



### ***Terms for audits by FWF audit teams***

In case member companies hire FWF-trained teams for audits, the stipulations in this document apply. The document contains stipulations for the following areas:

- A. Pre-conditions for planning an audit
- B. Preparation and planning
- C. The audit, number of work days and tasks during the audit
- D. Reporting and follow-up
- E. Payment
- F. Working with FWF audit teams
- G. Using FWF auditors for factory visits before or after factory audits

To calculate the total cost of an audit the document 'Financial Terms for Service Providers' gives the per diem for auditors in different regions as well as details on reimbursements of costs associated with the audit. In addition the below mentioned terms, the stipulations in the FWF audit manual apply for preparing audits

#### ***A. Pre-conditions for planning an audit***

1. The following preparatory steps shall be completed before an audit can be scheduled:
  - a) The data of the supplier are introduced in the FWF database.
  - b) The member company has collected the completed questionnaire from the manufacturer; it is important to have recent information on the size of the factory (number of workers) since this decides how much time will be spent auditing the factory and hence the cost for the audit. This information is also introduced in the database.

#### ***B. Preparation and planning***

2. Once the above pre-conditions have been fulfilled, the member company should submit suggested dates for audits to FWF. FWF will contact the audit team to come to an agreement about the exact date of the audit
3. FWF informs the member company about the date of the audit.
4. The standard fee for supervisors includes four hours 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 incorrect or insufficient, FWF will communicate this to the member company. Additional cost will be based on hourly fee stipulated in the 'Financial Terms for Service Providers to FWF or its member companies'.
5. 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 inform the manufacturers at the earliest possible stage to ensure that management can be present during the audit.
6. FWF encourages member companies to observe the audits. In case the member company works with an agent who is in frequent contact with the audited factory, FWF recommends that the agent observes the audit, especially the exit discussion.
7. The member company will ensure that factory management will duly inform. A general list of required documents can be found in the FWF audit manual.
8. The audit supervisor will contact the factory manager at least four days before the audit to prepare the management of the factory.



9. In case the member company cancels the audit within one month prior to the scheduled audit date, 50% of the audit fee will be paid. In case the audit is cancelled 10 or less workdays before the audit, the member will pay 100% of the audit fee.

**C. The audit, number of days and tasks during audit**

10. FWF will adjust the number of days used for auditing to the size of the factory being audited. Below is outlined how much time the audit team will spend on audits depending on the size of the factory. Occasionally extra time might need to be added if non-registered subcontractors are found.

<b>Factory with 5-25 workers</b>		
Preparation by supervisor	0,5 day	
Off-site worker interviews incl. preparation and written report	1,5 days	3 interviews (when possible)
Factory visit supervisor	1 day	Factory manager
Factory visit documents inspector/OHS inspector	1 day	10 worker files 5 worker files regarding OHS
Factory visit worker interviewer	1 day	5 individual interviews
Report by supervisor	1 day	
Total	6 days	
<p>Explanation:</p> <p>It should be possible to conduct 3 off-site interviews in 1 ½ days.</p> <p>Independent of the size of a production facility, an audit always includes off-site interviews, an introduction meeting, a team meeting to discuss findings, conclusions and requirements for improvements and an exit meeting. It is not feasible to do so during a factory visit that is shorter than 1 day.</p> <p>In a facility of this size 1 interview with management will probably suffice.</p> <p>In a facility of this size it can be expected that not all 3 auditors are occupied all day. FWF expects from the team members to divide the work in an effective manner and to use time available during the factory visit to include detailed findings in the audit report as much as possible. It should be possible to finalise the audit report in 1 day.</p>		

<b>Factory with 25-50 workers</b>		
Preparation by supervisor	0,5 day	
Off-site worker interviews incl. preparation and written report	2 days	4 interviews
Factory visit supervisor	1,5 day	Factory manager Production manager



