



Brand performance check

Mountain Force

December 2012

FWF member since: 15 August 2011

Sources of information

Interview with Roman Stepek (CEO)

Interview with Werner Matzner (CFO)

Work plan

Archived documents

Database FWF

Performance check carried out by:

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Introduction

In December 2012 Fair Wear Foundation (FWF) conducted a brand performance check at Mountain Force. The performance check is a tool for FWF to verify that Mountain Force implements the management system requirements for effective implementation of the Code of Labour Practices, as specified in the FWF Charter.

Starting point for the performance check has been the work plan for 2012. FWF looks at key areas of interests where the individual member company can generate the most impact. During the performance check, employees of Mountain Force were interviewed and internal documents have been reviewed.

FWF developed this report on the basis of findings collected during the performance check. The report contains conclusions, requirements and recommendations. If FWF concludes that the management system needs improvement to ensure effective implementation of the Code of Labour Practices, a requirement for improvement is formulated. The implementation of required improvements is mandatory under FWF membership. In addition, FWF formulates recommendations to further support Mountain Force in implementing the Code of Labour Practices. The numbering of the requirements and recommendations correspond with the numbers of the conclusions.

This report focuses on those aspects of the management system of Mountain Force that have been identified as key areas of interest for 2012. As FWF approaches the implementation of the Code of Labour Practices as a step-by-step process, it is well possible that performance check reports of subsequent years will focus on different aspects of the management system.

FWF will publish the conclusions, requirements and recommendations of all performance checks on www.fairwear.org. FWF encourages Mountain Force to include information from the performance check report in its social report.

Executive summary

Mountain Force meets most of FWF's management system requirements and goes beyond. The company has established a 6 years working relationship with its only supplier KTC. Cooperating effectively with KTC has been one of Mountain Force's most important sourcing strategies. Mountain Force makes decisions on the design and plan production in consultation with KTC.

The exclusive supplier of Mountain Force - KTC - is a factory member of FWF. It was audited by FWF local audit team in 2012. As a result, Mountain Force has monitored 100% of its total turnover in the last year. This goes beyond FWF's requirement of auditing at least 40% of the total purchasing volume during the first year of membership.

Workers at the supplier of Mountain Force have not filed any complaint to FWF in 2012. FWF verified that the Code of Labour Practices with local complaints handler's contact details was posted at the factory. The workers were also aware of the complaints procedure.

In 2012, the supplier KTC has made several improvements on the Corrective Action Plans resulted from an audit in 2010. The details can be found in the performance check report of KTC on FWF's website.

Information about FWF membership is posted on the website of Mountain Force in correct wording.

The CEO and CFO of Mountain Force evaluate informally the implementation of Code of Labour Practices at KTC annually.

Positive findings

1. Mountain Force is transparent to the public on its supplier, sourcing practice, production planning and pricing. In an interview with a German magazine, Mountain Force had given an overview of how it does pricing with some level of details.
2. Mountain Force participates in a project of FWF with other outdoor member companies to estimate the impact of pricing on wages.

1. Sourcing

Conclusions

- 1.1 The sourcing practices of Mountain Force support effective implementation of the Code of Labour Practices (CoLP). The company sources exclusively from a manufacturer in China – KTC, which is a factory member of FWF.
 - Mountain Force purchased approximately 5% of KTC's total production in 2012.
 - 100% of the FOB in 2012 came from KTC, which has been a supplier since 2006.
- 1.2 Working conditions and the commitment to social compliance of the supplier are crucial for Mountain Force. Working with the exclusive supplier KTC is an essential part of the sourcing strategy.
 - Mountain Force has no plan to search for new supplier in the foreseeable future.
 - The CEO of Mountain Force used to work with KTC. He was familiar with the working conditions and production capacity of the manufacturer. He believed

that the working conditions in KTC were higher than average garment factories in China. Mountain Force preferred to commit to this supplier and make improvements than looking for new suppliers.

1.3 Mountain Force's requirement for delivery times and the pricing policy did not lead to excessive overtime and contribute to a systematic approach towards a living wage for workers.

- Excessive overtime was found at KTC during the factory audits from 2010 – 2012. It had taken place during a production peak that covered several months. KTC was suggested by FWF to conduct a root cause analysis of excessive overtime.
- The designing and production circle of Mountain Force are predictable and transparent to KTC. The volume of production is not decided by the customers. It is decided after discussion with KTC on its production capacity. The designing period usually starts from August in the year before to make sure there is enough room to alter the design and plan production accordingly. Both Mountain Force and KTC decide on how the garments look and how the garments are made. Once the two companies come into an agreement, the design will not be changed. FWF believes this practice could support suppliers in general to reducing excessive overtime.
- According to the audits, all wages and benefits in KTC were in compliance with local minimum standards. KTC paid higher than average industrial wage, although there was still a gap between KTC's wage and living wage level defined by local stakeholders.
- Mountain Force takes labour cost into account when negotiating price with KTC. The company participates in FWF's project with various outdoor companies to assess the impact of hypothetical increases towards living wage benchmarks. Through this engagement, Mountain Force shows that it is committed to working towards implementation of living wages.

Recommendations

1.3 Mountain Force is recommended to support KTC on an overtime root cause analysis in 2013.

2. Coherent system for monitoring and remediation

Conclusions

2.1 KTC is the only supplier of Mountain Force. It is audited by FWF local audit team in 2012. Thus 100% of Mountain Force has been audited. This goes beyond FWF's monitoring threshold for first year membership, which requires companies to audit at least 40% of their total turnover.

2.2 Mountain Force and KTC discuss the Corrective Action Plan regularly during designing and production meetings about 4-6 times per year.

- The CEO of Mountain Force is designated to follow up on improving labour conditions.

