



# **Social Compliance Audit Manual**



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## Introduction

Target conducts its business in an ethical manner. We take the protection of human rights seriously. We expect all of our vendors to share our standards. The role of Target's Social Compliance department is to ensure our products are produced ethically and in accordance with Target's Standards of Vendor Engagement (SOVE), the Vendor Conduct Guide, and local laws. We do so through vendor education to assist in the development of strong internal vendor and factory compliance programs, an unannounced audit program, and sustainable corrective actions. In the audit program, our auditors conduct random unannounced visits of primary and subcontracted factories. Compliance violations are addressed in methods ranging from immediate corrective actions to severance of the business relationship.

Target's Standards of Vendor Engagement are:

- **Safe & Healthy Workplace:** Our vendors must work with factories that provide a safe and healthy workplace and comply with local laws. If factories provide residential facilities for their workers, they must be safe, healthy and in compliance with local standards.
- **No Forced or Compulsory Labor:** We condemn forced labor and will not knowingly work with vendors who use forced labor in the manufacture of products for Target.
- **Fair Disciplinary Practices:** We will not knowingly work with vendors whose factories utilize physical or mental punishment against their employees.
- **No Discrimination:** We respect cultural differences, and believe workers should be employed based on their abilities, rather than their race, gender, personal characteristics or beliefs and encourage our vendors to eliminate discrimination in their workplaces.
- **Reasonable Working Hours & Overtime:** We seek vendors who work with factories that do not require a work week that exceeds local laws or business customs and who does not require a of more than 48 hours, plus a maximum of 12 hours overtime, on a regularly scheduled basis. Workers shall have at least one in seven days off.
- **Fair Wages:** We seek vendors who work with factories that provide wages and benefits in compliance with local laws. We encourage our vendors to commit to the betterment of wage and benefit levels to address the basic needs of workers and their families.
- **No Child Labor:** We will not knowingly work with vendors whose factories utilize child labor. We define child labor as either being below the local minimum working age, or the age of 15, whichever is greater. .
- **Environment:** We seek vendors whose factories operate in compliance with local environmental laws and that work to minimize their impact on their surroundings and global resources. .



- **No Bribery:** We seek vendors who aspire to the highest ethical standards in their business practices and their interactions with Target. Vendors and factories must not offer anything of value to Target team members in an attempt to influence audit results or any other business decision. Target holds itself to the same standards and will not solicit anything of value from its vendors or factories.
- **Reporting Misconduct:** If you encounter what you believe to be a potential violation of local laws or regulations, Target's Standards of Vendor Engagement, or unethical behavior, you may confidentially report your concerns to Target by emailing [integrity@target.com](mailto:integrity@target.com). Retaliation of any kind against an individual who reports concerns in good faith violates Target's principles and will not be tolerated.

The Audit Manual is a guide for Social Compliance auditors, our representatives, and our vendors to use when conducting a Target Full Self-Audit.

## Opening Meeting

The opening meeting is attended by the auditor and factory management. Factory management attendees could include the factory general manager, compliance manager, human resources manager, operations manager, and/or others the factory finds appropriate. The meeting should last no more than 10-15 minutes to avoid giving the factory time to alter information or prepare workers. During the opening meeting, the auditor should explain that the audit process will include:

- Factory tour
- Employee interviews
- Management interview
- Country of origin review
- Payroll and records review
- Closing Meeting

The auditor should ask the factory management/representative(s) to:

- Coordinate the audit process
- Prepare a private room for employee interviews
- Provide requested documentation, using the Document Request List
- Provide the factory floor plan for the factory tour

At the end of the opening meeting, the auditor should invite factory management to participate in management interviews, estimate when the audit will be completed, and ask factory management to attend the closing meeting to review the audit results and sign the audit results recap.



## **Factory Tour**

The factory tour is an opportunity for the auditor to observe the production facilities and general working conditions. The tour should be conducted right after the opening meeting, which may last 10-15 minutes. If there is a delay in starting the factory tour, use your best judgment to determine if you should proceed with the audit. The purpose of starting the factory tour right after the opening meeting is to prevent the factory from having an opportunity to prepare workers or the factory premises for the audit.

The factory tour should start from where most employees work and the auditor should scan and observe all employees to verify if there are any tired, young looking faces or if the factory is trying to hide employees. The auditor should tour all production areas, warehouses, canteens and dormitories (if applicable). While on the tour the auditor should pay special attention to the following:

- Number of fire extinguishers/hydrants
- Condition of the fire and safety equipment
- First aid kits
- Cleanliness of the toilets
- Time clocks and time cards
- Security guards (are they armed?)

The auditor should make sure the factory is in normal production and verify if Target or TSS products are being made. The auditor should also pay close attention to the labels on the product and/or on the boxes for country of origin. This information can be verified during the country of origin review.

If the factory will not allow the auditor access to a certain portion of the factory (for example, because certain production processes are confidential), the auditor should continue the audit and provide details in the audit comments.

### ***Employee Interview Selection Process***

The factory tour is also the time to select employees to interview. While factory management is welcome to attend the factory and/or dormitory tour portions of the audit so the auditor can point out any issues and discuss them as the tour progresses, the auditor should take care to keep the employee interviewee selection process completely confidential.

Target recommends that auditors select a minimum of 3 and a maximum of 10 employees to interview – The larger the factory, the more employees that should be interviewed.

## **A. General Work Facility**



***What are the total square meters of the factory?***

This information helps determine if the workers have been given enough workspace on the production floor and if there are enough fire exits and fire extinguishers in the factory.

***Is the name of the factory on the outside of the building?***

The factory needs to be easily identifiable and should have a sign posted on the outside of the building. The name can either be in English or in the local language.

If the factory is located inside another building and is easily identified, answer “Yes.”  
If the name of the factory is not on the outside of the building, answer “No.”

***Does the factory have a time clock / time keeping system?***

Target requires an electronic (scan card, hand scan, or finger scan) or mechanical (punch time clock) time keeping system. Such systems are more accurate than hand written records.

If the factory does not have a time clock or time keeping system, answer “No.”

*In the comments area, please write down how the factory records employee working hours.*



(Example: Mechanical)



(Example: Electronic)

***Is the time clock/time keeping system functioning?***

To determine if the time clock/time keeping system is functioning, the auditor should test the time clock.

If the time clock/time keeping system is functioning but the factory is not able to retrieve data from its computer system for the auditor on the day of the audit, answer this



question “Yes.” The auditor can document this occurrence in section “A. Pay Calculation.”

If the factory is not using the time clock/time keeping system on the day of the audit because it is not functioning or has not been using it for a period of time leading up to the audit because it is not functioning, answer this question “No.”

*In the comments area, please write down for how long the time clock/time keeping system has not been functioning and if the entire system is not functional or if it is partially functional (e.g. five out of six time clocks are not functioning).*

***Is there a battery back-up for the time clock/time keeping system?***

If the time keeping system is electronic, there must be a battery back-up or generator back-up which starts immediately in the event of a power failure. This ensures that records are not lost and employees can accurately record the hours they have worked.

If there is not a battery or generator back-up which starts immediately in the event of a power failure, please answer this question “No.”

*In the comments area, please write down how many time clocks do not have battery or generator back-up, if any.*

***Does the factory use the time clock/time keeping system?***

If the factory has a time clock or time keeping system but either does not use it to record attendance for any employees or uses it to record attendance for only some employees, answer “No.”

*Write down if the factory has a time keeping system which is not in use or if the time keeping system is used by only some employees. If the time keeping system is only used by some employees, please write down which employees use the time keeping system.*

***How does the factory monitor employee hours?***

When there is no time clock, the most common methods for recording working hours are supervisor records or employee sign-in sheets. This information will also be confirmed in the employee and management interviews.

Please select one of the following:

- Sign-in sheet by employee
- Supervisor record
- Other

*If you select “Other,” Please write down the method used in the space provided.*



***Is the Standards of Vendor Engagement (SOVE) posted?***

Answer “Yes” if the SOVE is posted anywhere at all. Answer “No” if it is not posted.

*Note:* Factory management can request a copy of the SOVE from their vendor contact.

***Is the SOVE clearly visible to a majority of the employees?***

Target requires that the SOVE be displayed in a place clearly visible to the majority of factory employees, such as by the time clock or on the employee notice board.

If the SOVE is not visible to a majority of the employees, please answer “No” and note where the SOVE is posted in the factory.

***Is the SOVE in a language the employees will understand?***

The SOVE can be printed in the following languages: Arabic, Bengali, Creole, English, French, Hindi, Indonesian, Italian, Korean, Malay, Portuguese, Simplified Chinese, Sinhala, Spanish, Tagalog, Thai, Traditional Chinese, Turkish, Urdu, and Vietnamese.

The vendor is allowed to print the SOVE in as many languages as necessary to ensure all employees can read it. The SOVE should be accessed by the vendor via [www.partnersonline.com](http://www.partnersonline.com)) and sent to the factory.

If the SOVE is not in a language the employees understand, please answer “No.”

*If the answer is “No,” in the comments area, write down the current language of the SOVE and the correct language.*

***Does the factory have any rules for employees?***

The factory should have rules for employees. Employees should be educated about factory rules/penalties when they are hired. Factory rules provide information about disciplinary practices in the workplace and must be consistent with local law.

If the factory has rules, answer “Yes.” If the factory has no rules, answer “No.”

***Are factory rules for employees posted or clearly stated in employment contract/handbook in a language(s) they will understand?***

The rules should be posted in a visible place in the employees’ native language to ensure full understanding. The rules may also be included in the employee handbook. All employees should receive a copy.

If the factory rules are properly posted in the worker’s language, answer “Yes.” If the factory rules are not in a language the employees understand, answer “No.”

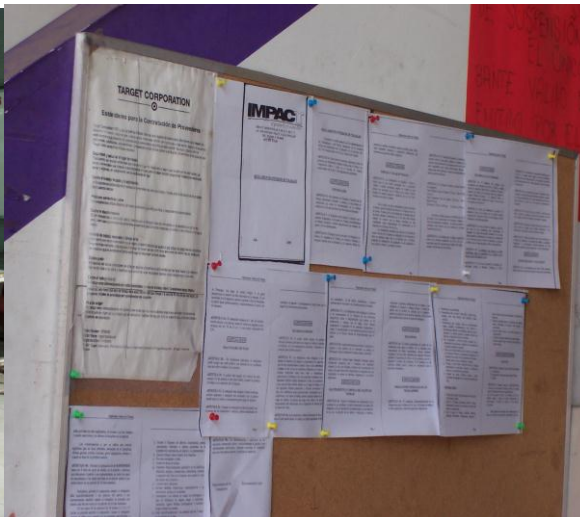




*If the answer is "No," please write down the current language of the factory rules and the correct language for the factory rules.*



(Example: Posted factory rules)



(Example: Posted SOVE)

***Are the factory rules consistent with local law?  
(If No) Which factory rules are not consistent with local law?***

Review the factory rules to ensure that they meet all applicable standards and local laws. Specifically, review factory rules to see if they:

- Specify financial penalties for disciplinary infractions that conflict with local law (Possible examples: Smoking, tardiness, damaged goods, use of drinking water or bathroom facilities).
- Identify wages and benefits practices, including wage deductions that conflict with local law.
- Are not legally recognized by the appropriate local authority or the official documentation is expired (if applicable).
- State a working hours requirement that conflicts with local law (e.g. Overtime is required).

**Auditors should be familiar with local laws and regulations prior to conducting an audit.**

If factory rules are not consistent with local law, please answer "No."

*If "No," then in the comments area, please write down in detail what local laws are inconsistent with the factory rules.*

***While you were there, was the factory in production?***

If the factory is in production, answer "Yes." If the factory is not in production, answer "No."



***If yes, what type of product did you observe being made?***

Select from the following choices:

- Hardlines
- Softlines
- Soft Home
- Other

***Provide a description of the product you observed being made.***

The answer to this question is a brief description of the product, like a sweater, blouse, clock, sheets, etc. If it is a Target product, note the label used, for example, Mossimo, Archer Farms, Michael Graves, Fieldcrest, etc.

***Which country will the product be shipped to?***

Specify the country that the goods will be shipped to.

***Did you see any country of origin marking on the product?***

Answer “Yes” if you saw the actual marking on the products. Answer “No” if there were no markings.

Note: Different types of products are marked with the country of origin in different ways. U.S. law requires proper marking of country of origin.

***What country is on the “made in” label?***

***Are the country of origin labels placed on product(s) in this factory?  
(If No) In what country were the labels placed on the product(s)?***

The country of origin is the country of manufacture, production, or growth of the product. If the goods are being shipped to the U.S., they must have country of origin labeling. If they are being shipped to any other country, origin labels may not be required.

***Was any part of production done in another country?***

***What other country or countries took part in the production?***

***What specific process(es) took place in these other countries?***

This question allows you to ensure that if there is multi-country processing, we are aware of all factories and/or processes used to make the product and in which countries. Knowing where the product(s) were produced helps us better understand what the correct country of origin is.

***Do employees eat meals away from the production area?***



Employees should have access to a clean area to prepare and/or consume food, away from the production area. This is especially important if the factory is located in a remote location or if employees live within the factory compound. When workers are living in an area where restaurants and food from outside sources are not readily available, the factory should provide a place where they can cook their own food.

However, if food vendors are easily accessible at or near the factory, no issue needs to be called out. This is also acceptable.

If no canteen is available or if the factory allows employees to eat on the production floor, answer “No.” If there is a canteen available or workers can easily purchase food nearby, answer “Yes.”

*In the comments area, please write down specific details about how the factory is not in compliance.*



(Examples of good canteens)

## **B. Toilet Facilities**

### ***Is the quantity of the toilets sufficient?***

The auditor should follow local law in regards to the number of toilets (seats) required based on the number of employees in the factory. If local law does not specify the number of toilets required, the auditor should use the following guideline based on the U.S. Occupational Safety & Health Administration (OSHA) guidelines.

*The following are OSHA guidelines:*

<u>Number of employees:</u>	<u>Minimum number of toilets:</u>
1 to 15	1
16-35	2
36-55	3
56-80	4
81-110	5



111-150	6
151 or more	1 additional toilet for each additional 40 employees

If the quantity is sufficient, answer “Yes.” If the quantity of toilets is insufficient, answer “No.”

*If the answer is “No,” in the comments area, please write down how many toilets the factory needs to install, for men or women.*

### **Are at least 2/3rds of the toilets operational?**

If 2/3rds of the toilets are operational, answer “Yes.” If over 1/3 of the toilets are not operational, answer “No.”

*If the answer is “No,” in the comments area, please write down approximately how many men’s toilets are not operational and/or how many women’s toilets are not operational. If it is a large factory and the issue is extensive, a percentage estimate is acceptable.*

### **Are the toilet facilities clean?**

The toilet facilities need to meet the local standards for cleanliness.

If the toilet facilities are clean, answer “Yes.” If the toilet facilities are not clean, answer “No.”

*If the answer is “No,” in the comments area, please write down if the men’s and/or women’s toilets not clean.*

### **Do toilet facilities offer privacy and gender markings?**

It is important to make sure the men’s and women’s toilet facilities have a door on them and have gender markings to provide privacy.

If there is privacy and proper markings, answer “Yes.” If toilet stalls do not have a doors on them or if the entire toilet facility does not have a gender marking, answer the question “No.”

