



**Manual for factory members of
Fair Wear Foundation – October 2012**



Fair Wear Foundation – manual for FWF factory members – October 2012

For the purpose of clarification the term “factory member” or “member” is used in this document to mean both “provisional member” and “full member”.

The term “provisional member” and “full member” will be further defined in this document.



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1. Introduction

Factory membership applies to manufacturing companies which supply active affiliates of Fair Wear Foundation (FWF). A factory member is expected to commit itself to implementing the Code of Labour Practices in all production sites and its subcontractors. In addition, the factory member submits to independent, multi-stakeholder verification by FWF. A membership fee is paid by the factory, in return for which FWF conducts verification activities and provides practical support, facilitating the factory's implementation of the Code of Labour Practices (CoLP).

When factories join FWF, they would have had widely divergent experience of working with various codes of conducts, including Code of Labour Practices by FWF. This manual is intended to provide factory members clear guidance and additional suggestions on meeting FWF's requirements.

Although for the sake of transparency and accountability a certain degree of uniformity in the approach of FWF factory members is helpful, FWF does not believe in a one-size-fits-all approach and does therefore not prescribe a specific management system to implement the Code of Labour Practices. FWF will approve other working methods than those described in this manual, as long as they render the same or better results.

FWF conducts the following activities on behalf of its factory members:

- Commissioning and updating country studies regarding the countries of production, identifying the main problems and suggesting solutions in the area of labour practices.
- Providing feedback on work plans, subcontractor and customer registers, social reports.
- Training of specialised FWF teams in the production countries, which carry out factory audits. These teams can be contracted by FWF factory members to carry out audits. They comply with FWF quality requirements and have a better price-quality ratio than the services offered by commercial audit companies.
- Carrying out factory audits including elements of management system requirements to verify the implementation of the Code of Labour Practices by FWF factory members.
- FWF has a complaints procedure which covers workers in factories producing for FWF members, including affiliates, ambassadors and factory members. The procedure enables workers or their representatives to make a complaint to FWF about working conditions and the way the Code of Labour Practices is implemented in the factory. The procedure is also accessible for the factories themselves, trade unions and NGOs.
- Establishing and maintaining a contact network with a wide range of organisations in production countries. FWF shares experiences regarding implementation of its Code of Labour Practices and



outcomes of its verification activities with stakeholders in production countries and with organisations, which endorse the objectives of the foundation.

- FWF continues to develop its policies and tools, in close cooperation with civil society organisations which operate in our field of action. FWF is in particular seeking cooperation with similar multi-stakeholder initiatives such as the Fair Labor Association, the Ethical Trading Initiative, Social Accountability International and the Worker Rights Consortium. With these latter organisations, FWF has come together in the Jo-In Forum.
- Communication activities: FWF informs the general public about its factory members and what FWF membership implies. FWF also recommend factory members to the affiliates, brands, companies and other relevant organisations.
- Capacity building & additional support: on request of the FWF factory member, FWF local experts can provide support, (help) train employees or assist in other activities towards implementing an efficient management system. Where this support exceeds the standard number of support hours (30 the first year, 10 in subsequent years), an additional fee will be charged. In addition, FWF organises an annual members' day each spring, during which all members are invited to meet and share their experiences.

Activity	Planning	Dates
<p>Work Plan FWF factory members are expected to develop a system that enables them to successfully improve labour conditions in their production sites and subcontractors. This system is described in the annual work plan, which includes an updated subcontractor register¹, customer register and accountant's statement. The work plan is submitted to FWF.</p>	Factory member receives format work plan and format social report	1 August
	Factory member submits final work plan	31 December
<p>Social Report At the end of the cycle, FWF factory members report about their activities and results in their social report. The social report is submitted to FWF and published by both FWF and the factory members.</p>	Factory member submits final social report	15 March

In drafting the work plan and social report, factory members are invited to make use of the expertise of FWF. In the time between receiving the formats and the final deadlines for the work plan and social report respectively, factory members can ask their contact person at FWF to give feedback on drafts of both documents. A timely submission of a draft will ensure that FWF is able to provide such feedback.

This manual provides FWF factory member with practical tips and check-lists to help them develop a system to implement the Code of Labour Practices, to formulate goals and activities in the annual work plan and to report about the achieved results in the social report. The manual is an integral part of the contract between FWF and its factory members. For more information on FWF verification activities, see the FWF website.

