

2011

Social Report



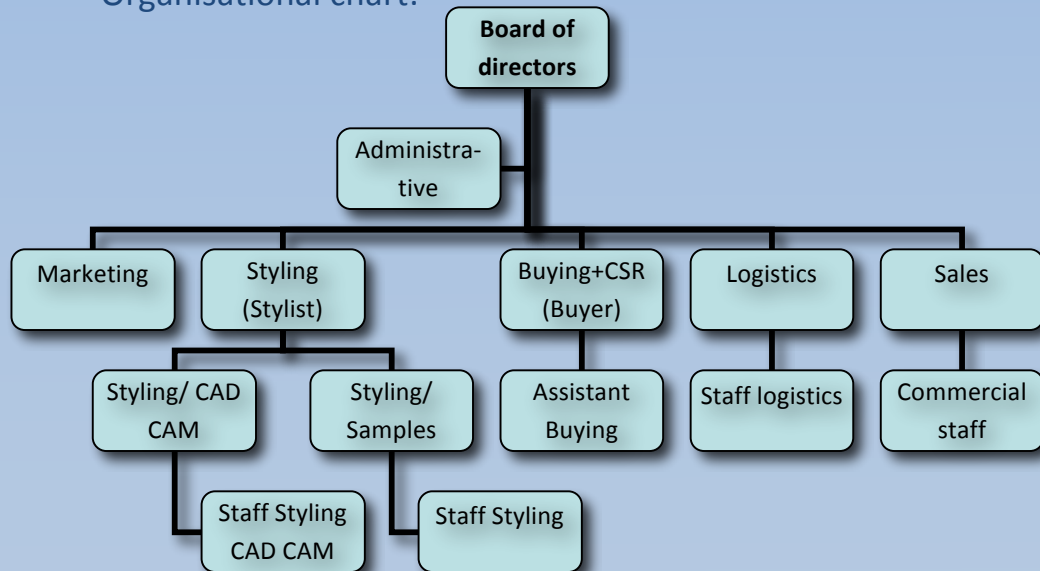
Schijvens Confectiefabriek Hilvarenbeek BV

www.schijvens.nl and www.triffic.com

Start date FWF membership:

March, 2010

Organisational chart:



SOCIAL REPORT 2011

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1. Summary: goals & achievements 2011

Schijvens is a member of the Fair Wear Foundation since March 2010. The year 2011 was a very challenging year for us. It was a period of reorganization and refocusing. We managed to transform the company into a healthy, growing business again.

By the end of 2011 we carried out five audits, including a follow-up audit. Unfortunately, due to crucial in-house activities, we had fewer possibilities for actual steps in the follow-up plan. Several audits were done in 2011 and we managed to cover 40% of our suppliers, although we did not have the capacity to structurally work on follow-ups.

In this second year as FWF affiliate we did learn a lot about social compliance and realistic goals. We encountered several issues and we noticed that planning the audits is much harder than expected. For the year 2012 we are creating a clear plan of approach to monitor our supply base and quickly follow-up the outcomes of audits. We experienced that an up-to-date system and good contact with agents and suppliers is essential for efficient improvement of the standards at the factories. We are happy to see that our supply base becomes more and more stable, which is a great basis for action.

We realize that our production agents can play an important role in the improvement of factory standards. Therefore we encourage them to attend seminars organized by FWF, in order to make them more aware of the issues and work together as partners in handling the issues.

2. Sourcing strategy

2.1. Sourcing strategy & pricing

Following the goal in 2010 we continued to minimize our number of suppliers. We believe that a small, stable supply base works more efficient and transparent. Our agents are trained to strive for this too. Transparency is a core value in improving working conditions.

Several elements are important when we consider selecting a new supplier: specialisation in a specific garment type in order to realize quality, price and quality must be in balance, high value to long-term relationship, and willingness to cooperate in FWF activities.

In total we worked with 24 factories in 2011. Located in China, Bangladesh, Egypt and Turkey. We try to build strong relationships with the suppliers, in order to start dialogues and work together towards better conditions in the supply chain.

2.2. Organisation of the sourcing department

Due to the size of the company, buying and sourcing is dealt with at the same department. The buying manager is responsible for both production and CSR.

2.3. Production cycle

Schijvens produces workwear and corporate clothing. Seasonal collections are not made, however most of the customers do order 'seasonal'; polo's and T-shirts in the summer and sweaters and long-sleeved shirts in the winter.

Our continuous production cycle enables us to maintain long-term planning. The basic collections (both winter and summer) are used for several years and we have garments on stock for our customers; clothes can be replaced or added at any moment. The large stock enables us to manage order placement and keep into account the possibilities of the suppliers. We try to involve the suppliers in this planning, so that unpleasant surprises from the production side can be minimized, and consequently prevent negative impact on working conditions.

Lead-times are generally 8-12 weeks on an average cross product category from Turkey and Egypt. Ready-made garments and raw material take around 4-6 weeks. For the Middle East the lead-time is 5 months.

2.4. Selection of new factories

In the year 2011 one supplier was added to our supply base; a factory in Pakistan producing knitted and woven garments. Our agent in Pakistan is very punctual and willing to become partners in making good and honest business.