*If the answer is “No,” in the comments area, please write down the specific issue, such as if the toilet facilities do not have gender markings, are missing doors, etc*

## **C. Health and Safety Precautions**

### **Do you see an evacuation plan posted on each floor of the factory?**

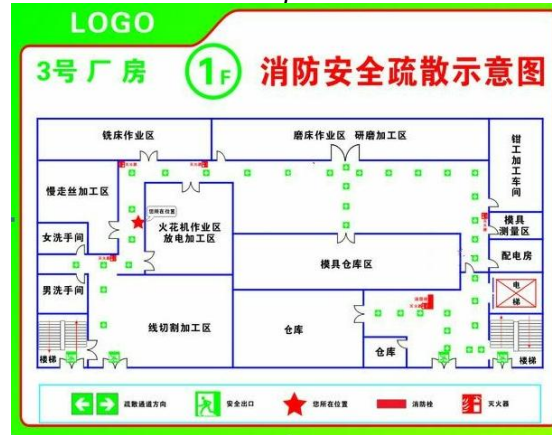
An evacuation plan should be clearly posted in each work area, on each floor of the factory, so that employees know how to properly exit the building in case of an



emergency. If the evacuation plan is incorrect, the auditor should request that factory management make corrections to the plan.

If there is any area missing a posted evacuation plan or the evacuation plans have incorrect information, answer “No.”

*If the answer is “No,” in the comments area, please write down which areas of the factory are missing evacuation plans and/or have incorrect evacuation plans.*



(Example: Aisles clearly marked for evacuation) (Example: Evacuation floor plan)

**Is there a functioning alarm within the building to signal an evacuation?**

The factory should have a distinct-sounding fire alarm that can be heard in all areas and is supported by a battery or generator back-up. The fire alarm should sound automatically during a fire, but should also have an emergency activation device, such as a pull box or push button, which allows it to be triggered at any time. The emergency activation device should be readily available to all employees. In areas where workers wear ear plugs, the fire alarm should have a visual component, such as a flashing light.

Auditors do not need to test the alarm while in the factory, but can observe if there is an alarm and can ask follow-up questions about its location or functionality if needed.

If there is a proper alarm system, answer “Yes.” If there is no alarm within the building to signal an evacuation or it is not functioning properly, answer “No.”

*If the answer is “No,” in the comments area, write if there is no alarm or if there is an alarm which is not functioning properly. If the alarm is not functioning properly, please provide details.*

**Are there any fire extinguishers, hoses, or hydrants in the factory?**

If there are fire extinguishers, hoses, or hydrants, answer “Yes.” If there are no fire extinguishers, hoses or hydrants, answer “No.”



***(If Yes) Is the number of fire extinguishers, hoses or hydrants sufficient?***

Fire extinguishers, hoses or hydrants are a simple and cost-effective way to protect employees from fires. The factory should have enough fire extinguishers, hoses or hydrants so that during an emergency the employees can easily access them.

The number of fire extinguishers, hoses or hydrants should be compared with the square meters/feet in the factory to determine if there is enough fire fighting equipment in the factory. If applicable, ensure the number of fire extinguishers meets local law.

*Example:* According to local law in Taiwan, if the building is 10,000 sq meters, 100 extinguishers are needed.

If there is sufficient equipment, answer “Yes.” If the number of fire extinguishers, hoses or hydrants is insufficient, answer “No.”

*In the comments area, please write down approximately how many fire extinguishers, hoses or hydrants the factory should install (according to local law) and in what locations.*

***Are fire extinguishers operational and appear to have been recently serviced/recharged?***

A fire extinguisher is useless if it is not fully charged and in good working order. Be sure to check the gauge to determine if the extinguisher is fully charged (showing in the green area of gauge). Each extinguisher may also have a tag indicating the last service date. Extinguishers should be serviced on a regular basis. If the last service date is unclear, check to see if the factory has a log recording service dates.

If the fire extinguishers appear to be operational, answer “Yes.” If the fire extinguishers are not fully operational, answer “No”

*If the answer is “No,” in the comments area, please write down in what areas of the factory the extinguishers are not operational.*





(Example: Arrow on a fire extinguisher gauge pointing to the red area, indicating it needs to be serviced.)

### ***Are hoses/hydrants operational?***

If the factory uses hydrants, verify that the hoses are attached and rolled properly for use or that they are in a location close to the hydrant for accessibility.

If the hoses and hydrants are operational and properly rolled, answer “Yes.” If the hoses/hydrants are not operational, are not rolled properly, or there are no hoses/hydrants, answer “No.”

*If the answer is “No,” in the comments area, please write down where hoses/hydrants are not operational or not rolled properly, or that there are none.*

### ***Are the fire extinguishers, hoses, or hydrants free from obstruction?***

The fire fighting equipment is rendered useless if the employees cannot access it during an emergency. Make sure the equipment is well marked and not blocked.

If the fire extinguishers, hoses or hydrants are blocked, answer “No.”

*If the answer is “No,” in the comments area, please write down the locations where the fire equipment is blocked.*



(Example: Blocked fire extinguishers)

### ***Are there instructions for proper use in the employees’ language on or near the fire extinguishers?***



Instructions for proper use should be printed on or near the fire extinguisher so that in case of an emergency, anyone can quickly learn how to use one. Also, the instructions should be listed in the employees' native language.

If there are proper instructions, answer "Yes." If there are not instructions in the employees' language, answer "No."

*If the answer is "No," in the comments area, please write down where instructions are missing and what language they should be in.*



(Example: Fire extinguisher with instructions)

***Are the fire extinguishers an appropriate size so they can be easily lifted and used by all employees?***

Fire extinguishers should be the appropriate size for the employees. If the fire extinguisher is too large or too heavy for the average-sized worker to lift, the employee will have a hard time operating the extinguisher.

If the fire extinguishers are the proper size, answer "Yes." If the fire extinguishers are not the appropriate size, answer "No."

*If the answer is "No," in the comments area, please write down if the fire extinguishers are too large and/or too heavy.*

***Are the fire extinguishers placed at an appropriate height to be used by all employees?***

The extinguishers should be positioned at a level suitable for any employee to reach, or placed in accordance with local legal requirements. They should not be too high so employees need to stand on a chair to reach them, nor may they be placed directly on the ground.





If the extinguisher is at a proper height, answer “Yes.” If the extinguishers are not at the appropriate height, answer “No.”

*If the answer is “No,” in the comments area, please write down if the fire extinguishers are mounted too high or too low, or improperly placed on the ground.*



(Example: Fire extinguisher mounted too high)

### ***Is the quality of the ventilation in the factory acceptable?***

In some production facilities, there may be a great deal of dust or chemical vapors. It is important the factory have some way to allow the air to circulate and to provide fresh air for its employees. The best practice is to provide a specialized exhaust system for the purpose of chemical and air quality safety. However, air conditioning, windows or fans may also be acceptable.

If the ventilation is adequate, answer “Yes.” If the ventilation is not adequate, answer “No.”

*If the answer is “No,” in the comments area, please write down the areas that need better ventilation.*

### ***Is the lighting in the factory acceptable?***

The lighting in a workplace relates directly to the safety of the employee. Rate the quality of the lighting based upon the ability of the employee to perform the job safely and without damage to the employee’s vision.

If acceptable, answer “Yes.” If the lighting is unacceptable, answer “No.”

*If the answer is “No,” in the comments area, please write down which areas of the factory need better lighting.*

### ***Are there any first aid kits in the factory?***



If there are first aid kits, answer “Yes.” If the factory does not have any first aid kits, answer “No.”



### ***Were bandages and antibacterial ointment in the first aid kit(s)?***

The first aid kits should contain basic first aid supplies. Please write down in the comments field included in the recap if any basic items are not included in the first aid kit. Target recommends at a minimum the kit contain bandages, antibacterial ointment, eyewash solution, tourniquets, tape and a first aid manual. Please see *Applying Target's SOVE in Factories* for additional recommendations.

If there are bandages and first aid ointment in all kits, answer "Yes." If there are no bandages and ointment in any first aid kit, answer "No."

*If the answer is "No," in the comments area, please write down what typical medical items are missing in the first aid kit(s) and the area(s) of the factory where the first aid kit(s) are located.*

### ***Is there a first aid kit available in each floor/area?***

First aid kits must be available to all employees in case of injury. If the factory has a medical facility, first aid kits should still be available on each floor/area of the factory.

When touring the factory, note if there is a first aid kit on each floor/area. In some instances, the first aid cabinet is locked due to theft in the factory. Some factories have two separate first aid kits, one that is unlocked (containing bandages, etc) and another right next to it that is kept locked and contains more expensive first aid supplies. Best practice is for first aid kits to be unlocked and/or readily accessible to all workers at all times.

If there are first aid kits available on each floor and work area, answer "Yes." If the first aid kits are available but not on each floor or area, answer "No." If there are no first aid kits or if first aid kits are not readily accessible to workers, answer "No."

*If the answer is "No," in the comments area, please write down which areas are missing first aid kits, do not have first aid kits, or do not have first aid kits readily accessible to workers.*

### ***Do relevant employees have access to appropriate personal protective equipment (PPE)?***

Safe operation of hazardous machinery or completion of hazardous tasks requires that employees utilize personal protection equipment (PPE). Determine what type of PPE is required for the safe operation of the machinery being used. If the factory provides PPE, but the employees choose not to use it, the auditor should encourage the factory to require the use of PPE and no issue should be called out. For work done with chemicals, the auditor should check the Material Data Safety Sheet (MSDS) for recommended PPE.



*Examples:* Cutting gloves need to be used with a cutter. Someone operating a very loud piece of machinery needs to be provided with earplugs.

Please see **Appendix; Use of Personal Protective Equipment** for more information.

If employees have access to the appropriate personal protective equipment (PPE), answer “Yes.” If employees do not have access to the appropriate personal protective equipment (PPE), answer “No.”

*If the answer is “No,” in the comments area, write down what kind of PPE is not provided in which production areas.*



(Example: Not wearing cutting gloves)



(Example: Using proper PPE)



(Example: Using cutting gloves)



(Example: Using proper PPE)

***Does machinery have functioning safety features?***



All machinery that has automatic feeds should have automatic shut-offs. This is especially important for machinery that might catch an operator's hand or clothing. Machinery should also have the appropriate guards for the operator.

*Example:* pulley guards for the sewing machine, eye guards for the needles, automatic shut-offs, etc.

If machinery does not have functioning safety features, answer "No."

*If the answer is "No," in the comments area, please write down what safety features are missing from which machinery.*



(Example: Without pulley guard)



(Example: with pulley guard)

***Are there guardrails around all elevated work platforms or places where employees may fall from heights?***

Any area of the factory which is accessible to employees and elevated high enough so that a fall might cause personal injury (such as a storage platform or second floor walkway) should have guardrails to prevent accidental falls.

If all areas where employees may fall from heights (high enough so that a fall might cause personal injury) have guardrails, answer "Yes." If there are no elevated work platforms or other places where employees may fall from heights, answer "N/A."

If there are elevated work platforms or other places where employees may fall from heights which do not have guardrails, answer "No."

*If the answer is "No," in the comments area, write down where the factory should install guardrails.*



***Are chemicals stored properly (labeled with contents, MSDS posted) and securely closed?***

All chemicals should be in a labeled container in a secure location away from the employees' workspace. Chemical containers should be closed securely. Only necessary employees should have access to the chemicals.

There should also be a Material Safety Data Sheet (MSDS) for each chemical substance stored at the factory posted in all areas where the chemicals are used. This will provide both workers and emergency personnel with the proper procedures for working with the chemicals. The MSDS includes information such as how to store the chemicals, health effects of using the chemicals, first aid practices, etc.

If the chemicals are properly stored, answer "Yes." If the chemicals are not stored properly, labeled with contents, closed securely and/or if MSDS are not posted, where chemicals are used, answer "No."

*If the answer is "No," in the comments area, write down whether the chemicals are stored without labels, without MSDS posters, without proper covers/containers, or in some other dangerous way.*

***Is an eye wash station available for employees?***

Any facilities containing hazardous material must have an eye wash station as a precautionary measure. Eye wash solution in the first aid kits is useful, but not a sufficient safety measure.

If the factory has an eye wash station, answer "Yes." If the factory does not contain any hazardous material, answer "N/A." If the factory contains hazardous materials and does not have an eye wash station or the eye wash station is not functioning, answer "No."

*If the answer is "No," in the comments area, please write down what hazardous materials the factory contains and which areas of the factory should install eye wash stations, or (if applicable) how the eye wash station is not fully functional.*

***Is there a sufficient amount of free drinking water available?***

Employees must have access to clean drinking water, free of charge while they are working at the factory. Make sure there is enough water for all employees and that the employees are not charged for the water.

If there is sufficient, clean water, free of charge, answer "Yes." If there is not enough free drinking water available for all employees, answer "No."

*If the answer is "No," in the comments area, write down if the factory does not have enough drinking water for employees, if the water is not clean enough to drink, and/or if employees need to pay for drinking water.*



### ***Are tools kept in a place not hazardous to employees?***

Tools can be hazardous in the workplace if they are not properly stored. Determine if tools are stored in an unorganized manner when not in use.

If the tools are stored in a hazardous area, answer “No.”

*If the answer is “No,” in the comments area, write down how tools are kept by the factory and why the storage method is hazardous to employees.*

### ***Is the overall cleanliness of the factory acceptable?***

If the factory is clean, answer “Yes.” If the overall cleanliness is not acceptable, answer “No.”

*If the answer is “No,” in the comments area, write down which areas of the factory are not clean and the specific cleanliness issues.*

### ***Can employees move about safely in the factory (i.e. not crowded)?***

Aisles should be clear of obstructions. All employees should be able to reach an aisle without having to climb over any obstacles. In an emergency, employees must be able to easily exit their workspace. Boxes, bins, or fabric should not prevent the employee from reaching the aisle or exit.

If there is room to move around safely, answer “Yes.” If employees cannot move around safely, answer “No.”

*If the answer is “No,” in the comments area, write down which areas of the factory are not clear.*



(Example: Crowded/obstructed aisle)



(Example: Clear aisle)



***Are there sufficient emergency exits for each floor of the factory?  
If no, specify where emergency exits are not sufficient.***

The factory should have at least two unobstructed emergency exits on each floor which do not require electricity to operate (for example, elevators, electric doors). Exits should also meet local legal requirements.

In single story buildings, large, unobstructed windows that open and have appropriate access to the ground (such as fire escapes or stairs) may serve as exits.

If there are sufficient exits, answer “Yes.” If there are not two exits available which meet the above criteria or local legal requirements, please answer “No.”

*If the answer is “No,” in the comments area, write down where the factory needs to install more emergency exits.*

***Can emergency exits be opened from the inside and are they unlocked?  
(If No) Where are the emergency exits locked or unable to be opened from the inside?***

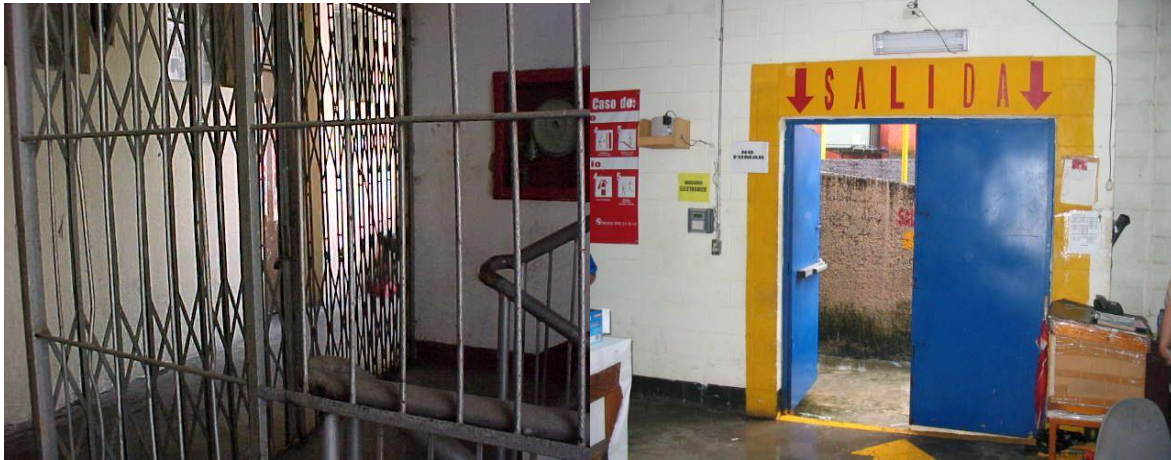
Emergency exits must be unlocked and open from the inside so employees can escape in case of a fire. Standard doors must push to open and not pull to open to ensure a faster exit during an emergency. Sliding doors are also an acceptable exit. Sliding doors, whether horizontal or vertical, should open quickly and easily during an emergency and not require electricity (for example, an electric garage door) to open if serving as one of the two primary emergency exits.

