



Fair Wear Foundation

Management system audit report

Tricorp Textiles Europe

3 December, 2010

FWF member since: 1 June 2007

Sources of information

A: Database FWF

B: Annual report and work plan of earlier years

C: Archived documents

E: Harm Kremers (CSR / contact person for FWF)

F: .Leon Cimmermans (Sourcing)

Audit conducted by:

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1. Introduction

In December 2010 Fair Wear Foundation (FWF) conducted a management system audit (MSA) at Tricorp. The MSA 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 MSA has been the work plan for 2009 and the earlier MSA report. FWF tailored the MSA to the specifics of the management system of Tricorp in order to assess the key issues of interest. During the MSA, employees of Tricorp were interviewed and internal documents have been reviewed.

FWF developed this report on the basis of findings collected during the MSA. 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 2010. As FWF approaches the implementation of the Code of Labour Practices as a step-by-step process, it is well possible that MSA reports of subsequent years will focus on different aspects of the management system.

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



2. Executive summary

Tricorp Textiles Europe has been a member since 2007. Until 2009 the company was on track with its activities for monitoring, implementing and improving social compliance. Several changes in the company and the company structure took place which also had implications for the sourcing policy and procedure. Due to this, no new activities related to the affiliation of FWF have been developed during part of 2010. In October a new contact person to coordinate the FWF membership within Tricorp was designated. Since then, various steps were taken to meet the management system requirements of FWF and a draft work plan for 2011 was prepared. Agreements have been made to get back on track in 2011. In the next MSA progress will be verified.

Tricorp has a concentrated and stable supply chain, with production located in two countries, namely China and Bangladesh. The locations are visited frequently by a representative of Tricorp. In 2009 Tricorp had reached 76% coverage with audits, which does not meet the required threshold for FWF. There is one supplier which has not been audited yet. Tricorp is required to execute an audit in the first half of 2011.

3. Positive findings

Conclusions

1. Tricorp has a concentrated and stable supply chain.
2. Tricorp worked actively on the follow up on the audit in Bangladesh and cooperated with a consultant on improvement.

4. Sourcing

Conclusions

1. Tricorp maintains a longstanding relationship with more than 90% of its suppliers. On average more than 7 years.
2. During 2010 the company changed its company structure, after which the responsibility for sourcing for the far east region was shifted back to the headquarters. In the course of 2010 steps have been made to diversify the supply base. New suppliers have been given test orders.
3. Tricorp does not have a sourcing policy on paper. There are several factors which are taken into account during the selection. Social compliance is one of them. Before engaging with a new supplier several visits are paid to the factory. During the first visit to a factory a visual inspection is done to check on the most salient OSH issues. Furthermore some issues are discussed with the management.

Recommendations

3. To enhance transparency it is advised to put the practice for sourcing on paper, to formalise the categories on which decisions are made, and make explicit how the social compliance plays a role in that decisions. One step could be to standardize the visual



first inspection and items to be discussed with new suppliers and report on that. Results can then be included in a supplier monitoring system.

5. Coherent system for monitoring and remediation

Conclusions

1. In 2009 76% of the supply base was included in the monitoring system. In the last year no new audits have been done. There is one supplier that has not been audited yet. This means that the threshold to be covered in the monitoring system after three years of membership, which is 90%, has not been met.
2. All suppliers have been visited
3. There is no formal procedure to register on what has been discussed with the management of the factories in the field of social compliance. The actual situation has been discussed. For one of their suppliers, in Bangladesh, the new production site has been visited, which showed according to Tricorp several improvements compared to when the factory was audited.
4. No follow up has been given during 2010 on the earlier audits.

Requirements

1. Tricorp has to make clear in the work plan for 2011 how it is going to meet the threshold as soon as possible, at least before June 2012.
4. Tricorp is required to agree on a corrective action plan with their suppliers, and monitor that.

Recommendations

3. It is recommended to have one central document/data base in which news and information on social compliance is registered to have one overview on the actual state of affairs in the factories.

6. Complaints procedure

Conclusions

1. Tricorp has a designated person to handle complaints of workers.
2. No complaints have been received so far.

7. Improvement of labour conditions

Conclusions

Based on results of audits carried out by FWF teams and complaints of workers, FWF has drawn up an overview of labour conditions in factories. The overview is annexed to this report. This is the same overview as provided with the MSA of 2009. Below a descriptive summary, slightly adapted for the actual situation.

