Lessons learned from four pilot projects in remote auditing

June 2021

Pilot projects were supported by the State Secretariat for Economic Affairs SECO through the ISEAL Innovations Fund, and IDH, the Sustainable Trade Initiative.
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Introduction

Since the COVID-19 pandemic, traditional on-site audits have become highly challenging, and in some cases impossible. As a result, sustainability systems and assurance providers have adapted their policies and procedures to enable audits and assessments to be carried out remotely – including through video conferencing, live streaming, mobile phone surveys and digital documentation. This resource is a compilation of the lessons learned from four projects that piloted different remote auditing approaches during the pandemic, to support other sustainability systems in strengthening their assurance practices.

It’s likely that many of the innovations currently being trialled will remain part of sustainability assurance even after COVID-19 restrictions are lifted. Remote auditing has the potential to increase effectiveness and efficiency, while reducing costs and improving accessibility. For remote auditing to be credible and effective, we need a better understanding of these emerging approaches. What works, and what doesn’t? What are the risks, and the opportunities? What does good practice in remote auditing look like?

PILOT PROJECTS

Accompanying this work, the ISEAL Innovations Fund also co-funded four pilot projects with support from the Swiss State Secretariat for Economic Affairs SECO and IDH, the Sustainable Trade Initiative, to test different remote auditing responses and technological solutions during the pandemic. These pilots were specifically chosen to showcase how remote auditing tools and approaches could be integrated into existing assurance systems in a diverse range of contexts. The insights from their work are intended to help and inspire other sustainability systems to develop and refine their remote auditing practices to meet their needs now and in the future.

Two pilot projects, LEAF Marque and the Responsible Jewellery Council, looked at the extent to which remote auditing could provide an alternative to in-person on-site visits.

Two other pilot projects used a remote phone survey based on worker voice technology to carry out interviews with workers in factory settings (in the case of Fair Trade USA) and in an agricultural setting on cotton farms (Better Cotton Initiative – BCI).

The pilot projects presented here outline their solutions, results, lessons learned and next steps.

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The importance of remote auditing during the pandemic comes across clearly in these pilot projects: in the absence of on-site visits, technological tools and remote approaches have been essential for sustainability systems to maintain the robustness of their assurance models.

In many cases, both auditors and those being audited found the remote auditing process more efficient with corresponding cost savings. However, it is important to consider the time it takes to plan the logistics of a remote audit and to learn new technological tools.

Remote auditing is not without its challenges, however. Many of the risks were around social auditing issues and the lack of first-hand observations: it can be hard to build a personal connection and trust with participants, to establish the authenticity of responses and to accurately understand social issues or contexts through remote auditing tools alone.

In many cases, there was a need to strengthen data privacy and data governance when using remote auditing tools and approaches. It was also clear that the effectiveness of technological tools - such as the remote phone surveys – were influenced by the operational context in which they were deployed.

As with most pilot projects, particularly those involving technology, there were various teething problems, but these should all be seen as part of the learning journey.

These four pilot projects have shown that remote auditing has great potential to play a part in assurance systems. It will not completely replace on-site auditing, particularly when it comes to assessing health and safety and social issues, but it can complement it.

Hybrid audits that combine both remote and traditional on-site approaches appear to be a promising solution. They can help provide essential data and improve the integrity of audit decisions in situations where this isn’t possible or easy to collect. Since remote auditing is feasible only under certain conditions, using a risk-based approach is helpful in deciding which units of certification or elements of an assurance model can, or cannot, be audited remotely. It is clear that this is an area that still requires further testing and innovation.

We hope that these pilot projects provide sufficient practical recommendations and food for thought as you develop and refine your own remote auditing practices.
Evaluating remote auditing approaches

Pilot project 1: Responsible Jewellery Council

FULLY AND PARTIALLY REMOTE / HYBRID AUDITS
1. Introduction

The global pandemic has rendered the traditional full onsite audit impractical due to travel and safety-related restrictions. As a result, standard setting organisations and certification bodies have adopted alternative modus operandi to ensure service and certification continuity. At the same time, the integrity and level of confidence in assessments and protocols must be maintained.

In July 2020 the Responsible Jewellery Council (RJC) adopted a Remote Audit Derogation (RAD). The RJC (like many ISEAL schemes) already allowed for remote audits but limited to mid-term reviews only, the remaining audits being conducted onsite. The main driver of the RAD was to provide Conformity Assessment Bodies (CABs) and RJC members continuity with the RJC audit programme as scheduled, and the possibility to maintain certification.

Therefore, fully remote audits (desktop\(^1\), virtual/mobile\(^2\)) and partially remote audits (also known as hybrid, facilitated or semi-remote audits\(^3\)) were deployed as alternative or complementary verification mechanisms, alongside conventional in-person onsite audit. While such mechanisms may seem relatively straightforward to implement, with appropriate planning and technology, there remains the question of their reliability, consistency and credibility. Technical issues relating to internet connectivity in certain countries or locations are also relevant (e.g. no/limited internet access in underground mines).

The challenge this project set out to address was under which circumstances and to what extent these options are a viable alternative to the full onsite RJC audit and how best to mitigate the risks. In addition, the project further explored whether these alternative verification mechanisms are appropriate only for extreme situations or be permanently integrated into business-as-usual assurance systems. Finally, the project assessed the suitability of the current RAD to support members in maintaining certification and simultaneously ensure a robust assurance process.

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1. Static audits that take place in one location at the member’s site via videoconferencing through which all evidence for conformity is exchanged in dialogue or documentation.
2. Audits that involve the auditor video live streaming with the audited site and guiding the member through their site, in addition to the necessary desktop elements.
3. A combination of offsite and onsite verification mechanisms. An evolution of the remote audit, this involves combining a desk based & virtual audit with the use of a local auditor or facilitator to help virtual lead auditors verify practices on the ground (ISEAL).
2. The purpose of the pilot project

The project analysed 14 months (March 2020-April 2021) of remote auditing experience to understand opportunities and challenges. This analysis would subsequently complement and inform the calibration and review of the RAD, maintaining the credibility and robustness of the RJC assurance system.

The purpose of the pilot was to serve as:

- An oversight tool on CAB remote audit practice.
- A means to capture relevant auditor feedback and perspective.
- An informed decision tool to enable a review of the RAD.
- Input for the preparation of a combined RJC/CAB protocol aligned with the ISEAL Guidance on Remote Auditing Good Practices.
- Basis for review and amendment of the existing Audit report template to capture necessary information on remote audits.
- Input for further development of the RJC digital framework in terms of remote audit data collection.
Consequently, between March 2020 and April 2021 the RJC approved 116 remote audits (fully and partially remote audits), of which 67 have been completed and reports finalised. This provided a sufficient sample size for in-house data analysis in terms of level of adoption per member type and industry sector, geographical coverage, impact on audit cycle, use of facilitators and exceptions.

Furthermore, based on the support from the ISEAL Innovations Fund, the RJC engaged with CABs, ASI Assurance Services International (CAB oversight body) and other ISEAL members in a structured manner to survey and share best practice. The research comprised of:

- An RJC-led auditor roundtable focused on remote auditing practice in February 2021 (perceptions & experience, success stories, use of technology, challenges and opportunities, identifying & mitigating risk).
- An auditor feedback & satisfaction survey on remote auditing practices.
- Three oversight witness audits on RJC remote audits scheduled between March and May 2021, carried out by ASI, and
- Three Targeted Desktop Reviews of remote audits carried out by ASI.

- These oversight assessments covered in total six CABs (over a third of the RJC accredited CAB pool).

3. Methodology

In its current form, the Derogation allows for combinations such as:

**Fully remote audit:**
- Desktop audits (static) & Virtual audits (mobile).

**Partially remote audit:**
- Combination of onsite and offsite mechanisms. The audit process is therefore split into two or more parts, to be completed within six months of the opening meeting.

**Partially remote audit combination:**
- Sites with fully remote audit
- Sites with onsite audit
- Sites with partially remote audit
Dedicated ISEAL-led workshops together with the other ISEAL members carrying out projects.

In addition to the primary purpose of the project, the expected benefits covered:

- Strengthening the collaboration between the RJC and the CABs on remote auditing practices and the integrity of the process.
- Supporting auditors by giving them access to more guidance and solutions to help RJC members.
- Deepening consumer trust in the remote audit in terms of integrity, credibility and assurance.
- Promoting transparency by publicly sharing remote audit practice information for interested stakeholders.
- Multi-sector applicability given the broad range of sectors under the RJC scope (from mine to retail) and the empirical transferrable outcomes.

The anticipated challenges mostly related to the relatively limited pool of scheduled remote audits that could be witnessed during the project timeframe, as well as unforeseen disruptions caused by the pandemic (i.e. Covid-19 infections among either RJC member staff or CAB auditors involved in the audit to be witnessed).
4. Results/outcomes of the pilot project

DATA ANALYSIS

The inhouse data analysis of the approved 116 remote audits with 67 audits already completed and reports finalised, revealed the below:

Out of a total of 116 approved remote audits, 72 were fully remote audits.

Out of 67 completed audits (with reports submitted to the RJC and cleared), 47 were fully remote audits.

**Single-site** members applied for a remote audit in a higher number.

44 single-site members applying for a remote audit had up to 15 employees.
The members applying for a remote audit were primarily from the **Jewellery and watch manufacturing and/or wholesaling** sector, with the **Diamonds and coloured gemstones trading, cutting and/or polishing** sector following closely:

![Bar chart showing the sectors and their remote audit requests.](chart)

The countries where most sites (across single & multi-site members) were audited fully remotely were the **US, France and India**, in correlation with the above industry sectors generating most remote audit requests.

![Bar chart showing the countries and their remote audit requests.](chart)
32 members requested a remote audit during the initial six-month extension to certification permitted by the RJC for any COP onsite audits originally due or scheduled in the period 1 March 2020 – 31 August 2020. An additional 24 members requested a remote audit during the extra three-month extension for any COP onsite audits originally due or scheduled in the period 1 September – 31 December 2020. The additional extension did not cover any members who have already been allocated the six-month Covid extension.

68% of audit reports were received within the RJC deadline of two months, while 18% of the reports had submission delays over one month.

Only 10 sites (4 members) used facilitators, which were local auditors or CAB employees led by a remote auditor.

In its current form, the RAD does not allow fully remote initial COP certification audits, remote worker interviews (except office-based management positions) or any Chain of Custody audits. Consequently, any audit request involving any of the above had to be assessed on an exceptional basis. These additions will be actively considered for the review of the RAD.

The data analysis revealed that under the RAD, approx. 30% of the 116 audits approved constituted exceptions to some of the eligibility criteria, as per below graph. These exceptions were considered on a case-by-case basis, looking at risk, member performance where available and situation on the ground. In some cases, additional conditions were imposed to mitigate the risk, such as a mandatory onsite mid-term review at 12 months. This analysis helped identify the areas where the RAD requires improvement and flexibility.

In addition to the results from the data analysis, CAB and individual auditor feedback was collected during an RJC Auditor Roundtable and Auditor survey focused on remote auditing practices. Eight CABs participated in the Auditor Roundtable, some with more than one representative.

The Auditor feedback and satisfaction survey had 60 respondents from 13 CABs with 42 being lead COP auditors and 22 lead CoC auditors. The auditors were RJC accredited for the below fora across 46 countries, with top 5 being USA, Switzerland, Italy, China and India.
It was unanimously agreed that remote auditing keeps business and certification moving and members are actively applying for it. While the number of onsite audits carried out by RJC accredited auditors remained largely the same in the last 12 months (April 2020 - March 2021) compared to the previous 12 months (April 2019 – March 2020), 33% of auditors carried out an additional 5 RJC remote audits in the last 12 months (April 2020 - March 2021) under the Remote audit Derogation.

In addition, the survey captured remote auditing trends in general across other schemes, industries, geographical areas and auditee size. According to the results, around half of the auditors also carried out other remote audits such as social audits SMETA or SA8000, non-RJC Chain of Custody audits, environmental or health & safety audits, LBMA audits. Such audits spanned across industries like metalwork, smelters / refiners, diamond producers, packaging, food, garments, chemicals and electronics, with most audits taking place in Asia, Europe and North America. Most of these audits were completed for auditees with 26 to 100 employees (59%), while auditees with either 101-250 employees (45%) or 251-500 (41%) employees followed closely.

The fully remote audit can be more efficient in terms of document checking & travel, depending on the degree of digital sophistication of the member. On the other hand, remote audits can require additional time for planning and preparation and can be more stressful for auditors. Man-days number has been maintained so far with additional preparation time being reallocated from the workers interviews and site tour to avoid additional cost to members. More guidance is needed with respect to audit preparation and appropriate auditor skills. As such, among the auditor pool, there is a mixed level of adoption of remote audits, with some auditors preferring onsite audit.

The latter observation was further reinforced by the auditor survey results. While 56% of auditors favour remote audits for other standards, only 48% favour RJC remote audits as a regular alternative to onsite audits. This shows that there is a strong preference for onsite audits, especially with respect to Health & Safety, facility tour and worker interviews, for which they are generally considered more effective. Auditors consider that there is no current technological solution for effective remote assessment of these areas. In any way, fully remote audits should not replace onsite audits as they cannot give auditors sufficient insight into company / site atmosphere, social reality, noise, temperature, air quality, lighting or other physical workplace characteristics. They can also require additional time for preparation, logistics and connectivity issues.

Auditors further advised that the top 5 COP provisions which they find most challenging to audit remotely, are:

- **CoP 23: Health and safety - 63.27%**
- **CoP 7: Due diligence for responsible sourcing from conflict-affected and high-risk areas - 40.82%**
- **CoP 25: Hazardous substances - 38.78%**
- **CoP 26: Waste and emissions - 34.69%**
- **CoP 16: Working hours – 30.61%**.

Both initiatives concluded that the partially remote / hybrid audit is a good alternative to onsite audits and can offer greater flexibility to members as a regular element of the assurance system (i.e. initiating their audit in due time, spreading the audit burden across an acceptable time period, addressing non-conformances after each audit section (offsite / onsite). Fully remote audits may also be allowed, but with limitations. Overall, remote audits could be alternated with onsite audits. For smaller companies in low-risk locations and activities they can be a useful and economic tool.