*Note:* Often managers say that fire doors are locked for security reasons, because unauthorized people can enter the factory through these unlocked doors. If there are serious security concerns in the area where the factory is located, then the fire safety doors should have locks installed that prevent intruders from entering, but do not prevent employees from leaving the building.

If the emergency exits are adequate, answer “Yes.” If the emergency exits are locked, do not push to open out, or do not slide to open, answer “No.”

*If the answer is “No,” in the comments area, write down where the emergency exits cannot be opened and/or are locked. In the comments area, please write down specific details about whether emergency exits are locked, do not push to open out or do not slide to open. Include the location of the exits which are not in compliance.*





*(Example: Locked emergency exit)*

*(Example: Unlocked emergency exit opening out)*

***Are emergency exits well marked (painted or lighted)?***

Emergency exits should be easily seen from most places in the factory. Normally, a large, colored, illuminated sign should be placed over a fire exit door. It is important that factories have the exits well marked so that they can be readily identified in an emergency situation.

If well marked, answer “Yes.” If the emergency exits are not well marked, answer “No.”

*If the answer is “No,” in the comments area, write down where the emergency exits are not well marked.*



*(Example: Emergency exit properly marked)*

***Are emergency exits free from obstruction?***



After you have identified the fire exits, look to see if all the aisles lead to an emergency exit and that all the exits are free from obstruction. Please list any areas that are blocked on the audit recap.

If unobstructed, answer “Yes.” If the emergency exits are obstructed, answer “No.”

*If the answer is “No,” in the comments area, specify where the emergency exits are obstructed.*



(Example: Obstructed emergency exits)

### ***Is there emergency lighting in the factory?***

Answer “Yes” if there is emergency lighting. Answer “No” if there is no emergency lighting in the factory at all.

### ***Is the emergency lighting adequate?***

Emergency lighting is very important because during an emergency it guides the employees to the emergency exits.

If adequate, answer “Yes.” If the emergency lighting is inadequate, answer “No.”

*If the answer is “No,” in the comments area, specify where the emergency lighting is not adequate.*



(Example: Emergency lights)

***Is emergency lighting functioning properly?***

If the electricity fails, emergency lighting should automatically turn on as a result of battery or generator back-up. During inspection of the emergency lighting fixtures, make sure to depress the test button to see if the light is properly functioning. With the test button depressed, the lights should illuminate.

If it is properly functioning, answer “Yes.” If emergency lighting is not functioning properly, answer “No.”

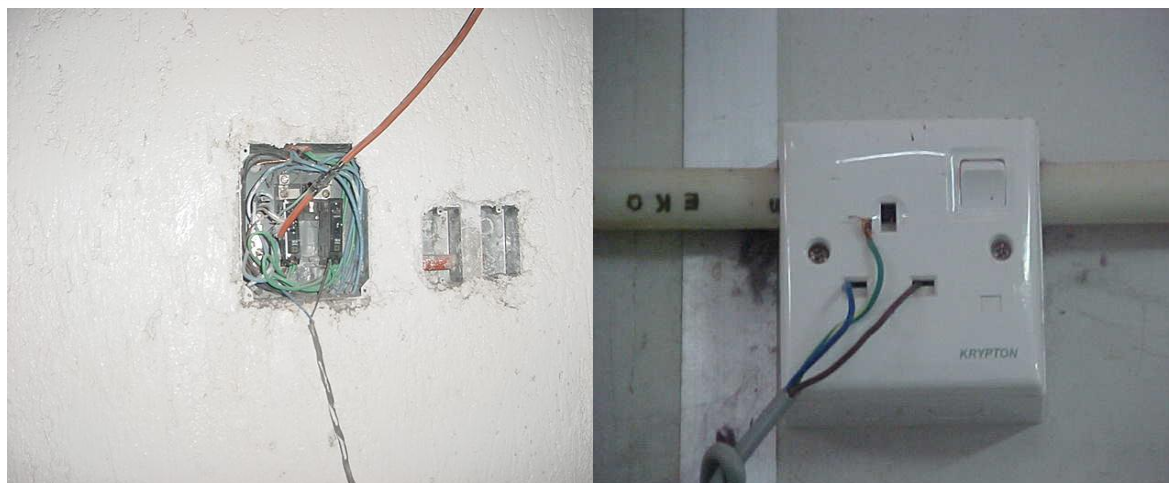
*If the answer is “No,” in the comments area, specify where the emergency lighting is not functioning.*

***Are all electrical cables/wires properly covered?***

Electrical fires can be easily avoided by proper installation of electrical cables, wires, and panels. All wires/cables should be covered with tubing, electrical tape and/or proper covers.

If there are no exposed wires, answer “Yes.” If electrical cables/wires are exposed, answer “No.”

*If the answer is “No,” in the comments area, specify where there are exposed cables/wires.*



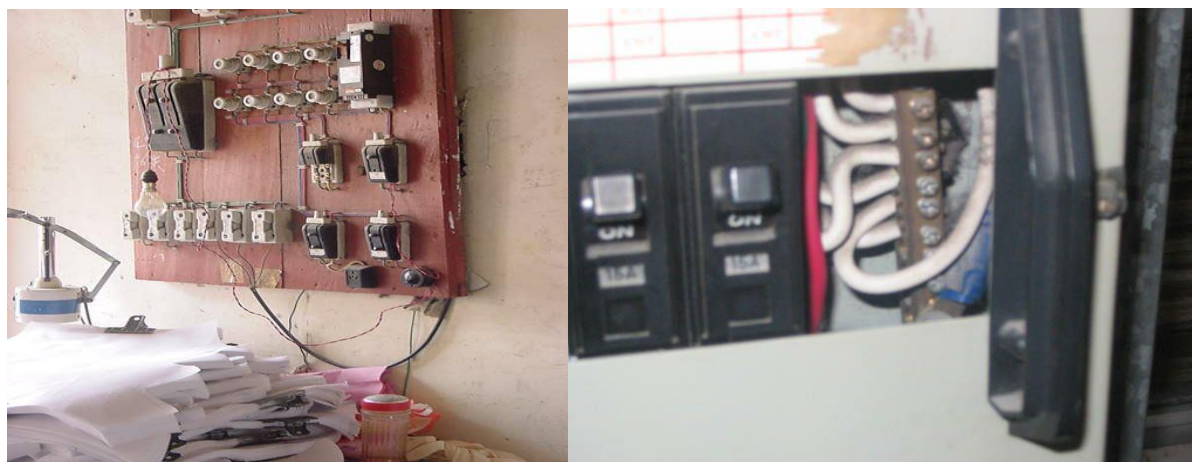
(Example: Exposed wires)

***Are all electrical outlets or switch boxes properly installed?***

Make sure all electrical outlets or switch boxes are properly installed and properly covered to avoid any electrical fires in the factory.

If properly installed, answer “Yes.” If outlets or switch boxes are not installed properly, answer “No.”

*If the answer is “No,” in the comments area, specify where outlets or switch boxes are not properly installed.*



(Example: Electrical outlets/switch boxes without covers)

**D. Import Workers**

***Do you see import workers working in the factory?***



Import workers refer to employees that are from a different country and are brought to work in the factory. More specific questions are asked later in the management interviews.

***(If Yes) Are the import workers factory management?***

Please write down if the import workers are factory management.

***What nationality are the import workers?***

Please write down the nationality of the import workers.

**Dormitory Facilities**

***Does the factory have dormitory facilities?***

If the factory has dormitories, the auditor should answer “Yes” and continue with the following questions. If not, the auditor should answer “No” and go to the next section: “Employee Interviews.”

***Is the dormitory in a separate building from the factory?***

The dormitory should be a separate building from the factory for fire and safety reasons.

If a separate building, answer “Yes.” If the dormitory is in the same building as the factory, answer “No.”

*If the answer is “No,” in the comments area, provide information about the type of building.*

***Does the dormitory provide protection against weather conditions?***

The dormitory needs to provide protection against the elements. If the housing is missing walls, a floor or a roof, it probably cannot provide adequate protection. The factory is also required to provide heat in the dormitories if there are cold weather conditions.

If the dormitory provides sufficient protection, answer “Yes.” If the dormitory does not protect against the elements, answer “No.”

*If the answer is “No,” in the comments area, write down in what specific way the dormitory does not provide protection against weather conditions.*

***Is the size of the room adequate by local law for the number of occupants?***



The size of the room needs to comply with local laws and customs. The room should not be overcrowded and should allow for personal space.

If the size of the room is adequate, answer “Yes.” If the size of the room is inadequate, answer “No.”

*If the answer is “No,” in the comments area, provide details about how the room is not adequate.*



(Example: Crowded dormitory)

(Example: Adequate dormitory)

### ***Are there separate sleeping facilities for men and women?***

Separate sleeping facilities should be provided for men and women. Shared sleeping facilities may be indicative of sexual harassment in the workplace. Additionally, co-ed housing does not meet the standards of propriety in some countries.

An exception can be made for married couples. If factories provide sleeping facilities for married couples, no more than one couple should share a room.

If there are not separate sleeping facilities for men and women, answer “No.”

*Exception:* If sleeping facilities are provided for married couples and only one couple shares each room, answer “Yes.”

*In the comments area, provide information about the specific co-ed housing situation in the dormitory. If separate facilities are provided for married couples, please provide comments in the audit comments.*

### ***Are there a sufficient amount of toilets available for the occupants?***

When a factory provides dormitory facilities, they must also provide adequate toilet facilities. The toilets do not need to be located in the sleeping room. The number of toilets should be adequate for the number of employees living in the dormitory.



If the number of toilets is sufficient, answer “Yes.” If the number of toilets is insufficient, answer “No.”

*If the answer is “No,” in the comments area, write down how many additional toilets the factory should install for men or women.*

***Do toilet facilities offer privacy and gender markings?***

It is important to make sure the men’s and women’s toilet facilities have doors and gender markings to provide privacy.

If there are gender markings and privacy, answer “Yes.” If the toilet facilities and stalls do not have doors or if the facilities do not have gender markings, answer the question “No.”

*If the answer is “No,” in the comments area, write down the specific issue, such as if the toilet facilities do not have gender markings, the stalls are missing doors, etc.*

***Are shower/bath facilities available for the occupants?***

In accordance with local law, an adequate number of operational shower/bath facilities must be available for the occupants.

If shower/bath facilities are adequate, answer “Yes.” If the number of shower/bath facilities is insufficient, answer “No.”

*If the answer is “No,” in the comments area, write down how many more shower/bath facilities should be installed in the dormitory.*

***Are 2/3rds of the shower/bath facilities functioning?***

If more than 2/3 of the shower facilities are functioning, answer “Yes.” If less than 2/3<sup>rds</sup> of the shower facilities are functioning, answer “No.”

***Is drinking water available to the occupants?***

There must be clean drinking water available to dormitory occupants.

If drinking water is provided, answer “Yes.” If drinking water is not provided, answer “No.”

***Are cooking, canteen facilities or outside food vendors available for the occupants outside of their rooms?***

When employees are living in an area where restaurants and prepared food from outside sources is not readily available, it is necessary that the dormitory include a



clean place where they can cook their own food. The cooking area needs to be separate from the sleeping area to prevent a fire hazard and must be an adequate size to accommodate the employees.

If affordable food from outside sources such as local food vendors is easily accessible near the factory, this is acceptable in place of a cooking area. In this case, answer “Yes.”

If cooking or canteen facilities or affordable food sources are available, answer “Yes.” If cooking or canteen facilities or affordable food sources are not available, answer “No.”

***Is the cleanliness of the cooking or canteen facilities acceptable?***

If the cooking or canteen facilities are clean, answer “Yes.” If the cooking or canteen facilities are not clean, answer “No.”

***Are there sufficient emergency exits for each floor of the dormitory?  
(If No) Specify where emergency exits are insufficient.***

Multi-story structures require fire escapes so people on upper floors will not be trapped in a fire. Large windows, that open, are unlocked, and have appropriate access to the ground, may serve as exits in single story buildings.

If the number of emergency exits is sufficient, answer “Yes.” If the number of emergency exits is insufficient, answer “No.”

*If the answer is “No,” in the comments area, write down which floors of the dormitory need an emergency exit.*

*Please Note:* Not only should there be sufficient emergency exits for each floor of the dormitory but they all must be unblocked and unlocked.

***Are there enough fire extinguishers/hoses in the dormitory?***

The number of fire extinguishers, hoses or hydrants should be compared with the square meters/feet in the dormitory to determine if there is adequate fire fighting equipment in the dormitory. If applicable, ensure the number of fire extinguishers meets local law.

If the number of fire extinguishers, hoses or hydrants is sufficient, answer “Yes.” If the number of fire extinguishers, hoses or hydrants is insufficient, answer “No.”

*If the answer is “No,” in the comments area, write down how many fire extinguishers, hoses or hydrants the factory should install in the dormitory.*

***Is adequate emergency lighting installed in the dormitory?***





This type of lighting is very important during an emergency because it will guide the employees to the emergency exits.

If the emergency lighting is adequate, answer “Yes.” If the emergency lighting is inadequate, answer “No.”

*If the answer is “No,” in the comments area, write down where emergency lighting is needed.*

### ***Is the emergency lighting in the dormitory functioning properly?***

Emergency lighting should automatically turn on when the electricity fails, through a battery back-up or generator system. During an inspection of the emergency lighting fixtures, make sure to depress the test button to see if the lighting is properly functioning. With the test button depressed the lights should illuminate.

If the emergency lighting is adequate, answer “Yes.” If the emergency lighting is inadequate, answer “No.”

*If the answer is “No,” in the comments area, write down where emergency lighting is not functioning properly.*

### ***Are all electrical cables/wires in the dormitory properly covered?***

Electrical fires can be easily avoided by proper installation of electrical cables, wires, and panels. All wires/cables should be covered with tubing, electrical tape and/or proper covers.

If the electrical cables/wires are properly covered, answer “Yes.” If the electrical cables/wires are exposed, answer “No.”

*If the answer is “No,” in the comments area, write down in which areas the electrical cables/wires are exposed.*

### ***Are all electrical outlets or switch boxes properly installed in the dormitory?***

Make sure all electrical outlets or switch boxes are properly installed and properly covered to avoid any electrical fires in the dormitory.

If outlets or switch boxes are installed properly, answer “Yes.” If outlets or switch boxes are not installed properly, answer “No.”

*If the answer is “No,” in the comments area, write down where the outlets or switch boxes are not properly installed.*

### ***Is the overall condition of the dormitory acceptable?***



***(If No) Why are the conditions of the dormitory not acceptable?***

Answer “Yes” if you feel the overall condition of the dormitory is acceptable. Answer “No” if you feel the overall condition of the dormitory is unacceptable due to extremely unsafe or unhealthy conditions which were not identified by another question in the “Dormitory Facilities” section.