1. In Bangladesh an audit was done, after which Tricorp cooperated with a consultant to work on improvement. In 2009 a verification audit was done. Improvement was shown on the communication between workers and the management. Intimidation was not longer used and workers could speak out more freely. Furthermore it has been seen that the factory was better organized and cleaner. The factory made improvements on fire safety and a Workers participation Committee was trained. No actual information was available to state whether the WPC has been active. Nevertheless progress on several issues remained insufficient. Some workers received at the time of the verification audit less than the minimum wage. According to oral information provided during visits this year, this would no longer be the case.
2. In China two audits were done in 2008. These audits showed that improvements were needed on occupational safety and health, but also on reducing excessive overtime and the representation of workers.

Requirements

1. It is urgently required to prove that at least the actual legal minimum wage is being paid to workers in the factory.
2. Tricorp has not only to agree on Corrective Action plans, but also monitor them in order to lead to verifiable improvements. FWF can advise on partners to cooperate with in order to inform and train workers on their rights and duties and improve dialogue between workers and management and/or to hire a consultant to improve specific items of an improvement plan.

8. Training and capacity building

Conclusions

1. The newly appointed contact person, and responsible for sourcing has been provided with all the information related to FWF membership and activities developed by Tricorp so far.
2. Sales staff was informed about FWF membership. No new activities were developed during 2010.
3. No information was available during this MSA to be able to draw a conclusion if manufacturers and their workers are informed about FWF membership and the Code of Labour Practices by means of the information sheet for workers.



Requirements

3. Tricorp has to ensure that the FWF information sheet for workers has been posted on the wall in the factories of their suppliers.

9. Information management

Conclusions

1. The responsible for social compliance is the same as the responsible for sourcing.
2. After the changes that took place in the company, a system will be put in place to keep the supplier register updated and to integrate information on supplier's performance on social compliance.

10. Transparency

Conclusions

1. On the website of Tricorp there is only a link to the website of FWF. The website will be renewed soon.
2. Tricorp does inform the public about its FWF membership with its brochure and the use of the logo on business cards and paper.
3. The annual social report of the previous year has not been received and not been placed on the website.

Requirements

1. Information on membership of FWF has to be made public on the website of Tricorp in correct wording.
3. Tricorp has to prepare an annual report on the current year and post in on the website. This is a repetition of a requirement which was also provided in 2009.

11. Management system evaluation and improvement

Conclusions

1. Due to all the changes within the company FWF membership wasn't a priority for large part of the year. With the appointment of a new contact person for FWF membership Tricorp will establish new procedures within the company on the evaluation of the FWF membership.



<i>Recommendations</i>
1. It is advised to appoint one designated moment in the year to discuss with the management the goals and results related to FWF membership.

12. Basic requirements of FWF membership

<i>Conclusions</i>
1. Work plans for 2008 and 2009 had been received. The work plan for 2010 has not been received. 2. Membership fee has been paid.

<i>Requirements</i>
1. The work plan for 2011 has to be sent as agreed in January 2011 the latest.

13. Recommendations to FWF

<i>Recommendations</i>
No special comments.



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Annex

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
Workers interviews	6 workers interviewed during off-site interviews. During the audit several short interviews were conducted. In addition, half an hour-long meeting was held with randomly selected workers. This group included male and female workers from different categories.	17 workers interviewed during off-site interviews. During the audit several short interviews were conducted on the shop floor. In addition, half an hour-long meeting was held with randomly selected workers during lunch. This group included male and female workers from different categories.
Documentation	In general the factory lacks appropriate documentation.	Attendance cards were found to be incorrect. Grievance register is not kept properly.
Sourcing practices (price, leadtime, 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 its compliance with labor standards it failed to make substantial progress. The consultant provided basic training programme 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 Labour practices. Disciplinary actions were taken without following the 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 after 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 less than the minimum wage. Wages in the factory do not meet the level of a living wage in Bangladesh. The factory is providing attendance bonus to workers.
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 appointed 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 January 2008. Auditors found that workers spoke freely during worker interviews.