



# BRAND PERFORMANCE CHECK

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Manroof GmbH

this report covers the evaluation period 01-01-2012 to 31-12-2012

## ABOUT THE BRAND PERFORMANCE CHECK

Fair Wear Foundation believes that improving conditions for apparel factory workers requires change at multiple levels. Traditional efforts to improve conditions focus primarily on the factory. FWF, however, believes that the management decisions of the clothing brands have an enormous influence for good or ill on factory conditions.

FWF's Brand Performance Check is a tool to evaluate and report on the activities of FWF's affiliate members. The Checks examine how affiliate management systems support FWF's Code of Labour Practices.

In most apparel supply chains, clothing brands do not own factories, and most factories work for many different brands. This means that in most cases FWF affiliates have influence, but not direct control, over working conditions. As a result, the Brand Performance Checks focus primarily on verifying the efforts of affiliates. Outcomes at the factory level are assessed via audits and complaint reports, however the complexity of the supply chains means that even the best efforts of FWF affiliates cannot guarantee results.

Even if outcomes at the factory level cannot be guaranteed, the importance of good management practices by affiliates cannot be understated. Even one concerned customer at a factory can have significant positive impacts on a range of issues like health and safety conditions or freedom of association. And if one customer at a factory can demonstrate that improvements are possible, other customers no longer have an excuse not to act. The development and sharing of these types of best practices has long been a core part of FWF's work.

Improvement of supply chains is a step-by-step process, through which affiliates must address many different issues. FWF affiliates vary greatly in management structures, and have different strengths. The Performance Benchmarking system is designed to reflect these differences, and the many different ways that a company can support better working conditions.

During the Brand Performance Check, FWF staff speak to various employees at the affiliate who have important roles to play in the management of supply chains. FWF verifies the actions of affiliates based on several sources including documentation of activities, financial records, the affiliate's supplier register and staff interviews. Following the Brand Performance Check, FWF summarizes findings in this report, which is made public via [www.fairwear.org](http://www.fairwear.org). The [Brand Performance Check Guide](#) provides more information about the indicators and is available for download.

## BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

02-04-2013

Conducted by:

Juliette Li

Interviews with:

Jacques von Mandach, CEO

Scoring:

Affiliate Benchmarking scores and Performance Benchmarking categories will be published starting in 2014. During 2013, FWF will be testing out the new system and evaluating the appropriate threshold levels for Benchmarking categories.

Audit Summary:

Publication of the audit summary section previously included in Brand Performance Checks has been suspended while Fair Wear Foundation develops a new information system to manage and summarize the data. Future Brand Performance Checks will include improved usability and transparency for audit data.

AFFILIATE INFORMATION	
Headquarters:	Zürich
Member since:	26-11-2008
Product types:	Promotional
Production in countries where FWF is active:	China, Italy, Portugal
Production in other countries:	Austria, Slovenia, Switzerland
BASIC REQUIREMENTS	
Workplan for this evaluation period was submitted?	Yes
Projected supplier register for this evaluation was submitted?	Yes
Actual supplier register for this evaluation period has been submitted?	Yes
Membership fee has been paid?	Yes
All suppliers have been notified of FWF membership?	Yes
SCORING OVERVIEW	
% of own production under monitoring	91%

## Summary:

Manroof is in the process of implementing FWF's Code of Labour Practices in its supply chain. It has monitored 91% of its total purchasing volume. This met FWF's monitoring threshold of 90% for being a member of more than 3 years.

As a promotional goods company that offers a wide range of products, Manroof managed to maintain long term relationships with its main suppliers in China. Top management staff of the company has regular contact with suppliers to follow up on the implementation of the corrective action plans.

FWF encourages Manroof to invite its suppliers to join the workplace education programme to inform workers about their rights and facilitate good communication between management and workers.

# 1. PURCHASING PRACTICES

BASIC MEASUREMENTS	RESULT	COMMENTS
Percentage of production in low-risk countries	16%	Countries with relatively low risk of labour violations as defined by FWF.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION
1.1 Percentage of production volume from suppliers where affiliate buys at least 10% of production capacity	47%	Affiliates with less than 10% of a factories' production capacity generally have limited influence on factory managers to make changes.	Supplier register provided by affiliate.

