



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. Using FWF auditors for follow up visits after a factory audit
- G. Working with FWF audit teams

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 annual work plan, including a complete factory register, is submitted by the member company and approved by FWF;
 - 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.

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 and sends the member a contract including costs and dates.
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 be present during the 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.
7. 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 audit. A general list of required documents can be found in the FWF audit manual, country specific documents are mentioned in the country studies.
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 10-6 workdays prior to the scheduled audit date, 50% of the audit fee will be paid. In case the audit is cancelled 5 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.

| 5-25 workers | | |
|---|----------|--|
| Preparation by supervisor | 0,5 day | |
| Off-site worker interviews incl. preparation & written report | 1,5 days | 3 interviews |
| Factory visit supervisor | 1 day | Factory manager |
| Factory visit documents inspector/ OHS | 1 day | 10 worker files 5 worker files re OHS |
| Factory visit worker interviewer | 1 day | 5 individual interviews |
| Report by supervisor | 1 day | |
| Total | 6 days | |

Explanation:

It should be possible to conduct 3 off-site interviews in 1 ½ days.

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.

In a facility of this size 1 interview with management will probably suffice.

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.

| 25-50 workers | | |
|---|---------------|--|
| Preparation by supervisor | 0,5 day | |
| Off-site worker interviews incl. preparation & written report | 2 days | 4 interviews |
| Factory visit supervisor | 1,5 days | Factory manager Production manager |
| Factory visit documents inspector/ OHS | 1,5 days | 15 worker files 5 worker files re OHS 5 extra worker files to corroborate findings on key issues |
| Factory visit worker interviewer | 1,5 days | 5 individual interviews 8 individual interviews to corroborate findings on key issues |
| Report by supervisor | 1 day | |
| Total | 8 days | |

Explanation:

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 ½ 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 interview with management and staff 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.

| 50-500 workers (existing situation) | | |
|--|----------|--|
| Preparation by supervisor | 0,5 day | |
| Off-site worker interviews incl. preparation & written report | 3 days | 7 interviews Phone interview with 1 or 2 relevant local stakeholders |
| Factory visit supervisor | 1,5 days | Factory manager Production manager HR manager OHS doctor/ factory nurse |
| Factory visit documents inspector/ OHS | 1,5 days | 20 worker files 15 worker files re OHS 10 extra worker files to corroborate findings on key issues |
| Factory visit worker interviewer | 1,5 days | 3 individual interviews 15 by 1 groups of 15 8 individual interviews to corroborate findings on key issues |
| Report by supervisor | 1,5 days | |
| Total | 9,5 days | |
| <p><i>Explanation:</i></p> <p><i>It should be possible to conduct 7 off-site worker interviews and 1 or 2 phone interviews with local stakeholders in 3 days. The worker interviewer consults with FWF which local stakeholder(s) are most suitable to be interviewed.</i></p> <p><i>In a facility of this size there are probably 2 or 3 management and staff that need to be interviewed.</i></p> <p><i>The individual interviews to corroborate findings on key issues are meant to gather additional information to allow the team to draw coherent conclusions.</i></p> <p><i>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.</i></p> <p><i>Because of the need to involve a larger number of workers in the interviews the worker interviewer is expected to include 1 group interview.</i></p> | | |

| 500-1000 workers | | |
|---|----------|--|
| Preparation by supervisor | 0,5 day | |
| Off-site worker interviews incl. report preparation & written | 3 days | 7 interviews Phone interview with 1 or 2 relevant local stakeholders |
| Factory visit supervisor | 1,5 days | Factory manager Production manager HR manager CSR OHS doctor/ factory nurse |
| Factory visit documents inspector/ OHS | 1,5 days | 20 worker files 15 worker files re OHS 10 extra worker files to corroborate findings on key issues |
| Factory visit worker interviewer | 1,5 days | 3 individual interviews 15 by 1 groups 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 7 off-site worker interviews and 1 or 2 phone interviews with local stakeholders in 3 days. The worker interviewer consults with FWF which local stakeholder(s) 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 1 group interview.

| 1000 and more workers | | |
|---|----------------|--|
| Preparation by supervisor | 1 day | |
| Off-site worker interviews incl. preparation & written report | 4 days | 7 individual interviews 4 group interviews, with 5 workers in each group (20 workers in total) Phone interview with 1 or 2 relevant local stakeholders |
| Factory visit supervisor | 2 days | Factory manager Production manager HR manager CSR OHS doctor/ factory nurse |
| Factory visit documents inspector/ OHS | 2 days | 30 worker files 20 worker files re OHS 20 extra worker files to corroborate findings on key issues |
| Factory visit worker interviewer | 2 days | 45 by 3 groups of 15 8 individual interviews to corroborate findings on key issues |
| Report by supervisor | 2 days | |
| Total | 13 days | |

Explanation:

It should be possible to conduct 7 off-site worker interviews and 1 or 2 phone interviews with local stakeholders in 3 days. The worker interviewer consults with FWF which local stakeholder(s) 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 3 group interviews.



D. Reporting and follow-up

11. Within 7 workdays after conducting the audit, the supervisor sends the report to FWF for revision after which the report is finalised. The member company will receive the final audit report within 10 workdays after the audit. FWF is responsible to clarify any questions that may rise. The conclusions are not subjected to change.
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 and start implementing it.
13. Execution of the corrective action plan is the joint responsibility of the member company and the manufacturer.

E. Payment

14. Audit team members send their invoices directly to FWF.
15. FWF sends an invoice for the total audit cost directly to the member company. Copies of receipts for costs to be reimbursed in accordance with 'Financial Terms for Service Providers to FWF or its member companies' will also be sent.
16. 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.
17. 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.
18. The member company pays FWF two weeks after receiving the audit report and the invoice.
19. Further details of how payments and invoices will be done can be found in the document 'Financial Terms for Service Providers to FWF'.

F. Using FWF auditors for follow up visits after a factory audit

20. Member companies might not always have the capacity to follow up corrective action plans at factory level. In these cases, the member company can request that a member of the local FWF audit team visits the factory to discuss with the management how the work on the corrective action plan is progressing. These visits will not substitute the dialogue needed between factory management and the member company on issues where the sourcing practices of the member company are instrumental to improvements.
21. A follow up visit by a FWF auditor does not count as a factory audit as described in the 'Manual for Affiliates'. This because the auditor will not have the possibility to check all five sources of information as listed in the 'FWF Audit Manual'. The main source of information will be the management, supplemented by visual inspection or the workplace and documents inspection where possible.
22. The follow up visit will only be done at factories where a factory audit has been done by a FWF team previously. 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.



23. The reporting done will be in the form of an updated corrective action plan. Where the auditor finds it necessary, additional written comments will be given. Apart from the above mentioned stipulations, all other conditions laid down in this document apply.

G. Working with FWF audit teams

24. 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.
25. 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.
26. In case more than one member company 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.
27. In case of a conflict between a member company and an audit team, FWF can be consulted to find a solution.