In addition, when asked which type of the following audits are most effective and in what circumstances, auditors responded that:

- **Full remote audit is most effective for trading offices and retail shops (83% and 67%),**
- **Partially remote / hybrid audit is most effective for trading offices, retail shops and factories / manufacturing sites (77%, 63%, 49%), and**
- **Full onsite audit is most effective for factories / manufacturing sites and mines (83% and 62%).**

Similarly, when asked how remote auditing can successfully be applied to all RJC audit types, the responses indicate that:
50% consider that COP mid-term-review can be done remotely without limitations, with a further 35% recommending sector-specific limitations.

Worker interviews on social topics need to be limited by number of employees (40%) and activity sector (35%).

COP recertification, COP first certification, CoC recertification and CoC surveillance should be limited by activity sector (over 40% of responses).

First CoC certification should either not be allowed (40%) or limited by activity sector (40%)

The Eligibility Criteria for fully remote audits was discussed at length during the Roundtable with a view to understand any shortcomings and opportunities for improvement. It was suggested that the RAD criteria for fully remote audits be amended as follows:

- Allow COP first certification conditionally, taking into account member forum, size, certification against other schemes or being part of a group with additional corporate oversight.
- Allow CoC surveillance audits, if no new subcontractors and no change in scope.
- Reconsider the 15 staff threshold.
- Allow remote worker interviews.
- Review member performance history (i.e. suspensions, recurring major non-conformances etc.)

Particular attention was also given to the partially remote / hybrid audit that could be used to:

- Allow CoC audits and initial COP audits unconditionally.
- Define the role and qualifications of ‘facilitators’, understood as CAB non-RJC auditors or employees who can assist with:
  - controlling the on-site environment and the worker sampling.
  - checking for migrant workers and hazardous environment.
  - ensuring interviews are not recorded or subject to surveillance.
  - CABs encouraged the RJC to consider accrediting social auditors only for the social elements of the COP such as worker interviews, to eliminate the need for a lead auditor to supervise remotely and associated costs.

The top three most challenging remote audit risks are considered to comprise of: establishing the authenticity of the information provided, triangulating evidence and virtual site tours, followed by remote worker interviews for social topics. The CAB roundtable revealed similar observations, concluding that auditing soft topics requiring triangulation with worker interview (such as wages, working hours, grievance mechanisms) remains the most challenging aspect. This is further underscored by the logistical difficulties of remote worker interviews per se, such as sampling workers, securing the interview environment, and establishing rapport with the worker.

At the same time, conducting remote interviews according to a pre-defined set of rules was considered a better option to not allowing remote interviews at all. In fact, more than half of the survey respondents had completed remote workers interviews on social topics pursuant to other schemes, 73% of whom followed CAB-developed remote audit protocols.

Connectivity, training and skills needed, establishing rapport with the auditee and preparation time were all considered somewhat challenging by respondents. Information security is perceived as an additional risk. While CABs may have their own applications, members are reluctant to use them. Establishing an accurate location for the member is particularly important, as well as the existence of a contingency plan, should connectivity fail.

Oversight of remote audits is variable among the CABs, with some implementing oversight and having a positive experience, while others choosing not to.

OVERSIGHT OF RJC REMOTE AUDITS

The RJC engaged ASI to conduct three witness audits and three desktop reviews on remote audits and practices across six RJC accredited CABs. The witness audits were carried out by an ASI assessor shadowing an RJC-accredited lead auditor and/or an audit team, to observe the remote audit.

The desktop reviews were based on a sample of up to five fully and partially remote audit reports, review of CAB procedures and interviews with program
manager and auditor. The objective was to evaluate how the CAB had adapted to auditing remotely and to gather evidence regarding the CAB’s preparedness and implementation of RJC requirements, particularly the RAD.

ASI found the first CAB’s RJC program to be fit for purpose and well supported by committed and experienced staff. The RAD requirements and adaptation of system were implemented effectively. The reviewed CAB managed to do still more than ninety percent of their audits onsite.

A second review found that the CAB had developed detailed training and practical guidance for remote auditing. Furthermore, the main RJC procedure had also been updated and effectively adapted to remote auditing. The CAB had also developed a list of interview questions tailored for remote RJC audits. For audits scheduled in locations where no qualified RJC auditors are available, the CAB engages the services of their local office where a technical expert / translator is onsite and the RJC auditor in communication remotely. The CAB also actively liaised with the RJC with respect to any deviations or questions. Audit preparation was found to be thorough and complete.

The third CAB that underwent a desktop review was found to have held calibration meetings for its staff and auditors on the RJC RAD and risk assessment, prior to the remote audit. The CAB preferred onsite audits or partially remote audits with a Facilitator onsite, as opposed to fully remote audit. The CAB requested that an on-site Facilitator be allowed to support the audit, which the RJC approved.

The Facilitator selection process was considered very important by the CAB. He was well known to CAB Directors and experienced in auditing systems. In addition, he completed the relevant RJC auditor training modules. He assisted the audit by verifying local legal regulations, ensured that worker interviews were managed impartially and acted as a translator. The Facilitator also ensured that consultants did not act as company representatives.

The fourth CAB was assessed during a witness audit. They developed a health and safety-focused protocol to determine which elements to undertake remotely and which ones onsite. The CAB has implemented a number of hybrid audits, approaching all audits in this way. They do not use facilitators, preferring company representatives to guide them.

The fifth CAB was also assessed during a witness audit. The CAB auditor was able to direct the company staff during the site tour and ask relevant questions. When posters were shown, but not very visible, the CAB auditor requested pictures to be taken and sent. The auditor carried out interviews with staff remotely, selecting staff not present at the site office, but home based, to ensure management representatives would not be present.

Finally, the sixth CAB was also assessed during a witness audit. Sufficient documentation was shared by the auditee ahead of the audit to assess compliance against the COP. Worker interviews were conducted while workers were onsite: one group interview and one individual interview. Auditor requested a CCTV free room and worker privacy and auditee appeared operationally compliant. However, the oversight noted that even with full cooperation of the auditee on interview conditions, it is still challenging to have complete certainty that worker interviews are entirely private.

In terms of areas for improvement related to remote auditing, the CABS should consider making a reference to remote auditing practices in their contracts (SLA). Also, they should have a contingency plan for an alternate software programme and not rely completely on a single videoconferencing application. In addition, when assessing an auditor, there should be criteria for technological aspects, or use of devices during the audit. Moreover, CABS’ document control procedures should cover the storage of auditee’s documents received during remote audit. The RJC Audit Report Template should clearly capture if an audit was conducted remotely and in what proportion.

In addition, the CAB should agree with the member beforehand not just which software to use for videoconferencing, but also the method in which to share documents. As per the Derogation, a technology and connectivity test should be done with
the member before the audit, as well a contingency plan agreed for when connectivity issues appear and screen sharing is no longer possible. Scanning documents in lieu can take valuable time away from the audit. The fact that the member might not be sufficiently familiar with screen sharing and other remote communication practices needs to be taken into account and tested before the audit to avoid wasting time on the audit day.

Finally, the ability, preparedness and agility of a CAB to conduct remote auditing can determine the member’s experience in terms of remote auditing and further impact on their preference for either offsite or onsite verification mechanisms.

LESSONS LEARNED

CABs openness to dialogue and feedback provided insights into practical remote audit issues and potential solutions. It confirmed that remote audit practice is evolving fast due to ongoing global use and continuous stakeholder engagement and improvement of the relevant assurance system is instrumental. Whilst the use of remote audit accelerated due to Covid-19-related restrictions, there is significant potential to integrate it into regular assurance practice. Remote audit experience should inform rules and guidance to better meet our members’ needs and provide enhanced support to CABs.

The opportunity to analyse, review and discuss extensively the past 14 months’ remote audit practice and experience with CABs and ISEAL peers has proven invaluable and is highly recommended to any sustainability scheme considering the next step in remote auditing. At the same time, it should be acknowledged that the information collected is diverse and complex, and demands further analysis and interpretation over the next months, after the project’s closure.

Before adopting a remote audit approach, schemes should benchmark against best practice and empirical data available, assess their scheme for the most challenging sections to audit remotely and consider risk and mitigation measures. In addition, they should ensure they have a strong data governance framework to allow them to accurately capture the implementation information and subsequently analyse and draw learnings to underpin continuous improvement. Finally, they should be able to capture any deviations from the defined process and ensure consistency in allowing exceptions.

Other key learnings include exceptions to the Remote Audit Derogation and the situations triggering exceptions. This empirically identified the need to improve efficiency and flexibility of the current RAD, while introducing additional prescriptive elements and safeguards to maintain the integrity of the audit process. The complexity of scenarios across member situations under the pandemic is another important learning point, as well as the absolute need for contingency plans and clear remote audit protocols. In addition, the RJC Audit Report Template has been updated to ensure remote audit details are appropriately captured.

Understanding the member type and forum and frequency of remote audit was also valuable. This research revealed that remote audit may apply differently depending on member size and fora. The worker interviews on social topics proved very challenging and in need of further attention and exploration. Measures can be prescribed and implemented to secure the interview environment remotely. However, they are not infallible and cannot completely replace the onsite auditor experience. The search for the best tools and methods to attain an assurance degree as close as possible to the onsite audit is ongoing and remains one of the areas in need of further attention.

The learnings from this project will inform the review of the Remote Audit Derogation, applying data analysis and stakeholder feedback to increase its relevance and resilience. The RJC also plans to develop a Remote Audit Protocol to support CABs and members going forward, aligned with the ISEAL Remote Audit Guidance.

CONCLUSIONS AND NEXT STEPS

The learnings from this project will inform the review of the Remote Audit Derogation, applying data analysis and stakeholder feedback to increase its relevance and resilience. The RJC also plans to develop a Remote Audit Protocol to support CABs and members going forward, aligned with the ISEAL Remote Audit Guidance.
The Derogation together with the Protocol will define the ‘when’ and ‘how’ remote audit can be deployed for the RJC members. Based on these documents, the RJC will adopt a scenario-driven approach to remote audits, comprising of a combination of prescriptive audit types and risk factors.

In particular, the Protocol will define the methodology for remote worker interviews on social topics. It will further establish requirements for CABs to integrate RJC documentation into their own policies/procedures for remote audits and include them in the ASI regular oversight.

Given the project experience, the RJC will continue to analyse the information collected and monitor closely the remote auditing data, CAB performance, adoption level among members and any triggers for exceptions. This will allow for further calibration of the Derogation and continuous improvement. Ultimately, the RJC should have sufficient data to transition remote audit as exception, incorporating it into regular assurance protocols.

DEFINITIONS

Founded in 2005, the Responsible Jewellery Council is the world’s leading standard setting organisation for supply chain integrity and sustainability in the global jewellery and watch industry.

The RJC Code of Practices (COP) focuses on business ethics and responsible supply chains and covers all the primary minerals and metals used in the manufacture of jewellery: gold, silver, platinum group metals, diamonds and coloured gemstones.

The RJC Chain of Custody (CoC) certification gives customers and suppliers the assurance they need about how a member’s products and materials have been sourced, traced, and processed through the supply chain.

RJC certification requires independent verification by an RJC third-party accredited auditor affiliated to one of the 15 accredited Conformity Assessment Bodies (CABs). All accredited auditors have passed a thorough application process and receive ongoing training and assessments. Also, our governance oversight for the CABs is ensured by ASI Assurance Services International.

To maintain the credibility of our assurance system we comply with the ISEAL Assurance Code which sets out minimum criteria for implementation of the assurance management system and process. We are the only ISEAL Full Member for sustainable standards and practices in the jewellery and watch industry. RJC members represent seven Member Fora, designed to include all business types from mining to retail. The RJC standards (COP and CoC) include provisions relevant to the entire jewellery supply chain.

The Member Fora comprise of:
- Diamond/gemstones/precious metals producer
- Diamond, gemstones trader/cutter/polisher
- Precious metals trader/refiner/hedger
- Jewellery/watch manufacturer/wholesaler
- Jewellery retailer
- Service industries
- Trade associations
Evaluating remote auditing approaches

Pilot project 2: LEAF Marque

REMOTE AUDITING PROJECT
1. Introduction

1.1. PILOT SCOPE

COVID-19 pandemic triggered a rapid period of change in the assurance industry, where many barriers of introducing remote auditing were overcome. In the LEAF Marque System, third-party Certification Bodies (CBs) deliver annual on-site audits to verify compliance against the LEAF Marque Standard, which is relevant globally and to all enterprises. LEAF Marque’s force majeure protocol introduced remote audits as an option for recertification audits, which was later expanded to certification audits.

Remote audits took place via video call during which compliance with all LEAF Marque Standard Control Points (CPs) are verified, with reference to evidence uploaded to the LEAF Marque Data Room (an online platform for submitting documentary evidence). The subsequent challenge for LEAF Marque is maintaining momentum in the development of the assurance model, utilising learnings, and building on changes introduced in the force majeure protocol. The aim of LEAF Marque’s pilot was to identify the benefits and challenges of an assurance model which utilises remote auditing, and to identify a transitional roadmap. To support this, the pilot also investigated the role(s) of a risk-based approach in the assurance model.

Multiple stakeholders, including certified businesses, retailers, CBs, advisors, and LEAF Marque governance, have highlighted the opportunities to take learnings from force majeure protocols to inform future approaches to assurance. Recognition of remote auditing benefits such as enhanced efficiency and capacity has acted as a driver for this research. In addition, ensuring the future resilience of the LEAF Marque System is a key priority for the LEAF Marque Secretariat, and can be achieved by being responsive to industry change and adoption of innovative technology and strategies.

1.2. MEMBERS AND PARTNERS

LEAF Marque is a global environmental assurance system which recognises businesses farming more sustainably. This pilot was completed in partnership with NSF Certification Ltd (NSF). Of LEAF Marque Approved CBs, NSF conducted the most remote LEAF Marque audits and were therefore well positioned to support LEAF Marque in this pilot.
2. Solution proposed and pilot

The first step in the pilot was to identify the assurance models in which remote auditing was most effective. This facilitates assurance model adaptations that enable the optimal benefit of remote auditing to be achieved and increases the capacity to address the challenges and limitations it presents as an assurance strategy.