Comment: Manroof is specialised in lanyard. Occasionally it also produces according to the request of its customers. Manroof's production volume is quite small comparing to the capacity of some of its suppliers. It is difficult for Manroof to further consolidate its supplier base.

1.2 Percentage of production volume from suppliers where a business relationship has existed for at least five years	52%	Stable business relationships support most aspects of the Code of Labour Practices, and give factories a reason to invest in improving working conditions.	Supplier register provided by affiliate.
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Comment: It is challenging for promotional goods companies offering a wide range of products to work with stable suppliers. For main suppliers which produce lanyards, Manroof maintains long term relationships for over 5 years. It is unavoidable to work with short-term suppliers due the request of special products from customers.

1.3 Labour conditions are considered when selecting new suppliers	Yes	Including labour conditions considerations in selecting suppliers supports responsible business practices.	Documentation of decisionmaking process; e.g. checklists for buyers, emails, etc.
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Comment: Manroof looked for new suppliers when there was a new product being developed. Willingness to implement social compliance and working conditions were important criteria when choosing a supplier. For high volume production, Manroof's staff visited the new supplier before placing an order.

Other than China, Manroof works mostly with suppliers located in low risk countries in Europe. The company believes that it decreases the risks on compliance issues.

1.4 All new suppliers are required to sign and return the Code of Labour Practices before first orders are placed	Yes	The CoLP is the foundation of all work between factories and brands, and the first step in developing a commitment to improvements.	Signed CoLPs are on file.
1.5 Company conducts audits at all new suppliers before placing orders	Yes	An important due diligence step. Before placing production orders, affiliates should conduct an audit at all new suppliers to assess risks for CoLP violations.	Audit documentation; must meet FWF audit quality standards.

Comment: During this reporting period, Manroof audited one potential supplier in China. However due to quality issues Manroof did not continue the work with this supplier.

1.6 Affiliate sources from an FWF factory member	No	When possible, FWF encourages affiliates to source from FWF factory members. The small number of factories in the programme means sourcing from FWF factory members cannot be a requirement.	Supplier register provided by affiliate.
1.7 Percentage of production volume from factories owned by the affiliate	0%	Owning a supplier provides clear accountability for and direct influence over working conditions. It reduces the risk of unexpected CoLP violations.	Supplier register provided by affiliate.
1.8 Supplier compliance with Code of Labour Practices is evaluated in a systemic manner	Yes	A systemic approach is required to integrate social compliance into normal business processes, and supports good decisionmaking.	Documentation of systemic approach: rating systems, checklists, databases, etc.

Recommendation: A systematic approach is required to integrate social compliance into normal business processes, and supports good decision-making. The approach needs to ensure that the affiliate consistently evaluates the entire supplier base and includes information into decision-making procedures.

Comment: Manroof evaluates its main suppliers in China and communicates to the suppliers regularly. It does not yet have a rating system to compare suppliers.

1.9 The affiliate's production planning systems support reasonable working hours	General or ad-hoc system	Affiliate production planning systems can have a significant impact on the levels of excessive overtime at factories.	Documentation of robust planning systems.
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Comment: For promotional goods it is not always possible to avoid late order. Manroof was only able to provide a draft production overview to suppliers since it could not predict the exact orders from its customers throughout the year. When an order was placed by the customers, Manroof informed the factories immediately and discussed a realistic deadline to avoid overtime (OT) as much as possible.

1.10 Percentage of production volume from suppliers where excessive overtime is found by FWF	No audit within period	Excessive overtime is one of the most common labour rights violations in high-risk production countries. It is often caused by poor production planning by brands.	Audits conducted by FWF auditors; Complaints filed via the FWF worker helpline.
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Requirement: The affiliate should ensure all its suppliers be transparent with FWF auditors on its overtime records.

