



Fair Wear Foundation

Management system audit report

ECC Couture

21 October, 2010

FWF member since: 13-1-2009

Sources of information

- A: Database FWF
- B: Annual report and work plan
- C: Archived documents
- D: Marc Wissink

Audit conducted by:
Henrik Lindholm (report)



Index

1. Introduction	3
2. Executive summary	4
3. Positive findings	4
4. Sourcing	5
5. Coherent system for monitoring and remediation	5
6. Complaints procedure	6
7. Improvement of labour conditions	6
8. Training and capacity building	7
9. Information management	7
10. Transparency	7
11. Management system evaluation and improvement	8
12. Basic requirements of FWF membership	8
13. Recommendations to FWF	8



1. Introduction

In October 2010 Fair Wear Foundation (FWF) conducted a management system audit (MSA) at ECC Couture. The MSA is a tool for FWF to verify that ECC Couture 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 2010. During the MSA, Marc Wissink of ECC Couture was 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 ECC Couture 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 ECC Couture that have been identified as key areas of interest for 2010-2011. 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. The annex with detailed findings will remain confidential. FWF encourages ECC Couture to include information from the MSA report in its social report.



2. Executive summary

At the time of the MSA, ECC Couture had been a member of FWF for one year and 10 months (since January 2009). Neither of its two suppliers in high risk countries had undergone monitoring living up to FWF requirements at this point..

ECC Couture has a concentrated and stable supply chain. Production is located in a factory in Poland that is fully owned by ECC Couture, a factory in Macedonia that exclusively produces for ECC Couture and a factory in Serbia.

The company spreads out production over the year in order to have an even production at the main suppliers. This together with the long term relation with the suppliers put ECC Couture in a good position to ensure good working conditions in their supply chain.

Two of the suppliers of ECC Couture are in what FWF defines as high risk countries (Macedonia and Serbia). This means that these facilities should be audited with regards to the FWF Code of Labour Practices in accordance to requirements set out in the manual for affiliates. Neither of these suppliers has yet been audited by ECC Couture. ECC Couture could not show any other documentation of audits or other checks of these suppliers that demonstrated that these suppliers had been checked regarding to code compliance.

ECC Couture is planning to send out the FWF questionnaire for suppliers in 2010. This has not been done so far. After receiving the answers from this, ECC Couture will evaluate what is needed to be done.

After almost two years of affiliation to FWF, it is absolutely curial that ECC Couture, monitor their suppliers in high risk countries. By the time ECC Couture has been affiliated to FWF for two years, at least 60% of the FOB must be audited according to the FWF manual for affiliates or covered by monitoring for low risk countries as outlined in the FWF manual for affiliates.

3. Positive findings

<i>Conclusions</i>
1. ECC Couture has long term cooperation with only three suppliers. At two of these they are exclusive buyers. This puts ECC Couture in a very good position to assure good working conditions throughout their supply chain.



4. Sourcing

Conclusions

1. ECC Couture works with a limited number of supplier (three active suppliers in 2009) with which they have long term cooperation. The suppliers are located in Poland, Macedonia and Serbia.
2. ECC Couture owns the factory in Poland which has been supplying them for almost 20 years.
3. ECC Couture takes 100 % of the production of the supplier in Macedonia.
4. ECC Couture aims to have an even production at their suppliers over the year. By having their own factory in Poland and being the only customer of the factory in Macedonia, ECC Couture is in a good position to prioritise production in order to give their factories good lead times.
5. Since ECC Couture has no monitoring system in place in accordance with the FWF requirements, it has not yet been possible to assess how buying practices relate to any potential non-compliances at the supplier level.

Requirements

5. ECC Couture should investigate to what extent their buying practices influences the level of code compliance at supplier level.

