

the ?  
FAIR  
WEAR  
formula

the Fair Wear formula:

sustainable  
workplace  
improvements



the Fair Wear formula  
Fair Wear Foundation

Fold out this page to be able to view the  
Fair Wear formula while reading this book.



## the Fair Wear formula

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Fair Wear Foundation would like to express its thanks to Gerrit Ybema. Gerrit was our enthusiastic and inspiring chairman for seven years until he left our board in 2010. He will be missed.

Fair Wear Foundation would also like to thank Evert de Boer,

Ellen Dekkers, Kais Fekih, Bobby Joseph, Frans Papma,

Bilge Seckin, Willy Wagenmans, Jef Wintermans and Ineke Zeldenrust for their input and enthusiasm.



## We all play a role...

This booklet marks **10 years** of us working together to improve workers' lives – as representatives of business, trade unions, and NGOs. In that time, we've worked intensively to establish a robust system that can meet head-on the complex problems of the global garment and textile industry. Fair Wear Foundation (**FWF**) now has about 50 member companies scattered throughout Europe and works with hundreds of stakeholder partners around the world.

In this booklet we review the components of our unique approach, which we like to call **The Fair Wear formula**. By taking this comprehensive approach, we together contribute to an environment in which real and lasting improvements take shape.

There's a great deal still to be done. And nearly everyone has an important role to play in transforming workplace conditions – from governments to garment factory managers, and from consumers to workers.

So read on. And then take on your role in bringing about this change.

**... in improving workplace conditions.**

If you are reading this booklet,  
you are probably already aware  
of the

## **PROBLEM:**

Millions of garment and textile  
**workers** face **poor working  
conditions** and limits on their  
**rights** and freedoms every day.

Have you thought about  
the possible

## **SOLUTION?**

**FWF** has invested more than  
**10 years** in developing  
effective workplace solutions.  
And the truth is:

There is **no single solution**  
for workplace injustice.

**There are many.**

And at **FWF**, we find that solutions  
work best when **combined**.

turn the page and find out why.



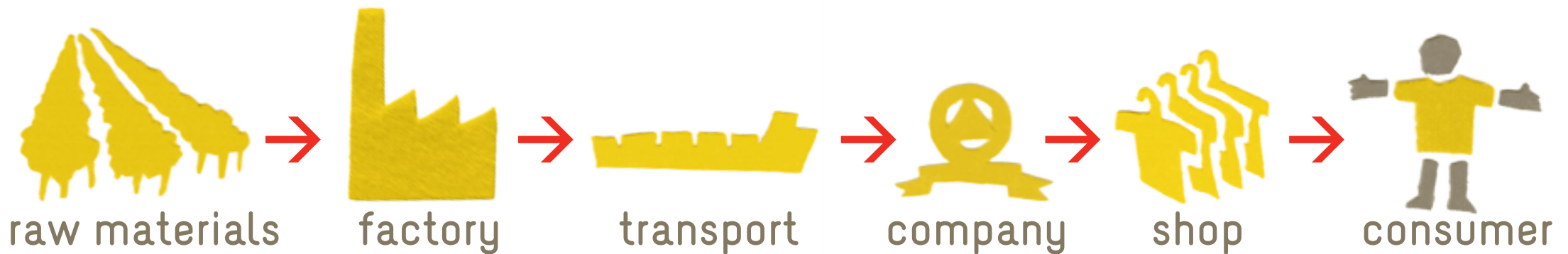
It is very tempting to seek out one single approach to **fix** the problems facing garment and textile workers worldwide.

Just get **the company**  
to tell **its factory** to shape up,

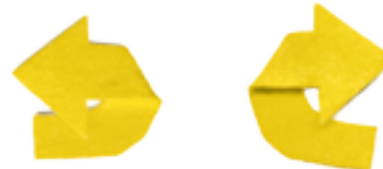
is a common response from consumers and businesses alike.

Fair enough.

In **garment supply chains of the past**, that might work. The company would likely own the factory or be one of a handful of its customers; and the terms of the business relationship would be clear and direct.



But today it's **quite different.**



(open here to see how different...)

# a more representative view of the context in which factories and companies work

Today's global garment and textile industry spans six continents. The particularities of a country's labour law and its industrial relations greatly impact workplace conditions, wages received, and workers' ability to exercise their freedom of association.

= outside variables

Many workers are engaged in producing a single t-shirt or pair of trousers. Increasingly, these workers are found in different factories (some are subcontractors), each with different management and workplace conditions:

= companies struggle to monitor every workplace where each product is made (remember: nowadays companies produce dozens or hundreds of styles each season)

It is common for large garment and textile companies to source from dozens – even hundreds – of factories. In this context, it is difficult to build long-term, trusting relationships between factories and companies.

= disincentives for investment in factory improvements

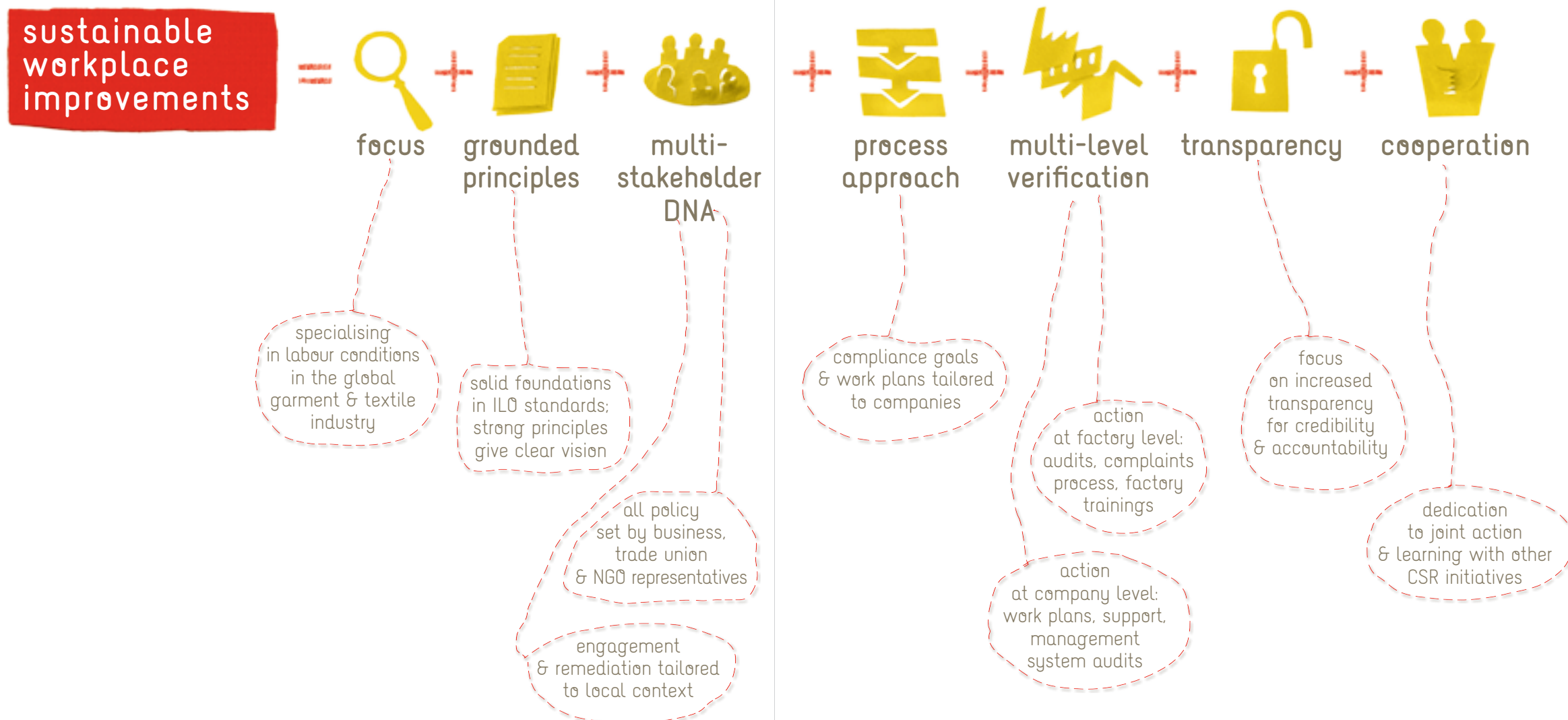
And, most factories receive orders from many companies, often with different expectations and requirements with regard to CSR.

= without collaboration, it is not likely that any single company possesses the leverage to effect real changes in the workplace.



The Fair Wear formula was devised to address the realities of today's global garment industry. Each component of the formula represents a key aspect of FWF's system. Taken together, these promise sustainable changes for garment and textile workers.

# The Fair Wear formula







garment factory  
just outside Dhaka, Bangladesh

What's interesting about FWF is the **comprehensiveness** of its approach.

Each aspect of the FWF system supports the others. For example, FWF's ongoing multi-stakeholder collaboration in both producer and consumer countries has really improved FWF's verification processes.

- Ellen Dekkers, general secretary FNV Bondgenoten

Each component of FWF's formula is important. Watch what happens if we remove components from the formula.

