



# Manroof GmbH

## Social report

Reporting period 2019

(2019: 1.1.2019-31.12.2019)



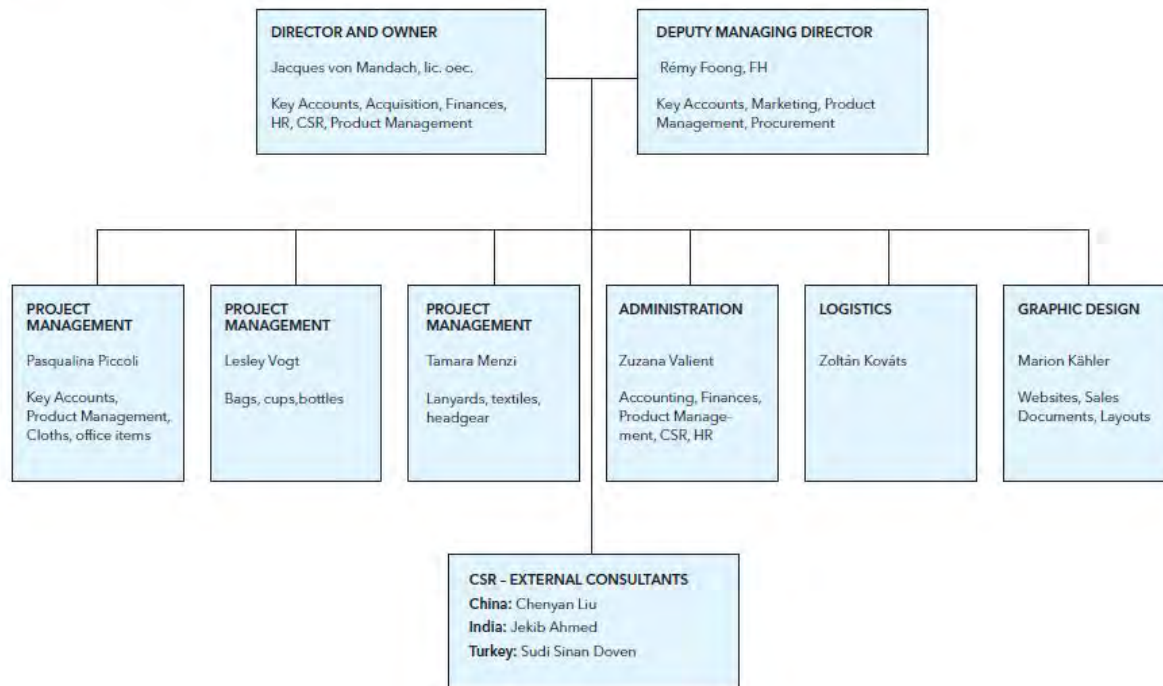
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# 1. Organisational chart

**MANROOF GMBH**  
Organization chart March 2020



Manroof GmbH is a niche player for textile promotional products in Switzerland. We design, develop and produce custom-made products such as lanyards, T-shirts, sweaters, caps, bags and other textile products. All goods are manufactured on demand mainly in China. In addition to custom-made products, we also process stock garments (especially T-shirts, polo shirts, bags, and jackets) with logos of our customers in silkscreen print or embroidery quality.

**Established:** 1999

**Legal form:** Ltd. (GmbH)

**Owner and CEO:** Jacques von Mandach

**Employees 2019:** 7

**Products:** lanyards, T-shirts, sweaters, caps, beanies, bags, jackets, flags etc.

**Product use:** retail and promotion

**Clients:** 95% in Switzerland (2019)

**Country of production (2019), without External Producers:**

77 % China, 7 % India, 6 % Turkey, 6 % EU, 4 % Switzerland

## 2. Summary: Goals & achievements 2019

We have been a member of Fair Wear Foundation (FWF) since 2008. We have chosen this membership as a voluntary management system to monitor the working conditions in risk countries of our suppliers. The aim is to do our utmost possible to have “good working conditions”. We believe that it is our duty to produce fair. We owe our clients well and fair produced products. In addition, it helps to differentiate ourselves from our competitors. Besides FWF we are also members of other standards such as Amfori, GOTS or Fairtrade which give us even more weight for sustainability.

Due to the protest of young people in spring 2019, ecological sustainability received more attention. Nevertheless, social sustainability also benefited from the protests. However, in Switzerland companies and organisations do not honour sustainable companies in their buying process. For example the buyers of renowned Swiss sport associations or Swiss educational institutes do not care about a membership with FWF. They only check if the supplier is member of any standards, which are not at the same level as the FWF. The consequence is that they choose the cheapest offer. There is no doubt that the brand FWF should be better known in Switzerland. As long as the current situation is going on, we will have no choice but to offer to market prices or even below market prices.

2019 was a good year for Manroof. We increased our sales substantially, without raising our prices of products. Although we did a lot of work in the area of Corporate Social Responsibility (CSR), which could have been reason enough to raise our prices, we didn't. Still, our clients responded well to our commitment to CSR and rewarded us with more orders.

### 2.1. CSR IMPROVEMENTS – SUCCESS IN INSTALLING A LIVING WAGE AGREEMENT – OT REMAINS A CHALLENGE

So far, 19 audits have been carried out at our suppliers' factories. In 2019, two audits were done. 73% of our purchasing volume is audited by FWF. Together with 10% in low risk countries we reach 83%. These figures do not include our purchasing volume by external producers, only factories as visible in Fairforce Database. With these figures we reach the required percentage of FWF. The highlight of our CSR engagement in 2019 was the agreement with our biggest supplier to pay living wage. This agreement lasts for one year. The calculation is based on the Anker Methodology. The workers will get living wage for the Manroof orders, and they receive a salary which is about 10% higher. The costs are shared between Manroof and the supplier. Our CSR external consultant is overseeing the payment with pay slips and interviews.

An important philosophy of our CSR monitoring system is, that we always work alongside local CSR consultants. For many years we have been working with external CSR consultants in China, India and since 2019 also in Turkey. The CSR consultants support us in our monitoring work. They have great knowledge about working conditions and national working laws. Their work is costly but we benefit a lot. Since 2013 Mrs. Chenyan Liu, Chinese CSR consultant, is supporting us with the CSR work. She helps us monitor our main suppliers in China and continuously verifies the improvements made at the

factories. Every year she visits our main Chinese suppliers to discuss pending issues and possible solutions. Mrs. Liu is very important for the success of our CSR monitoring system in China.

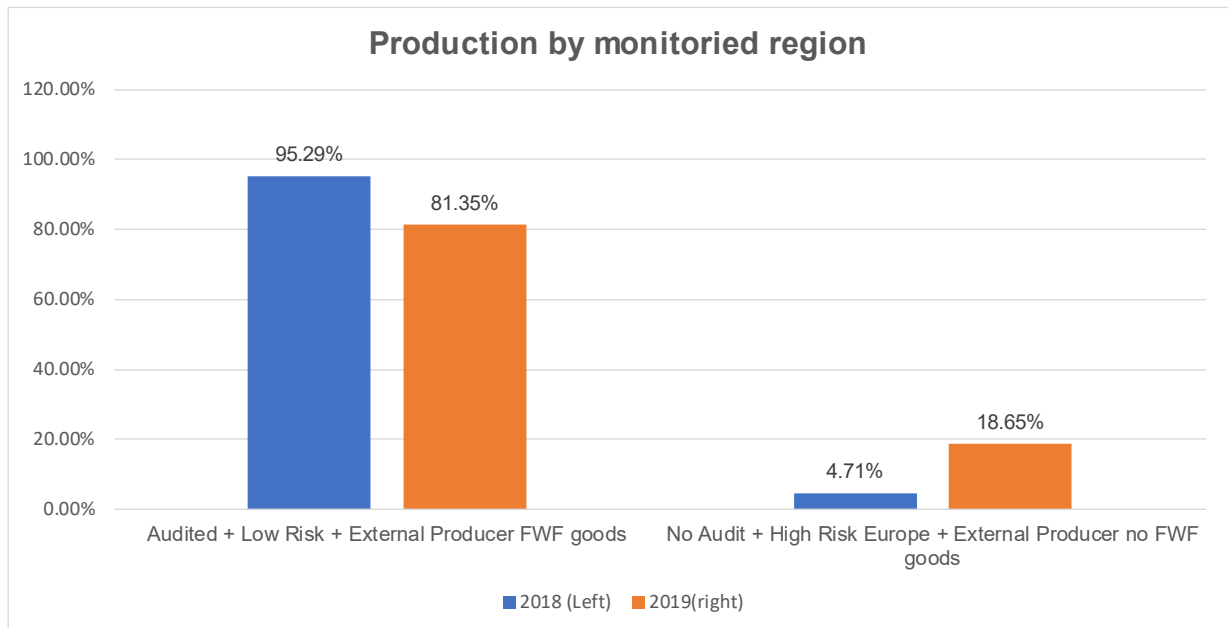
In order to build a trusting relationship and support our suppliers to improve working conditions in factories, our CEO visits our main suppliers regularly. During these visits, we once again communicate the importance of fair working conditions in the supply chain as the key factor of sustainable development, as well as the excellent service and product quality. We openly discuss the pending points of non-compliance issues and exchange ideas with factory owners and managers to seek for the best course of actions.

