusions.

The information of workers who are interviewed is also used for other information gathering processes. For example, if the worker agrees, the documents inspector will check the payslip with payroll and working hour records or the personnel file of that worker. This will permit the team to crosscheck information to determine inconsistencies that may indicate non-compliance.

If interview results raise questions or conflict with other sources of information, a larger audit sample should be used and further investigation is required. Do not raise problems concerning individual workers with management or in the final report. If there are assertions or allegations that do concern a specific worker these should be investigated carefully, but the investigation should not jeopardise the worker(s) involved. An example of such a situation is if a worker appears to be very young or if there is evidence that a worker is below the minimum age. The problem should be addressed with management in general terms, without mentioning the specific worker(s).

Broad and unfocused allegations are not useful and should be further investigated in order to confirm or deny them. Allegations or presumptions which are not supported by any other findings should be discussed with management before the exit meeting in order to clarify the issue.

Check whether workers describe similar situations consistently. If not, this could indicate either non-compliance, confusion or, in some circumstances, pressure from the employer to provide a certain answer.

Any additional information should be gathered only where there is a specific need to corroborate or disprove an initial finding.

If workers ask specific questions during the interview regarding their rights ask them whether they have never been informed about these issues and whether they have a need to be better informed by their employer. If so, this can be taken up in the audit report and exit meeting as a conclusion. As an interviewer it is not your role to provide this specific information or to mobilise workers.

6.9. Sexual harassment and gender abuse/ violence

Cases of sexual harassment seldom come out of interviews or single audits but are undoubtedly an under-reported problem in many factories. Also formal complaints are not made. People are afraid or ashamed to talk about it. Single cases are best dealt with in a discrete and confidential way, to avoid negative consequences for the victim. Digging into details may be very embarrassing. Young migrant women workers are very vulnerable. Discuss with local organisations how to gather information about possible sexual harassment at the workplace.



FWF will make clear in the beginning of the process of code implementation that a policy against sexual harassment has to be installed and that harassment is absolutely unacceptable. That can also help victims to bring it out and possible offenders are warned. In other words, it will create an 'empowering' environment. Part of this policy can be to appoint a trusted grievance handler. FWF gender policy paper is available on the FWF website for reference on this topic.

6.10. Additional role of worker interviewer towards local stakeholders

Depending on the number of days available to conduct the off-site worker interviews prior to the audit, a few interviews with local stakeholders should also be conducted. These interviews with local stakeholders are intended to provide insight into the conditions in the factory that is to be audited and may also reflect any changes or new developments in the local working conditions.

7. Guidelines for documents inspection

7.1. Introduction

Employers have to make a variety of documents available for review. Factories vary tremendously in size, location, resources, management capability, and record keeping. The presence, sophistication and extent of available documentation will therefore vary as well. A small sew shop, led by a single supervisor, for example, is not likely to keep a large body of personnel files or execute a formal grievance policy. In fact, many records might well be kept in cardboard boxes stacked in a corner. The documents inspector will have to take these variations into account and judge the adequacy and availability of records. To the extent they are appropriate employers must make all requested records and documents available.

Documents must be available, complete, accurate and up-to-date. Most importantly, records should be sufficiently complete to assess compliance with the labour standards. Also relevant documents regarding other labour standards may be checked: discrimination, harassment and abuse, child labour, maternity records, occupational health and safety and freedom of association (see also FWFs FoA policy and child labour policy for reference, available on the FWF website).

7.2. The inspector

Although FWF often works with accountants for this part of the audit, we use the term 'documents inspection' instead of the term 'inspection of the accounts' to stress that this part of the audit is not similar to what a financial accountant normally does. The focus is not on financial figures like profits & loss, but on documents that register wages, working hours, the legally binding employment relation (including all social insurance requirements), legally required payroll documents, journals, and reports etc.

Another difference with the work of an official tax inspector or accountant is that FWF has no authority to penalize companies. The inspections are part of the commercial relation of the member company with its supplier. This implies that in cases of doubt the burden of proof lies with the factory management, they have to be able to show that they comply with the law and FWF standards.

The auditor must be skilled and experienced enough to determine whether records meet legal standards and are sufficiently complete to support findings from other sources of information. Prior to reviewing records, the documents inspector shall familiarize her/himself with the procedures and systems that generate the records. Also the legal requirements should be studied.

7.3. The procedure for documents inspection

In each country rules and regulations for bookkeeping are different. The list below is meant to give an overview of documents, which might be kept by an enterprise. The audit supervisor and documents inspector may decide that country specific documents are required which are not mentioned yet in this list. The audited enterprise will be informed upfront which documents must be available during the factory inspection.

General/financial

- Proof of registration or factory licenses for operation, employment, etc.
- Policy manuals



- Information material about the FWF Code of Labour Practices and FWF, used to inform workers and subcontractors
- Flow chart of the production process
- Map of the factory, specifying type of operations in every room, including if applicable, the distinctions with other companies/legal entities on the premises
- Production records and order records

Labour issues (If available, acquire gender disaggregated data)

- List of all workers, including date of appointment, gender, birth date, function
- Working hours records over the last 3 months, and possibly longer, as to be discussed during the inspection, and attendance register
- Overtime register
- Records of all employees / personal files specifying names, birth dates (including proof of age), identity document number, gender, function, wage scale, date of employment
- Permits for young workers
- Leave register, including leave payments and applications for leave
- Grievance files
- Disciplinary notices
- Employee manuals and factory rules
- Contracts between management and recruiting agencies
- Time cards for all employees
- Payroll journals, or wage lists showing base wages, incentive or bonus earnings, gratuity, hours, deductions, net pay and gross
- All piecework rates and piecework calculations and other incentives and calculations: base wage, attendance bonuses, quality incentives, etc.
- Payroll deposit slips, payroll checking account ledgers and deposit receipts for tax and benefit deductions
- Payroll tax calculations, records and reports
- Proof of payment of social security fees
- Official authorization for overtime hours
- Copies of payslips as handed out to workers
- Collective bargaining agreement, or any other document specifying the working conditions
- Employment contracts of all workers
- Documentation of elections of workers representatives, either provided by management or the factory union
- In cases of 100% union membership: a list of signatures of workers for agreeing to have union dues subtracted from their wages

Occupational Health and Safety

- Accidents register
- Sickness register
- Fire safety certificate
- Proof of payment for inspection of fire extinguishers, electric appliances, elevators
- Maternity leave register
- List of pregnant workers

The enterprise will be asked to provide a desk for the documents inspector, where s/he can inspect the documents free from interference from anyone. Particularly, the auditor must be able to inspect personal files of workers, without any one observing which files are being inspected.

The documents inspector should cross-check all files for 20 randomly chosen workers to see whether the files kept on those persons are consistent (e.g. days worked, overtime hours, pieces produced, wage calculation, actual wage payment, leave register, contract and ID-card) and whether there are any signs that these documents have been produced just for the occasion of the audit. If needed ask the worker interviewer to cross check some findings directly with the worker involved (making sure the worker will not be singled out later for reprisals!).

7.4. Selection of files to be inspected

The document inspector must have the discretion to select records for any individual, group of workers or department for any or several periods of time. In other words, factory management cannot make selections or limit which records the audit team members may review.

The document inspector makes a random sample of 20 personal files from the records. The workers concerning these files are not be met by the team. The selection of files, which is inspected, can be enlarged with the interviewed workers, provided that confidentiality is respected: no one outside the audit team may know their names. If interviewed workers give their payslip or contract to the worker interviewer, the documents inspector should cross-checks these documents with other sources of information, for example the working hour records.

Furthermore the OHS inspector gives the names and ages of 15 workers who s/he met at the work floor to the documents inspector to be checked with the files. The documents inspector checks whether these workers, who are actually present at the day of the audit are above the required age and whether there are copies of correct labour contracts in their personal files.

If documents are not maintained properly, for example if certain documents are lacking, inconsistent or false the sample size should be increased. The size of the increase must be left to the discretion of the documents inspector but generally, it would not be unusual to check the documents of another 10 workers to corroborate findings or allay concerns.

If this is a follow up audit, check in the files whether all persons who were interviewed during previous audits still work with the enterprise to check that they have not been subject to repercussions.

7.5. Falsification

Companies that have been audited before may try to forge the books, especially registers on payments and timekeeping. It is however very hard to provide falsified records that are really consistent. Systematic cross checking of different registers is a very useful method. Falsification of records is focused on official documents and not on raw data.

For instance, enterprises tend to keep some kind of 'material handling bills' in the warehouse, which record all goods that go in and out. These bills are signed with day and time so you can check the working hours in the warehouse from this 'rough' documentation. You can also check whether the working hour records of the persons who signed these bills fit their overtime records, if they are signed during evening or weekend hours.

Time and again we experience the importance to look into the 'roughest' data, the first recordings on the factory floor of pieces produced per person, goods registration, etc.

7.6. Subcontracting & model factories

In case the audited factory subcontracted part of its production, the questions mentioned in chapter 4.4 pertaining to the subcontractor will also have to be addressed through a documents check.

7.7. Analysis of overtime hours

Overtime work is found in almost all garment factories. FWF auditors frequently identify problems regarding overtime, such as falsified records, lack of proper working time records, excessive overtime above the legally standard or involuntary overtime.

FWF has developed a policy on overtime, which is available on FWF's website (www.fairwear.org) under the section 'resources'. Below we highlight the main points in brief:

- Excessive overtime vs. overtime:

Not all overtime is excessive. Excessive overtime has two definitions according to the ILO:

- a. Hours of work exceeding those maximum hours defined by national statutory regulations on working time or relevant international standards.
- b. Hours of work having negative consequences on workers' well-being.

The latter is hard to establish. If most workers have health complaints relevant to overtime, this is a serious indicator for excessive overtime. If there is a positive correlation between overtime and accident or disease rate in the factory, a case can also be established.

- Forced overtime:

Workers are often required to work excessive overtime especially during peak production seasons. Most garment factories operate with production lines. One worker missing in a production line tends to influence the production process as a whole. For this reason factories have various regulations to ensure workers participate in overtime, written or unwritten.