*If the answer is “No,” in the comments area, provide specific comments about why the condition of the dormitory is not acceptable.*

**Employee Interviews**

*Note: Please see the **Factory Tour** section for information about selecting employees to interview.*

Employee interviews are the only opportunity we have to speak with the employees at the factory. They are one of the best means to identify violations of the Target SOVE, such as discrimination, forced labor, etc.

The employee interviews should be conducted in a private room without management present. The interviews may be conducted on a one on one basis or in a small group. If they are conducted in a small group, the auditor should make sure each employee answers all the questions. The auditor should keep all employee’s answers confidential.

**The following must be completed for each employee interview:**

- Employee Name
- Employee Number
- Gender (Male/Female)
- Department/Area
- Birth Date stated by employee
- Employment date stated by employee
- New Hire (Yes/No)

It is important to get an accurate start date to verify if the employee is currently under legal working age or if they were under legal working age at the time of hire.

When interviewing the employee, throughout this section, there are a series of 12 questions that must be verified against personnel records. To complete this section, use the information from the employee’s personnel file provided by the factory.

The auditor should record what type of ID was reviewed to verify age on the audit form. For countries that do not have ID cards, research the acceptable form of identification,



such as a national certification. The auditor should verify the information told to them by the employee by reviewing their ID card and personnel records.

While reviewing the employee's personnel file, the auditor should:

- Check for completeness
- Verify all employees met or were above minimum age at time of hire
- Check for adolescent employees and work performed
- Check for female employees and work performed
- Check for copy of the employment contract

### **A. Employee List**

#### ***Were you allowed/able to conduct employee interviews?***

Answer "No" if you were not allowed/able to conduct employee interviews.

If "Yes," please continue on to enter the employee details.

#### ***(If No) Did the factory management allow you to conduct employee interviews?***

The auditor should be allowed/able to conduct employee interviews as part of the audit process.

If the factory did not allow the auditor to complete the employee interviews, answer "No."

*Please write down in the audit comments why factory management did not allow you to conduct employee interviews or why you were otherwise unable to conduct employee interviews.*

#### ***(If Yes) Enter Employee Details:***

- Employee Name
- Employee Number
- Male/Female
- Department/Area

### **B. Verification**

#### ***Information Stated by Employee:***

***Birth Date***

***Employment date***

#### ***Is the employee a new hire?***

A new hire is defined as hired within the last 3 months.



***Did you verify ID card for age?***

The auditor should compare the information on the ID to what is in the employee's personnel file.

***National number/drivers license/ID card number/Doctor's Record***

Select the type of ID used to verify age. For countries that do not have ID cards, the auditor should research the legal document or national certification accepted in that country to validate the age of the worker.

***Does the employee have a personnel file?***

Every employee should have a personnel file at the factory. This will show the auditor how the factory maintains their employee files. The file should contain a picture ID, contract (if applicable), hire date, etc.

*Note:* New hires should have a personnel file on their start date.

***Does the personnel file have an employment day, month and/or year?***

The auditor should write down the employment date according to the personnel file. If personnel files do not include the employment date, answer "No."

***Day\_\_Month\_\_Year\_\_***

Please write down the employment day, month, and year provided in the personnel file, if available.

***According to the personnel file, can you determine the age of the employee?***

The auditor should verify the age of the employee by reviewing the information on the employee's ID card and in the personnel file.

***How old is the employee?***

This tells us how old the employee is on the day of the audit. If the country where the factory is located does not have drivers' licenses, doctors records or ID cards, the auditor should research the legal document or national certification accepted in that country to validate the age of the worker. The documents reviewed should match what is in the employee's personnel file.

***Does the employee currently meet minimum legal working age?***

Target defines child labor as being either below the local minimum working age, or the age of 15, whichever is greater.



***(If Yes) Was the employee of or above minimum age at time of hire?***

Historical underage labor is when an employee who is currently of legal working age was under legal working age at the time of hire.

If the employee was not at or above minimum age at time of hire, but is now above the minimum age, and the time of hire was within the last two years, answer “No.”

In the closing meeting, please educate the factory about local minimum age regulations and discuss the importance of strong human resources systems which include careful hiring practices and personnel record keeping.

If the issue occurred more than 2 years ago or if no personnel files are available for the employee and the date of hire cannot be established, answer “Yes.” However, the auditor should provide audit comments explaining that the issue occurred more than 2 years ago or the date of occurrence cannot be established.

***Is employee considered by local law to be adolescent labor?***

Adolescent labor is defined as an employee who is at least minimum age, but has not turned 18 and thus may require restricted working hours or parental consent to work depending on local law. Factories employing adolescent laborers must meet the related local legal requirements. Related documents required by local law should be available for the auditors to review (e.g. parental consent paperwork).

***Does local law require an employee contract/labor contract?***

***(If Yes) Was a signed copy of the contract in their personnel file?***

If local law requires an employee contract, a signed copy must be kept in the employee personnel file.

If there was a signed copy in the personnel file, answer “Yes.” If there was not a signed copy in the employees personnel file, answer “No.”

**C. Work Schedule**

***Did you begin working here without paying any money?***

If the worker did not pay to work at the factory, answer “Yes.” If the employee paid money to begin working at the factory, answer “No.” If the employee paid a fee to obtain their uniforms, tools, or other supplies required to perform their job, also answer “No.”



***(If No) How much money did you pay to work at the factory?  
Why did you pay money to work at the factory?  
Whom did you pay the money to?  
When did you pay the money?  
Did you pay interest on the amount?  
What is the interest rate?  
Was any portion of the payment a deposit?  
What are the requirements to receive the deposit back?***

It is a violation of Target's SOVE to require an employee to pay a deposit or other fee in order to begin employment, regardless of local law. If the employee paid money to work in the factory, that money must be reimbursed to the employee.

If the employee paid a deposit, the auditor should gather information to answer all of the questions on the audit form, and gather additional information as needed.

***Did you receive a signed copy of the employment/labor contract?***

Many countries require employment/labor contracts. The employee contract should be written in a language the workers can understand. The employee should sign the contract and receive a copy. A copy should also be kept in the employee's personnel file.

If the employee did receive a copy of the employment/labor contract, answer "Yes." If the employee did not receive a copy of the employment/labor contract, answer "No."

*If the answer is "No," in the comments area, write down if some or all of the employees did not receive a copy of the employment/labor contract.*

***How many days a week do you normally work?***

This determines whether the employee has been given the required number of days off. All employees should receive at least one day off for after every six days worked. This information will also be used for the calculation of overtime.

***When is peak season?***

Peak season, for a factory, is the time when production is at its highest. Peak season, is typically not more than 3 months (i.e. May – July). Knowing the peak season is important to see if there is an increase in hours worked and why. The employee's hours, including overtime, however, should not exceed 60 hours. The employee's response should be consistent with management's response. If not, the auditor should investigate by reviewing production and payroll records.

***What hours do you normally work? (i.e. 9am-6pm) Non-peak season? Peak season?***



Check to make sure that employees from the same department are working the same hours as the designated factory hours. For example, if employees from sewing say they work from 7am-6pm each day but the normal workday has been identified as 8am-5pm, this is an indication further investigation is needed such as checking timecards and production records.

***What overtime hours do you normally work? (i.e. 6pm-11pm) Non-peak season? Peak season?***

Employees should not be working over 60 hours total per week (regular plus overtime hours). The number of overtime working hours will determine if the auditor should see overtime wages during payroll review. If the auditor finds that employees are working excessive overtime hours, further investigation is needed such as checking timecards and production records.

***Do you feel you work too many hours?***

The auditor needs to make sure that overtime is not excessive and use the interview as an opportunity to draw out information from the workers.

***Can you freely leave the work area when your shift ends?  
(If No) Explain why you cannot freely leave the work area when your shift ends.***

All employees should be able to leave their work stations at the end of the shift. If the employee is unable to leave the factory when the shift ends, this may indicate a forced working environment.

If employees can freely leave their work area, answer “Yes.” If employees cannot freely leave their work area, answer “No.”

***Can you and other employees easily decline to work overtime without any penalty?***

If the worker can easily decline to work overtime, without penalty, answer “Yes.” If the worker cannot easily decline to work overtime, without penalty, answer “No.”

***(If No) What is the penalty for declining to work overtime?  
Do you know of anyone this has been issued the penalty for declining overtime? What area of the factory do they work in?  
When were they issued the penalty for declining overtime?***

All employees should be able to decline overtime without penalty. The employee’s response to this question should be the same as management’s. If not, the auditor should investigate by conducting additional employee interviews.



***How many days off a month do you normally get during Non-peak season?  
How many days off a month do you normally get during peak season?***

Employees should receive at least one day of rest for every six days worked. The auditor should list the number of rest days per month for peak and non-peak (i.e. Four days peak or eight days non-peak). The auditor should confirm if this answer supports the findings found in the payroll review.

***Do you get at least 30 minutes for lunch?  
Do you get at least 30 minutes for dinner?***

The factory should provide an adequate amount of time during working hours for the employees to eat. The auditor should answer “Yes,” “No,” or “Not Applicable” to the questions according to the minutes that employees receive for lunch and dinner.

***Do you complete your own time card/scan card for all hours worked?***

All employees should complete their own time card for all hours worked (regular and overtime). If the employee does not complete his own time card, there is a possibility that he may not be getting paid for all hours worked. Target expects that all employees complete their own time cards and have the ability to verify the number of hours worked.

If the employee completes his own time card/scan card for all hours worked, answer “Yes.” If the employee does not complete his own time card/scan card for all hours worked, answer “No.”

*If the answer is “No,” in the comments area, write down how the factory records working hours if employees are not required to complete their time cards.*

***Do you complete the same time card/scan card for all hours worked?  
(If No) Explain why you do not complete the same time card/scan card for all hours worked?***

The employee’s time card should reflect all hours worked (regular and overtime).

If the employee completes the same time card/scan card for all hours worked, answer “Yes.” If the employee does not complete the same time card/scan card for all hours worked, answer “No.”

*If the answer is “No,” in the comments area, provide information about the different time cards completed by the employee or different time keeping systems used, etc.*

***Can you verify the number of hours that you work each day?***





Each employee should be able to verify the number of hours recorded each day by the time keeping system. If the employee cannot verify their hours, there is a possibility that he may not be getting paid for all hours worked.

If the employee can verify the numbers of hours he works each day, answer “Yes.” If the employee cannot verify the numbers of hours he works each day, answer “No.”

*If the answer is “No,” in the comments area, write down why the employee cannot verify the number of hours he worked. Does the factory not provide time cards for review or does the employee not know where to check his time records?*

#### **D. Pay Practices**

##### ***How is your compensation based?***

Select one of the following:

- Hourly
- Day Rate
- Monthly Rate
- Piece Rate
- Other (Please specify)

In order to determine if the employee is making at least local minimum wage and if proper overtime is being paid, we must know the basis for compensation.

##### ***How often are you paid?***

Select one of the following:

- Weekly
- Monthly
- Twice Monthly
- Other (Please Specify)

The employee’s response to this question should be consistent with management’s. If it is not, the auditor should investigate by reviewing payroll records.

##### ***When were you last paid?***

Auditors may wish to ask interviewees to specify which pay period they are referring to when answering this question. Failure to pay employees according to the accepted payroll policies for the specific country may indicate a forced labor situation.

Alternatively, failure to pay employees in a timely manner may indicate that the factory is experiencing financial hardship which is affecting its ability to pay employees according to local law. If an employee indicates that he or she has not been paid in a timely manner, the auditor should investigate further.



### ***Do you make more than the local minimum wage?***

The auditor should provide the interviewee with the appropriate minimum wage for the country or city where the factory is located. Later in the audit, the auditor should take note if the response matches the pay rate calculation. If the employee is being paid less than the minimum wage, the auditor should answer “No” to the question “Did employee regular wages meet or exceed local minimum wage?”

When auditing in a country which does not specify a local minimum wage, the auditor should ask if the employee is paid the same or more than the agreed upon rate. If not, the auditor should answer this question “No.” Later in the audit, the auditor should take note if the response matches the pay rate calculation. If the employee is being paid less than the agreed rate, the auditor should answer “No” to the question “Are wages properly calculated by the factory?”

### ***How are you paid?***

Select one of the following:

- Check
- Cash
- Transfer to Account
- Other (Please Specify)

The preferred payment method is to pay with check or transfer to account. The method of payment impacts the auditor’s ability to review payroll records. When an employee is paid in cash, there may not be accurate records. In addition, cash payments sometimes pose a security risk to employees. The employee’s response should be consistent with management’s. If not, the auditor should investigate by reviewing payroll records. If the employee is paid in multiple ways, the auditor can select “Other” and provide details in the space provided.

### ***Do you make a different wage for overtime hours than regular hours?***

All employees must be paid proper overtime per local law. For countries that do not have a local law regarding overtime, a higher rate for overtime hours should be paid.

### ***(If Yes) How much?***

The employee’s answer to this question should match management’s. If the employee’s answer does not match management’s, the auditor should investigate by reviewing payroll.

### ***Are any deductions taken from your wages?***



***(If Yes) What mandatory deductions are taken from your wages?***

***(If Yes) What voluntary deductions are taken from your wages?***

The information about deductions will help the auditor to determine if deductions are taken in accordance with local law. The auditor should list the deductions and provide a short explanation. Mandatory deductions that are not in accordance with local standards should be investigated.

*Note:* Mandatory deductions refer to money withheld from the employee's pay in order to meet local legal requirements. Voluntary deductions are for optional goods or services such as meals, dormitory costs, transportation, etc.

***Do you receive full pay with no deductions if you produce damaged goods?***

Employees should not be held financially responsible for producing damaged goods. If the employee does not receive full pay for producing damaged goods, answer "No."

***(If No) How much are the deductions for damaged goods?***

If deductions are taken from the employee wages, the auditor should provide details explaining the amount deducted.

*Please write down how much money is deducted for damaged goods, and any other specific information provided by the employee about the policy here and in the audit recap.*

***Do you owe the factory any money?***

***(If Yes) What is the loaned money for?***

***Do you pay interest on the loan amount?***

***What is the interest rate?***

There are some instances in which an employee will need to borrow money from the factory (for example, family emergencies). The auditor should note what the loan was for, if the factory charged interest, and if so, at what interest rate.

## **E. Health & Safety**

***Are you aware of the factory rules/penalty systems?***

The factory should educate employees about all factory rules and penalties when they are hired. Factory rules provide information about disciplinary practices in the factory and must be consistent with local law.

If the employee is aware of any factory rules/penalty systems, answer "Yes." If the employee is not aware of any factory rules/penalty systems, answer "No."



***Can you confirm that you or anyone you know in this factory has not been forced to work against their own will?***

***(If No) Explain why you or others in this factory are forced to work against their own will.***

All employees should be able to work at the factory freely, by their own choice, without being forced or coerced to work in any way.

*Examples of forced labor:*

- The guards have closed the main entrance and will not allow employees to leave when their shift is over.
- Employees were asked to pay a large fee to begin employment and cannot leave until they have paid back the debt.

This issue may be sensitive for employees and also may not be clear using the exact language described here. As a result, auditors need to use their judgment in employee interviews and adjust language as necessary. As appropriate, the auditor should ask follow-up questions to gather additional information and determine if there are forced labor issues at the factory, being careful not to lead the responses of the interviewee.

***Is all work done at the factory and not at home or in the dormitory?***

***(If No) What type of work is done outside of the factory and when did this last happen?***

***Did you/they keep a record of the work done at home?***

***How are you/they paid for this work?***

If you identify that all work is not done at the factory, answer the first question “No.”

