



**Brand performance check report**

**ProGarments BV**

**April 2012**

***FWF member since:***

15 March 2011

***Sources of information***

Interview with Bernhard Richtering Blenken, Director

Interview with Michel Tamminga, Project manager

Interview with Anne Kats – Bonsen, Quality management and CSR

Annual report and work plan

Archived documents

Database FWF

Performance check carried out by:

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Performance check ProGarments BV – April 2012

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## Introduction

In April 2011 Fair Wear Foundation (FWF) conducted a brand performance check at ProGarments BV (hereafter: ProGarments). The performance check is a tool for FWF to verify that ProGarments 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 2011. FWF tailored the performance check to the specifics of the management system of ProGarments in order to assess the key issues of interest. During the performance check, employees of ProGarments 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 or performance 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 ProGarments 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 ProGarments 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](http://www.fairwear.org). FWF encourages ProGarments to include information from the performance check report in its social report.

## Executive summary

ProGarments is in process of implementing FWFs management system requirements for member factories.

ProGarments has followed up on the audit that was carried out in January 2010 at its factory in China. The company hired a person who was designated person to look after the implementation and monitoring of corrective action plan in the factory.

In November 2011 FWFs audit teams carried out an audit at the factory owned by ProGarments in China to verify improvements since 2010. During this audit it was found that no violations took place with regard to child labour, forced labour and discrimination. ProGarments made various improvements regarding health & safety. As another improvement, workers were given copies of their contracts, and commercial insurance was provided to workers with jobs with relatively high risk of accidents. Furthermore, the factory started training workers upon recruitment with regard to FWFs labour standards and Chinese labour law.

ProGarments has ensured that the Code of Labour Practices (CoLP) including contact information of the local complaints handler of FWF is posted in its factory in China. The CoLP is posted in a place that is accessible to workers.

FWF finds that further improvements are needed. Whereas a workers committee was established in August 2011, at the time of the audit it was not active in facilitating a dialogue with management. Also, piece rate workers who had been working at the factory for more than one year were not entitled to paid annual leaves as legally. Finally, it was found that excessive overtime had recently taken place. The amount of working hours had remained at the same level compared to the previous audit, which indicated excessive working hours during a production peak in different months.

FWF recommends ProGarments to inform its customers in detail about the linkage between their purchasing practices and working conditions in the factory. In working towards implementation of living wages, active support by customers is vital.

Also ProGarments is recommended to participate in its training project specially designed for factory management and workers. These trainings are set up to strengthen awareness of and access to grievance mechanisms and alternative channels for dispute solving.



## Positive findings

### *Conclusions*

1. Following the audit carried out in 2010, ProGarments arranged that workers in its factory in China receive training on the FWF labour standards and local labour law upon recruitment.

## 1. Sourcing

### *Conclusions*

1. ProGarments has full ownership of its factory in China. Order placement by ProGarments represents approximately 70% of the factory's total production volume. As a result, the production schedule of the factory mainly follows ProGarments' planning and sales conditions. Order lead time is 60 days, which is enough for the factory to arrange its production schedule.
2. During the factory audits in China (2010 and 2011) FWF audit teams found that in the case of workers that were paid on a piece wage were not compensated for overtime work in accordance with Chinese regulations. It was also found that excessive overtime had taken place during a production peak that covered several months. During the interviews for this performance check, ProGarments asserted its commitment to decrease overtime work in its factory.

### *Requirements*

2. As a factory member ProGarments is required to review its order placement practices and production planning to ensure that no excessive overtime takes place. In addition, the company is expected to ensure that overtime payments follow Chinese regulations.

### *Recommendations*

3. FWF recommends ProGarments to analyse the root causes of excessive overtime at its factory in China. As part of such an analysis, all incidents of overtime, their origin and severity could be recorded during a period which is representative for overtime peaks. FWF also encourages ProGarments to assess price impacts if wages would stepwise be increased towards living wage levels advocated by local stakeholders. The company could use the wage ladder as input for such an assessment. FWF could provide further support on request.

## 2. Coherent system for monitoring and remediation

### *Conclusions*

1. ProGarments has followed up on the audit that was carried out in January 2010 at its factory in China. Following the audit the company hired a person who was designated to look after the implementation and monitoring of corrective action plan in the factory.