Comment: A new supplier in China was audited by FWF local audit team in 2012. The audit showed that the factory has not documented overtime (OT) accurately. Workers said they worked around 63 hours per week, which is higher than the legal limit of 40 hours/week plus maximum 16 hours OT. The excessive OT in this factory is lower than average factories in China.

The audit was conducted before an order was placed. Manroof will not source from this factory due to quality issues.

1.11 Degree to which affiliate analyses and mitigates root causes of excessive overtime	Reactive approach	Affiliate production planning systems can have a significant impact on the levels of excessive overtime at factories.	Examples of root cause analyses and resulting changes in production planning/policy.
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**Recommendation:** The affiliate could discuss with factory management on the causes of excessive overtime and provide support to manage overtime. If necessary, the affiliate could hire local experts to analyse root cause of excessive overtime in cooperation with the supplier. FWF could recommend qualified persons upon request.

In addition, Manroof could discuss with its customers in Europe and try to have longer lead time for production.

**Comment:** Manroof discussed with factories regularly on following up the corrective action plans. Excessive OT was identified as one of the most difficult issues to address.

1.12 Affiliate's pricing policy allows for payment of at least the legal minimum wages in production countries	Policy at a country level	The first step towards ensuring the payment of minimum wages - and towards implementation of living wages - is to know the labour costs of garments.	Formal systems to calculate labour costs on per-product or country/city level.
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**Requirement:** The affiliate needs to develop a pricing policy where the affiliate knows the labour cost of garments and which allows the payment of at least legal minimum wages in production countries.

**Comment:** Manroof believed that the business partners - suppliers- should have a certain profit margin to be able to grow. Moreover, due to low volume, Manroof was not in the position to negotiate price down to a very low level. The price was not calculated according to minimum wages.

1.13 Affiliate actively responds if suppliers fail to pay legal minimum wages	Yes	If a supplier fails to pay minimum wage, FWF affiliates are expected to hold management of the supplier accountable for respecting local labour law.	Complaint reports, CAPs, additional emails, FWF audit reports or other documents that show minimum wage issue is reported/resolved.
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**Comment:** In the audited factory, all workers were paid higher than minimum wages.



1.14 Evidence of late payments to suppliers by affiliate	No	Late payments to suppliers can have a negative impact on factories and their ability to pay workers on time. Most garment workers have minimal savings, and even a brief delay in payments can cause serious problems.	Based on a complaint or audit report; review of factory and affiliate financial documents.
1.15 Degree to which affiliate assesses root causes of wages lower than living wages with suppliers	Basic approach	Sustained progress towards living wages requires adjustments to affiliates' policies.	Wage ladders, correspondance with supplier, other relevant documentation.

Recommendation: FWF encourages the affiliate to assess the hypothetical cost effects of increasing wages towards benchmarks that are included in the wage ladder. To support companies in this process FWF has developed a calculation model that estimates the effect on FOB and retail prices under different pricing models.

Comment: Manroof discussed with suppliers to follow up on CAPs regularly.

## 2. MONITORING AND REMEDIATION

BASIC MEASUREMENTS	RESULT	COMMENTS
Total % of own production under monitoring	91%	Measured as a percentage of turnover.
Minimum monitoring threshold based on years of membership (Threshold is 40% first year, 60% second year of membership and 90% thereafter)	Does meet threshold	

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION
2.1 Specific staff person is designated to follow up on problems identified by monitoring system	Yes	Followup is a serious part of FWF membership, and cannot be successfully managed on an ad-hoc basis.	Manuals, emails, etc., demonstrating who the designated staff person is.

Comment: The CEO of the company is responsible to follow up on CAPs.

2.2 Degree of progress towards resolution of existing Corrective Action Plans	Moderate efforts have been made to address most CAPs	FWF considers efforts to resolve CAPs to be one of the most important things that affiliates can do towards improving working conditions.	Documentation of remediation and followup actions taken by affiliate.
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Recommendation: Besides doing audits, the affiliate could consider:

- Hire local consultant to assist factory in developing improvement plans and to assist factory management in investigating root causes.
- Organise supplier seminars to raise awareness of factory management.
- Provide factory training.

