

Moving the Needle Seminar #20:

Audit Fatigue, facts, challenges, and a call for action

29 May 2024

The position paper Audit Fatigue Launch Seminar provides a comprehensive analysis of the widespread and systemic issue of "audit fatigue" plaguing global textile and apparel supply chains. The report argues that current policing-driven compliance practices are counterproductive to elevating labor welfare. Instead, the report advocates transitioning to a collaborative, harmonized model with mutual audit recognition and alignment of fragmented standards.

The launch seminar started by defining what Audit Fatigue is – it refers to the repeated and redundant requirements sent to suppliers to undergo frequent audits by different customers, governments, or certification bodies, collecting the same data multiple times. In this online seminar, the audience will have the key takeaways about Audit Fatigue as the following:

- The current compliance model focused on policing creates wasteful redundancies
- Fragmentation of proprietary standards leads to "standard fatigue" complexity
- Audits have become ritualistic exercises draining resources from improving practices
- Highlights need to transition to a collaborative approach beyond brand competition
- Advocates mutual recognition of credible audits and harmonization of standards
- Calls for alignment between social compliance demands and purchasing practices

The online seminar invited industry leaders and professionals to share their insights and a call for action on audit fatigue.



Dr. Xiaohui Liang

Chief Researcher at CNTAC

Dr. Liang is leading the development of the national CSC9000T CSR program. He teaches "Business and Human Rights" at Peking University and is a recognized expert in CSR, serving on various editorial boards and working groups.



Karim Shafei

International Partner at Gherzi (since 2006)

Karim's career in Apparel and Textiles started in 1994 and has since spanned manufacturing, trade, and consulting. He worked on a multitude of projects including ones addressing audit fatigue.



Miran Ali

Managing Director of Bitopi Group Bangladesh,
Vice President of BGMEA

Miran promotes green practices and sustainability in the garment industry in both roles. He is a globally recognized voice for suppliers, also serving as the spokesperson for STTI and the STAR Network

Dr. Liang, Chief Researcher at China National Textile and Apparel Council shared his insights on the connections between purchasing practices and audit fatigue.

- It's important for brands and buyers to understand how purchasing practices pressure suppliers and undermine social compliance
- Improving purchasing practices and joining initiatives for more equitable supplier relationships is an effective way to reduce audit fatigue.

Karim, the author of the paper, raised a core premise that the well-being of labor should be a collective responsibility championed through collaboration, not competition. Audits provide a missed opportunity for shared learning. He emphasizes:

- Social compliance should unite the industry, not divide it through proprietary standards
- Manufacturers lack unified influence and alternative solution capabilities
- Imperative to give suppliers an active voice in developing new models
- Immense potential in consolidating around globally recognized third-party initiatives

Miran made actionable suggestions to manufacturers and the other industry stakeholders:

- The maturity of the industry in the developing world has been developed to a level to give up the policing mode on social compliance. Instead, it's time for

the industry to move towards collaborative actions and self-monitoring in the long run.

- Collectively negotiate mutual audit recognition and standard harmonization
- Explore the formation of manufacturer associations to gain greater representation
- Drive peers towards adoption of credible third-party compliance benchmarks
- Initiate dialogue with brands on resolving purchasing practice conflicts

In conclusion, the panelists reinforce the need for credible global standards and initiatives. A guiding strategy could be:

- Positioning recognized programs like Better Work as harmonization blueprints
- Facilitating auditor transformation from policing to advisory roles
- Promoting legislation incentivizing mutual audit acceptance across countries
- Establishing unified auditor qualification, methodology, and governance frameworks
- Engaging brands to endorse global programs through policy advocacy

To learn more, watch the [recording of the Seminar](#). The slides presented in this seminar are attached below. For more online seminars on similar topics, check out the [Asian Dialogues Series](#).