## 3. Complaints procedure

### *Conclusions*

1. ProGarments has designated a person to handle complaints. This person is sufficiently aware of FWFs complaints procedure.
2. ProGarments has ensured that the Code of Labour Practices (CoLP) including contact information of the local complaints handler of FWF is posted in its factory in China. The CoLP is posted in a place that is accessible to workers.
3. The CoLP is not posted at production sites of embroidery subcontractors.
4. Until April 2012 FWF received no complaints from workers of the factory of ProGarments in China.

### *Requirements*

3. ProGarments must ensure that the CoLP including contact information of the local complaints handler of FWF is posted at subcontractor sites.

## 4. Labour conditions and improvements

### *Conclusions*

1. In November 2011 FWFs local audit team carried out an audit at the factory owned by ProGarments in China to verify improvements after a previous audit in January 2010.

During this audit it was found that no violations took place with regard to child labour, forced labour and discrimination.

The audit confirmed that ProGarments invested substantially in the working environment of a new building to which the company had moved in 2010. As a result the company realised various improvements regarding health & safety. As another improvement, workers were given copies of their contracts, and commercial insurance was provided to workers with jobs with relatively high risk of accidents. Furthermore the factory started training workers upon recruitment with regard to FWFs labour standards and Chinese labour law.

FWF finds that further improvements are needed. Whereas a workers committee was

established in August 2011, at the time of the audit it was not active in facilitating a dialogue with management. Also piece rate workers who had been working at the factory for more than one year were not entitled to paid annual leaves as legally. Finally, it was found that excessive overtime had recently taken place. The amount of working hours had remained at the same level compared to the previous audit, which indicated excessive working hours during a production peak in different months.

Following the last audit ProGarments asserted its commitment to decrease overtime work in its factory. According to the company a dialogue will be developed with workers with regard to health & safety. The company believes it is too early to open a discussion on wages.

FWF will verify further improvements in 2012-2013.

*Based on results of audits carried out by FWF teams an overview of improvements in labour conditions in factories has been drawn up. The overview is annexed to this report. Results of audits by other initiatives are not summarized.*

### **Requirements**

1. As a factory member of FWF, ProGarments is required to prioritize follow up on the issues that relate to payment of minimum wages, excessive overtime, fire and machine safety.

## **5. Training and capacity building**

### **Conclusions**

1. ProGarments staff is sufficiently informed about the requirements that result from FWF membership through internal meetings and presentations.
2. In 2011 ProGarments did not participate in FWFs supplier seminars in China.
3. During the audit in November 2011 workers confirmed that they receive training on the Code of Labour Practices and Chinese labour law upon recruitment
4. ProGarments has not yet engaged factories in projects to promote social dialogue.

### **Recommendations**

4. ProGarments is recommended to participate in training projects that aim at strengthening social dialogue and conflict resolution. As of 2012 FWF offers its members the possibility to participate in a training project specially designed for factory management and workers. These trainings are set up to strengthen awareness of and access to grievance mechanisms and alternative channels for dispute solving.

## 6. Information management

### *Conclusions*

1. The subcontractor register of ProGarments for 2011-2012 meets the requirements of FWF. It lists two subcontractors for embroidery. FWF will verify during the next factory audit if the subcontractor register is accurate.
2. ProGarments has a functioning workflow to keep its subcontractor register up to date. ProGarments staff in China visits subcontractor sites.

## 7. Transparency

### *Conclusions*

1. ProGarments actively informs the public about its FWF membership. The company informs the general public about FWF membership through its corporate website. This is done in correct wording and with references to FWF's website for further information.
2. ProGarments informs customers about FWF membership during business meetings. Working conditions and the willingness of suppliers to cooperate on improvements are a topic in discussions with (prospective) customers. According to the company, customers see added value in ProGarments' FWF membership, but it does not create space for higher prices.
3. ProGarments submitted its annual social report on 2011 to FWF. At the time of the performance check ProGarments had not published this report on its website.
4. ProGarments does not publish corrective action plans resulting from audits on its website.
5. ProGarments is not making use of product communication regarding membership. The company awaits the requirements that will be set by FWF for on-product communication.