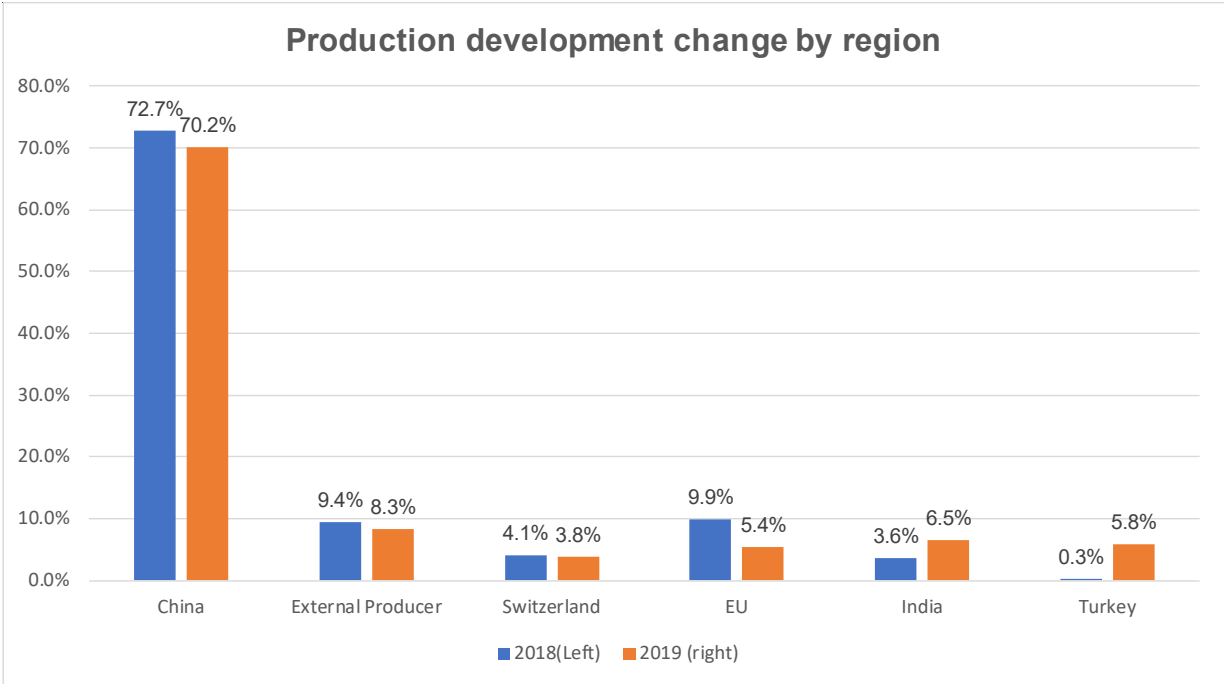
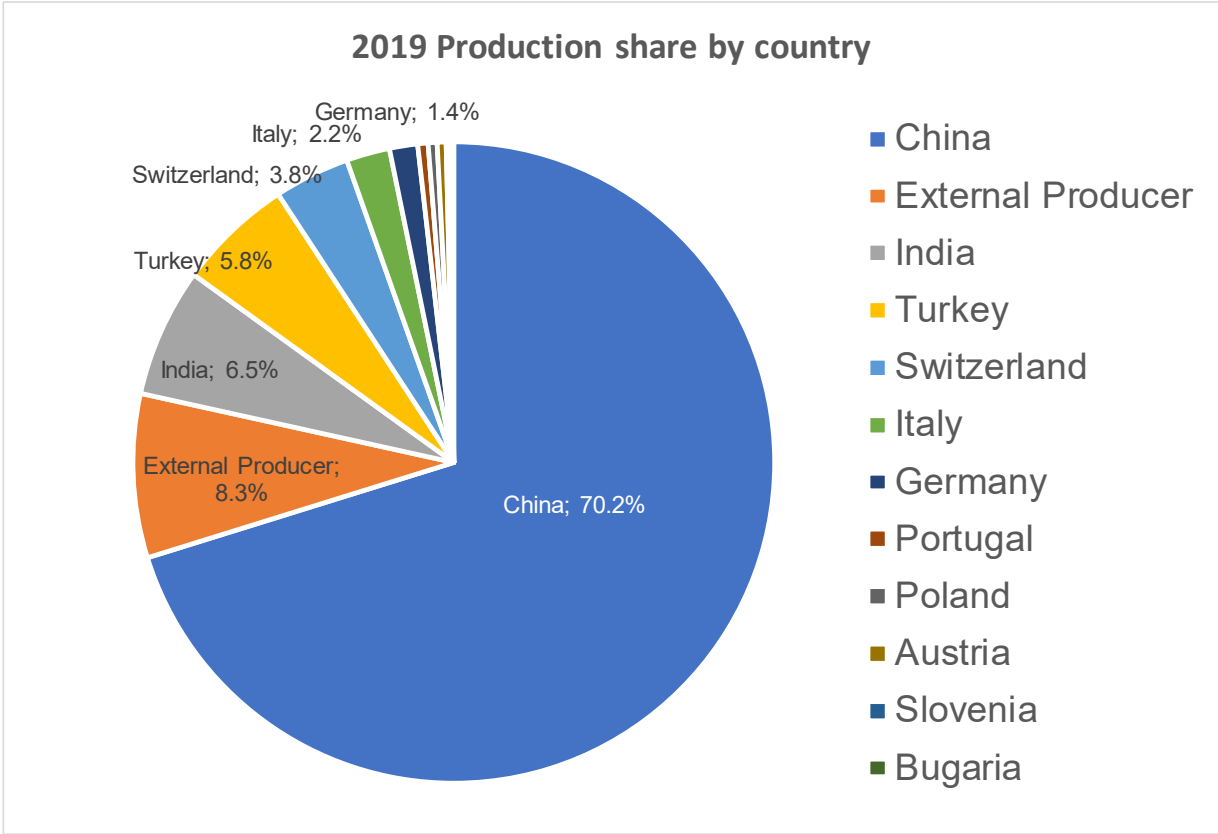
Although Asian countries are the major producing regions, we also visited our suppliers in Europe in previous years to ensure the importance of fair working conditions is well communicated and circulated in the whole supply chain.

In 2019, our CEO visited our suppliers in Turkey (together with a CSR consultant) and all producers in Switzerland. Pasqualina Piccoli, Manroof employee, visited our biggest supplier in Italy. The CSR dialogue went very well and has been documented for Brand Performance Check (BPC). For the year 2020 our CEO will visit again our suppliers in Asia.

**Production share 2019: 81.35 % from FWF-audited suppliers, low risk countries or external producers with FWF goods.**

Overall, our threshold in 2019 stood at 81.35% (-13.94%).





Manroof takes sustainability very seriously, thus, our CEO, Jacques von Mandach, is responsible for CSR at Manroof. Ms. Zuzana Valient is responsible for the FWF Fairforce and is assisting him in his work for CSR. Zuzana and Jacques alongside with our external consultant participated in seminars and webinars organized by FWF to learn more about the latest strategy of FWF and how to monitor the supply chain effectively and improve the working conditions at the factories of the suppliers.

During the Swiss FWF annual meeting, we observed that FWF is little known in Switzerland. We urged all Swiss FWF members, stakeholders and the FWF team to take measures to improve awareness. We suggested a couple ideas at the meeting. But neither FWF nor the other Swiss members were interested in making FWF more known in Switzerland.

## **2.2. PROGRESS REGARDING HEALTH AND SECURITY ISSUES:**

Workplace safety contains good maintenance on machines and fire safety management system, as well as good training to ensure the entire workplace is in good shape of protection. Most of the health and safety issues relating to facilities have been solved, and on top of this, suppliers also organized trainings or meetings with workers to address work safety. The pending points have been solved. In comparison with other issues these issues are easy and fast to solve.

We experience that the problem is mainly a lack of know-how and a lack of formality. Our suppliers got bigger and bigger and the Human Resources department has been neglected as well as many other issues which do not belong to operations, in particular if the company has less than 50 workers. Our suppliers welcome the help of our CSR external consultants, and they see it as a big chance to get information about how they can build a better factory.

The issues of health and security are often easy and fast to solve. Therefore, we will not show detailed information in the chapter “Coherent system for monitoring and remediation” about the findings of each factory.