Sometimes workers are asked to sign up for overtime. Although it is well documented, auditors should find out if there is serious consequence of refusing to work overtime, such as significant wage cut, being fired or denial of promotion.



In addition, overtime should always be announced in advance to allow workers to plan their after work activities.

- Overtime records:

Overtime is sometimes off the record, or the record is falsified. In case excessive overtime takes place, it is often mentioned during the offsite workers interviews prior to the audit. In order to protect interviewed workers, auditors should try to identify documentations that could prove the existence of overtime. These records should be used as evidence when discussing with factory management. The following documents should be cross-checked against overtime records. The list is not exhaustive.

1. Wage records
2. Wage and time records maintained by workers, if applicable
3. Production records
4. Register of orders from customers
5. Shipment records
6. Accident records
7. Records of security guards

Auditors need to report any inconsistency found on this issue. If workers reported excessive overtime during either offsite or onsite interviews but no record could support the findings, the audit supervisor should confront the factory manager and report the inconsistency in the findings. The names and other information of the individual workers who have reported the issue should never be mentioned.

When there is no overtime record, auditors should estimate weekly overtime hours based on workers interviews or other reliable sources of information. The estimated overtime hours should be included in the CAPs and the audit report.

- Balanced overview

If excessive overtime is found, it is important to offer a balanced overview regarding in the audit report. If the audit team finds excessive overtime in the three most recent months, it is important to check if the rest of the year offers a similar picture. If this is not the case, it is of added value to state clearly in the report in which months excessive overtime took place. This helps FWF and member companies to understand possible root causes of excessive overtime, for example by tracing back to lead times for specific orders.

The audit reporting template includes an overtime sheet. Please complete the sheet according to the instructions given in the template.

7.8. Wages

General guidance on what to check regarding wages can be found in Appendix C: Checklist for documents inspection under the section Payment of a living wage. However, FWF factory audit reports also contain a wage ladder and it is therefore important that the document inspector has a good idea of how this tool works. A detailed description of the wage ladder and how it works can be found in the Wage Ladder Guidance Document available on the FWF website.

A wage ladder is a benchmarking system used to chart wage levels in a factory relative to various wage standards in a country or region. A wage ladder in the factory audit report serves 2 main purposes:

It illustrates the monetary values assigned to relevant and available wage standards and measurements in a country or region.

It charts factory wage levels relative to these wage standards, illustrating how workers' wages measure up to applicable prescribed wage levels.

In order to properly fill in a wage ladder the documents inspector must capture enough data to be able to 1) calculate the range of earnings among workers – from the highest to lowest monthly wages, including a breakdown by gender – and 2) get a sense of what most workers are bringing home. To do this, inspectors should review the past three months of payroll records.

- **Regular wages** – This data emerges from payroll records and includes piece rates, bonuses, and profit-sharing BEFORE overtime is added into workers' total earnings. While in many facilities overtime is the norm, it is important to have a baseline understanding of how much the worker population would earn at current levels if they only worked regular hours and whether women are earning less than men.
- **Regular wages plus overtime** – For each worker, find the regular wages received plus overtime pay (whether paid at premium or not).
- **Regular wages plus fringe/in-kind benefits** – In cases where fringe/in-kind benefits (e.g. meals, transportation, holiday gift/food baskets, education vouchers, uniforms, daycare center services, etc.) are provided, calculate the financial value of these goods/services. Note: this is the amount paid by the factory for these fringe/in-kind benefits, rather than the market value paid by a hypothetical worker (see audit guidance with regard to document review for fringe/in-kind benefits). Calculate the per-worker value of total fringe/in-kind benefits provided monthly or annually and add this to the regular wages paid. Analyse the gender breakdown of the payments – are wages for male and female workers in balance?

7.9. Analysis and synthesis of information

- Documents should be inspected with an eye to uncover issues or to corroborate findings from other sources of information. If information from the documents confirms findings of other monitoring practices, there is a good evidentiary basis for conclusions.
- Cross-checking information from different sources of information permits the team to determine inconsistencies that may indicate non-compliance.
- If information from the documents raises questions or conflict with other sources of information, a larger audit sample should be used and further investigation is needed.
- Do not raise problems concerning individual workers with management. If there are assertions or allegations that do concern a specific worker these should be investigated carefully, making sure that this worker is not jeopardised. An example of such a situation is if a worker appears to be very young or if there is evidence that a worker is below the minimum age.



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- Broad and unfocused allegations are not useful and should be further investigated in order to confirm or deny them. Any additional information should be gathered only where there is a specific need to corroborate or disprove an initial finding.
- Allegations or presumptions, which are not supported by any other findings, should be discussed with management before the exit meeting in order to clarify the issue.

Appendix C presents a checklist to be used during the inspection and to report the findings.

8. Guidelines for visual inspection of the shop floor

8.1. Introduction

The visual observation of the factory complex, including production rooms, dormitories, canteens etc., provides another source of information to assess compliance with the labour standards. The visual inspection concentrates on occupational health and safety (OHS) but there is no 1-to-1 correspondence between the visual inspection and the OHS inspection. The visual inspection of the work place also includes indicators related to child labour, forced labour, discrimination, harassment or abuse, and freedom of association. During the inspection you should also look out for work reports that may be attached to work stations or lay around, announcements on walls and notice boards, name lists and any other sources of information that might be useful to inspect the labour standards.

The OHS inspection is more than the visual inspection alone; it also contains a review of records related to OHS (accidents register, fire drills reports, Material Safety Data Sheets, list of pregnant women etc.), short chats with workers on the shop floor and interviews with staff members such as the occupational health and safety officer of the factory or line supervisors (please, study paragraph 6.4 about interview techniques).

Appendix D provides a checklist on OHS aspects and a checklist for the other parts of this inspection.

The inspector should also pay attention to bottlenecks in the production process, which create work pressure or might suggest the use of subcontractors. However, no quantitative analysis will be made of this issue at this stage.

8.2. The OHS inspector

The inspector should know all local laws and regulations regarding the OHS issues in the labour standards. The country study contains an overview of relevant laws and regulations. In some countries, however, OHS regulations are described in a very detailed manner, which cannot be included in the country study. The OHS inspector is expected to bring additional information to the factory as far as needed.

The work of the OHS inspector in the context of FWF monitoring is not the same as the work of an official labour inspector. FWF has no authority to penalize companies. The inspections are part of the commercial relation of the member company with its supplier. This implies that in cases of doubt the burden of proof lies with factory management, they have to show that they comply with the law and FWF standards. In case findings of the audit team are disputed, for instance on noise levels or temperatures, a follow up inspection to take exact noise and temperature measurements may be needed. Such measurements are not part of a regular factory inspection.

8.3. The procedure

- The inspector makes sure to receive the factory map immediately upon arrival or earlier.
- The inspector checks whether s/he is in the correct factory and that s/he has access to all workplaces.

- Examine the documents that have been provided to you by management during the introduction meeting but only those parts that are relevant for undertaking a walk-through of the factory.
- Immediately after the introduction meeting with management the inspector walks through the entire factory area. The other members of the audit team might join to get an impression of the factory. Try to walk through the factory by following the production process, starting with the storage of raw materials, and then continue through cutting, sewing, finishing, washing, ironing, packing and storage of the final product. You should also visit the factory's amenities and facilities (toilets, infirmary, canteen, rest areas). Management usually joins the team during this first walk through, which gives the opportunity to ask for explanations. Make sure that you are the one choosing the route, not being led by the factory management.
- Examine remaining documents in detail in the room, which is made available for the audit team.
- After the first walk-through the inspector makes his/her own rounds through the factory. Make clear to management that it is not necessary to accompany you during these rounds.
- These rounds of inspections consist of two main elements: observing the physical state of the workplace, including relevant announcements and notices, and interviewing workers and their representatives.
- In undertaking your tour you should be mindful that your objective is to gather information and that all your actions should be geared towards this objective. You should be careful not to be sidetracked by matters and people that keep you from fulfilling this objective.

8.4. Short worker interviews at the factory floor

Try to talk to as many workers as possible during the inspection of the work floor. Please, study paragraph 6.1, 6.2 and 6.4. Make short chats and ask simple questions without entering into full interviews. When you talk to workers, keep the questions as simple as possible and ask the same questions to different workers. This will help the audit team to check whether workers and management give the same information.

Do not take detailed notes while talking to workers. Workers might be reluctant to answer your questions if you write down everything they say. Try to keep the 'interview' informal and try to remember what workers have said rather than writing it down.

Some workers will be reluctant to talk to you because they fear they will be disciplined or punished by management. You may find that workers are more willing to talk to you at lunchtime or after working hours, when they are confident that managers are not listening or watching. If you notice that workers are uncomfortable speaking with you inside the factory, stop conducting interviews inside the factory and undertake interviews outside the factory only. This should be co-ordinated with the audit supervisor.

Avoid giving the impression that you can directly solve the problems that workers discuss with you. Make clear that a complaints mechanism exists, but that this interview is not part of the complaint mechanism. Refer workers to the information sheet, which is posted on the notice board.

Focus the interviews on OHS hazards that workers experience in their work and discuss within the audit team whether there are specific issues that the team wants to consult a large number of workers on.

Some managers will indicate that you cannot interview workers in the factory because this will disrupt production. The manager may ask you to interview workers in his office or a meeting room. You should not agree with such suggestions. Argue that to your experience workers are uncomfortable with such arrangements and will not speak openly. Indicate that you want to ask workers about their work and the best way for you to do this is to talk to them at their actual workstation. Explain that your interviews will be short and will not disrupt production.

8.5. Selection of workers to be checked by the documents inspector

The OHS inspector selects approximately 15 workers while going through the workplaces. These workers are asked for their names and ages and to show their company ID card or a personal ID card. Being selected is not voluntary. Make clear to workers that they are expected to cooperate. This is meant to protect workers. If auditors have the impression that workers have the choice to cooperate with the audit team or not, those workers who cooperate may be held responsible for giving information to the audit team. Do not further interview these workers. This check is meant to verify the age of the workers and to ascertain that workers have correct labour contracts (see 7.4). Select workers randomly. However, include workers in the sample who appear to be too young to work, or who do hazardous work while they appear to be under 18 or are pregnant. Note that this selection of workers is actually met in person in the workplaces, contrary to the 20 files of workers selected by the documents inspector, which are only checked in the books and not met by the audit team.