Factory visit documents inspector/OHS inspector	1,5 day	15 worker files 5 worker files regarding OHS 5 extra worker files to corroborate findings on key issues
Factory visit worker interviewer	1,5 day	5 individual interviews 8 individual interviews to corroborate findings on key issues
Report by supervisor	1 day	
Total	8 days	
<p>Explanation:</p> <p>It should be possible to conduct 4 off-site interviews in 2 days. In a facility of this size it can be expected that not all 3 auditors are occupied the entire 1,5 day. FWF expects from the team members to divide the work in an effective manner and to use time available during the factory visit to include detailed findings in the audit report as much as possible. It should be possible to finalise the audit report in 1 day. In a facility of this size 1 or 2 interviews with management will probably suffice. The individual interviews to corroborate findings on key issues are meant to gather additional information to allow the team to draw coherent conclusions. The inspection of extra worker files to corroborate findings on key issues is meant to gather additional information to allow the team to draw coherent conclusions.</p>		

<b>Factory with 50-500 workers</b>		
Preparation by supervisor	0,5 day	
Off-site worker interviews incl. preparation and written report	3 days	10 interviews Phone interview with 1 or 2 relevant local stakeholders
Factory visit supervisor	1,5 day	Factory manager Production manager HR manager OHS doctor/factory nurse
Factory visit documents inspector/OHS inspector	1,5 day	20 worker files 15 worker files regarding OHS 10 extra files to corroborate findings
Factory visit worker interviewer	1,5 day	3 individual interviews 15 by 1 group of 15 8 individual interviews to corroborate findings on key



		issues
Report by supervisor	1,5 day	
Total	9,5 days	
<p>Explanation:</p> <p>It should be possible to conduct 10 off-site interviews and one or two phone calls with local stakeholders in 3 days. The worker interviewer consults with FWF which local stakeholders are most suitable to be interviewed.</p> <p>In a facility of this size there are probably 2 or 3 management and staff that need to be interviewed.</p> <p>The individual interviews to corroborate findings on key issues are meant to gather additional information to allow the team to draw coherent conclusions.</p> <p>The inspection of extra worker files to corroborate findings on key issues is meant to gather additional information to allow the team to draw coherent conclusions.</p> <p>Because of the need to involve a larger number of workers in the interviews the worker interviewer is expected to include one group interview.</p>		

<b>Factory with 500-1000 workers</b>		
Preparation by supervisor	0,5 day	
Off-site worker interviews incl. preparation and written report	3 days	10 interviews Phone interview with 1 or 2 relevant local stakeholders
Factory visit supervisor	1,5 day	Factory manager Production manager HR manager CSR manager OHS doctor/factory nurse
Factory visit documents inspector/OHS inspector	1,5 day	20 worker files 15 worker files regarding OHS 10 extra files to corroborate findings
Factory visit worker interviewer	1,5 day	3 individual interviews 15 by 1 group of 15 8 individual interviews to corroborate findings on key issues
Report by supervisor	2 days	
Total	10 days	



Explanation:

It should be possible to conduct 10 off-site interviews and one or two phone calls with local stakeholders in 3 days. The worker interviewer consults with FWF which local stakeholders are most suitable to be interviewed.

In a facility of this size there are probably 4 or 5 management and staff that need to be interviewed.

The individual interviews to corroborate findings on key issues are meant to gather additional information to allow the team to draw coherent conclusions.

The inspection of extra worker files to corroborate findings on key issues is meant to gather additional information to allow the team to draw coherent conclusions.

Because of the need to involve a larger number of workers in the interviews the worker interviewer is expected to include one group interview.

<b>Factory with more than 1000 workers</b>		
Preparation by supervisor	1 day	
Off-site worker interviews incl. preparation and written report	4 days	10 interviews 4 group interviews, with 5 workers in each group (20 in total) Phone interview with 1 or 2 relevant local stakeholders
Factory visit supervisor	2 days	Factory manager Production manager HR manager CSR manager OHS doctor/factory nurse
Factory visit documents inspector/OHS inspector	2 days	30 worker files 20 worker files regarding OHS 20 extra files to corroborate findings
Factory visit worker interviewer	2 days	45 by 3 group of 15 8 individual interviews to corroborate findings on key issues
Report by supervisor	2 days	
<b>Total</b>	<b>13 days</b>	
<p>Explanation:</p> <p>It should be possible to conduct 10 off-site interviews and some group interviews and one or two phone calls with local stakeholders in 3 days. The worker interviewer consults with FWF which local stakeholders are most suitable to be interviewed.</p> <p>In a facility of this size there are probably 4 or 5 management and staff that need to be</p>		



interviewed.

The individual interviews to corroborate findings on key issues are meant to gather additional information to allow the team to draw coherent conclusions.