¹ Please refer to FWF's subcontractor policy for the definition of subcontractor (available at www.fairwear.org).

2. Becoming a factory member of Fair Wear Foundation

The prerequisites for applying factory membership of FWF are:

1. The factory is an active supplier of at least one of FWF's affiliates.
2. The production sites of factory are located in countries where FWF is active².
3. The factory has been audited by FWF local audit team in the last year; the audit did not indicate severe non-compliances.
4. There are independent trade union activities in the factory and/or the factory has conducted a workers training on freedom of association and collective bargaining. The union activities should be in favour of improving working conditions and involved collective bargaining. The quality of workers training should be recognised by FWF and its local stakeholders.

After the following steps a factory will join FWF as a provisional member:

1. Submit a work plan (including a complete subcontractor register and customer register³).
2. Sign the FWF Code of Labour Practices and contract.
3. Pay the annual membership fee.

Becoming a full member of FWF:

1. FWF conducts a verification audit including requirements of the CoLP and management system requirements within one year after the factory has become a provisional member. If the audit shows that the factory meets the following requirements, the factory will be approved to be a full member:
 2. The factory complies with local labour laws and international labour standards, whichever is higher.
 3. The factory has made significant improvements on social dialogue and living wage.
 4. The basic management system requirements are met.
 5. The factory is covered by the monitoring activities of FWF's local complaints handler. More details can be found under chapter 3.4 'Grievance mechanism and complaints procedure'.

² Please refer to FWF website (www.fairwear.org) for the countries where FWF is active.

³ Subcontractor and customer registers are treated as confidential information.

The difference between provisional membership and full membership:

A provisional member is expected to comply with all FWF requirements as a full member. The only difference is that the provisional member is not allowed to communicate its FWF membership. This is further specified under chapter 3.7 'Transparency'.

2.1. Work plan

Before a manufacturing unit can become a factory member of FWF, it must have drawn up its first annual work plan (including a complete subcontractor register and customer register). The annual work plan is a central tool in the working relationship between FWF and its members. The work plans are treated confidentially by FWF and are not made public – though the members themselves are free to publish them if they wish to do so.

If a company joins FWF in the course of the second semester, the first work plan shall cover the rest of the current year as well as the following calendar year.

Box 1:

Work plan

Why does FWF ask about budget?

In the first section of the format work plan, the factory members are asked to state the budget they have allocated to the implementation of the Code of Labour Practices. FWF needs to know whether its factory members have a realistic view of the costs involved in membership, and whether they have allocated the appropriate amounts. A list of possible items (applicability varies widely per company):

membership fee FWF

investment in internal management system

investment in improving working conditions

other CSR activities (divided per production site)

labour costs CSR Staff (staff time, wage, etc.)

remaining costs (e.g. staff meetings for information/education, communication tools etc.)

FWF provides members with a format of the work plan annually. Factory members are expected to use the format to develop their work plan. Contents in the work plan are discussed in Chapter 3.

2.2. Signing the Code of Labour Practices

Once the first work plan (including a complete subcontractor register and customer register) has been approved by FWF, a new provisional member can officially join FWF by signing an agreement which includes the Code of Labour Practices. The agreement is signed by the CEO of the new factory member and by the director of FWF.

2.3. Communicating FWF Membership

A provisional member is not allowed to communicate the provisional membership at any level, except informing its own employees.

Once a provisional member becomes a full member of FWF, it is obliged to make its FWF membership public. It must do so at least by informing on its website. There is also the possibility of issuing a press release, informing in company newsletters, putting the FWF logo on letter heads, business cards etc. For further details regarding external communication by FWF factory members, see section 3.7 (Transparency) and the FWF Communications Policy for Companies (on the FWF website).

FWF also informs the public about the new full member at least on its website and in its newsletter. The logo of the full member will be posted on FWF website. FWF dedicates one news item on its website to introduce the full member.

Informing customers about factory membership

The member factory should inform its customers about FWF full membership by making use of the template provided by FWF. The following should be included:

- Benefits of factory membership to your customers (all production sites of the factory are audited through FWF's verification scheme, offering customers access to audit reports and updates on corrective actions).
- Communication limitations for customers that are not FWF member companies.
- The need for support (financial, technical or otherwise) by customers with regard to processes to implement the Code of Labour Practices. For example, customers could contribute by offering funding for a training of worker representatives that contributes to social dialogue on factory level.
- Stress the responsibility of customers to assess to what extent their purchasing practices support implementation of the Code of Labour Practices (including order prices, lead times)

If, during the provisional membership, support is needed from customers, the factory may state that they are applying for FWF membership.

