

## Van Lier Shoes

# VAN LIER

Van Lier Shoes B.V.

Breda

The Netherlands

Contact person

Mrs. R. van Spaendonck

[codeofconduct@vanlier.nl](mailto:codeofconduct@vanlier.nl)

Start date membership

1 April 2015

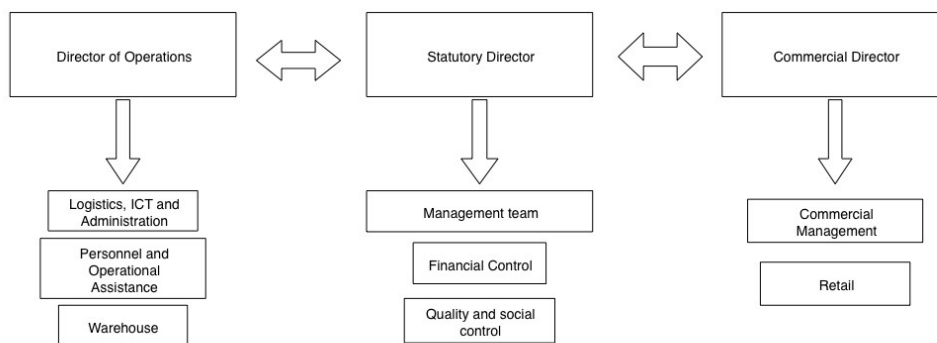
Financial year (Scope of Social Report)

**Start** 1 April 2015 **End** 31 March 2016

Annual Turnover

## VAN LIER

Organization Chart





## Contents

1. Summary: Achievements April 2015/March 2016 *page 3*
2. Sourcing Strategy 2015/2016 *page 4*
  - I. Responsibility *page 4*
  - II. Production per country *page 4*
  - III. Years of relationship with factory *page 4*
  - IV. Factories per country *page 5*
    - a) Bangladesh *page 5*
    - b) China *page 6*
    - c) Poland *page 7*
    - d) India *page 7*
    - e) Portugal *page 7*
  - V. Factories register & information management *page 8*
3. Pricing and production strategy *page 8*
  - I. Pricing *page 8*
  - II. Production strategy *page 8*
  - III. Criteria for new suppliers *page 9*
4. Coherent system for Monitoring *page 10*
  - I. Responsibility *page 10*
  - II. Monitoring process *page 10*
5. Complaints handling *page 11*
6. Training and capacity building *page 12*
  - I. Responsibility *page 12*
  - II. Activities to inform Van Lier personell and management *page 12*
  - III. Transparency and external communication *page 12*
7. Corporate social responsibility 2015 *page 13*



## 1. Summary: Achievements April 2015/ March 2016

### Supplier questionnaires and FWF Code of Labour Practices

One of the first steps that Van Lier took since becoming a member of the Fair Wear Foundation (FWF) was to inform all their existing suppliers about their membership and send all the suppliers in Portugal, China, Bangladesh and India laminated copies of the FWF Code of Labour Practices, if possible in the local language, and asked them to post the code in a public area.

Then we also sent each supplier the FWF supplier questionnaire to be filled out, and a copy of the FWF Code of Labour Practices to be signed and returned and everyone has done so.

The suppliers from Bangladesh and China and the supplier from India, were the first to fill out the questionnaire and sign the FWF Code of Labour Practices and send them back to us.

Since the middle of 2015, the factory in Bangladesh has been taken over by new management and they too sent back the signed code and filled questionnaire very quickly.

The new management of Bangladesh (see details under sourcing strategy below) attended the Fair Wear Foundation supplier seminar in December 2015 and gave us feedback.

The Director of Operations and the Van Lier CSR officer attended a Fair Wear Foundation information program in 2015. The FWF information program explained what FWF is about, what it does and how the organization works. It also explained what is expected of the members and the factories that supply to the members.

The Van Lier CSR officer attended a conference held by HIVOS, the FLA and BSCI for all major shoe brands, regarding the risk of child labor in factories in India, in particular Agra. This was a very interesting meeting where much was discussed about the companies who produce in Agra, the risks associated with producing in the region, what to watch out for and looking for methods to solve the problems in the future.

