



claudia sträter

Sustainability Report 2018

Reporting period January 2018 – December 2018

claudia sträter

Member of



Since July 2015

Claudia Sträter is a Dutch luxury brand founded in 1970 by the fusion of Claudia Mode and Modehuis Sträter. The collections are designed, presented and exported from our head office in the Netherlands. Pure Dutch design, in other words, aimed at the modern woman. Claudia Sträter is characterized by a good balance between price and quality, a focus on details, a clean cut, its own timeless design vision and elegant lines. Most importantly is Claudia Sträter's motto **to make women more beautiful.**

www.claudiastrater.com

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Contents

Summary of 2018.....	4
1. Sourcing strategy	5
1.1. Production cycle	5
1.2. Supplier relations.....	5
1.3. Integration monitoring activities and sourcing decisions.....	6
1.4. Coherent system for monitoring and remediation per country.....	6
1.5. External production	11
2. Complaints handling	12
2. Training and capacity building	13
2.1. Activities to inform staff members.....	13
2.2. Activities to inform agents / intermediaries	13
2.3. Activities to inform manufacturers and workers	13
3. Information management.....	14
4. Transparency & Communication.....	14
5. Stakeholder Input.....	15
Our customers as stakeholders:.....	15
6. Corporate Social Responsibility	16

Summary of 2018

We set ourselves several goals before starting the financial year 2018. Our main goal was to receive questionnaires from all the new production locations, as well as a picture of the Fair Wear Foundation Worker Information Sheet that is posted in every location and monitor the production locations we were going to start with and visit in the countries we have our local officers.

In order to achieve these goals, we need the whole company to work together with the CSR team. Therefore, Claudia Sträter joined several events and took action to create more awareness among Expresso colleagues. In the beginning of the year, our CSR team joined our collection presentations in different cities in the Netherlands to inform our "CSR ambassadors" (our staff in our shops) about our achievements, updates and generally about our policies.

We joined the Fashion Revolution Week in April through presenting our local CSR officer and we joined the Facebook Live Stream of Fair Wear Foundation during this week.

We also hosted the Annual Dutch Stakeholder Meeting at our headquarters, together with Expresso.

Furthermore, we started producing clothes in the Netherlands, at a factory that brings people with different backgrounds back to the labour market. This was a very special project, which involved a lot of our staff.

Unfortunately, it does not solely depend on our efforts. In 2018 we faced challenges in form of market changes, such as new demanded product groups, that lead to new factories. Additionally, we are often dependent on the information about production locations that we receive from our suppliers and agents. This information is not always correct or complete.

With the help of our colleagues in China, India and Turkey and other third party audits than from FWF, we managed to monitor factories that are responsible for 76% of our collections in 2018.

Share your Clothes is the vintage store from Claudia Sträter. Here, unique pre-loved items from the brand are collected and resold. In this way we extend the life of our products and at the same time support the Claudia Sträter Foundation. The vintage store Share your Clothes is located in the regular Claudia Sträter store in the IJpassage of Central Station in Amsterdam. The store uses fixed sales prices that are accessible to a wide audience and range from € 10 to € 90. The items that are not sold go to women in disadvantaged countries.



1. Sourcing strategy

Claudia Sträter has a various range of suppliers. With one part; we work directly with the production locations whom we visit at least once a year. With the other production locations, we work with agents/intermediates who produce for us at different production locations. Depending on which style or product, they produce at different production locations. For some of those agents it is still a challenge to convince them about the need of transparency in order for us to be able to have insight and influence about the working conditions.

The responsible persons for sourcing are the Head of Buying and Production and the Manager of our Buying Department Full Business (FB), who are in direct contact with CEO.

The CSR team is responsible for keeping the internal database and the supplier database for FWF. Questions about social compliancy mostly goes through the production contact of Claudia Sträter. The production responsible requests the questionnaires and photo of the worker information sheet to the supplier. They inform the CSR team and they check the questionnaires, audit reports and follow up on CAP, organize audits etc.

We offer a broad collection to our customers, from blazers to woven dresses, from winter coats to silk tops and from leather jackets to denims means this has to be done by suppliers with a specific knowhow. Therefore it is a challenge to reduce the number of production locations. However we believe it is needed to create a well-structured and transparent supply chain in order to make sustainable improvements.