2.3 Mountain Force is willing to work with other customers of KTC regarding monitoring and the execution of Corrective Action Plans.

3. Complaints procedure

Conclusions

- 3.1 The CEO of Mountain Force is the designated person to handle complaints of workers at the supplier.
- Since KTC is a factory member of FWF, Mountain Force did not formulate an internal procedure on paper how to handle complaints and to route/stream information.
 - Since KTC is a factory member of FWF, it is the factory's obligation to post the Code of Labour Practices.
- 3.2 No complaint has been received from workers of KTC. FWF has verified that the CoLP in Chinese with contact details of local complaints handler is posted at KTC.
- FWF audit reports showed that workers at KTC are aware of the complaints mechanism.

4. Labour conditions and improvements

Conclusions

Based on results of factory audits carried out by FWF teams and complaints of workers, FWF has drawn up an overview of labour conditions in the exclusive supplier of Mountain Force. The overview is included in the annex of this report. It is also available in the annex of KTC's [brand performance check report](#) published on FWF's website.

5. Training and capacity building

Conclusions

- 5.1 Staff of Mountain Force is sufficiently informed about FWF membership and the implementation of the Code of Labour Practices.
- Information about FWF is provided through internal email and meetings.
 - Since the head office of Mountain Force has about 10 employees, the company believes that there is no need to develop a formal procedure to inform new staff. Corporate Social Responsibility and membership of FWF are part of the induction programme in practice.
- 5.3 KTC and its workers are informed about FWF membership and the implementation of the Code of Labour Practices.

Recommendations

5.3 FWF suggests Mountain Force to encourage KTC to participate in a training programme developed by FWF. The Workplace Education Programme (WEP) aims at raising awareness among workers and management staff (including supervisors) on FWF's Code of Labour Practices and the complaints procedure. The WEP is currently offered to the Chinese suppliers of FWF members free of charge.

FWF believes that the WEP would not only increase workers quality of life but also job satisfaction, which might have a positive impact on production output.

6. Information management

Conclusions

6.1 Since Mountain Force is committed to work with KTC exclusively, the company believes that there is no need to make a procedure to update supplier register. Information about KTC is updated at least 4-6 times a year by the manufacturer. KTC will inform Mountain Force if there is any subcontractor.

6.2 Production staff of Mountain Force has access to the report and the CAP of KTC's latest audit.

7. Transparency

Conclusions

7.1 Mountain Force informs the public about its FWF membership through their website, catalogue, hangtags and other promotional materials.

7.2 Since Mountain Force joined FWF in 2011, the annual social report of 2012 is required to be submitted in March 2013.

7.3 Information about FWF membership is posted on the website of the member company in correct wording. There is a dedicated page explaining the principles of FWF. The page links to FWF website.

8. Management system evaluation and improvement

Conclusions

8.1 The CEO and CFO of Mountain Force evaluate informally the implementation of CoLP at KTC annually.

8.2 Mountain Force discusses the implementation of CoLP with KTC and gathers their feedback about 4-5 times a year.



9. Basic requirements of FWF membership

<i>Conclusions</i>	
9.1	Work plan for 2012 has been received in time and approved by FWF
9.2	Membership fee for 2012 has been paid.

10. Recommendations to FWF

<i>Recommendations</i>	
N/A	

Improvement of labour conditions: summary of most important findings	KTC (China) audited in March 2011	KTC (China) audited in April 2012 to verify improvements
Sourcing practices of KTC Ltd.	The factory is a production site of a FWF factory member.	The factory is a production site of a FWF factory member.
Monitoring system of KTC Ltd.	The factory is a production site of a FWF factory member.	The factory is a production site of a FWF factory member.
Management system of factory to improve labour standards	Factory has not posted FWF Code of Labour Practices in the factory.	FWF Code of Labour Practices has been posted in several places for view by workers.
Communication and consultation	Some workers are not aware of the existence of the union.	Workers confirm they are aware of the existence of the union. Factory has conducted a wide ranging worker satisfaction survey. Results will be used as input for further steps to realize improvements.
Employment is freely chosen	No areas for improvement found.	No areas for improvement found.
No discrimination in employment	No areas for improvement found.	No areas for improvement found.
No exploitation of child labour	No areas for improvement found.	No areas for improvement found.
Freedom of association and the right to collective bargaining	Union representatives are not selected through an open election.	Chairman and committees of the trade union still not elected by workers.
Payment of a living wage	Wages and benefits in compliance with local minimum standards. Wages for a regular working week for most workers are below the living wage benchmarks that FWF collected from local stakeholders.	All wages and benefits in compliance with local minimum standards. Wages for a regular working week of some workers (mostly in the cutting and inspection department) are below the living wage benchmarks that FWF collected from local stakeholders.
Reasonable hours of work	Working hours are not fully recorded; some workers punch their card earlier than work time and later than the time they stop working. Some workers have worked more than 3 overtime hours in some work days and / or 7 consecutive days without a rest day.	Factory now makes a precise calculation of all working hours including OT for all workers and pays workers accurately based on the working hours that recorded. All workers are guaranteed a weekly rest day. The factory still has excessive working hours of over 3 hours OT per day for some workers.
Safe and healthy working environment	Detergents not properly stored. Storing tank for diesel not properly protected against leakages. Fire alarm for computerized-embroidery too far away from the work place; workers with earplugs will not be alerted visually.	Detergents properly stored. Diesel tank appropriately protected. New fire alarm system installed at the embroidering section, can now be heard and seen by workers.
Legally binding employment relationship	60% workers fully registered with national social insurances. For migrant workers who wish to not enroll for government insurance, factory provides commercial injury and medical insurance.	67% workers fully registered with national social insurances. For migrant workers who wish to not enroll for government insurance, factory provides commercial injury and medical insurance.