The inspection of extra worker files to corroborate findings on key issues is meant to gather additional information to allow the team to draw coherent conclusions.

Because of the need to involve a larger number of workers in the interviews the worker interviewer is expected to include three group interviews.

#### ***D. Reporting and follow-up***

11. Within 10 workdays after conducting the audit, the supervisor sends the report to FWF for revision after which the report is finalised. FWF will send the final report with the Corrective Action Plan to the member company. FWF is responsible to clarify any questions that may rise. The conclusions are not subjected to change. Upon request the CAP can be made in both English and the local language. The member company will be invoiced for the additional costs.

12. The member company shares the audit report with factory management as soon as possible and at the latest within 2 weeks after receiving the audit report. The member company and the manufacturer agree to a corrective action plan with a time line and start implementing it.

13. Execution of the corrective action plan is the joint responsibility of the member company and the manufacturer.

14. In case another FWF member is sourcing at the same factory, FWF recommends to do either a shared audit or share the full audit report with this member and discuss how to monitor the follow up. FWF requires to at least share the Corrective Action Plan.

#### ***E. Payment***

15. Audit team members send their invoices directly to FWF.

16. FWF sends an invoice for the total audit cost directly to the member company.

17. The invoices will be submitted upon the completion of the audit report, unless approval has been granted to bill for more than one audit with one invoice, but no later than one year after execution of the audit.

18. Audit fees and stipulations regarding reimbursement for expenses are defined in the document 'Financial Terms for Service Providers to FWF'. FWF can also pay for travel tickets and hotels directly to provider if this is agreed with the auditors and FWF beforehand.

19. The member company pays FWF two weeks after receiving the invoice.

20. Further details of how payments and invoices will be done can be found in the document 'Financial Terms for Service Providers to FWF'.

#### ***F. Working with FWF audit teams***

21. To ensure that FWF audit teams are deployed in an appropriate way, the above stipulations should be applied at all times. If a member company fails to comply with these stipulations, FWF can bring the use of FWF audit teams by the involved member to a halt.

22. The FWF will oversee the quality of audit reports as well as taking care of communication with audit team and payment of audit team members. For this service, a fee of 200 euro per audit initiated by the member company is charged to the member company. In the invoice sent this cost will be marked as *administrative cost for FWF*. No other fees or costs will be charged for the arranging audits on behalf of the member companies.

23. In case two or more member companies source from the same factory, FWF encourages its members to commission a joint audit and share the costs. FWF will inform the involved member companies about the opportunity to carry out a shared audit. The FWF members will remain



responsible for planning, costing and all practical arrangements when a shared factory is audited.

24. In case of a conflict between a member company and an audit team, FWF can be consulted to find a solution.

### ***G. Using FWF auditors for monitoring visits before or after a factory audit***

25. FWF member companies can hire members of local FWF audit teams to visit a factory as part of their activities to monitor working conditions. Such visits are complementary to factory audits, but do not count towards the monitoring threshold that member companies are expected to meet (for further information on this requirement please refer to FWFs manual for member members: [www.fairwear.org](http://www.fairwear.org)).

26. Factory visits by members of local FWF audit teams will not substitute the dialogue between factory management and the member company that is needed for effective follow up of the corrective action plan.

27. Visits before factory audits can be carried out by FWF auditors to support staff of the member company in assessing working conditions in the workplace during the phase of selecting a supplier for order placement. In case of existing supplier relations, a factory visit can be planned before a full audit to ensure that the member company develops a rough understanding of working conditions in the workplace.

28. Follow up visits after previous audits will only be done at factories where a factory audit has been done by a FWF team previously.

29. Unless otherwise agreed, the standard time for these follow up visits will be 0.5 days preparation, 1 day for the factory visit and 0.5 days for report writing. The main sources of information will be management interviews, supplemented by visual inspection of the workplace and documents inspection where possible. Reporting will be done in the form of an updated corrective action plan. Where the auditor finds it necessary, additional written comments will be given.

30. Unlike conventional factory audits that are carried out by FWF teams, FWF verification staff does not offer quality control on the reports of factory visits.

31. For factory visits the fees in the document 'Financial Terms for Service Providers' apply. In addition FWF invoices 100 euro to per factory visit as a surcharge for coordination and auditor training.

32. Apart from the stipulations in section G, all other conditions laid down previously in this document.