



Brand performance check

Stanley and Stella

December, 2012

FWF member since: 15- 12- 2011

Sources of information

Interview with Jean Chabert Managing Director

Interview with Bruno van Steenberghe Sourcing and Sustainability Manager

Interview with Audrey Bacherius Communication Manager

Interview with Bernard Deconinck Sales Manager Europe

Annual report and 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 Stanley and Stella. The performance check is a tool for FWF to verify that Stanley and Stella 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 Stanley and Stella 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 Stanley and Stella 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 Stanley and Stella 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 Stanley and Stella to include information from the performance check report in its social report.



Executive summary

Stanley and Stella joined Fair Wear Foundation as an affiliate in December 2011. The brand was launched in January of 2012. Stanley and Stella meets most of the FWFs management system requirements after their first year of membership.

The companies profile is based on sustainability. Next to social standards, environmental sustainability are a basis for their policies. At this first year the company started with a small supplier base, deliberately selected in Europe and Turkey only. The sourcing routine clearly states the position of the FWF Code of Labour Practices. Only factories were selected, which had been audited before, and these reports were collected and outcomes discussed.

Half way the year, the sourcing strategy was changed, due to market pressure. Stanley and Stella started to select also some suppliers in Asia. Before the production started, the company arranged already an FWF audit. With this, they have included all their suppliers in a monitoring system.

There is not a system in place yet, to document improvements realised at the suppliers, after the audits. The company will have to prioritise that for the coming year.

Their main supplier in Turkey participated in the FWF programme to improve dialogue at factory level.

Staff of Stanley and Stella is well informed about the FWF membership and social compliance issues in general. The company also informs their customers and the general public in a clear and structural way on its FWFmembership.

Positive findings

Conclusions

1. The company's profile is based on sustainability. The implementation of social standards at their suppliers, forms an integrated element of the companies policies and practices.

1. Sourcing

Conclusions

1.1 Stanley and Stella was launched in 2012. Initially the company started to source at three suppliers in Turkey, Portugal and Romania. The plan was to only source in Europe and Turkey, considering also the social compliance levels. Half way the year 2012 the sourcing strategy was adapted and the company started selecting some suppliers in Asia. For next year the company expects to work with two or three new suppliers in Bangladesh and one in Pakistan.

The sourcing routine at Stanley and Stella clearly positions the FWF Code of Labour

Practices in the decision making process.

As they are a starting company their volume that they order at suppliers represents still a small share of the total production capacity of those suppliers. The expectation is that at some of these suppliers this will grow next year. Intention of Stanley and Stella is to establish longterm business relations with their suppliers.

1.2 Working conditions and the willingness of suppliers to cooperate on improvements are important criteria in the selection of new suppliers. The company has selected only factories that have been audited before on social compliance and asks for the audit reports. The new suppliers have all been asked to commit to the FWF Code of Labour Practices.

Questionnaires have been collected of all the suppliers used in the past year, and have been collected from the suppliers that will be added to the supplier register for the next year.

The sourcing and CSR manager visits the factories before placing the orders, and does a first visual check. Next to that the company asks to share previous audit reports.

Next to social compliance Stanley and Stella have environmental critical criteria when selecting suppliers. The company works with Gots certified factories or with factories with Oeko-tex certification.

1.3 FWF audits done at the supplier in Turkey and at a new supplier that will be added to the supplier register for Stanley and Stella in 2013 show that excessive overtime was found. Both audit reports show that legal minimum wage is at least paid to the workers. There is a gap still with local stakeholders estimates of living wages, both in Turkey and Bangladesh.

1.4 The company does use standard lead times when placing their orders, but does allow some flexibility if there is a delay to avoid air shipment. A penalty for late shipment is only applied after more than two weeks of delay. Next to that they can be flexible in changing orders which are produced for stock with orders with a stricter deadline.

The company prepares a forecast of orders expected to be placed at the factories and shares those with the suppliers.

At Stanley and Stella they use open book methodology to calculate the prices. All the elements that make up the FOB price are specified in an excelsheet. This means that there is information on the labour cost input per product. As there is no information next to that on the minutes used to make that profit, it does not give insight if this is enough to pay for living wages.

Recommendations

1.3 Once it is clear what will be the main supplier for the coming year, it is advised to take active steps to tackle the more difficult issues mentioned in the corrective action plans of the audits done. It is recommended to do a root cause analysis together with that supplier to investigate causes of excessive overtime and possible solutions. Issues to consider are improvement of productivity, improvement of production planning, improvement of human resource management and needed changes in the purchasing practices. Next to reducing overtime, the company should discuss with the suppliers of which they have received a Wage Ladder, possible steps that can be taken to reduce

the gap with living wages.

