

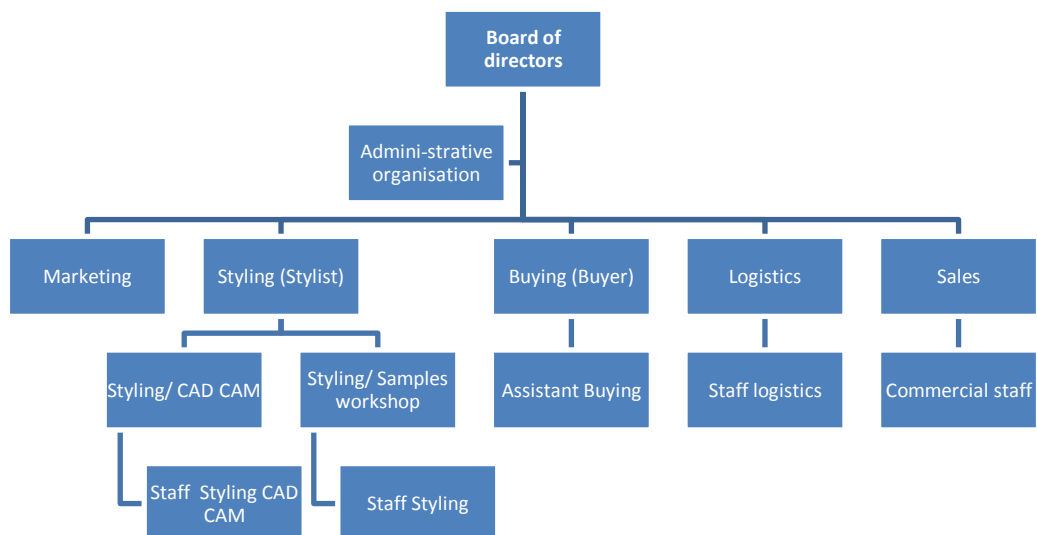


www.schijvens.nl and www.triffic.com

Start date membership

March, 2010

Organisational chart



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Inhoud

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1. Summary: goals & achievements 2010

2010 was a very exciting year for us. We joined Fair Wear Foundation in March and had our first audits in October and November. We learned which factories were producing for us via agents and we informed the agents about the Code. We also send them copies of *Fair Wear Formula* to hand out to the production facilities and communicate the Code to the factories.

Our goal was to audit 40% of our suppliers (fifteen in total) and we audited four companies; three in China and one in Bangladesh. One audit in Turkey has been postponed, because the location and time was not suitable for the audit team. We noticed that planning the audits was much harder than expected and we will try to plan them earlier.

Our suppliers are partners: we will discuss everything with them and are equal, rather than subordinate. We wrote a manual for all the suppliers about the Code, how the garments must be packed, how the quality is assured, etcetera. We send this to our suppliers and agents.

Unfortunately, we had to end our business with the three audited companies in China. It was absolutely not because of the outcomes of the audit, that would never be a reason to end business. The quality was most of the time not up to our standards and the delivery was frequently much too late without informing us properly. We did not discuss the audit reports with these factories, because we wanted to stop working with them.

Jaap Rijnsdorp (buying manager) did discuss the audit report with the factory in Bangladesh. The report and the corrective action plan were handed to the management. There were plans to cooperate with another client of the factory, but that did not work out. The factory has already worked on the things that need to be changed, but we have not seen it. We will ask them to send photo's to us.

We did not have an official FWF training for the staff of Schijvens in 2010, but the CSR project assistant, Emma Naaijken, gave a presentation on FWF, Stichting Max Havelaar and Oeko-Tex, accompanied with some movies and documentaries. The staff now has a better view on social compliances and how we can better them. They can communicate this with the clients.

We also received two certificates from Oeko-Tex: one for our denim garments and one for our polypropylene garments, both from the T'rifric brand.

2. Sourcing strategy

2.1. Sourcing strategy & pricing

Our goal for 2010 was to minimize the number of factories producing for us. There were too many factories, most of them were even unknown to us. The agents took care of the factories and usually we did not know which garment was made in which factory. It is not easy to better the social compliances in a factory you do not know. So the first step was to make it transparent. We

got a list of factory names and what was made in that factory. After that, Jaap Rijnsdorp made the decision which factories we wanted to work with. He based this on the type of factory, like knitted or woven garments, only trousers, only jackets, etc. It is important to have different kinds of factories, because you do not want to make only jackets, or a pair of trousers made by people who only can make jackets. Jaap also looked at previous productions, if they were good or bad. Social compliances were not looked upon during this phase.

