

ANNUAL SOCIAL YEAR REPORT 2013

suitsupply

MEMBER OF FWF SINCE 2008

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GOALS & ACHIEVEMENTS 2013

In 2013 our supply chain has taken renewed measures to maintain standards set by the International Labour Organisation. We've set sail to ensure all rights of workers are maintained and protected. We ensure these standards by having our buying office representatives onsite on a daily basis at our production plants in China. While they go there regularly for our quality assurance, they also check the workers' circumstances in the factories.

Besides being present to monitor the processes, we've also implemented a schedule to assure that all factories have plannings at least six months in advance. We take a close look at local peak/off-seasons, so that we make schedules that are beneficial to them. For example, due to production for local markets and other customers, they have peak-season in July, so to relieve pressure, we produce only to a maximum capacity agreed upon with them to ensure workers aren't pressured. This way we can plan to ensure standards, set by ILO, are kept.

While signing a new commitment, with a new supplier, we were also greatly involved in building a new factory. Since we are their biggest purchaser, we were able to demand certain standards being implemented in the plant building.

In Q3 of 2013 we invited our Chinese suppliers to our New York flagship store. This entire trip was organized so our Chinese buying office, our Head of Buying, and our CEO could discuss CSR related items. Due to our growth and the prospect of our future business, we have succeeded in agreeing upon a sustainable direction we want to go as a socially responsible company.

Our goal is to have similar conventions with our Chinese suppliers at least twice a year, to discuss the next season's capacity planning. We will maintain to monitoring standards while being on-site and will react to any issues being addressed by workers to Fairwear. Besides monitoring our Chinese suppliers, we also focus similar measures to our factories in Italy, Turkey and Macedonia.

BUYING STRATEGY

BUYING STRATEGY & PRICING

Suitsupply provides the highest level of tailoring in a affordable price range. We buy our fabrics from the best known mills in the history of menswear and we have the highest standard in terms of production quality. We believe that good quality can only be delivered when the quality of the workers are also good. To ensure this we always check our production facilities before and during production.

Since we are a for-profit organization, we are always looking for the best price and the best quality. Since we won't compromise for lesser quality we are only producing in well organized and well maintained factories. This doesn't directly mean that all workers rights are being kept and protected, but it's something that we demand from our suppliers. In almost all cases we work directly with our suppliers, and when not, we only work with FWF member companies. The reason that we prefer to work with the suppliers directly is explained easily; we are more involved and better informed about the situation at the factory.

We are always looking for new suppliers to work with and in the end we would like to have a supplier base that can meet all our different criteria to delivered the highest quality products and the best working conditions for the workers.

ORGANISATION OF THE BUYING DEPARTMENT

The Buying Department is organized in several sub-groups: Design & Development, Suits, Shirts & Shoes. Design, sampling and ordering involves roughly six employees which consist of Head of Buying, Design and the Product Managers. One of the responsibilities of the Product Managers is the sourcing of fabrics and garment suppliers.

PRODUCTION CYCLE

Each year Suitsupply creates two collections, winter and summer. Next to these collection we stick to a basic business and never out of stock (NOOS) collection. The production lead times are usually between six and eight weeks upon receipt of the fabric, but please note that plannings as sent ahead at least six months.

Besides the above we sometimes produce collection which is collaboration with Dutch celebrity Jort Kelder. Emphasis in this collection is craftsmanship and luxury.

SUPPLIER RELATIONS

Throughout the year we are approached by new suppliers. Our growth is well observed amongst garment suppliers. When we start working with new suppliers we always start with a sample and a prototype. Whilst working on this together, we also inform our suppliers about our FWF membership and the Code of Labour Practices. When we inform the potential suppliers, we also ask them to send us any historical correspondence or audits regarding CSR.

Next to being approached we also look for new production facilities. Our buying office in Wenzhou takes care of all the sourcing in Asia, and before starting negotiation we make inform the prospects about the FWF membership and Code of Labour Practices.