Risk-based approaches were also considered, as they are an attribute of assurance models that can support optimisation of remote auditing and inform the strategic direction of assurance system change. Risk-based approaches can operate at different levels. Within the LEAF Marque System, these levels are:

- **At an assurance system level**, identification, quantification, and mitigation of assurance risks contributes to the integrity of assurance systems, and continued evaluation of risks in management reviews ensure assurance models are fit for purpose. These are attributes achieved by all ISEAL Code Compliant Members, yet a risk-based approach has additional value as a tool to inform decisions on changes to the assurance model. Within assurance systems, there are multiple interacting factors that determine the robustness in which certification is delivered. Any change to the assurance model has the potential to positively or negatively impact this, either directly (creating a new assurance risk) or indirectly (decreasing effectiveness of other assurance system processes). For example, remote auditing is a strategy that could mitigate the assurance risk arising from a lack of auditor availability and capacity to rotate auditors effectively. However, remote auditing could also create assurance risks by reducing the capacity of auditors to effectively verify compliance with certain CPs. A risk-based approach identifies which risks are impacted, the extent of direct/indirect impacts, and enables evaluation of trade-offs within the context of the assurance system. This facilitates identification of assurance model compositions that deliver the greatest overall benefit. Additional benefits from a risk-based approach arise from its capacity to identify strategies that deliver added value to stakeholders such as greater efficiency or access to additional information. This is enabled by assessment of whether strategies are complementary to the assurance system (i.e., those that do not create or enhance assurance risks). Changes to the assurance system can also be targeted to benefit defined stakeholders. For example, retailers could perceive inclusion of data indicative of reputational risks as an added value of the LEAF Marque assurance system, which is a strategy that also can support enhanced robustness of the LEAF Marque System.

- **At an auditing strategies level**, risk-based approaches have an important role in determining the relevance of different audit strategies/pathways for certified businesses. This can be in the form of a risk assessment for the eligibility of a remote audit, and/or as part of a system of different levels of complexity in which a risk categorisation determines a certified business’ audit pathway (and as such, audit format).

### 2.1. PILOT DESCRIPTION

This pilot aimed to evaluate delivery of LEAF Marque remote audits and identify assurance system changes that incorporated remote auditing techniques and
risk-based approaches. To achieve this, the pilot was split into two sections:

1) Desk-based analysis:
   - Review of other assurance systems to identify opportunities for LEAF Marque.
   - Evaluation of the delivery of LEAF Marque remote audits to identify the benefits and challenges of remote auditing in the assurance model, and risks that require prevention or mitigation.

2) 15 test & trials and top-line discussions evaluating the feasibility of two thematic areas:
   A. Risk Based Data
      - Evaluation of sources of internal and external data sources relevant to risk.
      - Identification of opportunities to obtain additional risk information from existing data.
   B. Risk-Based Approaches
      - Role and relevance of risk-based approaches to inform assurance system changes.
      - Role and relevance of risk-based approaches in determining appropriate auditing strategy.
      - Remote auditing strategies independent of risk-based approaches.

As an environmental assurance system, LEAF Marque stakeholders participating in the test & trials had expertise in sustainable farming systems, knowledge of LEAF Marque, and/or experience with Voluntary Sustainability Standards (VSS). Participants were selected with the intention of achieving representation from a range of geographies and industries:

- In the desk-based analysis, review of other assurance models included a wide range of locations. However, evaluation of the LEAF Marque remote audit delivery had a limited scope due to the majority having been conducted in the UK. This UK bias is important to note when considering the wider relevance of the results.
- Participants in the test & trials were representative of a range of industries, including: 2 CBs (auditors and scheme managers, UK and international), an Accreditation Body, 4 LEAF Marque certified businesses, 2 data companies, one VSS, and 3 advisors/industry experts. Global representation was provided by stakeholders engaged in global operations, and an auditor and certified business situated in South Africa. However, for the scope of the pilot this was a limited sample, and as above, care is needed in wider extrapolation from these findings.

### 2.2. EXPECTED OUTCOMES AND CHALLENGES

The expected outcomes of the pilot were the identification of:
- data sources relevant to a risk-based approach
- benefits and challenges of remote auditing strategies
- assurance model composition that enables remote audits, and the challenges and opportunities of this transition process for changing an assurance model.

Anticipated challenges of completing the pilot were the limited timescale and number of test & trials relative to the thematic content, therefore limiting the extent in which the findings are representative of the LEAF Marque System. Anticipated benefits were obtaining information to enable LEAF Marque to identify a more efficient, effective, and innovative assurance model, which corresponded to transitional steps to enable this. This would indirectly benefit certified businesses and CBs by optimising resources allocated to the audit process (time/money). It could also benefit all LEAF Marque stakeholders by identifying opportunities to add value to the assurance system, such as the availability of additional data/information, recognition of high performance, or mitigation of reputational risk factors.

Anticipated challenges of the desk-based study were the limited time to evaluate other systems, and the challenges of working with a limited data set (remote audit certification data was a sample of less than a year and had a UK bias). Challenges in identifying bias from individual preferences were also anticipated (e.g., some certified businesses may perceive ‘easier’ audits as a positive attribute of remote audits, which conflicts with the LEAF Marque definition of success). An assumption of the test & trial was that a different assurance model would benefit the LEAF Marque Standard’s transition to becoming more outcome-based.
3. Results

3.1. DESK-BASED STUDY

3.1.1 System Comparison

The Assurance System structure of seven ISEAL Code Compliant members addressing different aspects of sustainability were reviewed in depth. Similarities and differences to baseline certification systems relevant to the LEAF Marque System were also considered. The assurance system strategies identified were used to inform test & trials regarding the potential composition of LEAF Marque’s assurance model. Most assurance systems reviewed had introduced remote audits in response to COVID-19. This limited their relevance to this research as the strategies were devised as temporary measures rather than long-term approaches, yet they still provided valuable insights into the contexts in which remote auditing was delivered most effectively. Five notable attributes were identified (Table 1).

<table>
<thead>
<tr>
<th>ATTRIBUTE</th>
<th>DETAIL</th>
</tr>
</thead>
<tbody>
<tr>
<td>CB ROLE</td>
<td>Authority to override eligibility for remote audits and conduct on-site audit.</td>
</tr>
<tr>
<td></td>
<td>Most effective delivery of remote audits achieved when auditor has previously visited the site.</td>
</tr>
<tr>
<td></td>
<td>Flexibility in staff authorised to conduct audits is helpful (e.g., local auditor on-site remotely supervised by qualified auditor).</td>
</tr>
<tr>
<td></td>
<td>Responsible for conducting a risk-assessment to determine eligibility.</td>
</tr>
<tr>
<td></td>
<td>Can be responsible for developing remote audit procedures (criteria defined by scheme owner)</td>
</tr>
<tr>
<td>REMOTE (RE) CERTIFICATION AUDITS</td>
<td>Often permitted under conditions that it will be followed by an on-site audit to review non-conformances and/or defined set of CPs, usually within 3 – 6 months</td>
</tr>
<tr>
<td></td>
<td>Not all CPs are eligible for remote assessment, resulting in partial remote audits (which can be followed by on-site audit).</td>
</tr>
<tr>
<td></td>
<td>Eligibility criteria important to define.</td>
</tr>
<tr>
<td></td>
<td>Targeted to lower risk businesses.</td>
</tr>
<tr>
<td></td>
<td>Planning of remote audits important for success.</td>
</tr>
<tr>
<td>ADDITIONAL VERIFICATION ACTIVITIES</td>
<td>Remote assessments can have potential roles beyond (re)certification audits:</td>
</tr>
<tr>
<td></td>
<td>Interviews and documentary checks.</td>
</tr>
<tr>
<td></td>
<td>Remote Audit to enable certificate extension.</td>
</tr>
<tr>
<td></td>
<td>Review of self-assessments.</td>
</tr>
<tr>
<td></td>
<td>Surveillance audits.</td>
</tr>
<tr>
<td></td>
<td>Change of certificate scope.</td>
</tr>
<tr>
<td>HYBRID AUDITS / PARTIAL REMOTE AUDITS</td>
<td>Audits can include remote auditing techniques as part of an audit (e.g., web-based collaboration/meetings, teleconferences and/or electronic verification of a business’ activities).</td>
</tr>
<tr>
<td></td>
<td>Potential benefits: increased efficiency &amp; accessibility and reduced travel.</td>
</tr>
<tr>
<td>RISK CHANGE</td>
<td>On-site audits needed to verify a reduction of a certified business’ risk-grading.</td>
</tr>
</tbody>
</table>

Table 1: Desk-Based review of ISEAL Code Compliant members remote auditing strategies
3.1.2. Success of LEAF Marque Remote Audits

There is no single strategy that can determine the effectiveness of auditing, but general trends and an indication of success can be obtained from evaluating a variety of sources of evidence, with awareness of the limitations of each. LEAF Marque evaluated success by considering anecdotal feedback in combination with analysis of certification data (NCs, audit delivery, certification decision). Anecdotal feedback can be informative due to the breadth of topics that can be addressed, ranging from broader remarks on the principle of remote auditing to specific comments on delivery mechanisms. Yet feedback is influenced by perspectives of highly engaged stakeholders (e.g., as an environmental Standard it would be expected that strategies that enable reduction in carbon footprints are perceived as beneficial) and format of the Standard (the plan-based focus of the Standard increases the perceived significance of procedural changes that relate to documentary evidence). Data analysis can produce quantifiable evidence and impartial analysis of impact, yet challenges arise from the quality, quantity, and analysis of the dataset. For example, challenges arise from using non-conformance (NC) data to evaluate audit effectiveness due to external variables influence NCs, such time of year, business experience, publication of new version of the Standard.

3.1.2.1. LEAF Marque Analysis

Anecdotal feedback on the principle and protocol of LEAF Marque remote audits was both positive and negative feedback (Table 2). A challenge of the analysis was distinguishing between preference and effectiveness. For example, some certified businesses had negative opinions on the longer preparation time for remote audits, yet LEAF Marque would classify greater audit preparation as beneficial.

Evaluation of feedback enabled identification of different audit strategies that could be of benefit. For example, hybrid audits facilitate greater audit planning and preparation whilst requiring less evidence to be uploaded, thus addressing negative feedback received.

<table>
<thead>
<tr>
<th>OPINION</th>
<th>CERTIFIED BUSINESS</th>
<th>CERTIFICATION BODY</th>
</tr>
</thead>
<tbody>
<tr>
<td>POSITIVE</td>
<td>▪ Quicker, more efficient audit due to documentation being reviewed beforehand.</td>
<td>▪ Reduced carbon footprint due to avoiding travel.</td>
</tr>
<tr>
<td></td>
<td>▪ Reduced cost due to not paying for audits expenses.</td>
<td>▪ Reduced constraints of auditor availability.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Greater capacity to enable auditor rotation.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ More effective review of documentation.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Greater capacity for audit planning.</td>
</tr>
<tr>
<td>NEGATIVE</td>
<td>▪ More time-consuming audit preparation.</td>
<td>▪ Certified businesses more likely to cancel at short notice.</td>
</tr>
<tr>
<td></td>
<td>▪ Received NCs against CP’s previously been passed (e.g., documentation).</td>
<td>▪ Very time consuming and challenging for auditors to review poorly organised</td>
</tr>
<tr>
<td></td>
<td>▪ Arduous task of moving paper evidence to online format (e.g., maps, plans).</td>
<td>documentary evidence that has been submitted without reference to Control Points.</td>
</tr>
</tbody>
</table>

Table 2: Anecdotal feedback to remote audits. Blue text indicates comments on the principles of remote auditing. Orange text indicates comments specific to upload of documentation prior to audits as required in the LEAF Marque Remote Audit protocol.

Analysis of LEAF Marque data highlighted many similarities between remote and on-site audits, including the number of audits delivered, the number of certificates issued, and the number of audits in which NCs were raised. However, there were several noticeable differences which highlighted successful aspects of remote audits. Firstly, 75% of businesses who received NCs in 2019 had more NCs in remote audits the following year. This suggests that remote audits are equally, if not more effective at identifying NCs. Secondly, CPs requiring documentary evidence had significantly more NCs raised in remote than on-site audits. Whilst this corresponded to on-site audits identifying more NCs against CPs requiring observational evidence, it suggests that remote audits have the potential to be a more effective auditing strategy in certain contexts. This is supported by the approach taken by other VSSs whereby certain CPs were excluded from remote audits. For LEAF Marque, this data demonstrates opportunities to enhance robustness by targeting assessment of CPs to correspond to auditing strategies best suited to verify compliance.
3.2. TEST & TRIAL OF REMOTE AUDIT SCENARIOS

3.2.1. Risk-Based Data

Data management protocols that deliver effective collection, analysis, and governance of assurance data ensure that data held is relevant to the assurance system. Data inventories are a helpful starting point in identifying existing sources of risk-based information, but the delivery of each data source against the defined objectives of the risk-based approach (e.g., risks the assurance system is mitigating, see 6.2) must be evaluated to determine relevance (3.2.1.1). Where additional information is needed to meet the defined objectives of the risk-based approach, enhancement of existing data can be considered (3.2.1.2), or new sources of data identified (3.2.1.3).

3.2.1.1. Internal Data

Existing LEAF Marque data was relevant to a range of risks, with a varying capacity to inform risk mitigation strategies (Table 3). No data source was without its limitations, but these could be alleviated by adjusting their weighting within a risk-based framework, and by utilising a combination of risk factors. Relevance was determined not only by the data source itself, but also the analysis of the data source (e.g., variety of ways NC data can be analysed).