We ended up with a list of fifteen factories in China, Bangladesh, Turkey and Egypt.

The prices were raised almost everywhere, because the cotton prices were very high. But we are also dependent on our customers: they decide which price they want to pay. And sometimes it happened that a price was already set, but that the producer eventually could not produce it for that price. Most customers were willing to pay the new price. So pricing is still quite difficult for us, mostly because our customers have budgets for their workwear.

2.2. Organisation of the sourcing department

There is no separate sourcing department. Sourcing is done by buying manager Jaap Rijnsdorp. Please also see above.

2.3. Production cycle

The production cycle can be described as continuous. As we are not a company producing fashion, we do not have new collections every season. A lot of customers for our SCH division (supermarkets, hardware stores, drugstores etcetera) do have winter and summer garments, but they usually wear them several years. Some customers have entirely different garments or colours for the seasons. We also keep garments on stock for our customers. We keep track of the stock and if new production is needed. If we see that the summer collection is low on stock in the winter, we can already start producing that. That way it has less pressure on the garment factories and it will be on time for the summer.

T'RIFFIC is a slightly different story, because we always keep it on stock. All the garments can be worn in all seasons, while a lot of the SCH garments are for specific seasons. For T'RIFFIC we keep track of the stock and if we are low on stock, we will give a sign to the producer. We did make a change in producer: the original producer did not produce up to our standards. We do still work with this factory for other productions.

2.4. Selection of new factories

We started working recently with a company in Bangladesh where we already had some things produced before we became an affiliate of FWF. We did not work with them at the time of becoming an affiliate, so that is why this factory was not listed in our register.

We also started working with another company in Bangladesh, of which the owner is also the owner of another factory we already work with. The factory was selected based upon the garments that are made there, the quality and the delivery time.

Our producer in Egypt started his own factory and his new productions are made in this new factory. He contacted FWF himself to see if he could be an affiliate, but FWF is not active yet in Egypt. He is determined to make his factory socially and environmentally friendly.

We have no other new factories, because we are quite happy with the factories we already work with. We do not want to have too many factories, because it is easy to lose the overview, regarding production and regarding the social standards.

2.5. Integration monitoring activities and sourcing decisions

We became an affiliate in March 2010. Our first audits were planned in October, so the outcomes did not really influence our sourcing strategy yet. We were, however, very aware of the Code and what that means for factories. We did not end any cooperations based upon lacking social compliances. We are asking about the social compliances when we negotiate with new factories.

3. Coherent system for monitoring and remediation

Some factories said that we did not hand out the Code of Labour Practices, but we did send this and the book *Fair Wear formula* to the agents, asking them to hand it out to the factories. Apparently, this has not been done and we will contact the agents about this.

3.1. Turkey

We have one factory in Turkey, number 3 on the supplier register 2010. The factory produced 9% of the total production of Schijvens. The audit date has been postponed, so no audit was conducted in 2010. The owner of the factory visited Schijvens twice in 2010. He was very willing to work on the social compliances, but no real plan has been discussed.

3.2. China

- Factory 5, 6, 8, 9, 12, 13, 14, 15: We are working with an agent for these factories, so we do not know the percentage of production for us. Factories 5 and 8 were visited by Shirley Schijvens (director) and Jaap Rijnsdorp (buying manager). The agent was also present. They did look at the conditions in the factories, but have not really discussed the social compliances regarding overtime and wages.
- Factory 7 in register: We do not know what the percentage of production is for us, because in 2010 we mainly worked via the agent. This factory has not been visited by anyone from Schijvens. We received no complaints from this factory. We do not cooperate with other clients; as far as we know, no other FWF affiliates produce in this factory. The factory was audited by FWF on 1 November; it was their first audit ever. A lot of documents were not kept, such as a list of all workers, overtime register, and payroll journals. The management does not know a lot about social compliances, but the workers state they are not forced to work overtime; it is voluntarily. In 2010

Schijvens decided to stop giving orders to this factory, due to bad quality in production and frequently not delivering in time.

