



THE NETHERLANDS • CHINA • HONG KONG • BANGLADESH

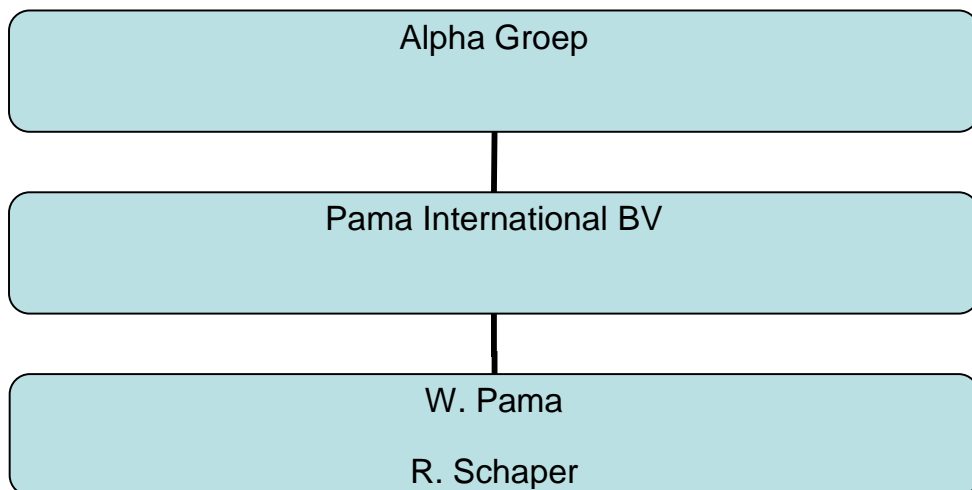


[www.pama.nl](http://www.pama.nl)

[www.dipama.eu](http://www.dipama.eu)

Start date membership: November 2004

Organizational chart:



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## 1. Summary: goals & achievements 2010

### China:

***Chinese textile production under pressure: China is becoming more expensive. Wage costs are going up rapidly because of a growing lack of labourers, slower delivery times.....***

After moving to a new building in another area in 2009, many new workers have joined the factory. This means the workers had to be informed again and a new factory labour union had to be formed. Two workers, a man for men's interests and a woman for women's interests have been elected .

In the new building the Fair Wear Code of Labour Practises has been put on the wall, accessible for all employees.

Labour in the textile industry in China is still mainly paid as piece wage. All employees can reach the minimum wage easily, within the normal working hours. In case it cannot be reached by a person, extra training will be given to increase the productivity. The salary system is transparent, which means that the wage per piece is known before the start of an order and all workers can check how many pieces they finalized within their team. They can agree or disagree to piece prices. Payroll tax records are available.

Health & safety: the actual situation in the factory has been checked by Pama International's staff during their visits in 2010. Inspection learns that no emergency exits were blocked, emergency lights were working, fire extinguishers were working and accessible, etc. The floor plan has changed, so an updated evacuation factory map has been put on the wall. A complete first-aid-kit is available in a proper place of the factory.

Even more than before overtime was a problem in 2010. Especially from November 2010 to January 2011 it has been rush hour in the factory. In order to be able to complete the production in time, overtime was necessary. First this was discussed with the workers' representatives and after that permission was asked to the local labour management department, so the working hours did not exceed the maximum allowed working hours. Nobody is ever forced to do overtime.

Due to the trend in China, less capacity and higher pricing, Pama International moved a part of the production, in cooperation with its Chinese production partner, towards Bangladesh. More and more Pama International will produce higher qualified and specialized textile items in China in smaller and larger series.

## 1. Summary: goals & achievements 2010

### Bangladesh

#### ***Moving a part of the production to Bangladesh due to growing lack of laborers in China.***

Where in the past Pama International only produced bulk production of textiles in Bangladesh, in cooperation with its Chinese and Bangladeshi production partners, Pama International starts special productions in Bangladesh as well. So smaller quantities, not only container business, produced from local available raw materials and, which is rather special, from materials imported from China. The production unit from the Bangladeshi partner has been audited by Fair Wear for the last time in 2007. Meanwhile it has moved to a new set-up with all the different departments for production 1 set-up. The Bangladeshi production partner claims that the majority of the points mentioned in the latest audit report were improved in the meantime, except a few, which were not possible to fulfill at the moment. Further discussion about these subjects is going on. Although Pama International can check a part of the progress by itself, PI asked FWF to organize a full audit in 2011, as the expertise is not available within the company. With the outcome of this audit Pama International can see where it stands at the moment and if necessary make a program for future improvements

As Bangladesh is known as a low wages country, an undeveloped country, the subject minimum wage – living wage is of high importance for everyone. Pama International expects from their Bangladeshi production partner that living wages are paid to all the workers. Pama International noticed, during the last Fair Wear members' day, that even among the members, the term 'living wage' does not mean the same for everybody. It needs further discussion.

Although higher wages are paid, due to increase of efficiency, less movements of workers (keep know-how / experience) Pama International is still able to produce in a competitive way.

Pama International expects to increase the production in Bangladesh in the next years.

