



Brand performance check

Tricorp Textiles Europe

September, 2012

FWF member since: 2007

Sources of information

Interview with Hendrik Stiksma (commercial director)

Interview with Edwin de Graaf (Sourcing/Contact person FWF)

Interview with Robbert Maas (Communication)

Annual report and work plan

Archived documents

Database FWF

Performance check carried out by:

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Performance Check indicators June 2012

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Introduction

In September 2012 Fair Wear Foundation (FWF) conducted a brand performance check at Tricorp Textiles Europe (Tricorp). The performance check is a tool for FWF to verify that Tricorp implements the management system requirements for effective implementation of the Code of Labour Practices, as specified in the FWF Charter.

Starting point for the performance check has been the work plan for 2011/12. FWF tailored the performance check to the specifics of the management system of Tricorp in order to assess the key issues of interest. During the performance check, employees of Tricorp were interviewed and internal documents have been reviewed.

FWF developed this report on the basis of findings collected during the performance check. The report contains conclusions, requirements and recommendations. If FWF concludes that the management system needs improvement to ensure effective implementation of the Code of Labour Practices, a requirement for improvement is formulated. The implementation of required improvements is mandatory under FWF membership. In addition, FWF formulates recommendations to further support Tricorp in implementing the Code of Labour Practices. The numbering of the requirements and recommendations correspond with the numbers of the conclusions.

This report focuses on those aspects of the management system of Tricorp that have been identified as key areas of interest for 2011/2012. As FWF approaches the implementation of the Code of Labour Practices as a step-by-step process, it is well possible that performance check reports of subsequent years will focus on different aspects of the management system.

FWF will publish the conclusions, requirements and recommendations of all performance checks on www.fairwear.org. FWF encourages Tricorp to include information from the performance check report in its social report.



Executive summary

Tricorp has been a member of FWF since 2007. However it is still in process of implementing FWFs management system requirements. This is mostly due to different shifts in personell at the company, both at the sourcing department and at management level.

After two years with several changes in the suppliers list, Tricorp is going back to a more stable list of suppliers. Products are sourced in China, Bangladesh, Tunisa and Turkey, at 21 suppliers.

The main supplier of Tricorp in Bangladehs has been audited three times since the beginning of their FWF Membership. In the past year two factories have been audited as well. This brings the production volume that has been audited at 41%, which is below the required 90%.

Seen the years of affiliation the company is required to timely get back on track by improving the management system related to the implementation of FWFs management system requirements.

1. Sourcing

Conclusions

1. Sourcing practice was affected by several changes. As mentioned in the former performance check the company had plans for diversifying the supply base. When changing relations and/or selecting new suppliers social compliance was considered mainly by discussing it during the visits to the candidate suppliers. Staff of Tricorp did ask for previous audit reports and discuss commitment with the FWF Code of Labour Practices (CoLP). There is however no clear policy on how social compliance weighs in in this decision process.
2. After the changes Tricorp wants to focus now again on sustainable relations with their suppliers. The company does foresee to add two more suppliers to their current supply base. Tricorp sources now from China, Tunisia, Turkey, and Bangladesh. The company uses 21 suppliers. With at least three of their suppliers Tricorp maintains business relations for longer than 5 years. At at least three suppliers Tricorp has a leverage of more than 10%, meaning their orders represent more than 10% of the total production at that factory..
3. Tricorp has collected the FWF questionnaire from three of its suppliers and shared them with FWF. The company did not collect the FWF questionnaires from the other suppliers to have a first commitment with an insight in the level of compliance with the FWF Code of Labour Practices.
4. The purchasing staff of Tricorp is aware of the fact that their purchasing practices can have a negative impact on the occurrence of excessive overtime. Excessive overtime was found during audits for Tricorp. For woven products orders are placed two to three times a year. Knitwear is ordered weekly. Tricorp does share forecasts with the suppliers, and has suppliers sometime produce for stock in low production seasons. Lead times vary per supplier, but on average have increased over the past two years. During one of the audits feedback was provided by the supplier on the time Tricorp takes to approve samples. Tricorp in turn states that the samples arrive already with delay.
5. Prices are negotiated on an all-in basis. Only with a few suppliers open book



calculation is used. This makes it difficult for Tricorp to have an insight in the wage workers receive. Two audits done in China and one in Bangladesh included a Wage Ladder for these factories. These give insight in the gaps between the wages paid in the factories and what local stakeholders estimate as being a living wage.