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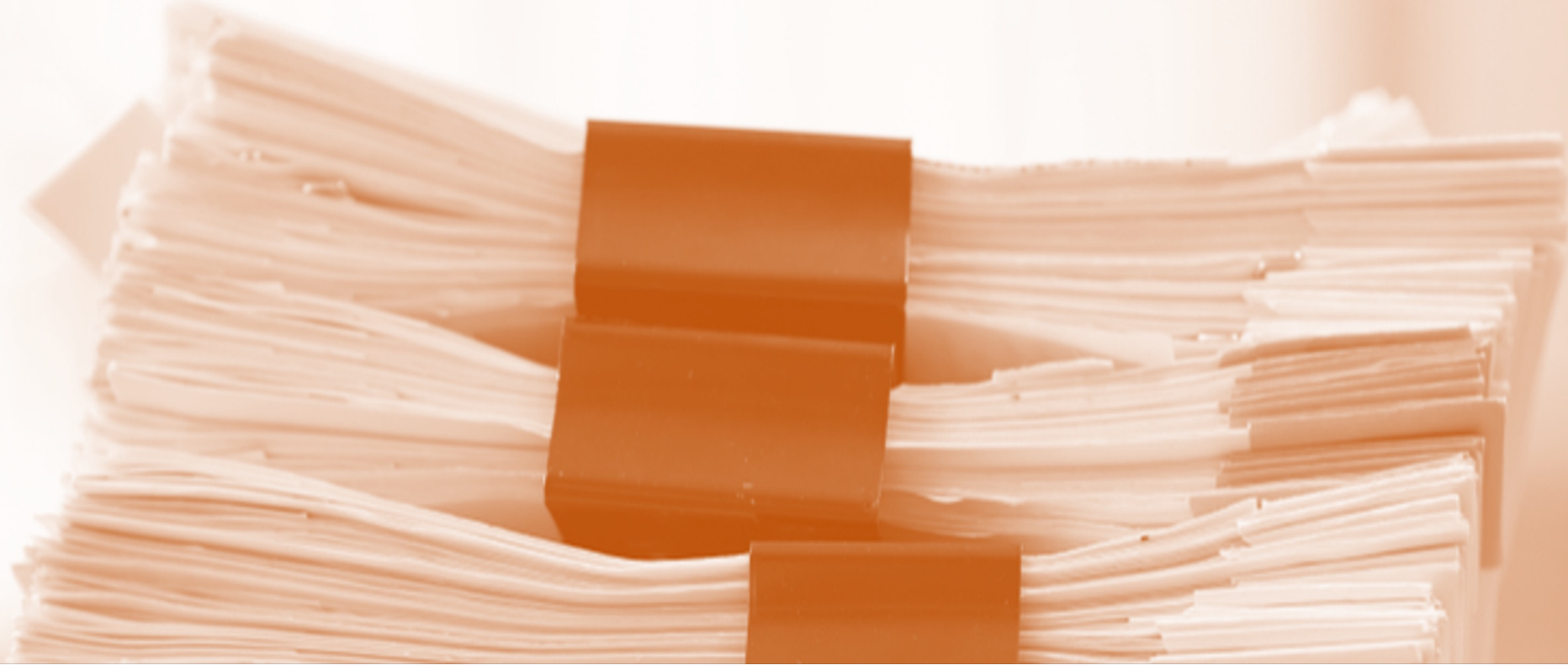
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STAR Position Paper: Tackling Audit Fatigue in GFT Sector Supply Chains

Contract 81301502

Webinar 30.05.2024

May 2024



Background and objectives of today's meeting

1 min

Takeaways from the interviews

4 min

Approach to the drafting of the position paper

3 min

Review the contents of the document

7 min

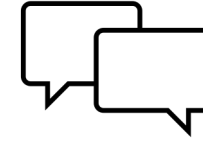


Key
objectives

Briefly summarize what we
the findings of the research
ahead of the drafting of the
paper.



Describe the approach and
considerations for the
development of the position
paper.



Review the contents of the
position paper.