## test 1



Thinking it through:

It may seem intuitive to focus only at the factory-level to improve workplace conditions. But to do this ignores how other factors, such as company buying practices (e.g. just-in-time delivery and orders by tender) and the local context (e.g. industrial relations and labour enforcement), impact factory conditions. Without also considering the broader context and finding solutions at the level of both the manufacturer and the buyer, problems – such as forced overtime and workplace conflict – are likely to recur in supply chains. This approach wastes resources on an endless cycle of auditing and unsuccessful remediation, while doing little to redress some key problems faced by workers.

**outcome 1** ≠ sustainable workplace improvements

## test 2



Thinking it through:

Workplace improvements are only sustainable with adequate stakeholder buy-in. Although various Code initiatives hold stakeholder meetings, this does not equal FWF's commitment to multi-stakeholder decision-making at all levels of work. In producer countries, this means that local stakeholders have direct input into FWF's country strategies. At the policy level, this means FWF's Board convenes relevant stakeholders – trade unions, business associations, and NGOs with expertise in this industry – to steer FWF.

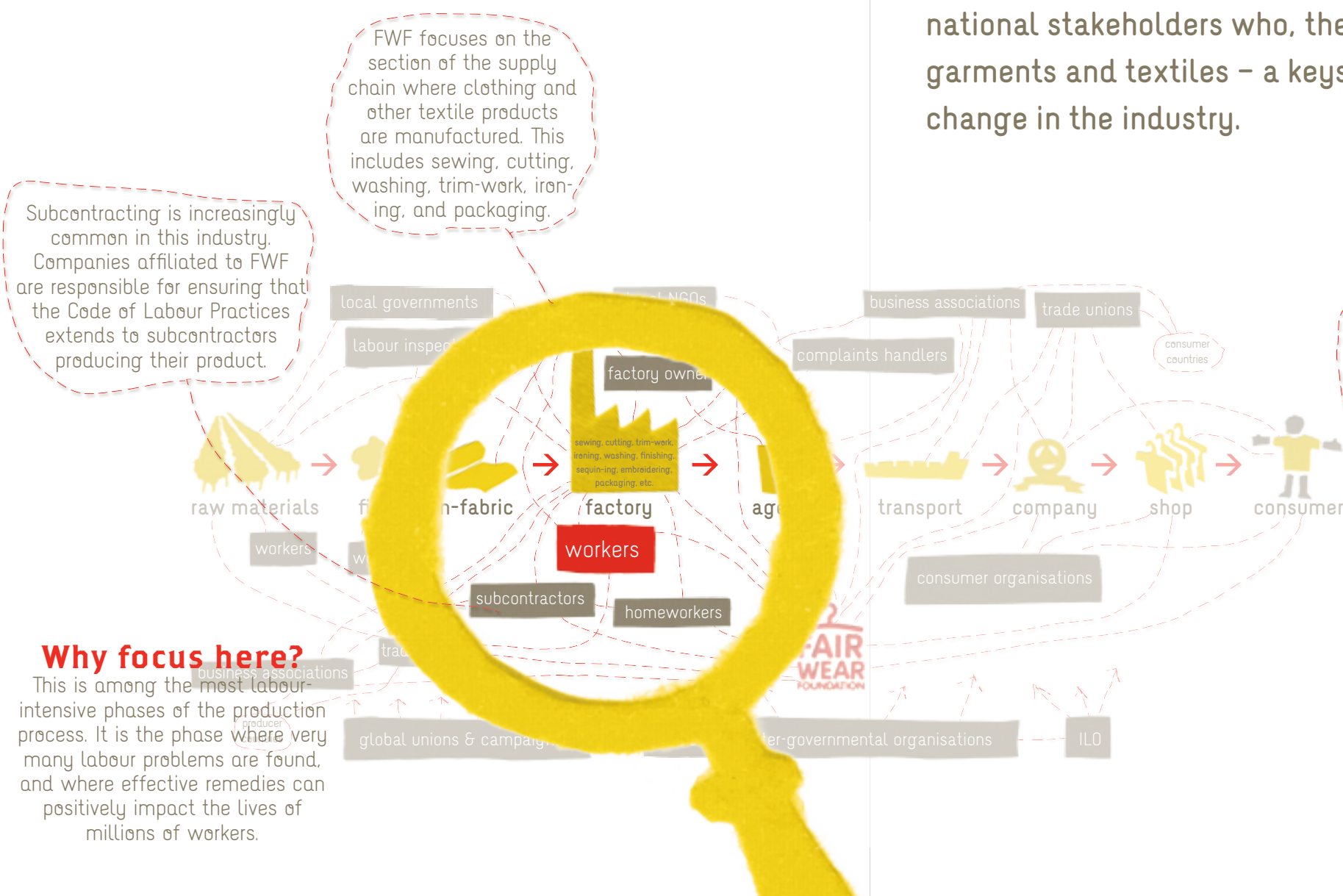
**outcome 2** ≠ sustainable workplace improvements



# FOCUS

FWF restricts its focus to those phases of production where **SEWING** is the main manufacturing process. It is here that FWF believes it can have the greatest impact for workers.

FWF's focus means that its staff has advanced and specialised knowledge of industry practice and trends. Focus also enables FWF to concentrate on building strong working relationships with those local and international stakeholders who, themselves, specialise in garments and textiles – a keystone for sustainable change in the industry.



The 'factory' or **CMT** (for 'cut-make-trim') section of the supply chain, itself, is complex. Take, for example, **a pair of jeans**. It is likely that many workers are involved in its production at the CMT stage. In addition to the sewing, this stage also includes processes such as cutting, trimming, washing, ironing, sequin-ing or embroidering. Various workers, located in different departments or even different factories/workplaces, are involved. At each step of the way, there is potential for labour violations.

## Why focus here?

This is among the most labour-intensive phases of the production process. It is the phase where very many labour problems are found, and where effective remedies can positively impact the lives of millions of workers.





# GROUND PRINCIPLES

## FWF's guiding principles

**Multi-stakeholder verification** = verification processes developed through multi-stakeholder negotiation, and involving experts from diverse disciplines and perspectives in FWF verification teams.

**Labour standards derived from ILO Conventions and the UN's Declaration on Human Rights** = basing FWF's Code on internationally recognised standards which have been set through tripartite negotiation.

**Supply chain responsibility** = realising that the Code can only be fulfilled when sourcing companies, as well as factory management, actively pursue practices that support good working conditions.

**A process approach to implementation** = paying special attention to the *means* (i.e. building functioning industrial relations systems over time) in order to achieve the *end* (i.e. sustainable workplace improvements).

**Involvement of stakeholders in production countries** = engaging local partners in shaping FWF's approach in a given region or country.

**Transparency** = keeping relevant stakeholders informed of FWF policies, activities, and results; publicly reporting on company efforts to fulfil FWF requirements.

FWF took considerable time to develop a strong code and matching pragmatic approach for companies. And its strength is that it is **sticking to these principles**.

- Willy Wagenmans, founding board member of FWF

The fact that FWF has such a well-defined mandate **frees FWF staff** to adapt to the needs of local partners and affiliated companies. With clear guiding principles, we can move more easily.

- Margreet Vrieling, international verification coordinator FWF



remember that you can always take a look at the formula, while following its steps in this book (fold out cover page)



**1** employment  
is freely chosen



**2** freedom of association  
and the right to  
collective bargaining



**3** no discrimination  
in employment



**4** no exploitation  
of child labour

## Elements of FWF's Code of Labour Practices



**5** payment  
of a living wage



**6** reasonable  
hours  
of work



**7** safe and  
healthy working  
conditions



**8** a legally binding  
employment  
relationship



## Why a living wage clause?

There is no doubt that the topic of living wages presents its share of challenges: Most garment producing facilities pay wages below a living wage level, and debates rage about how to measure a living wage – whether by using a formula or through workplace negotiation.

Yet if workers are not paid fairly for their work, they ultimately pay the balance on the full cost of what we wear. **And that's not fair.**

It is for this reason that FWF's Code has always contained a living wage clause. Accepting this responsibility is an important first step. FWF and its affiliated companies now have a great deal of work to do in order to realise this standard.

## What's in YOUR Code?

# The Code Check List

It is not enough to simply have any code of conduct; it's what's in a code that matters.

Most codes of conduct include provisions against child labour, forced labour, discrimination, and a number of other labour standards. These are important. But there are some provisions where codes can differ pretty radically. This check list is a quick tool for assessing these differences. Here's how FWF measures up:

## standard yes/no comments

Based on key international labour standards?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	FWF's Code provisions refer to specific standards set forth by the International Labour Organisation and the UN Declaration on Human Rights
Explicitly protects workers' freedom of association and collective bargaining?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The Code cites key ILO Conventions pertaining to FoA. Also protects against discrimination of worker representatives
Has a living wage provision?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	FWF commits to raise wages to level that meets the basic needs of workers with some discretionary spending
Protects workers' contracts?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Legally-binding contracts prevent exploitation and enhance stability for workers
Hours of work provision corresponds with international standards?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	FWF's hours provision is based on ILO convention 1 and is among the stronger Code provisions in this regard.

## Quiz

# true or false?

Years of multi-stakeholder negotiation actually strengthened FWF's principles.