## **2.3. PROGRESS REGARDING REDUCING EXCESSIVE OVER TIME**

### **(OT):**

We have been committed to improve the current conditions towards a better future. For the past 5 years, we continuously looked for a solution for this issue. Overall we can say that in 2019 we still have some challenges with Over Time for example with our biggest suppliers. With other suppliers this topic is not as big.

We will continue our dialogue in order get more success on this topic. Particular in China, OT is a systematic problem of the economy and society. Factories still keep attendance records to monitor the overall working hours for each worker, and to find a better strategy in fighting Over Time. What is most important to us is that the management of factories is now aware of this challenge.

Reasons this problem remains unsolved:

- We receive the working hour sheets 3 till 4 months after the work is done. So we always look to working sheets which are 3 or 4 months old. In this time we can't make



any changes since the time is passed already. Often the factory argues that they received unexpected amounts of orders from clients.

- Normally, European clients need their goods by April or May in Europe. But they often order only in November and December and not earlier. Chinese New Year in February stops production for one month and production before and after CNY is complicated.
- Although when placing an order we ask our supplier not to have any OT, other factory clients might not be aware of that problem. The suppliers always blame the other client's orders for OT. If we have a higher leverage we might be more successful with avoiding OT.

We continued to have discussions with factories for better production planning on our side and encouraged factories to talk to their clients to have the same discussion. We try as much as we can. The facts show that the reduction of excessive Over Time hours is great for all stakeholders.

## **2.4. DAM BREAK WITH LIVING WAGE:**

FWF requests Manroof as FWF member to pay living wage to the factory workers.

What is the living wage? The living wage defines the salary per month to pay all living costs. The living wages do not include Over Time, only 40 hours work per week. The *Asia Floor Wage (AFW)*, <https://asia.floorwage.org/> gives a figure for the year 2015 and year 2017: RMB 3'847 and RMB 4'537.

We found out that there is a second living wage figure called Anker Methodology, [www.globallivingwage.org](http://www.globallivingwage.org), according to FWF the living wage figure of Anker is also reliable. The Anker figures are lower than the Asian Floor Wage, RMB 2'818 for the year 2015. In our social dialogue we work with the Anker Methodology.

Living wage is another challenge topic, despite all challenges, we explored the possibilities to move forward. FWF has given us a wide range of information and tools to find solutions. Namely the Labour Minute Costing has helped us to calculate the costs to reach living wage. We have used the Labour Minute Costing to calculate additional costs to reach affordable living wage.

Our strategy is to make small steps towards living wage:

- We confront our suppliers how we can reach living wage. They show us how they plan to increase the salary every year.
- We request that they pay statutory holidays and annual leave. We have made some progress here.
- We show our supplier our interest in lifting the salary by paying extra money to the workers.
- Where the salary is not reaching living wage we offer an agreement. Since October 2019 we have an agreement with our biggest supplier. Workers get living wage for "Manroof" orders which is 10 to 12% of the production capacity. This means that all workers get around 10% more salary every month. The financial gap is shared between Manroof and the supplier.

It is important to mention that there are different obstacles with living wage:

- The payment system (piece rate) of the factory makes it more difficult than salary payment by time. This is one of the biggest obstacles and makes this issue very complex.
- Normally, the Chinese garment industry doesn't differentiate between normal working time and OT. They just look how many hours a worker has worked per month and how many pieces were produced. This kind of system makes the calculation of paying living wage very complicated.
- Suppose the factory pays living wage (for the normal working hours). In this case A) working OT in general will be less attractive for the factory workers. B) Increasing both the normal wage and Over Time wage premiums creates another level of complexity that Manroof is committed to investigate.

## 2.5. THESE SUPPLIERS PAY LIVING WAGE

With the companies listed below we stand in constant dialogues about living wage. The reasons we work only with these companies towards payment of living wage are ...

- High threshold or high % of production share  
and
- Long term relationship.

	Threshold	Remarks
Bag supplier, China	55 %	This is our biggest supplier. Since October 2019 we have a one-year agreement with a commitment that the workers get living wage. The Manroof orders are ca.10% of production capacity at supplier P. Manroof pays 50% of the costs of his gap. Workers get every month 2.5% (or RMB 85) more salary. The average salary is around RMB 3500–4000/month). Manroof pays USD 5'750/year. If we would pay for 100% capacity the 77 workers would get 25% (RMB 850) more salary every month. The cost for Manroof would be USD 57'500/year, if we shared the costs with our supplier. If we would pay all the costs, we would need to pay USD 115'000. These are the costs per year to reach living wage at supplier P. Our long-term aim is that the workers get living wage for all orders.
T-Shirts supplier, China	6.3 %	This supplier is already paying living wage to all workers, for ALL orders, not only Manroof orders. Wages are above Anker method. Manroof has no living wage agreement with this supplier. We

		have a long-term relationship, and we place orders of about 30 to 40% of the volume of the factory.
Bag supplier, India	5. %	2/3 of the workers get living wage, 1/3 are close to getting living wage.
EU and Swiss supplier	9.9 %	Low risk countries suppliers.
<b>Total</b>	<b>76.20%</b>	<b>Manroof pays to 76.20% of his threshold living wage</b>

## 2.6. THESE SUPPLIERS DO NOT PAY LIVING WAGE

With the following suppliers (see below) we have not started a dialogue about living wage:

These are the reasons.

- We have recently started working with this factory.
- We are not sure yet if we are going to work with this factory for many years.
- Small threshold or low % of production share.
- Unsteady orders due to very special products.

Supplier / Factory	Threshold	Remarks
Flag supplier, Turkey	5.6 %	Cooperation started in the year 2019; we have done substantial improvements of working conditions. The issue of living wage is a further target.
Cap supplier, China	2.9 %	Cooperation started recently in the year 2019; FWF audit will be due in April 2020. We will start a discussion about living wage after receiving the FWF audit report.
Bag supplier (agent), China	2.2 %	Orders are not steady with this supplier. We might not place more orders in the future, because the bags are premium and we don't have a lot of orders for these kinds of bags.
Lanyard supplier, China	1.5 %	Threshold have been lower than 2% since many years. Chances are small that threshold will be higher in the future.
Toy supplier, China	1.1 %	Threshold have been lower than 2% since a few years. Chances are small that threshold will be higher in the future.
<b>Total</b>	<b>13.3 %</b>	<b>At 13.3% we analyze the salaries, but we do not have plans to get an agreement on living wage.</b>

Other threshold which we do not actively work on living wage:

External Producers (EP)	Threshold	remarks

EP, Brands member of FWF	0.80 %	As member of FWF these brands should do their duty to pay living wage to the workers in the factory. We try as much as possible to order with FWF brands
EP, no member of FWF	7.45 %	Our production volume at EP is very small and we are not able to influence them towards living wage in their factories.
Total	<b>8.25 %</b>	

## 3. Sourcing strategy

### 3.1. SOURCING STRATEGY & PRICING

Manroof strives for maintaining long-term business relationships with its suppliers. It is our goal to know and understand the supply chain and production method. It is often a challenge to convince suppliers to implement new procedures and standards. We reduced the number of suppliers in order to increase our negotiating power by raising the relative order share. Since 2013, we have been mostly working with the same suppliers. By keeping the same suppliers, we were able to improve our relationships and work more closely on FWF issues. In 2018, we maintained stable business relationship as before.

In addition, Manroof sources all stock garments from sub-suppliers which are mainly FWF members.

To find new reliable suppliers, we are cooperating with other FWF members in Switzerland and abroad.

We contacted a few other FWF members and shared factory details. We managed to find a shared supplier from another FWF member.

It is difficult to source all products in Europe. In some urgent cases for new products, we are forced to order from Chinese suppliers without immediately performing a social audit. Once the cooperation intensifies, we will carry out a FWF audit. We communicate the importance of fair working conditions when we meet potential suppliers. Before we place our first order, all new suppliers are informed about the FWF Code of Labour practices and need to fill out the FWF questionnaire.

We are also a certified member of Amfori/BSCI, GOTS and Fairtrade.

	date invoice	CHF
<b>CSR Expenditure 2019</b>		
<b>memberships</b>		<b>1.1</b>
FWF	22.03.2019	4'422.00
Amfori	21.02.2019	3'300.00
GOTS	08.05.2019	2'174.74
<b>Audit reports</b>		
FWF at P, August 2019		0.00
FWF at X, December 2019	31.12.2019	2'244.00
<b>Invoices CSR Experts</b>		
Chenyan Liu, China	10.03.2019	6'039.77
Sudi Doven, Turkey	01.07.2019	618.75
Jekib Ahmed, India	31.01.2020	2'910.60
<b>Others</b>		
Living Wage Agreement with P., China	27.09.2019	5'570.00
Business trip to Turkey		1'650.00
Business trip to Italy		1'320.00
FWF invoice for PR in Switzerland	10.07.2019	493.90
<b>total</b>		<b>30'743.76</b>

### 3.2. PRODUCTION CYCLE

Production at Manroof is done using the just-in-time (JIT) method. All products are made to order. After specifications are defined, a sample is manufactured. The standard production lead time is 2–3 weeks after the sample approval.