Van Lier consistently informs all new suppliers about their Fairwear Foundation membership and what that means. The laminated copies of the FWF Code of Labour Practices are then sent to each factory preferably in the local language, requesting that it be hung up in a visible area frequented by the workers as well as the questionnaires and code for signing. Photos are sent to the CSR officer as evidence and the Van Lier sourcing team checks for visibility during visits.

The Director of Operations discusses the importance of the FWF Code of Labour Practices with the suppliers at every meeting, and when approaching new suppliers.

The FWF Code of Labour Practices is an important factor in all associations and business done between Van Lier and the suppliers.



## 2. Sourcing Strategy 2015/2016

### I. Responsibility for sourcing

Supply Chain Director, Statutory Director and Quality Control Manager

### II. Production per country

Table of countries Van Lier sourced from for the Winter 2015 and Spring/Summer 2016 seasons:

Country	Winter 2015	Spring/Summer 2016
Portugal	73.3% (5 factories)	83.82% (5 factories)
Poland	3.91% (1 factory)	0%
China	13.04% (2 factories)	3.37% (only canvas shoes) (1 factory)
Bangladesh	10.99% (1 factory)	12.98% (1 factory)
India	0.24% (1 factory)	0.24% (1 factory)

### III. Years of relationship with factory

Average duration of business relations with suppliers Van Lier has worked with:

- Poland, one factory since 1998 but stopped production there in the summer of 2015
- 2 factories in Portugal since 2009, 1 since 2012, 1 since 2013 and 3 since 2015
- One factory in Bangladesh since January 2011 in one factory, which also produces for other major brands.
- Two factories in China, one factory since 2013 (management left and started a new factory in Laos), VL worked with them for 1 season only due to quality issues. Second factory for canvas shoes in the summer since end 2014.
- Germany/India factory; Van Lier has a long-term relationship with them and just restarted working with them for certain types of shoes. They have just built a new factory and moved in since April 2015.

Van Lier has direct contact with the management in all the factories it works with and strives to build long-term relationships with its suppliers. Good



communication with the supplier as well as working together to both produce the high quality shoes as well as solve problems if and when they arise make the relationship between Van Lier and its suppliers a strong one. This long-term relationship ensures understanding and trust, which contributes toward more efficiency throughout the whole process.

#### **IV. Factories per country**

##### **a) Bangladesh**

At the moment, Van Lier only works with the one factory in Bangladesh, which continuously delivers good quality shoes. This factory produces for other international brands as well.

As the management in the Bangladesh factory has changed, the new management has needed some time to settle into the new factory and pick up on the CSR aspects of running the company. We have stressed to them our CSR standards and sent them a new FWF questionnaire and Code of Labour Practices to be filled out and signed by the new management, which has been returned.

They have already been audited on all the 8 aspects of the FWF Code of Labour Practices by one of the other major brands that produces with them and are busy following the given advice and reporting back on the corrective actions that are going on.

We sent the new management the email regarding the FWF supplier seminar on working together on the improvement of labor conditions in factories in Bangladesh (held on the 17<sup>th</sup> of December 2015). 2 people from management registered and attended the seminar paid by Van Lier and gave us some feedback regarding the day and their experience as well as what they got out of it. They told us that the seminar focused on three themes:

1. Industrial relationship & communication between workers and management.
2. What should be the responsibility & role of the factory owner, stakeholders & international brands?
3. How can Bangladeshi factories improve on Social Compliance?

They said that they learnt a lot that they could incorporate into their factory management system.

Van Lier supply team used to visit the factory in Bangladesh once every season, but due to the increasing number of foreigners attacked in Bangladesh during the period of October and November 2015, our Sourcing Team has been reluctant to visit the factory at this time.

Due to this reason and with the added incentive of overseeing the management system style of the new management, Van Lier would like to make it a priority for the coming year to have an independent audit done by a FWF local auditing team.