In addition to answering the other questions, gather information about the homework/cottage industry practices of the factory, including, if possible, information about the business model used, and any other details you feel would be useful.

***Can you confirm that the supervisors or managers do not threaten or insult employees?***

***(If No) Explain how managers or supervisors threaten or insult employees.***

***Have you personally been threatened or insulted?***

***(If Yes) When were you threatened or insulted?***

***Have other employees been threatened or insulted?***

***(If Yes) When were other employees threatened or insulted?***

Target’s expectation is that employees are treated with respect and are not threatened or insulted. Managers should not verbally mistreat employees by shouting or yelling.



If the employee indicates that supervisors or managers have threatened or insulted employees, explore the issue further through follow-up questions. Be sensitive to the situation, keeping aware of potential cultural differences between management and employees.

- If a potential incident or pattern of incidences occurred within the last two years, answer “No” to the question “Can you confirm that the supervisors or managers do not threaten or insult employees?” Answer the follow-up questions based on the information gathered.
- If the incident or pattern of incidents occurred more than two years ago answer “Yes” to the question “Can you confirm that the supervisors or managers do not threaten or insult employees?” and move on to the next question.

*If the auditor identifies any situation in which supervisors or managers threaten, insult, or shout at employees, the auditor should detail the situation in full in the audit comments.*

***Can you confirm supervisors or managers do not use physical violence against you or other employees?***

***(If No) When did the physical violence happen?***

***Did the physical violence happen to more than one person?***

***Did you report it to management or anyone else?***

***(If Yes) What happened when you reported the physical violence?***

***(If No) Why didn't you report the physical violence?***

***Do you know what to do in case of a fire or an emergency?***

Employees should have a basic understanding of what to do in case of an emergency. In some factories, a team of trained employees (often called a “fire brigade”) are specially trained to use extinguishers/hydrants. We want to determine that the employee knows what to do if a fire occurs (e.g. how to use a fire extinguisher, how to alert the fire brigade, etc).

If the employee knows what to do in case of a fire or an emergency, answer “Yes.” If the employee does not know what to do in case of a fire or an emergency, answer “No.”

***Do you receive vacation/annual leave in accordance with local law?***

Employees should receive paid vacation/annual leave according to local law.

- If the employee was hired within the last 3 months, select “New Hire.” Selecting “New Hire” does not call out an issue.
- If the employee does not receive vacation/annual leave in accordance with local law, answer “No.”



- If the local law does not require the factory to provide annual leave, the auditor should answer “Yes” and should not call out the issue. For example, if according to local law employees are not entitled to annual leave until they have served 1 year in the factory and the worker has worked only 6 months and has not received annual leave, answer “Yes.”
- If the employee is not aware if he or she receives vacation/annual leave in accordance with local law, auditors need to further check if there are any supporting documents, such as leave records, corresponding payrolls, to prove that employees were provided with the annual leave benefit. If supporting documents could be provided, select “Yes”. If no supporting documents could be provided, select “No.”. If the auditor is concerned that multiple employees answer “I don’t know,” the auditor can bring this up during the Closing Meeting and suggest ways to improve benefits education.

*Please write down if the factory has policies about vacation/annual leave.*

***(If Yes) How many days do you receive for vacation/annual leave?***

Select the number of days received for vacation/annual leave (between 0 and 30), “More than 30,” or “I don’t know.” If the employee is not yet entitled to annual leave according to local law (for example, leave is available after one year of service and the employee has worked only 6 months), select “0.”

***(If Yes) When was your last vacation/annual leave?***

Write down the response provided. If the employee responds “I don’t know”, or that he or she is not yet eligible for annual leave, please note in the space provided.

***Are you working here voluntarily?***

This question is another way of asking if there is forced labor in the factory. All employees should be working, at the factory voluntarily. If the employee answers “No” to this question, ask follow-up questions to gather additional information.

***Are you allowed to keep your own identification certificate, etc.?***

All employees should be allowed to keep their own identification documents, such as passports. Factory management should only keep documents for safety reasons. If management keeps the documents, the employees should have access to the documents at any time. If safety is a concern, a preferred solution is to provide each worker with a secure locker in which to store personal belongings.

If the employee is allowed to keep his own identification documents or have access to them at any time, answer “Yes.” If the employee is not allowed to keep his own identification documents or have access to them at any time, answer “No.”



Please write down specific details about the circumstances in which employees cannot retain their own identification documents.

**Do you live in a dormitory?**

**(If Yes) Can you freely leave the dormitory grounds at any time excluding curfew?**

**(If No) Explain why you can't leave the dormitory grounds?**

All employees should be able to freely leave the dormitory grounds at any time. An exception is if a curfew is imposed for employees' safety. If employees cannot leave the grounds, the auditor should provide details in the audit comments.

**Is the main entrance locked at night or during curfew period?**

If the entrances are locked, it is important to establish if the entrance is locked to ensure the safety of the employees inside the facility or if it is being locked to control employees' movements outside of the facility. Employees should not be forced to stay in dormitories against their will. If safety is a concern, doors may be locked from the inside only. As always, employees must be able to exit in case of emergency.

**Can dormitory exits be open from the inside during an emergency?**

If the employee is not able to exit the dormitory in an emergency, answer "No."

**Can you confirm that cooking is not done in your room?**

The cooking area should be separate from the sleeping area. Cooking in the sleeping area creates a fire hazard.

If cooking is done in the employee's dormitory room, answer "No."

## **Management Interviews**

The management interview is an opportunity for auditors to verify what you learned during the employee interviews. Auditors may invite managers from areas such as: compliance, administration, production and accounting. The compliance contact may not know the answers to all of the management interview questions.

After conducting the management interview the auditor should review the factory rules, the employee handbook, employee contracts (if applicable), fire/evacuation drill and fire safety records, and first aid training records to confirm management's responses.



If management responses are different from those of employees, the auditor should ask to review more evidence without alerting management to employee responses in order to confirm which information is accurate.

## **A. General**

### ***Were you allowed/able to conduct management interviews?***

The auditor should be allowed/able to interview factory management as part of the audit process.

#### ***If No:***

If you were not able to conduct the management interview, the auditor should answer “No” **to only one** of following three questions **in order to identify the reason the factory was unwilling or unable to participate in the management interview portion of the audit:**

- ***Did factory management want to participate?***
- ***Was the proper contact person available?***
- ***Was it not a busy production time?***

### ***How many employees work during non-peak season? Production? Non-Production?***

### ***How many employees work during peak season? Production? Non-Production?***

Production is defined as the number of employees actively involved with producing the merchandise. Non-production is defined as management and support personnel that do not directly produce merchandise.

This will indicate the size of the factory and if there are enough employees to meet capacity requirements. If the headcount does not represent the factory’s capacity, this should prompt the auditor to further investigate the source of the product (For example, country of origin, homework/cottage industry, subcontracting, etc).

### ***Is all work done at the factory and not at home or in the dormitories?***

***(If No) What type of work is done outside of the factory and when did this last happen?***

***How many employees work out of their homes or dormitories?***

***For employees that work out of their homes or dormitories, how do you document hours worked?***

***For employees that work out of their homes or dormitories, how are they paid?***

***Do you keep personnel records for employees that work out of their homes or dormitories?***





***How do you ensure that employees that work out of their homes or dormitories are being paid at least minimum wage?***

***Do employees that work out of their homes or dormitories receive full wages with no deductions if they produced damaged products?***

If you identify that all work is not done at the factory, answer the first question “No.”

In addition to answering the other questions, gather information about the homework/cottage industry practices of the factory, including, if possible, information about the business model used.

*Note: If you identify that employees working out of their homes, dormitories, or in the cottage industry do not receive full wages for damaged product, please write down how much money is deducted for the damaged product in the audit comments.*

***Is there a nurse or doctor on-site?***

***(If No) Are there medical facilities (hospital or clinic) nearby?***

***How long does it take to get to the medical facility (hospital or clinic)?***

These questions determine how quickly an employee would receive medical care if injured. An on-site medical facility is not a requirement, unless required by local law. If the medical facility is not on-site, the auditor should indicate travel time to the nearest facility and use your best judgment to determine if the distance is too great. If the distance is too great, you should answer “No” to the question “Are there medical facilities (hospital or clinic nearby)?” For example, more than 20 minutes drive would be too far during an emergency.

***Is at least one person in the factory trained in first aid in the factory at all times?***

The factory should ensure that a minimum of one person per shift is trained in first aid so that at any time there is always at least one person present in the factory who is trained in first aid.

If the factory employs a doctor or nurse who works on site or has trained at least one worker per shift in first aid, answer “Yes.” If the factory has not trained at least one person in first aid per shift or the provided certificate/training documentation expired (if no specific valid period listed, the certificate/training should be renewed at least annually) or certificate/training documentation did not have a training date, answer “No.”

***What year and month did the first aid training take place?***

The auditor should ask to see proof (i.e. certificate, photos) that first aid training was conducted at the factory or that an appropriate number of employees received outside first aid training. The auditor should also suggest that the factory have at least one back up person per shift trained in first aid in case of absences.



***Did you conduct a fire evacuation drill in the last twelve months?  
What year and month was the last fire evacuation drill conducted?***

A fire evacuation drill should be conducted at least once every 12 months in the factory. The auditor should review evidence (i.e. certificate, photos, fire drill log) to show that a fire evacuation drill was conducted within the past 12 months. The auditor should provide the month and year of when the fire drill was conducted.

If a fire evacuation drill was conducted within the last 12 months, answer “Yes.” If a fire evacuation drill was not conducted within the last 12 months, answer “No.”

*If the answer is “No,” in the comments area, write down if the factory has never conducted a fire evacuation drill, if the last fire evacuation drill occurred more than 12 months ago, etc.*

***Are employees trained to operate fire extinguishers?  
What year and month did fire extinguisher training take place?***

Employees should be trained at least annually to operate fire extinguishers in case of an emergency. It is acceptable if the factory only trains specialized employees, often referred to as a “fire brigade.” The auditor should review evidence to show that training occurred.

If employees were trained to operate fire extinguishers within the last 12 months, answer “Yes.” If employees were not trained to operate fire extinguishers within the last 12 months, answer “No.”

*If the answer is “No,” in the comments area, write down if some or all employees were not trained to operate fire extinguishers.*

**B. Hiring Practices/Child Labor**

***Does the factory use hiring agents to recruit employees?  
(If Yes) What type of workers are recruited by these agents?  
What country are these workers recruited from?***

The auditor should determine if there are any import workers or migrant workers in the factory and provide their native country or region. Import workers are workers from another country who migrate for work reasons. Migrant workers originate from a different geographic area within the country and relocate either seasonally or full-time for work reasons.

***(If Yes) Can you confirm the recruited employees do not pay a hiring fee?***



If recruited employees are recruited by a hiring agent, they should not have to pay a hiring fee. The fee should be paid by the factory. This will ensure that employees do not have a financial obligation to the factory.

If no employees have paid a hiring fee, answer “Yes.” If any employees paid a hiring fee, answer “No.”

*If the answer is “No,” in the comments area, provide information about the hiring fee in the audit comments.*

**Can you confirm employees are not required to pay a deposit directly to the factory for employment?**

**(If No) How much of a deposit is paid for factory employment?**

It is a violation of Target’s SOVE to require an employee to pay a deposit of any type in order to begin employment.

If the employee paid money in order to begin work in the factory, that money must be reimbursed to the employee.

If no employees paid a deposit to the factory in order to begin work, answer “Yes.” If the employees paid a deposit to the factory in order to begin work, answer “No.”

*If the answer is “No,” in the comments area, write down the amount of the deposit required and the purpose of the deposit in the audit comments and in the space provided.*

**Do you employ imported/migrant factory employees?**

**(If Yes) Can you confirm imported/migrant employees do not pay a hiring fee?**

If imported or migrant employees do not pay a hiring fee, answer “Yes.” If imported or migrant employees pay a hiring fee, answer “No.”

*If the answer is “No,” in the comments area, write down how much the fee is and any other details available in the audit comments.*

**(If Yes) What country are the import/migrant employees from?**

**Are imported/migrant employees required to have labor agency contracts?**

The auditor should determine whether or not import (from another country) or migrant (from a different region within the country) workers are coming from a country that requires labor contracts.

**What nationality are the line supervisors/management?**

**Do line supervisors speak the same language as the employees?**

Note the nationality of management and if they speak the same language as employees.



***Are factory employees required to sign an employment/labor contract?  
(If Yes) Do employees receive a signed copy of their contract?***

Many countries require employment/labor contracts. The employee/labor contract should be written in a language the workers can understand. If a contract is required in that country, the employees should sign and receive a copy. A copy of the signed contract should also be available in the employees personnel file.

If employees do receive a copy of their contract, answer “Yes.” If employees do not receive a copy of their contract, answer “No.”

*If the answer is “No,” in the comments area, write down if some or all employees do not receive a copy of their signed contract.*

***Do employees keep their own identification certificate, passport, entry permit or other document(s) related to their status?  
(If No) Explain why employees do not keep their own identification, etc.***

All employees should be allowed to keep their own identification documents, such as passports. The factory management should only keep the documents for safety reasons. If management keeps the documents, the employees should have access to the documents at any time. If safety is a concern, a preferred solution is to provide each worker with a secure locker in which to store personal belongings.

If the employee is allowed to keep their own identification documents or have access to them at any time, answer “Yes.” If the employee is not allowed to keep their own identification documents or have access to them at any time, answer “No.”

*If the answer is “No,” in the comments area, write down specific details about the circumstances in which employees cannot retain their identification documents.*

***Can you confirm pregnancy testing does not occur prior to hiring female employees?  
Do you have written policies regarding pregnancy testing during the hiring process?***

There should be no discrimination related to pregnancy during the hiring process or in general. If a factory performs pregnancy testing during the hiring process, the factory should have a written policy detailing why it is necessary that the testing occur and how it will ensure that the testing will not be used for discriminatory purposes.

*If the factory conducts pregnancy testing prior to hiring female employees, please provide this information in the audit comments.*

***Are female employees given time off for maternity leave?***



Female employees should be given proper time off for maternity leave in accordance with local law.

If time off is given for maternity leave in accordance with local law, answer “Yes.” If time off is not given for maternity leave in accordance with local law, answer “No.”

*If the answer is “No,” in the comments area, write down the factory’s current maternity policy and local legal requirements regarding maternity leave.*

***(If Yes) How long are employees given time off for maternity leave?  
Is the time off given for maternity leave consistent with local law?***

If the time off given for maternity leave is not consistent with local law, answer “No.”

***(If No) Why is the time off given for maternity leave not consistent with local law?***

Specify why the time off given for maternity leave is not consistent with local law.

***What is the age of the youngest employee in this factory?***

Knowing the age of the youngest employee will determine whether or not the factory is in compliance with child labor laws and Target’s SOVE. If the age of the youngest employee is below the minimum age according to local laws and/or the SOVE, the auditor should verify against the personnel records. .

***What procedures does this factory have in place to verify the age of employees?***

The factory should have procedures within its hiring practices to ensure compliance with child labor laws and Target’s SOVE. The factory should verify age using an ID card, driver’s license, national number, or doctor’s record. A copy of the proof of age should be kept in the employee’s personnel file.

### **C. Factory Work Schedule**

***What is the designated workweek? (i.e. Monday – Saturday or Monday-Friday)  
Non-Peak? Peak?***

To be in compliance, the designated work week should ensure that all employees receive one rest day for every 6 days worked.

***What shift hours do you operate? (i.e. 9am – 6pm) Non-Peak? Peak?***

The answer should note the hours of operation for the factory (i.e. 9 A.M. – 6 P.M.). If



the factory operates multiple shifts, please write down the hours of each shift, for example 9 A.M. – 5 P.M. and 4 P.M. – 12 A. M.