INTEGRATION AND MONITORING CSR ACTIVITIES

The Buying Department is well aware of the line the company follows in regard t the Code of Labour Practices. While making business choices, jointly we hold the responsibility to maintain and keep standards set by ILO. The CSR responsible will organize meetings with Product Managers at the start of each season to review the Code of Labour Practices, and discuss any of the improvements that need to be done.

Every season The Product Managers will be visiting the garment suppliers. While visiting there they will also check if the factories keep to what they filled out in the questionnaire. Possible violations will be reported and dealt with in the quickest way possible.

Together with the criteria we set for current and future suppliers this will ensure that all parties benefit from the standards set by ILO.

COHERENT SYSTEM FOR MONITORING AND REMEDIATION

New suppliers are checked on previous CSR audits or reports to give us a better view of whom we are dealing with. We also inform the suppliers about our FWF membership and that we follow the Code of Labour Practices set by ILO. Questionnaires are filled out on request and we'll only do business if they accept our Code of Labour Practices.

As you'll see in the chart below, our production sites are located in high- and low risk countries. We do however keep very strict schedules in terms of monitoring the production sites. For our monitoring audit, we send out representatives of the Buying Department to the factories on a regular base.

Sum of % of total production member	
Country	Total
China	32,19%
Italy	29,27%
Macedonia	24,36%
Netherlands	1,37%
Peru	0,02%
Portugal	9,01%
Spain	1,82%
Turkey	1,91%
UK	0,05%
Grand Total	100%

After each visit, whether for quality or audit purposes, all findings are documented. When issues need to be addressed a corrective action plan (CAP) will be generated. The timescale to improve the issues is in most cases discussed directly onsite with factory management. There will be a follow up scheduled which will go through CAP documents via e-mail or in follow up visits.

In addition a very important part of monitoring the production facilities is by having the Code of Conduct visible onsite in the correct language and with the right contact details to register the complaints. These procedures are all set to ensure and protect the workers rights.

As discussed earlier, our garment suppliers are experiencing growth through our growth. Indirectly this means that we are having more influence since we are a important purchaser of their product. This being said we are trying to get our suppliers involved in Fair Wear trainings and we got the first one scheduled for 2014.

CHINA

China is one of our most important production countries. In China we also have our longest relations, some of which we work with for almost the whole existence of the company. Due to the importance of the relationship with our Chinese factories, we have set up a buying office in Wenzhou, which takes care of all buying office related duties. They are present onsite almost daily to ensure our high quality and our set labour practices. Our buying office looks after the day-to-day activities and at least twice a year employees of our HQ buying office visits the factories to conduct audits.

In China FWF performed a audit with one of our factories. Several findings were communicated to us regarding salary, hours, safety and rights. Easy actions like inform workers about the Code of Labour practices, informing the workers about their rights, not blocking exits are dealt with right away. We're still pushing all other points of action to be implemented, but we trust it to be solved. There are several points which were up for discussion like 'not having a complaint box', the factory actually told us that they do have it, but that the workers rather not complaint. With the contact details of the FWF complaint handler visible onsite, we trust that workers are easier to bring up issues to our attention.

TURKEY

Turkey was an important country for bags and leather good production. We developed most of our styles in a factory based in Istanbul. Due to production quality issue and delivery problems we decided to gradually stop the business coming collections (from 2014 on).

We visited the factory once in 2013 without conducting and audit, the work conditions and safety standard were good but there was no collaboration from the owner/management to discuss potential improvements.

One concern in Turkey is the use of unapproved and unregistered subcontractors. This has been checked also through our agent in Turkey but without a clear report due to the lack of transparency of the factory itself

A small part of our shirt production is also based in Turkey, we started this collaboration recently at the end of 2013. Based on the performance (quality/production/delivery) we will decide if we will proceed for a longer term partnership.

PORTUGAL

We produce in Portugal since many years, in particular garment washed items. We did not plan any Audits yet in Portugal due to the low risks involved in this country and to the long term business relationship. We visit the factories regularly and our main focus is to check working hours and subcontractors especially in the high season.

