



Performance check Suitsupply - March 2012

Brand performance check report

Suitsupply

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FWF member since:

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Sources of information:

Interview with Roos Fleuren (Head of purchasing)

Interview with Marlou Scholtes (Legal affairs, contact person for FWF)

Suitsupply work plan 2011

Archived documents

Database FWF

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Introduction

In February 2012 Fair Wear Foundation (FWF) conducted a brand performance check at Suitsupply B.V. (hereafter: Suitsupply). The performance check is a tool for FWF to verify that Suitsupply 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 Suitsupply in order to assess the key issues of interest. During the performance check, employees of Suitsupply 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 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 Suitsupply 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 Suitsupply 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 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. FWF encourages Suitsupply to include information from the performance check report in its social report.



Executive summary

Suitsupply is in process of implementing FWFs management system requirements. The sourcing practices of Suitsupply generally support effective implementation of the Code of Labour Practices. Suitsupply generally aims at having long term relations with suppliers.

In 2011 the monitoring activities of Suitsupply covered 52 % of its purchasing volume in 2011. Suppliers that are based in low risk countries (Spain, Portugal and Italy) represent 38% of the purchasing volume. This means that Suitsupply meets the required percentage based on the duration of FWF membership (which is 90% for the fourth year of membership).

Suitsupply has not posted its annual social reports for 2009 and 2010 on its website. FWF did not receive the 2010 annual report of Suitsupply. FWF expects Suitsupply to submit an annual social report and publish it on its corporate website. This is important as social reports are an important tool in communicating the FWF affiliates' efforts towards fair labour standards.

Whereas it was found that excessive overtime recently took place in these factories during 3 factory audits in China (2011), FWF did not find indications that the order placement process of Suitsupply offers sufficient space to avoid excessive overtime in factories.

During 2 factory audits in China (2011) FWF audit teams found cases of wage payments to workers that were not in line with legal requirements. In these factories a substantial amount of workers were not paid the legal minimum for overtime work and paid annual leave was not given. On the positive side, it was found in one of the factories that proactive adjustments of workers' wages were made on a yearly basis, with average pay rises of 20% to 30% for rank and file workers.

FWF expects Suitsupply to ensure that its suppliers comply with local labour law. The company must request from its suppliers that workers are paid for overtime work and statutory leave according to Chinese regulations. FWF recommends Suitsupply to investigate the root causes of excessive overtime at those manufacturers which are producing on an exclusive basis for the company.

During 2 factory audits in China it was found that the Code of Labour Practices (CoLP) was not posted. On this basis FWF concludes that Suitsupply staff that visits suppliers does not sufficiently check if the CoLP is posted. In 2011 FWF did not receive complaint from workers of factories producing for Suitsupply.



Positive findings

Conclusions

1. It was found in one of the factories that proactive adjustments of workers' wages were made on a yearly basis, with average pay rises of 20% to 30% for rank and file workers.

1. Sourcing

Conclusions

1. The sourcing practices of Suitsupply generally support effective implementation of the Code of Labour Practices. Suitsupply generally aims at having long term relations with suppliers. Suitsupply has no written policy which describes its purchasing practices.

2. According to its 2010-2011 supplier register, Suitsupply in maintains a business relation for more than 5 years with factories that accounted for 74% of its total purchasing volume. Approximately 8% of the volume came from suppliers with who a relationship existed for less than a year (new suppliers are based in China and Portugal). Suitsupply has substantial leverage (at least 10% of factory production capacity) as a customer at suppliers that represent 76% of its purchasing volume. This enables the company to effectively request improvements in working conditions at these factories. Suitsupply does place orders in factories owned by the company. None of the suppliers of Suitsupply is a FWF member factory.

3. Working conditions and the willingness of suppliers to cooperate on improvements are a criterion in the selection of new suppliers and the continuation of business relationships. All suppliers are requested to sign the CoLP and to complete the questionnaire on the FWF labour standards. Suitsupply does not have additional criteria labour standards for selecting new suppliers.

4. Suitsupply does not have a formal rating system that clarifies the weight of the level of working conditions vis-à-vis other criteria such as price, lead time, quality and service. Suitsupply does not have a formal incentive system to reward suppliers for realised improvements of working conditions or a system to grade suppliers regarding performance on working conditions.

5. During 3 factory audits in China (2011) it was found that excessive overtime recently took place in these factories. In general FWF found that order placement process of Suitsupply offers suppliers sufficient space to avoid excessive overtime in factories. Suitsupply has a minimum lead time of at least four months. Through ongoing communication with suppliers the company is generally able to keep track of production schedules and able to detect potential delay. If too many orders at a single supplier have the same shipment date, Suitsupply and the supplier discuss how this can be solved.

