



Fair Wear Foundation

Management system audit report

Manroof GmbH

7 November 2009

FWF member since: 26-11-2008

Sources of information

A: Database FWF

B: Work plan 2009

C: Archived documents

D: Jacques von Mandach (Owner / CEO)

E: Remy Foong (Marketing / Vice-president)

Audit conducted by:

Ivo Spauwen



Fair Wear Foundation

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1. Introduction

In December 2009 Fair Wear Foundation (FWF) conducted a management system audit (MSA) at Manroof GmbH. The MSA is a tool for FWF to verify that Manroof GmbH implements the management system requirements for effective implementation of the Code of Labour Practices, as specified in the FWF Charter.

Starting point for the MSA has been the work plan for 2009. FWF tailored the MSA to the specifics of the management system of Manroof GmbH in order to assess the key issues of interest. During the MSA, employees of Manroof GmbH were interviewed and internal documents have been reviewed.

FWF developed this report on the basis of findings collected during the MSA. The report contains conclusions, requirements, recommendations and an annex which includes detailed findings. 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 Manroof GmbH 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 Manroof GmbH that have been identified as key areas of interest for year. As FWF approaches the implementation of the Code of Labour Practices as a step-by-step process, it is well possible that MSA reports of subsequent years will focus on different aspects of the management system.

FWF invites Manroof GmbH to comment on the content of the draft report within ten working days after receiving the draft report. Subsequently the report is made definitive.

FWF will publish the conclusions, requirements and recommendations of all MSAs on www.fairwear.org. The annex with detailed findings will remain confidential. FWF encourages Manroof GmbH to include information from the MSA report in its social report.



2. Executive summary

Manroof joined FWF late 2008. In 2009 Manroof GmbH commissioned audits in three factories in China representing 60% of its total purchasing volume in 2009. These audits were carried out by FWF audit teams in November 2009. Following these audits Manroof GmbH translated the corrective action plans from audit reports into Mandarin. Further follow up of the audit reports is still to take place. Manroof GmbH expressed that it will focus on three priority areas: decreasing the amount of overtime hours, improving the quality of record keeping and documentation in factories, and general improvements on health & safety. As Manroof GmbH started its activities to monitor working conditions in factories very recently FWF has not yet been able to verify improvements in working conditions. Key suppliers are visited by staff of Manroof GmbH once every two to three years. The company is recommended to request factories to report regularly on the process of following up on corrective action plans. As a main point for improvement FWF expects Manroof GmbH to actively check if factories are posting the contact details of the FWF complaints handler in the workplace.

3. Positive findings

Conclusions
<ol style="list-style-type: none">1. Manroof GmbH has commissioned audits in factories representing 60% of its total purchasing volume in 2009. These audits were carried out by FWF audit teams in November 2009.2. Manroof GmbH has translated the corrective action plans from audit reports into Mandarin to ensure that its contact persons in these factories are able to actively follow up on these reports.

4. Sourcing

Conclusions
<ol style="list-style-type: none">1. Manroof GmbH tends to place small orders at its suppliers as most of its promotional products are sold in limited amounts. Manroof guarantees a delivery time of 4-5 weeks to its customers including shipment time.2. Manroof GmbH works on the basis of standardised prices which stay on par with annual inflation.3. Manroof GmbH sources from fifteen factories. The company has long term relationships with five of these factories, who produce most of the volume of Manroof GmbH. At most of these five suppliers Manroof GmbH has substantial leverage as a client to be able to effectively request that improvements in working conditions are made. During the last two years, few changes occurred in the supplier list of Manroof GmbH. In 2009 Manroof GmbH started working with 2 new factories and maintained its relationship with all existing suppliers.



Recommendations

1. FWF recommends Manroof GmbH to assess to which extent current delivery times provide sufficient room for factories to avoid usage of excessive overtime.
2. FWF recommends Manroof GmbH to assess to which extent current prices paid to suppliers are sufficient to allow for improvements in working conditions that are to be realised in factories.

5. Coherent system for monitoring and remediation

Conclusions

1. Manroof GmbH has commissioned audits in factories representing 60% of its total purchasing volume in 2009. These audits were carried out by FWF audit teams in November 2009.
2. Manroof GmbH has translated the corrective action plans from audit reports into Mandarin to ensure that its contact persons in these factories are able to actively follow up on these reports. Besides this Manroof GmbH has not taken other steps to follow up on audits to date.
3. Each of the key suppliers is visited regularly by staff of Manroof GmbH once two or three years.

Recommendations

3. Manroof GmbH is recommended to request factories to report regularly on the process of following up on corrective action plans. It is beneficial to discuss the status of each of the improvement issues at least once in three months to assess if factories make sufficient progress and how Manroof GmbH could provide support in this process. FWF recommends commissioning a local expert after a period of twelve months to carry out a follow-up audit in order to assess which improvements have (not) been made.