The new management of the Bangladesh factory is very open and eager to learn about all aspects of CSR and carry out what is expected of them. They have consistently reacted quickly to any problems and worked on solving them

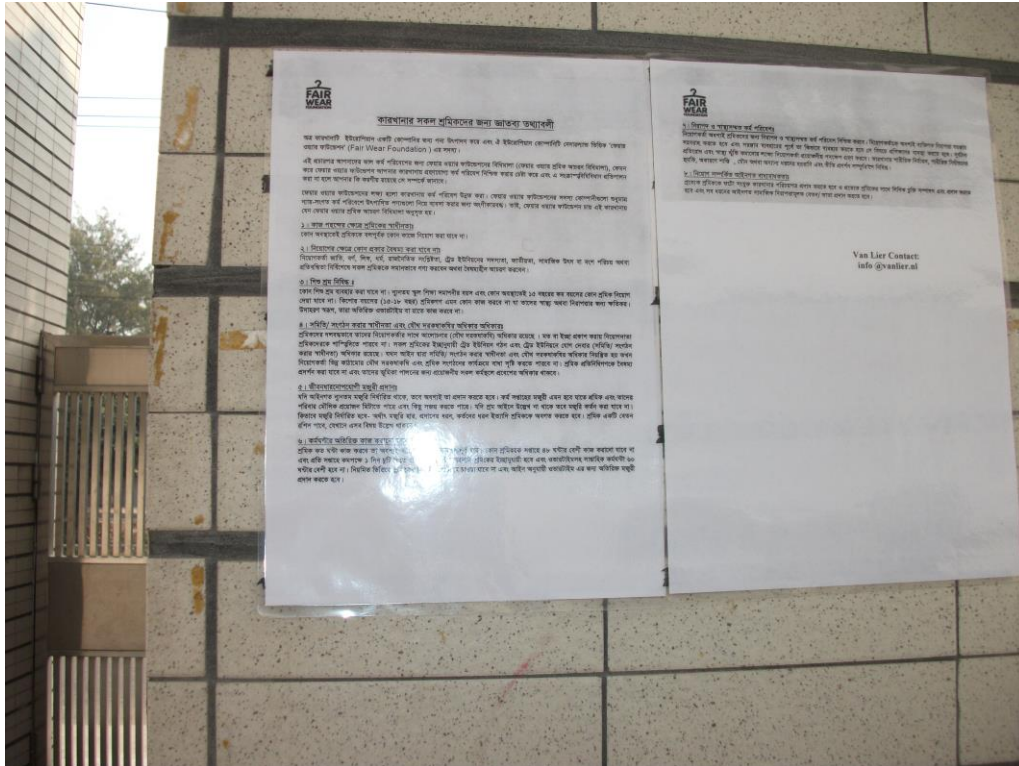


## Fair Wear Foundation – Social report 2015

in a timely manner and sending us clear updates on the procedures that they are using as well as the outcomes.

The factory continues to be regularly audited by the other bigger brands that are producing there, which take up most of the production space. CAP reports are made and feedback is given about the resolving of any problems.

They sent a photo of the laminated Fairwear Foundation Code of Labour Practices hanging in the factory. The factory in Bangladesh was one of the first suppliers to fill out the FWF questionnaire and sign the FWF Code of Labour Practices and return it to us.



### b) China

Van Lier used to produce in two factories in China. The same Taiwanese owner who owned the factory in Bangladesh owned one factory in China. Van Lier has stopped production in the factory in China owned by the Taiwanese owner and moved all production from the Chinese factory to the Bangladesh one.

After the death of the Taiwanese owner of the two factories, the children of the owner took over and their relationship with the management at that time suffered. Towards the summer of 2015, some of the management left the production in Bangladesh and China and started an independent factory in Laos. Since the management knew our social responsibility standards and quality standards, and our Sourcing Team had visited the factory (sending the CSR officer photos), Van Lier gave them an order. However, Van Lier was not satisfied with the quality delivered from the new factory and decided to stop working with them for the following season.

Due to this reason, the production was moved back to Bangladesh. Van Lier still continues to produce one range of canvas shoes for the summer



seasons, in an independent factory in China, with whom we have been working for 2 years.

### **c) Poland**

Van Lier has wound down production in Poland and moved the rest to Portugal, starting with the Spring/Summer 2016 collection. The Polish factory produced its last collection for Van Lier for the Autumn/Winter 2015 season.

### **d) India**

The factory that Van Lier works with in India is owned and run by a German/Indian owner who we have worked with for many years. They have been producing for many western brands as well as selling their own line in Germany and are very aware of the CSR aspects of business and what is expected of them. The owners visit Van Lier headquarters in Breda at least once or twice every season.

