

## S-GARD SAFETY GARMENTS Hubert Schmitz GmbH



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### Start date membership

January 1<sup>st</sup> 2016

### Financial year (scope of this social plan)

January 1st -December 31

### Annual Turnover

19 Million Euro



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## Summary: goals for this work plan period

GOAL	RESULT	DEVIATION
Raise the local managements awareness for social issues in the factories	All managers have been contactet during the first months of membership. S-GARD provided comprehensive FWF information material and introduced it's plans to the managers via phone, e-mail and personal presence.	No
Arise acceptance for FWF cooperation	After FWF introduction and first audits critical points have been discussed in a very open and friendly atmosphere.	No
Conduct FWF audit and gain first findings / a common basis	4 of 5 of the manufacturers (exclusive of manufacturers in EU countries) have been audited during the year. That means that exactly 90% of the production out of medium / high risk countries is monitored now.  Many positive concrete findings were gained, negative points were set on the To-Do list.	No
Discuss existing problems and collect them into an analysis paper	S-GARD has startet to monitor critical points by the use of harmonized French-English CAP-sheets. Each supplier was requested to fill in individual statements as a basis for the further discussion and problem solvation.	YES, Turkish production is still not transparent to S-GARD.  S-GARD is still working on it with increased pressure.
Implement FWF action plan as a possible solution process for the problems fixed before (findings of the discussions)	All issues have been classified from "urgent" to "long-term goal".  Urgent points have especially been issues in terms of safety and health, mid-term goals were things such as the election of worker representative	No

	committees and long-term-goals mostly affect general wage levels.	
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## 1. Sourcing strategy – no significant changes in 2016

### Sourcing strategy & pricing

Type of product: PPE- personal protective equipment (clothing only, no hardgoods).

Process and facilities: the entire process of development purchase logistics and quality control is conducted from Heinsberg in close cooperation with it's own platform organisation (organises production, supervision, cutting, material allocation, etc.) called ABH with direct connection to three different sewing- factories in Tunisia. Basically all firefighter products are produced in Tunisia.

Futhermore there is a smaller proction facility in Poland and, relatively new, Lithuania, for extramore capacity and workload peaks.

Persons involved:

- Production: Mr. Hubert Schmitz, Mrs. Lea Schmitz
- Purchase: Mrs. Sandra Nolke
- Customs: Mrs. Julia Peters
- Development: Mr. Markus Schmid, Mrs. Maritta Fröhlich, Mrs. Alexandra Ramm

Supplier relations: averaging + 10 years (Tunesia). There are frequent visits per year conducted e.g. project handover's, production inspections, quality controls, introduction of new manufacturing techniques etc.

Pricing strategy: Mr. Hubert Schmitz and Mrs. Maritta Fröhlich negotiate working times together with Mr. Atef Bannani. If a product changes, the price relation can be adapted several times per year.

Furthermore prices directly depend on order quantity and complexity of the models. This is constantly negotiated. There are no fix prices at all. Sewing minutes are neither consequently captured nor the one and only basis for price discussions.

### Organization of the sourcing department

Mr. Hubert Schmitz, CEO, is resonsible for placing orders and stock management. Mrs. Lea Schmitz supports him as the Head of Production.

S-GARD employs two assistants- one of them responsible for all purchase activities and the second person affected with customs handling.

## Production cycle

S-GARD is producing a mixture from standard NOS articles and clientspecific-individually designed- items. Total production quantity per year is approximately 200.000 pieces of garments.

Standard lead time is between 6-12 weeks, depending on complexity and urgency of the orders, but can exceptionally go up to 16 weeks.

Seasonal variations appear from September to March (increasing demand, high season) and April-August (decreasing demand, low season). There is no forecast process possible since production is a running procedure. Working times and capacities are carefully and closely coordinated with S-GARD. The annual low saison is mostly used to refill the stock with NOS items and to run special projects.