6. During 2 factory audits in China (2011) FWF audit teams found cases of wage payments to workers that were not in line with legal requirements. In these factories a substantial amount of workers were not paid the legal minimum for overtime work and paid annual leave was not given.



Requirements

5-6. FWF expects Suitsupply to ensure that its suppliers comply with local labour law. The company must request from its suppliers that workers are paid for overtime work and statutory leave according to Chinese regulations.

Recommendations

1. A written sourcing policy that specifies how implementation of labour standards is taken into account in selection of suppliers and order placement could give buyers a clear incentive and mandate to act accordingly.
5. FWF recommends Suitsupply to investigate the root causes of excessive overtime at those manufacturers which are producing on an exclusive basis for the company. As part of such an analysis all incidents of overtime, their origin and severity should be recorded during a period which is representative for an entire production season. The factories should record overtime correctly and voluntarily. Discussions could be held with workers and supervisors at all management levels on common causes of overtime.
6. FWF encourages Suitsupply to discuss its cost of labour assessment in further detail to establish to which extent this approach could support a best practice example in working towards payment of living wages in factories. The company could use the wage ladder tool developed by FWF to further work towards implementation of living wages in factories. FWF recommends to assess in cooperation with key suppliers which have demonstrated a reasonable amount of progress in implementation of a CAP how further steps forward towards payment of living wages for a regular working week can be made.

2. Coherent system for monitoring and remediation

Conclusions

1. In 2011 the monitoring activities of Suitsupply covered 52 % of its purchasing volume in 2011. Suppliers that are based in low risk countries (Spain, Portugal and Italy) represent 38% of the purchasing volume. This means that Suitsupply meets the required percentage based on the duration of FWF membership (which is 90% for the fourth year of membership). From 2009 to 2011 four factory audits by FWF teams were carried out at Suitsupply suppliers as part of the activities of the company to monitor working conditions. Three audits were done in China (one in 2010, two in 2011) and one in Macedonia (2010).
2. Suitsupply follows up on corrective action plans resulting from audits. Purchasing staff is responsible for the process of informing suppliers about FWF membership, collecting questionnaires, and coordinating follow up on corrective action plans by factories. The head of purchasing oversees this process. Not all factories are visited by staff of Suit Supply BV as a result of long term relations with these factories.
3. Suitsupply monitors working conditions in factories through various activities. The company requests factories to commit to the Code of Labour Practices (CoLP) by letting them sign the FWF questionnaire.
4. Suitsupply does not cooperate with other customers of factories in the process of

improving working conditions.

Recommendations

1. FWF recommends asking potential new suppliers to share existing audit reports with Suitsupply as a means to assess the level of working conditions in these factories.
4. FWF recommends cooperating with other customers of suppliers. An increasing amount of factories produces for multiple FWF member companies. If efforts to follow up on CAPs of existing audit reports are coordinated greater leverage at suppliers can be attained. This allows for cost efficiencies for FWF members and also reduces the amount of energy that factories need to devote to report to their customers on CAP progress. In case audits are carried out by FWF teams on behalf of two or more FWF members, it helps to agree on a number of issues that will be prioritised. Next to this it is useful to coordinate when representatives of involved member companies visit the factory to discuss follow up of the CAP. After each factory visit a status update on the CAP could be shared among all of the involved members.

3. Complaints procedure

Conclusions

1. Suitsupply has designated a person to handle complaints. This person is well aware of FWFs complaints procedure and is able to follow up on complaints quickly.
2. During 2 factory audits in China it was found that the Code of Labour Practices (CoLP) was not posted. On this basis FWF concludes that Suitsupply staff that visits suppliers does not sufficiently check if the CoLP is posted.
3. In 2011 FWF did not receive complaint from workers of factories producing for Suitsupply.

Requirements

2. FWF expects Suitsupply to ensure that the translated version of the CoLP, including the contact details of FWFs local complaints handler, is at all times posted in all factories where clothing is made. The CoLP should be accessible in at least one place that is freely accessible to workers. To ascertain that the CoLP remains posted in factories the Suitsupply staff that visits suppliers must actively check if the CoLP is posted.

Recommendations

2. It is advised to take digital pictures of the posted CoLP during each factory visit by Suitsupply representatives, and to store these on the corporate server.

4. Labour conditions and improvements

Conclusions

In 2011 FWF audit teams carried out 3 audits at factories producing for Suitsupply in China. One audit was carried out on behalf of FWF to verify improvements. Two audits were part of the activities of Suitsupply to monitor working conditions in its supply chain.

