

## Social Report Template for FWF Factory Members

As required by the terms of membership of Fair Wear Foundation (FWF), each factory member is obliged to report progress in implementing the Code of Labour Practices at the end of every calendar year. The factory describes how it has implemented the previous year's work plan. The social reports are an important tool in communicating the FWF affiliates' efforts towards fair labour standards.

The annual social report of factory members is a document for publication. The members are required to publish the social report on their website.

The social report is an important tool in communicating the FWF factory members' efforts towards fair labour standards.

The deadline for submission of the social report is April 1st, 2012.



FWF member since 2010



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## **1. Summary: Achievements of 2011**

ProGarments China Ltd has made a number of significant improvements in the year 2011 regarding the labour conditions of its employees. Many improvements have been executed in the field of Health & Safety, due to our moving to a new factory building that boasts a lot of improvements for the comfort and safety of our workers. Furthermore, all salaries throughout all levels in the factory have been raised. Details regarding these improvements can be found in the Audit Report of November 2011.

## **2. Production Planning**

### ***Production planning***

Since we own the production facility in Hefei, we independently execute and therefore influence the production processes, lead times and pricing. Lead times and prices are fully competitive and vary accordingly to the specification of the production order (both smaller and larger quantities can be handled within our production plan, which makes us very flexible and therefore unique).

### ***Production Cycle***

Our main (in-house) production process includes cutting, sewing, buttoning, ironing, quality inspection and packing. Only the embroidery process is subcontracted to another specialized factory.

### ***Use and Selection of Subcontracts***

We only work with sub contractors for our embroidery process. We have been working with two of these companies for many years. As mentioned in our work-plan, monitoring the working conditions at these subcontractors is one of our focus points for the coming year.

### ***Integration Compliance Policy and Production Decisions***

The way our compliance policy influences our production plan/decisions is a constant process. We monitor this constantly since we directly influence and manage our production plan. Necessary adjustments in our production plan can be made quite easily. We constantly manage to keep overtime in our production lines as low as possible.

### **3. Coherent System for Monitoring and Remediation**

#### ***Coherent system***

As a member of Fair Wear we continuously monitor and improve, where possible, our working conditions versus our overall performance. Both of these factors are equally important for the well-being of our employees, as well as the maintenance and improvement of our company competitiveness and future growth. One of the tools we use is an improvements checklist, as well as our own initiatives for improvement (various trainings we started in mid 2011).

As for the years 2012/2013 we will appoint one person who is responsible and dedicated to the social compliance in our factory.

Legal requirements are monitored by the Local Authorities and many of our main customers visit our factory on a minimum basis of once a year. This is so that they may evaluate and discuss the running of the factory and new productions and progress (to be) made.

#### ***Announcing the FWF Code of Labour Practices***

The FW Code of Labour Practices are submitted with each new worker contract, and is also posted at the factory entrance and in the meeting room. Our subcontractors are also informed on these codes, however implementation and monitoring is one of our points of attention for 2012.

#### ***Implementation of the FWF Code of Labour Practices***

##### **1. Employment is freely chosen.**

We enact a policy of freely chosen employment and workers have the ability to resign at any time by submitting their resignation letter 30 days in advance. Overtime hours are voluntary and employees are paid punctually.

##### **2. No discrimination in employment.**

Our factory management recognizes that our workers are the most valuable asset in this labour intensive garment industry and therefore we treat our workers fairly. We recruit and promote workers solely based on their skills and not on their background, nationality, or religious beliefs, etc.

##### **3. No exploitation of child labour.**



Factory management enacts a policy of prohibiting child labour. We have never recruited workers under the age of 16. In the event that we do hire juvenile workers (ages 16-17), they all are registered with the local labour bureau, but this happens rarely.

**3. Freedom of association and the right to collective bargaining.**

Factory management recognizes and supports the freedom of association of workers. Since August 2011, a workers committee consisting of 7 workers throughout all levels of the factory has been established. Their main focus is to further develop and strengthen dialogue concerning labour conditions in the factory and with management. For 2012, a stronger implementation of this committee is part of our action plan.

**4. Payment of a living wage.**

ProGarments pays all workers by piece rate, plus an additional full attendance bonus, housing allowance, seniority bonus, overtime compensation, annual bonus, and social security subsidy. In case the workers do not want the social security subsidy, the factory pays 200 RMB extra in compensation. All workers are paid in cash, every 20<sup>th</sup> of each month and are provided with a payslip.

See below basic wage system ProGarments China Ltd (all in RMB) :

Department	Basic wage	Overtime compensation	Total wage		Legal minimum wage	Estimated living wage (please indicate the source of information) = voluntary
			Male	Female		
Cutting	1133-1372	3 RMB p/hr	2300-2500 including all benefits/insurance		1010 (regional)	
Sewing	same	same	same			
Ironing	same	same	same			
Packaging	same	same	same			
Quality control	same	same	same			

**5. Reasonable hours of work**

Factory management states that regular working hours are 10 hours a day, Monday through Saturday. The workers are not required to have any overtime hours, however



the workers are willing to work overtime hours and earn extra salary. Peak season is July through September and workers are then requested to work overtime hours.

To reduce overtime we are investing overall in extra workforce in the factory. Hiring extra staff on all levels will improve our overall (production) planning by further implementing our QC system and outsourcing some productions of other clients. Training of employees should also result in better planning and efficiency in the organisation of production orders. We started this in 2011 and will intensify these efforts for 2012.

Department	Average overtime in low season (hrs)	Average overtime in peak season (hrs)	Local requirement (hrs)
Cutting			
Sewing			
Ironing			
Packaging			
Quality control			

## 6. Safe and healthy working conditions.

We relocated the factory after the initial Audit of 2010 and the main overall improvements on Health & Safety that have been met are:

- Better ventilation (air-conditioning during summer heat and heating during winter cold)
- The new location is spacious, clean/bright and safe to work in
- Installation of sprinkler system according to legal requirements
- Fire drill twice a year
- Workers are trained on protective equipments and chemical safety
- Some workers have been trained in First aid
- Lighting in warehouse is explosive proof
- Health certificates of canteen workers are valid
- Waste fabric is kept separately and frequently collected by special company
- All required documents concerning H&S are maintained and available at any time

## 7. A legally binding employment relationship.

All workers who join ProGarments China Ltd. receive a labour contract, which they have to sign and retain a copy for their records. Social insurance in the factory is voluntary for



every worker in every department, however if the worker opts out, the factory pays a monthly compensation of 200 RMB.

### ***Execution of Corrective Action Plans***

All corrective actions plans are monitored on a regular basis and for 2012 we have appointed one dedicated person for further monitoring and implementation of FWF social compliances.

### ***Involvement of workers***

Information for the workers and their involvement should be communicated through the workers' committee, which should become more active and engaged in 2012.

## **4. Grievance Procedure**

All complaints are registered and handled per case. Complaints can be reported through the suggestion box at the entrance of the building, through the workers' committee or orally to the manager.

## **Training and capacity building**

NA

## **5. Transparency**

The management of ProGarments China Ltd. strongly supports its FWF membership and accepts most of the non-compliances that were found during the audit in November 2011. We are very transparent regarding our FWF membership and how this is enacted in our factory on a daily basis. We share this information with our clients and most of our clients visit our factory at least once a year to see for themselves if and how we are improving regarding FWF social compliance system.

## **6. Other activities on Corporate Social Responsibility**

If applicable, describe your other activities in the field of corporate social responsibility.