



# FITFLOP RESPONSE TO BHRRC'S "WHO PAYS FOR THE CRISIS?"

## TRIPOS INTERNATIONAL (CAMBODIA)

Response Date: 5<sup>th</sup> April 2024

Thank you for your email dated 22nd March 2024 requesting that FitFlop respond to a news report highlighting that 10,000 workers had been suspended or terminated from eight factories in Cambodia since July 2023, including Tripos International. Please find our responses below to your questions:

### **Can you confirm whether the facility linked to the allegation(s) is within your supply chain?**

We can confirm that FitFlop worked with Tripos International in Cambodia between 2016-2018 and then again between 2021-2024. Over the latter period, as part of our CSR programme, we reviewed three third-party audit reports on the site, which identified some health and safety non-compliances, but no critical risks. We also had a dedicated quality control consultant situated onsite regularly and our regional and head office employees visited the site on many occasions.

In August 2023, a member of FitFlop's Executive Leadership Team visited the site following six months of underperformance against mutually-agreed quality control KPIs. After having already invested resources to improve quality issues at the site, we were still unable to bring Tripos International up to satisfactory quality standards, which ultimately led to our decision to exit. During the visit in August 2023, FitFlop informed Tripos International that that we would plan to exit the site by March 2024. This was subsequently confirmed to Tripos International in writing.

FitFlop completed production at the site in February 2024. At the time of exit notification, FitFlop accounted for approximately 8% of the site's overall production volume.

### **We request more information on the allegation(s), including what your company has done to investigate it and ensure remedy for workers.**

While we were aware of the region's economic downturn, we were unaware of the specific reports of suspension or termination of workers at factories in Cambodia. Upon receiving your email, we contacted a consultancy of human rights experts with a presence in Cambodia. They provided more insight into the national context and the situation workers are currently facing due to a downturn in orders from international brands, many of whom have been affected by declining sales.

We contacted the site to understand their position. Tripos International informed us that between June and August 2023, there were periods of suspension and some worker contracts were not renewed. However, they outlined the procedures they followed during this period to ensure that workers were paid in line with applicable local law, agreements from the Ministry of Labour and, in some cases, the

relevant union representatives. They also stated that, since September 2023, they have been able to re-recruit a large number of these workers and that the total employee number at the factory has grown to a higher number than the time prior to the suspensions and terminations.

**How are you ensuring that your purchasing practices (fair prices; lead times; payment terms; order volumes\*) in relation to this facility meet the standard required to protect workers' rights and livelihoods?**

In our FY2022/23 Modern Slavery Transparency Statement, we committed to training more of our employees on forced labour and human trafficking. Furthermore, our Executive Leadership Team had already supported a review of our purchasing practices within this current financial year prior to this news. In light of this situation in Cambodia, we will now bring forward our timeline of activities:

By the end of Q1 (April-June 24), we will conduct a survey to collect feedback on our purchasing practices directly from our manufacturers.

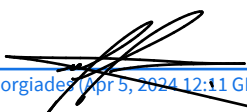
By the end of Q1 (April-June 24), we will require our Executive Leadership Team, and Product and Sourcing teams, to undertake human rights and modern slavery training.

By the end of Q2 (July-September 24), we will use the findings from the survey to review and, if necessary, strengthen our purchasing policies, procedures and supplier manufacturing agreements to ensure that our business is following industry best practices. This will also include formalising our responsible exit guidelines.

By the end of Q3 (October-December 24), we will then train our relevant teams on responsible purchasing practices and ensure annual reviews of our policies and procedures.

We will continuously review our CSR programme so we can more effectively identify risks at our supplier sites, engage with supply chain workers and managers, and ensure any necessary improvements are made in a timely manner.

We are fully supportive of BHRRC's new information portal "Who pays for the crisis?" and we look forward to engaging with BHRRC, learning from this portal, and collaborating with other industry stakeholders who are driving best practice in this area.



Gianni Georgiades (Apr 5, 2024 12:11 GMT+1)

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**Gianni Georgiades, CEO**  
For and on behalf of  
**FitFlop Limited**