8.6. Analysis and synthesis of information

The shop floor should be inspected with an eye to uncover issues or to corroborate findings from other sources of information. Besides information about OHS issues the inspection can provide records, which help the documents inspector to assess whether the documents provided by management are consistent, real and complete. Time and again we experience the importance to look into the 'roughest' data, the first recordings on the factory floor of pieces produced per person, goods registration, etc.

- If information from the shop floor inspection confirms findings of other monitoring practices, there is a good evidentiary basis for conclusions. Crosschecking information from different sources of information permits the team to determine inconsistencies that may indicate non-compliance.
- If the inspection raises questions or conflict with other sources of information these issues should be further investigated.
- Do not raise problems concerning individual workers with management. If there are assertions or allegations that do concern a specific worker these should be investigated carefully, making sure that this worker is not jeopardised. An example of such a situation is if a worker appears to be very young or if there is evidence that a worker is below the minimum age.
- Broad and unfocused allegations are not useful and should be further investigated in order to confirm or deny them. Any additional information should be gathered only where there is a specific need to corroborate or disprove an initial finding.
- Allegations or presumptions, which are not supported by any other findings, should be discussed with management before the exit meeting in order to clarify the issue.



A good OHS inspection often results in a very long list of smaller and bigger issues that need improvement. While it is usually interesting for management to get a complete overview of the OHS situation in the factory, the exit meeting is not suitable to discuss all OHS issues in detail. During the meeting of the audit team the OHS inspector is asked to present all OHS findings and to give a short list of the 10 most urgent issues. The audit supervisor limits the presentation of the OHS issues to these 10 issues during the exit meeting. Make a detailed report of all OHS issues for the audit supervisor to be included in the audit report.

9. Guidelines for the corrective action plan

9.1. Conclusions, requirements and recommendations

On the basis of reports from all sources of information, the audit team draws conclusions, requirements and recommendations regarding each labour standard. Conclusions are the findings from the audit regarding the level of compliance with labour standards. Requirements are things that really must be done. In other words these are mandatory. Not implementing these requirements will form a violation of the labour standards. A recommendation is a concrete advice on how to do this. Following this is not mandatory.

The team meetings are a crucial element that defines the quality of an audit and subsequently of the audit report. Each team member will have to prepare his/her notes on the basis of the checklists given in the appendixes of this manual. The supervisor will have to chair the meeting very systematically, going through all the labour standards (including communication, consultation and grievance procedure) one by one.

The routine during team meetings should be as follows:

- Compare findings for one of the labour standards; check whether there are contradictions between findings from different sources of information.
- If so, what additional investigation is needed to clarify these?
- If contradictions remain, assess the credibility of the different sources.
- Formulate conclusions regarding the level of compliance with the labour standards
- If there is no full compliance, make clear on what points.
- Formulate requirements and recommendations for improvement.
- And go the next labour standard...

The supervisor must see to it that the team meeting is focussed and audit team members are not carried away by the details of their own findings. Stick to the standard-by-standard approach. If this is done properly and notes are taken, it will be feasible to prepare the exit meeting and to write the audit report.

The whole team should collectively draw conclusions, the supervisor being responsible in last instance. Conclusions should be as factual as possible. Make sure that the conclusions correspond with the findings from the different sources of information. After the conclusion, requirements and/or recommendations (if any) are summed as to which corrective action should be taken.

In discussion with the team, the supervisor formulates corrective action for each labour standard with which the enterprise does not (fully) comply.

9.2. The corrective action plan

Fair Wear Foundation expects member companies and their suppliers to start a process of improvements by drawing up a joint corrective action plan. The member company and its suppliers must demonstrate that they make sufficient effort and work effectively to bring labour conditions to the level of Fair Wear Foundation's labour standards.

In many countries where garments are produced, labour conditions are far below ILO (and therefore FWF) standards. In many cases it will be impossible to require that



member companies achieve immediate compliance with FWF's labour standards. That should not be a reason for a member company to terminate its relationship with a supplier but rather to work towards gradual improvement of the existing situation. The corrective action plan specifies intermediate goals set within a specific timeframe. Audit team members should develop a feeling for the real issues at stake in the local garment industry, issues that can be improved and issues which have to be accepted for the time being. The country study and consultation with local stakeholders are important tools to develop this feeling. FWF can only give an indication of a general policy in this respect. FWF gives guidance on the formulation of requirements and recommendations.

Some examples of issues, which FWF will be very strict upon and that can be established objectively, are:

- fire safety
- child labour
- no proper documentation of working hours registration, labour contracts, age proof
- payment below legal minimum wage
- working situations that provide direct risks for the workers

Some examples, which FWF will be very strict upon but can be difficult to establish objectively, are:

- abuses and harassment
- freedom of association (see for reference FoA policy document FWF on the website)
- discrimination

Some examples of issues that FWF will consider serious, but that have to be considered within a wider context are:

- Payment below local stakeholders' estimate of a living wage and excessive overtime.

The pace of improvement, which is acceptable in a specific factory, depends amongst others on:

- The volume of goods purchased by the member company compared to the supplier's total volume of production. This defines the influence that the buyer can exert on the supplier. This is something that the audit team cannot fully judge; it is up to the member company to establish this in consultation with FWF and the supplier.
- The economic position of the supplier, the current level of labour standards in the local industry, the 'normal' level of compliance of the local garments industry with national labour legislation, and the 'normal' industrial relations in the local industry. This is something that the member company of FWF cannot fully judge; it is up to audit team, in consultation with the local stakeholders and with the management of the enterprise to establish this.

When proposing corrective action, the supervisor must take into account that there is a "process approach" to compliance, as described in the FWF charter. The supervisor must suggest intermediary goals and a time frame for step-by-step improvement. The supervisor will particularly pay attention to recommendations of local stakeholders,

which are given in the country study. Wherever possible, corrective action should complement the activities of local organisations.

FWF is committed to realise real improvements as opposed to paper compliance. The supervisor should be careful with requirements and recommendations which lead to an increase in formal documentation or written policies but that are not linked to any real improvement for workers. If corrective action just leads to documentation for documentation sake instead of real improvements of working conditions we miss our goal. Requirements for gender disaggregation of records might be over demanding in some factories. Factories need to show they are taking positive steps to remedy gender discrimination/ violations through positive policies on for instance overtime planning and premium payments.

9.3. Legal requirements and code requirements

The audit team makes an assessment of compliance with the 8 international labour standards mentioned in the FWF Code of Labour Practices and the requirements regarding communication, consultation and grievance procedure. These define the limits of the mandate of FWF. The FWF Code of Labour Practices can be found in FWFs Charter which can be found on FWF's website.

The basic rule is that where there are differences or conflicts between the international standards and local law, the higher standard should prevail. But local labour law, OHS law and legislation concerning record keeping can contain elements that go beyond the scope of the 8 international labour standards that FWF uses.

The following principles apply:

1. It is not the aim of FWF to force upon companies a lot of additional paperwork or red tape. Especially for small companies the legally required administrative burden can sometimes make business impossible.
2. Concerning tax payments, auditors can be confronted with the question; are we to take the role of the tax inspector? (Note: not paying social contributions can be directly harmful to workers because they may fall outside insurance schemes that way, but what about general taxes?)
3. In the course of development, OHS regulations in a country tend to expand to ban every possible risk, sometimes leading to unrealistic rules. (Compare the proposal to ban assembly lines or to have 'use the handrail' signs in every stairwell). Thus, in many countries there are OHS and other regulations that no-one complies with in practice.
4. Thus, auditors always have to make judgments as to which legal requirements should be part of FWF audits and which fall outside the scope/mandate of FWF. Pushing too many items that are not practicable would encourage a tendency towards 'paper compliance' instead of real improvements of social performance.
5. A judgement that a certain legal requirement falls outside the scope of FWF to audit, does not imply that this rule or regulation is not important. It is just an indication of the limits of the instrument of code implementation. It is also no permit for companies to not implement this law or regulation. FWF does not perform the role of legal labour, factory or tax inspectors.

Guidelines for auditors:

This audit manual gives general guidelines. Especially concerning OHS and required documentation these always need to be adjusted to the local situation. This may mean



that more items are included in the audit report than strictly mentioned in the manual. Where applicable the country study contains specified guidelines. These will also be discussed during the auditor training. Outcomes of these auditor training discussions are documented by FWF in updates of or annexes of the country study

There will always be cases where the audit teams have to make a judgment on the spot.

6. If the issue is to be reported:
 - a. It must be possible to argue a direct relation between the issue at stake and one of the labour standards.
 - b. It must be common practice amongst front runner companies that this particular non-compliance issue does not occur.
7. If a holds, but not b, the issue must be reported. In those cases it may be followed by a recommendation instead of a requirement.

10. Exit meeting with management

10.1. Introduction

The exit meeting with management takes place at the end of the factory visit.

The aims of the exit meeting are:

- To get management on board in the process of improving labour practices, in cooperation with the FWF member, step-by-step.
- To present the main audit findings to management, to check whether management agrees with the findings and for the management to give a response and bring forward possible causes of the problems which are identified.
- To propose corrective action plans for improvements, to discuss with management whether improvements are feasible and within what timeframe.
- To present main audit findings to factory level trade union representatives or elected worker representatives.

10.2. Presentation of the findings

In the presentation the supervisor structures the findings according to the labour standards. The supervisor should also mention positive aspects. The audit supervisor leads the discussion. If special issues arise, for example on OHS or time keeping documents, another audit team member can give additional comments. It is important to prepare this upfront.

In general, whenever the team encounters information that contradicts statements made by management, the team should try to sort that out before the exit meeting. The exit meeting, by its more formal nature is not the appropriate occasion to present contradictions to what management has said. During the exit meeting the team should seek management's explanation and response to the non-compliances found that can be recorded in the audit report. Do not ask management any questions about an individual worker because this might have negative consequences for that worker. Wherever possible, try to generalise findings from workers' sources.