True. Multi-stakeholder discussions leading up to the launch of FWF began in 1994. A full five years later, three business associations, two trade unions, and two NGOs founded FWF. Even after it was established, FWF's multi-stakeholder leadership continued to build the organisation's foundations. The result now is a code and principles that are mutually supported by the three stakeholder groups. With such a well defined mission, FWF is free to grow in diverse contexts around the globe.



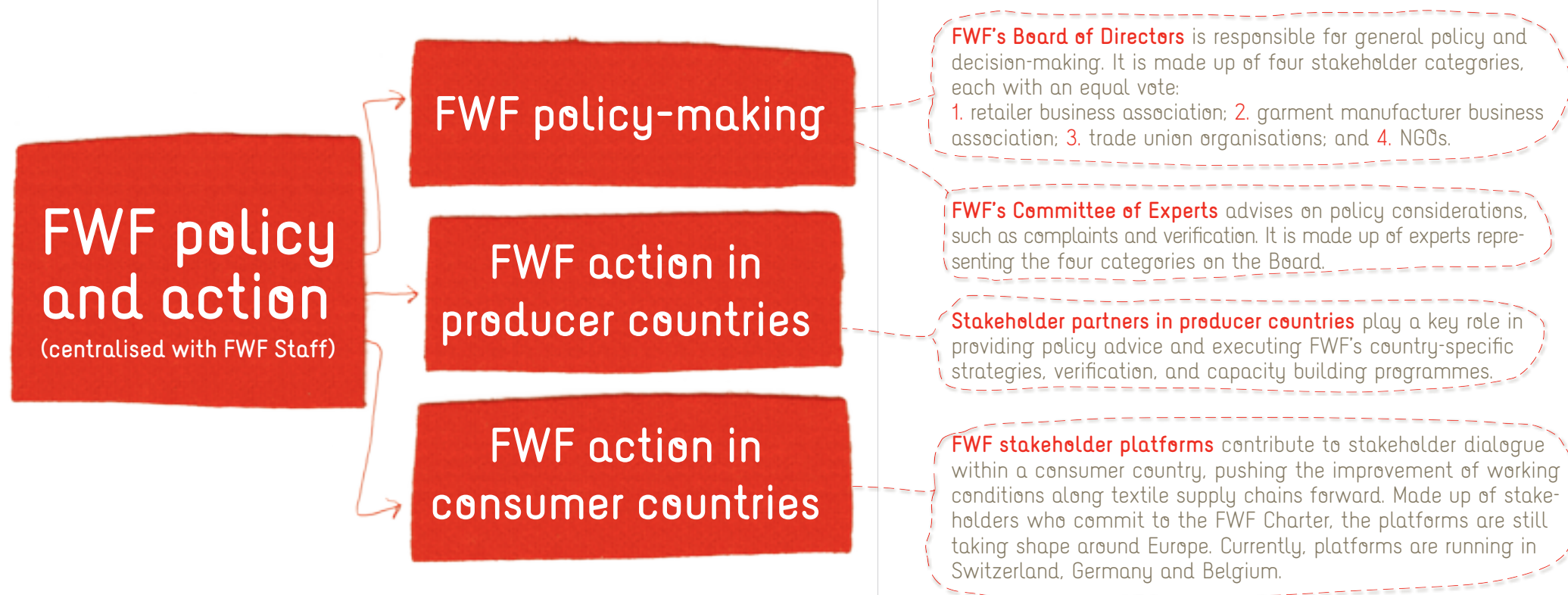


**factory dormitory in Bangkok, Thailand**



# MULTI-STAKEHOLDER DNA ~1

FWF joins together business associations, trade unions, and NGOs as equal partners at every level of FWF activity – from decision-making at the Board level to workplace verification and code implementation. Each stakeholder group has an important role to play in improving working conditions, and the impact is that much greater when they all work together.



## What does multi-stakeholder collaboration offer?

**Legitimacy & objectivity.** Because FWF's policies have been developed by an equal representation of business associations (50%) and trade unions and NGOs (50%), FWF is a trusted source endorsed by key stakeholders, but serves no single interest group.

**Expertise.** Different stakeholders bring different skills to our common cause. By harnessing all of them, the collective impact is stronger.

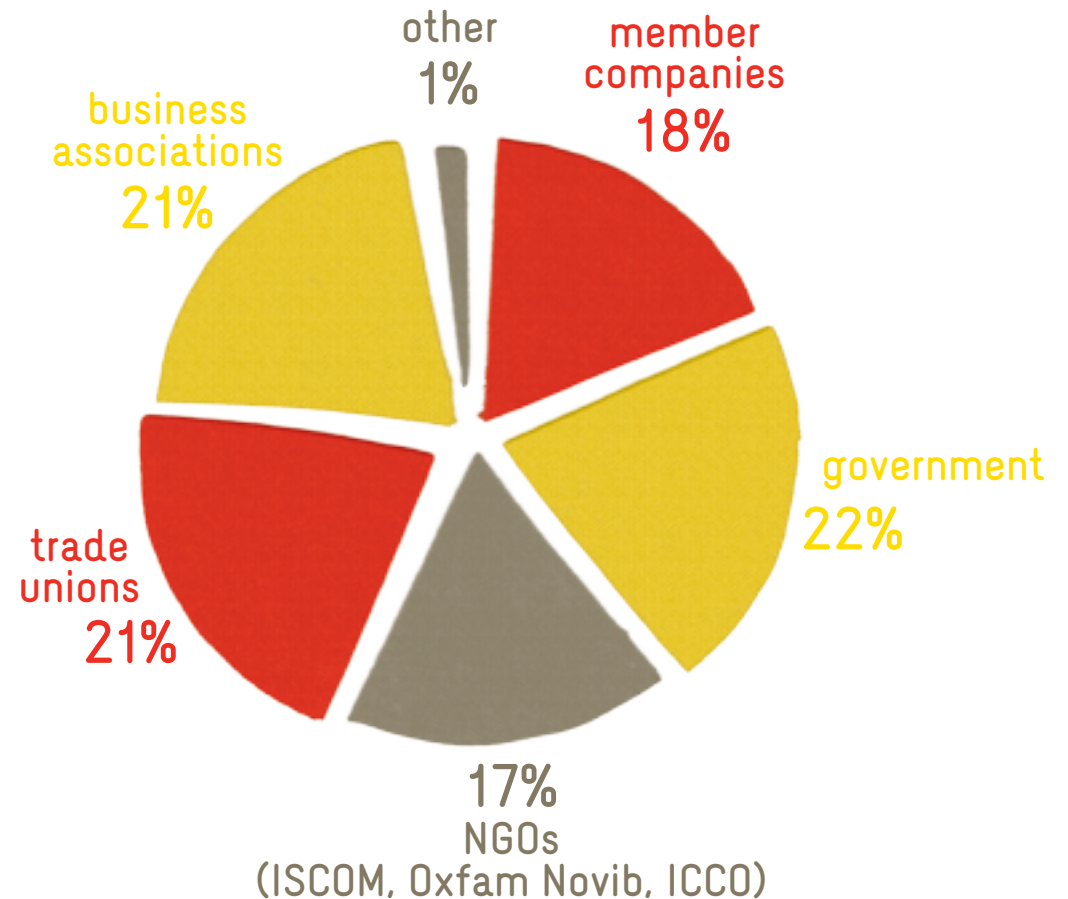
**Sustainability.** When diverse stakeholders come to the same table, it often requires significant time and energy to agree upon a common agenda. Yet, once the relevant stakeholders buy in to an action plan, it is far more likely to have a lasting impact.

Multi-stakeholder engagement  
is in FWF's DNA. It's **engrained**  
in everything we do.

– Erica van Doorn, FWF director

## FWF = balanced 'buy-in'

Diversity of funding sources ensures that FWF can finance innovation while remaining wholly balanced and independent in its approach.



## FWF total income 2000-2008

Cumulative contributions to FWF by all stakeholder groups



The FWF Board is often referred to as a leading example of 'multi-stakeholderism' and social dialogue in this field. No other MSI has this structure. Looking ahead, FWF is working to identify more formal avenues for producer-country trade unions and business associations to participate in FWF decision-making.

### **FWF = engagement on an equal footing:**

FWF seeks to engage on equal footing with all stakeholders, particularly those in producer countries. These include:

- \* business associations and manufacturers;
- \* trade unions and workers;
- \* NGOs which work in the field of labour, as well as those who focus on women workers and worker communities;
- \* governmental organisations.

Both retailer & manufacturer associations have seats on the Board

FWF's Board is unique in that company interests are represented through relevant business associations. This bolsters existing institutions for social dialogue.

Trade unions are the legitimate representatives of workers & their interests. So it is vital they have a seat at the table.

NGO Board members specialise in labour issues and have an in-depth understanding of challenges workers encounter.

**TRADE UNIONS AND NGOs (50%)**

**Voting**

**FWF = representative decision-making**



# MULTI-STAKEHOLDER DNA ~2~local

One of FWF's greatest strengths is its approach to local stakeholder partnership. FWF has invested significant time and resources in relationship-building with local partners in production countries. This is because the effectiveness and value of FWF's system ultimately relies on local stakeholders' capacity to effect change locally.