2.4. Membership fee

Factory members pay the membership fee per calendar year upon receipt of the invoice by FWF.

The membership fee for factory members is calculated on the basis of the turnover in sewn products. A table is used to determine the actual amount. To this end, factory members submit the most recent consolidated annual financial report, accompanied by an accountant's statement, along with the work plan, of which both documents form an integral part. A detailed



overview of the current membership fees is available from Fair Wear Foundation.

2.5. Membership quality assurance

The beginning of the membership for factories is a provisional membership. This period usually covers one year. In the end of the period a local FWF audit team will conduct a verification audit in the factory. If the provisional member meets basic requirements of FWF, it becomes a full factory member.

FWF conducts a verification audit with at the member factory least once in every 12-18 months. The verification audit for member factories also includes the FWF management system requirements. Membership status of the factory may be terminated if serious violations of the CoLP are found, including:

- Using child labour or forced labour
- Violating freedom of association and rights of collective bargaining
- Failure to pay minimum wage or overtime compensation according to local laws
- Failure to eliminate major health and safety hazards
- Providing of synthetic documentations on working hours, wages, etc.

Factory members are expected to make improvements continuously in working conditions. If verification audit shows that no major improvement is made in the member company, the membership status may remain or may be changed to provisional member. If no improvement is made in six months membership will be terminated.

3. Management system requirements to implement the Code of Labour Practices

The Code of Labour Practices (CoLP) is the requirement of FWF on working conditions. FWF has also formulated a number of requirements with regard to the management system of its factory members that enable the effective implementation of the Code of Labour Practices. In this chapter, the management system requirements will each be described briefly. Each section gives guidelines on how to implement the requirement.

3.1. Production planning

Assessing production capacity and minimising risks

Good production planning is essential to the ability to achieve decent working conditions in the factory. Poor planning can lead to too high work pressure for the persons working in the company. For example, excessive working hours might result in higher accident rate and psychological problems among workers.

Production planning encompasses everything from tracking production capacity of the factory, predicting production pressure, preparing materials



and accessories timely, communicating with customers on realistic delivery time and price, and etc.

Just as customers can contribute to non compliances by imposing too short lead times, unreasonable penalties for delays, placing too many orders at the same time during high season, giving late approval on production samples, factories can also have production practices that contribute to non compliances, such as taking orders that exceed the factory's capacity or by having a poor overview of production.

Factory members of FWF are responsible to minimise the risks causing non compliances. The factory should ensure that the terms communicated to customers give the factory enough space to implement the CoLP. Factory members should document the followings:

- Overview and updates of factory's own production capacity
- Overview and updates of subcontractors' production capacity
- Annual production plan of own production site(s)
- Strategies to reduce overtime work and improve wages
- Communication with major customers regarding production and implementation of CoLP

Working with subcontractors

Factories might at times choose to subcontract parts of production because of production pressure, or because part of production cannot be done in house. In these cases, the factory member should have a responsible sourcing strategy that supports effective implementation of the Code of Labour Practices at their subcontractors.

"Subcontractor" refers to factories or production units, which take a portion of an order from the principal producer. Various procedures of sewn product production could be subcontracted, such as cutting, sewing, packaging, dyeing, printing, embroidery, laundry and etc. While all subcontractors should be monitored by factory members, FWF is currently focusing on the CMT (cut-made-trim) subcontractors.

Whenever possible, the factory will plan its production ahead and in consultation with its most important subcontractors, taking into account their production capacity and the lead time which they need. If labour problems occur at the supplier that are related to planning, such as excessive overtime work, it may be useful to analyse root causes for this problem to determine what the factory, customer and subcontractor together can do to solve the problem.

When choosing a new subcontractor, working conditions and, more importantly, the willingness of suppliers to cooperate on improvements, should be important criteria.

3.2. Internal management system for the implementation of CoLP

FWF factory members must establish an internal management system to ensure the implementation of the Code of Labour Practices at all of its own production sites. For subcontractors, factory members are responsible to monitor the working conditions and support subcontractors to make improvements.