Recommendations

1. A stable relation with suppliers gives buyers a better position to discuss social compliance issues and needed improvements. Next to that, sharing forecasts, providing timely information on orders can help to avoid overbooking of production capacity and thus in avoiding excessive overtime.
4. As both Tricorp and one of the audited factories indicated that approving samples is a vulnerable stage which can cause a delay and therefore the need for overtime, it is advised to discuss how the procedure for approval of samples can be improved.
5. The Wage Ladders provided in the audit reports can support a discussion with these suppliers on the level of wages and can be a start to discuss with suppliers what steps could be needed to increase the wages stepwise towards a living wage level.

2. Coherent system for monitoring and remediation

Conclusions

1. Tricorp has audited in the past three years two factories in China and one in Bangladesh with FWF teams. For the factory in Bangladesh this was a re-audit. Together they account for 41% of the production volume of Tricorp. This does not meet the required percentage based on the duration of FWF membership, which is 90%.
2. After the first audit in Bangladesh in 2008 Tricorp facilitated the follow up on the corrective actions needed at the company, by hiring a local consultant to assist the factory. Due to the recent personnel changes within the company no follow up has been given yet to all the audits done end 2011. For one of the audited factories a status update has been received by Tricorp.
3. Staff of Tricorp visits the factories at least once a year. Sometimes social compliance is discussed during these visits.
4. Tricorp has not cooperated in the past year with other customers of manufacturers regarding monitoring and the execution of Corrective Action Plans, but is willing to do so if they know of a shared supplier.

Requirements

1. Tricorp should step up their monitoring activities, and get in the next year a good insight of the labour conditions at the factories that have not been included in the monitoring of Tricorp yet. This can be done by either requiring factories to share recent other audit reports of good quality and give an active follow up on those, or organizing audits at the factories. Tricorp is expected to have included at least 90% of its total

purchasing volume in 2013 in their monitoring system.

2. Corrective action plans included in audit reports should be agreed with the suppliers 2 months upon the date of the audit. Tricorp should monitor the implementation of the CAPs regularly to realize improvement on working conditions.

Recommendations

1. To assess quality of other third party audit reports Tricorp can use the FWF audit quality assessment tool, available on the FWF website. This can help to detect issues that might be missing in the report or can help interpret better the outcomes of a report and accordingly communicate on the outcomes with the factory and agree on a corrective action.

3. Complaints procedure

Conclusions

1. The FWF contact person in Tricorp is the person that would handle complaints. So far Tricorp has not received any complaints from workers through the FWF complaints mechanism.

2. The latest FWF audit report shows that workers were not aware of the complaints mechanism. The FWF information sheet for workers with the complaints handler's contact data was not posted. Staff of Tricorp that is now responsible for social compliance was not aware of their role to send the information sheet to all new suppliers.

Requirement

2. Tricorp should ensure all suppliers receive the information sheet for workers in the local language with the complaints handlers' telephone number. Next to that they should develop a mechanism to check if the sheet is posted in the factories at a place that is easily accessible for workers.

4. Labour conditions and improvements

Conclusions

FWF believes that transparency regarding working conditions in factories is of added value in working towards compliance with labour standards. Based on results of audits carried out by FWF teams to verify improvements FWF has drawn up an overview of improvements in labour conditions in factories. The overview is annexed to this report. The overview includes results of audits by FWF local audit teams. Results of audits by other initiatives are not summarised.

1. Two audits were done in China in 2011. Both showed there were no findings of violation on forced labour, child labour and discrimination. Excessive overtime was found at both locations, and both factories did not pay overtime premium according to local laws. Wage levels were below local stakeholders estimates of living wage. Some improvements were needed to improve occupational safety and health. On the standard legally binding employment relations there were no violations found at one of the locations. For the other one it was found that not all workers were included in the social security system.

2. The audit in Bangladesh was a re-audit. Auditors noted that the factory's management system to monitor compliance was not satisfactory. Although Tricorp has facilitated the follow up on earlier corrective action plans with a consultant, several repeated issues were found by the auditors, as the need for improvement of the age verification system, the finding that not all workers receive the legal minimum wage. A workers participatory committee was established after the first audit, but was not yet functioning properly. Excessive overtime was found and there were still improvements needed on the fire safety.