We are very happy to have a local CSR team in the three main sourcing countries for the FNG: Turkey, India and China.

It helps us to better monitor the working conditions in our factories in these countries and helps to create more transparency in our supply chain.

During the previous Brand Performance Check, we were advised by Fair Wear to develop a Sustainable Sourcing Strategy. We have developed a plan but we see that in practice it is still a challenge. Due the fact that our product range is very wide, we need specialized production locations. Next to this, we are also working with other FNG brands to consolidate the total FNG factory base.

1.1. Production cycle

The Styling department creates two main collections per year, in four themes per collection. In our system this is: Summer and Winter. This is, however, with partial deliveries. In general there is a knitwear and a woven fabrics design team.

Knitwear is mainly produced as Full Business (FB) and the woven fabrics are mainly produced as Cut Make Trim (CMT).

1.2. Supplier relations

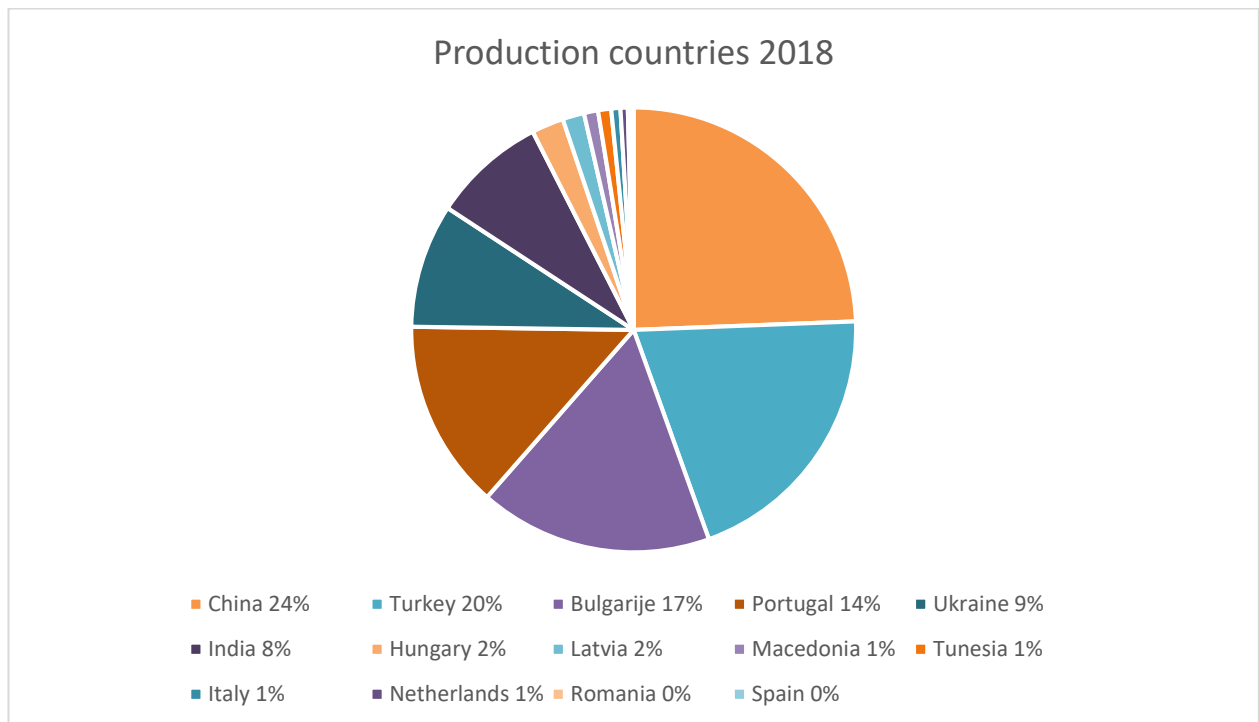
Around 57% of our supplier base Claudia Sträter works with for over 5 years. We try to visit our direct suppliers on a regular base. With the agents that we work with, we also have a longer business relation.

1.3. Integration monitoring activities and sourcing decisions

In 2018 we started working with new suppliers and new production locations. We informed these suppliers about our policy on social compliancy.

When sourcing for new suppliers, we ask the supplier with which current social compliancy organisation they are familiar with. Most new suppliers have send us the past/ recent audit reports.