***When is your peak season? (i.e. July-September)***

Peak season, for a factory, is the time when production is at its highest. Peak season typically should not be more than 3 months (i.e. May – July). Knowing the peak season is important to see if there is an increase in hours worked and why. The employees' hours, including overtime, however, should not exceed 60 hours. The manager's response should be consistent with production and payroll records. If it is not, further investigation may be warranted.

***Is peak season more than 3 months?***

Select Yes, No, or Not Applicable, as appropriate.

***How many hours does the factory work in a work week?  
Regular? Overtime? Peak?***

The hours of operation, if lengthy, could be an indication of employees working excessive hours. The number of overtime working hours determines if the auditor will see overtime wages. The auditor should keep in mind the manager's response when reviewing production records, payroll records and country of origin. For peak, the auditor should enter the total hours of regular hours and overtime hours.

***Does your factory shut down for holidays?  
(If No) Do you pay proper holiday compensation?***

Most countries require that employees be given holiday pay. Holiday wage and compensation should be paid in accordance with local law.

If the factory pays proper holiday wage and compensation, answer "Yes." If the factory does not pay proper holiday wage and compensation in accordance with local law, answer "No."

*If the answer is "No," in the comments area, please write down if this information was identified from the management interviews or records review and describe how the factory did not pay proper holiday compensation.*

***Do employees receive one day of rest after six consecutive days of work?***

At least one rest day for every six days worked is required for all employees. This answer should support the findings found during the payroll and production review.

If employees receive one rest day for every six days worked, answer "Yes." If employees do not receive one rest day for every six days worked, answer "No."



*If the answer is "No," in the comments area, write down in the audit comments if this information was identified from the management interviews or records review. In addition, please write down the number of employees affected, their departments, the number of days worked consecutively, and the relevant months. For example: "Per records review, 4 employees in the packing area worked 8 days without rest in January and February."*

***Can employees easily decline to work overtime without any penalty?***

If employees can decline overtime without penalty, answer "Yes." If employees cannot decline overtime without penalty, answer "No."

***If no, what is the penalty for declining to work overtime?***

All employees should be able to decline overtime without penalty. If employees are penalized for declining overtime, the auditor should detail the situation in audit comments and use your judgment about whether or not to include comments in the recap. The manager's response to this question should be the same as the employees'. If it is not, the auditor should investigate further.

***Do employees get at least 30 minutes for lunch?***

***Do employees get at least 30 minutes for dinner?***

The factory should provide an adequate amount of time during working hours for the employees to eat. The auditor should state Yes, No or Not Applicable to the questions according to the minutes that employees receive for lunch and dinner.

Employees should receive an adequate lunch or dinner break of 30 minutes or more. If the answer to either question is "No," the auditor should mention this response in the Closing Meeting and encourage factory management to provide adequate lunch and/or dinner breaks for workers.

**D. Factory Rules/Penalty Systems**

***Does the factory have any rules for employees?***

Employees should be educated about the factory rules and penalties (if applicable) when they are hired. The factory should have rules that provide information about disciplinary practices, and the rules must be consistent with local law.

If the factory has rules for the employees, answer "Yes." If the factory does not have rules for the employees, answer "No."

***(If Yes) Are the factory rules consistent with local law?***



The auditor should review the factory rules to determine if they are consistent with local law.

Answer “Yes” if the factory rules are consistent. Answer “No” if the factory has any rules which are not consistent with local law.

*If the answer is “No,” in the comments area, detail any rules or penalties that are not consistent with local law in the audit comments. Please be specific so that the vendor will be able to review the specific rules the factory needs to change when reviewing the recap.*

***(If No) Which factory rules are not consistent with local law?***

In the space provided, write down any rules that are not consistent with local law.

***Are security guards allowed to discipline workers?***

Answer N/A if there are no security guards in the factory. Answer “No” if security guards are not allowed to discipline workers. Answer “Yes” if security guards are allowed to discipline workers.

***If yes, when are security guards allowed to discipline workers?***

If yes, explain the specific circumstances in which the security guards are allowed to discipline workers. The auditor should investigate thoroughly, because this could be an example of corporal punishment and/or the use of prison labor. Both are considered to be severe issues and should be detailed in the audit comments.

**E. Pay Practices/Fair Labor**

***How does the factory base compensation?***

Select one of the following:

- Hourly
- Day Rate
- Monthly Rate
- Piece Rate
- Other (Please specify)

In order to determine if the employee is making at least local minimum wage and if proper overtime is being paid, we must know the basis for compensation.

***How often are employees paid?***

Select one of the following:

- Weekly
- Monthly





- Twice Monthly
- Other (Please Specify)

The manager's response to this question should be consistent with those of employees. If not, the auditor should investigate by reviewing payroll records.

***How are employees paid?***

Select one of the following:

- Check
- Cash
- Transfer to Account
- Other (Please Specify)

The preferred method is to pay by check or transfer to account. Cash payments can place employees at an increased risk of theft. The manager's response should be consistent with those of employees. If not, the auditor should investigate by reviewing payroll records. If employees are paid in multiple ways, the auditor can select "Other" and provide details in the space provided.

***(If Cash or Check) If the employees are paid in cash or by check, does the factory keep a pay log?***

If employees are paid in cash or by check, the factory must keep a pay log. If the factory does not keep a pay log, the auditor should request that they create a pay log for verification of payment.

***(If Cash or Check) Are the employee signatures in the pay log to verify receipt of payment?***

The pay log should contain a place for the employee to sign, verifying that they received the cash or check payment calculated by the factory.

If employees sign a pay log to verify receipt of cash or check pay, answer "Yes." If employees do not sign a pay log to verify receipt of cash or check pay, answer "No."

***Do the employees receive a pay stub or receipt?***

If "Yes," the auditor should request to review a sample pay stub or receipt to verify the answer provided. If employees do not receive an itemized pay stub or receipt detailing hours worked, answer "No."

***List all deductions taken from employees paychecks.***



The information about deductions will help the auditor to determine if deductions are taken in accordance with local law. In some instances, employees may have such large deductions taken from their wages that they actually have no take home pay. The auditor should list the deductions and provide a short explanation. Mandatory deductions that are not taken in accordance with local standards should be investigated.

*Note:* Mandatory deductions refer to money withheld from the employee's pay in order to meet local legal requirements. Voluntary deductions are for optional goods or services such as meals, dormitory costs, transportation, etc.

***Does the factory make loans to employees?***

***(If Yes) What are these loans for?***

***Is interest charged on the loan?***

***What is the interest rate?***

There are some instances in which an employee will wish to borrow money from the factory, such as family emergencies. The auditor should note what the loan is for and the interest rate the factory charges on the amount borrowed (if applicable).

***When were employees last paid?***

Auditors may wish to ask interviewees to specify which pay period they are referring to when answering this question. The factory should pay their employees weekly, twice monthly, or monthly to ensure they are being paid in a timely manner and in accordance with local law. Failure to pay employees according to the accepted payroll policies for the specific country may indicate a forced labor situation. For example, employees may feel they need to keep working at the factory in order to receive money they are owed. Alternatively, failure to pay employees in a timely manner may indicate that the factory is experiencing financial hardship which is affecting its ability to pay employees according to local law. If the manager indicates they have not paid the employees in a timely manner the auditor should investigate further.

The manager's response should be consistent with the employee's response. If not, the auditor should investigate by reviewing payroll records.

***Do employees make a different wage for overtime hours than regular hours?***

***How much are employees paid for overtime hours?***

All employees must be paid proper overtime per local law. For countries that do not have a local law regarding overtime, the factory should pay a higher rate for overtime hours.

***Do you have written policies regarding physical, sexual or emotional abuse or discrimination?***



The factory should have written policies regarding physical, sexual or emotional abuse. This will help determine how management views abuse and how they react to challenging situations.

***Do employees receive full wages with no deductions if they produce damaged products?***

***(If No) How much are the deductions for damaged products?***

Employees should not be held financially responsible for producing damaged goods.

If employees receive full wages for producing damaged products, answer “Yes.” If employees do not receive full wages for producing damaged products, answer “No.”

*If the answer is “No,” in the comments area, write down how much money is deducted from employees’ wages when they damage products.*

***Can you confirm that there are no prisoners working at this factory?***

***(If No) How many prisoners?***

***What is the name of the prison?***

If there is an indication that there are prisoners working at the factory, answer “No.”

Prison labor is prohibited under Target’s SOVE. The auditor should obtain as much information as possible about potential prison labor.

***Does the factory pay bonuses?***

***Explain the bonus system.***

Many factories operate bonus systems based on the production of each employee. If employees are paid under this type of system, it may have an impact on whether or not they are being paid minimum wage according to local law. If a bonus system is used the auditor should provide details.

***Have you ever received reports of physical violence between employees and management?***

Answer “Yes” if factory management has ever received reports of physical violence between employees and management. Answer “No” if factory management has never received such reports.

***(If Yes) What did you do when you received reports of physical violence between employees and management?***

Write down the response. In addition to the specific question provided, please use your judgment to ask additional follow up questions in order to verify the



details of physical violence such as what specifically occurred, when it occurred, how many people were involved, etc. After collecting all the needed information from the factory, please report the conversation details in the audit comments. We want to understand how the factory management reacts to physical violence. If the factory has handled a physical violent incident improperly, the auditor should detail the situation in the audit comments.

***Can you confirm that the supervisors or managers do not threaten or insult employees?***

***(If No) Explain the situation(s) when managers have threatened or insulted employees.***

Employees should be treated with respect and should not be threatened or insulted in any way. It is important that the auditor be sensitive to situations where management and employees are of different cultures. Managers should not verbally mistreat employees (i.e. shouting, yelling).

Auditors should begin by asking the first question provided, “*Can you confirm that the supervisors or managers do not threaten or insult employees?*”

- If supervisors do not threaten or insult employees, answer “Yes.”
- If there is evidence that supervisors or managers threaten or insult employees or have done so in the past, ask follow-up questions to clarify the situation.
  - If an incident occurred within the last 2 years, answer “No” to the question. Provide an explanation in the audit comments.
  - If an incident occurred more than 2 years ago, answer “Yes,” but provide an explanation in the audit comments.

## **Country of Origin Verification**

Every product of foreign origin entering the United States must be legibly marked with the English name of the country of origin. The country of origin must also be declared at the time of entry.

The Country of Origin is the country of manufacture, production, or growth of the product. There are two ways to determine country of origin:

- Where an imported product was wholly grown/produced.
- Where the product underwent a substantial transformation.

Any misrepresentation of Country of Origin is a violation of U.S. Customs and Border Patrol Regulations and Target’s SOVE. By verifying the country of origin, the auditor can determine if the vendor or the factory is misrepresenting the country of origin.

The auditor should select the last shipment for Target for country of origin verification. When reviewing the records, the auditor should pay close attention to the timeline of



production. If the production time does not match the factory capacity, this may indicate illegal transshipment. Factory management should not accompany the auditor during the country of origin review in order to keep this portion of the audit confidential and free from tampering or intimidation.

## **A. General**

### ***Does the factory have the appropriate government forms and/or registration?***

In many countries, legal documents are required for the factory to export goods to other countries or for multi-country production processes. Ask the factory to provide these documents.

### ***What process(es) did you observe taking place in the factory?***

Observing the production processes in the factory will help to determine if all processes are completed in this factory. If all processes are not completed at this factory, the Auditor should research the use of subcontractors or cottage industry/homework.

Select all processes that apply to this factory:

- |                                  |                                 |  |
|----------------------------------|---------------------------------|--|
| <input type="radio"/> Cutting    | <input type="radio"/> Dyeing    | <input type="radio"/> Adhesive                       |
| <input type="radio"/> Sewing     | <input type="radio"/> Weaving   | <input type="radio"/> Bending                        |
| <input type="radio"/> Pressing   | <input type="radio"/> Handwork  | <input type="radio"/> Modeling                       |
| <input type="radio"/> Assembling | <input type="radio"/> Lathe     | <input type="radio"/> Grinding                       |
| <input type="radio"/> Knitting   | <input type="radio"/> Injection | <input type="radio"/> Polishing                      |
| <input type="radio"/> Linking    | <input type="radio"/> Plate     | <input type="radio"/> Vertical set up<br>(Hardlines) |
| <input type="radio"/> Packing    | <input type="radio"/> Welding   | <input type="radio"/> Inspection                     |
| <input type="radio"/> Finishing  | <input type="radio"/> Solder    | <input type="radio"/> Molding                        |
| <input type="radio"/> Reach in   | <input type="radio"/> Painting  | <input type="radio"/> Blocking                       |
| <input type="radio"/> Warp       | <input type="radio"/> Coating   | <input type="radio"/> Others                         |
| <input type="radio"/> Washing    | <input type="radio"/> Drilling  |  |

### ***Does the factory have records of utility bills, machinery purchase and maintenance records?***

These records help demonstrate that production took place at the factory and may be reviewed by U.S. Customs and Border patrol. Utility bills demonstrate that the factory is recognized by another business outside their industry. Invoices for machinery demonstrate the existence of machinery and that the machinery is actually owned by the factory which claims to make the product. Maintenance records also support the existence of the machinery. The Auditor does not need to review every utility bill, but should verify if the factory keeps these records.



***How long does the factory retain utility bills, machinery purchase and maintenance records?***

Target requires that these records be kept for at least 1 year.

***Where does the factory retain utility bills, machinery purchase and maintenance records?***

These records may be kept on site in the factory or off site at another location, such as at the warehouse. It is important to know the location of the records to determine their accessibility.

**B. Production Records Review – for a Target or TSS/AMC order produced within 12 month from date of the audit.**

***Has the factory produced an order for Target and/or TSS/AMC within 12 months from today?***

The auditor should answer “Yes” if the factory has produced an order for Target and/or TSS within the last 12 months and/or is currently producing an order and note when the last order was shipped, including the month and the year.

Target and/or TSS orders include the following categories:

- Products with Target owned brand labels.
- Products with labels licensed exclusively to Target.
- Products labeled “Distributed by Target Corporation” or “Manufactured for Target Corporation.” This includes products with the Target Bullseye logo on them.
- Products manufactured for Target’s See Spot Save program.

In addition, a small number of vendors which source through TSS are National brand vendors. If the factory has received a TSS order for a National brand within the last 12 months, the auditor should answer “Yes.”

If the auditor answers “Yes” to this question, the country of origin section needs to be completed regardless of whether or not the factory has future orders.

If the factory is currently producing an order for Target and/or TSS but its last order was more than 12 months prior to the audit date, the auditor should complete the country of origin section based on documents available for review, but note in the audit comments that the factory only had a portion of production records and/or shipping records as a result.

If the last order was more than 12 months prior to the audit date, the auditor should answer “No,” proceed to the next question, and then proceed to the wage calculation section.



**Provide the following information if available:**

- Vendor Name**
- Ship Date**
- Target/TSS/AMC PO**
- PID Number (s)**
- Style Number(s)**
- Product description(s)**
- Brand Label(s)**
- DPCI (Department Class Item) Number(s)**

In the “Vendor Name” field, write down the Vendor Name written on the PO or other documentation available in the factory (not the name of the vendor written on the AUCA). Either the Target PO/PID number(s) or the DPCI number(s) should be provided.



**Will the factory have Target and/or TSS/AMC planned production within the next 3 months?**

If the factory has not produced for Target and/or TSS, the auditor should ask if the factory has any planned production within the next three months. If the factory does not know about future orders, the auditor should select “No.”