This discussion with management requires from the audit team a balanced assessment of the different interests at stake. Management should realise that FWF is very serious about issues of non-compliances; failure to improve can have serious consequences. On the other hand, FWF's aim is to improve labour conditions. This demands an intensive long-term co-operation between buyers and suppliers. Therefore, the audit team should balance respect for the situation of management, with the need to be strict on labour standards. Non-compliance should always be stated in a clear and unambiguous way. Do not try to tone this down when presenting it to management. If management comes with counter arguments, listen to the arguments and make clear that the point of view of management will be reflected in the audit report. Management does not have to become your friend, but should not become your enemy either. Combine a critical with a well-mannered approach. It is not the role of the audit team to condemn management. You are the investigator, not the judge!

Corrective actions can be presented after each conclusion concerning a labour standard, or if they are very much interlinked, in a second part of the discussion, after



having presented the findings on all labour standards, including on communication, consultation and grievance procedure.

Usually there are a large number of OHS issues. Although it is important to give a complete picture of the OHS situation in the factory, and this is often appreciated by management too, it is not necessary to discuss all issues during the exit meeting. During the meeting of the audit team the OHS inspector is asked to present all OHS findings and to give a short list of the 10 most urgent issues. The audit supervisor limits the presentation of the OHS issues to these 10 issues during the exit meeting. However, a detailed list must be presented in the audit report.

The requirements, which are drawn from the findings of non-compliance, are by nature open to negotiation. The audit team tries to come to agreement with management on a corrective action plan, without going into lengthy discussion. If no satisfying agreement can be reached this should be reported. The member company will then have to discuss this issue with the supplier.

The findings should be presented in the order of the FWF Code of Labour Practices after going through the conclusions from the management system requirements. Below is a table showing the order in which the findings are gone through with the management. In this table some typical findings are also included as guidance on how to categorise the findings. If there is hesitation on how to categorise a finding, you can always refer to the questionnaires in the appendices to see under which standard a certain topic is brought up.

11. Guidelines for the audit report

11.1. Reporting template

FWF will give the audit supervisor a template for the audit report and corrective action plan (CAP). For reasons of consistency, it is very important to follow this format precisely.

The corrective action plan includes the following on each improvement issue:

- Conclusion

Conclusions should be as factual as possible. Make sure that the conclusions correspond with the findings from the different sources of information.

- Response from factory management

The CAP should state briefly if management (dis)agrees with the conclusion. Do not repeat the point of view of management as stated in the detailed findings in the report.

- Timeframe

The CAP should state briefly within which time period the improvement issue can be tackled by management. Ensure that a realistic timeframe is specified, which management can live up to.

- Requirements and/or recommendations

For each point at least one requirement or recommendation should be given regarding the corrective action that is to be taken. Requirements include concrete articles in laws, decrees or any other legal texts and contain useful details (for example legal limits to overtime hours, the legally required content of a first aid box, etc.) Recommendations are not mandatory but can be given as advice from experience or as a motivation to develop a 'best practice'.

11.2. Quality of information

Audit teams should make sure that the report contains information that is:

- Relevant
- Accurate
- Concise

Relevant information refers to those things, which help FWF to determine whether the enterprise complies with the FWF Code of Labour Practices.

Accurate information is information that has been or can be verified in some way. Verification can be done by asking questions, reading documents or observing conditions. In this respect, it is very important to cross-check the accuracy of statements made by management and workers, by examining the documents provided to you like the internal regulations, employment contracts, pay slips, payroll ledgers, approved leave requests, conciliation agreements, and where necessary and realistic: creating disaggregated spread sheets to show gender discrimination etc.

Concise information refers to the way in which the information is reported. Keep your sentences simple and short and be as specific and concrete as possible. Use non-technical language wherever possible and use the spelling check before handing in the



report. Remember that effective communication is concerned with conveying meanings, not just writing words.

The audit supervisor has the responsibility to ensure the accuracy of the presented information, as well as for the way in which the information is presented and the suggestions made. Therefore, the supervisor should discuss the analysis of the factory's prevailing working conditions with the other audit team members and be precise in the description of the information collected during the factory visit.

11.3. Timeframe

It is of crucial importance that the report is finalised within the timeframe indicated in the document 'Terms for audits by FWF audit teams'. In many places an audit stirs up a lot of discussions and rumours. The supplier might contact the agent or the member company to give comments on the audit. The sooner the audit report is with the member company the less room there is for commotion based on rumours. Within ten working days after the audit the reports should be sent, in English to FWF. FWF will check the report against its quality standards to make sure that reports are consistent, no matter which team produces them or what country they are coming from.

11.4. Positive points

It is good to mention positive points which are worth noticing too. For example special welfare provisions the enterprise provides or special programmes for disadvantaged groups.

The corrective action plan should contain conclusions, a response by the factory owner or manager, requirements and recommendations and a timeframe for improvement. These should be presented in point form.

11.5. Confidentiality

The reports remain confidential and none of its finding may be shared with others than the audit team members, the company involved and FWF.



Appendix A: Checklist for management and staff interviews

A1. Basic facts

Ownership, companies belonging to the group, subsidiaries and establishments
Main subcontractors (Please give all the details of subcontractors to our records inspector, as the format that is required)
Main customers (with average % of the companies' sales)
Management structure. Who is the president/general manager; who is responsible for operations, for OHS, for labour management?
How large a percentage of the workforce can be considered to be stable (working there for 3 years or more)? What is the average annual turnover of employees (by gender)?



Is a cost accounting method in use?	Yes	<input type="radio"/>	or	No	<input type="radio"/>
Is a capacity planning method in use?	Yes	<input type="radio"/>	or	No	<input type="radio"/>

A2. Sourcing practices of the FWF affiliate

Since when have you been doing business with the FWF member company? Is there a commitment by [FWF member company] to do business with you? In what way? Does [FWF member company] invest in your factory in one way or the other? How?
Are you getting regular orders? How many times per year? What is the normal lead time? Do you also get orders on short notice?
Is the volume of orders more or less the same over time/the past years (allowing you to plan ahead)?
Are samples and designs confirmed on time? Is sufficient time allowed for production?
What happens in case you cannot meet delivery dates? (penalties, rejections)



In what way are prices negotiated: tenders, minute price per piece or price negotiation per piece? Does [FWF member company] pay invoices on time?
Is there any relationship beyond the business, such as social projects (schools, dispensaries, etc.) or trainings co-funded by [FWF member company]?

A3. System of FWF affiliate to monitor and remediate working conditions

Are you being visited by [FWF member company]? What kind of staff members make visits (QA, purchasers, etc.)
Does [FWF member company] conduct factory audits at your factory? If so, how many audits have been conducted, since when?
Does [FWF member company] discuss audit outcomes and a timeframe for improvement with you? Do you report to [FWF member company] about the progress made? Did [FWF member company] inform you about the complaints procedure of FWF?



Does [FWF member company] support you in improving labour standards in your factory? How?
Have you ever been confronted with auditors who tried to blackmail or bribe you?
Has the enterprise been audited before (factory audits) on behalf of other clients? When? By which auditing company? Using what system? Are reports of the audits available and can they be shared with this audit team?
Which improvements have been made over the past 6 months/ year/ ... years?
Do activities to improve labour standards have an impact on productivity, quality, competitiveness, labour turnover, labour relations, etc.?
Have clients rewarded you for these activities in any way? How?



A4. Communication, consultation and grievance procedure

Do you inform and consult with workers about the labour law, labour standards and working conditions in the factory?
Is there a workers council or are there any workers committees in place? How do these committees function (meetings, minutes of the meetings, remediation, follow-up)? Were they elected democratically by workers or were they appointed by management? Have committee members been trained in communication skills? What is the proportion of women members and worker representatives?
Do trade unions have access to means of communication with the workers
Are there any written factory rules? Has a communication policy been established? If so, ask for a copy.
Is there any individual from the management who has been designated and trained to communicate management policy and decisions to the workers?
What procedures are in place for workers to represent their grievances? Has a worker representative been involved in establishing the grievance procedure?



Once submitted, how are the grievances addressed? (list steps)
Is there a process in place to deal with complains of sexual harassment or sexual abuse?
What information about the code has the member company provided to the factory?
Do you inform and consult with workers about the FWF Code of Labour Practices of [FWF member company] and other clients?
Did you inform subcontractors about the labour standards?



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A5. Management system of factory to improve working conditions

Do you have a system in place to improve labour standards/working conditions in the factory? Please describe? Who is responsible? Who executes it?
Do you consult or involve local stakeholders in the process?
Have clients rewarded you for these activities in any way? How?
Do you evaluate these activities on a regular basis?



A6. Labour standards

Employment is freely chosen

Have workers freely accepted their jobs and can they leave the job at any time (observing the legal term of notice)?	Yes	<input type="radio"/>	or	No	<input type="radio"/>
Do workers have debts with the enterprise or with persons or organisations related to the enterprise? What is the nature of these debts?	Yes	<input type="radio"/>	or	No	<input type="radio"/>
Are workers required to lodge "deposits" (money, or other value) or their identity papers with their employer?	Yes	<input type="radio"/>	or	No	<input type="radio"/>
Does the enterprise pay wages regular and in time (no retaining of workers' wages)? What frequency?	Yes	<input type="radio"/>	or	No	<input type="radio"/>
Is there a contract system in this factory? If yes, how is the management assured that the contracted labour is not being forced to work for the contractor?					
Does the factory provide accommodation for any of its workers? (this will serve as a clue to possible bonded/forced labour)					

No discrimination in employment

Does the enterprise have a recruitment policy or a general human resources policy? Are there policies concerning 1) Non- Discrimination 2) Pregnancy and Maternity Protection 3) Equal Pay? If so ask for a copy, or, if not on paper, take down what it is according to management (Do not take down the full statement but just note any remarkable issues.)	Yes	<input type="radio"/>	or	No	<input type="radio"/>
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How do you ensure that women workers have an equal opportunity at all the jobs available in this factory?
What is the proportion and number of women supervisors and managers? How many female workers have risen to the supervisory level in this factory? How many have been promoted in the last x year?
What steps are taken to combat all forms of discrimination in this factory?
Have any steps been taken to combat harassment of women in this factory? (Is there a policy on harassment? Is there a designated person who is handling harassment case? How many times has the policy been used? Have supervisors and workers received some form of briefing on the policy?)

