



Fair Wear Foundation

**Management system audit report**  
**Schijvens Confectiefabriek Hilvarenbeek b.v.**  
**27 June 2011**

***FWF member since: 1 March 2010***

***Sources of information***

Interview with Shirley Schijvens (General Director)

Interview with Jaap Rijnsdorp (Sourcing/CSR/contact person for FWF)

Interview with Danielle Koenen (Communication/Marketing)

Annual report and work plan

Archived documents

Database FWF

Audit conducted by:

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## Introduction

In June 2011, Fair Wear Foundation (FWF) conducted a management system audit (MSA) at *Schijvens Confectiefabriek Hilvarenbeek b.v (Schijvens)*. The MSA is a tool for FWF to verify that Schijvens 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 Schijvens in order to assess the key issues of interest. During the MSA, employees of Schijvens 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 Schijvens 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 Schijvens 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](http://www.fairwear.org). FWF encourages Schijvens to include information from the MSA report in its social report.



## Executive summary

Schijvens is in the process of implementing FWF's management system requirements. Schijvens joined FWF in 2010. The company made an enthusiastic start and communicates openly about its FWF membership. Schijvens invested time in getting the supply base in the register and commissioned the first audits at their suppliers. Schijvens sources from China, Bangladesh, Turkey and Egypt. The business relations with the suppliers date back from the latest three/four years. Last year has shown some changes in the supply base. The company recently decided to phase out the relation because of low quality of performance in general with some suppliers and is starting cooperation with some new ones. Schijvens is working on consolidating relations with a small number of suppliers.

Five factories have been audited by FWF teams in China and Bangladesh. One other audit has been asked for but was postponed by FWF due to logistical reasons. FWF cannot calculate the exact percentage of the production that has been included in the monitoring system, because FOB per production unit is not provided. FWF can state that the threshold of 40% will be met when the Turkey audit is done based on the payments overview.

A big reorganisation process in the company had a lot of impact on the organisational structure. This meant that there was only limited time made available to follow up on the audits and set up a system for registering the progress made and issues pending at their suppliers. Steps have to be taken to realise improvements.

## Positive findings

### *Conclusions*

1. After having visited one of their fabric suppliers, Schijvens decided to offer an extra sum per meter, to realize improvement in OSH conditions. The investment has been used by the fabric supplier to rebuild a safer environment.

## 1. Sourcing

### *Conclusions*

1. Staff of Schijvens gave during the interviews several examples stating that they weigh also social compliance issues in the selection of new suppliers. Sourcing routine for Schijvens staff is not on paper.

2. Schijvens sources from what FWF calls high risk countries China, Bangladesh, Turkey and Egypt. The business relations with the suppliers date back from the latest three or four years. Last year has shown some changes in the supply base. The company recently decided to phase out the relation because of low quality of performance in general with some suppliers and is starting cooperation with some new ones. Schijvens is working on consolidating relations with a small number of suppliers.

3. New suppliers are asked to sign the Schijvens suppliers manual in which the FWF CoLP is included before the first order is placed. Schijvens did not ask so far their suppliers to share earlier audit reports.

4. The company checks during visits if the workers information sheet is posted. This is not always before production starts.
6. Standard lead times for orders is between 70 – 120 days. Because of developments in the market, last year showed a big pressure on delivery times. Schijvens had plans to share and update forecasts with suppliers at an early stage. Because of delivery problems with the fabric last year, this has not been implemented yet. Excessive overtime was found during audits at suppliers of Schijvens.
7. When establishing prices Schijvens stimulates the suppliers to be transparent in order to have more insight in the wage component of the price. So far they do not have enough information to be able to check and calculate if living wages are being paid to workers. Payments below living wage levels were found during audits.

### ***Recommendations***

2. FWF encourages committing to a limited number of suppliers and maintain longstanding business relationships.
3. FWF recommends asking potential new suppliers to share existing audit reports as a means to assess the level of working conditions in these factories. FWF recommends using the audit quality checklist that has been issued by FWF to assess quality of existing audit reports. The checklist can be downloaded from the FWF website.
6. FWF recommends investigating the root causes of overtime in cooperation with factories. Incidents of overtime, their origin and severity should be recorded to support this analysis. It is recommended that a period be defined which is representative for an entire business year for the factory to carry out this analysis. After this analysis, a step-by-step plan can be drafted by the factory to bring the amount of working hours down to legally allowed levels. The plan should explain how and if and to what extent the factory can control overtime hours, and to what extent the buyer could support remediation.
7. It is recommended to assess how further steps forward towards payment of living wages for a regular working week can be made. This assessment should preferably be done together with the supplier and if possible other important buyers. In this discussion the FWF wage ladder tool can be used.