If the factory has not done production for Target and/or TSS/AMC previously, but they will have Target and/or TSS/AMC planned production within the next 3 months, the auditor should educate the factory to keep production and shipping records at the factory on site for at least 1 year going forward.

***Were all the processes used to make the product performed in one country? (If No) List the processes performed in another country.***

Select the each other country and the process(es) performed in each other country. This information will help determine if an unregistered factory was used for production and/or if there is any suspicion of illegal transshipment. This information should be compared to the information provided in the Subcontractor Information section.

If a process was performed in a country that is not on the Countries Allowed for Foreign Production list, available on POL, the auditor should provide detailed information in the audit comments.

***Did the factory subcontract the Target and/or TSS/AMC owned brand order? (If yes, complete the Subcontractor form)***

All subcontractors currently involved in the conversion of raw materials or small components into the following types of finished products must be registered with Social Compliance by the vendor:

- Products with Target owned brand labels.
- Products with labels licensed exclusively to Target.
- Products labeled “Distributed by Target Corporation” or “Manufactured for Target Corporation.” This includes products with the Target Bullseye logo on them.
- Products manufactured for Target’s See Spot Save program.
- Products sourced by Target Sourcing Services (TSS) that have National or Market brand labels.

If the subcontracted factory producing Target product does not appear to be registered by the vendor or registration information is not available, complete the **Subcontracted Details**:

- Process(es) performed by subcontractor
- Target or TSS/AMC PS(s)
- Factory Name
- Factory Address
- Factory Telephone
- Factory Fax
- Factory Email
- Factory Contact Person





***What was the declared country of origin of the product (i.e. “Made In”)?***

The country of origin is the country of manufacture, production, or growth of a product. The country of origin must be declared at the time of entry and marked on the product. The declared country of origin of the product can be found on the Invoice, Packing List and Bill of Lading, which are used to export the product to the United States.

*Note: Country of origin and country of export are not always the same. Country of export is the country of from which the product was shipped.*

***What countries did the raw materials come from?***

- ***Bulk Fabric? Receipts Available?***
- ***Accessories? Receipts Available?***
- ***Bulk Materials? Receipts Available?***
- ***Components? Receipts Available?***

The auditor should ask the factory to provide documentation for the purchase of the raw materials. Documentation provided may indicate where the product was made. The factory should know the country of origin of the raw materials used to manufacture the final product. The auditor should review the documentation to verify if the factory had adequate raw materials to complete the order.

For each of the above, specify the country where each raw material came from and if receipts were available as documentation. If the above material is not part of the factory’s production process, specify “N/A.”

***Do you see a supply of, cartons or an invoice for hangtags?***

***Do you see a supply of, cartons or an invoice for brand labels?***

***Do you see a supply of, cartons or an invoice for hangers?***

***Do you see a supply of, cartons or an invoice for DPCI Labels?***

If the factory has no labels present, there may be some doubt as to whether or not the factory actually made the product. The auditor should ask to see a purchase order and delivery receipt for the labels and hangtags. The auditor should recommend the factory retain the labels with the Target purchase order for record keeping. If the above supply is not part of the factory’s production process, specify “N/A.”

***Was the factory able to provide records for raw materials?***

The factory is required to provide documents (e.g. purchase orders, invoices, inventory records, payment records or transportation records) as supporting evidence that production took place in this factory. The auditor should look for information such as delivery date and raw materials per style or color to determine if the factory had an adequate amount to start production.



### ***How long does the factory retain records for raw materials?***

Select either:

- 0-11 months
- 1-3 years
- 3-5 years
- 5+ years

U.S. Customs requires that these records be kept at least for 1 year.

### ***Where does the factory retain records for raw materials?***

Select either:

- On Site
- Off Site

These records may be kept onsite in the factory or offsite at another location, such as the vendor's office or a warehouse. It is important to know the location of the records in case of a U.S. Customs review.

### ***How does the factory track productivity?***

The factory should be able to track productivity by piece rate records, flow line records ticketing system, etc. The factory should have adequate equipment, manpower, and space to complete the order.

### ***Was the factory able to provide production records?***

Production records (i.e. spec sheets, cutting, sewing, knitting, records detailing daily work performed by each worker) indicate where the product was made. Factories may track production by processes, such as cutting, sewing, knitting, assembling, and packing. The auditor should request and review all production records.

### ***Are the production records detailed to tie an item (color, size, style) to an employee making that item?***

This is further verification in determining what part of the production process took place at this factory.

### ***How long does the factory retain production records?***

U.S. Customs requires that records be kept for at least 1 year.



***Where does the factory retain production records?***

Select either:

- On Site
- Off Site

It is important to know the location if the records determine the accessibility in the situation of U.S. Customs' review.

***Was the factory able to provide transport records?***

The auditor should verify all documents from raw materials to final product (i.e. delivery receipts, packing lists, bills of lading, customs clearance records, OPA documents for raw materials, garment components or finished goods to and from each manufacturing location). If a process took place in a different factory/country, make sure to request and review all documents related to the movement of the materials and parts. If the factory has not yet delivered the final product and there are no shipping records, review the other types of transport records identified above.

***How long does the factory retain transport records?***

U.S. Customs requires that these records be kept at least for 1 year.

***Where does the factory retain transport records?***

Select either:

- On Site
- Off Site

It is important to know the location if the records in case of a U.S. Customs review.

***Was the factory able to provide requested documentation for Country of Origin verification?***

If the factory cannot provide adequate production and/or shipping records to establish the correct Country of Origin for the Target or TSS order, answer "No."

***Can the factory provide production and shipping records for 1 year?***

U.S. Customs requires that records are kept for at least for 1 year. If the factory cannot provide records for the last year, answer "No."



*If the answer is "No," in the comments area, write down how long the factory kept production and shipping records.*

*Note:* The United States Customs laws require that records demonstrate country of origin be kept for up to a five year period. Country of Origin documents should be kept on site at the factory for at least one year. After one year, the documents can be kept on site in the factory or off site by the vendor or factory as long as they are accessible in a reasonable period of time.

## **Records Review and Pay Rate Calculation**

Records review and pay rate calculation is an opportunity to verify if employees are being paid properly and not working excessive hours. Factory management should not accompany the auditor during the records review and pay rate calculation in order to keep this portion of the audit confidential and free from tampering or intimidation.

### ***Selecting Pay Periods to Review***

During the records review, the auditor should review payroll and time card/scan card records for two recent pay periods. Common reasons the factory might not provide records for recent pay periods are:

- The factory did not have production or had limited production in recent months.
- The factory has suffered high employee turn over in recent months.
- The factory sent recent records to its head office, its accounting office, or a government authority.

### ***Selecting Employees for the Pay Rate Calculation***

After reviewing payroll and time card/scan card records, the auditor should select three employees at random or based on risk criteria developed by your team, from the group interviewed for the pay rate calculation.

While completing the pay rate calculation, the auditor should check for the following:

- Complete time cards in good order
- Total working hours do not exceed 60 hours
- Adolescent and female employees working hours in accordance with local law
- Factory paying at least local minimum wage in accordance with local law
- Factory paying overtime and holiday wage in accordance with local law
- Any delay of wage payments to employees
- Minimum, overtime, or holiday wages are properly calculated
- At least one rest day for every six days worked



## **Tolerance**

Target Social Compliance allows a tolerance of 7 minutes per time card punch in or punch out as a margin of error between total working hours of a given worker and payroll. The tolerance is provided to address the possibility that not all workers can punch in and punch out at the exact shift start and finish time, or to account for variability due to time system rounding. Review time cards to ensure workers are punching in and punching out within 7 minutes of the start and end of their shift. Example: If factory operational hours start at 8AM and end at 5PM, then the punch in cannot be earlier than 7:53AM and the punch out cannot be later than 5:07PM.

When reviewing time cards, keep in mind, Target's expectation is that time cards reflect all hours worked with exact punch-in and punch-out times (not operational hours or rounding), and that workers are paid for all hours worked.

At all times the auditor should emphasize that:

- Target's expectation is that workers are paid for all hours worked.
- While Target does allow a "7 minutes per punch" tolerance, the factory's focus should be on addressing the root cause of any time card management challenges and minimizing the amount of variability in its time-keeping system. For example, if a large factory experiences a back-up at its time-keeping machines, could it reduce the variability by installing additional time keeping machines?

## **A. Pay Calculation**

### ***Were you allowed/able to complete a payroll review?***

This question must be answered "Yes" or "No."

*Note:*

- If the factory provided the auditor records and allowed the auditor to review them, but the auditor found the information provided was insufficient to verify proper wages and hours, answer "Yes." The next question ("Did the factory allow you access to the payroll records?") will address this scenario.
- If the auditor was able to complete a payroll review for one segment of workers, such as regular workers, but not another, such as temporary workers, the auditor should answer "Yes" so that the auditor can answer all of the questions in the payroll section.
- If the above two scenarios do not apply, answer "No." Specifically:
  - If the auditor was denied access to the payroll records answer "No."
  - If factory management was unable to provide the requested records by the time the auditor completed all sections of the audit, answer "No."

### ***(If No) Did the factory allow you access to the payroll records?***



The following are examples of when to answer “No” to this question:

- Factory records are off site and management is unable or unwilling to provide records for review.
- Factory management does not allow you to view the records.
- The person responsible for the records is not available and the factory is unable to give you access to the records.
- You completed all other sections of the audit and factory management has not yet provided you access to the payroll records.
- The factory was not able to provide at least one pay period of time OR payroll records for review from within the last 6 months.

If the auditor was denied access to the payroll records, if factory management did not provide the requested records by the time the auditor completed all other sections of the audit, or the factory was not able to provide at least one pay period of time OR payroll records from within the last 6 months, answer “No” to this question.

*Please write down the reason that factory management provided for denying access to records in the Factory Recap comments. Please provide Audit comments about why the factory did not allow you access to the records.*

***(If Yes) Were you able to review an itemized breakdown to verify proper wages and hours?***

Please note the following specific guidance:

- **When to answer “Yes:”**
  - If you are able to complete the hours and wages calculation per expectations, the auditor should answer “Yes” to this question.
  - If you are able to complete the hours and wages calculation for a portion of workers in the factory (for example, regular workers) but not for another group (for example, piece-rate workers), the auditor should answer “Yes” to this question and provide additional information in the audit comments.
  - If you use manual records with a detailed in/out time and detailed payroll information to complete the hours and wages calculation, answer “Yes” to this question and provide additional information in the audit comments and Factory Recap comments.
  - If the following conditions are true:
    - 1) There are either time records with detailed time in/out OR payroll records with enough detail to determine minimum wage, overtime, rest days, holiday pay, etc, AND,
    - 2) You identified an issue after reviewing the records. If so, take the following additional action steps:
      - Provide details in the audit comments.



- **When to answer “No:”**
  - If time records did not have detailed in/out information AND payroll records did not have enough detail to complete the hours and wages calculation, answer this question “No.”
  - There are either time records with detailed time in/out OR payroll records with enough detail to determine wage information after reviewing the records, answer this question “No.”

*If the answer is “No,” in the comments area, write down what information was missing which prevented you from verifying wages and hours. For example, “Factory keeps manual records which only specify if workers were present on a given day and do not provide specific hours.” Provide audit comments as detailed above.*

### **B. Payroll Records Review:**

#### ***After reviewing the majority of time keeping records, are employees working a work week under 60 hours per week including overtime?***

Employee working hours should not exceed 60 working hours per week including regular and overtime hours.

If the employees are working under 60 hours per week, answer “Yes.” If you are unable to review time keeping records, select “N/A” and provide comments. If the employees are working over 60 hours per week, answer “No.”

*If the answer is “No,” in the comments area, write down the highest working hours per week based on the records reviewed.*

*Special note regarding working hour exemptions:* If the factory has an exemption for working hours from the local or national government, the document must be presented to the auditor at the time of the audit. The auditor should still call out excessive hours if identified in accordance with standard local law and should provide information about the exemption in the audit comments. To do so, answer “No” to the above question. The auditor should be sure to include:

- The beginning and end date of the exemption.
- The maximum hours allowed by the exemption.
- If the exemption covered the pay periods reviewed.
- Special provisions of the exemption, such as geographic or industry limitations.

#### ***Did employee regular wages meet or exceed local minimum wage?***

The auditor should determine whether or not employee regular wages met and/or exceeded the local minimum wage. The auditor should subtract any bonuses the factory has paid in order to make sure the factory is paying the appropriate minimum wage.



If employee regular wages meet local minimum wage, answer “Yes.” If the country has no minimum wage, the auditor should select N/A. If employee regular wages did not meet local minimum wage, answer “No.”

*If the answer is “No,” in the comments area, write down the current wages paid by factory per hour, per day, or per month.*

**Special note regarding wage exemptions:** If the factory has an exemption from paying the legal minimum wages from the local or national government, the document must be presented to the auditor at the time of the audit. The auditor should still call out any wage issues identified in accordance with standard local law and should provide information about the exemption in the audit comments. The auditor should be sure to include:

- The beginning and end date of the exemption.
- Specific terms of the exemption.
- If the exemption covered the pay periods reviewed.
- Special provisions of the exemption, such as geographic or industry limitations.

### ***Did employees receive proper overtime pay per local law?***

Employees should be paid overtime rates according to local law.

If employees received proper overtime pay per local law, answer “Yes.”

If the country has no overtime law, the auditor should select “N/A.”

If employees did not receive proper overtime pay per local law, answer “No.”

If the factory pays employees according to its operational hours (such as 8:00 a.m. to 5:00 p.m.), disregards actual punch-in or punch-out time, and the discrepancies exceed the tolerance, answer “No.”

During the closing meeting, the auditor can explain to factory management that all working hours must be documented accurately according to actual punch-in/punch-out and employees must be paid according to actual hours worked. For additional information regarding the tolerance, see the “Records Review and Pay Rate Calculation” introduction.

*If you answered “No,” please write down the current overtime rate paid by factory or if the factory pays employees according to its operational hours.*

### ***If there is no local law regarding overtime, was overtime paid at a rate higher than their normal pay rate?***

Target’s standard is that overtime hours should be paid at a higher rate than the regular rate.





All employees must be paid proper overtime per local law. For countries that do not have a local law regarding overtime, a higher rate for overtime hours should be paid. Overtime hours are defined as any hours above regular working hours. Regular working hours are determined by the local law or as stipulated in the employment contract.

For example, if the regular work week in a country is 40 hours, then overtime must be paid for any hours worked over 40. Alternatively, if there is no legal regular work week in a country but the employment contract states that regular hours are 8 hours per day, then overtime must be paid after the first 8 hours of work.

If employees did not receive overtime pay at a higher rate than regular hours because no local law exists, answer “No.”

*If the answer is “No,” in the comments area, write down the current overtime rate policy.*

### ***Did employees receive proper holiday rate per local law?***

All employees should be paid at the proper holiday pay rates in accordance with local law.

If employees received proper holiday rate pay per local law, answer “Yes.”  
If employees did not receive proper holiday rate pay per local law, answer “No.”

*If the answer is “No,” in the comments area, write down how the factory paid employees when they worked on holidays.*

### ***Were deductions taken from employee wages?***

***(If Yes) What deductions were taken from employee wages?***

***Were the deductions taken from employee wages in accordance with local law? Explain why deductions taken from employee wages are not in accordance with local law.***

Deductions should be taken, from the employees’ wages, in accordance with local law.

*Note:* Mandatory deductions refer to money withheld from employees’ pay in order to meet local legal requirements. Voluntary deductions are for optional goods or services such as meals, dormitory costs, transportation, etc.

If the deductions were taken in accordance with local law, answer “Yes.” If the deductions were not taken in accordance with local law, answer “No.”