No exploitation of child labour

What is the employment practice and policy of the enterprise regarding age? Since when is this policy in place?
What is the practice and policy regarding hazardous work (which is not allowed under the age of 18)?



How does management check the age of applicants? Is proof of age document kept in the records?
Does the management allow juvenile workers (16 to 18 years) the opportunity to apply for a position in the factory? If yes, are there any schemes available to support such workers?
In case child labour is found : 1) How many children are found working in the factory? 2) Do they work in specific departments? Are their wages lower than adult workers working in the same department?

Freedom of association and the right to collective bargaining

Ask management for their view of and experiences with trade unions, both in the factory and in the society.
Are there trade unions in the garment industry in this region? Which unions have members in the factory?



<p>If there is no official union representation, whom does the management contact if they would like to have consultations/negotiations with shop floor workers (informal spokespersons?)</p>	
<p> </p>	
<p>If there is a collective bargaining agreement, with who was it negotiated?</p>	
<p> </p>	
<p>Ask management to confirm that:</p>	
<p>Workers are free to join unions of their choosing</p>	<p>Yes <input type="radio"/> or No <input type="radio"/></p>
<p>Representatives of workers organisations such as trade unions have access to members in the workplace within the legal framework</p>	<p>Yes <input type="radio"/> or No <input type="radio"/></p>
<p>Workers are free to elect their representatives</p>	<p>Yes <input type="radio"/> or No <input type="radio"/></p>
<p>Management is willing to negotiate labour conditions collectively, at enterprise, sector or higher levels</p>	<p>Yes <input type="radio"/> or No <input type="radio"/></p>
<p>Is there a collective bargaining agreement? If so, ask for a copy</p>	<p>Yes <input type="radio"/> or No <input type="radio"/></p>

Payment of a living wage

<p>Ask management to explain the enterprise’s salary policy. Are workers paid by piece or by time rate?</p>



Are the salaries equivalent to or greater than the legal minimum wage? What are the levels of pay of men and women workers?
Does the enterprise pay contributions to social funds for all employees? Which, how much? Which employees are excluded? List the social funds that are contributed to? What amount does the worker contribute?
What are the prospects for salary increases for men and women?
What kind of bonuses is in use (performance related; gratuity; holidays)? Are they negotiated? Are they equally available in practice to women and men?
What happens if the enterprise temporarily has not enough work to employ all the workers?
(If there is contracted labour) How does the management ensure that the wages received by the workers from the contractor is above the minimum wage requirements?



Is there a basic need wage report for this enterprise or the local industry?	Yes <input type="radio"/> or No <input type="radio"/>
If salaries are calculated on a piece rate basis; the system must be explained in detail.	

No excessive working hours

What are the normal working hours, normal working week, for men and women?
Management is asked to explain the enterprise's overtime policy. Specific questions: What are the usual low and high season periods? How were they over the last year?
How often does overtime occur? Which workers work overtime?
What notice is given of overtime requirements? Are flexible hours available for workers when needed, especially for those with family responsibilities?



Is overtime being paid at a premium rate (according to law and the CBA if applicable)? How high is this premium rate?					
What are the causes of overtime work; can the FWF member enterprise help to reduce overtime?	Yes	<input type="radio"/>	or	No	<input type="radio"/>
Is this documented?	Yes	<input type="radio"/>	or	No	<input type="radio"/>
Is there a documented working time register?	Yes	<input type="radio"/>	or	No	<input type="radio"/>

Safe and healthy working environment

Is there a written Occupational health and safety policy of the factory?	Yes	<input type="radio"/>	or	No	<input type="radio"/>
Is there a system for consulting workers on safety and health matters? If so describe it	Yes	<input type="radio"/>	or	No	<input type="radio"/>
Both the manager and the OHS officer are asked whether there have been any problems with physical abuse, physical punishment or sexual harassment and what has been done about it?	Yes	<input type="radio"/>	or	No	<input type="radio"/>
Is there a system to discipline management and supervisors that display and engage in conduct towards workers (harassment) that is prohibited? (If so inform the record inspector).	Yes	<input type="radio"/>	or	No	<input type="radio"/>



Is there a system for briefing managers and supervisors on unacceptable behaviour in factory and penalties?	Yes	<input type="radio"/>	or	No	<input type="radio"/>
Is there a complaints procedure for workers? (If so inform the record inspector).	Yes	<input type="radio"/>	or	No	<input type="radio"/>
Does the enterprise provide dormitories or other accommodation facilities? If so give name(s) and address(es). (Inform the OHS inspector)	Yes	<input type="radio"/>	or	No	<input type="radio"/>
Is there safe transport facilities to and from dormitories?	Yes	<input type="radio"/>	or	No	<input type="radio"/>
Are workers ever obliged to undergo pregnancy tests?	Yes	<input type="radio"/>	or	No	<input type="radio"/>
Do young workers under the age of 18 perform work that likely to harm their health are safety?	Yes	<input type="radio"/>	or	No	<input type="radio"/>

Legally binding employment relationship

What is the nature of the labour relationship at the factory? Do the workers have a signed contract of employment?
Which records are kept?
What is the enterprise rule regarding the probation period?



Are payments to social insurance funds registered, how?
Do men and women receive the same social insurance benefits (especially relevant for pension social insurance) and do women receive social insurance for pregnancy/maternity?

Do workers receive pay slips?	Yes	<input type="radio"/>	or	No	<input type="radio"/>
Are there apprenticeship schemes? If so, which rules apply?	Yes	<input type="radio"/>	or	No	<input type="radio"/>
Are there workers contracted through labour contractors?	Yes	<input type="radio"/>	or	No	<input type="radio"/>

NB* For all above mentioned issues, the interviewer must judge or ask advice whether the enterprise policies fit in with applicable laws and regulations.



Appendix B: Checklist for worker interviews

B1. General

Name				Age	
Sex	Man / Women	Type of job			
No of years working with the enterprise		Union			
Department					

Ask the employee to bring the following:

- Pay slips over the last three months
- Labour contracts
- Company ID
-

How do the workers feel about the factory? Is it a 'good employer'?
Can the workers give an indication as to: How large a percentage of the workforce can be considered to be stable (working there for 3 years or more)? What is the average annual turnover of employees and do women workers leave when they become pregnant? (This may give an indication of the social climate in the factory)

B2. Sourcing practices of the FWF affiliate.

Are there ever rush orders for [the member company]? How often does this occur?



B3. System of FWF affiliate to monitor and remediate working conditions

B3. Communication, consultation and grievance procedure

Does the employer inform and consult with workers about the labour law and labour standards in the factory?
Is there a workers council or are there any workers committees in place? How do these committees function (meetings, minutes of the meetings, remediation, follow-up)? Were they elected democratically by workers or were they appointed by management? Have committee members been trained in communication skills? To which extent are women involved?
Are there any written factory rules? If so, ask for a copy.
Is there any individual from the management who has been designated and trained to communicate management policy and decisions to the workers?
What procedures are in place for workers to represent their grievances? Has a worker representative been involved in developing the grievance mechanism?



How does the management respond to the complaints made by individual workers?
Have workers been informed about the labour law, the codes of conduct of clients? And How?
Has management mentioned the upcoming audit? Have they tried in any way to influence what workers might say during interviews ('coaching')?
Does management consult the workers about the improvement of labour standards in the factory? If so, are female workers involved in this process?
Have workers been informed about corrective action plans resulting from audits in the past? How?

B4. Labour standards



Employment is freely chosen

<p>Have workers chosen to work at this factory or has it been arranged by agents over their heads? Do workers feel free to leave this job if they wish to?</p>
<p>Do workers have debts with the enterprise or with persons or organisations related to the enterprise? What is the nature of these debts? Do these debts prevent a worker from seeking another job elsewhere?</p>
<p>Are workers are required to lodge "deposits" (money, or other value) or their identity papers with their employer?</p>
<p>Can workers freely enter and leave the premises. If there are guards how do they behave towards workers? How do workers regard the security policy of the enterprise?</p>
<p>Does the factory provide any of the workers with accommodation? If yes, where and how many workers stay in such facilities? Are the workers, especially women and young people, safe from abuse and violence at the accommodation and during travel to and from work?</p>
<p>Does the enterprise pay wages regular regularly, in full and in time?</p>



Ask persons in charge for security for an explanation of the security policy. The interviewer must fully understand the mobility of the workers.
Is there a contract system (where a contractor supplies workers) in the factory?
Do you receive your salary from a contractor?

No discrimination in employment

Ask the worker if they experience some kind of discrimination/other treatment than colleagues. Do all workers have the same opportunities for applying for training, for accessing the different kind of jobs, for promotion to for example supervisor, for having flexibility in working hours, for doing overtime? Do they think this is related to their gender, race, colour, religion, political affiliation, union membership, nationality, social origin, deficiencies, or handicaps? Have pregnant women same access as other colleagues to jobs? If there is different treatment, ask workers to give examples.
Are there functions in the factory only available for male or female workers? Do male and female workers have equal opportunities to access any kind of jobs?



If discrimination occurs, have there been any initiatives in the enterprise or in the region to improve the situation?
Is it common to see women rise up to the supervisory cadre in this region?
Are you aware of any mechanism that exists in your factory for making a complaint in case of unequal treatment, or any harassment of women workers? (is there a committee for the prevention of sexual harassment)
Does this factory work in shifts? Are workers consulted on working times, is there flexibility for workers to take shifts? If they work in shift show is the safety of women workers ensured during the trip to and from the factory?