FWF involves local stakeholders in every aspect of its work in production countries – from auditing to remediation and from complaints handling to the development of FWF's overarching country strategy. **Take China for example:**

**FWF country studies** summarise local labour law and regulation, statistics, and workplace practices. Country studies are the product of consultation with local stakeholders, whose perspectives are also included, providing real insights into the local context. FWF is the only initiative of its kind to work closely with local partners to develop in-depth, meaningful reports and make them publicly accessible online. Find them at [fairwear.org](http://fairwear.org).

In every producer country where FWF is active, local partners provide country-specific policy advice which is used to develop a **FWF country strategy**. Once complete, every strategy paper – and any other pertinent FWF document – is made public and distributed to local stakeholders. This enhances collaboration and accountability.

## 2004

- Jun** Consultation with NGOs & trade unions in Hong Kong, Southern China & Shanghai
- Jun-Aug** Research for China's country study
- Aug** Auditor training in Southern China
- Oct** Appointment of FWF's complaints handler

## 2005

- May** Consultation meeting with NGOs in Hong Kong and Shanghai on worker training
- Aug** Auditor training in Southern China
- Sep** Appointment FWF's new complaints handler
- Oct** Complaint investigation by NGO
- Nov** FWF organises meeting for affiliated companies sourcing from China to meet with labour NGO from Hong Kong
- Dec** Complaint investigation by NGO

## 2006

- Mar** Complaint investigation by NGO
- Sep** Two complaints investigations by NGOs
- Oct** Auditor training in Shanghai
- Oct-Dec** Pilot of factory trainings in combination with audits
- Nov** Meeting with CNTAC employers association in Beijing
- Dec** Evaluation of factory training

## 2007

- Sep '06-Jan** Policy paper Freedom of Association in China (published in January)
- Mar** Seminar for evaluation of factory training pilots
- Sep** Factory training in combination with audits
- Oct** NGO consultations in Hong Kong & Southern China
- Dec** Complaints investigation by NGO

## 2008 >next page

## 2008

- Mar** Complaints investigation by NGO
- Apr** Auditor training in Southern China
- Sep** Consultation with Dutch Embassy in Beijing and NGOs in Hong Kong
- Sep** Auditor training in Beijing
- Oct** Complaints investigation by NGO
- Jul-Nov** Development of updated country study (published in November)
- Nov** Consultation with CNTAC employers association in Beijing and representative of Dutch business association
- Nov** Consultation with NGOs in Beijing and Shanghai
- Nov** (Onsite) auditor training in Shenzhen and Macau
- Oct-Dec** NGO consultation on country strategy

## 2009

- Jan-Mar** Research on impact of financial crisis for Chinese workers (published in March)
- Mar** Circulation of country strategy to local partners
- Mar** Auditor training in Shenzhen
- Mar** Seminar on good practice in factory training in China
- Apr** Consultation with Dutch Embassy Beijing
- Apr** Onsite auditor training in Ningbo and Shanghai
- Sep** Publication of strategy paper on factory training in China
- Apr-Jul** Two complaints investigations by NGOs
- Apr-Nov** Living wage research in four industrial regions in cooperation with Beijing University and local NGOs
- Oct** Onsite training auditors east China
- Oct-Dec** Management training in factory as a means to remediate overtime complaint

## 2010

- Nov'09-Feb** Reporting living wage research
- Jan** Onsite training auditors south China
- Jan** Stakeholder consultation Beijing: China National Textile and Apparel Council and various scholars specialised on collective contracts and labour contract law
- Feb** Stakeholder consultation Hong Kong: labour NGOs, and Hong Kong Liaison Office of the international trade union movement
- Mar** Members' Day: presentations by Chinese auditor and stakeholder on management/worker trainings
- May** Auditor seminar with stakeholder presentations social security, gender, living wage, collective contracts

**FWF audit teams** are assembled with advice from local stakeholders. Worker interviewers are often representatives of local NGOs with relevant expertise.

In order for this work to be sustainable, managers and workers must have the capacity to develop and engage in functioning industrial relations systems. Local stakeholders play a central role in the development and execution of all **FWF training and capacity building activities**.

Local stakeholders are key partners in handling **worker complaints to FWF**. They have input into the selection of FWF's (local) complaints handlers, and trusted NGOs are often called upon to help investigate worker complaints when they arrive. By involving local stakeholders in processes to rectify complaints, FWF hopes to help develop local industrial relations systems.

## More still to be done

Despite concentrating tremendous resources on local stakeholder engagement this past decade, further improvement is in the works. FWF country studies are getting leaner, consultation with stakeholders is enhancing our approach to training and we are broadening our outreach to stakeholders in various countries. And, perhaps most importantly, we are developing our methods for increasing workers' access to audit findings following FWF verification visits.

From their perspective, local stakeholders have a lot of input into the way FWF conducts its work. And that is so different from systems where local partners simply amount to service providers fulfilling a set task. It gives me a real sense of quality when worker-related NGOs conduct the interviews for FWF verification audits, for example.

- Ineke Zeldenrust, Clean Clothes Campaign Coordinator

## Quiz

not individuals

### Who is a stakeholder?

yes/no

- |                                     |                                     |   |
|-------------------------------------|-------------------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | A trade union organising garment workers in a production country?         |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | A humanitarian organisation working in that same production country?      |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | A university professor/researcher with expertise in labour rights issues? |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | A business association for garment retailers?                             |

FWF defines stakeholders as those organisations with a direct influence on social dialogue affecting the production and sale of garments and other sewn products.

What role do individuals experts have? While they are not stakeholders, some may opt to act as service providers. In FWF's work, these include verification team members, workplace trainers, researchers, and other consultants.

What about non-labour-related organisations? They also have a role to play beyond the negotiating table – supporting worker communities in a host of different ways.

By appreciating these distinctions, all actors can engage effectively in social change while supporting the development of effective institutions for social dialogue.

Charities are important, but are not stakeholders.





**worker training  
in a Chinese factory**



# PROCESS APPROACH

Supply chain responsibility requires companies to make sourcing decisions that ensure good working conditions

wherever their goods are made. It also requires companies to have management systems in place to consistently monitor conditions and support improvements. That's a lot to tackle at once, especially for companies just starting out in CSR.

FWF's process approach meets companies where they are. Whether a CSR leader or newcomer, each affiliated company uses FWF guidance to identify areas where the changes they make can have the greatest impact. Subsequent steps build from there. This step-by-step process leads to real and lasting improvements in workplaces throughout supply chains.



## A strong process → real results

By taking a process approach, companies can develop strong systems for compliance in their supply chains. Thinking and working strategically yields stronger and more sustainable results.



## What does the process approach mean in practice?

### When a company first joins FWF:

- \* The company submits a work plan, providing FWF with its supplier register and laying out the process by which it will build management systems needed to uphold FWF requirements.
- \* After FWF reviews the work plan, the company signs the FWF Code of Labour Practices and officially joins FWF.
- \* The company communicates its FWF affiliation to suppliers and agents. It uses FWF questionnaires to collect important compliance information from factories.
- \* The company rolls out its work plan, undertaking audits and corrective actions, building its internal management systems, etc. Work plans focus first on actions that should have the greatest impact.
- \* FWF verifies the company's work – both through factory audits and management system audits at the company.
- \* The company publishes a social report, detailing key aspects of its work through FWF.

Each ensuing year, targeted compliance action builds on the previous year's work.

### FWF's process approach ≠ product certification



When a product is labelled as 100% fair, it implies that every stage of production of a particular product has been overseen and verified as 'ILO proof'. But this guarantee is nearly impossible to provide for the average t-shirt or blanket, for instance. The truth is that most garments and sewn products are not (yet) made in fully compliant conditions. For this reason, FWF does not claim that its affiliates' products are produced in full compliance with labour standards. FWF does, however, verify that affiliates

are working hard, step-by-step, in this direction.

Let's not pretend. CSR in global supply chains can be complicated to explain – and to execute. But if a company seeks to have a real impact, it's of no use to think narrowly and short-term. Complexity can only be overcome step-by-step, which is part of what makes FWF's approach a better option.

– Jef Wintermans, MODINT director

## Companies affiliated to FWF vary in size:

\* Annual turnover:

€500.000 → €950.000.000

\* Some have many facilities, some few:

1 facility → 300+ facilities

\* And they vary in staff size...

2 staff → 300+ staff

\* ...as well as the kind of sewn products sold.



\* Some of FWF's affiliates have more than a decade of experience in workplace compliance; some join just as they are entering the CSR field.

FWF's system can be **adapted** to a variety of companies thanks to its process approach. Despite their diversity, FWF affiliates have a common attribute: a commitment to work continuously and strategically for improvements in their supply chains.

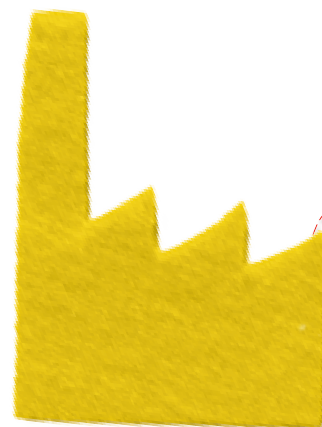


# MULTI-LEVEL VERIFICATION ~1~ factory auditing

While company commitments to ethical practices are important, such claims usually only gain credibility when verified by a third party. This is where FWF comes in. In order to gain real insight into company performance, FWF's verification system exists at **three levels**.