*If the answer is “No,” in the comments area, write down any deductions were taken not in accordance with local law.*

### ***Are employee benefits provided in accordance with local law?***



***Explain why employee benefits are not provided in accordance with local law.***

The factory should provide social security benefits according to local law. Auditors should review related social security records/documents (e.g. receipt, invoice or bank transferring records) to verify that employees are provided with proper social security benefits which are in accordance with local law.

If employee social security benefits were provided in accordance with local law, answer “Yes.” If employee social security benefits were not provided in accordance with local law, answer “No.”

*If the answer is “No,” in the comments area, write down in what way social security benefits are not provided.*

*Please Note:*

- The general definition of benefits is non-wage compensation provided to employees in addition to their normal wages or salary. Some typical examples of benefits are: employer-provided or employer-paid housing, insurance (health, dental, life, etc), retirement benefits, meals or meal allowances, and transportation to/from work.

***Did the employees receive the appropriate number of rest days per week?  
Which department/area(s) did not receive the appropriate number of rest days?***

At least one full rest day after every six consecutive days worked is required for all employees. If the employees are not receiving the appropriate number of rest days, the auditor should list which workers/departments are not receiving the proper days off (e.g. all workers, or workers in the cutting area).

If employees received the appropriate number of rest days per week, answer “Yes.” If employees did not receive the appropriate number of rest days per week, answer “No.”

*If the answer is “No,” in the comments area, write down information such as which departments do not receive appropriate rest days and how many consecutive days were worked without rest.*

***Are adolescent employees’ working hours in accordance with local law?  
Explain why adolescent working hours are not in accordance with local law.***

Adolescent labor is defined as an employee who is at least of minimum age, but has not turned 18 (or the local legal age of adulthood) and has requirements concerning limited working hours, parental consent to work, restrictions concerning working with hazardous materials, etc. The employee must meet the local legal requirements of adolescent labor and the employer must have appropriate documents on file, such as parental consent paperwork. These should be available for the auditor to review. Adolescent laborers should work in accordance with local laws that apply to their age group. In most cases, factories will have documented programs.



If adolescent employees are working hours in accordance with local law, answer “Yes.” If the factory doesn’t currently employ adolescent workers, answer “N/A.” If adolescent employees are not working hours in accordance with local law, answer “No.”

*If the answer is “No,” in the comments area, provide details about how many hours adolescents are working.*

### **Are adolescent employees performing work permitted by local law?**

Often, local law details what jobs can be performed by adolescent employees. For example, in China, adolescent employees must not do hazardous work such as working with poisonous substances.

If adolescent employees are performing work permitted by local law, answer “Yes.” If adolescent employees are not performing work permitted by local law, answer “No.”

*If the answer is “No,” in the comments area, write down what processes that the adolescent employees were performing that were not in accordance with local law.*

### **Are female employees working hours in accordance with local law?**

Female workers should be working in accordance with local law. For example in Vietnam, female employees who are 7 months or more pregnant cannot work overtime or at night.

If female employees are working hours in accordance with local law, answer “Yes.” If female employees are working hours not in accordance with local law, answer “No.”

*If the answer is “No,” in the comments area, write down how female employees are not working hours in accordance with local law.*

### **Does the factory pay full wages without holding any portion of the employees pay to be given at a later date?**

Target requires that employees’ full wages are paid in a timely manner. If factory management withholds all or some of an employee’s pay until a later date, they are in effect forcing the employees to work at risk of losing their pay. For example, in China there are some instances where the employees do not receive their wages until after Chinese New Year. This will ensure that the employees return to the factory after the holiday. The auditor should detail circumstances like these in the audit comments.

If employees’ wages are not withheld, answer “Yes.” If employees’ wages are withheld, answer “No.”

*If the answer is “No,” in the comments area, write down how much money is withheld and for how long.*



### ***Do all employees have a time card/scan card record?***

All employees (including regular, seasonal, migrant, temporary, contracted, new hires, piece rate workers and adolescent workers) should have a time card or scan card record of all hours worked to ensure they are being paid properly.

If all employees have a time card/scan card record, answer “Yes.”

If all or some of the employees do not have a time card/scan card record, answer “No.”

*If the answer is “No,” in the comments area, write down if some or all employees do not have time card/scan card records.*

### ***Do time cards/scan cards reflect all hours worked?***

Make sure that the time cards are in good order and accurately record all hours worked (regular and overtime) in the pay period. This will determine that the factory is paying the employees for all hours they worked.

Some indications that the time cards do not reflect all hours worked include:

- Time cards are missing in and/or out times.
- All time cards have the same in and out times.
- When the auditor arrived, time cards for that day already showed the out time for the current shift.
- The auditor observed employees punching out for lunch but returning to work before punching back in.

If time cards reflect all hours worked, answer “Yes.”

If time cards do not reflect all hours worked, answer “No.”

*If the answer is “No,” in the comments area, provide details about the time cards and which hours they reflect.*

### ***Are wages properly calculated by the factory?***

Ensure that the factory is paying appropriate wages to the employees for all hours worked, including regular, overtime, and holiday wages.

- If compensation meets or is greater than minimum wage and overtime wages required by local law, but are less than the wages agreed on between workers and management (“Agreed Rate,” for monthly, hourly, or piece rate), the factory did not calculate wages properly -- Answer this question “No.” For example, in Italy minimum wages are determined by collective agreement between factory employees and factory management.



- *Note:* If the wages agreed on between workers and management (“Agreed Rate”) are equal to the wage rates required by local law, the situation described above does not apply.
- If the factory uses manual records to write down the in/out time of workers or if the factory payroll does not provide enough information to correctly calculate the regular and overtime hours or wages, but auditors could still complete the hours and wages calculation, answer “No” to this question.
  - *Note:* If the auditor identifies an employee or employees who have time cards but no payroll available, answer “No” to this question.
- If the factory has made an administrative error such as using the wrong number of hours as the basis for their wage calculations, answer this question “No.”

*If a calculation issue is found provide specific details about the issue in the comments area.*

## **Auditor Conclusions**

The auditor conclusions provide an opportunity to confirm what the auditor witnessed during the audit. Do not ask these questions to factory management. The auditor should answer these questions based on information gathered throughout the audit.

### ***Do personnel records exist at the factory?***

Answer “No” if there are no personnel records at the factory.

### ***Do all employees have personnel records?***

Every employee at the factory (including regular, seasonal, migrant, temporary, contracted, new hires, piece rate workers and adolescent workers) should have a personnel file by their start date.

If all employees have a personnel record, answer “Yes.”

If any employee does not have a personnel record, answer “No.”

### ***Do the personnel files contain age verification and employment date?***

The employees’ personnel files should include age verification documents and employment date. If they do, answer “Yes.” If they do not, answer “No.”

### ***Do all employees currently meet the minimum legal working age?***

If all employees currently meet local legal minimum working age, answer “Yes.”

If any employees do not currently meet local legal minimum working age, answer “No.”



***Is there any indication that any worker has suffered disadvantages based on gender, color, nationality, creed, religion, political opinion, or social origin?***

Employees should not be treated unequally or have a disadvantage based on nationality, religion, creed (beliefs), race (skin color or ethnic group), age, class, gender, social origin, political opinion, or sexual orientation.

***(If Yes) How many employees did this happen to?  
In which area of the factory did this happen?***

Please write down how many employees were affected and if the incident(s) are specific to an area of the factory.

***Is there evidence of sexual harassment and/or indecent behavior by employers/managers?***

Employees should not be sexually harassed and/or be subjected to indecent behavior by employers/management. If the auditor found evidence or has a suspicion of harassment taking place in the factory, the auditor should answer "Yes."

***(If Yes) How many employees did this happen to?  
In which area of the factory did this happen?***

Please write down how many employees were affected and if the incident(s) are specific to an area of the factory.

***Is there any evidence of men and women doing work of equal value but not receiving the same pay?***

Men and women should receive the same pay for doing work of equal value. If the auditor found evidence or has a suspicion of discrimination taking place in the factory, the auditor should answer "Yes."

***(If Yes) How many employees did this happen to?  
In which area of the factory did this happen?***

Please write down how many employees were affected and if the incident(s) are specific to an area of the factory.

***Are employees paid in a timely manner in accordance with local law?  
(If No) When were the employees last paid?***

Employees should be paid in a timely manner in accordance with local law. If not, the auditor should provide the date when the employees were last paid and when they should have been paid.



*Example:* Some countries require employers to pay employees no later than a certain date in any given month, such as the 10<sup>th</sup>. If employees are not getting paid by until after that date, such as on the 20<sup>th</sup>, then they are not being paid in a timely manner.

If employees were not paid in a timely manner during one or more pay period reviewed by the auditor, answer “No.” .

*If the answer is “No,” in the comments area, write down when the factory last paid employees and when the factory should have paid employees according to the local law. If additional information is available about reasons employees were not paid in a timely manner, please document this information in the audit comments.*

### ***Do employees understand pay structure and/or deductions from their pay?***

Employees should have a basic understanding of their pay structure, including regular and overtime rates and deductions taken. After reviewing the employee, management and payroll review sections, the auditor should have an indication of the employees’ understanding of pay structure and deductions taken.

If all employees understand the pay structure and/or the deductions from their pay, answer “Yes.” If the employees do not understand the pay structure and/or the deductions from their pay, answer “No.” If there were no employees in the factory at the time of the audit, answer “No.”

*If the answer is “No,” in the comments area, write down what employees did not understand or if there were no employees in the factory at the time of the audit.*

### ***Did the factory act in an ethical manner and not offer you gifts, incentives, bribes?***

The factory should act in an ethical manner and not offer the auditor gifts, incentives or bribes.

### ***Based on the factory tour and available records reviewed, is the proper Country of Origin declared on the product?***

Based on the records review, the auditor should be able to confirm the country of origin. If the auditor cannot verify proper Country of Origin during the audit, but the auditor suspects illegal transshipment, answer “No,”

## **Audit Recap & Closing Meeting**

The closing meeting is attended by the auditor and the factory management. During the closing meeting the auditor should explain the audit recap in the factory management’s preferred language.



Auditors use the audit recap during the closing meeting to review issues discovered during the audit and actions required, as well as negotiate a deadline for the factory to take corrective action on each issue.

The audit recap should include:

- Audit issues and required actions (Standardized)
- Auditor comments (Developed by the auditor for each audit)
- The accurate audit date, audit number, factory and auditor information
- The “Correct by” date for each issue identified
- The names and titles of each attendee at the closing meeting

The auditor should ensure the factory’s commitment to correct all the issues found during the audit and emphasize the importance of being compliant with Target’s SOVE and local laws. Auditors also take this opportunity to educate factory management about the importance of compliance and discuss how to sustain it.

Auditors are encouraged to discuss the specific corrective action date for each issue with factory management and, as appropriate, make adjustments from Target’s standardized periods to make them slightly more or less aggressive if factory management is cooperative and able to provide specific details about their plans to comply as well as reasoning for any request for additional time.

### **Additional Resources**

- Applying Target’s SOVE in Factories: Available on POL.
- LMS training materials: Available on POL.





## Appendix: Use of Personal Protective Equipment (PPE)

**Note: This list includes examples and is not all-inclusive. Additional research required to ensure compliance with local health & safety regulations.**

<b>Work Process or Station</b>	<b>Possible Health &amp; Safety Hazard(s)</b>	<b>PPE Features Required</b>
Brass Ingot Making	<ul style="list-style-type: none"> <li>• High temperature exposure</li> <li>• Smoke &amp; metal fume inhalation</li> </ul>	<ul style="list-style-type: none"> <li>• Heat-resistant respiratory head gear</li> <li>• Heat-resistant gloves</li> </ul>
Casting	<ul style="list-style-type: none"> <li>• High temperature exposure</li> <li>• Smoke, metal fume, &amp; particle inhalation</li> </ul>	<ul style="list-style-type: none"> <li>• Heat-resistant respiratory head gear</li> <li>• Heat-resistant gloves</li> </ul>
Scraping unit	<ul style="list-style-type: none"> <li>• Eye strain</li> <li>• Potential eye and hand damage from scrap metal</li> <li>• Dust inhalation</li> </ul>	<ul style="list-style-type: none"> <li>• Protective eye gear &amp; appropriate lighting</li> <li>• Protective gloves</li> <li>• Respiratory head gear</li> </ul>
Welding Units / Electroplating, Engraving, & Coloring / Lacquering, Blasting, & Power coating	<ul style="list-style-type: none"> <li>• Bodily harm from fire sparks</li> <li>• Eye damage</li> <li>• Non-ionizing radiation</li> </ul>	<ul style="list-style-type: none"> <li>• Welding helmets (heat-resistant)</li> <li>• Welding handshields (heat-resistant)</li> <li>• Goggles (heat-resistant)</li> <li>• Welding spectacles (heat-resistant)</li> </ul>
Polishing Units	<ul style="list-style-type: none"> <li>• Dust &amp; metal particle inhalation</li> <li>• Eye damage</li> </ul>	<ul style="list-style-type: none"> <li>• Respiratory mask</li> <li>• Goggles</li> </ul>
Fabric Cutting	<ul style="list-style-type: none"> <li>• Cuts to hands</li> <li>• Respiratory damage from lint &amp; fluff</li> </ul>	<ul style="list-style-type: none"> <li>• Steel wire mesh gloves</li> <li>• Dust mask</li> </ul>
Sewing	<ul style="list-style-type: none"> <li>• Respiratory damage from fabric lint &amp; dust</li> </ul>	<ul style="list-style-type: none"> <li>• Dust mask</li> </ul>
Pressing/Ironing	<ul style="list-style-type: none"> <li>• Electrocution</li> </ul>	<ul style="list-style-type: none"> <li>• Rubber shoes</li> <li>• Rubber mats</li> </ul>
Laundry/Wet Processing	<ul style="list-style-type: none"> <li>• Burns from handling hot materials</li> </ul>	<ul style="list-style-type: none"> <li>• Rubber shoes</li> <li>• Water- &amp; heat-resistant gloves</li> <li>• Water- &amp; heat-resistant apron</li> </ul>
Chemical Handling	<ul style="list-style-type: none"> <li>• Damage to skin, eyes, body, and respiratory systems</li> </ul>	<ul style="list-style-type: none"> <li>• Rubber boots</li> <li>• Acid-resistant aprons</li> <li>• Chemical-resistant gloves</li> <li>• Goggles</li> <li>• Chemical cartridge mask</li> </ul>
Spot Cleaning	<ul style="list-style-type: none"> <li>• Respiratory &amp; skin damage</li> </ul>	<ul style="list-style-type: none"> <li>• Chemical cartridge mask</li> <li>• Chemical-resistant gloves</li> </ul>
Computerized embroidery	<ul style="list-style-type: none"> <li>• Hearing damage</li> </ul>	<ul style="list-style-type: none"> <li>• Ear plugs</li> </ul>
Sandblasting	<ul style="list-style-type: none"> <li>• Eye &amp; respiratory damage</li> </ul>	<ul style="list-style-type: none"> <li>• Goggles</li> <li>• Chemical cartridge mask</li> </ul>
Knitting	<ul style="list-style-type: none"> <li>• Respiratory damage</li> </ul>	<ul style="list-style-type: none"> <li>• Dust mask</li> </ul>
Handling glue, solvents, primers	<ul style="list-style-type: none"> <li>• Respiratory damage</li> </ul>	<ul style="list-style-type: none"> <li>• Chemical cartridge mask</li> </ul>
Kitchen/Canteen	<ul style="list-style-type: none"> <li>• Hygiene</li> </ul>	<ul style="list-style-type: none"> <li>• Gloves</li> <li>• Hair net</li> </ul>

**Noise levels at 85 decibels or higher require the use of ear plugs.**