6. Complaints procedure

Conclusions

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| <ol style="list-style-type: none"> 1. Manroof GmbH is sufficiently aware of the FWF complaints procedure and has assigned a person to handle potential complaints filed by workers in factories producing for Manroof GmbH. 2. Manroof GmbH does not actively check if the contact details of the FWF complaints handlers are posted in factories in a location accessible to workers. 3. FWF has to date not received complaints filed by workers in factories producing for Manroof GmbH. |
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Requirements

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| <ol style="list-style-type: none"> 1. FWF expects Manroof GmbH to actively check if factories are posting the contact details of the FWF complaints handler in the workplace. |
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Recommendations

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| <ol style="list-style-type: none"> 1. It is recommended to request factories to periodically send digital photos confirming that the contact details of the FWF complaints handler are posted in the workplace. In addition to this it is beneficial to check if this information is available to workers in an accessible location during visits to factories. |
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7. Improvement of labour conditions

Conclusions

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| <ol style="list-style-type: none"> 1. As Manroof GmbH started monitoring working conditions in factories very recently (the three first audits were carried out in November 2009) FWF has not yet been able to verify improvements in working conditions. Manroof GmbH expressed that it would focus on 3 priority areas: decreasing the amount of overtime hours, improving the quality of record keeping and documentation in factories, and general improvements on health & safety. <p>Based on results of audits carried out by FWF teams and complaints of workers, FWF has drawn up an overview of labour conditions in factories. The overview is annexed to this report.</p> |
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8. Training and capacity building

Conclusions

1. Manroof GmbH has not engaged with local stakeholders in production countries to carry out factory training to improve social dialogue on the factory level, or deployed local experts to support factories in realizing improvements in working conditions.
2. A representative of Manroof GmbH visited several of its Chinese suppliers to inform them about the implications of its FWF membership to them.
3. Manroof GmbH staff is sufficiently informed about FWF membership.

Recommendations

1. As the establishment of an independent workers committee is an area for improvement in all three factories audited so far FWF recommends Manroof GmbH to consider facilitating a factory training that aims at improving social dialogue on the factory level.

9. Information management

Conclusions

1. Manroof GmbH maintains its supplier register including contact and address information of factories on the basis of its order administration. The supplier register contains information on subcontractors of direct suppliers to Manroof GmbH.

Recommendations

1. FWF recommends formally requesting factories to inform Manroof GmbH about their subcontractors to ensure that it keeps track of all production locations where clothing is made. During visits to suppliers Manroof GmbH is advised to check the locations of subcontractors by visiting to their production locations as well.

10. Transparency

Conclusions

1. Manroof GmbH explains its commitment to FWF as an affiliate member in its 2008/2009 product catalogue and on its website.
2. As Manroof GmbH joined FWF late 2008 its first annual social report (on 2009) is published during the spring of 2010.



Recommendations

2. FWF recommends Manroof GmbH to specify key points for improvement in audited factories in its 2009 annual social report to further strengthen transparency on working conditions in factories where clothing is made.

11. Management system evaluation and improvement

Conclusions

1. As Manroof GmbH is a small company with a limited track record regarding FWF membership, a formal approach to evaluate the process of improving working conditions does not exist. The persons in Manroof GmbH that are involved in activities in this regard discuss these when relevant.

Recommendations

1. FWF recommends Manroof GmbH to evaluate after a period of 2 years of membership to which extent the chosen approach to improve working conditions is effective. The evaluation should at least assess which improvements were (not) successfully implemented in factories, to which extent communication with factories on this issue goes smooth, and whether the chosen approach is cost efficient.

12. Basic requirements of FWF membership

Conclusions

1. Manroof GmbH meets the basic requirements of FWF membership for 2009: the membership fee has been paid and a work plan for 2009 has been handed in.

13. Recommendations to FWF

Recommendations

1. Manroof GmbH would find it convenient if it could communicate with FWF in German.
2. For Manroof GmbH, being a small company, it is quite a big challenge to meet the requirements of FWF. There is a lot of paperwork required. It would be good to see which steps can be taken to lessen time pressure on small affiliates.