### 3.3. FACTORY RELATIONS

Our membership at FWF defines our purchasing method. We prefer working with suppliers who have a production site that meets the following criteria:

- Located in Europe: No social audit report is required but is welcome.
- Located in high-risk countries: certified by Fairtrade (Max Havelaar), GOTS or SA8000. Depending on the purchase volume, we will consider a FWF audit. We will plan a FWF audit once the order volume reaches a substantial level (50,000 euro/year).

When searching for new Asian suppliers, we prefer audited suppliers. Any audit or certification is welcome, for example: ISO9001, BSCI, Sedex, SA8000 etc.

For each kind of product, we have listed possible suppliers. The criteria of this list are a mix of CSR, service and price. When we select a new supplier, we check this list, our risk country map and our risk

supplier map. We then decide where we place the order. However, in 2019 we have only three new suppliers in risk countries.

One reason is that our active suppliers are not able to produce the requested article. For example: soft toys or hammocks. Another reason is that we receive orders for articles which we get only every three years.

There are also suppliers where we stopped the relationship. One reason can be that the supplier did not cooperate with our CSR request. This happened for example with a baseball cap supplier. Another reason and more common is that we just have no request for the products the supplier offered.

### **3.4. INTEGRATION OF MONITORING ACTIVITIES AND SOURCING DECISIONS**

When contacting new suppliers, we also check whether they have an existing audit report or certification (ISO 9001, BSCI, Sedex, FWF audit, SA8000 etc.). Any kind of documentation helps us evaluate new suppliers. As soon as we believe that the purchase volume will increase substantially, we will ask the supplier for an audit to verify their working conditions.

Since becoming a member of FWF in 2008, we performed 19 FWF audits, 18 carried out in China and one in India. 73% of our textile products were manufactured by audited producers in Asia in 2019, mainly in China. Our supplier database in Fairforce shows our relative production share for each supplier and the date of the audit.

Our external consultants continued in 2019 their social dialogue with our suppliers. In our monitoring system we have five suppliers in total in risk countries which are monitored with our external consultants. We experienced that all five suppliers cooperated well with CSR issues. Therefore, we have no reason to change suppliers. We must point out that the monitoring of a Turkish supplier is complicated and a lot of intensive work. Therefore, we tend to avoid ordering in those kinds of countries.

### 3.5. RISK MAPPING BY COUNTRY, MARCH 2020

1 = low risk, 5 = medium risk, 10 = high risk

Rating is according to country studies by Fair Wear Foundation and our experience through all the past years

Risk/Supplier	China	India	Turkey	EU
Employment is freely chosen	3	5	6	2
Freedom of association and the right to collective bargaining	7	5	5	2
No discrimination in employment	4	6	6	2
No exploitation of child labour	4	6	4	2
Payment of a living wage	5	8	8	2
Reasonable hours of work	8	8	8	2
Safe and healthy working conditions	5	7	6	2
A legally binding employment relationship	5	7	8	2
<b>Special Country problems</b>	<b>There are no unions; Excessive Over Time is endemic</b>	<b>Sumangali-like practices is endemic</b>	<b>Refugees issue must be focused, lack of formality</b>	<b>Some issues in Italy, Romania and Bulgaria</b>
How to prevent and mitigate risks, and what remediation steps may be necessary	High risks are discussed with supplier and external CSR agent. In order to find solutions.	High risks are discussed with supplier and external CSR agent. In order to find solutions.	High risks are discussed with supplier and external CSR agent. In order to find solutions.	Check working conditions with visits and certificates, audit reports etc.
<b>Allover rating</b>	<b>5</b>	<b>7</b>	<b>8</b>	<b>2</b>
Remarks 2019	New suppliers must fill out a questionnaire and inform us about certificates, audits and references. If possible, our CEO or our CSR consultant should visit the factory by next occasion.	New suppliers must fill out a questionnaire and inform us about certificates, audits and references. If possible, our CEO or our CSR consultant should.	New suppliers must fill out a questionnaire and inform us about certificates, audits and references. If possible, our CEO or our CSR consultant should visit the factory by next occasion.	

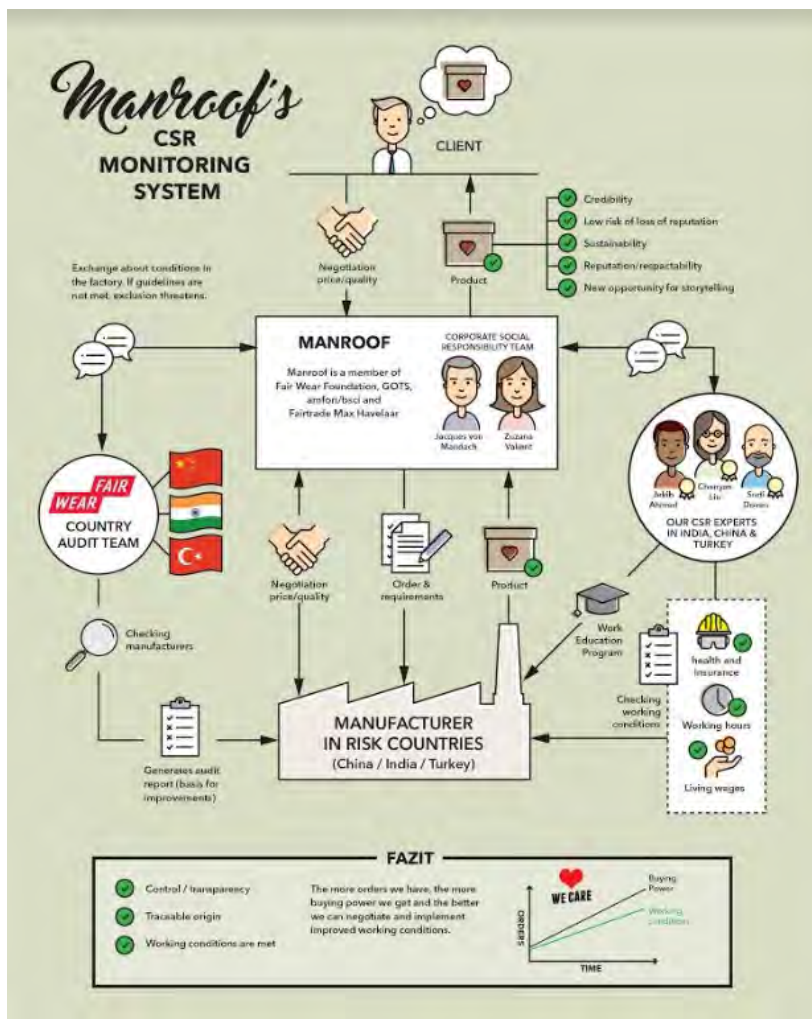
		visit the factory by next occasion		
<b>Influence order decision</b>	<b>Attractive country to place orders, because of good mix: CSR / price / delivery / service is good. From CSR point of view easier progress than at other risk countries.</b>	<b>Orders can be placed with suppliers, new suppliers need to be chosen carefully.</b>	<b>Better avoid orders in Turkey. CSR work is a big challenge.</b>	<b>If possible, we prefer to place orders in the EU. Not always possible because of price / delivery / product.</b>