5. Coherent system for monitoring and remediation

Conclusions

1. ECC Couture has been affiliated to FWF for two years. ECC Couture has not done audits at the suppliers in Macedonia and Serbia (high risk countries). In Poland, which is a low risk country in the FWF system, the supplier has not yet answered the questionnaire. This means that none of the production locations have been monitored in accordance with the FWF manual for affiliates.
2. ECC Couture plans to send out the FWF questionnaire to their suppliers during 2010. Depending on the answers they will take action to assure that the suppliers live up to the FWF Code of Labour Practices. According to the FWF manual for affiliates, the FWF questionnaire and information regarding the Code of Labour Practices should be sent out to all suppliers immediately upon joining FWF. When new suppliers are found, FWF questionnaire and information regarding the Code of Labour Practices should be sent at the start of the cooperation.
3. Through the long cooperation with the suppliers, and the high quality of products delivered, ECC Couture find that they can be sure that they work with serious suppliers that also keep a high standard when it comes to working conditions. In the experience of ECC Couture, local legislation and controls in the countries where they produce cover the important parts of the Code of Labour Practices. In this way ECC Couture claims to know that working conditions at suppliers are good. As ECC Couture has no monitoring system in place for the factories in high risk countries, FWF is not able to verify the



efforts and results of ECC Couture in implementing the FWF Code of Labour Practices in those factories.

Requirements

1. ECC Couture must monitor at least 60% of their production in accordance with the FWF manual for affiliates within 2 years affiliation. Within 3 years affiliation 100% should be within the monitoring system. For details regarding requirements on monitoring in low and high risk countries, see the FWF manual for affiliates. This requirement is not dependent on how suppliers respond to the questionnaire.
2. The FWF questionnaire and information regarding the Code of Labour Practices should be sent out to all suppliers as soon as possible.

Recommendations

1. If ECC Couture does not have audit capacity in Macedonia, and does not know where to find good auditors, FWF can recommend using the local audit team of FWF in Macedonia. They can on short notice audit the supplier in Macedonia. By doing this, ECC Couture could easily meet the FWF requirements of monitoring suppliers.

6. Complaints procedure

Conclusions

1. ECC Couture has passed on the translated Code of Labour Practices to the suppliers, but not checked that these have been posted in the factories.
2. FWF has not received any complaints from workers at factories supplying ECC Couture.

Requirements

1. ECC Couture must check that the translated Code of Labour Practices is posted at all suppliers.

7. Improvement of labour conditions

Conclusions

1. Since no form of monitoring of working conditions meeting FWF requirements has been presented to FWF, no results can be presented here.

Requirements
See “Coherent system for monitoring and remediation” above.

8. Training and capacity building

Conclusions
<ol style="list-style-type: none"> 1. ECC Couture is a small company with only 13 persons employed at the head office in the Netherlands. According to ECC Couture, all staff knows about the FWF affiliation. 2. According to ECC Couture, the agent in Macedonia has been informed about the FWF affiliation. 3. According to the workplan, the code is discussed with the suppliers once every year.

Recommendations
<ol style="list-style-type: none"> 2. If the agent in Macedonia should do follow up of code compliance at factory level, they should receive a more in depth training on the Code of Labour Practices.

9. Information management

Conclusions
<ol style="list-style-type: none"> 1. The supplier register is updated when sent to FWF. 2. There is no system in place to effectively integrate information regarding sourcing and the implementation of the Code of Labour practices.

10. Transparency

Conclusions
<ol style="list-style-type: none"> 1. ECC Couture has two homepages, the one aimed at consumers (www.culture-centaur.com) contains information on FWF. 2. The annual social report of the previous year was not received in time by FWF and has not been placed on the website of ECC Couture.

Requirements
<ol style="list-style-type: none"> 2. The annual social report should be send in time and should be placed on the website of ECC Couture.

11. Management system evaluation and improvement

Conclusions

1. Apart from writing a social report, there has been no systematic evaluation of the affiliation to FWF and how the company's performance regarding social standards can be improved.

Requirements

1. ECC Couture should evaluate how the company is performing in regards to social standards and how this can be improved.

12. Basic requirements of FWF membership

Conclusions

1. Work plan for the current year has been received eight months late.
2. Membership fee for the year concerned has been paid.

Requirements

1. The work plan should be submitted to FWF in time.

13. Recommendations to FWF

Recommendations

1. FWF is quite unknown in the market. FWF should try to become more widely recognised as a verification initiative.