1.4. Coherent system for monitoring and remediation per country



In 2018, we continued implementing the FWF CoLP at our main suppliers in low risk, as well as high risk countries. We also had a lot of production locations who were audited by another audit organisation. In order to avoid double audits, we followed up on the Corrective Action Plans. All together we have 76% of our FOB value under monitoring according to the FWF requirements. That means, this is just not within the reach for the minimum requirement of 80%. Different factories that were producing in 2018 could not be audited because of the fact that we were not continuing with them any longer. Therefore, we did not have the leverage to require an audit, nor a Corrective Action Plan of their 3rd party audit.

In order to better address the potential problems in our supply chain, we have developed a country-related risk matrix together with the other brands of the FNG. This tool is based on country-specific research (see "Stakeholder information about the production countries") and takes as its starting point the commonly known production problems in each of the territories in question. Our local CSR officers have personalised our matrix by adding their own audit findings.

This helps us to define and quantify difficulties at the production locations with greater precision. It also determines the urgency with which we need to act.

We have listed all our suppliers that count for 2% and more of our turnover and the smaller (sewing) subcontractors of these factories below in order to give a brief overview of our suppliers.

In total 90 sewing production locations produced for Claudia Sträter in 2018.

That is much more than the production locations we had in 2017. We see an increase in the number of small workshops, mostly in Turkey, China and Ukraine. We anticipated on this by putting a lot of work in the establishing of a local CSR team in Turkey and China and the further implementation of monitoring procedures.



Portugal

Policy low risk countries

Low-risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with national and international standards and laws. FWF has defined minimum monitoring requirements for production locations in low risk countries.

Supplier A: 8,2%

working for CS since 2010

Visited by Claudia Sträter production manager in 2018

There are 2 production locations involved for sewing the Claudia Sträter collection.

The production location A has been audited by another social auditing organization, Sedex.

The audit report was shared with us and we are continuing to follow up on the improvements. The improvements are mainly about policy writing and communication about these policies.

Supplier A.1: one of the sewing locations: 0,6%

Working for CS since 2010

Visited by Claudia Sträter production manager.

Supplier B: Caifai: 4,4%

working for CS since 2007

Visited by Claudia Sträter by Production Manager in 2018.

Hungary

Supplier C: 2,3%

working for CS since 1993

Visited by Claudia Sträter production manager.



Bulgaria

Supplier D: 5,9%

working for CS since 2005

visited several times by production managers in 2018.

Has been audited by FWF in October 2016 and the audit results shows that the FWF audit team did not have many findings. They will be audited in September 2019 again.

Supplier D.1: 1,6 %

This supplier works as a subcontractor for only a specific product group for supplier 'D'. A FWF audit was planned for the end of 2017. Unfortunately the main supplier decided to stop working with this subcontractor. Therefore, we didn't have the leverage to continue the monitoring process with this factory.

Supplier E: 9,3%

working for CS since 2005

visited several times by production managers in 2018.

Has been audited by FWF in October 2016

The audit results shows that there are three main findings that needs to be included in the follow up with the supplier. There is a problem with non – transparency of overtime records, freedom of association awareness and communication between management and workers. We think that open and transparent communication with the workers should be first priority. Therefore, we focussed with the follow up on the meeting with workers. There will be a FWF verification audit in 2019, we will continue with the other open topics after this audit.

Turkey

As Turkey is a high risk country because of the refugee crisis in combination with the fact that many small production locations are used for the sewing operations.

We have put a lot of effort in developing a structure to keep all production locations under monitoring. From May 2017 we have an CSR officer in place who visited almost all production locations and helped the factories to follow up based on our requirements.

Supplier F: 8,7%

working for CS since 2008

Shared supplier with Expresso.



This production location was audited by FWF in November 2016. One of the findings is related to excessive overtime. We have discussed this with the supplier and it turned out that it was related to the Ramadan holidays last year. They are going to plan this better in advance for this year holidays in order to keep working hours within legal requirements. Our supplier has, together with our local CSR officer, been working on the follow up of the CAP.

China

China is a high risk country and was in 2018 the most important sourcing country for Claudia Sträter, based on FOB value.

From December 2017 we have an CSR officer in place who started visiting all production locations and helped the factories with to follow up of our requirements.

For the factories who already had an third party audit, the CSR officer has been focussing on the follow up of the existing audit reports and Corrective Action Plans.