FWF does not prescribe a specific internal management system and does not believe in a one-size-fits-all approach. FWF does, however, provide an outline of tools that can be part of an internal management system.

An effective management system should include the following basics:

- A senior management representative is appointed to be responsible for monitoring and improving labour conditions in the factory. This person is also the primary contact person for FWF.
- The member defines the company's policy for implementing the CoLP in writing. The policy is written in workers' own languages, easily accessible by workers and effectively communicated to all workers.
- There is a system to obtain up-to-date information regarding local labour laws and regulations, such as legal minimum wage.
- Internal self-assessments on working conditions should be conducted at least once every three months. Working conditions are checked against local labour laws and health & safety standards. Time-bound improvement plans are made and effectively followed up.
- The status and improvements of working conditions, such as wage and overtime, are properly documented and sufficiently communicated to the workers.

Requirements of FWF on labour conditions are defined in the Code of Labour Practices.

Box 2:

Company policy

The company policy defined by a factory member should be in line with local laws as well as FWF's CoLP. Key components of the policy are:

- Prevention and remediation policy for forced labour, child labour, discrimination and harassment;
- Ensuring freedom of association and the right to collective bargaining;
- Provision on wage payment;
- Provision on overtime work;
- Provision on employment contract;
- Provision on health and safety at work.

3.3. Coherent system for monitoring and remediation

3.3.1 Monitoring system for all production facilities

When establishing a monitoring programme, FWF factory members are advised to use information from FWF country studies. Furthermore factory members should acquaint themselves with the outcomes of FWF's consultations with local organisations. These are included in country studies and audit reports. Factory members are encouraged to keep regular contact with FWF key stakeholders to update themselves on social compliance issues.

FWF audits all production sites of the factory member annually. The factory member should set up an audit plan to gradually cover all subcontractors. CMT subcontractors are the first to be audited. For the total value of production the following thresholds must be achieved with regard to factory audits:

- By the end of the first year – or, if the membership begins during the second semester, by the end of the first whole calendar year – of its FWF membership, 40% (measured against its value) of the production have been audited.
- By the end of the second year of membership a threshold of 60% must be reached.
- By the end of the third year a threshold of 90% must be reached.

For the remaining 10% of the production subcontracted by the FWF member the following applies:

- Subcontractors who supply 2% or more of the member's total turnover stated in the subcontractor register, must also be audited.
- The remaining subcontractors are exempted from auditing, but must still endorse the Code of Labour Practices and display the information sheet for workers (Code of Labour Practices) in the work place. Furthermore the FWF complaints procedure must be made operational in those subcontractors.

FWF conducts verification audits at least once a year at member's own production site(s). The member company is expected to initiate audits at the subcontractors. From the first audit onwards, subcontractors are audited as often as necessary and at least once every three years, to guarantee progress in compliance with the labour standards. As long as major violations of labour standards are found, however, audits are carried out at least annually.

Monitoring system for subcontractors

Factory members that adopt an ethical sourcing strategy take current trading relationships as a starting point for monitoring and remediation. They work together with their subcontractors to ensure that minimum labour standards are met in the production of the entire product range throughout their supply chain. Long term commercial relationships with subcontractors can create an

environment of trust. Working together to gradually implement the Code of Labour Practices should be a process of mutual benefit.

The factory ensures that the terms of trade allow the subcontractors to implement the labour standards. For example: delivery times and pricing should not lead to excessive overtime and should be part of a systematic approach towards a living wage for workers.

Questionnaire for subcontractors

FWF provides a model letter with which subcontractors are informed about FWF membership and the implications for the subcontractors. The Code of Labour Practices is annexed to the letter.

Another annex of the letter is the FWF questionnaire for subcontractors. By filling out and signing the questionnaire, subcontractors confirm that they accept the labour standards and are prepared to work towards implementation. In addition, the questionnaire is a tool to gather information that is required to fill in the subcontractor register. The factory member should send a copy of the filled-out questionnaire to FWF.

If a subcontractor refuses to return the signed questionnaire, the FWF factory member contacts the subcontractor, to ascertain that the meaning of the document is well understood. If the subcontractor persists in its refusal, the factory member will have to, in the final instance and after consultation with FWF, disengage from this subcontractor.