Improvement of labour conditions: summary of most important findings	Factory: China 1
	Source: audit carried out on 18 November 2009
Workers interviews	3 workers were interviewed prior to the date of the audit. Short interviews were also conducted with the workers on the shop floor on the days of the visit to the factory. In addition, an hour-long meeting was held with randomly selected workers of the factory.
Documentation	Grievance registers, disciplinary notices and accident & occupational injury records are not kept by factory and are not available for audit team to review during the audit process.
Sourcing practices (price, leadtime, quality requirements)	No information.
Monitoring system of FWF member company	At the time of the audit Manroof GmbH did not have a social compliance system in place to monitor the factory's social compliance status.
Management system of factory to improve labour standards	Factory has never reported their current practice or progress on social compliance status to Manroof GmbH.
Communication, consultation and grievance procedure	Workers are not informed and consulted about FWF Code of labour Practices and Code of Conduct of other clients. Information about a grievance mechanism is not posted in the factory. Factory does not keep a register of complaints of workers.
Employment is freely chosen	Factory does not have a written policy in regard to no forced labour.
No discrimination in employment	Factory does not have a written policy in regard to no discrimination.
No exploitation of child labour	Factory does not have a written policy in regard to prohibition of child labour and protection for juvenile workers.
Freedom of Association and the Right to Collective Bargaining	There is no independent union or workers committee which is run by workers without management involvement. Further, workers are not aware of their rights to organize.
Payment of a Living Wage	No non-compliances found.
No excessive working hours	Workers worked in excess of the legal limit of 36 overtime hours per month up to 92 hours in July and September 2009. Workers worked in excess of 60 hours per week up to 65 hours in July and September 2009.
Occupational health and safety	No fire drill has been conducted since the establishment of the factory. No emergency evacuation plan is developed and posted in the factory. No trained first aid personnel is available in the factory.
Legally binding employment relationship	No non-compliances found.
Special remarks	None

Improvement of labour conditions: summary of most important findings	Factory: China 2
	Source: audit carried out on 16 November 2009
Workers interviews	4 workers were interviewed prior to the date of the audit. Short interviews were also conducted with the workers on the shop floor on the days of the visit to the factory. In addition, an hour-long meeting was held with randomly selected workers of the factory.
Documentation	Time records are not provided by factory management for audit team to review during the audit process. Grievance registers, disciplinary notices, workers' leave registers, accident & occupational injury records are not kept by factory and are not available for audit team to review during the audit process.
Sourcing practices (price, leadtime, quality requirements)	No information.
Monitoring system of FWF member company	At the time of the audit Manroof GmbH did not have a social compliance system in place to monitor the factory's social compliance status.
Management system factory to improve labour standards	Until the audit the factory never reported their current practice or progress on social compliance status to Manroof GmbH. Factory does not evaluate the labour standards in the factory on regular basis. Workers don't know the responsible person for factory social compliance program.
Communication, consultation and grievance procedure	Workers are not informed and consulted about Chinese Labour Law, FWF Code of Labour Practices and Code of Conduct of other clients. Information about a grievance mechanism is not posted in the factory. Factory does not keep a register of complaints of workers.
Employment is freely chosen	Factory does not have a written policy in regard to no forced labour.
No discrimination in employment	Factory does not have a written policy in regard to no discrimination.
No exploitation of child labour	Factory does not have a written policy in regard to prohibition of child labour and protection for juvenile workers.
Freedom of Association and the Right to Collective Bargaining	There is no independent union or workers committee which is run by workers without management involvement. Workers are not aware of their rights to organize.
Payment of a Living Wage	Factory uses monetary fines as disciplinary practice.
No excessive working hours	Factory has not established a voluntary overtime system.
Occupational health and safety	No fire drill has been conducted since the establishment of the factory. No first aid kit and trained first aid personnel in the factory. Workers in the printing workshop are not provided with active carbon masks.
Legally binding employment relationship	All employees' personnel files provided by factory management do not contain age documents such as ID card copies. No documented evidence found to confirm that employees in the factory are provided with social insurance benefits.
Special remarks	None

Improvement of labour conditions: summary of most important findings	Factory: China 3
	Source: audit carried out on 16 November 2009
Workers interviews	4 workers were interviewed prior to the date of the audit. Short interviews were also conducted with the workers on the shop floor on the days of the visit to the factory. In addition, an hour-long meeting was held with randomly selected workers of the factory.
Documentation	Factory does not maintain accident records and disciplinary records.
Sourcing practices (price, leadtime, quality requirements)	Unit price of Manroof GmbH in comparison with other clients is relatively low as informed by factory management.
Monitoring system of FWF member company	At the time of the audit Manroof GmbH did not have a social compliance system in place to monitor the factory's social compliance status.
Management system factory to improve labour standards	Until the audit the factory never reported their current practice or progress on social compliance status to Manroof GmbH.
Communication, consultation and grievance procedure	Code of Conduct of other clients are not posted in the factory.
Employment is freely chosen	Factory does not have a formal policy to avoid forced labour.
No discrimination in employment	Factory does not have a formal policy on no discrimination.
No exploitation of child labour	Factory does not have a policy in regards to prohibition of child labour and protection of juvenile workers.
Freedom of Association and the Right to Collective Bargaining	There is no independent union/workers committee which is run by workers without management involvement, and that workers are not aware of their rights to organize, nor any other formal channel to communicate with workers.
Payment of a Living Wage	No non-compliances found.
No excessive working hours	No non-compliances found.
Occupational health and safety	The factory has a few problems in the area of fire safety. No ergonomic program is established in the factory.
Legally binding employment relationship	No non-compliances found.
Special remarks	None