Planning is done together with the suppliers. Mr. Atef Bennani is permanently corresponding with the S-GARD headquarter and the sewing factories. Planning/ordering is weekly process. Specific lines are not reserved, all partners work exclusively for S-GARD with 100% of their possible performance.

Production cycle:

1. Purchase of all raw material and trimmings from Heinsberg, first incoming goods quality inspection and raw material stock keeping. No local sourcing is allowed by the rules of ISO 9001 and the European PPE guideline.
2. Overnight truck and ferry shipping from Heinsberg to Tunisia via Italy within 2-3 days.
3. Delivery to the Tunesian platform ABH. At ABH: order collection and allocation to the three different sewing facilities. Then fabric cutting process, entire handling and manufacturing process, ready made garments quality control.
4. Onward transport to S-GARDS exclusive sewing partners Alam Tex, MRM and Nobel (they work only for S-GARD), here: sewing, seam sealing, etc.
5. Backward transport to ABH, incoming goods 1<sup>st</sup> quality check, then export to Germany.
6. At Heinsberg: 2<sup>nd</sup> quality examination of the ready garments before delivery.

## Selection of new factories, supplier relations

Describe the selection process of new factories.

- As previously addressed S-GARD is running long-term cooperations for more than ten years with it's existing suppliers and deliberately less changes in the supplier structure; following the principle of trust and confidence.
- In case of new production sites, S-GARD firstly evaluates the three most important performance indicators: production capacity, price level and quality by the use of trial orders.
- After passing these three significant factors successfully S-GARD considers communication skills, transport (location, etc.).

- Right after that we set focus on transparent social (including safety at work, payment, working times/ shifts, etc.) and distinctive environmental standards. There is no checklist; decision are thus been taken on the basis of personal contact and individual impressions and feeling.
- The final decision regarding the selection of new suppliers is up to Mr. Hubert Schmitz and Mr. Atef Bennani with consultation of Mr. Bruno Schmitz

## 2. Coherent system for monitoring and remediation

### Informing manufacturers about the Code of Labour Practices

- All manufacturers have been provided with the FWF questionnaire within the first quarter 2016; all questionnaires came back completed prior to audits and prior to factory visits in sufficient time.
- Manufacturers (management and foremen) got informed by Mr. Atef Bannani (ABH) and Mr. Bruno Schmitz about the new Code of Labour practises and it's consequences.
- Rules and regulations have been posted in the factories in Arabic and French language to the foremen and employees

### Audit planning:

These were the 2016 nominated S-GARD partners for audits and the audit dates:

ABH / Alamtex: 20./21.04.2016

NOBEL: 20./21.10.2016

MRM: 26.12.2016

#### 2.1 Audit at ABH, April 20-21 2016

- a. % of production at supplier: 0%
- b. Factory visits: Mr. Bruno Schmitz (March 2016), Mr. Markus Schmid (April 2016 during audit), Mr. Bruno Schmitz (October 2016)
- c. During all visits FWF and all issues around the membership, COLP, etc. have either been introduced or discussed personally by Mr. Atef Benanni and Mr. Amin Gardabbou. They travel round have direkt contact to the suppliers.
- d. Complaints: no complaints
- e. Cooperation with other clients: n.a. since all factories produce exclusively for S-GARD
- f. Prior social audits: no
- g. Legally binding employment relation: Negative finding was "new hired workers are not registered in social security organism after 48 hours", this was immediately corrected after receiving the registration form.