<table>
<thead>
<tr>
<th>DATA ON:</th>
<th>RELEVANCE TO RISK-BASED APPROACH</th>
<th>FEASIBILITY / RELEVANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certification Bodies - Auditor Rotation</td>
<td>ASSURANCE RISK</td>
<td>Data that is stored and possible to be shared.</td>
</tr>
<tr>
<td></td>
<td>Rotation/change of auditors for remote audits may lack contextual knowledge relevant to verifying compliance.</td>
<td>Relevant to mitigating assurance risk.</td>
</tr>
<tr>
<td>Certified Business Context - Crop / Sector - Region/Geography - Business Type - Business Changes</td>
<td>ENVIRONMENTAL RISKS</td>
<td>Crop/ Sector/Geography challenging as determining risk of each is subject to perception and may result in penalising businesses for factors outside their control.</td>
</tr>
<tr>
<td></td>
<td>Crop/sectors that are more resource intensive.</td>
<td>Management structure information available to some extent, but little evidence of relevance to risk.</td>
</tr>
<tr>
<td></td>
<td>Businesses located in regions with high environmental value, or vulnerable regions.</td>
<td>Change of business identified as highly relevant, but challenges of capturing this information.</td>
</tr>
<tr>
<td></td>
<td>Different management structures, such as producer groups.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>ASSURANCE RISK</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Changes to businesses in either management or activities that are not managed effectively.</td>
<td></td>
</tr>
<tr>
<td>3rd Party Information - Complaints - Regulatory inspections</td>
<td>ASSURANCE/ENVIRONMENTAL /REPUTATIONAL RISK</td>
<td>Complaints often come directly to CB/ Scheme Owner or could be identified by business’ complaints records.</td>
</tr>
<tr>
<td></td>
<td>Nature of complaint could identify issues relating to non-conformance, environmental impacts not within the scope of the Standard, and/or association with controversial topics.</td>
<td>Defined procedure in which certified businesses are required to inform CBs of changes that impact certification.</td>
</tr>
<tr>
<td>NC History: - Lack / Extent Of - Change year to year - Repeated NCs - NCs against key CPs - Time to resolve</td>
<td>ASSURANCE RISK</td>
<td>Widely recognised as relevant, but little agreement on the appropriate analysis, ranging from very simple (number of NCs in one year), to complex (combination of factors).</td>
</tr>
<tr>
<td></td>
<td>Indicative of a certified business’ awareness and engagement with a system, and those that have a higher likelihood of non-compliance.</td>
<td></td>
</tr>
<tr>
<td>Certified Businesses Performance: - Self-Assessed Data</td>
<td>ENVIRONMENTAL/ASSURANCE RISK</td>
<td>Self-assessment lacks robustness, therefore limiting its application.</td>
</tr>
<tr>
<td></td>
<td>Indicative of a certified business’ activities and impact on the environment and/or compliance with Standard requirements.</td>
<td>Lack of verification of environmental performance reduces ability to inform environmental risk.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Performance thresholds would need to be defined to utilise quantitative data.</td>
</tr>
</tbody>
</table>

Table 3: Summary of LEAF Marque data sources, the risk they are relevant to, and advantages and disadvantages as highlighted by the test & trials. Includes anticipated risks from risk-based approaches and remote auditing.
3.2.1.2. Enhancement of existing data
The capacity of existing data to inform risk can be enhanced by the data collection process. For example, the value of LEAF Marque data could be enhanced by grading of compliance. This is a strategy used by several other assurance systems, though usually in the context of certification decisions and NC closure deadlines. Proposals for grading of severity of NCs (Systemic/Incidental) and degree of compliance (Room for Improvement/Good/Excellent) were reviewed in test & trials. Negative grading of compliance was found to have the greatest capacity to inform risk-based approaches, which was anticipated given the number of other assurance systems who use similar approaches of Major/Minor NCs. Positive grading of compliance was also recognised as less relevant in informing risk due to greater complexities of ensuring consistent auditing. The proposal discussed in test & trials was an over-arching, non-specific framework which auditors referred to when allocating risk. However, challenges of ensuring consistent interpretation between auditors with this strategy were highlighted, and instead were in favour of a framework including defined scenarios or CP sub-points for allocation risk-gradings. This would be a significant challenge to develop for LEAF Marque due to the relevance of the Standard to all enterprises, in all locations.

3.2.1.3. External Data
External data sets can be a valuable asset in informing risk by providing information that assurance systems do not have or lack expertise in, across a wide range of topics with relevance to multiple risks. However, attributes that limited their role in risk-based approaches were revealed by reviewing how datasets collected and analysed data, and their scope comparative to the Standard. Factors limiting relevance to the LEAF Marque System:

- Many datasets are single issue and would therefore need to be incorporated into a complex framework of risk-based data to inform decisions. However, this would be challenging to develop due to varying topical scope, methodology, availability, and scale of different data sets.
- Data sets do not exclude risk, so therefore need to be supplemented by additional strategies for delivery of a robust assurance system.
- Categorising risk based on country/sector could create barriers to certification for those in these regions/sectors and penalises certified businesses for factors outside their control.

As an environmental assurance system supplementary to baseline certification systems, LEAF Marque has limited capacity to mitigate risks identified in many external datasets, especially those relating to social factors. For example, whilst the Environmental Performance Index provides data on environmental performance, three factors constrained its relevance to LEAF Marque. Firstly, its metrics did not align with the scope of LEAF Marque, as agricultural data was based on a single Sustainable Nitrogen Management Index. Secondly, the dataset was updated biannually which prevents recognition of risk that can arise suddenly, such as flooding, wildfires, and COVID-19. Lastly, environmental metrics were not aligned specifically to agriculture, so risks of being penalised by association were increased as businesses could be impacted by being affiliated with poor practice outside the agricultural industry.

In order to mitigate limitations in the context of the LEAF Marque System, the greatest opportunities for using external datasets were as a source of information to inform the content of audits (e.g., assuming partial audits are adopted, water management CPs prioritised for businesses in areas with high water risks), or as a data source in a risk-based data framework that can override overall risk-gradings (e.g., datasets indicating political instability or corruption risks could trigger deviation from an audit pathway). Finally, it highlighted that there are additional opportunities to explore how risk-based information is shared between other assurance systems. For example, if a certified business has a high risk-grading for another certification system, this could influence the risk-grading applied by LEAF Marque.

3.2.2. Risk-Based Approach
Benefits of risk-based approaches were widely recognised, including greater efficiency from targeting resources and potential to enhance the robustness of the system by identifying those of higher risk and the subsequent activities required to mitigate this. However, perceptions on the role it delivered within the assurance system, and the strategy to use risk-based information, were more variable.

3.2.2.1. Assurance System
Test & trial discussions highlighted that there are a multitude of ways in which an assurance system could change. Identifying trade-offs between different risk-mitigation strategies is an important decision-making
tool as it enables identification of strategies that are complementary to the assurance system whilst delivering added value to stakeholders. For example, extending the LEAF Marque certificate length to 2/3-years would enable remote audits to be included as an auditing strategy through surveillance and/or partial audits. It is an example of a complementary assurance system strategy, as it achieves both:

- **Mitigating Assurance Risk:**
  - greater flexibility in the timing of surveillance audits in a certification cycle, enabling different periods of certified businesses activities to be observed.
  - minimising risk associated with remote auditing by separating this auditing strategy from (re) certification audits and targeting their application to contexts in which they are most effective (e.g., partial audit review of documentary evidence).

- **Added Value for stakeholders:**
  - reducing administration associated with annual certification.
  - providing opportunities to recognise and reward strong performance and/or low risk.

Furthermore, pilots of proposed audit strategies are necessary to recognise impacts on risk to evaluate trade-offs and identify an assurance model composition that delivers the greatest overall value, to both robustness and added value. However, in many systems, assurance models may not need to be changed. It is only a necessity if the current assurance model cannot deliver robust certification using the proposed auditing strategy, which also requires gathering and consideration through a risk-based approach to identify this. In addition, there is limited guidance on how to measure the robustness of assurance systems, and in contrast to the emphasis on Standard developments, most assurance system guidance focuses on the effectiveness of assurance system attributes rather than evidence to support and the process of making significant changes.

### 3.2.2.2. Auditing Strategy

The perceived benefit of a risk-based approach was dependent on how risk-based information was utilised.

The principle and process of assigning certified businesses with a risk-grading that would inform eligibility of different auditing strategies was a divisive topic, with contrasting opinions between and within different stakeholders (Table 4).

<table>
<thead>
<tr>
<th>STAKEHOLDER</th>
<th>PRINCIPLE OF RISK-BASED GRADING</th>
<th>RISK-BASED DATA FRAMEWORK CONSTRUCTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certified Businesses</td>
<td>Concern at being categorised as ‘risky’.</td>
<td>Negative perception of including data that is outside business control (e.g., crop type).</td>
</tr>
<tr>
<td>Data Company</td>
<td>Valuable asset to any assurance model.</td>
<td>With technology capacity, possible to create risk-based data framework of any format/complexity.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Differing opinion in best approach: very simple framework with one data source vs framework with multiple data sources with different weightings.</td>
</tr>
<tr>
<td>Certification Body</td>
<td>Potential to be valuable, but in practice can add significantly more time (and cost) to the certification process.</td>
<td>Recognition that auditors have best insight into a certified business’ risk, but strong opposition to auditors being involved in categorisation of risk.</td>
</tr>
<tr>
<td>Advisor / Sustainability Expert</td>
<td>Dependent on delivery; if enables more efficient auditing without detriment to certified businesses, then positively received.</td>
<td>Demand for transparency of framework and/or score may negatively impact certified businesses.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Inclusion of factors such as reputation risk may / may not be of value.</td>
</tr>
<tr>
<td>Accreditation Body</td>
<td>Clear definition of risk-grading: - the risk being mitigated - the risk mitigation strategy means - implications for certification status</td>
<td>Must be based on evidence that indicates the robustness of the strategy and approved based on justification for changes.</td>
</tr>
</tbody>
</table>

*Table 4: Summary of stakeholder perspectives on using risk-based information to assign a risk-grading.*
Using a certified business’ risk-grading to determine audit pathway (e.g., low risk = on-site certification audit followed by two remote surveillance audits vs high risk = on-site certification and surveillance audits) was agreed to be effective in principle, but the benefit dependent on: the robustness of the risk-based framework it was informed by, capacity for flexibility (e.g., override risk-grading based on health risk, business changes), communication to certified businesses (strategy to recognise strong performance vs catching businesses out), when risk is allocated and recalculated, and the degree this was determined by an automated system rather than requiring manual input. For LEAF Marque, additional complexity arose due to the efficiency of the audit strategy being determined by alignment with the baseline certification system, as most audits are conducted jointly. Whilst the auditing strategies between different certification systems do not need to be the same to be efficient and effective, they do need to be complementary.

The factors influenced by a certified businesses risk-grading (listed below) also influenced the perceived relevance of risk-based approaches:

- **format of audits**: perceived to be relevant and viable, but solely focused on assurance risk.
- **frequency of audits**: perceived to be relevant, but highlighted challenges of certified businesses perception of audits which often focused on ‘rewards’ (i.e., reduced audits), as opposed to using risk information to target high risk businesses (higher frequency of audits).
- **content of audits**: highest complexity due to challenge of tailoring audit plans to individuals in a consistent way for all certified businesses

### 3.2.2.3. Remote Auditing independent of risk

Remote auditing cannot be entirely independent of risk-based approaches given that risk-based approaches are integral to assurance systems and there is widespread acknowledgement of the importance of risk-assessments to inform eligibility for remote auditing. However, there are assurance model systems that aren’t dependent on risk-based approaches to facilitate delivery of remote auditing to their highest capacity.

Of most significance were hybrid audit approaches. Analysis of data indicated that remote audits were most effective at evaluating documentary evidence. Therefore, by combining both remote audit and on-site audits within (re) certification or surveillance audits, CPs can be assessed in the format that has the greatest capacity to verify compliance whilst maintaining robustness by the assessment of all CPs.

In addition, introducing hybrid audits as a strategy in LEAF Marque’s assurance model facilitates adoption of technologies such as Google Glasses in the future, when they are more widely accessible. This technology is advantageous to many assurance models and are especially valuable in the context of the LEAF Marque System where auditor capacity in regions can be limited, and as a supplementary standard to baseline certification systems. Of significance is the benefit this would provide to disadvantaged stakeholders, as local facilitators could provide skills or facilities which the certified business does not currently have, such as language capacity and access to technology.
4. Discussion

4.1. SUMMARY

The pilot highlighted the importance of engaging a wide range of stakeholders when considering assurance system development. To a greater degree than other aspects of certification, there is variability in the perceived role and benefit of risk and different auditing strategies. An understanding of these perspectives is necessary to inform the development of strategies and ensure that communication of the final approach is clear and targeted. In hindsight, the optimum format for this pilot would be to have held stakeholder discussions in two stages: firstly, the review of high-level principles, and secondly, the proposed detail of these approaches. This would ensure assumptions are challenged and principles defined before discussion of proposals.

The results uphold the proposal that remote auditing is a valuable attribute of assurance models. Remote audits can deliver benefits of greater capacity to verify compliance with documentary evidence, addressing the challenges of locations with limited auditor availability, and improving audit planning. Changing an assurance model to incorporate remote auditing is an advantageous strategy because it provides greater capacity to mitigate against limitations (e.g., remote audits only eligible for lower risk businesses and/or application in partial surveillance audits assessing documentary evidence). However, the complexity of assurance models is a barrier to change. Each attribute of the assurance model has significant complexity and implications on the robustness of the system, cost (time & resources), stakeholders and the entire System. Similarly, risk-based approaches were widely recognised as important to enhancing the efficiency and effectiveness of the assurance system, but the different types, interpretations and applications of risk creates considerable complexity. Therefore, it is essential that the objectives of introducing remote auditing and/or risk-based approaches are clearly defined to enable identification of relevant changes. Subsequently, a cost – benefit analysis can be completed, as the time and resources required to develop robust and effective systems may exceed the benefit from their introduction. Finally, incorporating flexibility is essential. Contextual factors – health risks, assurance risks, technology capacity – will always be of relevance, and no assurance system or risk-based approach can account for this variability. Therefore, capacity to override eligibility for remote audits or escalate risk-grading based on evidence available will also be necessary.

In summary, consideration is needed on whether assurance model changes deliver their intended objectives, and if these benefits warrant the expense of their development. Yet there is the technical and theoretical capacity to develop a vast number of assurance model iterations including either/both risk-based approaches or/and remote auditing strategies, that delivers benefit to both the system’s robustness and opportunities for adding value for stakeholders.
4.2. ROADMAP

The following roadmap outlines the considerations and general process for introducing remote auditing approaches informed by risk-based approaches into an assurance model (Figure 1).

<table>
<thead>
<tr>
<th>Step 1: Clarify intention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determine to what extent remote auditing is informed by risk-based approach (may not be relevant – e.g., hybrid audits). Define the risks being mitigated. Identify the stakeholders and define the beneficiaries of the changes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Step 2: Define the assurance model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identify data sources that can inform risk. Define the process to assess its robustness, collection, and analysis. Define how risk-based information is used to mitigate risk, and the level it is applied (assurance system and/or auditing strategy). Develop capacity for flexibility in response to business changes or health risks. Complete cost-benefit analysis to determine relevance. Define procedural changes needed (e.g., System Rules, technology).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Step 3: Trial the proposal(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trial proposed strategy, and if relevant, alternatives to enable comparison. Consider whether trial can occur concurrently to, or in supplementation to existing audit process. Consider strategies to collect evidence in the trial that can be used to demonstrate the robustness of the proposed model. Investigate unintended impacts of assurance model on other stakeholders.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Step 4: Consideration of accreditation approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>...if trial successful, and cost-benefit analysis indicates still relevant. If accredited, provide accreditation bodies with evidence that demonstrates the continued/enhanced robustness of the system.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Step 5: Implementation, Training &amp; Communication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensure Certification Bodies are effectively trained. Ensure all certified businesses given adequate notice. Develop resources to state the intention of the risk-based approach, and preparation for alternative auditing techniques, such as remote audits. Define the level of transparency of the risk-based approach.</td>
</tr>
</tbody>
</table>

Figure 1: Proposed roadmap for businesses considering significant changes to the assurance model.
5. Conclusion

5.1. WHAT HAS BEEN LEARNT

The pilot demonstrated that remote audits can be an effective and beneficial auditing strategy, which can be incorporated in assurance models in numerous ways. A risk-based approach can help optimise the value of remote audits by enabling assurance risks to be balanced with other risks inherent in Assurance Systems, such as health, environmental and reputational risks, for System Owners, certified businesses, and CBs. Hybrid audits and surveillance audits were identified as contexts in which remote auditing strategies were most beneficial, as they utilise the strengths of a greater capacity to verify compliance with documentary evidence without detriment to robust assurance.