Comment: The CEO of Manroof has discussions with suppliers at least every 3 months. Suppliers were responsible to demonstrate their improvements via emails and photos. The CEO also traveled to the suppliers and conducted visual inspection on a number of issues in the CAPs including posting of Code of Labour Practice and occupational health and safety risks.

2.3 Percentage of production volume from suppliers that have been visited by the affiliate in the past financial year	54%	Formal audits should be augmented by annual visits by affiliate staff or local representatives. They reinforce to factory managers that affiliates are serious about implementing the Code of Labour Practices.	Affiliates should document all factory visits with at least the date and name of the visitor.
2.4 Existing audit reports are collected	Only if there are no existing audit reports for the affiliate's suppliers	Existing reports form a basis for understanding the issues and strengths of a supplier, and reduces duplicative work.	Audit reports are on file; evidence of followup on prior CAPs. Reports of quality assessments.
2.5 Audit Report and Corrective Action Plan (CAP) findings are shared with factory. Improvement timelines are established in a timely manner	Yes	FWF audit reports should be shared and discussed with suppliers within two months of audit receipt. Timely sharing of information and agreement on corrective actions is essential for improvement. A reasonable time frame should be specified for resolving findings.	Corrective Action Plans, emails; findings of followup audits; brand representative present during audit exit meeting, etc.
Comment: Manroof shared the audit results and CAPs with suppliers shortly after receiving the report from FWF.			
2.6 A structured approach is used to address issues that occur at multiple suppliers	No	Issues that occur in multiple factories often need to be addressed in a systemic manner, especially when the root causes are located in brand management choices or from regionally specific issues (e.g. fire safety, gender discrimination and harassment).	Documentation of a systemic approach: root cause analyses, productivity assessments, guidance documents, internal system changes, etc.

**Recommendation:** FWF suggests that the affiliate analyses whether findings from a factory audit could occur at other suppliers as well. This will lead to a preventive approach where issues are addressed in a systematic manner. The analysis should focus on own brand practices as well as regional or country specific issues.

**Comment:** Manroof has realised that excessive OT and payment of living wages were challenging but common issues in their producers in China. The next step would be to address these risks.

2.7 Affiliate cooperates with other customers in resolving corrective actions at shared suppliers	No CAPs active or no shared suppliers during past year	Cooperation between customers increases leverage and chances of successful outcomes. Cooperation also reduces the changes of a factory having to conduct multiple Corrective Action Plans about the same issue with multiple customers.	Shared CAPs, evidence of cooperation with other customers.
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2.8 Monitoring requirements are fulfilled for production in low-risk countries	Yes	Low risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with basic standards.	Documentation of visits, notification of suppliers of FWF membership; posting of worker information sheets, completed questionnaires.
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**Requirement:** Manroof should visit its suppliers in low risk countries annually and verify if the Code of Labour Practices are posted.

**Comment:** Manroof informed the suppliers about FWF's membership and required suppliers to post the Code of Labour Practices at the factories.

2.9 External brands resold by the affiliate who have completed and returned the external brand questionnaire. (% of external sales volume)	100%	FWF believes it is important for affiliates that have a retail/wholesale arm to at least know if the brands they resell are members of FWF or a similar organisation, and in which countries those brands produce goods.	Questionnaires are on file.
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**Comment:** Manroof mainly sources from five external brands. One of them is a member of the FWF. The other four are all located in Europe. Manroof believes that it is realistic to ask the external brands to complete the questionnaires. However it is difficult to ensure other brands are working on improving labour conditions. Manroof tries to limit the amount of external production.

For Manroof, it is unavoidable to buy very small amount (less than 2,000 euro) of products from external suppliers. When the order is low, the external brands might not be willing to sign the questionnaires. Manroof considers this as a major challenge.

2.10 External brands resold by affiliates that are members of another credible initiative. (% of external sales volume)	14%	FWF believes affiliates who resell products should be rewarded for choosing to stock external brands who also take their supply chain responsibilities seriously.	Supplier register; Documentation of sales volumes of products made by FWF or FLA members.
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**Recommendation:** Whenever possible, the affiliate is encouraged to source from suppliers which are either a FWF member or have another acceptable system in place for monitoring its supply chain.