Supplier G: 6,7%

Working for CS since 2004

This factory also produces for another FWF member. This supplier has been audited by FWF in December 2018 and visited by both, our production manager and local CSR officer. Positive conclusion of the FWF audit is that the average wage for the workers in this factory is high. Some of the production workers are even paid more than the estimated living wage.

Still, we continue the dialogue with the factory especially about excessive working hours.

Supplier H: 7,6%

Working for CS since 2013

The factory is audited by BSCI each year. We monitored this supplier by following up on the third party audits.

By keeping track of the progress of improvements on their current Corrective Action Plan with the most important topics: working hours and health & safety. Our Production Manager has visited this factory in 2018 and discussed different issues. Furthermore, our CSR manager in China visited the factory in 2018 to continue the dialogue with the factory about the outstanding issues. In 2019 this factory will be audited by FWF as well.

Supplier I: 3,6%

The main supplier is working for CS since 1984. This factory is working for Claudia Sträter since 2016. This factory was audited by FWF in August 2017 and the most important issues that came up were excessive working hours and insufficient overtime payment. Our CSR manager in China visited this supplier twice in 2018 to verify the improvements.

Supplier J: 2%

This factory has been working for Claudia Sträter only for two seasons. They were visited and audited by the FNG CSR officer. By that time, he was not yet trained on the FWF audit methodology, so we cannot count it towards our monitoring threshold. Due to quality issues, we decided to stop working with this factory after the last order in august 2018.

India:

Supplier K: 2,4% since 2014 and supplier L: 1,4% since 2015.

These two suppliers worked via a Dutch agency with Claudia Sträter. The agent is working for Claudia Sträter for more than 20 years.

We have put a lot of effort into communication with the Dutch agent in order to make steps. Our goal was to prepare them for a Fair Wear audit. Unfortunately, it turned out that the Dutch agent and Supplier K are not willing to cooperate on transparency in the supply chain of leather. Supplier L is audited by Sedex in January 2019.

Supplier M: 2,1%

This factory is working for Claudia Sträter through a Dutch agent. In 2018 we have been verifying the follow up of the previous 3rd party audit reports. As the supplier is working for other FWF member brands, FWF has organized a verification audit at this factory beginning of 2019.



Other production locations:

As mentioned in the beginning of this chapter, we have quite a lot of other production locations who have less than 2% production share.

Therefore, we did not include them in the social report 2018.

Although they have a small share, we informed them last year about our membership of Fair Wear Foundation and the need of transparency about exact production locations. In 2018 we did enquire the suppliers to inform us about the audit reports of past/ recent social audits and Corrective Action Plans. We noticed that due to the low level of leverage, it is difficult to get an appropriate reply from the suppliers. Still, some suppliers did shared the follow up improvements.

1.5. External production

In our shops we also sell external brands. This includes the production of other brands and therefore Claudia Sträter has less influence in the production process, design and selling price. The products are sold under their own brand labels.

At the moment, we only monitor the countries of production, so called 'made-in countries'. To be sure that these external brands are not produced in countries Claudia Sträter does not produce for own production.



2. Complaints handling

The CSR Team is responsible for dealing with complaints. In 2018 no complaints were filed at production locations for Claudia Sträter. The procedure in case a complaint will be filed in future is the following: when FWF receives a complaint by the FWF local team, FWF' case manager will contact the CSR Team and they will discuss this internally with the relevant Production Manager and if needed with CEO. Then the supplier themselves are contacted. Regarding the outcome of this talk and using the feedback from FWF, it is decided which steps, if any, need to be taken.



2. Training and capacity building

2.1. Activities to inform staff members

Since a few years, we introduced the 'MVO Courant'. We update our colleagues in the shops and office once in 1,5 month by this newsletter. In each edition we include a topic related to the membership of Fair Wear Foundation.

Colleagues from production department, who are working daily with the suppliers, need to be well informed about the implications of the FWF membership. Therefore, they are in close contact with CSR team about various topics relevant for the FWF membership: the visits to the suppliers and FWF requirements, especially about the part 'Purchasing Practice of the Brand Performance Check.