## **2. Coherent system for monitoring and remediation**

### ***Conclusions***

1. Five factories have been audited by FWF teams in China and Bangladesh. Another planned audit for the supplier in Turkey had been postponed by FWF and will be performed as soon as possible. Although we cannot calculate the exact percentage, because FOB per production unit is not provided, based on the payments overview, FWF can state that the threshold of 40% has been met when the Turkey audit is done.
2. There is a designated person to follow up on CAP's. Due to a reorganisation process in the company time available to do this has been very limited.
3. Staff of Schijvens have visited several suppliers. The CAP for a factory in Bangladesh has been discussed during a visit of Schijvens representatives to the factory. The CAPs of the remaining audits have not been formally agreed upon yet with the respective



suppliers and no follow up has been done. With two of the suppliers which have been audited in the past year the relations have been ended or will be ended soon for quality performance reasons.

4. Schijvens has a positive attitude towards cooperating with other buyers. After the audit in Bangladesh first contacts have been established with another customer of the same factory to see possibilities to do a common follow up.

#### **Requirements**

3. All CAPs have to be discussed and finalised with the supplier. Following that, the company has to monitor the improvements made.

#### **Recommendations**

3. After having agreed the CAP with the supplier, regular dialogue is necessary with the supplier to keep track of improvements made. The new CAP template of FWF with some extra columns added can be used for this purpose.

### **3. Complaints procedure**

#### **Conclusions**

1. Staff of Schijvens is sufficiently aware of the FWF complaints procedure and has a designated person to handle complaints.
2. At 5 suppliers visited by FWF the FWF Code of Labour Practices with the local complaints handling number was not posted.
3. In the past year, one complaint has been received on excessive overtime and the payment of the extra time. These issues were also found during the audit recently done before. Therefore it was agreed that priority would be given in the follow up of the CAP. The public intermediate report on this complaint has been published on the FWF website [http://fairwear.org/images/2010-12/complaint\\_china\\_schijvens\\_nov2010.pdf](http://fairwear.org/images/2010-12/complaint_china_schijvens_nov2010.pdf). Due to low quality performance in general Schijvens decided to leave this factory.

#### **Requirements**

2. Schijvens must ensure that the FWF Code of Labour Practices is sent to all their suppliers.

**Recommendations**

2. It is recommended that staff visiting the factory check if the Code of Labour Practices is posted in an area which is easily accessible to workers. The Code of Labour Practices should include the contact details of the local complaints handler.
3. Although Schijvens is about to end the relations with one of the audited suppliers. Schijvens does have to discuss the outcomes of the audit with the supplier and to share the information from the complaint. When possible inform FWF on the actual status of the follow up to this issue.

**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. The overview is annexed to this report. This overview includes results of audits by FWF local audit teams. Results of audits by other initiatives are not summarized.*

Five factories have been audited by FWF teams in China and Bangladesh

1. In China no non-compliances were found on forced labour, discrimination and child labour. Company policies to prevent these are often not in place. There are no independent unions active or workers committees run by elected workers, and workers have little awareness of their legal rights and role in consultation and negotiation. In one factory in China some workers' salaries were lower than minimum wage for a period of three months. . In another factory overtime was not always compensated according to local laws. Excessive over time was found at the suppliers. Several issues were found related to a safe and healthy working environment, like not adequate enough fire fighting equipment and not proper use of Personal Protective Equipments (PPEs). In the factories in China not all the workers are included in the social security system.
2. In Bangladesh no non-compliances were found on forced labour, discrimination and child labour. Excessive overtime was found and this was not recorded correctly. Several Occupational Safety and Health issues needed improvement. The use of PPEs was not sufficient and fire safety equipments were not maintained properly. On the code element of legally binding employment relationship it was found that some daily workers worked already for several months for the factory without being offered a contract.

**Recommendations**

2. It is recommended to arrange additional factory trainings that aim at strengthening knowledge on rights and obligations and social dialogue on factory level. FWF is in contact with local organisations that could possibly provide such trainings.
3. Schijvens should take an active role in discussing wages with their suppliers. Urgent action plan should be agreed for the workers who do not receive at least the legal minimum wage. For the other suppliers the FWF wage ladder can be used as a tool to stimulate getting steps closer to implementation living wages. Most relevant wages, such



as local minimum wage, Asia Floor Wage, collective bargaining wage and industrial best practice wage are provided in the wage ladder. The wage ladder is included in FWF's audit reports from April 2011 on. It demonstrates the gaps between workers' wages at a factory and living wages demanded by major local stakeholders. The wage ladder can be used to document, monitor, negotiate and evaluate improvements in wages at its suppliers.

4. FWF recommends investigating the root causes of excessive overtime in cooperation with key suppliers. FWF can provide support upon request.