However, the pilot also highlighted that the process of adapting the assurance model to include remote audits is challenging as it requires accreditation approval with corresponding justification and evidence, which can be challenging to obtain. Despite this, it is evident that many assurance models are on the cusp of significant developments. The combined knowledge of assurance systems undergoing these changes enables shared learnings and faster progress in the future.

5.2. NEXT STEPS

Assurance model changes are achieved by identifying strategies that deliver against the defined objectives of the Assurance System. Remote auditing and risk-based approaches are two such strategies, and the next steps for LEAF Marque are to consider the extent of their role relative to and in alignment with other strategies to delivery Assurance System objectives. This will include evaluation of trade-offs between impacts on elements of the Assurance System (e.g., Oversight, impacts reporting, accessibility, supply chain relationships), cost-benefit analysis, and recognition of unintended effects. Following this, the roadmap in 4.2 can be followed, including piloting, engagement with a wider demographic of stakeholders, and impact assessment to gather evidence of robustness and effectiveness.

Further research within the LEAF Marque System is needed to identify the causation of results demonstrated. For example, whether remote audits were more effective at reviewing documentation due to the time auditors had to review the information, or due to the platform. Further research relevant to the wider assurance industry is regarding methodologies to measure remote auditing effectiveness and robustness.

5.3. KEY RECOMMENDATIONS TO OTHERS

For other systems investing assurance model changes, the timescale, extent of change and complexity of transition is dependent on the structure of the existing model relative to the respective Assurance System objectives. For example, LEAF Marque currently has an annual certification cycle, so introducing risk-based approaches and remote audit strategies via longer certificate cycles would require extensive changes as part of a long-term project. Yet for assurance systems with a high degree of data in a readily available format, or for those with longer certificate cycles, these changes may be possible over shorter timescales. One key recommendation is to have a detailed account of Assurance System objectives, including identified risks to mitigate, stakeholder prioritisation, recognition of trade-offs, the approach to collaboration and allocation of responsibilities. Without this, it is difficult to identify the relevant assurance model changes.
6.1. TERMINOLOGY

Whilst preparing for this pilot, it was evident that there was variability in meaning with terminology used. Table 5 provides a summary of the application of relevant terminology to the LEAF Marque System, and this case study.

<table>
<thead>
<tr>
<th><strong>FULL AUDIT</strong></th>
<th><strong>COMPLIANCE WITH ALL CONTROL POINTS ARE ASSESSED (REMTELY OR ON-SITE)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HYBRID ASSURANCE MODEL</strong></td>
<td>An assurance model that is not solely reliant on on-site assessments and utilises alternative strategies to assess compliance. The pilot proposal focused on investigation of hybrid assurance models, but as this terminology didn't match the more commonly used meaning of hybrid, the case study instead refers to ‘changes to the assurance’ model.</td>
</tr>
<tr>
<td><strong>HYBRID AUDIT</strong></td>
<td>An audit that involves both remote and on-site assessment, with or without the support of facilitator for the on-site assessment. For example: a selection of CPs assessed remotely, followed by on-site assessment of remaining CPs by trained auditor / with support from facilitator within a defined period of time.</td>
</tr>
<tr>
<td><strong>IMPROVEMENT FEEDBACK LOOP</strong></td>
<td>Using data to benefit the assurance model. Different feedback loop can benefit different actors. E.g., performance insights would benefit certified businesses, self-assessment of risk would benefit standard – setter, and encourage good practice amongst certified businesses.</td>
</tr>
<tr>
<td><strong>PARTIAL AUDIT</strong></td>
<td>Compliance with a defined sub-set of Control Points is assessed (surveillance audit).</td>
</tr>
<tr>
<td><strong>REMOTE AUDIT</strong></td>
<td>A fully remote audit in which compliance with Control Points is assessed using an online platform for video call. Supporting evidence can be provided to auditors prior to (e.g., documentary evidence uploaded to the data room), or during the audit (e.g., audit requests video of part of site as additional footage in case of low signal preventing live assessment). This was the approach adopted in the LEAF Marque Remote Auditing protocol and is sometimes referred to as virtual audits in other systems.</td>
</tr>
</tbody>
</table>

*Table 5: LEAF Marque System terminology.*
‘Risk’ was a term that was interpreted differently amongst stakeholders. There are multiple types of risk to consider within an assurance system, and whilst there is interaction between each, these have broadly been classified within the LEAF Marque System as:

- **Assurance Risks**: Risks that impact the robustness of the LEAF Marque System, such as the capacity for impartial auditing, independent certification decisions, and capacity to effectively verify compliance with Control Points.

- **Certification Body Risks**: Risks that Certification Bodies have not adequately verified compliance with the LEAF Marque Standard

- **Environmental Risks**: Certified businesses activities that negatively impact the environment. These impacts can be aspects of environmental management within the scope of LEAF Marque Standard (e.g., water course management, use of plant protection products), which raises concerns of unidentified assurance risks in which the certification process did not identify issues. Alternatively, impacts can be beyond the scope of the LEAF Marque Standard, such as production system type (e.g., potato farms have larger impacts on soil health), or baseline certification system/minimum regulatory requirements.

- **Health Risks**: Factors such as illness, political instability and exposure to dangerous environments that could negatively impact the safety or health of auditors and/or certified businesses.

- **Reputational Risks**: Association with significant or controversial issues that would not want to be associated with LEAF Marque certified businesses. Includes both environmental activities (e.g., deforestation, land-use change), and social (e.g., child slavery, worker facilities, women’s rights).
Piloting worker voice technology

Pilot project 3: Better Cotton Initiative

PILOTING WORKER VOICE TECHNOLOGY WITH COTTON FARMERS AND FARM WORKERS IN PAKISTAN
Under the BCI assurance model, some producer groups can be composed of over 3,000 farmers, only a relatively small number of whom can be directly engaged during an assessment. To interview an objective and representative sample of farmers, the farmers to be interviewed are selected by the assessor (BCI or third-party). BCI’s current remote assessment is based on a detailed review of practices and management systems, which includes document review and management interviews. It also includes interviews and focus group discussions with farmers and workers over telephone or videoconference.

The nature of remote assessments has made engaging farmers and workers during assessments an even greater challenge. Videoconferencing tools and phone calls have been used to reach farmers with some success, however mobile connectivity and access to devices are persistent barriers. In some contexts where connectivity is particularly low, field staff are relied on to facilitate remote interviews using videoconference tools or their own devices, which raises concerns about the confidentiality of the interviews and thus the reliability of responses. Consequently, the assessor loses some control over the farmers and workers selected for interviews which can introduce a level of bias.

To address some of these limitations of remote assessments, and to enable direct feedback from farmers and workers, BCI aimed to test out the use of a Worker Voice Tool\(^1\), featuring a mobile phone-based survey, in a small-scale pilot. The pilot explored whether Worker Voice Technology could enable direct feedback from a larger number of farmers and workers than would be possible via individual phone or video interviews.

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1. Worker Voice Tools are designed to hear directly from workers on working conditions, they can constitute one-way feedback mechanisms or enable two-way communications.
2. Pilot approach

With the support of a long-term Implementing Partner, CABI, BCI piloted the use of Worker Voice Technology to reach farmers and farm workers through a phone survey in Sindh province, Pakistan in April 2021. CABI implements BCI projects across the Sindh province, covering 14 producer groups and over 30,000 farmers. During project planning, it was decided that approximately 200 farmers and 430 farm workers would be targeted with outreach to complete the survey, covering a range of smallholder, medium, and large farms. Topics covered in the survey included labour practices, pesticide use, practice adoption, and training attendance.

The technology provider selected for the pilot was Ulula, a provider of Worker Voice Technology for worker and community feedback. For the pilot, a phone survey using ‘Interactive Voice Response’ was used; Interactive Voice Response allows respondents to answer pre-recorded multiple-choice questions on their cell phones using their keypad. Respondents received a free voice call to their mobile phone after which an automated message played, first getting participant’s consent, and then asking a series of multiple-choice questions. It was expected that use of Interactive Voice Response would allow low literacy groups to participate. The approach does not require participants to use a smartphone or cellular data, nor is there any cost of participation. Ulula’s online platform ensures the confidentiality of responses by removing any personally identifying information, like phone numbers, from response data before it is shared with BCI.

BCI developed the survey questions in consultation with CABI, who validated the clarity and local contextual understanding of the content, and Ulula, who ensured the questions were compatible with Interactive Voice Response formatting. Options to respond “I don’t know”, skip the questions, or to repeat the question applied to all questions. A logic-based question sequence was used to help ensure questions were targeted to the appropriate respondents and reduce response time. Due to this logic-based sequencing, a single phone number for survey access was used for participant groups, simplifying the outreach strategy. Farmers and workers received different questions to reflect their varying roles and experiences in cotton farming.

Collaboration with CABI on the pilot was key because of their existing, robust communication channels with farmers and farm workers through their network of field staff and lead farmers.

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2. Lead Farmers are farmers who serve as a focal point in their community for the Implementing Partner and BCI-related activities.
Though the phone survey itself is fully remote, engagement was needed at field level to promote the opportunity and address respondent questions or concerns related to confidentiality, cost, and use of the data. An overview of pilot activities, including survey development, outreach, results monitoring, and analysis can be found in Figure 1.

Figure 1. Timeline of Pilot Activities
3. Anticipated pilot benefits and assumptions

This pilot represented the first time BCI trialed a direct to farmer or worker feedback mechanism. Therefore, the pilot aimed to first understand whether worker voice and related technologies are feasible to use in the dispersed, agricultural settings where BCI operates; and second, whether the anticipated benefits would be realized in practice.

KEY QUESTIONS FOR THE PILOT

- Can target groups in dispersed, agricultural settings be effectively reached by Worker Voice Technology at scale?
- Will use of the tool expand the sample of farmers and workers BCI engages directly during remote or in-person assessments?
- Can the survey responses inform auditors’ investigations during assessments, particularly for sensitive topics like labour practices?
- Can the survey responses enable a better risk mapping, especially related to pesticide application and labour practices?
- Will Implementing Partners and farmers/workers perceive any benefits of participating? What are their motivations to engage?
- Will the phone survey be accessible to all, including women farmers/workers and migrant or temporary workers?

Anticipated benefits of this approach include greatly increasing the number of farmers and farm workers directly engaged during remote assessments and potentially to supplement field-based assessment. Using a remote phone survey that directly interfaces with respondents on their personal device also has the potential to improve confidentiality, especially important when answering questions on sensitive topics like labour practices or where responses may indicate non-compliance with the Better Cotton Standard System. For the pilot, participation in the survey would be fully anonymous and would have no bearing on the licensing decisions. The use of a phone-based tool reduced the need for in-person gatherings and thus the risk of COVID-19 transmission.
After the pilot is completed, auditors conducting assessments in the pilot region can use the aggregate responses from the survey to target their investigations. For example, if survey responses suggest widespread use of a highly hazardous pesticide or prevalence of child labour in the community, auditors can assess how these risks are being mitigated at the producer level. If use of the intervention is scaled, this method can also support a risk-based approach to assessment planning, especially for topics like forced labour or child labour that are difficult to assess in a traditional auditing environment.

Beyond assurance related applications, the data generated can be used by BCI and its Implementing Partners to support capacity building activities. Survey questions on training attendance, practice adoption, and the local context can help target capacity building activities or identify gaps in implementation. Since the survey responses in this pilot have no impact on producer licensing, it is anticipated Implementing Partners will perceive a benefit to the project and its potential to generate useful data with limited negative implications.

While tools for worker engagement have been widely used in many factory-based supply chains, and to some extent in large agricultural operations, application to smallholder contexts has been limited. The pilot will allow testing of the accessibility and applicability of Worker Voice Technology in agricultural communities. Testing this technology in a novel context will bring challenges, will serve as a learning opportunity not only for BCI, but for voluntary sustainability standards and monitoring bodies more widely.
A number of challenges were anticipated during the pilot design phase, including:

1. LOW PARTICIPATION RATES

The reasons for low participation rates can be a lack of trust in the survey, unwillingness to participate, low literacy levels, and low rates of mobile phone ownership. For most survey respondents, this pilot project was the first time they were contacted by BCI outside of an assessment context, as well as the first time a phone survey has been used in our projects.

To address this challenge, the phone survey was constructed using an Interactive Voice Response designed for low literacy users. The survey would be in the local language and the questions designed to be simple and clear. Low rates of mobile phone ownership would be mitigated by enabling multiple people to participate using the same mobile device, including family and community members sharing a single phone. Participation was free and, to incentivise participation, farmers and workers were offered a chance to win a small prize (phone credit) for survey completion.

Promotion of the phone survey by CABI’s network of field-based facilitators or a core group of lead farmers was expected to be key to pilot success. Farmers are familiar with CABI as an organisation and its field staff. These field facilitators reside in their area of work and deliver capacity building activities to local farmers and workers, so it was expected that promotion of the survey by these trusted agents would reduce hesitancy or mistrust of the survey.

Clear messaging throughout the campaign that all responses are fully anonymised and participation in the survey is secure and confidential would reassure the farmers and workers that their participation is safe for them. In all outreach materials CABI’s name and logo would be used alongside BCI’s to create familiarity and trust.

2. ENSURING DATA PRIVACY

The approach requires use of participants’ phone numbers, which means data privacy laws and principles must be considered. While field staff often possess contact information, including phone numbers, of farmers and some farm workers, the expectation of use given for this data at the time of collection is not consistent. Therefore, it was decided to structure the approach so that the survey participants had to initiate a phone call to complete the survey rather than the survey phone call being pushed to prospective participants directly. Participants could opt out of receiving future communication, like SMS or follow-up surveys, at any point.