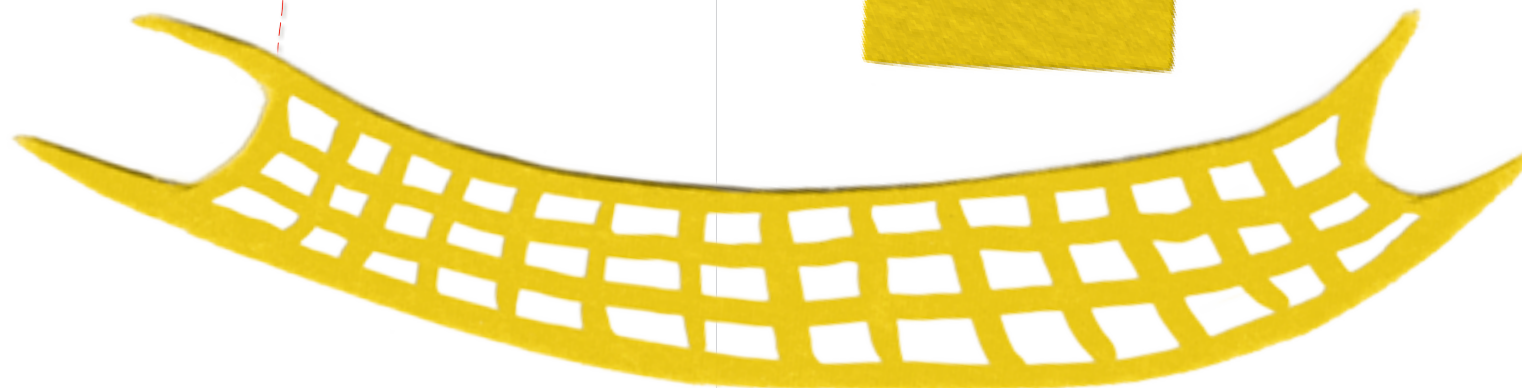


Each year, FWF also conducts Management System Audits at all affiliated companies. These reveal how companies perform in developing internal management systems that support good working conditions at all suppliers.



FWF audits an average of 10% of affiliated companies' supplier facilities over three years. This provides an indication of the working conditions in members' supply chains.

FWF's complaints procedure is a kind of **safety net** for when companies' and factories' compliance systems are not fully effective. The purpose of FWF's complaints system is to ensure that all workers in FWF affiliates' supply chains have access to redress for noncompliance issues.



FWF is perhaps best known for its unique and ground-breaking approach to **factory-level verification**. This is due largely to FWF's multi-specialist approach to auditing. The rigor of FWF's auditing process is evident in the higher quality of its outcomes.

FWF's factory auditing serves two main purposes. For factories, it is a step in a process leading to workplace improvements (and not some policing exercise). For companies, factory verification visits also serve as an indication of an affiliated company's performance in upholding its FWF commitments.

## Meet a verification team: FWF's team in Macedonia



**Milan Petkovski** has been the FWF audit supervisor and Occupational Safety and Health auditor for Macedonia since 2003. An OSH Engineer, Milan works in the Telecom Industry as OSH manager. In addition, Milan is President of the Macedonian Safety and Health Association and recently joined the Macedonian Occupational Safety and Health Council, a Government Institution in charge of facilitating national OSH guidelines.

**Katerina Milenkova Trajcheva** is the team's worker interviewer. She works in PPC Stip, a Macedonian grassroots labour and women's rights organisation. She is a qualified lawyer, currently studying for her masters degree at KTH. Katerina has been a FWF team member since 2006.

**Biljana Solakovska Mihajlovska**, an economist, is the documents inspector for the Macedonia audit team. Biljana works as a consultant certified by the Ministry of Economy, delivering financial services for Small&Medium Enterprises. Biljana has expertise in the NGO and banking sector and has been working with FWF as complaints handler and auditor since 2003.

FWF's audit process involves

**3 specialists**, each of whom has a firm grasp of important aspects of the workplace experience. It would be difficult for any single auditor to possess this level of expertise. The process allows us the time and space to analyse the full factory situation.

Bobby Joseph, audit supervisor and  
Health & Safety Inspector, Bangalore, India

The offsite interview procedure, itself, is a difficult and fantastic procedure. When you **join workers in their homes** or community, you pick up issues you may not be able to pick up on the day of the factory audit.

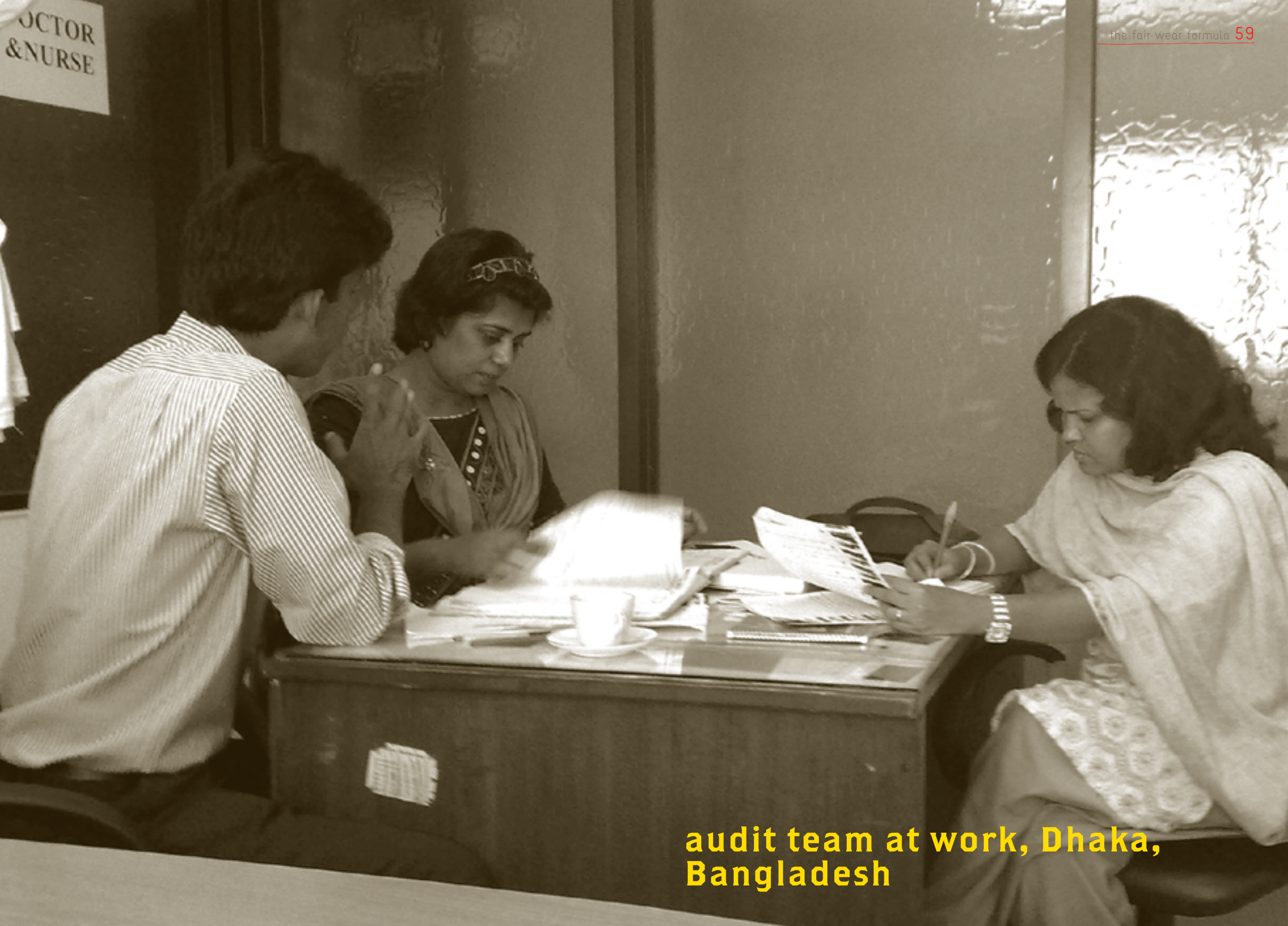
- Bilge Seckin, auditor and worker interviewer,  
Istanbul, Turkey

## WHAT'S **DIFFERENT** ABOUT FWF'S FACTORY AUDITING APPROACH?

FWF's audits are not about long checklists and fixating on minute details. Local specialists are the key to FWF's approach. They work to find the underlying problems – the root causes. Ultimately, if we want to solve these issues, we need to create an environment of **trust and collaboration**. FWF auditors have the expertise to find and explain problems as the audit unfolds – and to participate in discussions about possible solutions.

- Henrik Lindholm, international verification coordinator FWF





**audit team at work, Dhaka,  
Bangladesh**



# FWF audit and remediation process

## before factory visit

days and weeks before visit

### audit preparation

Arrange dates of audit; FWF team communicates documents needed & responds to questions from factory.

