



Social Report 2014 (issued 07.04.2014)



www.manroof.ch

Start date membership: December 2008

Reporting period (financial year): 1.1.2013- 31.12.2013

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1. Manroof GmbH at a Glance

1.1. Facts & Figures

Manroof GmbH is a niche player for textile promotional products in Switzerland. We design, develop and produce custom made products such as lanyards, t-shirts, sweaters, caps, bags and other textile products. All goods are manufactured on demand in the Far East. In addition to the custom made products, we also process stock garments (especially t-shirts, polo shirts and jackets) with custom logo in silkscreen print or embroidery quality.

Established: 1999

Legal form: Ltd (GmbH)

Owner and CEO: Jacques von Mandach

Employees 2014: 8

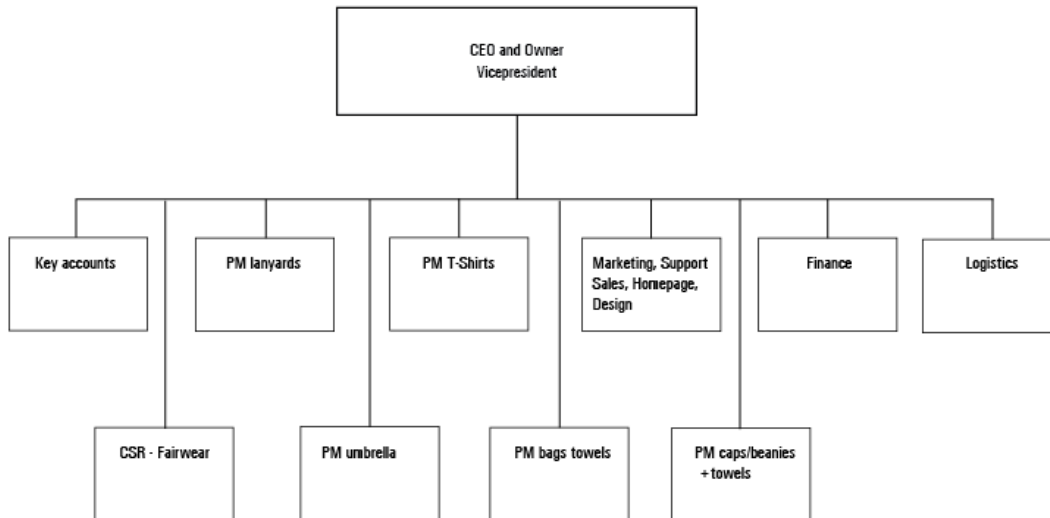
Products: lanyards, t-shirts, sweaters, caps, beanies, bags, jackets, etc.

Product use: retail and promotion

Clients: 90% in Switzerland (2013)

Country of production: 73% in China (2013)

Organisational chart: Manroof GmbH 2013, 07.04.14



2. Summary: Goals & Achievements 2013

2013 was a successful year for Manroof. Overall turnover increased by 20%, due to substantial growth in sales of promotional bags.

Since 2010 we have reduced the number of our main suppliers to four. The reduction allows us to place larger orders with each factory, which gives us a stronger position in negotiating terms. The service and the commitment of the factories toward our demand in improving working conditions have significantly increased. Three of our main suppliers have made continuous progress with the implementation of the Corrective Action Plan (CAP). Only our manufacturer of caps and beanies did not agree to make further corporate social responsibility (CSR) improvements. After several attempts, support and visits to the suppliers factory, we had to end our business relationship after seven years. The search for a new supplier become increasingly challenging, after many factories rejected our demand to cooperate according to the Fair Wear Foundation (FWF) labour conditions. We received a recommendation from another FWF member for a new supplier. The supplier had carried out social audits in the past. We are planning on working with this factory in the future.

In 2013 we initially scheduled an audit with our bag supplier, but since the factory moved to a new building, the audit had to be postponed to the year 2014. This leads to an audit in all our suppliers factories in the current year, in which three of the four audits will be re-audits. In addition there will be a workplace education program (WEP) training following the audits.

Manroof produces about 74% of total production volume directly in China, of which 67% have been audited by FWF. The remaining products are produced in Italy, India and Austria (each about 3%). The production volume in low risk countries sums up to 13%. Sub-suppliers of stock garment make about 10% of our trading volume. In total we achieved an audit percentage of 94% in the year 2013 (FWF requests 90%). Only 6% of the trading volume in high-risk countries has not been audited.

Inspired by FWF we also changed our sourcing policy for sub-suppliers. The stock garments are mainly sourced from brands, which are member of FWF.

In 2012 we hired a consultant for the implementation of the shortcomings found in the CAP. In the beginning we sent a Chinese representative, who lives in Switzerland, to our suppliers in order to discuss CSR topics. At the end of 2012 we additionally hired an external consultant, recommended by FWF, to visit and support three of our main suppliers. As we were not satisfied with the results of the visits, we ended the cooperation. In 2013 we started a new try and hired a second consultant, recommended by FWF. We are confident, that this new consultant can support the suppliers on a professional level. It is an independent CSR consultant, who shows good commitment.