No exploitation of child labour

Explain what we mean by child labour. Does it occur, in the region or the factory? Why do families put their children to work? It can be helpful to get a picture of the position of children in workers' families by having an open discussion about the workers' own children.



What document proving your age do you submit when applying for a job in this factory?
Have you seen child labour in any other section of this industry? E.g. in the subcontracted jobs?

Freedom of association and the right to collective bargaining

Ask workers for their view of and experiences with trade unions, both in the factory and in the society. Is there a friendly negotiation climate for workers and the management to discuss problems and issues?
Which trade unions have members in the factory? Is there a factory union? What is the level of unionisation of the workers in this factory? Is membership voluntarily? Are women members of the trade union? How many female representatives take part in worker representation? Has management intervened or hindered the establishment of a trade union? If no members of a union in the factory: are there trade unions in the region of which would accept the membership of the workers of this factory? Have representatives of trade unions ever visited this factory?
If there is a trade union active in the factory, do they have access to all workplaces? Can they use sufficient means of communication with workers?



<p>Are workers allowed to elect their representatives? Have representatives been freely elected, and was this a democratic process without any interference? Have representatives experienced discrimination because of their role as worker representative? Has been made sure that the role of the worker representative does not overlap with those exclusively for trade unions?</p>
<p>Is there another kind of workers' organisation?</p>
<p>Is this a democratic organisation or is it set up by management and used to keep unions out?</p>
<p>If there is no official representation, whom does the management contact if they would like to have consultations/negotiations with shop floor workers (informal spokespersons?)</p>
<p>Is there a collective bargaining agreement? How was it negotiated and with whom? Do you think it a good agreement? Is it respected?</p>
<p>If there is no CBA, would management allow collective bargaining, and have there been attempts?</p>



Have any conflicts (including strikes) occurred between management and workers, groups of workers, unions or union representatives? What happened? Have union members or spokespersons been dismissed in this factory?
For the workers interviewer: Have you called the local union branch?
If yes, what information did the union give you about the union history in the factory?

Payment of a living wage

The interviewed workers have been asked to bring their payslips over the last three months. Have they actually received the specified amounts? How much did the worker receive in cash? (This should be reported to the records inspector to check in the cash register). Do workers have any comments about wage calculations? Are some workers given preferential treatment?
Does the wage cover the basic needs of the worker and her/his family? Is the worker the sole wage earner?



<p>What happens if the enterprise temporarily has not enough work to employ all the workers? How are lay-offs selected?</p>
<p>At any point of time are you paid any amount additional to the salary that you normally receive? Is there a record for this payment?</p>
<p>At any point of time are you given any items of clothing/others instead of wages? Is it compulsory for you to buy these?</p>
<p>Are salaries paid regularly, at least once per month, are they paid in a manner which is convenient to workers?</p>
<p>The interviewees are asked for permission to crosscheck their data, including the pay slips, with the enterprise records. The interviewer passes the information on to the documents inspector.</p>
<p>Please identify if there is a system of contracting out labour and if so, how does the system work – including payment of wages, benefits, etc.</p>



No excessive working hours

What are the normal working hours, normal working week, holidays? Is this documented? What are the usual low and high season periods? How were they over the last year? What notice is given of overtime requirements?

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How often does overtime occur in this factory? Is it paid at a premium rate?

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How much overtime has the interviewee recently made. Try to get a picture as precise as possible, so that the records inspector can crosscheck it. Check for possible gender discrimination if overtime premium payments are paid. Who allocates overtime shifts?

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Are workers free to refuse overtime work? Are workers given enough time to reorganise their domestic responsibilities if overtime is required? Does the employer need a special permit or negotiate with workers to discuss overtime work?

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Do piece-rate workers make overtime because otherwise they cannot reach their production targets? Is there gender discrimination in the type of payment system – for example are most women on piece work while men are more likely to be able to earn premium rates for overtime?

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Is there a clear, public announcement of working hours, shifts and breaks in the factory?



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Safe and healthy working environment

Is there a system to consult workers on health and safety matters? Do workers get health checks?
Do workers experience any health problems because of their work? If so, which and what could be the cause?
Do workers think the plant or the machines may present any serious health or safety risk? Which? (Use OHS Checklist if needed)
Is appropriate personal protective equipment, such as masks, gloves, goggles, earplugs and rubber boots available free of cost, to all workers who need these?
Are ergonomic assessments and adjustments made for machinists and other workers vulnerable to repetitive strain injury?



Are there adequate unlocked toilet facilities?
Does the enterprise provide dormitories? If so, where are these located? Is there safe transport to and from the dormitories? Please, describe the quality of the dormitories.
Have there been problems with physical abuse, physical punishment or sexual harassment and what has been done about it? Is there a complaints procedure which workers feel comfortable to use? Does the union take up the issue of sexual harassment or abuse?
Are workers ever obliged to undergo a pregnancy test?
Does the enterprise provide day-care centres?
Is there a charge for the day-care centre?



Are the facilities open when workers are required to work? (including overtime or late shifts)
What is the enterprise's policy regarding maternity leave (return to work/ dismissal/reassignment)? Is maternity leave paid or unpaid? What are the experiences of the interviewee and her colleagues?
What health and safety measures are taken to protect pregnant workers (hazardous substances, heavy lifting etc.)

Legally binding employment relation

What kind of labour relation do workers have with the enterprise? Is there a written contract? (If so, ask for a copy)?
How long have they been working for this enterprise? Check this with labour contracts. Are there workers contracted through labour contractors?
Does the employer pay all social security benefits?





Appendix C: Checklist for documents inspection

C1. General

Present a list of the documents that you have reviewed and report as follows:

General/ financial	Note: Available, Not Kept, Not Complete, Falsified or not Applicable
Proof of registration or factory licenses for operation, employment, etc.	
Policy manuals	
Information material about FWF Code of Labour Practices and the FWF, used to inform workers and subcontractors.	
Flow chart of the production process.	
Map of the factory, specifying type of operations in every room, including if applicable, the distinctions with other companies/legal entities on the premises.	
Production records and order records.	
Labour issues	
List of all workers, including date of appointment, gender, birth date, function	
Working hours records over the last 3 months, and possibly longer, as to be discussed during the inspection, and an "attendance register" (who signs this?).	
Overtime register.	
Records of all employees / personal files specifying names, birth dates (including proof of age), identity document number, sex, function, wage scale, date of employment.	
Permits for young workers	
Leave register, including leave payments. Applications for all kinds of leave.	



Grievance files (Please see if individual complaints have been documented)	
Disciplinary notices	
Employee manuals, (certified) standing orders or factory rules	
Contracts between management and recruiting agencies	
Time cards for all employees.	
Payroll journals, or wage lists showing base wages, incentive or bonus earnings, gratuity, hours, deductions, net pay and gross pay.	
All piecework rates and piecework calculations (or other incentive system rates and calculations – base plus, attendance bonuses, quality incentives, etc.).	
Payroll deposit slips, payroll checking account ledgers and deposit receipts for tax and benefit deductions.	
Payroll tax calculations, records and reports.	
Proof of payment of social security fees.	
Official authorization for overtime hours.	
Copies of payslips as handed out to workers.	
Collective bargaining agreement, or any other document specifying the working conditions.	
Employment contracts of all workers.	
Documentation of elections of workers representatives, either provided by management or the factory union.	
In cases of 100% union membership: check signatures of workers for agreeing to have union dues subtracted from their wages.	
Occupational Health and Safety	
Accidents register.	
Sick leave register.	



Fire certificate.	
Proof of payment for inspection of fire extinguishers, electric appliances, elevators.	
Maternity leave register.	
List of pregnant workers	
Any other legally required registers concerning the labour laws and labour situation:	
Sub-contractors	
Name, address and contact persons (office and production locations) of each subcontractor	
Name, address and contact persons of the possible agent and intermediary of the subcontractor	
Approximate number of staff involved in the manufacturing of clothing at the subcontractor's enterprise	
Type of production, estimated production capacity	
For how many years does the commercial relationship between the manufacturer and the subcontractor exist	
What part of the production of the manufacturer was accounted for by orders given to the subcontractor during a recent period of 12 months	
The approximate value of the orders placed by the manufacturer at each subcontractor (in that same period of 12 months)	

If in doubt whether the enterprise might make more use of subcontracting than management is willing to indicate, discuss with the supervisor which records should be examined to assess whether payroll, piecework volumes, production schedules and the number of completed goods correspond reasonably.

Compare production schedules at a recent peak period with piecework volumes and staffing levels in the corresponding time period.

Compare purchase orders with production schedules for the same time period.

Examine receiving and shipping records to identify receipt or shipments of partially completed garments from or to subcontractors.

Prior to reviewing working time and wage records, audit team members must:



- Determine type and frequency of payroll activities. Note: if cash payments are made to workers, increase the interview sample size significantly to validate payments.
- Determine if time clocks are locked and if employees have punch cards. Compare names of employees who are present at work with names on the time cards. Is all necessary information on time cards?
- Compare and evaluate information on time cards, payroll sheets, computer records (if any), pay stubs, piecework tickets or records and any other sources of payroll activity or journal entries. Is all appropriate information on stubs and other documents? This also applies to information generated by individual stations on unit production systems.
- Are all required documents which give information about the status of workers recent, complete, on-file and available?
- Which percentage of the workforce can be considered to be stable (working there for 3 years or more)? What is the average annual turnover of employees?(This may give an indication of the social climate in the factory)

Findings about the quality and completeness of the documents
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C2. Sourcing practices of the FWF affiliate

Does the factory keep production records that give insight in the orders per client?
<hr style="border-top: 1px dotted black;"/>
Does the factory keep records of order dates, lead-times and dates of shipment per client?
<hr style="border-top: 1px dotted black;"/>
Does the factory provide information or is it transparent on the labour cost input per product or order to the client?
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C3. System of FWF affiliate to monitor and remediate working conditions

Are reports of factory audits kept? Which ones? Are there any particular findings in the available reports? (Ask for a copy of these)
Are there any documents kept of follow-up on audits? Are there records of meetings with [the member company] and other clients about the implementation of corrective action plans?
Are improvements that are a result of the factory audits recorded? Can one speak of a process of step-by-step improvements in this factory as the result of factory audits? Which aspects have particularly improved?
Are there any records kept regarding the system to improve labour standards in the factory? Which? Does management plan activities to improve labour standards in a coherent way?
Are improvements recorded? Are improvements evaluated?