They were also one of the first (together with Bangladesh) to return the filled out supplier questionnaire and sign the FWF Code of Labour Practices.

In April 2015, Hivos invited the CSR officer to attend a meeting in Amsterdam, concerning a conference with a representative from the Fair Labour Association from Geneva. The meeting was with other major footwear brands, concerning research that Hivos, BSCI and the FLA were doing together on the risk of child labour use in the footwear industry production sites in Agra. They discussed the risks, the problems and possible solutions during this meeting.

The meeting focused on topics such as why child labour is more prevalent in that area (namely culture, history, lack of schools and infrastructure, poverty). There was also a discussion about signs to watch out for, and the steps that can and should be taken for prevention as well as solving the problem. Most of the child labour risk takes place when work is outsourced and done by home workers. The highest risk is in the area of stitching uppers. Our supplier in India was very open and willing to be approached and visited by the research team, and willing to work with the project. I gave their details to the team working on this project.

They have built a new factory in Agra, with modern facilities and according to all necessary safety requirements. The new factory has been ready since April 2016. The Van Lier Sourcing team visited the new factory in May 2016 to observe and encourage the practice of the Fairwear Foundation code and give feedback to the Van Lier CSR officer upon return. The owners have stated that they would like to look into applying to become a member of Fairwear Foundation in the future.

### **e) Portugal**

One of the countries that Van Lier is increasing its production to is Portugal. While the company started out with producing in 3 factories in Portugal in 2014/2015, this has now been expanded to include production in 7 Portuguese factories in 2016 and into the future.

There are several reasons for this:



## Fair Wear Foundation – Social report 2015

- The Portuguese factories are capable of sustaining the production of high quality shoes that Van Lier requires.
- The factories adhere to the EU environmental and CSR regulations.
- It is faster, safer and easier for the Van Lier supply team to visit these factories multiple times a year and to have a better control over the production. This also helps in building up closer relationships with the factories for the future.
- Transport is faster and environmentally responsible, due to production sites being on mainland Europe.

### **V. Factories register & information management**

The Van Lier CSR officer, with help of the Director of Operations and the Product and Quality Manager, records and sustains the list of suppliers Van Lier is working with, and updates this list whenever changes are made by the Director of Operations. The Van Lier CSR officer also ensures that the certificates and audits are requested and kept in one place.

## **3. Pricing and production strategy.**

### **I. Pricing**

The prices are set by the 3 directors (Statutory, Operations and Commercial Directors).

The pricing strategy is based on the cost price of the product in combination with a competitive pricing strategy. It also takes into account the materials used, such as type of leather.

The supplier sets the price and Van Lier adds packaging costs, transport costs, its budgeted overhead costs and lastly a 2.27 % margin towards the price of the shoes.

When the labour costs or inflation within the suppliers country increases Van Lier accepts a price increase when buying the shoes.

### **II. Production**

Product development is initiated by the Statutory Director and developed together with the Director of Operations and Product and Quality Control Manager. A lot of research, time and energy go into the development of Van Lier shoes and much thought goes into the styling, comfort and quality of the shoes. This is a very hands-on process.

The coordination of samples and production falls under the responsibility of the Director of Operations. The process of designing and ordering of samples takes time and therefore starts early, to ensure adequate lead times preventing excess pressure on factories to supply quickly. Unrealistically short lead times leads to the risk of overtime in production lines and higher risk of CSR violations. Orders are given to factories depending on their speciality of production: sneakers, canvas, dressed and boots.





## Fair Wear Foundation – Social report 2015

Three points that Van Lier keeps in mind when dealing with the suppliers is to build towards a long term relationship with the suppliers (having direct contact with factory management), setting realistic lead times and paying a realistic and fair price for the product. By doing this, Van Lier hopes to reduce the chances of CSR violations in its production lines and a better control over solving problems when they occur.

The Van Lier sourcing team visits each factory at least one or twice a year and more often if any production problems arise.

Quality testing is done by the Product and Quality Control Manager who also coordinates the leather testing certificates from suppliers and tanneries and sends them to the CSR officer.