## 5. Training and capacity building

### *Conclusions*

1. Staff of Schijvens is sufficiently informed about their FWF membership. The company explained about their FWF membership in a newsletter and organised a workshop for its staff with information and films on social compliance issues next to the cradle to cradle concept.
2. One of their agents participated in the FWF Chinese supplier seminar.
3. The company uses its supplier manual to keep factories updated on compliance with the FWF Code of Labour Practices.

### *Recommendations*

1. It is recommended to let CSR/purchasing/QC staff participate in FWF's training for company staff to get more familiar with FWF's work. FWF is organising a training programme in 2011 (8-9 September 2011 and again in March/April 2012) to help companies to improve their management system. Alternatively FWF can also offer in house training.

## 6. Information management

### *Conclusions*

1. There is a designated person to update the supplier register.
2. The supplier register handed in for 2010 did not contain information on production and percentages per supplier, as some figures were given per agent.
3. Buyers and other relevant staff have access to the supplier register on the server.
4. There's not yet a system in place with information on the status of CAPs per supplier including registration of information from visits to suppliers.

### *Requirements*

2. The supplier register submitted to FWF should be in the correct format and contain





updated information on all suppliers. The supplier register must contain all suppliers and sewing subcontractors. For each supplier or subcontractor the following information must be specified:

- Contact information
- Production location
- Total purchasing amount (FOB)
- Percentages of total purchasing volume
- Information on previous audits carried out at production location
- Brief status description of process to follow up on corrective action plans.

## 7. Transparency

### ***Conclusions***

1. The member company informs the public about its FWF membership through its website and in direct contact. Furthermore Schijvens used FWF materials at fairs. It has not been included in brochures yet, because they printed their brochures before the affiliation with FWF, which they are still using.
2. The annual social report of the previous year has been received in time and placed on the website of the member company
3. Information about FWF membership is posted the website of the member company in correct wording.

## 8. Management system evaluation and improvement

### ***Conclusions***

1. Schijvens evaluates so far in an informal way in the management team about issues related to the FWF membership. They reward it as very positive that by becoming a FWF member they have worked on getting much more insight in their own supply chain and have increased transparency. It provides them with tools to work in a way that fits their principles. Furthermore it is very usefull for tenders.

### ***Recommendations***

1. FWF recommends to evaluate at least once a year to what extent the chosen approach to improve working conditions is effective. The evaluation would need to assess the actions, time and budget spent to fulfil the commitment with FWF. When active follow up is given to suppliers, it's also important to evaluate which improvements were (not) successfully implemented in factories, if communication with factories on this issue goes smooth, and whether the chosen approach is cost efficient.



## 9. Basic requirements of FWF membership

### *Conclusions*

1. The work plan has been received in time.
2. The membership fee for last year has been paid.

## 10. Recommendations to FWF

### *Recommendations*

1. Schijvens recommends FWF to be more pro-active in sharing best practice examples, sharing tools or approaches other members have already developed.
2. For small companies it would be appreciated if some basis tools could be provided to build up the monitoring system, such as a factory visit checklist.



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<b>Improvement of labour conditions: summary of most important findings</b>	<b>FWF audit done at a factory in China in May 2011</b>
<b>Workers interviews</b>	
<b>Documentation</b>	
<b>Sourcing practices (price, leadtime, quality requirements)</b>	workers are paid below china's national poverty line
<b>Monitoring system of FWF member company</b>	This audit is part of the monitoring mechanism
<b>Management system factory to improve labour standards</b>	Workers are not aware of a responsible for social compliance in the factory
<b>Communication, consultation and grievance procedure</b>	The Honk Kong agent of Schijvens did not distribute the Code of Labour practices to the factory
<b>Employment is freely chosen</b>	No findings
<b>No discrimination in employment</b>	No findings
<b>No exploitation of child labour</b>	No findings
<b>Freedom of Association and the Right to Collective Bargaining</b>	No policy on freedom of association and allowing independent trade unions in the factory
<b>Payment of a Living Wage</b>	Wages are above legal minimum wage, but below what stakeholders estimate is a living wage
<b>No excessive working hours</b>	More overtime is performed than weekly and monthly allowed
<b>Occupational health and safety</b>	Improvements are needed on fire safety and the use of PPE
<b>Legally binding employment relationship</b>	Not all workers are covered in social insurance programme

