



Fair Wear Foundation

Management system audit report

PWG

15 November, 2011

FWF member since:

1-07-2005

Sources of information

Interview with Marcel Westveer (Management/CSR/FWFcontactperson)

Annual report and work plan

Archived documents

Database FWF

Audit conducted by:

Margreet Vrieling



Fair Wear Foundation

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Fair Wear Foundation

Introduction

In November 2011 Fair Wear Foundation (FWF) conducted a management system audit (MSA) at PWG. The MSA is a tool for FWF to verify that PWG 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 2011. FWF tailored the MSA to the specifics of the management system of PWG in order to assess the key issues of interest. During the MSA, employees of PWG 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 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 PWG 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 PWG that have been identified as key areas of interest for 2011. 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 will publish the conclusions, requirements and recommendations of all MSAs on www.fairwear.org. FWF encourages PWG to include information from the MSA report in its social report.



Executive summary

PWG meets most of FWFs management system requirements. PWG is a Member since 2005. The company sources more than 90% of their own production in a factory in Poland, with which they maintain a longstanding relationship. They maintain a close dialogue on production planning to ensure production to be spread as evenly as possible over the year and avoid excessive overtime. Next to the own production, PWG has over 100 external suppliers. Efforts to have more insight in the monitoring systems of these external suppliers have delivered small results. This results from limitations at PWG to change products from its existing customers. As a result PWG has very limited information about labour conditions in factories where these products are made. PWG is required to look for possibilities to shift more of their orders to either FWF members or other companies that have an acceptable system to monitor working conditions.

Positive findings

Conclusions

1. The decision to have their own production done in Poland, a low risk country, supports a good implementation of the FWF Code of Labour Practices.
2. PWG uses their FWF membership in their communication towards customers and the general public in a very consequent and positive way.

1. Sourcing

Conclusions

1. PWG has a longstanding relationship with the factory in Poland of more than 20 years. Communication between the company and the agent of the factory is taking place daily. Social compliance issues appear regularly on the agenda. The production in this location accounts for more than 90% of their own production. At this supplier PWG has substantial leverage to work on implementation of the FWF Code of Labour Practices. The factory did not use subcontractors for the past year. Next to this supplier, a small part of the production is made at three locations in the Netherlands.
2. In order to ease production planning to be spread evenly over the year, production is done for stock in low periods. When establishing prices, wage levels are taken into account.
3. PWG has over 100 suppliers of external production. This has been also a stable list over the last five years. A small number of these suppliers are FWF member. PWG has put efforts in having the bigger external suppliers informed about the FWF Code of Labour Practices, and received a completed questionnaire back from 4 of their suppliers.



Requirement

3. PWG should look further into the possibilities of ordering more at FWF members to ensure commitment of suppliers for improvement of labour conditions and/or get sufficiently clear whether their actual external suppliers have an acceptable system of monitoring working conditions in their supply chain.

2. Coherent system for monitoring and remediation

Conclusions

1. PWG only sources its own production from low risk countries.
2. Staff of the company regularly visits the factory in Poland. Furthermore there is a Polish representative present at the factory on a weekly basis.
3. Of the order volume that is commissioned by PWG 100% is audited and/or originating from a low risk country.
4. PWG has sent FWF questionnaires to several of their external suppliers and has followed up on this in the communication with these suppliers. In 2011 they got a positive response from one of their suppliers, showing commitment for the Code of Labour Practices and giving insight in their production countries which were only low risk countries. With this PWG increased its threshold for external suppliers of buying from FWF member companies or from companies that have another acceptable system of improving labour conditions to 30%.

Requirements

3. PWG has to ensure that suppliers of external production endorse either the FWF Code of Labour Practices or have another acceptable system in place for monitoring their supply chain.

3. Complaints procedure

Conclusions

1. PWG is aware of the complaints mechanism and has a designated person to handle complaints.
2. To date FWF has received no complaints from workers employed in factories producing for PWG.
3. The FWF information sheet has been posted at the production unit in Poland in the past. PWG is not sure if it is still posted.

Recommendations

3. Staff of PWG is regularly visiting the factory. It is recommended to assign them to check and report back if the FWF information sheet for workers, with the data of the local complaints handler, is posted in an easy accessible place for workers.

4. Labour conditions and improvements**Conclusions**

Based on results of audits carried out by FWF teams to verify improvements FWF has drawn up an overview of improvements in labour conditions in factories. This overview includes results of audits by FWF local audit teams. Results of audits by other initiatives are not summarized.

1. In Poland an FWF audit was done in 2006. Given the fact that the factory employs handicapped people, they have to comply with specific norms and are subject to more control. Workers receive at least minimum wage. Not for all workers it was clear how wages were calculated and how piece rate payment related to minimum wage. One of the issues found that needed improvement was communication between the workers and the factory. Another issue found during the audit was an excess of overtime hours. The agent of PWG supervises the factory and also discusses social compliance. Representatives of PWG itself visit once a month the production unit. According to PWG atmosphere and communication have positively changed, excessive overtime had been reduced and workers are better informed on the calculation of their wages.

5. Training and capacity building**Conclusions**

1, Staff of PWG is sufficiently aware of the implications of the FWF membership, its being discussed in sales meetings and developments at the production units are discussed in the management team.

2. The FWF questionnaire for own production has been collected from the supplier.

6. Information management**Conclusions**

1. FWF has verified that the register of suppliers handed in with the FWF work plan is accurate.



7. Transparency

Conclusions

1. PWG has published information on their company website regarding FWF membership in correct wording.
2. PWG submitted their annual social report 2010 to FWF and the social reports of the previous year have all been posted on the website.
3. PWG communicates the FWF logo on stationary, business cards and catalogues.

8. Management system evaluation and improvement

Conclusions

1. Regarding FWF membership implications and results are discussed in Management team meetings.

9. Basic requirements of FWF membership

Conclusions

1. The work plan for the current year has been received.
2. The membership fee has been paid.

10. Recommendations to FWF

Recommendations

1. PWG suggested making a better distinction between FWF ambassadors and FWF affiliates.