1. In two factories, no violations found with regard to child labour, forced labour, discrimination. In one factory juvenile workers (16-18 years) were not registered with the local labor administration authorities or provided with regular health check. In one factory, a practice of bonded labour was found as new workers are requested to pay 200 Yuan as a deposit upon recruitment.

2. In two factories workers were given a proper contract and had been enrolled for the governmental social insurance program. In the third factory, a substantial amount of workers did not have a contract and/or were not enrolled for social insurance. In one factory

3. Regarding salary payments one factory fully complied with Chinese law. In two factories cases of wage payments were not in line with legal requirements. In these factories a substantial amount of workers were not paid the legal minimum for overtime work and paid annual leave was not given. On the positive side, it was found in one of the factories that proactive adjustments of workers' wages were made on a yearly basis, with average pay rises of 20% to 30% for rank and file workers.

4. At all three factories it was found that excessive overtime had recently taken place.

5. Whereas each of the three factories was found to be relatively well organised in comparison to the general state of affairs in China, in each of these factories several improvements were needed with regard to health and safety.

6. The three factories all lacked a functioning mechanism for worker representation.

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. Suitsupply is required to ensure that the practice of bonded labour is abolished at the above mentioned factory.

2. Suitsupply is expected to prioritize follow up on the issues that relate to payment of minimum wages, excessive overtime and fire and machine safety.

Recommendations

3. To ensure sustainable improvement regarding working hours FWF recommends commissioning a local expert to support factories in implementing the corrective action plan. FWF could also provide references of credible service providers who could

facilitate an assessment on working hours in the workplace. As a part of this, a step-by-step plan could be drafted with the factory to bring overtime down to legally allowed levels.

4. Starting from mid-2012, Fair Wear Foundation (FWF) will offer a human resources training programme to suppliers of FWF members. The programme will focus on solving work disputes at the factory level.

The programme is designed to improve grievance mechanisms at the factory level to better address disputes between workers and management. Trainings will also strengthen awareness and access to alternative channels for problem solving, which include existing local initiatives and FWFs complaints hotline.

Management training topics will include: Best practices for effective worker complaint systems; Identifying and resolving worker grievances before they become widespread; and Integrating complaints procedures with the FWF Code of Labour Practices.

Worker training topics will include: How to raise issues with managers in a constructive way; Employee rights and duties; and Gender issues in the workplace.

5. Training and capacity building

Conclusions

1. Suitsupply staff is kept informed about the requirements that result from FWF membership through internal meetings and presentations.
2. Suitsupply informs new suppliers on the requirements resulting from its FWF membership by during visits by sourcing staff. Suitsupply requests its suppliers to complete the FWF questionnaire for factories.
3. In 2011 suppliers of Suitsupply did not participate in FWFs supplier seminars in China. The company did not yet engage its suppliers in projects to promote social dialogue.

Recommendations

1. FWF recommends that the representative for legal affairs, which is also the new contact person for FWF, participates in FWFs training seminar for member companies on 25-26 April 2012.
3. It is recommended to engage manufacturers in training projects that aim at strengthening social dialogue and conflict resolution. On request FWF could make suggestions on local parties that could offer such trainings. As of 2012 FWF will offer its members the possibilities to participate in training projects 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 supplier register of Suitsupply for 2011 contains all suppliers, but does not meet the requirements of FWF. For some suppliers it does not specify the full address and contact information of production locations of its suppliers. Besides this it does not contain up to date information on audits and factory visits for follow up on corrective action plans.
2. Staff of Suitsupply that visits suppliers has access to corrective action plans and status updates. Corrective action plans (CAP) are not kept up to date in a systematic manner: purchasing staff does not document discussions with suppliers. As a result the company has no overview of realised improvements.

Requirements

1. Suitsupply is expected to state the address and contact information of the production locations of its suppliers in the register.
2. FWF recommends further systemizing internal data with regard to CAPs. By including an overview of discussion points that were covered during meetings with suppliers in the CAP and storing these on the corporate server, the company could keep track of improvements.

Recommendations

1. It would be of added value to state in the supplier register which factories have been audited on what date and on behalf of which other customer.

7. Transparency

Conclusions

1. Suitsupply informs the public about its FWF membership, but does not meet all requirements for FWF in this area. The company currently informs consumers and other external parties about its approach to improve working conditions through its corporate website. This is done in correct wording and with references to FWFs website for further information.
2. Suitsupply has not posted its annual social reports for 2009 and 2010 on its website. FWF did not receive the 2010 annual report of Suitsupply.
3. Suitsupply does not publish corrective action plans resulting from audits on its website.