C4. Communication, consultation and grievance procedure

<p>Does the employer inform and consult with workers about the labour law, labour standards and conditions in the factory?</p>
<p>Are there any workers committees in place? How do these committees function (meetings, minutes of the meetings, remediation, follow-up)? What is the composition of the committees? (only workers or also management involved) Were they elected democratically by workers or were they appointed by management? Have committee members been trained in communication/meeting skills? Review the documentation of the elections (if any) and check the minutes of the committee meetings.</p>
<p>Are there any written factory rules? If so, ask for a copy.</p>
<p>Is there any individual from the management who has been designated and trained to communicate management policy and decisions to the workers?</p>
<p>What procedures are in place for workers to represent their grievances? Does the factory keep a register of complaints and suggestions of workers and of the factory's response?</p>



C5. Management system of factory to improve working conditions

Has an individual from the management level been designated to monitor and improve working conditions?
Is there any written information material about the FWF Code of Labour Practices and FWF, used for informing the workers and subcontractors?
Is there any documentation kept of informing workers about labour standards, the labour law and/or the FWF Code of Labour Practices or/ Code of Conduct of [the affiliate member]?

C6. Labour standards

Employment is freely chosen

Are there exceptional deductions from the salaries? This must be checked in the salary slips, salary accounts and asked to the staff member responsible for human resources and salary administration. All deductions from salaries must be fully understood by the inspector, and reported. Are wages paid monthly?

Do security guards have an employment contract which describes their duty. Check this contract and possible reports on the absence of any possibility of harassment of workers. (Reports may also contain information on OT).

Does the enterprise keep (original) documents of workers? Check this in the personal files of workers and ask the responsible staff member. If migrant labourers or guest workers are present, ensure they are present voluntarily, and have free access at any time to the originals of their identification papers.

Review all labour contracts to check for indications of forced labour.



Review records of workers who have terminated their employment contract prematurely, to verify that no inappropriate restrictions are placed on such actions.

Findings:

No discrimination in employment

Check that all national legislation on discrimination, equal pay, and pregnancy and maternity protection is implemented. What records are disaggregated by gender? If there are indications that certain groups are discriminated against (for example from the interviews), the inspector will examine whether the groups can be identified in the records of the enterprise, for example by age, sex or name (the latter in case of racial discrimination). If so, the inspector tries to quantify the scope of the discrimination. For example by calculating how many women have particular classes of jobs, or which departments or functions seem to be particularly for men only. If there is a job classification, actual salaries of men and women must be compared. The collective bargaining agreement must be checked for discriminatory payment, and access to jobs, etc. If the number of employees is over 30, these checks can be made with a representative sample.

Are there adequate measures to prevent sexual harassment and sexual abuse at the factory or in dormitory accommodation? Are policies and procedure to deal with these issues effective? Is an anti-harassment committee in place/functioning?

Please ask for a table describing the gender distribution of employees (including management, staff, supervisors and workers).

Findings:

Is there any record of committees formed to address gender issues in this factory or sexual harassment?



No exploitation of child labour

Check the recruitment policy if available, the policy should include the procedure of verifying ID cards and other means to prevent child labour.

Check that the employee records contain birth dates and dates of employment and check the occurrence of child labour according to these records. Compare contracts with copies of ID cards, school certificates, medical documents if available.

In case child labour is found, check whether children are working in specific departments or/and are paid lower than adult workers hired for the same job?

Findings:

Freedom of association and the right to collective bargaining

If there is a CBA, the contents must be checked for compliance with laws and regulations and the FWF Code of Labour Practices. Also, in some countries CBA's must be registered with the authorities.

If there is a trade union active in the factory: Are there any documents related to consultation/meetings from the union with the management?

Findings:

Payment of a living wage

The following should be checked regarding the payment of wages:

- Check whether wage lists/salary records are accessible and demonstrate how salaries are calculated : payment per piece or per time unit, working time records, bonuses and deductions, over time payment, etc. Is bookkeeping in line with legal requirements? Are figures broken down by gender?
- Are all deductions legal?
- Are all hours recorded?
- What kind of bonus systems is in use (performance related; gratuity; holidays)?
- Is incentive pay fairly calculated and correctly (and fairly) applied?



- Does everyone receive at least the legal minimum wage for the normal working hours as set by law or CBA? If not, give an indication of the percentage of workers that receive less than the legal MW, if needed based on a sample of wage records.
- Gather wage data for the creation of a Wage Ladder for regular working hours, for a Wage Ladder for wages including OT payment and one for wages including fringe benefits. You should gather enough data during the audit to be able to:

1) Calculate the range of earnings among workers – from the highest to lowest monthly wages, including a breakdown by gender – per (category of) occupation.

2) Get a sense of what the most number of workers are earning (the mode of the monthly wages paid).

To do this, inspectors should review the monthly wage. For piece rate workers in order to have a good idea of what would be their regular wage, you should have a look at the past three months and calculate the average. For calculation amounts incl. overtime; take a month where considerable OT was performed.

Collect the data per occupation, and take the 5 most relevant ones; please use the following names for the occupations:

- Sewing
- Cutting,
- Ironing
- Quality inspector
- Textile printer
- Supervisor
- Apprentice

For each occupation, three different measures of their wages should be collected:

Regular wages – This data emerges from payroll records and includes piece rates, bonuses, and profit-sharing BEFORE overtime is added into workers' total earnings. While in many facilities overtime is the norm, it is important to have a baseline understanding of how much the worker population would earn at current levels if they only worked regular hours (for a normal full time working week) and whether women are earning less than men.

Regular wages plus overtime – For each occupation find the regular wages received plus overtime pay (whether paid at premium or not).

Regular wages plus fringe/in-kind benefits – In cases where fringe/in-kind benefits (e.g. meals, transportation, holiday gift/food baskets, education vouchers, uniforms, daycare center services, etc.) are provided, calculate the financial value of these goods/services. Note: this is the amount paid by the factory for these fringe/in-kind benefits, rather than the market value paid by a hypothetical worker (see audit guidance with regard to document review for fringe/in-kind benefits). Calculate the per-worker value of total fringe/in-kind benefits provided monthly or annually and add this to the regular wages paid.



Analyze the gender breakdown of the payments – are wages for male and female workers in balance?

The mode for the wages for each occupation should be collected for each of the above three wage measurements. The mode can either be calculated, using for example excel, or be estimated by looking through the wage lists.

- If a piece rate or target system is in use: how big is the % of workers that cannot reach the target during normal working hours, or that cannot earn the legal MW based on there production during normal working hours.
- With the selection of 20 files the following items are checked:
- Copies of the pay slips over 3 months are asked from the enterprise. Also the inspector will receive pay slips from the workers interviewer (take care of confidentiality!). Are the pay slips of the interviewed workers similar with examples shown by the enterprise? Are they comprehensible for a literate person? Are wage calculations understandable and properly documented? If needed ask the worker interviewer to cross check some findings directly with the worker involved (making sure the worker will not be singled out later for reprisals!).
- Check the calculations of the salaries; if payment is on a piece-rate basis, prices per piece and time worked etc. must be checked. Deductions must be compared with the regulations; e.g. social fee calculations must be checked.
- Check whether the salaries are paid regularly, at least once per month, how they are paid and whether payment is in a manner convenient to workers.

See also under "No excessive working hours", section C.5 and under "Legally binding contract", section C.7, for more checks with this sample.

Findings:

To file the data for the wage ladder, the documents inspector needs to fill in the Factory-Specific Wage Data for Wage Ladder table available from the FWF homepage. Guidance on how to do this can be found in the Wage Ladder Guidance Document on the FWF webpage, some further guidance can also be found under chapter 7.8



No excessive working hours

- What are the normal working hours, normal working week, holidays? Is this documented? Is there a shift system practiced in the factory?
- What are the usual low and high season periods? How were they over the last year?
- Is there a documented working time registration?
- Look into the register of cash payments for clues on excessive overtime and unregistered workers.
- Look into reports from security personnel (when are they present?), broken needle records, generator records, warehouse documents on shipments, nurse room etc. for clues on excessive overtime.
- Try to look at 'rough' documentation, for example, worker's production records at the shop floor which count the pieces that a worker has produced. Often this will give information about the days that the worker was present.
- For the selection of 20 employees the working hours and overtime hours must be checked and the premium rate payment recalculated. If possible, also the data of the interviewed workers are crosschecked.
- If excessive overtime occurs, a quantitative measurement must be given of how excessive this OT is. OT should be compensation by a premium rate. This should be crossed check with wage payment records.

Please use the OT analysis sheet to calculate OT hours and payment of OT (available at FWF website).

Findings:

Safe and healthy working environment

Check Accidents register, Sickness register. First aid personnel list, Emergency evacuation plan, Fire safety certificate, Maternity leave register, Risk assessments.

Check reports of Health checks if legally required and if there is any follow up to these: not just curative but also risk analysis and prevention

Check for invoices of checks and refilling of fire extinguishers, maintenance checks of lifts, etc.

Findings:



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Legally binding employment relationship

Check factory licenses.

Check that the labour relationship is registered in such a way that it becomes binding under national law, either through a written contract, or a formal list of employees, etc. Obligations to employees under labour or social security laws and regulations arising from the regular employment must be respected.

Check that the amount of money deducted from wages for social insurance contributions (estimate if necessary) matches the amounts actually paid to social insurance funds by asking for proof of payment over the last year (bank statement, invoices of the recipient), and make a rough calculation to check that the total payment corresponds with the legally required contribution based on the number and salaries of the workforce. The recipient can also be called and asked for advice.

For the selection of 20 employees the enterprise is asked to show the labour contracts. The inspector checks the contents of these contracts and ascertains that they are legally binding and not in conflict with labour laws and the FWF Code of Labour Practices. The contracts of the interviewed workers can also be checked, if the interviewees have agreed to this.