h. Major audit findings and corrective actions

Issue	Finding / Problem	Corrective Action Plan	Current Status
Employment is freely chosen	yes	no areas for improvement	solved
Discrimination	not found	no areas for improvement	solved
Child labour	not found	no areas for improvement	solved
Freedom of Association / collective bargaining	granted	no areas for improvement	solved
Payment of living wages	Wages are below living wage for hourly based wages.	S-GARD will set up a system that allows to precisely control wages for hourly based workers.	open
Payment of living wages	Many workers are paid below the time rate of CBA grid	corrected	solved
Working hours	No excessive overtime found	no areas for improvement	solved
Communication	Workers not familiar with FWF labour standards and complaints procedure	Re-do onsite information	done
Safety and health @ work	There is no detector of fire and no fire alarm.	corrected	solved
Safety and health @ work	The ground is damaged in some places	Under progress	open



Safety and health @ work	The assembly point is indicated but isn't visible outside the factory	corrected	solved
Safety and health @ work	The emergency doors is not equipped with emergency lights and anti-panic doors.	corrected	solved
Safety and health @ work	Toilets for women and men are in sufficient number. They are not well maintained but well ventilated, well lit and clean.	corrected	solved
Safety and health @ work	There is an infirmary room but not well equipped	Under progress	open



2.2 Audit at Alam Tex, April 20-21 2016

- i. % of production at supplier: 13%
- j. Factory visits: Mr. Bruno Schmitz (March 2016), Mr. Markus Schmid (April 2016 during audit), Mr. Bruno Schmitz (October 2016)
- k. During all visits FWF and all issues around the membership, COLP, etc. have either been introduced or discussed
- l. Complaints: no complaints
- m. Cooperation with other clients: n.a. since all factories produce exclusively for S-GARD
- n. Prior social audits: no
- o. Legally binding employment relation: Negative finding was "new hired workers are not registered in social security organism after 48 hours", this was immediately corrected after receiving the registration form.
- p. Major audit findings and corrective actions

Issue	Finding / Problem	Corrective Action Plan	Current Status
Employment is freely chosen	yes	no areas for improvement	solved
Discrimination	not found	no areas for improvement	solved
Child labour	not found	no areas for improvement	solved
Freedom of Association / collective bargaining	granted	no areas for improvement	solved
Communication	Labour not familiar with FWF labour standards and complaints procedure	Re-do onsite information	solved
Communication	No grievance procedure active	New procedure set: complaint box installed, complaints person defined,	solved

		complaints register implemented	
Communication	No consultative committee	3 persons elected	solved
Payment of living wages	Wages are below living wage for hourly bases wages.	S-GARD pays now according to the CBA grid and tries to approach the living wage level in the future.	solved
Payment of living wages	Many workers are paid below the time rate of CBA grid	corrected	solved
Payment of living wages	Transport bonus not payed	Corrected 20 January 2017	solved
Payment of living wages	Workers are not classified in accordance to CBA level corresponding to their position and their seniority.	To be changed	under progress, timeline: end of 2017
Payment of living wages	Annual output bonus 2016 not payed	Refused- productivity too low	Next check by end of 2017
Working hours	No excessive overtime found	no areas for improvement	solved
Safety and health @ work	There is no detector of fire and no fire alarm.	corrected	solved
Safety and health @ work	The assembly point is indicated but isn't visible outside the factory	corrected	solved
Safety and health @ work	The emergency doors is not equipped with emergency lights and anti-panic doors.	corrected	solved

Safety and health @ work	Canteen / dressing room, not well maintained	Improvement steps still under discussion	open
Safety and health @ work	Toilets not well maintained	renovated	solved
Safety and health @ work	Staircase to warehouse slippery	Equipped with anti-skid panels	solved
Safety and health @ work	Buttonhole machines without eye protection	Safety glasses now placed on each machine	solved
Safety and health @ work	No H&S Committee	Elected workers trained by an external company	solved