Recommendations

1.2. Tricorp could consider offering training to workers and management to increase awareness and improve the dialogue at factory level and enhance capacities to solve problems within the factory. Next to that the wage ladders provided in the factory audit report could serve as road map to discuss the improvement needed on the payment of wages.

5. Training and capacity building

Conclusions

1. Staff of Tricorp is aware of the FWF membership. Due to a change in personnel however role and responsibilities for Tricorp as a member of FWF were not completely clear to the staff.
2. So far Tricorp informs the manufacturers verbally during their regular visits on the FWF Code of Labour Practices. Questionnaires have not been collected systematically.
3. Tricorp had appointed their supplier in Bangladesh as a good candidate for participating in the FWF Workplace Education Programme. Follow up with the factory has to be given still to ensure their participation.

Requirements

3. Each affiliate of FWF should inform their new suppliers on the FWF membership and get the commitment of the supplier to cooperate on improvement of labour conditions.

Recommendations

4. For the factory in Bangladesh participating in the WEP programme will be a very good next step after the audits, to increase awareness of workers and improve dialogue and the own grievance mechanism of the factory. Tricorp can make use of the FWF material to inform the factory on the programme, and get their commitment to participate.

6. Information management

Conclusions

1. A supplier register has been submitted to FWF. The FWF contact person is the designated person to update this supplier register. The supplier register did not contain the suppliers responsible for a small amount of the production volume.
2. As the responsible person for maintaining the supplier register updated is from the purchasing department there is a direct link to the sourcing staff.
3. Tricorp has no specific system to document the status of social compliance per supplier. Tricorp is developing plans to have a new management system for their suppliers (product lifecycle management system).

Requirements

1. Tricorp has to submit together with the next work plan for 2013 a complete supplier register, including the smaller suppliers, with all the required data.

Recommendations

3. Tricorp can use the extra columns in the excel sheet of the corrective action plans from the audits, to update with improvements made, in order to have a good insight in the current state of affairs.

7. Transparency

Conclusions

1. The FWF logo is used on business cards, stationary, and in the catalogue. On the corporate website information of the membership of FWF is mentioned with a link. The wording used however is not fully adequate, and should be adapted. The claim to produce every product in a sustainable way cannot be guaranteed by being a FWF affiliate alone.
2. The social report on 2011 has not been handed in.

Requirements

2. Tricorp should hand in the report on 2012 on time, and may include in that same report the reporting on activities of 2011.

Recommendations

1. Tricorp should discuss with FWF's communication staff on appropriate working of communicating the membership. .

8. Management system evaluation and improvement

Conclusions

1. Tricorp does not officially evaluate its FWF membership. There is not a systematic way in which Tricorp evaluates its FWF membership at management level.

Recommendations

1. It is advised to take a fixed moment in the year, for example when preparing the annual report, to evaluate the efforts and results achieved when working the implementation of the FWF membership.

9. Basic requirements of FWF membership

Conclusions

1. The Work Plan for the current year has been received.
2. Membership fee has been paid.

10. Recommendations to FWF

Recommendations

1. FWF should also stimulate awareness on customer side.
2. It would be very useful if the short film on the FWF formula would be available in Dutch as well.
3. Tricorp is willing to use banners or other promotional material on fairs, but was not aware of the possibility. Tricorp would appreciate a more frequent communication with the marketing/communication staff of FWF.