If workers are hired through a labour contractor, management is still responsible for their labour contracts. For these workers the labour standards are fully applicable.

Findings:



Appendix D: Checklist for visual workplace inspection

D1. Communication, consultation and grievance procedure

Is information about a grievance mechanism posted in a place that is easily accessible for workers? Are the outcomes of the grievance mechanism posted in a place that is easily accessible for workers?

--

Is a list of worker representatives posted in a place that is easily accessible for workers?

--

Is information about the labour law and/or about the FWF Code of Labour Practices of [the member company] and other clients posted in a place that is easily accessible for workers?

--

Are audit outcomes posted in a place that is easily accessible for workers? In what form, what information is included?

--



D2. Labour standards

Employment is freely chosen

Findings:

No discrimination in employment

Are particular groups of workers assigned particular jobs? This must be reported to the supervisor, for cross checking with other sources.
Is there a policy against sexual harassment displayed in a place accessible to workers and is it made clear that it is a disciplinary offence? Is there any evidence of committees in place for the prevention of sexual harassment?
Is there evidence of any facilities being provided to encourage women workers seeking employment in this factory e.g. provision of free day care centre, intermittent breaks for breastfeeding mothers, family friendly working arrangements, planned overtime, decent maternity provision and equal pay?
Does this factory work in shifts? If so, how is the safety of women workers ensured?



No exploitation of child labour

Are apparently young workers present? Do you get the impression that some workers are fleeing or kept out of sight? If so, find out why this has happened.

--

Freedom of association and the right to collective bargaining

Are there any signs of trade union activities on billboards etc.?

--

Are there grievance boxes in place – in locations that allow for some privacy? Are there signs that this system is used properly?

--

Payment of a living wage

Under visual inspection there will usually be no items under this heading.

No excessive working hours

Is there a clear, public announcement of working hours, shifts and breaks in the factory?

--

Look out for any 'rough' documentation which gives information about the working hours.

--



Safe and healthy working environment

Below you find a list of Occupational health and safety requirements that must be checked. How these requirements must be interpreted in detail, depends on local laws and regulation. For example, what is a "well stocked first aid kit" and what is the "appropriate fire extinguisher" must be determined locally, and is described in the country study.

If workers live in dormitories or other accommodation facilities provided by the enterprise, these must be visited and checked to assess whether they comply with local standards (fire safety, gender separation, persons per room, cubic meter of space per person, cleanliness, washing laundry and cooking facilities, temperature, potable water, toilets, lighting, sewage and refuse disposal, recreational area). Assess whether travel to and from dormitories, especially late evening, is safe.

Assess unlocked toilet facilities – are there an adequate number and

If day-care centres are provided the same issues should be checked and also

- Non formal education - nursery rhymes, alphabets, numerals etc.
- Supplementary feeding
- Growth monitoring - using standard formulae and growth cards
- Regular medical check ups and,
- Immunisations - as per National Schedule.

Findings:

Please note that all the above issues and those provided in the checklist below, have to be investigated in the factories belonging to the subcontractors of the manufacturer.

OHS Requirements tick list.

Factory lay-out
<input type="checkbox"/> All floors are smooth and free of hidden obstacles. Staircases and ladders are provided with hand rails and have even steps.
<input type="checkbox"/> Passages, stairs and exits are free of dangers and obstructions. Doors and other exits are kept accessible and unlocked during working hours.



<input type="checkbox"/> Are their containers to hold input materials and collect outputs for each operation?
<input type="checkbox"/> Does each sewing machine and working table have a rubbish bag?
<input type="checkbox"/> Are (safety) signs displayed in the enterprise? (For example, to indicate exits, fire extinguishers, infirmary, high voltage, running machines, etc.)
Medical facilities
<input type="checkbox"/> Does the factory have an infirmary or ready access to medical facilities?
<input type="checkbox"/> Is there at least one well-stocked first aid kit on every factory floor and are a sufficient number of employees trained in basic first aid?
<input type="checkbox"/> The factory has a procedure for dealing with serious injuries that require medical treatment outside the factory.
<input type="checkbox"/> A register of accidents is kept and available.
<input type="checkbox"/> Are employees given a medical check upon recruitment?
<input type="checkbox"/> Are employees given a medical check thereafter, and how often?
<input type="checkbox"/> Does the enterprise have an HIV/AIDS policy?
<input type="checkbox"/> If yes, what are the effects on recruitment and what are the effects for an employee if the disease is contracted during employment?



Fire safety
<input type="checkbox"/> Fire extinguishers are appropriate to the types of possible fires in the various areas of the factory, are regularly maintained and charged (check dates), and are mounted on appropriate places.
<input type="checkbox"/> Fire alarms and emergency exit lights are mounted in appropriate places are working.
<input type="checkbox"/> Emergency exits can be opened from the inside at all times.
<input type="checkbox"/> If a multi-storey building, is there an outside fire escape?
<input type="checkbox"/> Evacuation drills are conducted.
<input type="checkbox"/> Does/Do all health & safety training and fire/emergency safety drills take place during working hours?
<input type="checkbox"/> Are electrical wires and connections in good order? Check plugs.
<input type="checkbox"/> Are electrical wires above the floor (e.g. overhead, under benches)?
<input type="checkbox"/> Are electrical wires and connections regularly checked by an electrician?
Possible hazards
<input type="checkbox"/> There is sufficient light.



<input type="checkbox"/>	The atmosphere is not dusty (check tube legs!) and fumes are led through an exhaust host to the outside (check ironing and spot removal stations).
<input type="checkbox"/>	Noise levels do not exceed legal limits (check with machines, fans etc. working).
<input type="checkbox"/>	Workers working with hazardous chemicals and other dangerous materials have the free disposition of adequate protective gear.
<input type="checkbox"/>	Specify equipment/machinery and any harmful/toxic substances used in the production process (specifically note the chemicals used for spot removal)? Check chemical storage room for chemicals used.
<input type="checkbox"/>	Does the factory store hazardous and combustible materials in secure and ventilated areas and disposes of them in safe and legal manner?
<input type="checkbox"/>	Dangerous materials are equipped with clear instructions in the workers' language.
<input type="checkbox"/>	Appropriate personal protective equipment such as masks, gloves, goggles, earplugs and rubber boots are available, at no cost, to all workers who need these and instruction manuals are provided.
<input type="checkbox"/>	Masks, plugs etc. are sufficiently changed to keep them hygienic.
<input type="checkbox"/>	Clean, sufficient and hygienic toilets and washbasins are available for men and women separately.
<input type="checkbox"/>	Machines are well-maintained and safe to use.
<input type="checkbox"/>	Machines are equipped with clear instructions in the workers' language.
<input type="checkbox"/>	Machinery is equipped with operational safety devices (shields, encasements, emergency switch off buttons) and is inspected and serviced on a regular basis.



<input type="checkbox"/> Button sewing machines have fully transparent unscratched screens to protect the face, or their operators are provided with light weight goggle
<input type="checkbox"/> Machine cutters are provided with chain mail gloves.
<input type="checkbox"/> Sewing machines are provided with a needle shield.
<input type="checkbox"/> Cutting machines are provided with a knife shield.
<input type="checkbox"/> Automatic pocket bending machinery has finger protection shields.
<input type="checkbox"/> There is an appropriate broken needle policy.
<input type="checkbox"/> Wherever possible the factory provides sitting working positions and chairs with appropriate ergonomic characteristics (check position of backrest).
<input type="checkbox"/> The working space per worker is sufficient.
Facilities for workers
<input type="checkbox"/> Does the enterprise provide for a clean hygienic canteen with proper hygienically processed food at affordable prices, with sufficient tables and chairs? Do workers actually use this canteen?
<input type="checkbox"/> Fresh drinking water is available. Check the source of water.
<input type="checkbox"/> Dormitories/ accommodation facilities provided by the enterprise comply with local standards.

<input type="checkbox"/> The factory is equipped with adequate amount and hygienic unlocked toilets for men and women.
<p>Steam boiler (*)</p>
<input type="checkbox"/> Are steam boilers run by gas, oil, coal or other inflammable fuel installed close to dormitories, emergency exits, escape routes, Staircases?
<input type="checkbox"/> Are non-mobile steam boilers set up in separate rooms or houses?
<input type="checkbox"/> Can those rooms be locked? Do only authorised employees have access?
<input type="checkbox"/> Do written safety regulations and operating procedures exist?
<input type="checkbox"/> Are operators trained?
<input type="checkbox"/> Are blow-off valves installed, regularly tested and maintained?
<input type="checkbox"/> Is the steam running machinery in good condition (e.g. no improvised repairs or leaks)?
<input type="checkbox"/> Is steam pipe network in good condition and regularly controlled and maintained?
<input type="checkbox"/> Does any employee work close to blow-off valves, leaks, poorly insulated tubes or other sources of danger caused by steam installations and machinery?
<input type="checkbox"/> Do employees working at steam installations and machinery have the necessary skills?



Labour inspection
<input type="checkbox"/> Does any government, private inspectorate or other inspectorate perform monitoring visits?

* (taken from the AVE Social Audit Manual)

Safety of the construction
<p>Fire service license and construction permits must be checked. Having these licenses does not guarantee that the building is safe, but auditors are not expected to be experts in construction engineering. However auditors should pay attention to any signals of construction failures coming from interviews, local stakeholders or visual checks. In areas prone to flooding, earthquakes or typhoons buildings may run the risk of collapse due to design and construction. If auditors are in doubt whether these facilities were properly built, with legal authorization, and if workers are at risk in their workplaces, they should add a requirement in the audit report calling for an additional audit on safety of the building by fire and/or construction experts.</p> <p>Findings:</p>

Other issues

Legally binding employment relationship

Identify work centres/machines which are not staffed and ask who is normally working there and why they are not present. Check this with other sources.



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Select approximately 15 workers (see 8.5). Report how many workers have refused to give their personal details (this can be a signal of an unacceptably low age) lack of a legal labour relation). Crosscheck the data of those who do want to co-operate with the documents inspector.