Background and objectives of today's meeting

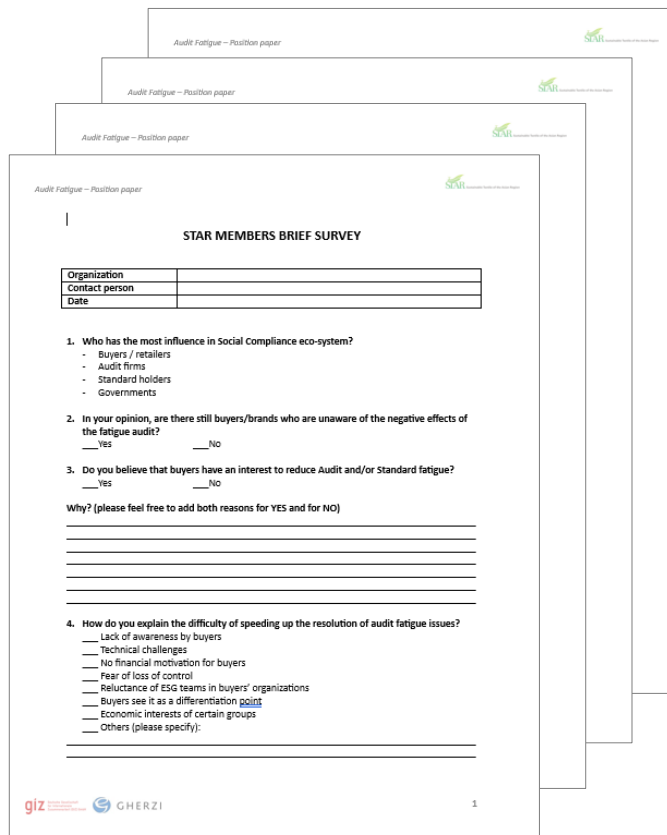
Takeaways from the interviews

Approach to the drafting of the position paper

Review the contents of the document

	3	1	5	6	9	4	7	2	8
Interview date	01.02.2024 (10:00 CET)	25.01.2024 (12:00 CET)	14.02.2024 (09:00 CET)	21.02.2024 (10:30 CET)		30.01.2024 (Questionnaire) 12.02.2024 (Interview)	29.02.2024 (10:00 CET)	29.01.2024 (11:00 CET)	04.03.2024 (Questionnaire only)
Interviewee(s)	Miran Ali Vice President	Ehsan Fazlee Shamim Vice President	Ken Loo Secretary General	Dr. Liang Xiaohui Deputy Head Office for Social Responsibility		Junaid Makda Deputy Chief Coordinator	Azizullah Goheer Secretary General	Muhammad Muzzammil Hussain Executive Director	Phan Thanh Nga Foreign Trade Specialist
Interviewer(s) <i>(Gherzi)</i>	Karim Shafei Laurent Aucouturier	Karim Shafei Laurent Aucouturier	Karim Shafei Laurent Aucouturier	Karim Shafei Laurent Aucouturier		Karim Shafei Laurent Aucouturier	Karim Shafei	Karim Shafei Laurent Aucouturier	
Participants <i>(GIZ)</i>	Anushua Madhubanti	Thomas Hesketh Anushua Madhubanti	Thomas Hesketh	Thomas Hesketh Li Siyu		-		Thomas Hesketh	

This section summarises the answers to the questionnaire given by the STAR members interviewed by Gherzi in January and February 2024



STAR MEMBERS BRIEF SURVEY

Organization	
Contact person	
Date	



1. Who has the most influence in Social Compliance eco-system?
- Buyers / retailers
- Audit firms
- Standard holders
- Governments

2. In your opinion, are there still buyers/brands who are unaware of the negative effects of the fatigue audit?
 Yes No

3. Do you believe that buyers have an interest to reduce Audit and/or Standard fatigue?
 Yes No

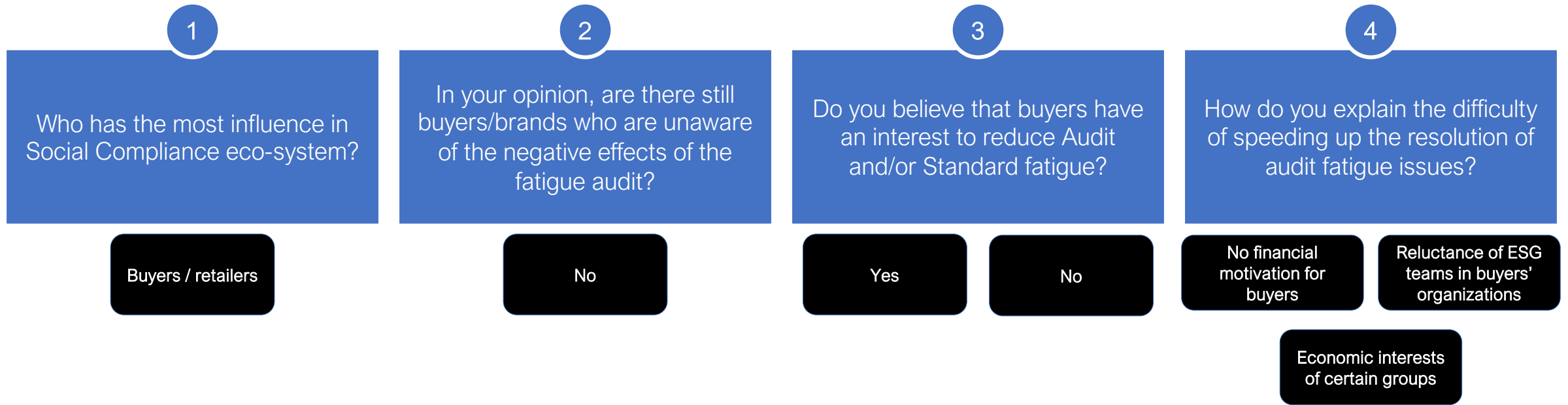
Why? (please feel free to add both reasons for YES and for NO)