Box 3:

Questionnaire for subcontractors:

By signing the questionnaire subcontractors also agree to the following:

Informing their employees about the labour standards and the process of monitoring and remediation. This will be done, among other means, by displaying information in the workplaces. This information shall be provided by the FWF factory member. The factory member provides an information sheet for workers describing the Code of Labour Practices in the appropriate languages. During audits there is a check as to whether workers are aware of the labour standards and workers will receive the information sheet.

Cooperating fully when factory audits are carried out in the factories.

Acknowledging the FWF complaints procedure, by allowing information about the procedure to be distributed in the factory among other means, and to cooperate when FWF is handling complaints pertaining to the subcontractors.

Inform and consult the workers about corrective action plans that may ensue from audits or complaints in a way that is in line with existing communication and consultation practices in the factory. A factory union or workers' representative within the factory participates in the exit interview with the management.

Audits on behalf of the FWF factory members

Factory audits which meet the quality standards laid out below shall be a central element in the monitoring programme. Chapter 2 of the FWF Audit Manual stipulates the requirements audit teams must comply with. The Audit Manual also describes how audits must be carried out. For FWF this method of auditing is not the only acceptable way of working. However, the quality level implied in the Audit Manual is the required standard for assessing the FWF members' audit programmes. Critical issues are the ways in which worker interviews are performed, and how local stakeholders are involved in the processes of auditing and improvement.

Working with FWF audit teams

In the production countries where FWF is active, FWF recruits and trains local audit teams. These teams are established primarily in order to conduct factory audits on behalf of FWF as part of the verification process. However, FWF factory members are encouraged to hire these teams to conduct factory audits on their behalf. FWF audit teams are geared to get an understanding about the entire enterprise: its structure, number of facilities and labour standards on the basis of the different sources of information. As a part of their work FWF audit teams conduct interviews with workers at and outside the factory, interviews with management, a visual inspection and a thorough records check. In some cases local stakeholders will also be consulted as part of the audit. In case of the latter, the name and address of factory members can be disclosed to local stakeholders.

The steps to take when doing audits with FWF teams are laid down in the document 'Terms for audits by FWF audit teams'.

Collecting existing audit reports

In order to obtain as much information as possible regarding the implementation of the labour standards in each factory producing for them, FWF member factories should try to obtain the results of audits that have already been carried out at the factory on behalf of others. The questionnaire contains a question to this purpose. Factory members can, as a first step, start improving working conditions in cooperation with a subcontractor, by jointly formulating a corrective action plan based on reports of previous audits. Factory audits which are carried out on behalf of other initiatives can also be counted for achieving the thresholds mentioned in 3.3.1 if the following requirements are met:

- The audit methodology meets the quality level that is acceptable to FWF (see Box 4);
- The audit must have been conducted in the previous 12 months;
- The FWF factory member has obtained the full audit report and discussed it during a visit to the factory. The factory member reports on the corrective actions that are implemented thus far and agrees on a corrective action plan for further improvements with the supplier. In case the audit was conducted on behalf of another customer, the FWF factory member takes the initiative to work together with that



customer to strengthen each others' activities to achieve improvements. All documentation shall be submitted to FWF.

- The Code of Labour Practices must be put up in the workplace and workers must be informed about the FWF complaints procedure.

Box 4:

Audit quality

FWF encourages factory members to work together and share audit results whenever possible. To avoid double auditing, FWF recognises other audits as long as the quality of the report meets FWF's requirements.

FWF takes the following elements into account when assessing an audit report: (The list is not exhaustive, but illustrative. Factory members could use the audit quality checklist available on the FWF website to compare FWF audits with those conducted by other initiatives.):

Audit team members must be knowledgeable of the local language and local labour relations and of local law and regulations. The auditors must be committed to improving labour conditions, be reliable, respect confidentiality and they cannot have any other formal or informal relation to the factory that is being audited, in order to avoid conflicts of interest.

Different sources of information should be collected and considered before drawing conclusions. The sources are including: interviews with management and staff, interviews with workers, review of documents, especially those regarding employment, salaries and working time, and an inspection of the workplace and factory environment. For each labour standard, detailed findings of the different sources of information should be included in the audit report.

The audit report should include who conducted the audit and explain the auditing process. It should include the complete address of the factory, owners of the company, the number of workers divided by gender and department. The report should also list other clients who source from this factory, previous audits and sub-contractors.