Our partners are very flexible in producing higher quantity therefore we want to be sure this is not done using unauthorized subcontractors or black work.

We collaborate to the factory to find the best solution between our commercial needs and the production capacity avoiding any risk of extra hours for the workers.

ITALY

Italy is a key country for shoes production. 90% of our entire shoes production is done in Italy due to the know-how of the factories and higher leather quality.

As it is classified as a low risk-country we are not conducting any social audits there. However, we check our manufacturers twice a year to check the production quality and the production lane.

We carefully check the supply chain in order to avoid the use of unapproved and unregistered subcontractors and keep the entire production in the same factory. The Italian production costs became higher in the last 2 years due to the increase cost of petrol, energy and local government taxes therefore the use of illegal subcontractor could be a potential risk.

We have an established business with all our suppliers that are really transparent to show and explain the complete production/sourcing/development process.

MACEDONIA

The biggest part of our shirt production takes place in Macedonia. This country is responsible for almost 25% of our total production. Since Macedonia is appointed a high risk country we execute audits and visits on a regular basis. Since 2011 the wages have been rising significant. There's currently a national minimum wage, which is the first since the history of the Republic of Macedonia.

In September 2013 FWF conducted a audit in our factory in Macedonia. Below you'll find the findings. The current situation is that we stress our contact person with the factory to encourage or set in place all mentioned points below. Since we are an important buyer, and they understand our importance of our FWF membership, they have already shown efforts to make things as needed. Once fully fulfilled we will follow up with our FWF contact person.

Suggestions made by auditors have been followed up. One of the findings in regard of freedom of association was that the workers weren't organized. In the meanwhile a spokes person for the workers has been elected. However the collective bargain still needs to be signed. Safety related findings like protective work wear were provided instantly by the factory. Obstacles have been removed and fire detection have been installed. We stressed the importance of health and safety regarded issues with our contacts and rather than only following up on the findings, they will maintain to improve on safety. Findings regarding physical measurements and parameters have been stressed and are still being worked on.

COMPLAINTS PROCEDURE

When a complaint is brought to our attention we will take immediate action. In 2013 we encountered a complaint from one of our garment suppliers in China. We investigated the case to the full extent of our ability and solved this by investigating together with the local complaints handler. Firstly we ensured that the the complaint was well-grounded. For what was well-grounded, we arranged compensation instantly. For what was not well-grounded, we discussed with Fair Wear representative to drop the case partially.

TRAINING AND CAPACITY BUILDING

ACTIVITIES TO INFORM STAFF MEMBERS

All staff is informed about CSR related matters during their general training at “Suit school”. All staff, whether IT, salespersons or executive, attend to this training. In this training we go through working conditions in high risk countries, and how we, as a CSR oriented company, try to make a change in the textile industry.

ACTIVITIES TO INFORM MANUFACTURERS AND WORKERS

We ensure that the Code of Conduct is clearly visible in the correct language and contact details of the local complaints-handler. As of 2013 we started to motivate factories to participate in FWF organized trainings.

TRANSPARENCY & COMMUNICATION

In regards to our CSR activities we are totally transparent. We would like to be recognized not only for maintaining and protecting the Code of Labour Practices, but also for addressing issues and provide solutions where needed.

We communicate our FWF membership on our website. We are also looking to print it on our newspapers, which is released bi-yearly.

CORPORATE SOCIAL RESPONSIBILITY

Suitsupply is committed to doing business in a sustainable manner. That’s why we only work with workshops that meet the internationally recognised standards of the International Labour Organization:

- No forced labour;
- No discrimination;
- No child labour;
- Freedom to unionise, right to collective bargaining;
- A salary that covers basic family needs;
- No excessive overtime;

- Healthy and safe working environment;
- Legal employment contract.

In addition, Suitsupply frequently inspects its suppliers, and, where necessary, implements improvements. We believe that quality is not only limited to the actual garment, but also includes the manner in which it was produced.