4. How do you explain the difficulty of speeding up the resolution of audit fatigue issues?
 Lack of awareness by buyers
 Technical challenges
 No financial motivation for buyers
 Fear of loss of control
 Reluctance of ESG teams in buyers' organizations
 Buyers see it as a differentiation point
 Economic interests of certain groups
 Others (please specify):

  1

- Questionnaire distributed by the STAR Secretariat last January 12, 2024...
- ...to the 9 STAR members
- 12 questions on the ins and outs of audit fatigue syndrome and...
- ...on the strategy to adopt regarding the position paper
- X interviews conducted from January 25 to February X

12 questions were put forward to look for consensus





5

In your opinion, what is the role of manufacturers in reducing audit fatigue?

6

What do you believe is the best way to address audit fatigue?

7

In your opinion, are there "ready-to-use" technical solutions available today that meet the challenges of fatigue auditing?

8

Is widespread adoption of one of the existing solutions (SLCP, etc.) THE solution?

- There is nothing we can do!*
- With buyers, we are in "whatever you say" mode*
- Manufacturers have no say in the matter of audit fatigue*
- We can unite and raise our voice through IAF, ITMF, etc.*
- Theoretically, we would not need audits*
- (i) Efficient and clear communication system with buyers, (ii) capacity building and special projects, (iii) improve practices in compliance*

Mutual recognition of audits by buyers / retailers

Centralized digital solution for collecting, storing and sharing audits

Relying on standard holders and convincing buyers to use them

Yes

Yes

No

9

How would you rate the following initiatives based on your perception of how they can help reduce Audit and / or Standard fatigue?

10

What is your feedback on each if any?

11

In your opinion, which of the following labels / standards can best meet the demands of the buyers in terms of social compliance?

12

What do you expect from the position paper?



*Wrap is now a minimum standard.
You need it but it does not mean much*

WRAP and BSCI look alike

Better Work offers a full package including advocacy, guidance, etc.

BSCI #1 especially for European brands

A simple message to create awareness	To promote an existing or future technical solution
Denounce a current no-win situation	Promote a political and regulatory solution

Background and objectives of today's meeting

Takeaways from the interviews

Approach to the drafting of the position paper

Review the contents of the document

Our approach to developing the position paper included several parameters and considerations

Consensus

The document is based on the inputs received from the STAR network members and is reflective of their views. It should gain the approval of the entire group.

Strategic

Explain the problem from a strategic level highlighting the real challenges and avoid getting dragged into the details.

Impactful

Strong messages that align the interests of the entire value chain around working towards a dignified working environment for labor in the sector.

Practical

Offering solutions and practical next steps to bring stakeholders closer together.

Background and objectives of today's meeting

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Review the contents of the document

Target audience

Section

- Like minded industry bodies and associations
- Buyers
- Government officials
- Audit firms and certification bodies

1

Introduction

2

Audit and Standard Fatigue

3

Why is reducing audit fatigue a challenge

4

The way forward

Format:

A4 vertical document of 6 pages

Background and objectives of today's conference call

Takeaways from the interviews

Draft Position Paper bias

Round table on the draft Position Paper

Takeaways, wrap-up and next steps

Objective

- Deliver a clear and impactful message
- Summarize the situation
- Address the concerns regarding current practices bluntly and honestly

Key points

- 1 Current practices are counterproductive
- 2 Social responsibility is a place for collaboration not for competition
- 3 STAR network is committed to the wellbeing of labor
- 4 The way forward

Objective

- Deliver a simple and efficient description of Audit and Standard Fatigue as well as their impact on the industry and on labor
- Include buying practices and their impact on the entire eco-system