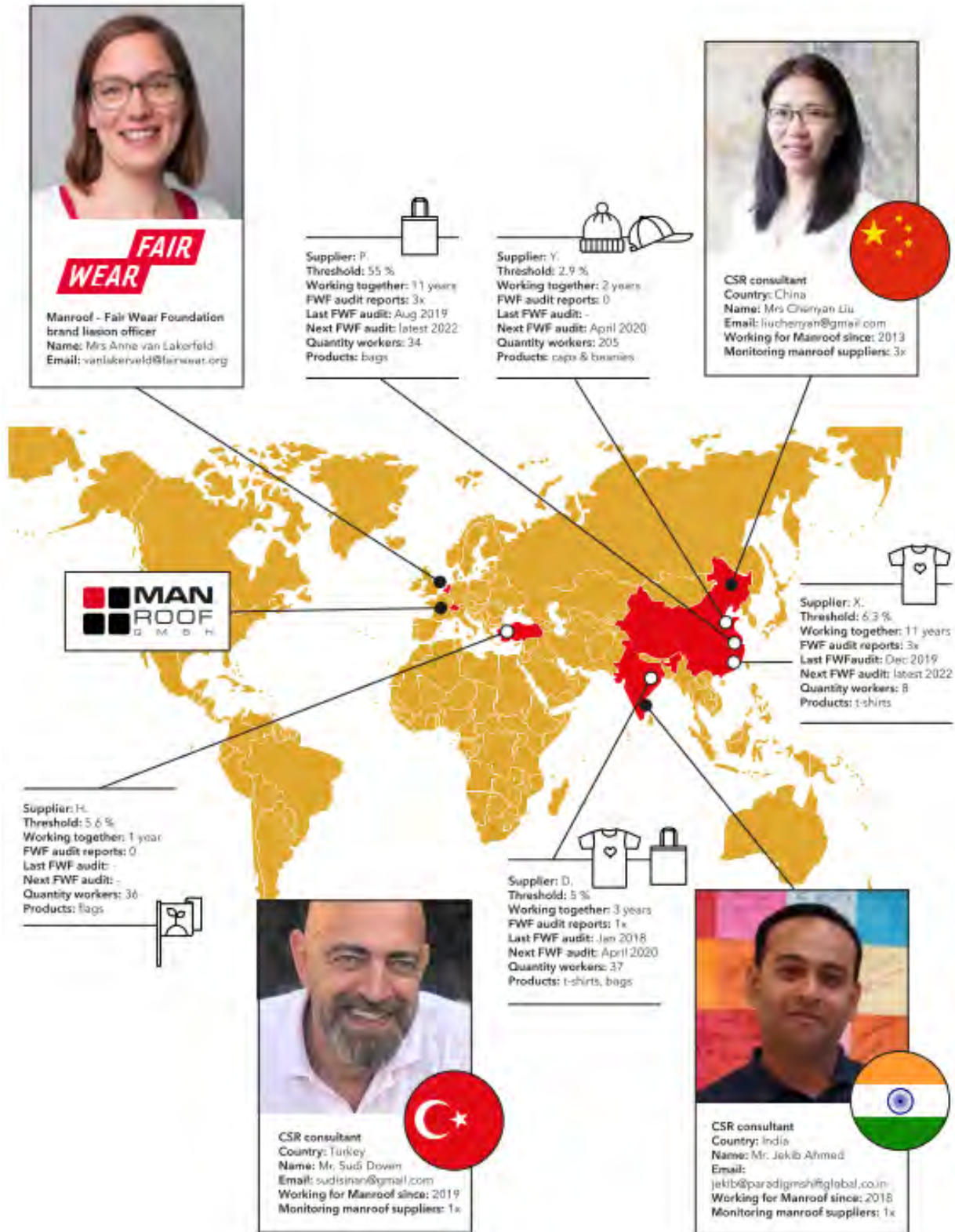


## 4. Coherent system for monitoring and remediation

Our CSR monitoring system with new suppliers starts with a questionnaire and a request to send us already achieved audit reports or certificates. If the threshold starts to increase, we soon request a FWF audit and our CEO will visit the factory. Once the FWF audit report is done, a close monitoring work starts. In this process the work of our CSR consultant is highly important. The CSR consultant is responsible to check the audit report and the Corrective Action Plan (CAP) with the supplier. He discusses and explains findings and solutions. In addition, a WEP (work education program) is requested in order to get management and staff trained. Also, our CSR consultant gives different training every year to the management or factory workers to specific issues. These education programs are a very big help for the factory, in particular because we see a lack for know-how and formalism.

Legend: Manroof CSR monitoring system





## 4.1. FACTORY P. / CHINA

Threshold:	55 %
First Order:	2009
FWF audit reports:	3x
Last FWF audit:	Aug 2019
Next FWF audit:	Latest 2022
Quantity workers:	34
Products:	Bags

Most of Manroof's orders (55%) are placed with this supplier, and the leverage is around 12%. The last audit was carried out in August 2019. Many other audits were done (Amfori/BSCI, Sedex and others) and the factory shared it with us once they received the audit reports. Unfortunately, we never had the impression that the other audits were helping our CSR work. In terms of the work on the FWF CAP, the factory has shown great cooperation on correcting non-compliance points which were found at the FWF audits and sent relevant documents and photos as evidence of the improvement. Mrs. Chenyan Liu has been in close contact with the person for CSR coordination for a couple of years.

After a long-time business relationship and the CSR work, we believe that we have built a good solid trust between two parties. We believe this supplier will continue to improve working conditions. As for all health and insurance issues we have solved all open points.

### Over Time (OT)

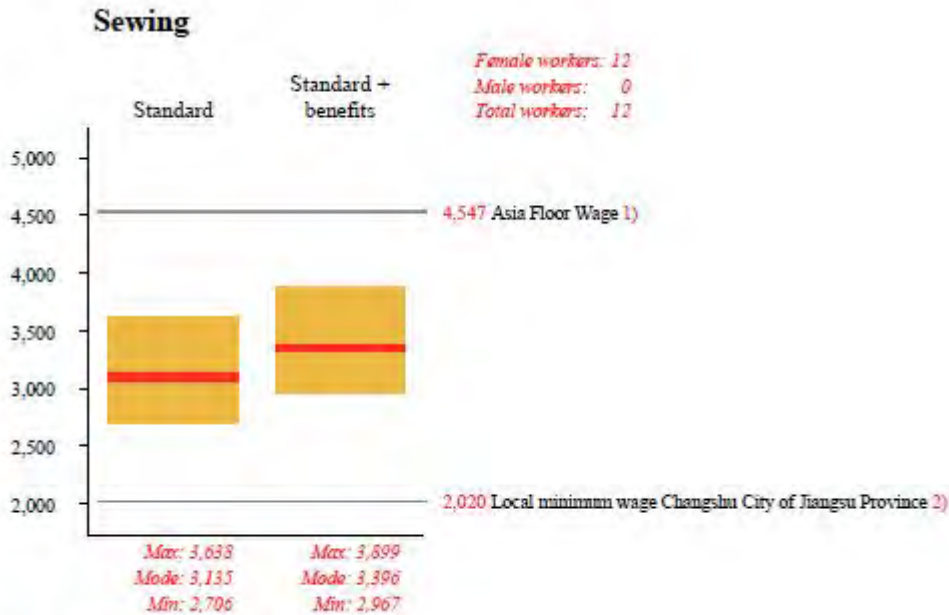
The FWF audit report of August 2019 shows following situation:

- *Based on the attendance records, workers worked more than 60 hours per week, from an average of 67.5 hours up to 83.5 hours.*
- *In general, workers have 1 to 3 days off in a month and they worked consecutively for 7 up to 30 days.*
- *Most workers worked more than 3 Over Time hours per day (i.e. 3.5 up to 8.5 hours) for 1 up to 6 days in a month.*

We randomly keep checking workers' monthly working hours. Our agreement with the factory owner is to limit the excessive Over Time working hours. Since 2018, the factory sent us more precise and transparent working hours record for each worker. We found working hours per day is within legal requirement, however, workers only have 1 till 3 days rest each month. One day rest in every week is sometimes not guaranteed. We are convinced that full transparency on working hours could create an open dialogue to discuss how we could support each other. We will continue to have discussions over this topic with our factories.