## 2. Sourcing strategy

### 2.1. Sourcing strategy & pricing

There is a dual sourcing-/ purchase strategy in the case of Pama International BV. On one side there is private label production, which is by far the biggest part of the production and on the other side there is production of Pama International's brand DI PAMA.

- Private label: the requirements of the customers are varied. An inquiry can vary from one certain article to a complete collection. Depending on the type of product and the quantity W. Pama and/ or R. Schaper will decide where the production will take place.
- DI PAMA: the DI PAMA brand is solely produced in the Chinese factory. Delivery times are more flexible, sometimes with partial shipments. In this joint venture factory there are the best options to produce these items.

Pricing: price levels of both private label and DI PAMA must be in conformance with market price levels. Pama International BV is not in a position to determine its own price level.

### 2.2. Organization of the sourcing department

The sourcing department of Pama International BV consists of Wim Pama and Remco Schaper.

### 2.3. Production cycle

There is a clear difference between the production cycle of private label production and the production of DI PAMA clothing.

- Private label: most of the time the delivery times are tight and determined by the customer. Since long Pama International BV tries to make the customers aware of this fact. Result is that orders are coming in earlier, but required delivery times keep getting earlier for earlier distribution to retailers as well. So all over it remains a problem, too short production time in several periods of a year, especially before Chinese New Year and during summer. Pama International invests in the sampling departments in China and Bangladesh to reduce the preparation time before the production can start, which gives some relaxation to the production.
- DI PAMA: the brand DI PAMA is owned by Pama International BV and is being sold from stock. Pama International can control the planning of the total purchase, sampling and production cycle, together with the Chinese producer. This takes the pressure away from the production and enables the factory to make a planning, which is satisfactory to all parties.

## **2.4. Selection of new factories**

N/a.

## **2.5. Integration monitoring activities and sourcing decisions**

Since there is a very tight business-,but also friendship-, relationship between the Chinese production partner and Pama International BV's staff, all monitoring activities and outcomes of these activities, are discussed together in an open conversation. Outcomes which need improvement, but also the outcomes which comply to the FWF standards, are discussed on a regular basis.

For the production partner in Bangladesh there is more or less a similar situation. This partner has a very professional attitude towards labour conditions in the garment industry. Since this partner has several customers from the USA, including well known brands, they are used to strict regulations for labour conditions etc.. Still there are differences between different organizations

In general both production partners do not give Pama International BV any reason to change producer. Pama International relies on doing long term business with production partners and customers. The sourcing decision is to stay with the actual producers.

In the past Pama International BV produced at another Bangladeshi producer as well, but since this producer did not give full cooperation on improving the labour standards, Pama International BV ended the cooperation. At that time the sourcing decisions were influenced by the desire to implement the FWF Code of Labour Practices.

### **3. Coherent system for monitoring and remediation**

#### **3.1. Country A**

CHINA:

In 2010 Pama International has visited the Chinese factory 3 times. Chinese garment factories are going through rough times at the moment. Lack of capacity and rising costs make it difficult to survive. By discussing the labour conditions regularly Pama International keeps the focus also on the labour conditions and the corrective action plan. Discussing the labour conditions takes place during the visits and by e-mail and telephone.

#### **3.2. Country B**

BANGLADESH:

As written in the social report of 2009, the monitoring activities would be intensified in 2010. Pama International has visited the factory twice in 2010. R. Schaper and W. Pama have visited the factory together in August. In December W. Pama has visited the factory again.

During the visit in August Pama International's staff has been in the factory for a couple of days to check the factory and discuss the Fair Wear program. During the visit in December W. Pama has discussed the progress and continued sharing thoughts and ideas about the factories' labour conditions with the producer.

#### **3.3. External production**

N/a.

## **4. Training and capacity building**

### **4.1. Activities to inform staff members**

Because of the limited number of employees within Pama International the Netherlands, training and capacity building is not an issue.

The management is fully aware of the meaning of the FWF membership

### **4.2. Activities to inform agents**

N/a.

### **4.3. Activities to inform manufacturers and workers**

There has been no need to inform new manufacturers, because Pama International BV has not sourced any new manufacturers in 2010.

In China, after moving to a new building in another area in 2009, many new workers have joined the factory. This means the workers had to be informed again. Meantime a new factory labour union has been formed. Two workers, a man and a woman have been elected. During the FWF audit in October 2009 the new labour union was not operational yet and the right procedures for informing new workers were not implemented yet. However, in 2010 the labour union has been re-established and the Fair Wear Code of Labour Practices has been put on the wall in the factory again.

## **5. Transparency & communication**

The FWF membership of Pama International BV is mentioned on website [www.pama.nl](http://www.pama.nl) and also on [www.dipama.eu](http://www.dipama.eu). Besides that on leaflets, business cards and others. With the next update of the website the most recent annual report will be updated as well.

Pama International prefers to attach hangtags of FWF to all the products it produces within its' units in China and Bangladesh. Due to the FWF regulation that the producers' name must be mentioned on the hangtag (PAMA) it is not accepted by most of the customers of private label. They do not want to show their customers that Pama International has produced their product instead of themselves.