### **III. Criteria for new suppliers:**

The main criteria for new suppliers include the modern technology that they use, the quality of the samples they make, creativity in following the Van Lier designs and solving problems, reasonable delivery times, reliability of the supplier and pricing (not too low and not too high; should reflect the quality).

Van Lier buys and supplies the leather needed for its shoes from high quality, certified tanneries. Van Lier also requests and keeps the test results of the leather it uses.

The supplier's dedication to CSR and health and safety issues is important. The Director of Operations discusses the importance that Van Lier puts on CSR issues with the supplier and sends them or hands them the FWF Code of Labour Practices to sign and the FWF questionnaire to fill in at the start of any long term business.

Van Lier also repeatedly stresses its policy of zero tolerance toward child labour to all the suppliers it does business with.

Recommendations for reliable and suitable factories are made by word of mouth in the market by European leather and shoe supply contacts, by colleagues in the European factories, as well as information gathered at shoe and leather fairs.

Decisions are also based on the other bigger high quality brands the factory works with. Van Lier requires smaller quantities than bigger brands and therefore works with factories that work with other brands and are willing to provide the smaller production lines that Van Lier needs.

The Van Lier sourcing team tries to visit the new factory at the beginning of the working relationship to observe the factory, evaluate management working practices and labour conditions of the workers.

Eye-witness visits by the Director of Operations and the Product and Quality Control Manager who form the Van Lier sourcing team is an important deciding factor in choosing suppliers.



## 4. Coherent system for Monitoring

### I. Responsibility

The monitoring of the factories is done by the Director of Operations and the Van Lier CSR officer. The required improvements are carried out and reported back to Van Lier by the CSR officer of the factory.

### II. Monitoring process

The Director of Operations and the Product and Quality Control Manager regularly visit the factories and request either independent audit reports and/or internationally recognised CSR certification from the supplier to ensure that the supplier follows the principles set out by the FWF Code of Labour Practices (except in the case of Bangladesh this season due to danger for foreigners). They have visited the Bangladesh factory several times before.

Each factory has to fill out the FWF questionnaire and sign the FWF code and return it to Van Lier.

We do ask them to attend any FWF training sessions happening in the area and give us feedback. Van Lier pays for the training sessions as discussed. By attending these training sessions, the management learns about their responsibilities regarding health, safety and labour rights, which help them improve their CSR strategy within the factory.

Since other major Internationally well known brands also produce shoes in the factories and have more leverage because of the high volumes they produce, these brands have carried out many thorough audits over the years, especially of the Bangladesh factory. The factory management have reported to us on these audit reports and Van Lier keeps a close eye on any reported CSR issues and the solutions being carried out. Van Lier also encourages the factory managers to carry out improvements and report the results back to us with photographic evidence. Documentation and visual evidence for Health and safety corrections and changes are provided.

Van Lier follows the actions being taken and the results achieved, as a process of CSR control and discusses any outstanding points with the management.

The Van Lier CSR officer reads through any documents, keeping an eye out for irregularities and informs the Director of Operations of things to be discussed and what should be brought to the attention of the factory supplier management either by mail or during the next meeting.

Since the Van Lier sourcing team has been visiting the factories over many years, they have built up a relationship with the people there and have regular communication with them.

Van Lier does see this as a shared responsibility between the brand and the supplier. This is something that we keep in mind when dealing with all the suppliers.



## Fair Wear Foundation – Social report 2015

If other clients of the manufacturer are willing to cooperate with regard to monitoring and execution of the CAP, Van Lier is open to working together with them. In the factory in Bangladesh and China, Van Lier occupies only a small part of the production lines, which affects the amount of leverage we may have with the supplier. However since Van Lier is a good, long standing client with a reliable reputation, the factory management is open to working together on CSR matters.

As far as we know, Van Lier does not have any suppliers that overlap with other FWF members.

Van Lier does not accept 2<sup>nd</sup> party production or outsourcing in high-risk countries.

### 5. Complaints Handling

The Van Lier CSR officer reads through the audits carried out on the factories in the high risk countries. The issues that concern CSR are tabled and discussed with the Director of Operations, who has direct contact with the factory management. Van Lier makes any concerns known to the management and discusses the method and time scale of the corrective plan, encouraging them to take corrective action. The Director of Operations then requests reports of the corrective actions, to follow and ensure that everything is being done according to the agreed process.