**Comment:** One of the external suppliers is a member of FWF.

### 3. COMPLAINTS HANDLING

BASIC MEASUREMENTS	RESULT	COMMENTS
Number of worker complaints received since last check	0	At this point, FWF considers a high number of complaints as a positive indicator, as it shows that workers are aware of and making use of the complaints system.
Number of worker complaints in process of being resolved	0	
Number of worker complaints resolved since last check	0	

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION
3.1 A specific employee has been designated to address worker complaints	Yes	Followup is a serious part of FWF membership, and cannot be successfully managed on an ad-hoc basis.	Manuals, emails, etc., demonstrating who the designated staff person is.

Comment: The CEO is responsible to address workers' complaints with FWF.

3.2 System exists to check that the Worker Information Sheet is posted in factories	Yes	The Worker Information Sheet is a key first step in alerting workers to their rights.	Photos by company staff, audit reports, checklists from factory visits, etc.
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Comment: Manroof hires local consultants recommended by FWF to check if Workers Information Sheet is posted. The CEO of Manroof visits all its suppliers in China every two years to double check.

3.3 Percentage of audited factories where at least half of workers are aware of the FWF worker helpline	No existing/active CAPs	The FWF complaints procedure is a crucial element of verification. If factory-based complaint systems do not exist or do not work, the FWF worker helpline allows workers to ask questions about their rights and file complaints.	Percentage of audited factories where at least 50% of interviewed workers indicate awareness of the FWF complaints mechanism.
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**Requirement:** It is important that the affiliate informs the factory managers about the existence of the hotline. The factory managers are the key actors in informing workers about their rights.

**Recommendation:** The affiliate can stimulate its suppliers to participate in WEP trainings, to raise awareness about the existence and the functioning of FWF's worker helpline.

**Comment:** The factory audited by Manroof in 2012 was a potential supplier. The workers were not yet informed about the Code of Labour Practices.

3.4 All complaints received from factory workers are addressed in accordance with the FWF Complaints Procedure	No complaints were received during past financial year	Involvement by the FWF affiliate is crucial in resolving a complaint at a supplier.	Documentation that affiliate has completed all required steps in the complaints handling process.
3.5 Cooperation with other customers in addressing worker complaints at shared suppliers	No complaints were received during past year	Because most factories supply several customers with products, involvement of other customers by the FWF affiliate can be critical in resolving a complaint at a supplier.	Documentation of joint efforts, e.g. emails, sharing of complaint data, etc.

## 4. TRAINING AND CAPACITY BUILDING

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION
4.1 Staff at affiliate is made aware of FWF membership requirements	Yes	Preventing and remediating problems often requires the involvement of many different departments; making all staff aware of FWF membership requirements helps to support cross-departmental collaboration when needed.	Emails, trainings, presentation, newsletters, etc.
4.2 Advanced training is provided to staff in direct contact with suppliers on CoLP requirements	Yes	Sourcing, purchasing and CSR staff at a minimum should possess the knowledge necessary to implement FWF requirements and advocate for change within their organisations.	FWF Seminars or equivalent trainings provided; presentations, curricula, etc.
4.3 Agents are informed of CoLP requirements and act to support their implementation	Yes, and agents actively support implementation of the CoLP	Agents have the potential to either support or disrupt CoLP implementation. It is the responsibility of affiliate to ensure agents actively support the implementation of the CoLP.	Correspondence with agents, trainings for agents, FWF audit findings.
4.4 Factory participation in Workplace Education Programme (where WEP is offered; by production volume)	0%	Lack of knowledge on best practices related to labour standards is a common issue in factories. Good quality training of workers and managers is a key step towards sustainable improvements.	Documentation of relevant trainings; participation in Workplace Education Programme.

**Comment:** In some cases, agents and intermediaries were responsible to report to Manroof on the implementation of CAPs.