Performance Check indicators June 2012

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| Improvement of labour conditions: summary of most important findings | Factory: Bangladesh | Factory: Bangladesh |
| | Source: audit carried out on 3 and 4 January 2008 | Source: audit carried out on 19 and 20 July 2009 |
| Sourcing practices (price, lead time, quality requirements) | Not part of this audit. | Buying policies of clients occasionally contribute to additional overtime work in the factory. |
| Monitoring system of FWF member company | FWF Code of Labour Practices is not posted in the workplace. | The factory was audited twice during the past 1.5 years and received assistance from an external consultant to improve compliance with labor standards it failed to make substantial progress. The consultant provided basic training program to raise workers' awareness on the labour law. |
| Management system factory to improve labour standards | Not part of this audit. | The factory itself does not monitor working conditions in the workplace. |
| Communication, consultation and grievance procedure | Not part of this audit. | Training is not provided regularly to workers. Workers are insufficiently aware of the labour law and the FWF Code of practices. Disciplinary actions were taken without following procedure that was initiated last year. |
| Employment is freely chosen | No non-compliance found. | Overtime work is sometimes mandatory. |
| No discrimination in employment | No evidence of discrimination was found. | The factory does not have a transparent performance appraisal system for wage increments. |
| No exploitation of child labour | The factory has no proper age verification system. | Workers register does not contain the birth date of workers. |
| Freedom of Association and the Right to Collective Bargaining | There is no functioning participation committee in the factory. | A Workers Participatory Committee (WPC) was established at the last audit but it has not been active for last 5-6 months. |
| Payment of a Living Wage | Workers do not receive a pay slip and don't understand how their wages are calculated. Workers do not get leave to which they are legally entitled. Salary payment dates are later than the legally required 7 working days of next month. | Workers do not receive a pay slip. Some workers receive the minimum wage. Wages in the factory do not meet the living wage in Bangladesh. The factory is providing attendance bonus to workers. |

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| No excessive working hours | Factory makes use of excessive hours of work. Overtime is mandatory during shipping periods. Overtime payment rates are below the legally required rates. | Excessive overtime was found in May and June 2009. |
| Occupational health and safety | The factory has not taken sufficient measures with regard to fire safety. Factory is not in good condition regarding machine safety. Workers do not use personal protective equipment. There is a leaking overhead tank on the roof of the factory. | The factory improved on fire safety but still some aisles are blocked by furniture and goods. Two fire extinguishers are out of order. The number of toilets is not sufficient. There is no misbehaviour/harassment/abuse in the factory. |
| Legally binding employment relationship | The factory lacks all personal worker files that are legally required. | The factory does not give an appointment letter to newly hired workers. |
| Special remarks | The audit team met with good co-operation from the management, workers and all other consulted persons and organisations. Whatever requested information was provided. Management was open to show everything to the audit team. | The communication channel with management is good; workers can directly approach to top management. Factory is better organised and cleaner compared to the previous audit in 2008. Auditors found that workers spoke freely during worker interviews. |

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| Improvement of labour conditions: summary of most important findings | Factory: China |
| | Source: audit carried out December 2011 |
| Sourcing practices (price, lead time, quality requirements) | The wages paid at the factory are below stakeholders estimates of living wage |
| Monitoring system of FWF member company | The FWF Code was not posted for workers |
| Management system factory to improve labour standards | Factory does not have an own system in place. |
| Communication, consultation and grievance procedure | Workers are not well informed on rights and the law |
| Employment is freely chosen | No findings |
| No discrimination in employment | No findings |

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| No exploitation of child labour | No findings |
| Freedom of Association and the Right to Collective Bargaining | Workers are not aware of their rights; no independent union active in the factory. |
| Payment of a Living Wage | Overtime premium is not correct. Wages are below stakeholders estimates of living wage |
| No excessive working hours | Excessive overtime was found |
| Occupational health and safety | Several issues found for improved; a.o. on fire safety and chemical safety. |
| Legally binding employment relationship | Not all workers are included in the social security system |

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| Improvement of labour conditions: summary of most important findings | Factory: China |
| | Source: audit carried out December 2011 |
| Sourcing practices (price, lead time, quality requirements) | Wages paid are below estimates of local stakeholders of living wage |
| Monitoring system of FWF member company | FWF Information sheet for workers was not posted |
| Management system factory to improve labour standards | Factory did not have a system to report on social compliance |
| Communication, consultation and grievance procedure | Workers are not well informed about rights and law |
| Employment is freely chosen | No findings |
| No discrimination in employment | No findings |
| No exploitation of child labour | No findings |
| Freedom of Association and the Right to Collective Bargaining | There is no independent union, with democratically elected representatives |



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| Payment of a Living Wage | Wages paid are below estimates of local stakeholders of living wage. Overtime premium insufficiently paid. |
| No excessive working hours | Excessive overtime was found |
| Occupational health and safety | Several areas for improvement found |
| Legally binding employment relationship | No findings |