2.3 Audit at Nobel, October 20-21 2016

- q. % of production at supplier: 41%
- r. Factory visits: Mr. Bruno Schmitz (March 2016), Mr. Markus Schmid (April 2016), Mr. Bruno Schmitz (October 2016), Mrs. Lea Schmitz (December 2016)
- s. During all visits FWF and all issues around the membership, COLP, etc. have either been introduced or discussed
- t. Complaints: no complaints
- u. Cooperation with other clients: n.a. since all factories produce exclusively for S-GARD
- v. Prior social audits: no
- w. Legally binding employment relation: Negative finding was "Workers receive a monthly bonus called SGUARD Bonus depending on assiduity (15 dinars or 25 dinars or 35 dinars). This bonus is paid by SGUARD through ABH and not put on the payslip.", this is still not corrected since we search a solution to avoid serious deductions because of the social fee and tax. Under progress.
- x. Major audit findings and corrective actions

Issue	Finding / Problem	Corrective Action Plan	Current Status
Sourcing practise	According to the supplier the prices of the affiliate do not support the payment of living wages.	The company evolved very good over the past years: many new workers, increased production room, more machines, investments in renovation and installations	Not agreed
Employment is freely chosen	The disciplinary procedures should not mention that workers who leave the factory without informing the administration will not be paid the last working month	Notice on the board removed.	solved
Discrimination	not found	no areas for improvement	solved

Child labour	not found	no areas for improvement	solved
Freedom of Association / collective bargaining	granted	no areas for improvement	solved
Communication	Labour not familiar with FWF labour standards and complaints procedure	Re-do onsite information	solved
Comunication	No consultative committee	Committee elected in correspondance with the public employment agency	solved
Payment of living wages	<p>Firstly the Manager should correct wages in accordance to the CBA .</p> <p>Then S-GARD and NOBEL should investigate if prices paid are enough to pay a living wage. If this is not the case an action plan should be established addressing the root causes. If a price increase is needed, an agreement should be made on how the extra payment will be added to the workers' wages.</p>	Under examination	open
Payment of living wages	Many workers are paid below the time rate of CBA grid (wage increase not payed)	Under examination	open

Payment of living wages	Transport bonus + presence bonus not fully payed	Corrected by end of Nov 2016	solved
Payment of living wages	Workers are paid only two weeks for the annual leave. The annual leave is paid by group on four parts	Payed by end of Nov 2016	solved
Payment of living wages	Annual output bonus 2016 not payed	Payed by end of Dec 2016	solved
Working hours	No excessive overtime found	no areas for improvement	solved
Safety and health @ work	There is no fitted emergency door in the first floor	Corrected	solved
Safety and health @ work	The wires installation and lift is not controlled by an inspection firm.	Corrected	solved
Safety and health @ work	Infirmiry room not well maintained	Corrected	solved
Safety and health @ work	No H&S Committee	Elected workers trained by an external company	solved

#### 2.4 Audit at MRM

- y. % of production at supplier: 9%
- z. Factory visits: Mr. Bruno Schmitz (March 2016), Mr. Markus Schmid (April 2016), Mr. Bruno Schmitz (October 2016), Mrs. Lea Schmitz (December 2016)
- aa. During all visits FWF and all issues around the membership, COLP, etc. have either been introduced or discussed
- bb. Complaints: no complaints
- cc. Cooperation with other clients: n.a. since all factories produce exclusively for S-GARD

dd. Prior social audits: no

ee. Legally binding employment relation: Negative finding was “The presence indemnity is not mentioned on payslip and not support social security”, this was corrected and is 5,08,-/ month, now mentioned on the payslip.

ff. Major audit findings and corrective actions

Issue	Finding / Problem	Corrective Action Plan	Current Status
Employment is freely chosen	yes	no areas for improvement	solved
Discrimination	not found	no areas for improvement	solved
Child labour	not found	no areas for improvement	solved
Freedom of Association / collective bargaining	granted	no areas for improvement	solved
Payment of living wages	Some withholding taxes are not well calculated and should be corrected specially for workers that wage exceeded 5000 dinars a year	Corrected by January 2017	solved
Payment of living wages	Annual output bonus 2016 not payed	Was payed but recorded incorrectly	solved
Payment of living wages	Workers are not paid the annual shoes bonus.	Will be corrected	open
Payment of living wages	Wages are below living wage for hourly bases wages.	S-GARD pays now according to the CBA grid and tries to approach the living wage level in the future.	solved