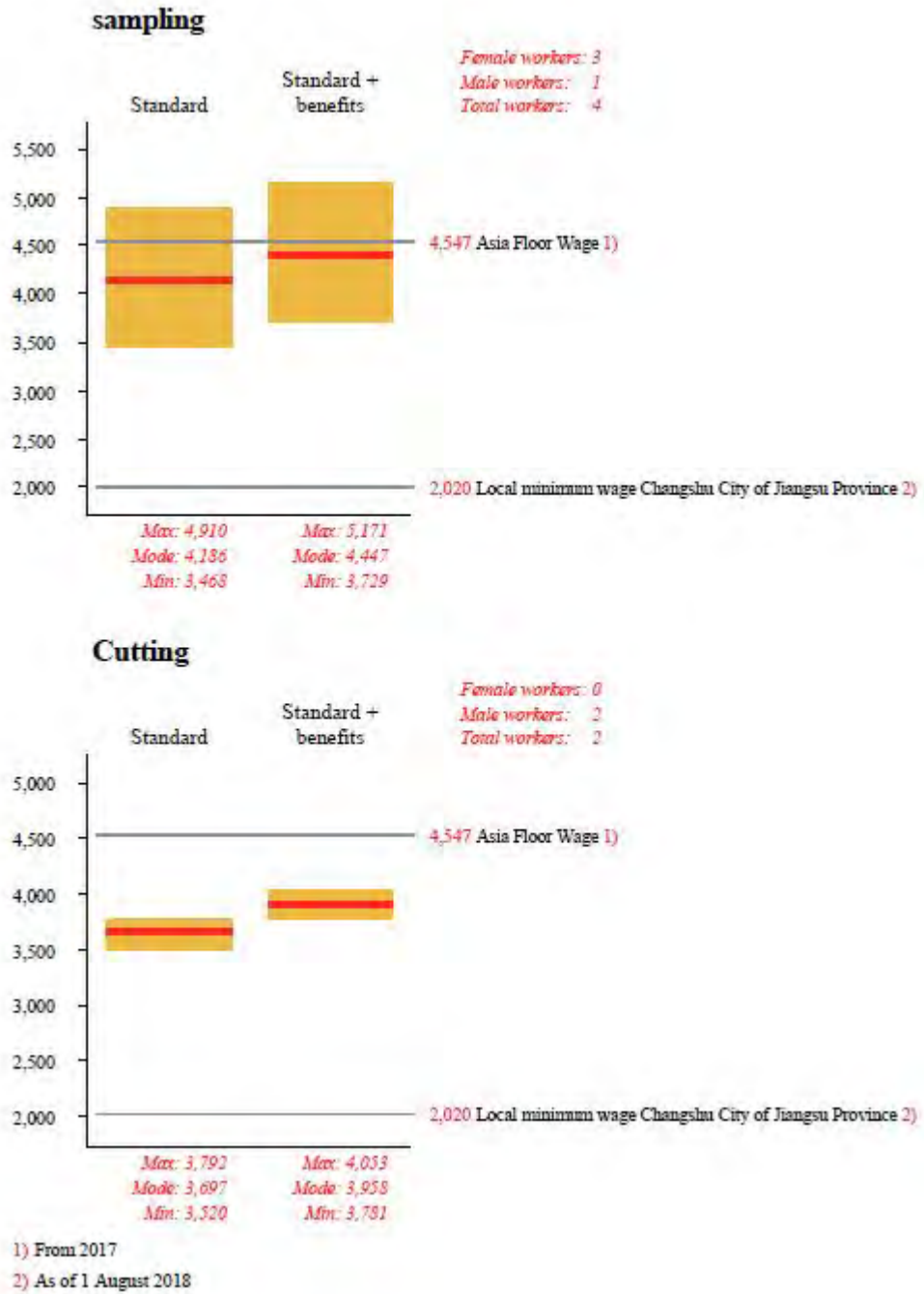
**Living Wage**

The FWF audit report August 2019 shows the following salaries at factory P.

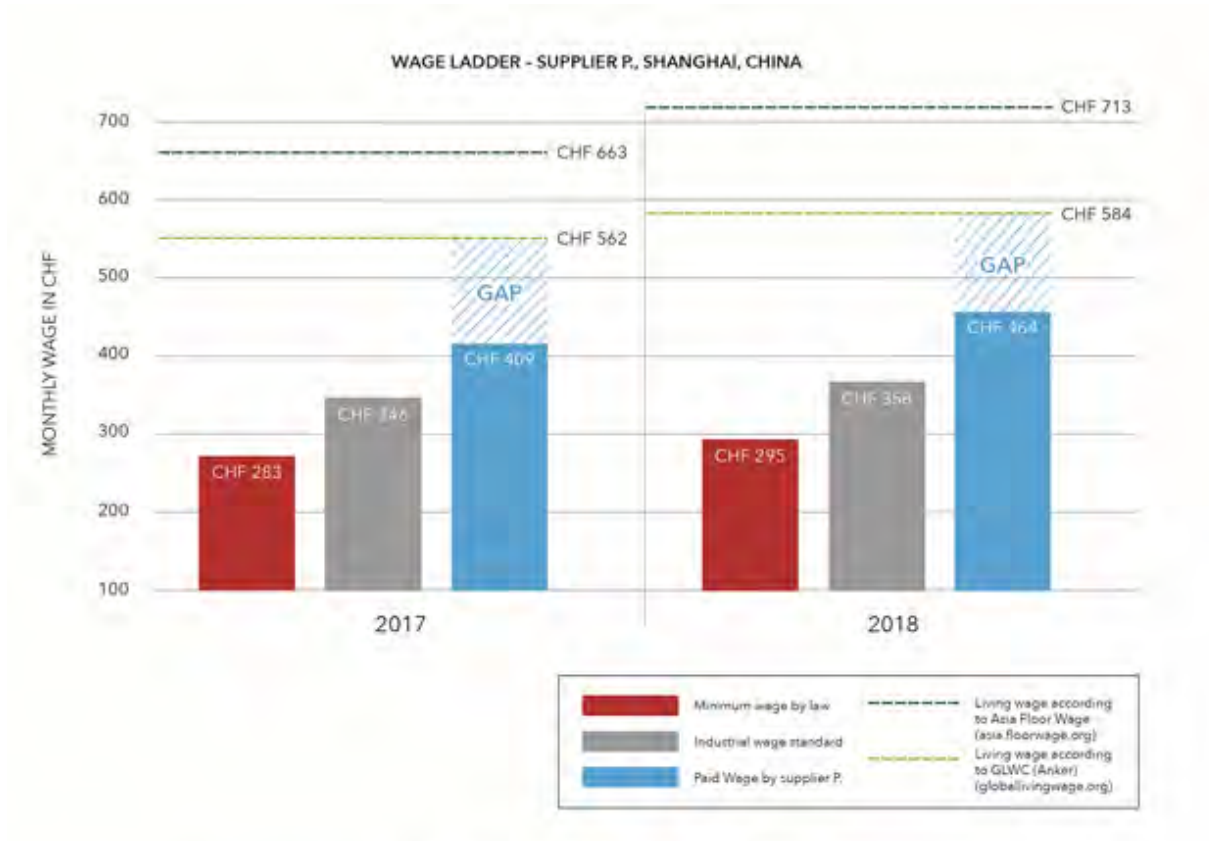


1) From 2017

2) As of 1 August 2018



In the charts above the salary for living wage calculated by the Anker Methodology is missing. We calculated that the value of the Anker Methodology should be RMB 4'000 per month. Manroof uses the Anker Methodology as benchmark. As you can see most of the salaries are also below living wage calculated by Anker Methodology. In the following diagram we show the gaps for living wage in the year 2017 and 2018.



For four years we collected payment documents and exchanged many emails with the supplier about this issue. The management stated that the workers were paid the approximate industrial wage and the average wage are above the salaries paid in the neighborhood. The factory explained that it would be difficult for them to change the whole remuneration system as Manroof is the only client supporting living wage. Other clients are not showing the same commitment and support. Manroof is leading a proactive discussion with factory P. to support the living wage.

### **Living Wage agreement**

In the summer of 2019 Manroof took the initiative and created an agreement to solve the living wage problem. FWF gives us a lot of tools and information. One important tool is the *labour minute costing* tool. We have used this tool and we know the cost per piece we would need to pay. This costing tool is for Manroof not practical for different reasons. One is that Manroof is not able to let his clients pay the additional costs. We still need to offer market prices or go even below market prices. Another reason not to use the *labour minute costing* tool is the fact that we have different kinds of products and this would bring endless discussions with our suppliers. We need a simple and good solution. First, we fixed a living wage value based on the Anker Methodology, namely 4'000 RMB per month. Second, we calculated the gap. Our CSR consultant checked the payment slips and confirmed that the lowest salary is 3'176 RMB per month. Thus, the gap is 824 per RMB month. We agreed with our supplier to share the costs. Starting in October 2019 the workers got more to close 10% of the gap. The staff was informed by the management about the additional payment. The gap is covering only Manroof's share at the factory which is about 12%. FWF requests that in the long run the workers will get a living wage salary for all the work. This is also our long-term goal. Next summer we will check with our suppliers for a new agreement. We probably will end up paying for the whole gap and not just 50%.

**Legend: Agreement between Manroof and supplier, dated 17.9.19**

Agreement

P [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

and

Manroof GmbH,  
Mattengasse 7, 8005  
Zürich, Switzerland

Shanghai and Zurich,  
7.9.19

about Living Wage  
Project

Introduction: P [REDACTED]  
(P) is a factory for bags  
and textile products.  
Manroof GmbH (MA) is  
a trading company and  
buys the products from  
P. As MA is a Fairwear  
Foundation member he  
need to implement a  
salary system at P  
where Living Wage is  
paid to the production  
workers.

Living Wage: Is the  
salary paid for the  
normal working hours,  
40 hours per week.  
Over Time (OT) is not  
part of the living wage.  
The Living wage is  
salary which the ables  
the worker to pay all  
costs for his living, like  
apartment / cloth / food /  
medicin / transport /  
savings / etc.