In the future we would like to send the consultant to our t-shirt factory to reach a good CSR level. The consultancy is time consuming and costly (EUR 500.00/day). If the result of the visits is satisfactory, we will extend the work of the consultant to all existing factories.

In November 2014 our CEO visited the four main suppliers in China. The new external consultant accompanied him during all his visits. She helped as a translator and CSR consultant. During the meetings the CEO discussed various business issues. CSR topics were a core subject of the meetings. In the past years our suppliers focused on the improvements of safe and healthy working environmental issues. Now the focus will be changed to overtime (OT), correct payment of OT and living wage.

We also encourage our suppliers to attend seminar programs in China, if any take place.

Max Havelaar and Global Organic Textile Standards (Gots) have certified Manroof in the year 2012. As a result of it, we have ordered from suppliers located in India, Turkey, Mauritius and Pakistan, which are Max Havelaar and Gots certified. As these companies have been audited previously to reach the certification, Manroof does not need to audit these factories.

Our CEO Jacques von Mandach has been appointed as the central coordinator for FWF. Ms. Zuzana Valient will assist him in his undertaking.

3. Sourcing Strategy

3.1. Sourcing Strategy & Pricing

Manroof strives to keep a long-term business relationship with its suppliers. It is our goal to know and understand the supplier's supply chain and production method. Convincing suppliers to implement new procedures and standards is often a challenge. In order to increase our negotiating power, we reduced the number of suppliers to increase our relative order shares. During 2013 we worked mostly with the same suppliers as by the end of 2012. By keeping the same suppliers, we were able to improve our relationship and work more closely on FWF-issues.

Additionally Manroof sources all stock garment from sub-suppliers, which are FWF members.

In order to find new reliable suppliers we cooperate with other FWF member in Switzerland. Unfortunately many suppliers cannot compete with our existing buying prices or their minimum order quantities exceed our demand.

It is difficult to source all products in Europe. In some cases we need to order from Chinese suppliers without performing a social audit immediately. If the cooperation intensifies, we will carry out a FWF audit. All new suppliers are informed about the FWF Code of Labour practices.

3.2. Organisation of the Sourcing Department

The management carries out sourcing. All our sales agents have direct contact with the suppliers and act as purchaser. There have been no notable changes in suppliers within the last year.

3.3. Production Cycle

Manroof produces according to the just in time (JIT) method. All products are made-to-order. After defining all specifications, a sample will be manufactured. The standard production lead-time is around 2-3 weeks after approval of the sample.

3.4. Supplier Relations

Our membership at FWF changed our purchasing methods. We prefer to work with suppliers that have a production site meeting following criteria:

- Located in Europe: no social audit report is requested, but is welcome.
- Located in risk countries: certified by Max Havelaar, Gots or SA8000. Manroof does not carry out any additional audits.
- Located in risk countries: audited by FWF or by other considerable organisations.

When searching for new Chinese suppliers, we prefer to select an audited supplier.

4.5 Integration Monitoring Activities and Sourcing Decisions

We will not place orders with factories that are not clean, or don't have decent work areas. Also, if there is the slightest presumption of child labour, or that we feel there is not enough capacity to produce our orders we will not start any cooperation. As soon as we see that a supplier will become important and main supplier of Manroof we make a FWF audit and will increase the monitoring activities.

4. Coherent System for Monitoring and Remediation

Up to 2013 eight audits have been carried out in China. 73% of our textile products were manufactured in China (2013) and 67.4% have been audited. Our supplier register shows our relative order share of each supplier and the date of the audit. Our CEO has visited the four main suppliers and discussed the CSR issues in the year 2013.

4.1. Factory A/China (PA)

The order volume in this factory has increased substantially. This benefits our influence to improve working conditions. Factory A moved to a new location. For this reason, the FWF audit was postponed to this year (2014). In this year there will be a WEP carried out in the factory.

Our first external CSR consultant, who was recommended by FWF, visited this factory at the end of 2012. Unfortunately the factory could not take much advantage of this visit. The cooperation with the consultant has been terminated.

However, some improvements have been made in 2013, namely safe and healthy issues. We are optimistic that further improvements will be done this year. There are still several open issues, such as the correct payment of OT and too much OT.

4.2. Factory B/China (ST)

This factory has been audited twice (2009, 2011) and always showed a good level of working conditions, particularly the payment of living wage and OT. There were only some open points in safe and healthy working environment. The factory also made continuous CSR improvements.

The revenue and profit of this factory continuously decreased every year. There are only a few employees left in the factory. This year we are going to make the third FWF audit, followed by a WEP.

4.3. Factory C/China (XE)

This factory has been audited once (2011). Due to our high leverage (more than 50% turnover volume), the willingness to cooperate with FWF is good. The management does not have sufficient knowledge on how to address CSR issues, which makes improvements difficult. There are several points to be resolved in the near future.