**Requirement:** All factory workers should be informed about the labour standards and the process of monitoring and remediation. In order to further communication between employers and workers in the workplace, FWF developed the Workplace Education Programme in four priority countries, including China. The affiliate should motivate its main suppliers to join WEP trainings.



Comment: Manroof has planned to enroll its main suppliers to the WEP.

4.5 Factory participation in trainings (where WEP is not offered; by production volume)	All production is in areas where the WEP is offered	In areas where the Workplace Education Programme is not yet offered, affiliates may arrange trainings on their own. Trainings must meet FWF quality standards to receive credit for this indicator.	Curricula, other documentation of training content, participation and outcomes.
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Comment: Except low risk countries, Manroof only has suppliers in China.

## 5. INFORMATION MANAGEMENT

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION
5.1 Supplier register for the previous financial year is verified as being complete and accurate	Yes	Any improvements to supply chains require affiliates to first know all of their suppliers.	Completed supplier register; Financial records of previous financial year.

**Requirement:** The affiliate is required to register all its suppliers in FWF's database.

**Comment:** Manroof mentioned that there were external suppliers which the company bought very little amount (lower than 2,000 euro) per year. These external suppliers were not in the supplier register.

5.2 A system exists to allow purchasing, CSR and other relevant staff to share information with each other about working conditions at suppliers	Yes	CSR, purchasing and other staff who interact with suppliers need to be able to share information in order to establish a coherent and effective strategy for improvements.	Internal information system; status CAPs, reports of meetings of purchasing/CSR; systematic way of storing information.
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**Comment:** Manroof's purchasing department is quite small. The CEO thinks that it is more productive to discuss directly and regularly with suppliers to implement the corrective action plans. This is the current system of Manroof.

## 6. TRANSPARENCY

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION
6.1 Communication about FWF membership adheres to the FWF communications policy	Yes	FWF membership should be communicated in a clear and accurate manner. FWF guidelines are designed to prevent misleading claims.	Logo is placed on website; other communications in line with policy. Affiliates may lose points if there is evidence that they did not comply with the communications policy.
6.2 Affiliate engages in advanced reporting activities	Yes	Good reporting by members helps to ensure the transparency of FWF's work and shares best practices with the industry.	Affiliate publishes one or more of the following on their website: Brand Performance Check, Audit Reports, Supplier List.
<p>Comment: Manroof published its brand performance check report on its website.</p>			
6.3 Social Report is submitted to FWF and is published on affiliate's website	Yes	The Social Report is an important tool for brands to transparently share their efforts with stakeholders.	Report adheres to FWF guidelines for Social Report content.

## 7. EVALUATION

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION
7.1 Systemic annual evaluation of FWF membership is conducted with involvement of top management	Yes	An annual evaluation involving top management ensures that FWF policies are integrated into the structure of the company.	Meeting minutes, verbal reporting, Powerpoints, etc.

Comment: The CEO led the discussion annually on evaluating the implementation of FWF's Code of Labour Practices.

7.2 Percentage of required changes from previous Brand Performance Check implemented by affiliate	100%	In each Brand Performance Check report, FWF may include requirements for changes to management practices. Adherence to these requirements is an important part of FWF membership.	Affiliate should show documentation related to the specific requirements made in the previous Brand Performance Check.
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Comment: FWF expected Manroof to make sure the Code of Labour Practices was posted at factories at an easily accessible places. The CEO had visited the suppliers and confirmed that the Code has been posted.

## RECOMMENDATIONS TO FWF

Manroof suggested FWF to review its policy on external suppliers.

According to Manroof, external brands sometimes are reluctant to sign the Code of Labour Practices because the sales department of the brands are not aware of CSR. If the FWF member buys a considerable amount, the external brand might have an interest to sign the Code. However, signing the Code does not guarantee the actual implementation of the Code.

On the other hand, if the FWF members buys only a small amount, the external brand will have little incentive to sign.

Due to production requirements from customers, brands like Manroof are not able to phase out external suppliers. Thus FWF should review its policy on external suppliers in order to draft meaningful and achievable requirements.