Interviews with workers, conducted in- and outside the factory premises, are a central source of information. Worker interviews should be conducted by a person who is trusted by them, on a confidential basis, without management knowing which workers were interviewed, and in an environment where workers feel safe.

In the report, the audit team shall provide detailed findings, formulate conclusions and additional requirements with respect to every labour standard listed in the FWF Code of Labour Practices. The team will discuss these with representatives of the management and, when possible, worker representatives during the audit. Based on audit outcomes the FWF factory member and the subcontractor agree on a corrective action plan.

Factory visits by FWF factory member representatives

A representative of the FWF factory member should visit factories subcontracted by the member to check whether or not the information sheet for workers is properly displayed in the workplace. In addition, he or she should systematically discuss the state of affairs with regard to the labour standards in the Code of Labour Practices with the factory management. He or she should report all his or her observations with regard to this issue.

3.4. Grievance mechanism and complaints procedure

Internal grievance mechanism

A FWF factory member must have its own procedure for grievance handling, in combination with an appropriate communication policy. Having these in place contributes to building solid social dialogue between employers and employees, which strengthens consensus based decision making and helps avoid disputes, conflicts and strikes.

Below the main elements of a functioning grievance mechanism are addressed:

- There is a designated management staff responsible for handling the complaints.
- Grievance procedures should be so formulated and applied that there is a real possibility of achieving settlement at each step provided for by the procedure.
- Grievance procedures should be as uncomplicated and as rapid as possible, and appropriate time limits may be prescribed if necessary for this purpose.
- Workers' organisations or the representatives of the workers in the factory should be associated, with equal rights and responsibilities, with the employers or their organisations.
- As far as possible, grievances should be settled within the factory itself.
- All grievances and the handling of the grievances should be properly documented.
- Any worker should have the right-to submit such grievance without suffering any prejudice whatsoever as a result; and to have such grievance examined through an appropriate procedure.
- Any worker who has submitted a grievance should be kept informed of the steps being taken under the procedure and of the action taken.

FWF complaints procedure

The FWF complaints procedure allows workers, their representatives and other parties to file complaints about working conditions and the way the Code of Labour Practices is implemented in factories. The FWF complaints procedure is intended as a safety net: if existing grievance mechanisms do



not function properly, workers or their representatives can use the FWF procedure.

Factory members should ensure that the workers information sheet (or Code of Labour Practices in local languages) is always posted in a place that is easily accessible for workers at own production sites and subcontractor factories. The information sheet should contain contact details of FWF local complaints handler.

The workers information sheet is also handed out to workers during a factory audit conducted by FWF. Factory members are automatically submitted themselves to the monitoring activities carried out by FWF local complaints handlers. Monitoring activities include offsite workers interviews, local trade union and NGO consultations, and etc.

When a complaint is filed and deemed admissible by FWF, the factory member will be contacted by FWF. FWF investigates the complaint. Where necessary the factory members and, if necessary, its customers redress it through a corrective action plan. Factory members should designate a person to follow up complaints that filed to FWF. A procedure to handle complaints filed to FWF should also be developed.

As part of its work to maintain a robust complaints system, FWF discloses the name and address of factory members to its local complaints handler. This is done to assure that FWF is well aware of developments regarding working conditions in the factory.

More details can be found in the FWF Complaints Procedure (Annex).

3.5. Training and capacity building

To effectively implement the FWF Code of Labour Practices, management, workers and subcontractors should be informed about the implications of the code.

Own staff

All staff of the FWF factory member shall be informed about the FWF Code of Labour Practices and the way the factory implements it. Factory members are responsible to make workers aware of their labour rights, local laws and the commitment of the member to FWF's CoLP.

In order to further communication between management and workers in the workplace, FWF promotes factory training programmes. To this end, FWF works with local stakeholder organisations on developing training capacity. Such an approach more often leads to a sustainable result. Through training, workers can be involved in the process of monitoring and remediation.

In order to ascertain the quality of the trainings, the factory member is expected to do a needs assessment prior to the training. The collective action plan resulting from an audit could also be used to find out the needs of workers. Contents of the training should match the needs of workers and the factory. The factory member is expected to design the programme with the FWF recommended trainer in consultation with FWF local stakeholders. After the training, the factory member should evaluate the impact of the training.