2.2. Activities to inform agents / intermediaries

We are working with different agents. As they are our main contact, we send them the same introduction documents as our direct suppliers. We ask them to keep us updated about the production locations. In the last year we spend much time and effort to explain the agents about our policy. Especially the first step, the fact that we ask them to be fully transparent about the production locations is in some cases still difficult. We know that we have to continue the awareness creating process. We have noticed more and more that agents play a leading role in the fact that we succeed to get information for the production locations or not. We will increase the role of the agents regarding monitoring working conditions by sending them a questionnaire about the structure of their supply chain. This can be done by following up of recent audits reports or for example to perform Health & Safety checks that include photo's.

2.3. Activities to inform manufacturers and workers

We send the information letter to all new main suppliers in order to inform them about the FWF membership and the fact that we therefore need information about the production locations.

All our new suppliers get the FWF Code of Labour Practices (the worker information sheet), and have to post it at all production locations. In addition, when production managers visit the production locations, they discuss the most important open topics from the CAP with the supplier.

Moreover, our local CSR colleagues visit the factories frequently and inform the management what we expect, as well as workers what they deserve, based on our CoLP.



3. Information management

The Production Managers have the task to inform the CSR Manager about new suppliers. The CSR team developed a supplier register to keep updated with new locations and new information. The CSR team keeps the FWF online database supplier register up to date at least once a year for the BPC.

We are working with different suppliers who work with different production locations. As stated before, there are still challenges in order to create transparency at production locations who work for us through agents/intermediaries.



4. Transparency & Communication

At Claudia Sträter we strive for transparency about our production. An important step in this process is showing where Claudia Sträter's clothing is produced. On the map at our website, you can see exactly in which countries the garments of Claudia Sträter are made, these countries are in pink. The pie chart shows the percentages of production share per country in 2018. The map and pie chart is updated every year. <https://www.claudiastrater.com/mvo/productieketen>

We proactively informed our customer service department with FAQ regarding different topics. FWF concerning topics as working conditions at our production locations, our FWF Membership and the 8 labor norms and child labor, topics about our environmental care in terms of sustainable production processes and what materials we use, our transparency, Claudia Sträter Foundation, product waste and how consumers can take action as well.

Claudia Sträter values sustainability highly as we want to grow our business and create beautiful products, whose production process respects people and the environment.

We recognize the need for increased transparency as a result from the growing consumer desire to know which brands produce more sustainable. Therefore we are slowly communicating more about our sustainability policy, which obviously includes our FWF membership of which we are very proud.

Our main communication platforms to our customers and the press are our website and social media. We have noticed that also B2B relations are more and more interested in sustainability activities, therefor our marketing department has developed a brochure which the wholesale did distribute to the wholesale customers.

5. Stakeholder Input

Our customers as stakeholders:

We have an email address specifically for sustainability related inquiries (mvo@claudiastrater.com).

Stakeholders in the Netherlands:

In 2016 Claudia Sträter and other Dutch Textile brands signed the Dutch Agreement on Sustainable Garments and Textile (AGT), 'Het Convenant'. The AGT is a coalition of brands, trade unions, social organizations and the Dutch government that concentrates their forces and international responsibility in the textile and clothing industry. The goal is to improve working conditions, reduce environmental pollution caused by this industry and strengthen animal welfare. More information as a part of our reporting, can be found on our website.

Stakeholder information about the production countries

In order to properly improve the current working conditions of workers in the factories, we always need to know what the current situation in the country is. There we use the country studies from Fair Wear Foundation as well as our visits and audits by our local officers. Apart from these main sources, we included information from Clean Clothes Campaign reports, seminars organized by the AGT, FWF and Modint and the *Rijksdienst voor Ondernemen Nederland, arbeidsomstandigheden 2017*. Also, we included Transparency International, Corruption Perceptions Index 2018, 2019, mvo.risicochecker.nl and the research paper "Fabric of Slavery" from the India Committee of the Netherlands, published in December 2016.



6. Corporate Social Responsibility

For many years, Claudia Sträter donated money and garments to different good causes. One of the good causes is Dress for

Since May 2015, Claudia Sträter has a vintage shop in Amsterdam. In all our CS shops in the Netherlands, customers can bring back their vintage Claudia Sträter items and get extra points on their customers' saving system. These items are being sold again at our CS share your clothes shop. The turnover of the shop is donated to the various good causes.

<http://www.claudiastrater.com/shareyourclothes>

