

Trip Trap A/S

This case illustrates how a small Danish company Trip Trap collaborates with its largest supplier in Thailand in order to improve health, safety and environment (HSE) conditions as a core element of complying with the UN Global Compact principles.

Introduction

Trip Trap is a small Danish company that is headquartered in Ålborg and employs a total of 58 people in Denmark. The company produces timeless and high quality design products. Design products are sold in Denmark under the trademark “Trip Trap”, while products are sold outside of Denmark under the trademark “Skagerak”. Trip Trap exports its products to more than 40 countries. The most important markets are in the Nordic countries and Europe. Most of the products are produced abroad including in Thailand.

Responsibility at Trip Trap – high quality and durability

Responsibility is a corner stone of the company’s approach to business. Trip Trap highlights the usability and the durability of its products. Trip Trap emphasizes that quality products have a longer life and as a result have a lower environmental impact from the extraction of raw materials, transportation, packaging and end of life initiatives compared to furniture that only lasts for a few years. In order to conduct business in a socially and environmentally responsible manner Trip Trap seeks to use materials of a very high quality and durability. Trip Trap continuously tries to develop new materials that best protect the furniture so that it stays beautiful and functional for many years. Furthermore, many products have been designed in such a manner that parts can easily be exchanged and product life thereby increased. Trip Trap has set as a target that in 2020 it will only use wood that is Forest Stewardship Council® (FSC®¹) – certified and Trip Trap is making significant progress in this direction.

Focus on responsible supply chain management

When Trip Trap in 2010 became a member of the UN Global Company, the company chose to develop its own Code of Conduct (ethical guidelines) based on international principles. The Code of Conduct would also apply to Trip Trap’s suppliers, and Trip Trap decided that the majority of its

¹ License code: FSC-C004462.

suppliers would be audited in order to ensure that they complied with these requirements. Trip Trap's CEO Jesper Panduro explains the decision in the following manner: *I am a former accountant and therefore I expect a Code of Conduct to be audited.* As a first step Trip Trap sought to improve HSE conditions in its most important supplier factory, which is located in Thailand. Trip Trap is this supplier's only customer, the factory has about 150 employees and it has been a supplier to Trip Trap for 30 years. Since 2003 Trip Trap has cooperated with NEPCon, an NGO that has assisted Trip Trap in undertaking FSC-certifications. Trip Trap therefore asked NEPCon for assistance in implementing its new Code of Conduct in the supplier factory. Together with NEPCon Trip Trap developed a supplier self-test. In addition to the supplier self-test Trip Trap undertakes control visits – typically visits are made by Trip Trap's Quality Manager – and NEPCon is also a third party monitor. If Trip Trap's supplier does not comply with Code of Conduct requirements, then Trip Trap and the supplier together work out a plan for how and when compliance failures will be ameliorated.

Cooperation with NEPCon – an NGO

NEPCon is an employee-owned non-profit organization that is headquartered in Denmark. NEPCon specializes in forest management and sees certification as an important instrument in order to secure responsible utilization of the world's forests. NEPCon offers FSC- and ISO- certifications, which are globally accepted certification schemes that are relevant for all wood-based businesses.

NEPCon's mission is to contribute to promoting social responsibility and it only agrees to cooperate with companies which see social responsibility as a core element of their business model. NEPCon requires for example that companies are serious about this work and are willing to spend the necessary resources.

Results

Trip Trap has benefitted from cooperating with NEPCon in Thailand. Trip Trap has not identified any major problems at the supplier factor and so the focus has been to improve work processes with the aim to establishing good HSE conditions and quality management. NEPCon has for example assisted Trip Trap in making sure that the supplier is in compliance with all legal requirements in Thailand. NEPCon has stressed the need for safety training of all managers, asked that workers receive first aid training and have informed them about the correct handling of chemicals as well as the importance of wearing safety masks. NEPCon has also instructed workers never to block emergency exits and has made sure that the factory has established an HSE department.

Process

Trip Trap reports that the supplier has made significant improvements. However, this is an on-going process and face to face control visits by Trip Trap can still disclose minor compliance failures. Trip Trap's collaboration with NEPCon remains a major advantage in order to ensure that supplier conditions are continually improved and monitored. Trip Trap plans to set HSE targets for more suppliers in the future. Every second year Trip Trap audits 80 per cent of all suppliers (based on turnover) and Trip Trap asks the remaining 20 per cent to conduct a self-assessment and also to disclose audit results undertaken for other customers.

Trip Trap first perceived CSR as risk management. But CSR has become increasingly important for Trip Trap and it would like to broaden its social responsibility initiatives. For Trip Trap CSR is not just an expense because there is a clear connection between responsibility and quality. According to Hans Lindekilde, Trip Trap's Quality Manager, "We see a clear connection between product quality and health, safety and environment conditions in the supplier factory". A smaller company such as Trip Trap cannot force its suppliers to make improvements but it can make significant progress by engaging in a dialogue with them. Trip Trap benefits from having worked with its suppliers for many years, which has created a strong degree of mutual trust between the parties. Trip Trap also visits its suppliers regularly and the frequent visits help to strengthen the relationship. Another important factor that contributes to HSE improvements is demand from other customers. Trip Trap often experiences that when it asks for HSE improvements from a supplier, change may not happen overnight. However, when other customers make similar demands then the supplier is more likely to make adjustments. In this manner different customers can indirectly support each other and

contribute to improvements. However, it is also important to acknowledge that making improvements is an on-going process that takes time. Trip Trap wants to be known as a responsible and profitable company that is strives to become more sustainable. However, Trip Trap also acknowledges that no Code of Conduct is perfect and that supplier mistakes and compliance failures still occur and will have to be remedied.