Key points

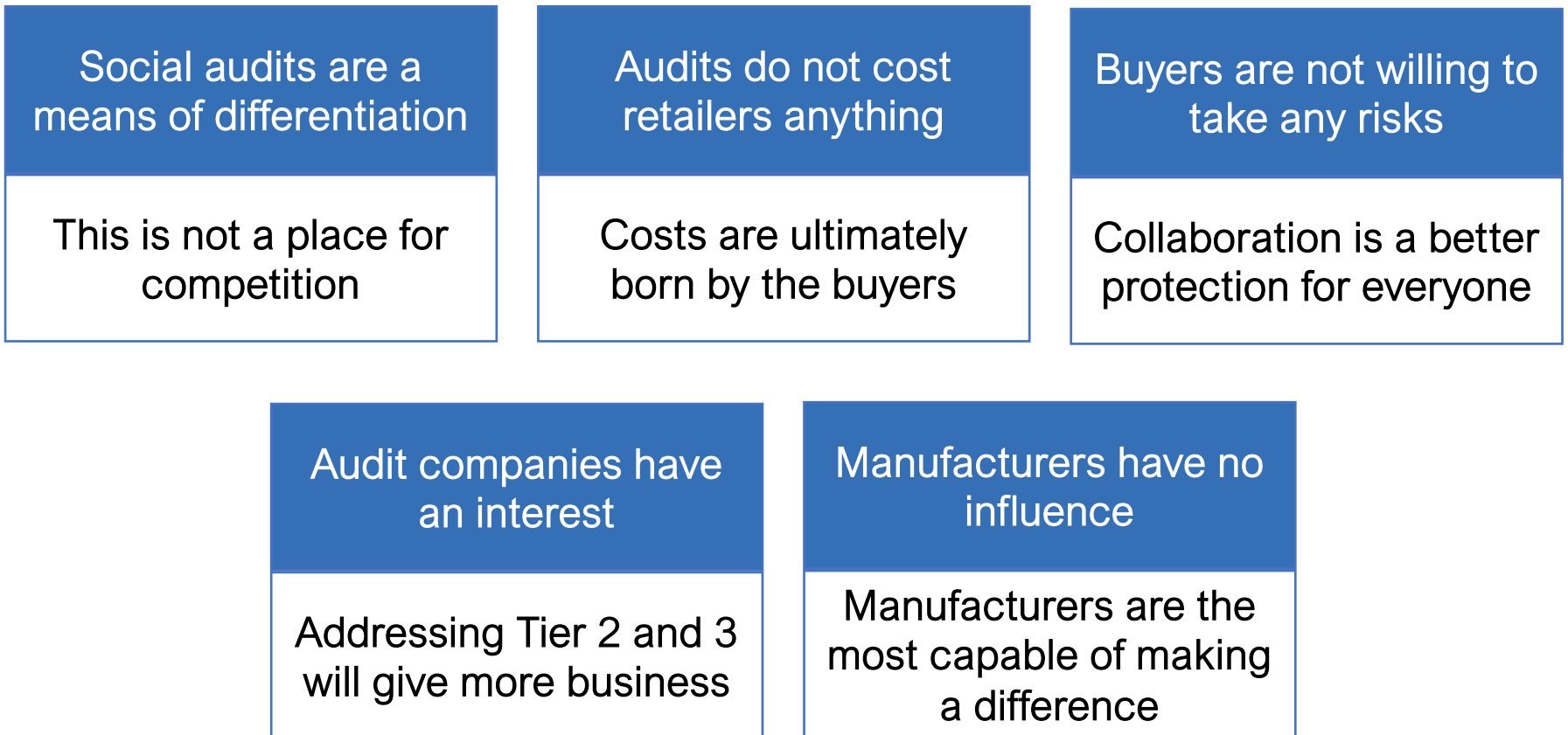
- 1 Audit Fatigue: repeated and redundant efforts spent by the industry
- 2 Stakeholders need to recognize and trust audits performed by others
- 3 Standard Fatigue: standards are almost always similar but not identical
- 4 Buying practices are key to social sustainability

3. Why is reducing audit fatigue a challenge?

Objective

Key points

- Present and argue conventional wisdom used to perpetuate the status quo



3. Why is reducing audit fatigue a challenge?

Objective

Key points

- Outline the roles of stakeholders each in their domain to reduce audit and standard fatigue

Manufacturers

Collaboration not duplication

Standard holders

Mutual recognition & working with reliable existing solutions

Consumers

Support responsible brands

Buyers

Improve buying practices



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