Legend: Invoice for Manroof's share

INVOICE	
<p>CLIENT  <b>TO: MANROOF GmbH</b>                      Mattengasse 7                      8005 Zurich                      Switzerland                      Tel: +41 (0) 44 274 15 03</p>	<p>DATE : 2019-9-27                       TRM OF PMT : T/T</p>
1.COMMODITY,SPECIFICATION&QUANTITY	2.UNIT PRICE &TOTAL AMOUNT
<p><b>Living Wage Project</b>                      P. is paying in average 2019 RMB 3'150.00 for the workers. Therefore the gap between livingwage and paid wage is <b>RMB 850.00/worker + month.</b>                      Quantity production workers P. 2019 (production + printing + packing): <b>77 workers</b>                      The share of Manroof at P. 2019 is <b>10 %</b>. This figures needs to be verified by Manroof.  <b>The additional cost per month for all workers is : RMB 850 x 77 x 0.10 = RMB 6'545/Month or all workers, RMB 78'540.00/year for all workers</b>                      (CHF/RMB 0.14, CHF 917.00/month for all workers or CHF 11'004.00, for all workers)                      (RMB/USD 7.05, total USD 11'140.00/year, for all workers)  <b>MANROOF pay 50 % of the GAP, USD 5'570.00/year, no later than end of September 2019;</b>  <b>the contract starts Oct 1, 2019 and ends one year later</b></p>	<p><b><u>FOB Shanghai</u></b>   <b>MANROOF pay 50 % of the GAP</b>  <b>TOTAL :USD5,570.00</b></p>
<p>Signed : J.</p>	

We also learned from FWF that the best wage is a negotiated wage. In November 2019 meetings with different groups of factory workers and our CSR consultant took place. One objective was training the workers. Another objective was to receive the workers' opinion of how much they need for a living wage. Chenyan Liu wrote in her report:

**Goals of the factory visit:**

- To provide space for workers and management to talk about the living wage.
- To see how much workers need on living expense as a starting point.
- To show the Manroofs commitment on supporting living wage.



*To see how much the living expense of individual participant is, participants were divided into four groups to talk about their actual needs for living and how much they need to spend on monthly substantial needs. The scenario is based on a family of two people (the worker and his/her spouse) where both people are working.*

*Legend:* result of factory worker's opinion about the living wage.

Group	Basic Living Wage	Living Expense Items
Group 1	2464	Food, clothes, accommodation with utility, shopping/daily living accessories, social gifting, children and education, social security
Group 2	2500	Food, clothes, social security, utility, daily living accessories, medical, social gifting, education, saving for children's marriage, phone bill, transportation
Group 3	3451	Food, skincare, clothes, phone bills, accommodation, social security, elderly parents supporting, transportation, social gifting/saving
Group 4	3363	Food, clothes, accommodation with utility, transportation, children and education, elderly supporting, social gifting, medical/social security

*An average living expense is around 3000 RMB. If we add the 10% as the small margin for unforeseen events, the average of basic living wage in 3300 RMB.*

Conclusion: The opinion of the workers is that the living wage is lower, ca. 3'300 RMB. This figure is lower than the value calculated by the Anker methodology, 4'000 RMB. However, Manroof will keep the higher value of 4'000 RMB. We should not forget that the living wage according to Asia Floor Wage is 4'537 RMB.

The training with our external consultant brought also more information about the workers wishes regarding working conditions. It shows that this kind of training is a valve for other issues, which they are not able to express to the management.

Outlook: In August 2020 we will discuss with the supplier the experience he had, and we fix a new agreement.

There is an additional way which helps to lift the worker's salary: In China it is very common that the statutory holidays are not paid correctly. The workers just don't know that they have the right to receive this additional money by law, and they also do not request it. Normally the management and sale workers are paid correctly, but factory workers often do not get statutory holiday payments.

Since many years we check if the statutory holidays (11 days in China) are paid correctly. An important obstacle is the payment system of the factories. The management does not like to change their payment system. We are still in discussion with factory how to solve the problem.

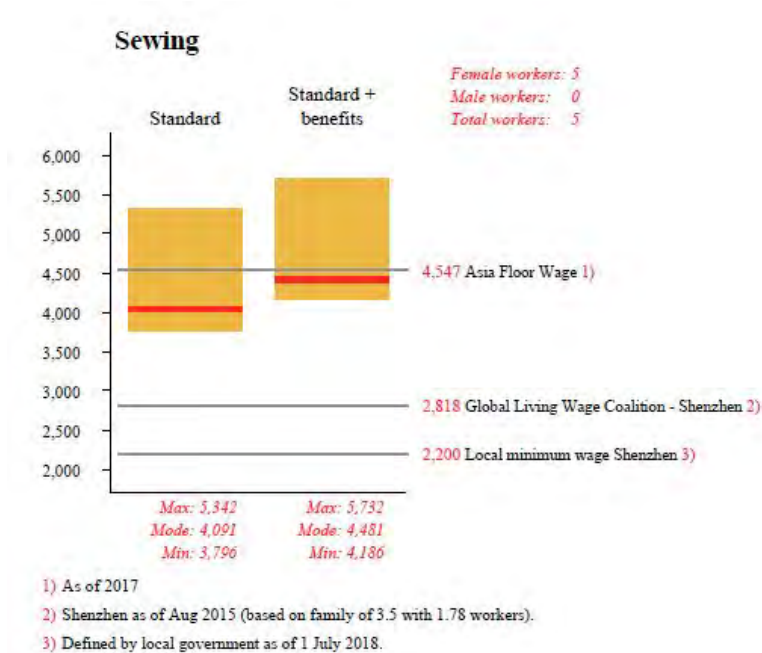
## 4.2. FACTORY X. / CHINA

Threshold:	6.3%
First Order:	2009
FWF audit reports:	3x
Last FWF audit:	Dez 2019
Next FWF audit:	Latest 2022
Quantity workers:	8
Products:	T-Shirts

This supplier is in close contact with our CSR expert in China. The factory is small and the knowledge about CSR is limited. Therefore, our CSR expert spent a lot of time and energy to explain how the issues should be resolved. Cooperation in the framework of CSR has proven to work well.

FWF has made an audit report in December 2019. The positive findings are due to the many workers of the owners' family. The main problem with this supplier is the lack of formalism and lack of know-how in different areas. The report says that *"The working hours are 63 to 66 hours per week."* Also, in previous FWF audit reports it was written that this factory does not have many problems with Over Time.

The findings regarding living wage is shown here:



As we can see, the salary is much higher than the one calculated by the Anker methodology and only a little lower than the one calculated by the Asian Floor Wage. This is good news. The supplier is paying living wage without financial help from Manroof.

### 4.3. FACTORY Y. / CHINA

Threshold:	2.9 %
First Order:	2018
FWF audit reports:	0
Last FWF audit:	-
Next FWF audit:	April 2020
Quantity workers:	205
Products:	Caps and beanies

We have started working with this supplier only two years ago. The reason is that the old supplier (Factory C. / China) was not cooperating with CSR issue, and we were forced to find a new supplier. The CEO has visited the factory and got a very good impression. The factory has different audit reports and certifications. However, we have placed more orders recently, and we have ordered a FWF audit this year (2020).

### 4.4. FACTORY C. / CHINA

Threshold:	2.9%
First Order:	2007
FWF audit reports:	3x
Last FWF audit:	Nov 2017
Next FWF audit:	-
Quantity workers:	29
Products:	Caps and beanies

This supplier has an outstanding service and high quality. In November 2017, an FWF audit took place. Unfortunately, the management refused to provide many important documents during the FWF audit and rejected any dialogue regarding the audit after that. We see this as a breach of trust and acted accordingly in our sourcing decisions. We try to avoid any order with this supplier in the future.

With factory C., many good results were achieved in previous years. In early 2016, factory C. relocated from a residential building to an industrial building with a valid fire safety certificate to ensure safe working conditions. In the past few years, we have been discussing the OT reduction and salary increases.

#### 4.5. FACTORY B. / CHINA

Threshold:	2.2%
First Order:	2007
FWF audit reports:	1x
Last FWF audit:	April 2015
Next FWF audit:	-
Quantity workers:	405
Products:	Bags

This supplier is a subcontractor of our agent B. He received the last large order in 2014. Since then, we have only been placing unsteady orders. In 2015 however, we performed an FWF audit. The supplier was very cooperative and made many improvements. This is also due to the highly skilled workers at the agent's company. They worked with the factory management on implementing the improvements. We received an Excel file with a report about all the improvements. This report is one of the best reports we have ever seen. We will keep in touch with this supplier, and if we place new orders in the future, we are sure that the cooperation regarding CSR will be great.

#### 4.6. FACTORY D. / INDIA

Threshold:	5%
First Order:	2017
FWF audit reports:	1x
Last FWF audit:	January 2018
Next FWF audit:	May 2020
Quantity workers:	37
Products:	T-Shirts

We started ordering T-shirts from this supplier in 2017. This factory replaces the orders we used to place with Indian factory A. because we were not satisfied with the service provided by factory A. The service and communication quality of Factory D. is much better. Also, this factory is much smaller compared to the previous factory. In December 2017, our CEO visited this new supplier in India. The owner was able to explain in detail the process and the CSR challenges in this factory. The factory has many different kinds of audit reports and certification. The FWF audit report we've made in January 2018 had some findings. Once again, the reasons for the findings was a lack of know-how and formality. With the help of an Indian CSR external consultant, Mr Jekib Ahmed, we were able to remediate root cause and improve working conditions. In his email dated March 1, 2020 he wrote:

- *“24 out of 36 workers are hired at a monthly salary. This is higher than 9405 Rs, so if they work an entire month, they can definitely earn above the living wage value (considering the value as calculated through Anker methodology)”*

- *“12 out of 36 workers are currently earning less than the living wage value calculated. This is the area which this factory needs to work on.”*

And further he mentioned:

*“Not all issues are closed, the current pending issues for supplier D. are ...*

- *“Standing Orders document has not yet been obtained. However, this document is applicable and required only when a factory has more than 100 employees, yet they said they will try to obtain it.”*
- *“This factory is yet to provide Fire Fighting and First Aid trainings to women employees.”*

We have ordered a FWF audit in May 2020, and he hopes to make progress. What we also need are more and big orders from our clients in order to get our supplier to the round table and continue the dialogue.