<b>Improvement of labour conditions: summary of most important findings</b>	<b>FWF audit done at a factory in China in November 2010</b>
<b>Workers interviews</b>	
<b>Documentation</b>	No policies found on avoiding forced labour, child labour or discrimination
<b>Sourcing practices (price, leadtime, quality requirements)</b>	Wages are below stakeholders estimate of living wage
<b>Monitoring system of FWF member company</b>	Code of Labour Practices is not provided to the factory. This audit is part of monitoring mechanism
<b>Management system factory to improve labour standards</b>	No system in place to monitor and improve labour conditions in the factory
<b>Communication, consultation and grievance procedure</b>	Information sheet for workers is not posted. No registration of worker complaints/grievances.
<b>Employment is freely chosen</b>	No findings
<b>No discrimination in employment</b>	No findings
<b>No exploitation of child labour</b>	No findings
<b>Freedom of Association and the Right to Collective Bargaining</b>	No policy on freedom of association and allowing independent trade unions in the factory
<b>Payment of a Living Wage</b>	Overtime hours are not duly compensated, and payroll records are not but below stakeholders estimates of living wage
<b>No excessive working hours</b>	Excessive overtime was found, workers do not always have there one day off in 7 days, and perform more hours daily, weekly, monthly than legally allowed
<b>Occupational health and safety</b>	Improvements are needed on fire safety, MSDS sheet needed for all chemicals,
<b>Legally binding employment relationship</b>	Workers are not provided with social insurance benefit

<b>Improvement of labour conditions: summary of most important findings</b>	<b>Factory in Bangladesh audited by local FWF team in October 2010</b>
<b>Workers interviews</b>	
<b>Documentation</b>	
<b>Sourcing practices (price, leadtime, quality requirements)</b>	Factory was informed about FWF affiliation of Schijvens
<b>Monitoring system of FWF member company</b>	This audit forms part of the monitoring system
<b>Management system factory to improve labour standards</b>	
<b>Communication, consultation and grievance procedure</b>	Information sheet was not posted. Workers are not informed about WWC and no WPC has been formed
<b>Employment is freely chosen</b>	No findings
<b>No discrimination in employment</b>	No findings
<b>No exploitation of child labour</b>	No age verification system for daily laborers
<b>Freedom of Association and the Right to Collective Bargaining</b>	No union active in the factory
<b>Payment of a Living Wage</b>	Payment done is too late, and for OT in extra sheet.
<b>No excessive working hours</b>	Excessive overtime was found
<b>Occupational health and safety</b>	Several OHS issues need improvement
<b>Legally binding employment relationship</b>	Daily wagers working for more then 3 months without being offered a contract

<b>Improvement of labour conditions: summary of most important findings</b>	<b>Audit done by FWF team in a factory in China in November 2010</b>
<b>Workers interviews</b>	
<b>Documentation</b>	
<b>Sourcing practices (price, leadtime, quality requirements)</b>	Wages paid in the factory are below stakeholders estimate of a living wage
<b>Monitoring system of FWF member company</b>	Code of Labour Practices has not been provided. This audit forms part of monitoring mechanism
<b>Management system factory to improve labour standards</b>	No monitoring system known to workers to monitor labour conditions
<b>Communication, consultation and grievance procedure</b>	No register for grievances and information sheet for workers is not posted
<b>Employment is freely chosen</b>	No findings
<b>No discrimination in employment</b>	No findings
<b>No exploitation of child labour</b>	No findings
<b>Freedom of Association and the Right to Collective Bargaining</b>	No policy on freedom of association and allowing independent trade unions in the factory
<b>Payment of a Living Wage</b>	Months were found where workers did not receive local legal minimum wage
<b>No excessive working hours</b>	Excessive overtime was found, and no proper time records
<b>Occupational health and safety</b>	Some improvements needed on fire safety and work with chemicals
<b>Legally binding employment relationship</b>	Not all workers covered by social insurance system

<b>Communication, consultation and grievance procedure</b>	<b>FWF audit done in a factory in China in November 2010</b>
<b>Workers interviews</b>	
<b>Documentation</b>	No policies to prevent forced labour, child labour and discrimination
<b>Sourcing practices (price, leadtime, quality requirements)</b>	No findings
<b>Monitoring system of FWF member company</b>	Code of Labour Practices not provided. This audit forms part of monitoring mechanism
<b>Management system factory to improve labour standards</b>	No system in place to monitor and improve labour conditions
<b>Communication, consultation and grievance procedure</b>	No register for grievances. Information sheet for workers not posted
<b>Employment is freely chosen</b>	No findings
<b>No discrimination in employment</b>	No findings
<b>No exploitation of child labour</b>	No findings
<b>Freedom of Association and the Right to Collective Bargaining</b>	No policy on freedom of association and allowing independent trade unions in the factory
<b>Payment of a Living Wage</b>	Overtime is not duly compensated. Workers do not receive their entitled paid leave. No records could be reviewed.
<b>No excessive working hours</b>	Excessive overtime was found
<b>Occupational health and safety</b>	Locked safety exits and improvements needed in OHS
<b>Legally binding employment relationship</b>	Not all workers covered in social insurance system