Subcontractors

To be coherent, the factory member should also inform their subcontractors on the implications of the company's FWF membership for its subcontractor. This must be done in writing within three months of the factory becoming member of FWF or when starting relations with the subcontractor. In addition to sending the questionnaire with its cover letter, factory members should discuss these topics during visits. The subcontractor must affirm its commitment to work towards full implementation.

Customers

Factory members should inform all its customers about being member of FWF and the commitment to implement the CoLP. FWF recommend factory members to gain support and cooperation from major customers to improve working condition.

3.6. Information management

Subcontractor register

The subcontractor register is an integral part of the work plan. It lists all the FWF member's subcontractors of products falling under the scope of the FWF Code of Labour Practices for the last calendar year. Before a factory can become a new member of FWF it must have drawn up a complete subcontractor register, using the excel sheet provided by FWF. The member's subcontractor register is treated confidentially by FWF – though of course the FWF members themselves are free to publicise them if they wish to do so.

The FWF member's management system should ensure that the information in the subcontractor register is kept up-to-date.

Some requirements for this management system are:

- There are written instructions for employees who collect the data; they know in which form, when and to whom they should forward the data;
- New subcontractors are introduced to the register as soon as business is started with them, and subcontractors with whom the FWF member no longer works are promptly marked as inactive;
- The register is updated at the beginning of each production season;
- All production locations for the FWF members are included in the register.

Customer register

The customer register is an integral part of the work plan. It lists all the customers of FWF factory member. A template is provided by FWF. The members customer register is treated confidentially by FWF.

Documents to be archived

The factory member draws up a list of documents that are relevant for the implementation of the FWF Code of Labour Practices. For every document the list specifies:

1. whether it needs updating, when and by whom; and
2. for how long and where it will be archived.

The list of archived documents includes at least:

- a) Proof of registration or factory licenses for operation, employment, etc.
- b) Policy manuals
- c) Materials used in internal and external communication;
- d) Production records and order records.
- e) Employee records (incl. permits for young workers if applicable)
- f) Documents related to working hours, overtime, or time cards
- g) Leave register
- h) Grievance files
- i) Disciplinary notices
- j) Employee manuals
- k) Contracts between management and recruiting agencies
- l) Payroll journals, deposit slips and tax calculations and piecework calculations. Proof of payment of social security fees
- m) The register of subcontractors and customers (updated at least at the beginning of each production season);
- n) Questionnaires filled out by subcontractors;
- o) Correspondence and minutes of meetings with subcontractors regarding the labour standards and the labour situation;
- p) Reports of factory audits at subcontractors;
- q) Corrective action plans agreed with subcontractors (can be included in audit reports);
- r) Annual work plans and social reports.

The documents mentioned above must be made available for inspection by FWF, for instance during audits. For these documents, the minimum archiving period is two years.

3.7. Transparency

Transparency on factory membership

FWF member companies are increasingly called on by consumers and the general public to be accountable and transparent about the way their



products are made. FWF guarantees to the public that its member factories make sufficient efforts and obtain sufficient results towards the implementation of the Code of Labour Practices.

Transparency is a governing principle of FWF; it implies transparency about FWF's policies, country strategies, activities and methods, the performance of the FWF factory members and a complaints procedure that is accessible to stakeholders.

FWF member companies annually publish a social report in which they describe the results of their activities towards better labour conditions along their supply chains. In its turn, FWF publishes the results of the annual performance check at its members. This is a way for stakeholders and consumers to assess what has been achieved. FWF respects the confidentiality of business data. Business data obtained in the process of verification other than those mentioned above will be kept confidential.

Communication possibilities for factory members

After a company has formally been approved full factory membership, it is obliged to make its FWF membership public. It must do so at least by informing the public on its website.

For an overview of communication obligations and benefits for factory members, please refer to the FWF Communications Policy for Companies (available on www.fairwear.org).

Social report

Each FWF member factory annually reports progress in implementing the Code of Labour Practices. In its turn, FWF publishes the results of the annual Performance Checks at its factory members. For factory members, the result of the performance check is part of the result of a verification audit. This is a way for stakeholders and consumers to assess what has been achieved. FWF respects the confidentiality of business data. Business data obtained in the process of verification other than those mentioned above will be kept confidential.

Factories are required to submit a "social report" in which it describes how it has implemented the previous year's work plan.