### offsite worker interviews

Interviews prior to factory visit often indicate areas for further investigation at the factory.

### team meeting

The day prior to an audit, the team reviews interview outcomes and other factory information.

FWF team members regularly consult with each other during audits for accurate & substantiated findings.

Review of health & safety and other factory conditions

## during factory visit

1.5 days; 3 auditors

Meetings are important: clear and open communications lay the groundwork for collaborative corrective action even before the audit ends.

### intro & exit meetings

### management interviews

Check documents supporting FWF standards, including wages/hours & leave records

### document inspection

### onsite worker interviews

Access more workers to gain understanding, corroborate offsite findings.

### visual inspection of factory

## follow up & remediation

days, weeks, months after audit

### audit report provided

The final report is provided within 10 days.

### company & factory agree corrective action

Workers may report noncompliance through FWF's 3rd party complaint system.

### company continues follow up

### company reports progress to FWF

Factory progress is included in FWF's public report of company management systems.

### Why does FWF announce audits?

FWF finds that managers are generally more open to collaboration and workplace improvements if audits are announced. Pre-planning audits also ensures that appropriate managers and documents are accessible on the days of the audit.

What's more, FWF's practice of interviewing workers offsite prior to visiting factories generally addresses the common pitfalls others encounter when they announce visits, namely coached workers and falsified books.

### Affiliated companies. Trade unions. Why does FWF seek their participation in audits?

An audit's main goal is not to find the problems. Audits are part of a broader process aimed at fixing the problems, and collaboration is the best way to achieve solutions.

It is for this reason that FWF's audit guidelines require auditors to interview trade union (on occasions when there is a factory union) and/or worker representatives. Trade union representatives should also participate in the audit exit meeting, where audit outcomes and improvements to workplace conditions are discussed. Likewise, by seeking to involve member companies in the audit process, company representatives gain a deeper understanding of the problems in the sector and their underlying root causes.

As FWF affiliates differ greatly in size, industry branch, number of suppliers and sourcing countries, we give each company **well-tailored feedback** on how to work effectively within its own organisational framework.

- Ivo Spauwen, international verification coordinator FWF

## Test your knowledge of FWF auditing

### question 1

What is the make-up of FWF factory auditing teams?

Answer: FWF's multi-specialist teams consist of 1) an expert in accounting, 2) an expert in health and safety, and 3) a female representative of a labour/women's rights NGO.

### question 2

How can FWF ensure consistency in auditing across different countries and audit teams?

Answer: Each auditor participates in FWF's training programmes, which include classroom work as well as onsite training with FWF staff. This, along with ongoing contact and training between FWF staff and auditors, ensures consistency across FWF's verification teams internationally.

### question 3

caution, trick question!

How can a monitoring group seek FWF accreditation?

Answer: They can't! FWF does not accredit audit organisations. Instead, it selects individuals and assembles audit teams which bring together the expertise and perspectives needed for a well-rounded FWF audit that can yield real solutions.

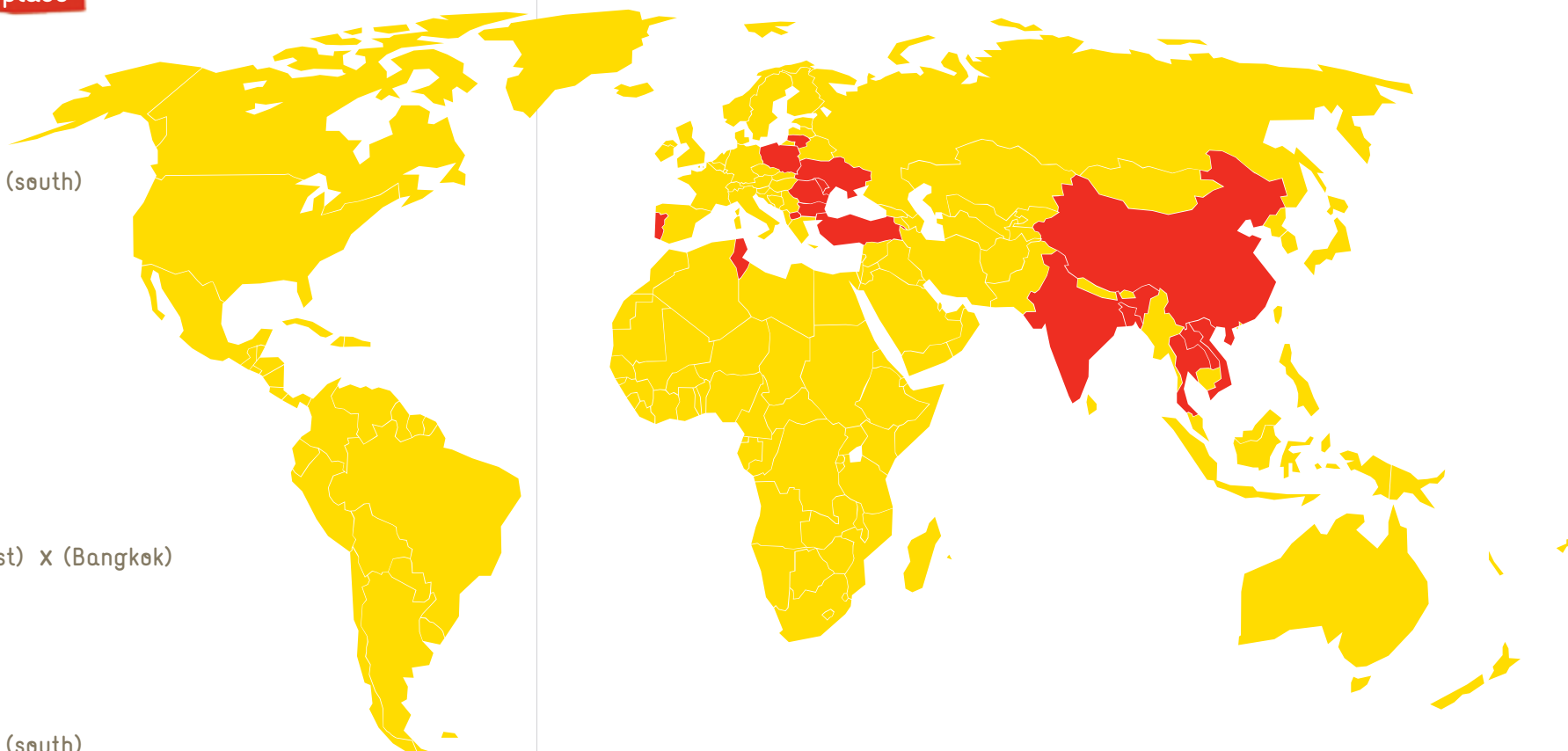


# MULTI-LEVEL VERIFICATION ~2~ complaints mechanism

FWF's complaints procedure serves as a safety net. For many workers in today's garment industry, effective monitoring and solid management systems are simply not present. Most also lack access to fair and effective complaints channels locally.

FWF fills this gap by placing complaints handlers in countries where FWF is active. This ensures that workers making products for FWF affiliates can safely and fairly seek redress for violations of the Code.

	FWF audit team	Complaint handler in place
Bangladesh	yes	x
Bulgaria	yes	
China	yes	x
India	yes	x (north) x (south)
Laos	no (through Thailand)	
Lithuania	no (low-risk evaluation)	
Macedonia	yes	x
Moldova	no (through Romania)	
Poland	no	x
Portugal	no (low-risk evaluation)	
Romania	yes	x
Thailand	yes	x (north-east) x (Bangkok)
Tunisia	yes	x
Turkey	yes	x
Ukraine	no (evaluation)	
Vietnam	yes	x (north) x (south)





## Characteristics of a FWF complaints handler

For a complaints system to be effective, workers need access to it. FWF complaints handlers therefore need to possess key skills/competencies.

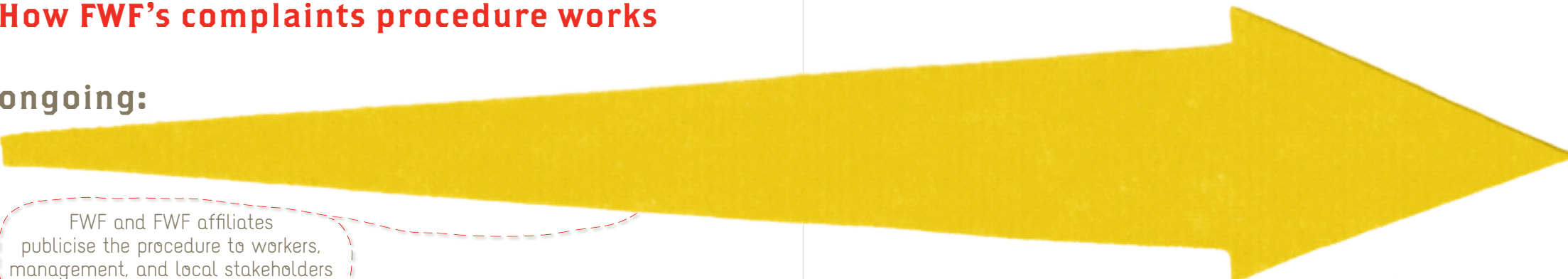
## All FWF complaints handlers:

- \* **are accessible** – Because they are based locally, they can be reached in the time zone and on a local number.
- \* **can understand** – They speak the local language(s) and English, allowing them to follow up on details with workers, FWF staff, and affiliated companies. This means better and faster follow up.
- \* **are trustworthy** – Handlers are often female representatives from labour or women's NGOs. They are able to communicate with workers in a way that enhances trust.