When selecting new suppliers, we start by evaluating the location. Important decision-making criteria are lead times, the general cost price, quality and specialization. The willingness to build a long-term relationship and to contribute to improvement (both in quality and working conditions) are important advantages for a partnership. Acknowledgement of the FWF Code of Labour Practices is obviously also essential.

2.5. Integration monitoring activities and sourcing decisions

Due to our reorganization in 2011 we did not manage to improve our sourcing strategy on obvious points. Nevertheless, we have been taking into account the Code during our business with the factories; mentioning our FWF membership, explaining the Code of Conduct and discussing ways to improve conditions. Due to quality performance we had to end the relationship with several suppliers.

3. Coherent system for monitoring and remediation

In the year 2011 we made several visits to factories in Turkey, Bangladesh and China. As mentioned above we did not manage to start monitoring and follow-up in a constructive way, however plans are being shaped to make a restart in 2012. Egypt and India are relatively new countries for our production. One of our production agents in China participated in the FWF training in 2010 and we encourage other agents to also become more involved so that FWF becomes more concrete for them, especially when visiting existing and new suppliers.

We sent the Code of Labour Practices to all agents and asked them to spread it among the suppliers. In this way the agents feel more involved and responsible for this matter.

3.1. Turkey

The one factory in Turkey produced 10% of the total production of Schijvens in 2011. An audit is done in the beginning of 2012, so when writing this report the CAP was finalized. Together with the factory we work on the follow-up now. We have a strong relationship with the owner, and he shows a positive attitude towards improvements.

3.2. China

We work with two production agents in China. In the past three years we built a strong relationship with these agents and we consider them as partners. Yet, the agents tend to select a high amount of factories rather than invest in two or three factories for a strong partnership. Step by step we try to teach the agents that long-term relationship is a core value. Furthermore, we give the agents the task to structurally monitor the factories and discuss social compliances. In 2011 we experienced that this takes much more time than expected. The agents are used to discuss lead time, prices and quality, but social compliance is a new area for them. Besides this, our supply base in China has changed (business was ended with several audited factories), which makes it difficult to take concrete steps in terms of follow-up. We discovered that more time and energy should be put in gathering data from our suppliers. In this way we can set up a system to monitor wages, overtime etc.

We are open to cooperation with other clients of the factories in China, yet as far as we know no other FWF affiliates produce in the factories.

Several points resulting from the audits in 2011 has been followed-up. We sent out the supplier manual to all the factories, including the CoLP and the information sheet to inform workers about their rights. Also we have started working towards an open calculation system in which more transparency about workers wages is required. We hope to further realize this in the next year.

3.3. Bangladesh

In Bangladesh we have one large supplier that produced about 7% of Schijvens' total production in 2011. 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. An audit took place in 2010 and the most results were:

- management did not inform the workers about the FWF code,
- workers were not aware of the sexual harassment prevention committee,
- most workers are not informed about the Workers Welfare committee,
- wages were not paid in time,
- overtime was frequently planned without checking with the workers.

No improvements were made, as we faced huge communication problems. The factory failed to respond to any requests, regarding product quality, lead times and social compliance. After several attempts we decided to reduce and eventually stop the orders.

3.4. Egypt

We have one factory in Egypt, but no audits were performed here yet. The factory was visited by Shirley Schijvens (director) and Jaap Rijnsdorp (buying manager). They did discuss FWF, but no real plans were discussed. The management implied that they are willing to cooperate in improvement actions.

3.5. External production

Jaap Rijnsdorp (buying manager) has mentioned and discussed our FWF affiliation in meetings with the external producers. Their response was very positive, yet concrete follow-up actions have not been set up.

4. Training and capacity building

4.1. Activities to inform staff members

In 2010 announcements about FWF affiliation were made via internal e-mail. The Code is placed in our showroom and our team of 35 people is informally updated about audits and factory conditions.

Plans are now designed to organize an annual meeting to update the team about improvements and news about FWF affiliation. An important goal for these annual meetings is to try to make our team aware of the possible role they can play in the improvement of supply chain issues.

4.2. Activities to inform agents

Every agent received a supplier manual, which includes the Code of Labour Practices and the book *Fair Wear Formula*. We asked the agents to read them carefully and sign the Code and the accompanying letter for the manual.

We have sent the agents e-mails about FWF, with a request to fill in the information sheets for our factory register. Some of them were not familiar with FWF and we answered their questions.

4.3. Activities to inform manufacturers and workers

Similar to the correspondence with our agents, we also sent a supplier manual to the manufacturers. However, as the supply base has changed substantially we will resend the manual at the beginning of 2012.

In case of agent involvement we ask the agent to gather information at the factories. Other audit companies have audited some of our production locations and we try to get access to the audit reports in order to assess the quality of these audits and prevent double work. One of our agents in China attended a training of FWF in Shenzhen in January 2011. He learned a lot there and we hope to see that he will share his knowledge with colleagues and suppliers.

5. Transparency & communication

Clients have been informed about our social values in the brochure. On our website (<http://www.schijvens.nl>) we created a separate page to inform visitors about FWF, and we published performance reports on the website. Additionally, we wrote short texts about FWF for fairs and events.

In 2012 we hope to exchange audit reports with other companies producing in the same factories. This will be an important step towards transparency.