- Factory 10 in register: We do not know what the percentage of production is for us, because in 2010 we mainly worked via the agent. This factory has not been visited by anyone from Schijvens. We received no complaints from this factory. We do not cooperate with other clients; as far as we know, no other FWF affiliates produce in this factory. The factory was audited by FWF on 10 and 11 November; the factory has been audited by other companies, but not by an FWF affiliate. Although they have been audited by several companies, the factory still does not keep records of payroll, working hours and policy manuals. In 2010 Schijvens decided to stop giving orders to this factory, due to bad quality in production and frequently no delivering in time.
- Factory 11 in register: We do not know what the percentage of production is for us, because in 2010 we mainly worked via the agent. This factory has not been visited by anyone from Schijvens. We received no complaints from this factory. We do not cooperate with other clients; as far as we know, no other FWF affiliates produce in this factory. The factory was audited by FWF on 8 and 9 November. The most important outcomes were that records regarding work hours and wages were falsified, but the management confirms this and shows positive attitudes towards factory improvements. Workers can express their opinions orally or via a suggestion box and the management can usually solve the problems quickly. In 2010 Schijvens decided to stop giving orders to this factory, due to bad quality in production and frequently not delivering in time.

3.3. Bangladesh

- Factory 2 in register: This factory produced about 7% of Schijvens' total production in 2010. The factory has not been visited by anyone from Schijvens. There were no complaints from this factory and we did not cooperate with other clients. The audit took place on 25 and 26 October. The most important outcomes were that the management did not inform the workers about the FWF code, the workers were not aware of the sexual harassment prevention committee, most workers are not informed about the Workers Welfare committee and the wages were not paid in time. Overtime was frequently planned without checking with the workers, the water purifying machine was not turned on, some machines did not have the required safety measures.
- Factory 4 in register: This factory was new in 2010 and we do not have figures about the production percentage. The factory was not visited and no audits were planned or conducted.

3.4. Egypt

We have one factory in Egypt (nr 1 in the register), but no audits were performed here. The factory was visited by Shirley Schijvens (director) Jaap Rijnsdorp (buying manager). They did discuss FWF, but no real plans were discussed.

3.5. External production

Jaap Rijnsdorp (buying manager) has mentioned and discussed our being an affiliate in meetings with the external producers. They reacted very enthusiastic, but at the moment, there are no follow up actions. We have to step up in 2011.

4. Training and capacity building

4.1. Activities to inform staff members

First of all, we announced it via an internal, informal e-mail. Shirley Schijvens and Jaap Rijnsdorp signed the Code, the moment of signing was being photographed, and the Code was framed and hung in the showroom. We also announced it via our internal newsletter. We heard the news of being an official affiliate just in time before the final example, so the text was changed from “we’re almost an affiliate!” to “we’re an affiliate!”.

The atmosphere at Schijvens is very informal and only about 35 people work here. Everyone could ask questions about FWF and what it means for us and the factories. Not everyone knows the Code by heart, but they do have an understanding of what it means.

In the context of a Cradle to Cradle workshop we also had a movie-afternoon. Almost everybody was present. Emma Naaijken, the CSR project assistant for a year, gave a short presentation on FWF, Cradle to Cradle and Fairtrade/Max Havelaar. We watched a Dutch documentary about Cradle to Cradle, a short film about cotton farmers in Africa and an episode of the BBC series *Blood, Sweat and T-shirts*, where six young Brits go to India and see for themselves where the cheap fashion is made. They also get to work in different factories, from large factories, to a small and crowded room.

4.2. Activities to inform agents

Every agent and factory owner got a supplier manual, which also included the Code, and the book *Fair Wear formula*. We asked the agents and factory owners to read both carefully and sign the Code and the accompanying letter for the manual.

We also send them e-mails about FWF, asking them to fill in the questionnaires and information for the register. Some of them were not familiar with FWF and we answered their questions.

4.3. Activities to inform manufacturers and workers

Our agents asked the factories for information. A lot of our production locations are already being audited by other organisations and they are already busy with CSR. One of our agents in China agreed in November to go to a FWF seminar in Shenzhen in January 2011 on our costs. He learned a lot there. Although it took place in 2011, it is important for us to mention that he was willing to go to the seminar.

5. Transparency & communication

We have announced our being an affiliate of Fair Wear Foundation in our company news letter. We also have made short texts about FWF and Schijvens for fairs and events. A new website for Schijvens was launched in which Schijvens is divided into several rooms of a house. CSR is the Wellness room and a short clip shows the viewer Shirley Schijvens, director, talking about CSR and FWF, holding the *Fair Wear formula* and in the background you can see the Code.

Other news will be in the company news letter and our clients are always free to ask questions.