There is still a lot to improve in FWF's complaints system. But with every complaint, FWF is learning and improving its systems while taking into account the reality of each situation.

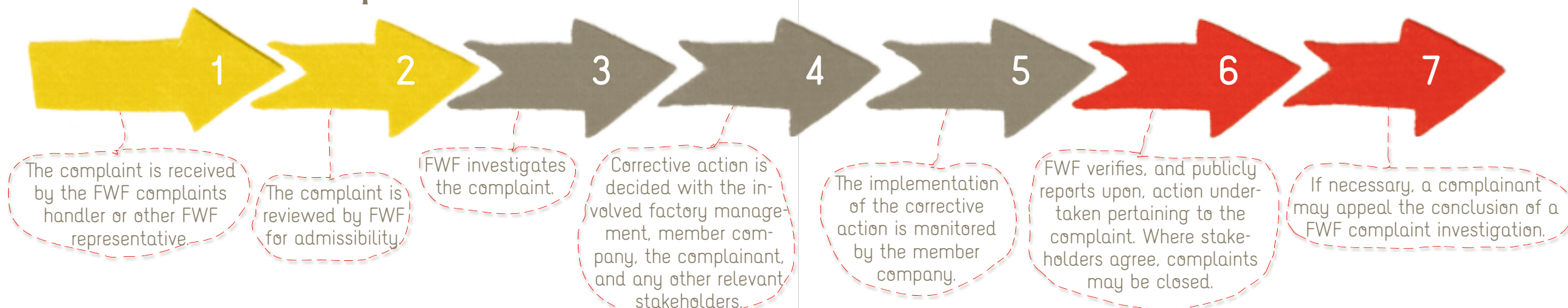
## How FWF's complaints procedure works

### ongoing:



FWF and FWF affiliates publicise the procedure to workers, management, and local stakeholders throughout supply chains.

### In the event of a complaint:



### Who may complain?

- \* workers in workplaces producing for FWF affiliates
- \* local stakeholders representing these workers
- \* factory management

### About what?

- \* noncompliance with the FWF Code of Labour Practices
- \* FWF procedures, staff, and/or teams

### FWF's system = grievance procedure of last resort

FWF believes that the best grievance procedure is one that is fair and effective – and local.

FWF's complaints procedure is designed to ensure that workers in affiliated companies' supply chains always have recourse in instances of noncompliance – but only in instances where workers are not able to access local grievance systems. FWF's system only applies when other options, such as factory grievance systems or local labour courts, are not fair, effective, and accessible.

To *only* verify compliance in factories is like **swimming against a strong current**: You can use the same stroke or technique over and over again, but you will not make very much progress.

– Erica van Doorn, FWF director



# MULTI-LEVEL VERIFICATION ~3~ company performance

When a company joins FWF, it commits to implement the FWF Code of Labour Practices in its supply chain. While this includes efforts to work directly with factories to improve conditions there, it also means developing internal management systems to better support good workplace conditions. Each year, FWF visits affiliated companies to verify these systems and their effectiveness.

FWF's process approach means each company will need to tailor each of these requirements to its own reality.

## FWF's Management System Requirements

Sourcing policy

Monitoring and remediation systems

Corrective action

Complaints procedure

Training and capacity building among company staff

Information management

Transparency

Evaluation

Important. A company's approach to selecting suppliers, its pricing policy, the extent to which it moves production around, all influence the effectiveness of its overall compliance programme. Because of its potential impact, this is where many affiliated companies see they need to focus their efforts.

These focus on factories.

It is good for factories to have their own grievance procedures. Affiliates also need to inform workers about FWF's complaints system.

This is essential. If every garment company ensured that its staff had a deep understanding of their company code, it would already improve conditions in the industry tremendously.

Any effective system requires good info management.

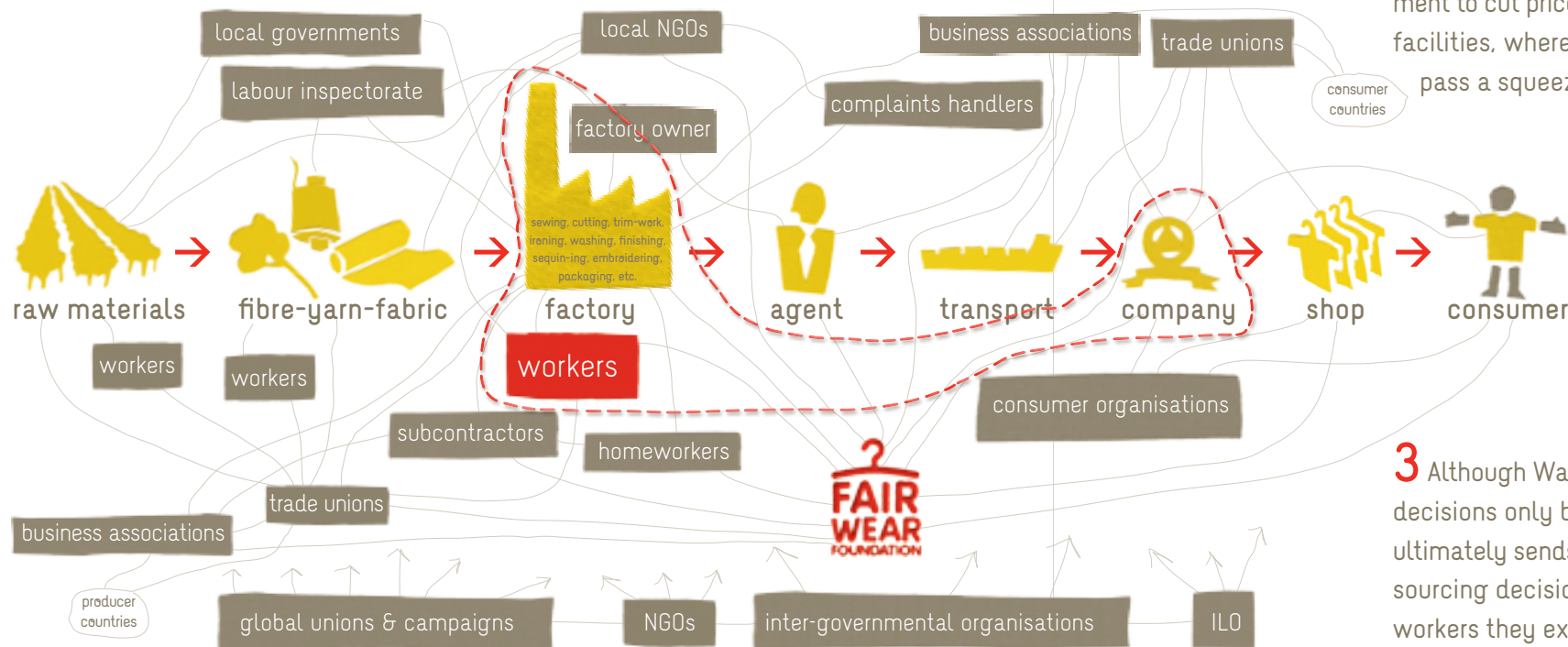
Affiliates must publish a social report each year; reports are also available at [fairwear.org](http://fairwear.org).

The company evaluates its internal systems and FWF conducts a management systems audit.



## How FWF verifies company performance

Since 2008, FWF staff has visited the headquarters of each affiliated company's CSR programme to audit its progress in upholding its FWF obligations. During these management system audits (MSAs), FWF staff reviews company documentation and databases, interviews staff, and, where possible, tests company systems. Using this information, FWF staff assesses the extent of meaningful improvements to internal systems and the results/achievements of these systems. Requirements and recommendations for improvement are also provided and can assist companies in shaping their compliance plans for the coming year. In 2009, FWF staff began publishing the outcomes of MSAs.



## Why is a company's approach to sourcing so important?

Let's take **Wave Inc.** as an example. Wave Inc. sources many of its products through a process commonly known as tendering. This essentially means that Wave, like many other garment companies, places orders with factories through a process based largely on the price paid for the product. **This limits Wave Inc.'s ability to improve workplace conditions. Here's why:**

**1** Tendering continually places pressure on factory management to cut prices – often at the expense of workers (in sewing facilities, where most other costs are fixed, it is common to pass a squeeze on price along to workers).

**2** It means Wave Inc. and many other similar companies have short-term relationships with the factories where its products are made. While Wave may not know it, this eliminates any sense of commitment and undermines incentives for improvements in factory conditions.

**3** Although Wave Inc. has a Code of Conduct, making sourcing decisions only based on price, quality, and on-time delivery ultimately sends a clear message to factories: that companies' sourcing decisions do not correspond with the treatment of workers they expect from factories.

By revisiting its approach to sourcing, Wave Inc. will find that its capacity to improve workplace conditions increases considerably. On the other hand, if it maintains its current practice, it will continue to find it difficult to realise real improvements in conditions where its products are made.