3. CHALLENGES IN REACHING FARM WORKERS

This was especially true for migrant or temporary workers: One of the main objectives of the pilot was to get direct feedback from groups difficult to reach during traditional assessments, including farm workers.
Many of the barriers to reaching farm workers during assessments was expected to also complicate their participation in the remote phone survey, namely lack of engagement with field staff, low literacy rates, and less incentive to participate in assessment activities than BCI farmers. Considering the survey was deployed outside of the harvest season, at a time when the workforce is smaller, challenges were anticipated in reaching migrant or temporary workers. To reach any workers that might be present, BCI would rely on pre-existing relationships between permanent workers and Implementing Partner field staff, and on the role of lead farmers in distributing the campaign material in their communities or places where workers tend to congregate.

4. LOW PARTICIPATION OF WOMEN

From the beginning of the pilot, low participation of women was considered a risk. In the pilot region, male heads of farming households are much more likely to engage with field facilitators, who are also predominantly men. Even if outreach engages prospective women respondents, women rarely have access to personal phone devices, though they may have access to the phone of a male household member. To promote women respondents to the phone survey, multiple responses to the survey were allowed from the same phone number. It was expected that dedicated efforts to reach women, who may not have access to these communication channels, or farm workers, who may engage less with field staff, would be needed.

5. COVID-19-RELATED RESTRICTIONS

COVID-19 was expected to limit the ability of the field facilitators to engage in person with large groups of prospective respondents, so mobile phone-based platforms like WhatsApp and an SMS notification to the existing list of contacts were expected to be the primary means to publicize the survey.
Over a two-week period in late April 2021, over 90 field staff conducted targeted outreach to 4,000 farmers and farm workers to publicize the survey. Outreach activities capitalized on already planned in-person trainings, pre-established lead farmer WhatsApp groups, and SMS notification sent by Ulula. In total, 468 survey responses were received from 332 farmers and 136 workers with women composing 22% of all respondents. If all questions were asked, there were 21 questions for farmers and 17 questions for workers, which were estimated to take 5-10 minutes to complete.\(^3\)

**OUTREACH ACTIVITIES**

In the first phase of outreach, CABI identified 201 farmers and 430 workers representing both smallholder and larger farms to receive targeted outreach. These targeted respondents were engaged by field facilitators who verified their phone numbers. A double opt-in to establish consent was required for participation, meaning respondents must call the number seen on outreach materials or received through an SMS in order to participate in the survey, and then also register consent by pressing a key on their phone before being taken to the survey.

Field facilitators publicized the phone survey by distributing flyers physically and by WhatsApp messages. Due to COVID-19, field facilitators have relied on WhatsApp groups to continue engaging lead farmers, so targeted respondents were sensitized to this communication approach. Participation was incentivized through a 550 PKR phone credit randomly gifted to 20 respondents upon survey completion; this lucky draw was advertised on the flyers. Half of the credits were administered one week into the survey and the second half of the credits disbursed at the end of the two-week-long survey. This was done so that the lucky winners could advertise survey participation in their community and further boost participation.

It was advised by Ulula to start an outreach campaign before the survey was live to sensitize potential respondents to the purpose of the survey. One tool of the Ulula platform is the ability to send an SMS to a contact list notifying them when the survey was live and providing the number to call and participate. This SMS was sent to 667 phone numbers, but of those only 52 ultimately participated in the survey. This could have been due to a combination of factors such as limited outreach prior to the SMS being sent, which led recipients to ignore the message, or due to low literacy of the recipients. If literacy did limit effectiveness, a pre-recorded audio message could be sent for future campaigns rather than a text message.

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3. The skip logic means that not all respondents were asked every one of the questions in the survey.
Ulula platform provides an ability to monitor survey participation in real time and swiftly adjust outreach approach. Considering the low uptake among the original targeted respondents, CABI expanded outreach to include additional participants. In total, over 4,000 farmers and workers received outreach through in-person trainings. Figure 2 details the scale of outreach activities. In addition to those reached by direct outreach, word of mouth or flyers posted in public locations were other means to indirectly reaching a larger group.

<table>
<thead>
<tr>
<th>PRODUCER SIZE</th>
<th>SIZE FIELD STAFF BY GENDER</th>
<th>ESTIMATED IN-PERSON OUTREACH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium Farms</td>
<td>14 Men</td>
<td>365</td>
</tr>
<tr>
<td>Smallholders</td>
<td>79 Men</td>
<td>3800</td>
</tr>
<tr>
<td>Smallholders</td>
<td>4 Women</td>
<td>31</td>
</tr>
<tr>
<td>TOTAL</td>
<td>97</td>
<td>4196</td>
</tr>
</tbody>
</table>

Figure 2. Outreach Activities and Scope

In addition to expanding the scope of awareness raising, field facilitators promoted uptake by instructing prospective respondents to call-in and complete the survey in their presence. In some cases where participants were less comfortable with the technology or confused by the questions asked, field facilitators initially helped them to use the mobile phone and interpret the questions.

Prior to the survey opening, interested farmers and workers were asked to dial a number and drop a call to register their interest in the survey. A call-back followed immediately after, or once the survey was live. This approach was taken because it was more cost effective compared to using a toll-free line provided by the telecommunication operator which enables participants to call and start the survey directly. As a result of this approach, the pilot was able to reach hundreds more with the same budget. Over the two weeks when the survey was open, 468 responses were received with 430 of those complete.

The survey data suggests enabling multiple responses from the same phone number was key to increasing accessibility of the survey to women. Half of female respondents shared a phone number with another person who participated, likely a family member. This was true for only 25% of male respondents. In total, 22% of the survey responses were from women. More detail on participant responses can be found in Figure 3.

4. An estimated 170 responses were ‘facilitated’ by field staff in this way. Once BCI became aware of the practice, field facilitators were advised not to be present while the survey was completed to avoid undue pressure for participants to complete, and to ensure that anonymity could be protected.

The survey was designed to target both farmers and farm workers with each receiving tailored questions, but in smallholder context the distinction between these groups is not always clear. BCI categorizes farmers as the decision-makers for farm activities, including which seed to sow, how and when to apply inputs or pesticides, hiring workers etc. Since the survey questions varied for farmers and workers, a question to determine participant decision-making capability would help determine which survey the respondent would receive. A sample of questions can be found in Annex 1. Survey results showed that most respondents identified as sharecroppers, 76.3% of whom received questions targeted to farmers and 23.7% questions targeted to workers based on their declared decision-making authority. Based on feedback from participants, this attempt to classify sharecroppers as either farmers or workers was confusing and did not accurately reflect self-identification. It was particularly challenging for women sharecroppers to respond given the nuances of household dynamics and characteristics of unpaid family labour.
As illustrated in Figure 4, 71% of respondents, mostly sharecroppers, received the farmer-oriented questions. Another 22% of respondents were sharecroppers, but they received the worker-oriented questions. Less than 4% of respondents were permanent workers, defined as workers who remain on the farm employed for the full year, and 3% of respondents were temporary workers, who are typically hired for shorter periods of time to complete specific tasks. Low participation of temporary workers was expected because most will only be employed later in the cotton season when labour demand increases during harvest. It is difficult to determine if the responses of permanent workers are representative of their presence in the region due to a lack of labour force data, but one potential reason for their low level of participation is that smallholder farmers and workers received the most outreach.

Figure 4. Survey Responses by Farm Role and Gender

FEEDBACK FROM PARTNERS AND PARTICIPANTS

Reaching thousands of prospective participants and receiving 468 responses would not have been possible without CABI’s pre-existing network of field facilitators. Despite strategically overlapping survey outreach with pre-planned farmer trainings, publicizing the survey still required extensive time from CABI’s management and field staff. This was the first time a phone survey was deployed in this context, so effort had to be made to sensitize and inform prospective participants of the opportunity. To increase outreach to women, four female field staff were deployed. Field staff supported participation by helping respondents use the mobile phone and interpret confusing questions, which required significant time.

The pilot design had not anticipated that some telecommunication providers required the phone to have credit to initiate a call, even if the call is not answered and no credit is deducted, which may have impacted participation. As a result, some farmers and workers were unable to complete the survey, but the number impacted is not known. In the future, this element would have to be considered in determining when and how the survey would be administered. For instance, the farmers and workers tend to have phone credit at the end of the season after cotton has been sold and wages are disbursed.

Based on ad-hoc feedback from participants, this survey was generally viewed as a compliance monitoring activity from BCI with little perceived benefit to participation. Some participants asked field staff if their responses were “correct” and compared the survey to an exam. This feedback is unsurprising considering farmers and farm workers rarely engage with BCI outside of assurance activities. However, if implemented again messaging on survey intent and use must be made clear with partners, field staff, and participants. A brief voice message was sent at the close of the project to all respondents thanking them for their participation and to reiterate survey intent.

Beyond process and technology-oriented learnings, the pilot provided useful survey data on training, practice adoption, and labour practices. A series of questions on pesticide application identified widespread use of highly hazardous pesticides that will need to be phased-out in the coming years for producers to be in compliance with the Better Cotton Principles & Criteria. This knowledge will allow auditors to investigate producer unit level management plans to mitigate use of these pesticides and can be used to support capacity building related to pesticide phase-out. The data suggests training on safe pesticide application has been well attended: 98.5% of farmers and workers who apply pesticides reported receiving training on safe pesticide use.

Responses from farmers and farm workers for questions related decent work provided key insights into labour practices in the region. For example, most workers reported receiving a cash loan or wage advance from farmers. While this practice is not necessarily problematic in itself, additional information should be gathered by auditors during an assessment to ensure loans or advanced payments do not present an undue burden on workers that may prevent them from terminating their employment at will. The survey data provides a valuable starting point for auditors or decent work specialist investigating these issues.
6. Lessons learned

**USE OF WORKER VOICE TECHNOLOGY IN AGRICULTURE**

The pilot demonstrated that Worker Voice Technology has the potential to reach higher numbers of farmers and workers than would have been otherwise feasible through conventional assurance approaches. However, this was possible largely due to the existing relationships and communication channels that the Implementing Partner had established with the farmers and workers. To replicate this success, Implementing Partner selection will be key; field staff will need targeted training prior to running the campaign; female field staff will be instrumental in reaching female workers.

**REMOTE BUT WITH IN-PERSON ENGAGEMENT**

Most of the outreach conducted for the project was in-person, which challenges assumptions made at the beginning of the pilot. While the survey itself was remote, the efforts of trusted field staff to publicize the survey as a part of their pre-planned training programme was key to raising awareness, especially given the short timeframe of the pilot. Future application of the survey would need to consider this greater than expected use of partner field staff time, as well as the willingness of partners to dedicate resources to outreach. Although field staff wore protective equipment and held trainings outdoors, the in-person outreach meant that the Worker Voice Technology was not tested as a fully remote approach, which would have been optimal for participant safety during the pandemic.

This in-person outreach may have led to undue pressure for some participants to complete the survey, or cases where IP field staff were present while participants completed the survey. This has the potential to compromise anonymity and would need to be monitored in any future deployment. Even with this learning, BCI believes this technology still represents better anonymity for farmers and workers than traditional in-person interviews.

**TIMING OF THE PROJECT**

Strategic timing when deploying Worker Voice Technology will be key to facilitate farmers’ engagement and reach a larger number of workers. Deploying the technology during the harvest season would likely reach many more workers, especially temporary workers, but the busy harvest period may also inhibit participation. A better time to engage farmers arguably would be at the end of the crop season when they have more spare time and are also more likely to have a phone credit balance, which may be required to complete the survey. However, this would require additional resources for the outreach campaign as few Implementing Partner training activities happen during this period. Instead of choosing one point in the season, the technology can be deployed at different times to target different audiences. With additional resources, the period when the survey is live could be extended beyond 2 weeks, leading to a greater number of responses and greater return on investment in campaigning.

**RISK ASSESSMENT FOR ASSURANCE AND CAPACITY BUILDING PURPOSES**

The survey results will be useful as a risk assessment tool used to inform more comprehensive assessment interviews conducted as part of BCI’s assurance process. For instance, if the survey results indicate the presence of problematic recruitment practices or inappropriate use of pesticides, the assessors can investigate these specific topics in more detail during an assessment. Many issues, like recruitment practices, are likely to be present systemically throughout...
Deploying a Worker Voice Tool which uses phone-based communication requires a firm understanding of national data protection and sharing laws, and partner data practices not only for the country where the survey is deployed, but also for all locations where entities handling the data are located. Early in the project it became evident that, considering the unclear expectation of use given when phone numbers were collected by our partner, additional steps would need to be taken to ensure participant consent and autonomy. This project highlighted the need for BCI to increase competencies around data protection and sharing. In the future, when collecting contact numbers, the Implementing Partners may be advised to inform farmers and workers of the possible use of their contacts for surveys to better understand farming and labour practices.

Telecommunication costs, regulations, and service providers vary widely and can greatly impact project cost and design. Input from technology provider, Ulula, who have operated projects in Pakistan previously, was key to deploying the project in the short timeframe. They also identified a cost-effective alternative to a toll-free phone number for the survey, though in the future a toll-free number would simplify the process for participants. Also, the issue whereby a credit balance was required complete the survey calls was an unexpected complication may have negatively impacted participation.
7. Conclusions

The pilot outcomes suggest that Worker Voice Technology using remote phone surveys can serve as a useful data source supplementing remote or in-person assessments. It should not be expected to replace conventional assessment approaches but can increase understanding of key risk areas. Survey data can also be cross-referenced with information received from Producer Unit Management interviews, e.g. on training delivery.

Many of the pilot challenges were due to the novelty of the approach and short timeframe, which could be mitigated with repeated application. However, variance in telecommunication costs and practices, access to mobile phones, and availability of field staff to support outreach means significant time will have to be spent tailoring the approach and survey to any new context.

Applying Worker Voice Technology to a decentralized, agricultural setting composed primarily of smallholders required consideration of how to engage participants lacking a central meeting location, even more important due to COVID-19. For example, if deployed in a factory or plantation setting, the place of work serves as a centralized location for outreach activities and can support less resource intensive outreach channels, like posting flyers. In order to have the same success in cotton farms, BCI would need to allocate significant partner time and resource for campaigning, or would need to test out whether virtual awareness raising (e.g. via established lead farmer WhatsApp groups) could be equally effective given more time.

In the short-term, the data generated through the pilot will be incorporated into upcoming assessments in Sindh, Pakistan. Assessors will be advised of specific compliance risks flagged by the pilot, including those related to Decent Work, and will take time to learn more about and validate these risks. After the risks have been validated, capacity building and mitigation approaches will be explored with Implementing Partners.