Working hours	No excessive overtime found	no areas for improvement	solved
Working hours	The time schedule is posted but include 1 hour for lunch instead of 30 minutes	To be corrected	solved
Working hours	Attendance register is not available. The accountant keep them and pledged to send them soon.	Attendance register available	solved
Safety and health @ work	Electrical wires are well maintained but not with a regular control by an inspection firm.	Corrected by external company	solved
Safety and health @ work	There is no canteen for workers	Improvement steps still under discussion	open



### Coherence of the monitoring system

Findings directly influence the sourcing strategy, mainly in the long run- S-GARD requests a partner-like and fair cooperation and can efficiently take influence on the partners business e.g. through order volumes etc. Short-term actions can be taken as well.

Despite all of that we know each supplier for many years. This is what makes us sure that they cooperate in an efficient way with us since both sides are in reciprocal dependency.

### Role of staff and agents/intermediaries/contractors

No third parties involved.

### Execution of Corrective Action Plans

S-GARD is supporting manufacturers with the execution of corrective action plans directly by personally attendance and accessibility at any time. Common discussion among the management and optionally in attendance with the workers will be held if necessary.

CAP's will be controlled internally by a simple Excel-sheet showing problems, status, possible solution, etc.

### Co-operation with other clients

N.a.

### External production

No external production is carried out.

## 3. Complaints Handling

Internal complaints procedure:

Mr. Atef Bannani is primarily responsible in case of complaints with direct S-GARD correspondence. After the reception of the complaint the problem will be discussed between the two or, if needed, with all three parties.

A possible solution shall be found during the agreement process. In that context S-GARD is to check whether it is a single or general issue, in order to start appropriate corrective actions for the future. Measures and arrangements are then to be taken.

In the context of implementation FWF's CLP workers are extensively educated how to cope with complaints.

Complaints: no complaints received.

External complaints procedure:

The external complaints procedure via FWF / complaints handler remains untouched from the before mentioned procedure and is definitely always open for all employees feeling the need to go beyond the internal procedure.

## 4. Training and Capacity Building

### Activities to inform staff members

German staff inclusive of the sales team operating externally, has been verbally informed about the Fairwear membership, COLP, first audits and their consequences.

Mr. Bruno Schmitz has prepared a document containing basic of S-GARD's the CSR activities – under the use of the membership statement from Erica von Doorn. This letter of information is used for public relations in general, clients, public procurers.

By having taken these steps we enable all colleagues to give fundamental answers in terms of Fairwear and the COLP towards third persons and parties.

### Activities to inform agents/intermediaries

N.a., no agents are involved.

### Activities to inform manufacturers and workers

First of all, the FWF COLP and related documents have been published in all manufacturing structures on well-visible and easy-accessible places.

The S-GARD management, the ABH management and the local managements carried out introduction lessons in each factory to publish, discuss and implement the COLP's before- and because of some negative voices- again after the audits.

Thus we hope to get all staff principally aware of his/her personal rights and obligations on the job and what to do/how to behave in case of violations, problems, etc.

S-GARD commits itself to redo that whenever it's necessary, e.g. in case of new labour- or- in case of renewed negative interrogation results by the auditors.

## 5. Transparency & communication

These publishing activities have been taken:

- FWF logo placed on [www.s-gard.com](http://www.s-gard.com)
- FWF logo placed in product brochures and PDF's
- Written statement drafted for clients and public procurers with a short explanation of FAIRWEAR and it's main concerns

To follow:

- Tender documents
- Offers, business paper, etc.
- Display S-GARD foyer, Roll-ups for events, posters, etc.



## 6. Stakeholder management

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## 7. Corporate Social Responsibility

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