Our first external CSR consultant visited this factory in July 2012. As mentioned before, the result of this consultancy was not sustainable and we terminated the cooperation with this consultant.

The factory is going to have a FWF audit and WEP this year.

Our new CSR consultant will support this factory in order to make further improvements.

We are optimistic that the result will be positive.

4.4. Factory D/China (CA)

This factory was audited in 2011 and the working conditions were below average. The management made some improvements regarding safe and healthy working environment. Overall the manager of this factory was reluctant to do more improvements. We have also sent a CSR consultant in 2013, but the result was not sustainable. In November 2013 our CEO visited the factory and discussed the CSR issues. The plan was to proceed with improvements of OT and correct payment of OT. Our new CSR consultant was instructed to coach the management. Unfortunately the management came to the conclusion, that they are not able to make any further improvements. So we decided to terminate the relationship with this factory, although the relationship was good and durable. We will try to place future orders to another factory.

4.5. Various Factories/China

From other Chinese factories, which haven't been specifically mentioned, we received questionnaires and social reports (Sedex reports). In case our orders will increase substantially we will arrange a FWF audit.

4.6. External Production

When choosing products of external production we give preference to brands, which are members of Fairwear, like the brands Continental and B&C (company Kwintet AB in HK).

No monitoring activities were conducted at suppliers of external production so far. Our buying power is yet too small to make any requests so far.

5. Complaints Procedure

We have not received any complaints yet.

6. Training and capacity building

6.1. Activities to inform staff members

All Manroof employees are aware of our membership and of Fair Wear Foundation. The information flow within the company is very fast. All employees have been informed in detail regarding our FWF membership.

6.2. Activities to inform agents

Since 2011 we do not work with agents.

6.3. Activities to inform manufacturers and workers

The management of our suppliers in risk countries have been informed by e-mail about Manroof's involvement with the FWF and the Code of Labour Practices. Our four biggest suppliers are aware that we request constant social improvements. These four suppliers have informed their workers about FWF. - Despite the effort of management, workers are still not very well aware of their rights and FWF's Code. Manroof plans to organise training in 2014 with FWF to inform workers about their rights and the Code.

7. Transparency & communication

Manroof communicates its FWF membership on the website, catalogue and e-mails. We also mention it in our sales calls or written communications with clients.

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fold	 <p>Der Hersteller von diesem Artikel ist ein Mitglied von:</p> <p>2 FAIR WEAR FOUNDATION</p> <p>www.fairwear.org www.manroof.ch</p> <p>100 % Polyester Made in Shenzhen, China B+ 70308</p> <p>Mit Fairwear.org setzen wir uns aktiv für faire Arbeitsbedingungen ein:</p> <ol style="list-style-type: none"> 1. Keine Kinderarbeit 2. Keine Zwangsarbeit 3. Keine Hungerslöhne 4. Keine überlangen Arbeitszeiten, u.a. 	 <p>Der Hersteller (FWF ID10102) von diesem Artikel ist Mitglied von:</p> <p>2 FAIR WEAR FOUNDATION</p> <p>www.fairwear.org</p> <p>100 % Polyester Made in Shenzhen, China B+ 70308</p> <p>Mit fairwear.org setzen wir uns aktiv für faire Arbeitsbedingungen ein:</p> <ol style="list-style-type: none"> 1. Keine Kinderarbeit 2. Keine Zwangsarbeit 3. Keine Hungerslöhne 4. Keine überlangen Arbeitszeiten, u.a.
	<p>The labels on our products also inform about our FWF membership and in which country or city the product was manufactured.</p> <p>Ever since joining the FWF we have worked towards receiving the honour to label our products with the reference to FWF. Since 2010, 90% of our suppliers have been audited by FWF appointed auditors and we thereby have fulfilled the FWF requirements allowing us to label our products with the FWF label. We also developed a special hangtag for resell companies. On these labels Manroof is not mentioned, instead it indicates our FWF member number.</p>	

8. Stakeholder Engagement

There are no stakeholders engaged at Manroof or at our supplier's factories. Manroof uses resources from non-profit organisation such as FWF, Clean Clothes Campaign (CCC) and the media to get more general information about CSR issues.

9. Corporate Social Responsibility

	<p>Manroof acquired the licence to produce Fairtrade Max Havelaar products in the year 2012. The license enables us to produce with Fairtrade Max Havelaar certified productions all over the world. The regulations are very strict and only selected factories meet the requirements. At the moment it is not possible to produce Fairtrade Max Havelaar certified goods in China. We have used the license to place orders in India, Turkey and Mauritius.</p> <p>FLO-ID: 27588</p>
	<p>Imo Control has certified Manroof in the year 2013. The certification entitles us to process and market textiles according to the Global Organic Textile Standard (GOTS) 3.0.</p> <p>We have used the license to source such products India and Mauritius.</p> <p>Certificate of Compliance No. 120003, valid until 01.08.14</p>