Pictures of the corrected actions are included in the CAP verification reports.

Van Lier has requested that Fairwear Foundation carries out audits on the two factories, one in Bangladesh and the other in Agra, in the coming year.

The audits will be carried out by local audit teams, approved by FWF. Once the audit has been carried out, Van Lier would also like to request a management training session at the factory level, to ensure that the CSR issues are discussed and the complaints procedure is reiterated.

The complaints procedure has been explained to the management and the code of labour practices has been hung in the public areas but further explanation to the work force would be preferable.

**The Fairwear foundation complaints procedure is as follows (taken from the FWF recourses section)**

1. **Making the procedure operational in the countries** - this is done through the distribution of information sheets and during worker interviews. The FWF Code of Labour Practices is already hanging in public areas in the factories.

2. **Receiving a complaint** - The complaint can be made through the local complaints handler (who will verify if the complaint is justified) or by word, email, letter or telephone. This will be passed on to the FWF as soon as possible.

3. **Establishing the admissibility of the complaint** – the complaint will be verified to see if it is a FWF Code related complaint and if it involving Van Lier business. Van Lier will also be informed about the complaint.

4. **Investigating the complaint** – FWF will draw up an investigation plan,



Fair Wear Foundation – Social report 2015

receiving input from the complainant, the factory and Van Lier. After investigation, a corrective plan will be set up.

5. **The corrective action** – Once a plan is agreed upon by FWF, the complainant, the factory and Van Lier and this will be carried out as soon as possible on the factory level.

6. **Monitoring the implementation of the corrective action plan** - Van Lier will be responsible for the follow up on the complaint and for monitoring that the agreed improvements take place and will report regularly on this to FWF.

7. **Verification and public reporting by FWF** -The final report on the complaint and the implementation of the corrective action plan will be reported in the Annual Report and published.

8. **The appeal procedure** – An appeal procedure is in place in case member companies do not agree with the procedure or the outcome.

## 6. Training and Capacity Building

### I. Responsibility

Van Lier CSR officer

### II. Activities to inform the Van Lier Personnel and Management

A PowerPoint presentation was made regarding Fairwear Foundation, to convey the membership message to management and personnel.

Van Lier held two internal communication sessions for both the management as well as the personnel to inform them about membership and what it means, the FWF Code of Labour Practices, the requirements and do's and don'ts regarding communication. Everyone found it very interesting and was happy to learn about the membership and what it stands for.

### III. Transparency and External Communication

When Van Lier became a member of Fairwear Foundation, a press release was sent out to all the manufacturers in Portugal, India, Bangladesh and China, Van Lier franchise shops, Van Lier dealers, suppliers and relations.

Van Lier sent all the sourcing factory partners the Fairwear Foundation Code of Labour Practices contracts to be signed by the management (stating that they agree with the points stipulated by the code and are willing to uphold and follow the FWF Code of Social Practices within their management practices involving the factory work force).

We sent out Foundation Questionnaires to all the sourcing factory partners with a letter from the Operations director and CSR officer, requesting company information for our files.

Any interviews given by the owner and Statutory Director mentioned the FWF membership, what it means to the company and how it affects the way Van Lier produces shoes and does business.



Fair Wear Foundation – Social report 2015

Van Lier ordered and distributed FWF official information pamphlets throughout its own stores.

The Van Lier official website CSR page was rewritten to include more detailed and transparent information regarding the company and its sourcing practices. It includes a section about the Fairwear Foundation and what it means to be a member. The CSR page is both in English and in Dutch.

The statement regarding membership was also shared on the Van Lier official Facebook page.

## **7. Corporate Social Responsibility 2015**

Van Lier continued to support the KNSRB (Koninklijke Nederlandse Studenten Roeibond [knsrb.nl](http://knsrb.nl)) with whom the company has been partnering since November 2006.

This included setting up a new two year contract to sponsor the KNSRB, and working together to improve the external communication aspect of the relationship.

Van Lier also contributed towards various smaller fundraising projects, raising money for good causes for projects initiated by, or involving work done by Van Lier personnel and their families as well as global human rights initiatives.