#### **4.7. FACTORY H. / TURKEY**

Threshold:	5.6%
First Order:	2019
FWF audit reports:	-
Last FWF audit:	-
Next FWF audit:	-
Quantity workers:	36
Products:	Flags

We have started cooperating with this factory one year ago and placed good orders. This supplier reached the third place in the list of our suppliers. Thus, our CEO visited the factory together with a CSR external consultant. The list of findings after the visit was long. But the supplier took a lot of energy and improved all open points. We are not sure we are going to place more orders here. The CSR monitoring work for Turkey is very time-consuming.

#### **4.8. SUPPLIERS IN OTHER RISK COUNTRIES**

All other suppliers in “risk countries” have a leverage which is 2% or lower. During the past few years, we placed some orders with suppliers located in India, Pakistan and Turkey. They are certified by Max Havelaar and/or Global Organic Textile Standards (GOTS). Our annual order volume with these suppliers is very small, and the orders are not placed every year.

## **4.9. SUPPLIERS IN LOW RISK COUNTRIES (OWN PRODUCTION)**

In 2019, we have ordered 10% with suppliers in low risk countries, mainly EU.

- W.: own production, headwear, Germany
- B.: home textiles, Slovenia
- H: home textiles, Austria
- F.: home textiles, Austria
- R.: lanyards, Italy
- Swiss suppliers: mostly finishing like printing, embroidery

All these suppliers filled out the questionnaire and posted the Code of Labour of Practices at their factory walls. We took pictures and kept the documents in our physical file “low risk countries” available for inspection. Manroof employee, Pasqualina Piccoli, visited the factory R. in Italy in December 2019. Our CEO visited all Swiss suppliers.

## **4.10. EXTERNAL PRODUCTION**

We have suppliers who are external producers. The order volume is small but steady. They are textile product traders but not producers. They sell textile products from different brands, also FWF member brands. Of course, we always try to order brands from suppliers that are FWF members. We informed our external producers about our FWF membership.



## 5. Complaints handling

We never received any complaints. Should we receive a complaint, we will try to solve the problem and lead an open discussion with the supplier.

Manroof has a workflow in place to monitor that the Code of Labour Practices, including the contact details of FWF's local complaints handlers, are posted at the factory production locations.

## 6. Training and capacity building

### 6.1. ACTIVITIES TO INFORM STAFF MEMBERS

All Manroof employees are aware of our membership with the Fair Wear Foundation. The information flow within the company is very fast. All employees have been informed in detail regarding our FWF membership.

### 6.2. ACTIVITIES TO INFORM AGENTS

We have only one agent, factory B. / China. Our cooperation within the CSR framework is working very well. This agent has highly skilled employees who take care of the improvements in our bag suppliers' factory H. This year two orders were placed with this agent, in two different factories. Both factories have been informed about FWF and the new Global Worker Sheet has been posted in both factories.

### 6.3. ACTIVITIES TO INFORM MANUFACTURERS AND WORKERS

The suppliers' managements in high-risk countries were informed about Manroof's involvement with the FWF and the Code of Labour Practices by email as always. Our largest suppliers know that we demand constant social improvements. These suppliers informed their workers about the FWF. An important tool is the WEP (Work Education Programs) and the trainings which our CSR external consultants give to the factory. Our CSR external consultants made 2019 several trainings at supplier P., X. and D.

## 7. Information management

We have requested and received a list of all subcontractors, with name, address and product. Our suppliers have sent them the Code of Labour practices, and they have mailed us photos as proof.

We keep requesting this list every year in order to keep the list current.

## 8. Transparency & communication





Manroof communicates its FWF membership on the website, in the catalogue and the emails. We also mention it in our sale calls or written communication with our clients. In addition, our CEO attends different seminars and meetings.

## 9. Stakeholder engagement

There are no stakeholders engaged at Manroof or at our suppliers' factories. Manroof uses resources from non-profit organisations such as the FWF, the Clean Clothes Campaign (CCC) and the media to get more general information about CSR issues.

## 10. Corporate Social Responsibility



	<p>In 2012, Manroof acquired the licence to produce Fairtrade Max Havelaar products. We are as well a supporter of the Swiss Fair Trade organization. The Fairtrade brand is well known in Switzerland. The licence enables us to produce with Fairtrade Max Havelaar certified productions all over the world. The regulations are very strict. Only selected factories are meeting the requirements. At this moment, it is not possible to produce Fairtrade Max Havelaar certified goods in China. We used the license to place orders in India, Turkey and Pakistan.</p> <p>FLO-ID: 27588</p>
	<p>Manroof has been certified by Imo Control since 2013. The certification entitles us to process and market textiles according to the Global Organic Textile Standard (GOTS) 3.0.</p> <p>We used the licence to source products in India.</p> <p>Certificate of Compliance No. 151929, valid until 30.6.2020</p>
	<p>In 2015, we joined amfori/BSCI (Business Social Compliance Initiative) because we are increasingly ordering non-textile products, and the Fair Wear Foundation does not monitor these products. Therefore, we want to know and improve working conditions at the non-textile factories as well.</p>
	<p>The company Manroof produces textiles and promotional items with the label SWISS MADE in collaboration with Swiss production sites. We support local production as much as possible.</p>
	<p>We have many approaches inside the company to protect environment:</p> <ul style="list-style-type: none"> <li>- We recycle (we reuse packing, we drink tap water only in the office – no PET bottles)</li> <li>- We use eco electricity</li> <li>- We transport big orders per sea freight</li> <li>- we try to place orders in Swiss companies (Swiss Made) and support the market in the country</li> <li>- we offer many products made of recycled materials, such as bags, lanyards</li> </ul>

This report was written in March 2020 by Mr. Jacques von Mandach

## 11. **Press release agreement living wage with major supplier**



Zürich, 31.10.19

**Manroof zahlt als erster Schweizer Werbeartikelhändler faire Löhne für Aufträge**

**Nach elf Jahren Engagement kommt der Durchbruch: Manroof hat mit seinem Hauptproduzenten für Textilien in Shanghai eine Vereinbarung erreicht. Für Aufträge des Werbeartikel-Anbieters verdienen Mitarbeitende ab sofort einen existenzsichernden Lohn.**

Es ist ein entscheidender Meilenstein auf dem Weg zu einer nachhaltigen Zukunft: Manroof verpflichtet sich mit seinem wichtigsten chinesischen Textilproduzenten dazu, Produktionsmitarbeitenden für die eigenen Aufträge einen Existenzlohn zu zahlen. Die Vereinbarung ist das Resultat einer langen Zusammenarbeit mit der Fair Wear Foundation, die Manroof als einzigen Schweizer Werbeartikelhändler seit 2008 zu ihren Mitgliedern zählt.

### **Löhne steigen, Preise nicht**

Für Kunden von Manroof ist der Schritt mit keinen Aufpreisen verbunden. Vielmehr stärkt er Manroofs Profil als Anbieter fairer und hochwertiger Werbeartikel. Neu erhalten auch Kunden die Möglichkeit, soziale Verantwortung zu übernehmen: Für jeden Auftrag können sie einen Zuschlag von drei Prozent bezahlen, der den Produktionsmitarbeitenden in Shanghai zugutekommt.

### **Ein Erfolg, der inspiriert**

In China und anderen grossen Produktionsländern herrschen in der Textilbranche oft unzulängliche Arbeitsbedingungen. Die Fair Wear Foundation setzt sich unter anderem dafür ein, in «High Risk Countries» die Arbeitssicherheit zu verbessern und faire Bedingungen zu schaffen. Die Einführung eines Existenzlohns – also eines Gehalts, der die Lebenshaltungskosten eines Mitarbeitenden deckt – stellt dabei eine der grössten Herausforderungen. Dass Manroof nach langwierigen Verhandlungen eine Vereinbarung mit einem Hersteller erreicht hat, gilt als grosser Erfolg. Für das Unternehmen ist es gleichzeitig ein Ansporn, den eingeschlagenen Weg der sozialen Verantwortung weiterzugehen.

### **Informationen zu Manroof und der Fair Wear Foundation:**

<https://www.manroof.ch/wecare/>

### **Für weitere Auskünfte:**

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