The factories' social reports are not treated confidentially, as they are an important tool in communicating the FWF factories' efforts towards fair labour standards. They are published by both FWF and the factory member, who at least puts it on its website.

FWF provides a format which can be used to fill out the social report.

A social report contains at least the following information:

- Name and brands of the company;
- Countries where the company's garments are produced and the number of factories per country;
- Description of how working conditions in production sites were monitored;



- How many production sites were audited during the last year and in which countries they were located;
- Most important findings from audits, other forms of monitoring and which improvements were agreed;
- Any complaints received and how they were dealt with;
- Outcome of corrective action plans agreed in former years;
- FWF's verification activities: audits, complaints processed and factory performance checks.

General guidance in using the FWF claim

In order to uphold credibility of FWF and consequently its factory members, FWF has laid down rules regarding the use of FWF membership and the FWF logo in external communication by factory members. It is of vital importance that any claims which are made in connection with FWF and its logo are correct and verifiable.

FWF does not make the claim that all products of all its factory members are being produced under full compliance with the labour standards, as this is generally not (yet) the case. However, FWF does guarantee that its factory members are working hard in this direction in a step-by-step manner.

Regarding factory members FWF generally stresses that these companies are cooperating with FWF and its affiliate members to develop best practices in the process of implementing the Code of Labour Practices.

It is important that FWF factory members avoid making any claims which they themselves or FWF cannot warrant. More particularly, companies should avoid making any claims implying a connection between FWF membership and the characteristics of a specific product, as FWF is not a product label. The assurances FWF makes concern the efforts and results of its factory members towards the implementation of the Code of Labour Practices. They do not concern the provenance of those companies' specific products. Thus, it is not allowed to make any statements such as "this garment is 100% fair wear".

Rules regarding use of the FWF logo

Only full members are allowed to use the FWF logo. Detailed rules regarding use of the FWF logo by factories can be found in the FWF communication policy for companies on the FWF website. In general, the following rules apply FWF factory members:

- All communication statements issued by factory members must refer to membership in relation to the company policy only. FWF membership may not be mentioned as part of the characteristic of a garment. In addition, factory members must clarify in the communication statement that the company is working on a step-by-step improvement of the labour conditions.
- Use of the Fair Wear Foundation (FWF) name and logo is subject to prior written approval from FWF.



- The name of the foundation is "Fair Wear Foundation" and its abbreviation "FWF". Only these two expressions may be used.
- The FWF name and product cannot be used in catalogues on- or next to product, on packaging, in hang-tags or in-seam labels, except in cases specified in the FWF Communications Policy for Companies.
- The FWF name and logo cannot be used in communications by customers of FWF factory members, except in cases specified in the FWF Communications Policy for Companies.

3.8. Management system evaluation and improvement

The implementation of the Code of Labour Practices is a step-by-step process. This means that factories are expected to gradually develop an effective management system to implement the Code of Labour Practices and strengthen their approach year on year. The conditions in the factory and at its subcontractors will not become perfect overnight. Therefore, the management of the factory is expected to critically review the effectiveness of the activities conducted in the previous year, revise them where necessary and define the next steps, which then translate into next year's work plan. Such an evaluation shall as a minimum include the following topics:

- Achievement of the objectives set with regard to:
 - Information and training
 - External communication
 - Assessment of the factories own facilities and the working conditions there
 - Execution of corrective action plans to remediate issues found in the factory
 - Informing and monitoring subcontractors
 - Assessment of the sufficiency of available resources within the member factory (financial, human);
 - Feedback to FWF about the cooperation and support.

The outcome of the evaluation is recorded in writing; reports are made available to FWF.



Annex: overview of documents available from FWF

The following documents can be found on the FWF website (under 'resources') or requested from FWF by e-mail (info@fairwear.org).

- Audit manual
- Charter
- Code of Labour Practices
- Country studies
- Format social report
- Format work plan
- Membership fee table
- Model letter to inform customers
- Model letter to subcontractors and customers
- Policy papers:
 - FWF Code standard on Freedom of Association
 - FWF Complaints procedure
 - FWF Living wage policy
 - FWF Low risk policy
 - FWF Subcontracting policy
 - FWF Gender policy
 - FWF Legal vs Code requirements
- Questionnaire
- Terms for audits by FWF audit teams