### *Requirements*

3. FWF expects ProGarments to publish its annual social report on 2011 on its corporate website. This is important as social reports are an important tool in communicating the FWF affiliates' efforts towards fair labour standards.

### *Recommendations*

2. FWF recommends ProGarments to inform its customers in detail about the linkage between their purchasing practices and working conditions in the factory. In working towards implementation of living wages, active support by customers is vital.
4. It is of added value to publish the report and corrective action plan of the most recent



audit at the factory of ProGarments in China on the corporate website. This gives customers insight in the level of working conditions in the factory and indicates that ProGarments works towards improvements in a transparent manner.

## 8. Management system evaluation and improvement

### *Conclusions*

1. Top management of ProGarments evaluates steps taken in context of FWF membership as part of regular internal discussions. This is done in an ad hoc manner after key developments such as factory audits. According to ProGarments the main challenges are to find a balance between commercial and social objectives and to further structure implementation of FWF membership.

### *Recommendations*

1. FWF recommends evaluating once a year to what extent the approach to improve working conditions is effective. The evaluation could for example assess which improvements were and were not successfully implemented in the factory owned by ProGarments, whether the chosen approach has been cost efficient, if FWF membership was successfully communicated to external parties and whether contacts with customers have been supportive for implementation of the Code of Labour Practices.

## 9. Basic requirements of FWF membership

### *Conclusions*

1. ProGarments handed in work plans for 2011 and 2012. A subcontractor register was submitted with the 2012 work plan, the customer register was not.
2. ProGarments paid its membership fee for 2011.

### *Requirements*

1. In line with FWFs new requirements for factory members, ProGarments is expected to submit a customer register.

## 10. Recommendations to FWF

### *Recommendations*

1. ProGarments would like FWF to explore possibilities for factory members to make use of on product labelling, also for productions made for non FWF members.

<b>Improvement of labour conditions: summary of most important findings</b>	<b>Factory in China audited in January 2010</b>	<b>Factory in China audited in November 2011</b>
Sourcing practices of Progarments	Wages are below living wage estimated by local stakeholders.	Wages are below living wage estimated by local stakeholders.
Monitoring system of Progarments	The CoLP is posted in the factory. Progarments not did not provide the CoLP to subcontractors and did not monitor working conditions at subcontractors.	The CoLP is posted in the factory. Progarments did not provide the CoLP to subcontractors and did not monitor working conditions at subcontractors.
Management system of factory to improve labour standards	Workers have no idea who is the responsible person for factory social compliance program.	No areas for improvement found
Communication and consultation	Workers are not informed about CoLP and Chinese labour law. Factory does not maintain a register of complaints and suggestions of workers, including management response.	No areas for improvement found
No forced Labour	Factory lacks a functioning policy for avoiding forced labour.	No areas for improvement found
No discrimination in employment	Factory lacks a functioning policy for avoiding discrimination among workers.	No areas for improvement found
No exploitation of child labour	Factory lacks a functioning policy for protection of juvenile workers and avoiding child labour.	No areas for improvement found
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.	A workers committee was established in August 2011. At the time of the audit it was not active.
Payment of a living wage	Overtime work is not paid according to requirements from Chinese law. Piece rate workers are not paid for statutory holidays. Piece rate workers who have worked in the factory for more than one year are not provided with paid annual leave benefit.	Overtime work is not paid according to requirements from Chinese law. Piece rate workers are not paid for statutory holidays. Piece rate workers who have worked in the factory for more than one year are not provided with paid annual leave benefit.
No excessive working hours	Excessive work took place in October, November and December 2009 up to 81 hours/week. Workers do not receive a weekly rest day in each 7-day period.	Excessive work took place in July, August and September 2011 up to 83 hours/week. Workers do not receive a weekly rest day in each 7-day period.
Safe and healthy working environment	Various improvements are needed regarding canteen hygiene, machine safety, chemical safety, fire safety and use of personal protective equipment.	Various improvements were made after the previous audit. Still, the factory needs to make steps regarding chemical safety, fire safety and use of personal protective equipment.
Legally binding employment relationship	25 out of 130 employees are provided with social insurance. A copy of the employment contract is not provided to employees.	32 out of 150 employees are provided with social insurance. In addition the factory bought commercial injury insurance for 12 workers doing relatively dangerous work (cutting and finishing department).