In the mid-term, BCI is keen to build on pilot success to further explore the use of Worker Voice Tools incorporating mobile phone surveys, while acknowledging their challenges in rural farm settings. As a next step, BCI will likely continue exploring limited application of Worker Voice Technology, in targeted areas, to better understand farmer practices and labour risks, and to inform assessments and capacity building. Targeted areas would be characterised by:

1. a high density of BCI farmers and projects
2. long-term, established partners to support outreach activities
3. previous indication of risk (i.e. high pesticide use or high number of migrant workers as reported through self-assessment)
4. reliable mobile infrastructure with low telecommunications costs

In the long term, with established trust and engagement, this approach can be further explored to serve as a channel for workers to raise concerns or grievances and access remedy. While the pilot relied mostly on a one-way response channel from participants to BCI, in the future additional features could be better utilized to enable repeated, two-way communication between BCI, its Implementing Partners, and farmer and farm workers.
BCI would encourage others looking to apply Worker Voice Technology in a dispersed, agricultural context to:

1. **Dedicate significant time to project planning.**
   Seemingly small decisions like the timing of the phone survey can have major impacts on project success.

   Engagement with partners early on will provide necessary context on appropriate target audience, outreach strategy, and location.

2. **Design questionnaires with partners and test with potential respondents.**
   Feedback from key target groups could ensure that survey questions are phrased in ways that are clear to the specific audience.

3. **Consider feeding learnings back to participants,**
   uptake and engagement quality is expected to increase with two-way communication and repeated use, especially when participants are informed of how their feedback impacted programme activities e.g. capacity building.

4. **Recognise the importance of a strong field presence.**
   In rural settings, especially with COVID-19 travel and gathering restrictions, having a robust, local network of field staff or community leaders is key to successful outreach efforts.

5. **Develop data privacy and security principles** to ensure safeguarding of participant data.

   BCI would welcome further platforms to promote collaboration and sharing with other organisations looking to deploy direct to farmer or worker technologies, especially in agricultural settings. Such platforms could help organisations share successful outreach and campaigning approaches, discuss best practices related to data security, and share methodologies, including survey questions.

   Collaborative approaches would also help to build a market for deployment of these technologies in farm settings and encourage providers to invest in innovations for this specific context. A collaboration platform could potentially also support efficiencies in joint funding or technology proposals – for example, if multiple standard-setters are looking to deploy similar technology in a region but across different commodities, investment in infrastructure could be shared.
## 8. Annex: Sample survey questions

<table>
<thead>
<tr>
<th>AUDIENCE</th>
<th>CATEGORY</th>
<th>QUESTION</th>
<th>POSSIBLE RESPONSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>FARMERS</td>
<td>FIELD PRACTICES</td>
<td>Have you used “Fighter” or “Alarm Plus” or similar product with abamectin against pests on your cotton fields?</td>
<td>1. Yes, 2. No, 3. Don’t Know</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Have you used “Relax” or similar product with acetochlor against pests on your cotton fields?</td>
<td>1. Yes, 2. No, 3. Don’t Know</td>
</tr>
<tr>
<td></td>
<td></td>
<td>How often do you check the condition of your soil? This could be by looking at the soil structure or the colour.</td>
<td>1. Daily, 2. Weekly, 3. Monthly, 4. Once per season, 5. Never, 6. I don’t know how to check the condition of my soil</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Do you use chemical fertilisers on the farm?</td>
<td>1. Yes, 2. No, 3. Don’t Know</td>
</tr>
<tr>
<td>TRAINING</td>
<td></td>
<td>Last season did you train your workers on how to apply pesticides in a safe way to prevent harm to themselves?</td>
<td>1. Yes, 2. No, 3. I apply pesticides myself only 1. Yes, 2. No, 3. I apply pesticides myself only</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Have you been trained on how to apply pesticides safely?</td>
<td>1. Yes, fully trained, 2. Yes, but only some training, 3. No, 4. Don’t Know</td>
</tr>
<tr>
<td>WORKERS</td>
<td>WORKING ARRANGEMENTS</td>
<td>Did you receive a cash loan or a wage advance?</td>
<td>1. Yes, from the farmer, 2. Yes, from the labour provider or contractors, 3. No, 4. Don’t Know</td>
</tr>
<tr>
<td></td>
<td></td>
<td>If your work gives you a place to live, is the cost of accommodation taken out from your pay by the employer?</td>
<td>1. Yes, 2. No, 3. Not applicable - I have my own accommodation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Do you ever have to ask your family members to help you with your work tasks on the farm without pay?</td>
<td>1. Yes, 2. No, 3. Sometimes, 4. Don’t Know</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Does the employer keep your personal identification documents for the duration of your work on their farm?</td>
<td>1. Yes, 2. Yes but I can get it back if I ask, 3. No, 4. Don’t know</td>
</tr>
</tbody>
</table>
Piloting worker voice technology

Pilot project 4: Fair Trade USA

HYBRID AUDITING IN A FACTORY SETTING
As the pandemic progressed over time, we updated certification policies to only allow proceeding with an audit if both the CAB and factory mutually agreed after considering the health risks and other safety and logistical considerations on the ground. While this worked well in some instances, it left those in areas of COVID-19 spikes or with stronger safety protocols at a disadvantage when trying to meet the audit requirements. It also required ongoing communication between us, the CABs and the CHs checking in on the status of proceeding.

As a result, not all CHs had been audited in 2020, and there was an increasing risk of continuing with the certification of some CHs without an appropriate assessment activity. This would result in a pool of inconsistently audited CHs. Thus, it had become evident to us that the traditional model of annual onsite audits was an insufficient model during COVID-19, and new approaches to conducting assessments were required. We saw the limitations COVID-19 placed on our audit model as the impetus to test an innovative approach for immediate risk coverage and for our long term strategy.

The Fair Trade USA Apparel and Home Goods Factory Program requires annual onsite audits for Certificate Holders (CHs) to achieve and then maintain certification. In the face of COVID-19, we, just like many other schemes, found ourselves balancing the need to maintain program standards with protecting the health and safety of our partners (both auditors and CHs).
2. Solution proposed and purpose of pilot

We designed and consulted industry partners on the Hybrid Model with the intent that this would not solely be our solution to auditing during a crisis like COVID-19, but a model that is adaptive, more efficient and rewards high performers which could have a use case expanded beyond this pandemic. As such, there is no change in scope of audit requirements for hybrid audits. The hybrid audit scope will cover the applicable compliance criteria in the Factory Standard as well as the requirements of the Scope Policy. The content of the audits is the same as pre-hybrid audits, the change is the way in which audits are conducted. We first identified the preferred methodologies (worker survey, remote, onsite) by which each compliance criteria should be audited. What follows, is an overview of the model and how we developed it.

At FTUSA, we have a risk matrix that is used to grade CH risk levels to inform annual unannounced audits. However, we wanted a more robust scoring system ahead of expanding its use case. In late 2020, we contracted the team at Accreditation Services International to revise the risk matrix. This matrix features a broad range of indicators assessing criteria such as critical non-conformities, traceability, complaints, and commodity specific price and premiums. It also includes a social country risk tool that is used to determine risk by combining relevant internal and external indices. Rankings from all the indicators are collated and are used to determine an overall score of low, medium, or high risk. Note that these classifications are not an ideal word choice as all Certification audits follow the high risk route ahead of being eligible for granting a (new) 3.5 year certificate. Overall, the results of the risk matrix determine the CH’s audit flow, this is communicated during the annual scoping phase ahead of sending an audit request. Table 1 in the Annex visualizes the audit flow according to the risk level.

In the event that a COVID-19 spike would prevent the onsite portion, we determined that the audit could be closed as incomplete, and an onsite portion could be scheduled as a follow-up audit type once it is safe to do so. We believed that this would enable progress on the initial findings from the remote portion and provide initial risk coverage.

Regardless of risk levels, this model would always start with a pre-audit kick-off call, have a remote audit day, and include the deployment of a worker survey. These touch points, we assumed, would bring greater efficiency and insights.

Based on the low, medium, and high risk determination, those marked as high risk would receive an onsite portion of the audit to ensure greater oversight. Similarly, we aimed to reward low risk scoring CHs, i.e. those with the best historical performance, with just a remote audit and no onsite visit. We note that, to some degree, the longer time spent in the program may result in a higher score due to more compliance data being available performance and increased requirements over time. For the medium risk route, we determined that a decision to require an onsite portion could come from a recommendation via the auditor’s remote portion. There are some nuances to this categorization. We decided that regardless of risk, a Certification audit (Years 0, 3, 6, etc.) will automatically follow the high risk route ahead of being eligible for granting a (new) 3.5 year certificate. Overall, the results of the risk matrix determine the CH’s audit flow, this is communicated during the annual scoping phase ahead of sending an audit request. Table 1 in the Annex visualizes the audit flow according to the risk level.

In the event that a COVID-19 spike would prevent the onsite portion, we determined that the audit could be closed as incomplete, and an onsite portion could be scheduled as a follow-up audit type once it is safe to do so. We believed that this would enable progress on the initial findings from the remote portion and provide initial risk coverage.

Regardless of risk levels, this model would always start with a pre-audit kick-off call, have a remote audit day, and include the deployment of a worker survey. These touch points, we assumed, would bring greater efficiency and insights.
Since the survey was built for all individuals in the scope of the audit, and not just a sample like in an audit interview, we needed the questions to be applicable to all demographics. We employed a skip option for a handful of topics like dorms and gender. The CCs specific to the Fair Trade Committee (FTC) had to be removed from the survey since only a small group of people are on the FTC. We then needed to prescribe FTC remote interviews for the auditor to conduct. Similarly, any management related CCs that needed direct input were asked directly by the auditor.

Since the worker survey was designed to be an input for the audit, and largely replace the need for remote audit interviews, we needed the window of the survey to be scheduled directly ahead of the remote audit. We prescribed the survey to run for a window of 10 days. During these 10 days, it was the factory management’s responsibility to increase the response rate through posters, announcements, etc. Each factory had a set participation goal to achieve a 95% confidence level for statistical representativeness. The survey was mobile based, and answers could be submitted by interactive voice response or the web. Ulula then scrubs the data ahead of the auditor using the results for their auditing purposes. In the Ulula dashboard view, the auditor has access to the summarized results that show percent and number of responses for each CC. The survey respondents were not informed of which CC corresponds to each statement in the survey. The dashboard also color codes the responses, with the negative response indicating potential non-compliances as red and dark red.

We then finalized this model by creating a Procedure, Protocol for the Factory Program Hybrid Audits, for the CABs and held a training. The Procedure pulled from recommendations in the ISEAL Guide on Using Technology and Data to Enable and Enhance Remote Audits. For example, we required auditors to test the factory’s smartphone that would be used during the remote audit to ensure it could support proper video capture during the health and safety walkthrough. We also relied on the CAB’s existing practices for portions of the remote audit, for example, what service to use for hosting the call and which platform to use when uploading the pre-audit documents. At this point in time, each of our CABs had successfully run remote audits and had their own developed internal procedures that eased the need for us to be overly prescriptive. The procedure was necessary to ensure consistency in application between the CABs.
Ahead of running this pilot we assumed the following three points. First, we assume the risk matrix properly identifies the risk of the CHs in the program. We assume that the calculated risks will be adequately addressed and assessed according to the auditing methodologies.

Second, we assume little to no barriers to people using and responding to the worker voice survey. This assumption was based on the utilization of our Field Manager’s experience and relationship of trust with the CHs they work with, as they will be part of the training process introducing people to the survey. It was also based on the assumption that Ulula’s expertise will translate successfully for our use case. Finally, Fair Trade USA has direct experience deploying surveys in CHs for M&E activities. The amendment for this pilot is to explore surveys from a compliance assessment perspective.

Third, we assume that this model will increase efficiency via time gains and reduce total audit cost. We assume that this model will be less time and cost intensive for CHs. We believed that the remote day, with the survey and file preparation occurring in advance of the audit day that the remote portion would be successfully completed in one day. And then, for the high risk CHs that needed an onsite day, we assume that the activities ahead of the onsite day would then lead to a significant amount of time free for the auditor to further triangulate gaps and focus on any risks. Thus, our hope is that efficiency will also drive a more robust and rigorous audit.

Of course, there is also the underlying assumption that goes with any pilot: what we have prescribed is clear, understood by all parties and it will all go smoothly.

Using the risk matrix, and in consultation with our local Field Managers, we selected five CHs of different risk levels, locations (India, Latin America, Vietnam, and Sri Lanka), and product type (apparel and furniture). We also preferred CHs that had not been audited in the past year due to COVID-19. Overall, the more variety in the participants, the better.

Ahead of kicking-off the pilot with these CHs, we held a training with the respective Field Managers, discussed with the brand partners and sent the factory management a PDF overview of the model. In a few cases, the factory wanted to discuss the pilot in more depth before agreeing. The initial reactions were positive, and the conversations were largely around logistics and reassurance that this pilot audit would result in a certification decision. Similarly, brands were welcoming of this model, although there were some concerns around compromises to rigor.

With all parties on board and approving of the model for the pilot, we started to move the CHs through the hybrid audit process. Refer to Figure 2 for an abbreviated overview of the steps involved.
3. Results and outcomes

The pilot ran with all five CHs completing the audits to the extent possible; COVID-19 resulted in the postponement of two of the onsite portions. The results and outcomes are summarized below, per location. Figures 3 and 4 show overarching summaries of participation rates and costing.

**Survey Participation Comparison**

![Survey Participation Comparison](chart.png)

*Figure 3. Overview of the survey participation rates between the different locations.*

**LOCATION 1**

The first audit to be completed was a High Risk, Year 3 audit. The number of days engaged was four: two days per site — remote and onsite. Thus, there was no substantial audit cost or time savings for the factory.

This factory had provided the list of cell phone numbers to Ulula ahead of the survey deployment. They also posted the promotional materials throughout. This enabled them to exceed the participation goal. The factory has about 1,500 people and they had 351 survey participants. Respondents used the web and IVR methods equally. The areas marked as concerning from the survey were in harassment, coercion, and overtime. The auditor triangulated the survey results during the onsite portion with some interviews as well as document review. The triangulation process resulted in no non-compliances related to the issues reported in surveys. The auditor used the results as information for further investigation during the audit.
The remote desk review was completed successfully, followed by an onsite audit 2 days later. This audit was conducted by the same CAB as in the year past. Last year, there were 4 NCs and this year 6 NCs were issued. Based on the findings, we feel that we can conclude that this audit at least met or exceeded rigor from previous audits.