## What kinds of companies can join FWF?

- \* Companies that operate in the European market – including producers, distributors, wholesalers, and retailers – can join FWF.
- \* Garment/textile manufacturers can also join FWF as long as they operate in a producing country where FWF is active.

## What if? question

What if an affiliated company fails to make adequate progress in upholding its FWF commitments?

Answer: If the intensive process aimed at getting the company back on track fails, the director proposes to the FWF Board to terminate FWF membership.

## Monitoring and remediation systems: seeking to avoid unsustainable policing

Every year, millions of factory audits are undertaken worldwide. Yet many of the most pervasive problems in workplaces persist despite a seeming revolving door of auditors in some factories. FWF seeks to minimise audit fatigue, while maximising resources dedicated to creating systems for sustained workplace compliance. To this end, FWF encourages affiliates to access the audit reports of selected partner organisations and to work with other companies to fix the problems in factories where they produce. And, wherever possible, FWF advises targeting corrective action to find ways to help stimulate sound industrial relations, which hold the most promise for sustainably good working conditions.



# TRANSPARENCY

Accountability should lie at the heart of any initiative seeking to improve conditions in supply chains, and transparency is an important component of accountability. For full accountability in supply chains, transparency is necessary at **three key levels**:

- \* the workplace
- \* the company
- \* the organisation



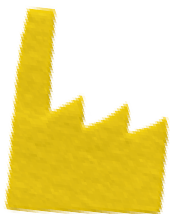




**a supervisor helps a worker  
in a Chinese factory**



# FWF's approach to transparency



## for workplaces

- \* FWF makes aggregate data on FWF verification audits public.
- \* FWF affiliated companies are required to report publicly on the outcomes of factory remediation following FWF verification visits.
- \* FWF encourages factories and companies to publish FWF verification reports, with a special focus on informing workers of outcomes.
- \* FWF strongly encourages affiliates to publish their factory lists annually.
- \* FWF and its affiliates publicly report outcomes of third party complaints.



## for companies

- \* FWF conducts management system audits, reviewing each affiliated company's performance in fulfilling FWF requirements. From 2010, reports of these audits are available online.
- \* Every FWF affiliate is required to publish a social report annually (also published on FWF's website), covering audits, remediation and complaints in the supply chain.



- \* FWF commits to keep local stakeholders aware of developments at FWF that pertain to them.
- \* FWF circulates country strategy documents and posts all research documents online.
- \* Each year, FWF publishes an annual report on its activities, covering verification audits and complaints received, as well as data on FWF's finances and other details.

## Areas where FWF seeks to further enhance its transparency

FWF is investigating effective methods for sharing FWF verification audit outcomes with workers. Engaging workers in remediation improves remediation outcomes and builds capacity for social dialogue at the workplace level.

FWF is currently developing approaches for fair and effective measurement and reporting of company performance each year.

FWF seeks to make its systems for data collection and impact measurement more robust for enhanced accuracy and detail in reporting outcomes of FWF's work each year.

## Balancing business confidentiality and transparency

Transparency is essential for accountability and credibility. Yet it is also a challenge for garment and textile companies, who consider their competitive advantage to lie partially in their unique supply chain decisions – for example, where they are placing orders, prices paid, forecasting, etc. Indeed, transparency often can be among the most difficult FWF requirements for companies affiliated to FWF.

But some pioneering companies are beginning to break this mould. CSR leaders now commonly report their factory lists, audit outcomes, and other data. We still have a lot to do in this regard, however. FWF continues to work with companies to balance transparency and business confidentiality in order to enhance accountability in supply chains.

**No single entity can do it alone.**  
Not a lone factory. Not a lone brand.  
Not a single trade union or business  
association. Not even a single  
government or multi-stakeholder  
initiative. Conditions in global sewing  
facilities can only change when  
all of these parties work together.

- Gerrit Ybema, FWF Chair between 2003 - 2010



# COOPERATION

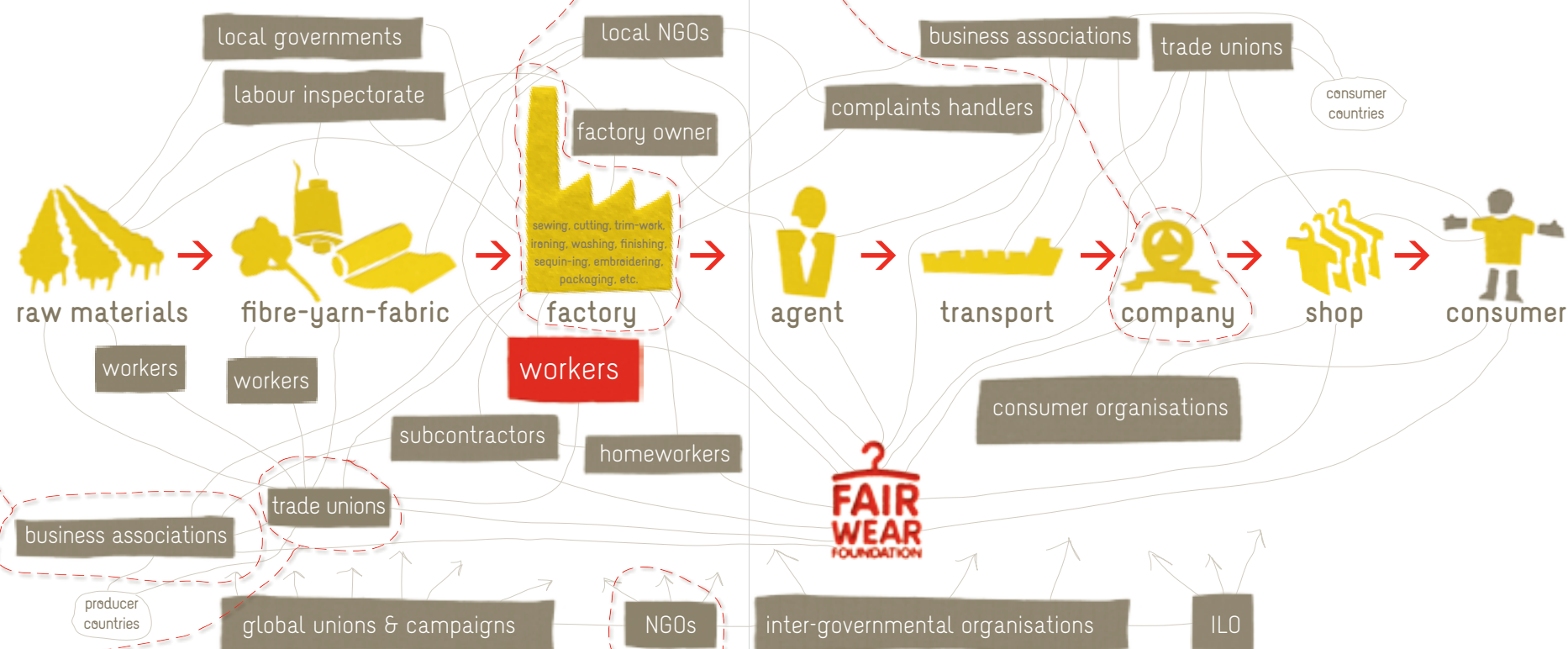
It is only through cooperation that industry-wide improvements can be realised. This belief brought to life FWF's multi-stakeholder structure. But FWF's ultimate goal is to render itself obsolete. Once sustainable systems and institutions are in place to uphold garment workers' rights globally, our job is done. That's why, in addition to cooperating **with** a range of stakeholders, we also work to facilitate cooperation **among** relevant actors – governments, business associations, trade unions, NGOs, factories, companies etc. In everything we do, we seek to support and enhance strong industrial relations systems for better working conditions that will last.

### Cooperation with business associations

Business associations play a key role in healthy industrial relations systems. FWF is committed to strengthening its cooperation with a number of business associations in the countries where FWF is active.

### Cooperation between factories and companies

More than a decade of monitoring has proven that approaching factory auditing as policing leads to cat-and-mouse games with limited improvements for workers. In FWF's experience, real improvements usually take place in a context of trust and collaboration between a company and factory, most often where companies are committed to a long-term relationship with the factory.



### Cooperation with trade unions

FWF works to ensure that its efforts in no way undermine or replace the role of trade unions in any country. To the contrary: its work ultimately focuses on supporting healthy industrial relations systems. Therefore FWF alters its approach in countries where there are functioning industrial relations systems in the garment and textile industry. FWF looks to trade unions in these countries as the main workplace monitors and appropriate handler of workers' complaints. This ensures that the relationship is one of cooperation – working to ensure that healthy industrial relations systems remain that way.

### Cooperation with other multi-stakeholder initiatives

The scale of the challenges we face are huge, and resources are finite. So it is necessary to reduce duplication, while creating efficiencies among organisations that share a common goal. It is for this reason that FWF plays an active role in convening the Jo-In Platform, which assembles the heads of leading Code initiatives internationally. Through the Jo-In Platform as well as bilaterally, we seek to harmonise workplace Codes globally and to collaborate for improved implementation on challenging issues like living wages and hours of work.



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[www.fairwear.org](http://www.fairwear.org)

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FAIR  
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