2. Coherent system for monitoring and remediation

Conclusions

2.1 The factory in Turkey was audited in the past year by an FWF team (for another affiliate sourcing in the same factory), and the workers and management participated in the FWF training programme on improving dialogue at factory level. From the factory in Romania two audit reports were collected, one of them being a recent audit report of June 2012, which outcomes were discussed with the factory.

An FWF audit has been done on behalf of Stanley and Stella at a factory in Bangladesh that was not used yet for the past year, but will be included in the supplier register of next year. From another factory in Bangladesh they have collected a recent audit report and will assess the quality of it. The company is in process of collecting audit reports for the two other new factories that will be added, from Pakistan and Bangladesh.

With this, the monitoring threshold linked to their first year of membership (40%) has been met. Stanley and Stella go beyond as their whole supply base is included in the monitoring system, covered by either FWF audits or recent other audits on which proper follow up has been given.

2.2 The Sourcing and CSR manager is the designated person to follow up on corrective action plans established after audits. As there was a monitoring visit done at the Turkish supplier which participated in the FWF training programme, FWF could verify that more than 50% of the findings showed improvement.

2.3 The company is open to cooperate with other customers of manufacturers regarding monitoring and the execution of Corrective Action Plans and has contacted already other FWF affiliates to agree on this.

3. Complaints procedure

Conclusions

3.1 There is a designated person in place to handle complaints.

3.2 FWF has not received complaints from workers of suppliers of Stanley and Stella. FWF audit reports for the supplier in Turkey show workers are aware of the complaints mechanism. Also for their supplier in Romania it has been checked by Stanley and Stella that the FWF Information sheet for workers with the local complaints handlers data has been posted.



4. Labour conditions and improvements

Conclusions

No audits have been carried out for Stanley and Stella yet to verify improvements.

5. Training and capacity building

Conclusions

5.1 Staff of Stanley and Stella is sufficiently informed about FWF membership and the implementation of the Code of Labour Practices. Each new employee gets a training of the Sourcing and CSR manager on sustainability in general, mentioning the implications of FWF membership. A power point presentation is used for this purpose and was shared during the Brand Performance Check. All employees receive the FWF Code of Labour Practices.

Next to that social compliance is also discussed in internal meetings and staff is informed by mail on recent developments. For example an update was sent to all staff on the recent factory fire in Bangladesh, and on the prison labour found at one of the FWF affiliates.

5.3 Staff of Stanley and Stella visit the suppliers to discuss the Code of Labour Practices. Their supplier and its workers in Turkey participated in the FWF training programme to improve dialogue at the factory level. The factory was invited to do so by another FWF affiliate with which they share the supplier. The re-audit after the training was completed showed significant improvement and interviews with workers confirmed dialogue improved.

Recommendations

5.3 Once the new suppliers in Asia are added to the supplier register Stanley and Stella could see which of them will be the main supplier, and then motivate them to join the workplace education programme FWF offers in Bangladesh. The experience from the supplier in Turkey can be used to facilitate this.

6. Information management

Conclusions

6.1. The Sourcing and CSR manager is responsible for updating the supplier register.

An accurate supplier register has been submitted with the last work plan. During the past year the company learned that both their suppliers in Romania and Turkey might use



subcontractors in peak periods. Those were not yet included in the supplier register.

6.2 The responsible for the purchasing decisions is the same person who is responsible for CSR, which means that there is access to all relevant data available within the company on social compliance of their suppliers.

The company does not have a system in place with updated information on the status of CAPs. This information is gathered only verbally and is not saved on the server.

Requirements

6.1 The supplier register should contain known subcontractors, which means that they also should be included in the monitoring system of the company.

6.2 Stanley and Stella should keep track of the status of issues that need improvement at suppliers and document it, in order to be able to have insight in the status of social compliance at the suppliers.

7. Transparency

Conclusions

7.1 The member company informs its customers and the public about its FWF membership through its catalogue in which FWF membership is mentioned, with the FWF logo and a short description. In the showroom of the company the FWF logo is posted in a visible place. Stanley and Stella prepared already hangtags, approved by FWF, to use as soon as they receive the confirmation that the company has met the requirements.

7.2 As it is the first year of membership, the company does not yet needs to submit an annual social report. The first social report will have to be handed in before the 15th of March 2013.

7.3 Information about FWF membership is posted on the website of the member company in correct wording.

8. Management system evaluation and improvement

Conclusions

8.1 The company evaluates the implementation of the FWF code at several meetings a year, with involvement of management.



9. Basic requirements of FWF membership

Conclusions

9.1 A work plan for the current year and one for the next year have been received in time.

9.2 The membership fee for the current year has been paid.

10. Recommendations to FWF

Recommendations

1. The company suggests providing suppliers with a number and use that in communication instead of the names. That would make it possible for the company to be transparent with audit reports.

2. The company argued that it would be good to calculate the threshold on the production volume instead of on the value.