**LOCATION 2**

This participated in a Low Risk, Year 2 audit. There are 6,400 people in scope. This factory is part of the Better Work recognition program and so the scope of the audit is already greatly reduced. CHs audited under the recognition program normally have audits that are only 1 day long. The factory saved money by not having travel fees associated with an in-person visit. But the additional Ulula survey fee would add a total of $690 additional cost.

This factory also shared the phone numbers with Ulua ahead of the survey call. They specified that the auto-call from Ulula should not be during working time to avoid distractions. This factory also achieved the 95% confidence interval by exceeding the goal participation number, a total of 381 people responded to the survey. They largely used the web survey option. Overall, there were no significant issues noted in the survey as there were no single statements marked dark red occurring above 5%.

Last year the factory had zero non-compliances. This year two were issued resulting from the remote document review.

![Figure 4. Comparison of costs between the different locations.](image)

**LOCATION 3**

This factory participated in a High Risk, Year 3 audit. There are about 4,500 people in scope. Due to a surge in COVID-19 cases, the onsite portion of the audit was cancelled. The audit report has been completed and the onsite portion will be scheduled once it is safe to do so. The audit length for this factory is usually 4 person days. Under the hybrid model it is 2 person days. Including the travel fees yet to be incurred, the hybrid audit cost has resulted in the saving of $936 USD.

To prepare for the Ulula worker survey, this factory distributed posters provided by Ulula. They then trained mid-management who held trainings throughout the work floor. This factory did not share the worker phone numbers with Ulula. The factory
Ahead of and during the survey deployment, the factory educated all people via their announcing system, direct encouragement by HR, displaying the posters and stickers, plus the distribution of the small leaflets with instructions. Factory management did a test and took the survey to better understand the survey statements. These CHs did not share the list of worker phone numbers due to privacy concerns. It should be noted that during the survey 25%-30% of the employees were not reporting to work due to several communities under a COVID-19 lockdown. This then meant they did not have access to the survey since their phone numbers were not shared with Ulula ahead of time.

Factory A had 54 participants in the survey, and the goal was 310 responses. Factory B had 101 participants, and the goal was 327. Due to the low number of responses, the results are not statistically representative of the entire population. However, there were still areas noted as an issue with more than 10% of the respondents indicating this. For example, 28% reported being unable to provide their feedback on how the Fair Trade Premium should be spent. And 44% said they do not feel comfortable refusing overtime. Factory A had 7 CCs marked dark red by more than 10% of respondents and Factory B similarly had 4 statements as dark red.

Factory A had 13 NCs in their previous audit, 5 related to fair trade premium management and another five related to health and safety. This year 5 were initially issued, out of which 3 were related to fair trade premium management. There are 87 CCs pending triangulation and/or evaluation for the onsite portion.

Factory B had 8 NCs last year, 4 related to the fair trade premium management and another five related to health and safety. This year 6 NCs were issued. In 3 additional areas, the auditor wrote, “I have raised this as an NC and mentioned 1) Unable to verify that the facility complies with this requirement since the survey is not complete and 2) 10% completed survey results not corroborating the criterion.” In other words, where the auditor was unable to triangulate the survey results, a NC was initially issued.

Both audits were conducted by the same CAB but different auditors from the previous year.

LOCATION 4

There were two participating factories in this location. Due to COVID-19, factory A was unable to complete their onsite portion of their High Risk, Year 3 audit. This factory has about 1,600 people in scope. The audit report has been completed and the onsite portion will be scheduled once it is safe to do so. The audit length for this factory is usually 4 person days, but under the hybrid model it is 2 person days. Including the travel fees yet to be incurred, the hybrid audit cost has resulted in the saving of $626 USD.

Factory B completed their Low Risk, Year 1 audit. This factory has over 2,000 people. Their previous audit was 4 person days. As a low risk audit, the audit length was 1 person day. This factory saved $1,224 USD by participating in the hybrid model.
Standard CC. The data is represented in traffic light coloring to showcase a simple view of positive, neutral (medium risk) and negative perceptions. Positive and negative scoring is adjusted to accommodate negatively phrased statements.

Figure 5.

Figure 6.

Certificate Holders

Post hybrid audit, we sent a questionnaire to the CHs. Below is a summary of the pros and cons from their experience and perspective.

The CHs largely found this to be a more efficient audit process. They found it to save time and that it was less disruptive to their normal operations. One factory was so emphatic with this approach they said, “there is no need of any onsite visit”! Another factory said, “Very practical to make the documentation available to the auditor and then validate.” The CHs found the pre-audit call to be a good exercise and they said the auditors clearly explained the methodology very clearly.

However, one CH noted that the duplication of auditing some CCs remotely and then again onsite is not efficient. Another efficiency suggestion was that the document checklist provided as part of the remote audit prep list for the factories, would be more beneficial to have included a country specific layover since during the remote day country specific records were asked for legal compliance evidence. Another concern from a factory was that it was time consuming to scan and upload the documents, and the CCs with overlapping documents should be marked as such on the checklist. With all of this in mind, this CH concluded that an onsite only audit would be smoother and more efficient.
Most of the feedback we collected throughout this experience was in relation to the implementation of the worker survey with Ulula. This is unsurprising considering it was the most significant change in process that we were testing.

In India and Sri Lanka, respondents found the repetition of the response options cumbersome and not necessary. One person shared that listing out all the options was so long that they then forgot what the question was. “People normally don’t have patience to attend such a long call…and reply properly. Some people might have disconnected or might be due to technical issues the call might be disconnected. Perhaps that is why the participants are less,” speculated one auditor.

There were concerns from most of the CHs around wording of the surveys. They said the wording was not straightforward and it was confusing. In Sri Lanka, the survey promotional materials had typos and was not worded in a culturally relevant way, for example “travel documents” is not the correct phrasing for Sri Lanka. This then caused the CHs there to distrust the quality of the survey. Relatedly, the factory management said a survey like this would be better suited for executive level staff with the literacy levels and understanding of cultural difference. The factory management in this country shared that a lot of time was spent encouraging “awareness” for the survey.

The survey technology worked well in two of the countries (Vietnam and Latin America). However, there were challenges with the Interactive Voice Response (IVR) technology in India and Sri Lanka. For example, the phone number changed mid-survey and the people then received an auto message that “this number is temporarily out of service.” Some also expressed frustration that the call back was not immediate. The call back time is highly dependent on the local phone carriers and varies significantly between locations and providers. On the other hand, no technical issues were experienced with completing the survey by QR code. Many found the survey better suited to respond to with the QR code so the questions and answer options could be reviewed more clearly.

Overall, the average call duration ranged between 8.5 mins -12 mins for most callers. It was noted that 8 calls had durations from 17 up to 24 minutes in length. An in-call analysis revealed that there were a number of timeouts (users not responding in time thereby having to hear the question again) and error entries (users pressing an incorrect key on their keypad as response) in those calls that would justify why they took longer than the average. More specifically, it appeared that the callers were getting tired towards the mid to end of the survey. One brand partner cautioned that a long engagement in answering the survey could have production and cost implications, especially when taken during working hours.

**CABs**

Post hybrid audit, we sent a questionnaire to the CABs. Below is a summary of the pros and cons from their experience and perspective.

All auditors found the pre-audit kick-off call to be successful in preparing the factory for the record review. In hindsight, one auditor would have liked even more time spent during this call to further prepare the factory for the audit. As a result, almost all documents were shared ahead of the remote audit day, albeit some would have appreciated it to be even more detailed. Some of the auditors shared that the 1-day length was sufficient for record review. However, another said, “I am of the opinion that additional time should be provided for remote audits, and longer than the onsite audit length, considering the limitations of remote audits. If a regular onsite audit is 2 days, then remote audit should be 3 or more man days.”

Auditors also appreciated not having to travel during the pandemic.

One auditor who conducted a High Risk audit and later visited on site said, “I was able to go more in depth, I could tour some specific areas, conduct other interviews with employees and validated some documents.”

The CC coding for the statements was found to be helpful by multiple auditors.

On the other hand, the auditors that conducted a virtual health and safety tour found it to be rife with issues. They said they were highly dependent on the factory’s staff and the lack of bandwidth while walking around resulted in low trust and transparency in the process. The feedback showed that having to conduct the record review and health and safety tour in one remote day made the timing very tight. Relatedly, one auditor then shared that it was not a more efficient way to audit and that they prefer the “normal” onsite audit.

The auditors in Sri Lanka shared that having the expectation to use the survey results without deeper knowledge of the effectiveness of the survey led to frustrations. The auditors suggested that there should be additional in person interviews based on the level of survey participation or lack thereof.
4. Pilot outcomes

The results of the pilot demonstrated that it is possible to integrate worker voice technology into a risk-based hybrid auditing approach. Each of the components of the hybrid audit model were successfully implemented, although there were challenges and numerous lessons learned from this initial experience.

1. One of our assumptions was that the survey would run with ease and that we would achieve the participation targets. This was true in some cases; however, it was not the case in the settings where factory management did not provide the list of phone numbers. When people had to call themselves and then wait for a return call, this resulted in low response rate. It is unclear how many people had tried and were deterred by the call back wait time. While the training and awareness went generally well, it could still be improved to help explain the process. We could also reconsider an incentive program to encourage participation.

2. The technology generally worked well; however, due to the challenges with the call back in some locations, it would be useful to explore backup options such as using a toll free line (although this could also increase the costs of implementation). Considering the varying success in participation and the different tech contexts, more location specific preparation would be helpful to target a higher participation. We suspect that scaling the survey rollout could help address some of these call issues.

3. We also assumed that this model would be more efficient and have time/cost savings. Generally, this was found to be true, with a few exceptions. For Certification audits (Years 0, 3, 6) and for Better Work collaboration audits, the cost was an increase due to the added survey fee. Similarly, for High Risk audits, the cost savings from less time did not offset the added survey fee. A future area to explore will be whether the costs of implementing this model can be reduced by deploying at a larger scale.

4. Generally, CHs and auditors found the process to be more efficient and to leave more time for the High Risk onsite portion. However, only one of the three onsite portions were completed so this needs to be further explored once it is safe to go onsite.

5. Auditors found the remote portion of the audit to work well for evaluating the documentary evidence, but the document upload process was time consuming for management. Auditors expressed a challenge with navigating so many resources on their screen, i.e. the CC coding, the survey, the audit tool, the zoom screen, etc. However, the most challenging aspect was the factory walk through as auditors were only able to have sufficient confidence with this part of the audit when conducted on site. This indicates a need to further explore alternative approaches where there is no onsite walkthrough.

6. We asked auditors to use their best judgement when interpreting the survey results in a similar way to the approach they would use for in person audit interviews. However, it is now clear that this is not prescriptive enough and additional guidance and training is needed. For example, a table showing what number of responses (per total percent of achieved participation rate) would constitute a potential non-compliance based on statistical significance. Relatedly, a provision could be added to require in person interviews according to a certain level of responses. Since the survey results are used for an audit, we do not need answers to be representative of the whole population but only to detect the presence of a non-conformity.

7. For the survey design, the length of the survey and the wording of the questions will need to be further refined to reduce the time required to complete the survey and better adapt to the country specific conditions. A simpler survey would also help speed up response time.
We consider the overall implementation of this project to be a success, and believe this approach does offer a viable solution to enhance the existing audit process by integrating the multiple elements of the hybrid audit tested during this pilot. However, we have also identified some significant challenges to overcome for this approach to be deployed more broadly, and there are remaining questions that will require further research and evaluation. For example, the time frame for this pilot was not sufficient to test the assumption that the risk matrix properly identified the risk levels of the CHs. We would require additional data captured from the CHs over a longer period of time and through different methods in order to assess whether those identified as high, medium and low risk shows a pattern of compliance performance that is consistent with that risk categorization.

In addition to iterating on the approach tested during this pilot, we plan to further explore how to ensure robust feedback loops with the different stakeholders involved in the process, in particular the survey respondents, as well as the CHs, brands and other industry partners in the supply chain. This would help to sustain year on year participation in the survey and drive more value back to workers for participating. We will engage with our industry partners to explore how to best communicate valuable data and insights into their supply chain performance that are generated through the hybrid auditing approach.

Finally, we will use the results of this pilot to inform a broader review of the factory assurance program that will take place in tandem with the upcoming factory standard revision that is scheduled to take place in the second half of this year. While the impetus for this pilot came out of a need to respond to auditing during COVID-19, it presents an opportunity to take the learnings to significantly enhance our approach to auditing overall not only in the factory setting but potentially in other programs as well, for example, in agriculture production settings. It is clear, however, that success would be contingent on addressing the challenges that surfaced through this pilot. We are excited to take this experience, iterate on it and incorporate aspects into our assurance redesign.
6. Annex

Diagram of risk grading and audit processes:

- **Risk Grading**
  - Reviewed during Scoping Form review
  - **Low Risk**
  - **Medium Risk**
  - **High Risk**

- **10 Days Before the Remote Audit**: Kick-off call with CAB to review technology, start the file upload process and the deployment of the worker survey.

- **Worker Survey conducted 10 days before Remote Audit**:
  - Over 10 days, factory uploads required files
  - Remote Audit which includes H&S walkthrough
  - **CAP + Audit Letter + Certificate**

- **Worker Survey conducted 10 days before Remote Audit**:
  - Over 10 days, factory uploads required files
  - Remote Audit which includes H&S walkthrough
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- **Worker Survey conducted 10 days before Remote Audit**:
  - Over 10 days, factory uploads required files
  - Remote Audit
  - **CAP + Audit Letter + Certificate**

- **Temporary Due to COVID-19**
  - Is an Onsite Audit Safe?
    - Yes
      - **Onsite Audit: 1 day per site**
      - **CAP + Audit Letter + Certificate**
  - No
    - **Initial CAP + Audit Letter + *Maintained Certificate***
    - **Onsite Follow-up Audit: 1 day per site**
    - **CAP + Audit Letter + Certificate***

*Expires* when: The country of the factory is completely open for international travel, vaccines are being distributed, or when both CAP/Factory agree to audit.

Communicated as a new audit request. Must be conducted within 3 months of the Remote Audit.
ABOUT THE ISEAL INNOVATIONS FUND

The ISEAL Innovations Fund supports innovations that help sustainability standards deliver more value to their stakeholders and effectively drive improvement over time, and at scale. For more information, please visit www.iseal.org/fund or contact us at fund@isealalliance.org.

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