Requirements

2. FWF expects Suitsupply to submit an annual social report and publish it 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

1. FWF recommends publishing the report of the performance check on the corporate website, to give customers and other external parties insight in how Suitsupply implements FWF membership.
3. FWF could provide input for a Q&A document for sales staff and retailers to further strengthen awareness of FWF membership.

8. Management system evaluation and improvement

Conclusions

1. Suitsupply evaluates steps taken in context of FWF membership as part of regular internal discussions. The company does not have a designated moment to assess its performance in implementing corrective action plans. The company does have a formal way of evaluating implementation of the Code of Labour practices.

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 factories, whether the chosen approach has been cost efficient, if FWF membership was successfully communicated to external parties and whether purchasing practices have been supportive for implementation of the Code of Labour Practices.

FWF regards collecting feedback from factories as input for this annual evaluation as a best practice. This gives insight in how each factory could best be supported in the improvement process.

9. Basic requirements of FWF membership

Conclusions

1. Suitsupply handed in a work plan for 2011 that was approved by FWF
2. Suitsupply paid its membership fee for 2011.

Improvement of labour conditions: summary of most important findings	Factory in China audited by local FWF team in June 2011 to verify improvements after a previous audit
Sourcing practices of Suitsupply	No violation found.
Monitoring system of Suitsupply	The factory had not received the report of the previous audit.
Management system of factory to improve labour standards	No violation found.
Communication and consultation	Although the factory had received a translated copy of the CoLP including the contact details of FWFs complaints handler, it had not been posted in the workplace.
No forced Labour	No violation found.
No discrimination in employment	No violation found.
No exploitation of child labour	Seven juvenile workers (16-18 years) are not registered with the local labor administration authorities or provided with regular health check.
Freedom of association and the right to collective bargaining	Whereas the factory has a trade union, it did not meet FWF requirements regarding the establishment of a functioning worker representation mechanism.
Payment of a living wage	Not all workers were guaranteed paid statutory leave. Not all workers were not paid at the legal overtime rate.
No excessive working hours	Overtime hours were not always properly recorded. Excessive overtime was found and workers were not guaranteed a weekly rest day.
Safe and healthy working environment	Various improvements needed with regard to fire and machine safety.
Legally binding employment relationship	Not all workers were given a copy of their signed contract.

Improvement of labour conditions: summary of most important findings	Factory in China audited by local FWF team in September 2011 as part of Suitsupply's activities to monitor working conditions
Sourcing practices of Suitsupply	No violation found.
Monitoring system of Suitsupply	This audit was the first audit on behalf of Suitsupply to monitor working conditions in the factory. The factory had not received a translated copy of the CoLP including the contact details of FWFs complaints handler.
Management system of factory to improve labour standards	Prior to the audit, the factory had not discussed improvements in working conditions with Suitsupply.
Communication and consultation	As the factory had not received a translated copy of the CoLP including the contact details of FWFs complaints handler, it had not been posted in the workplace.
No forced Labour	No violation found.
No discrimination in employment	No violation found.
No exploitation of child labour	No violation found.
Freedom of association and the right to collective bargaining	Whereas the trade union representative had been elected by workers, the trade union is not active in facilitating a dialogue between workers and management.
Payment of a living wage	Wages for a regular working week are below living wages as estimated by local stakeholders consulted by FWF.
No excessive working hours	Overtime hours were not always properly recorded. Excessive overtime was found and workers were not guaranteed a weekly rest day.
Safe and healthy working environment	No evacuation drill was conducted in dormitory area during the most recent fire drill.
Legally binding employment relationship	No violation found.

Improvement of labour conditions: summary of most important findings	Factory in China audited by local FWF team in September 2011 as part of Suitsupply's activities to monitor working conditions
Sourcing practices of Suitsupply	No violation found.
Monitoring system of Suitsupply	The factory had not received the report of the previous audit.
Management system of factory to improve labour standards	No violation found.
Communication and consultation	No violation found.
No forced Labour	No violation found.
No discrimination in employment	No violation found.
No exploitation of child labour	Two juvenile workers (16-18 years) are not registered with the local labor administration authorities or provided with regular health check.
Freedom of association and the right to collective bargaining	Whereas the factory has a trade union, it did not meet FWF requirements regarding the establishment of a functioning worker representation mechanism.
Payment of a living wage	A few piece rate workers were guaranteed the local legal minimum wage. Not all workers were not paid at the legal overtime rate.
No excessive working hours	Overtime hours were not always properly recorded. Excessive overtime was found and workers were not guaranteed a weekly rest day.
Safe and healthy working environment	Various issues were found with regard to fire and machine safety.
Legally binding employment relationship	No violation found.