



www.manroof.ch | start of membership: December 2008

Contents

Contents	2
1. Introduction by Jacques von Mandach, CEO Manroof GmbH	3
2. Manroof at a glance	3
2.1. Facts & Figures Manroof GmbH	3
2.1. Organisational Chart Manroof GmbH (2012)	5
3. Social Issues	6
4. Summary: goals & achievements 2012	6
5. Sourcing strategy	8
5.1. Sourcing strategy & pricing	8
5.2. Organisation of the sourcing department	8
5.3. Production cycle	8
5.4. Selection of new factories	8
5.5. Integration monitoring activities and sourcing decisions	9
6. Coherent system for monitoring and remediation	10
6.1. China	10
6.2. External production	10
7. Training and capacity building	10
7.1. Activities to inform staff members	10
7.2. Activities to inform agents	10
7.3. Activities to inform manufacturers and workers	10
8. Transparency & communication	11

1. Introduction by Jacques von Mandach, CEO Manroof GmbH



The company Manroof was established in the year 1999. During the last twelve years, we at Manroof became more conscious about our production. Especially as a father of two children, a fair and sustainable production is very important for me. Next to our own view, our clients appreciate the transparency about our production. This gives us confidence to follow our vision to monitor and improve our production and invest in social responsibilities.

We are proud to be among the first companies in the Swiss market for promotional products to join the Fair Wear Foundation (FWF). We hope that our sacrifice in management capacity and money will improve and guarantee clean working conditions.

We are pleased to present our third social report to you.

Jacques von Mandach
CEO Manroof GmbH

2. Manroof at a glance

2.1. Facts & Figures Manroof GmbH

Manroof GmbH is a niche player for textile promotional products in Switzerland. Since twelve years, we design and produce with suppliers in the far east custom made products such as lanyards, t-shirts, sweaters, caps and bags and other textile products for our customers in Switzerland. Our goal is to integrate a solution for improving and monitoring social issues and guarantee a social and sustainable production. In addition to our own production in the far east, we resell basic garments for the promotional market (t-shirts, polo shirts and jackets) including custom logo as silkscreen print or embroidery. We favourably choose suppliers, which are member of FWF, also.

Manroof appointed CEO Jacques von Mandach and VP Rémy Foong as responsible persons for the Corporate Social Responsibility (CSR). Both are in charge of implementing the social

Social report 2012

monitoring and reporting system. Since 2011 Zuzana Valient is responsible for all documents regarding FWF.

Established: 1999

Legal form: Ltd (GmbH)

Owner and CEO: Jacques von Mandach

Employees 2012: 7

Products: lanyards, t-shirts, sweaters, caps, beanies, bags, jackets, etc.

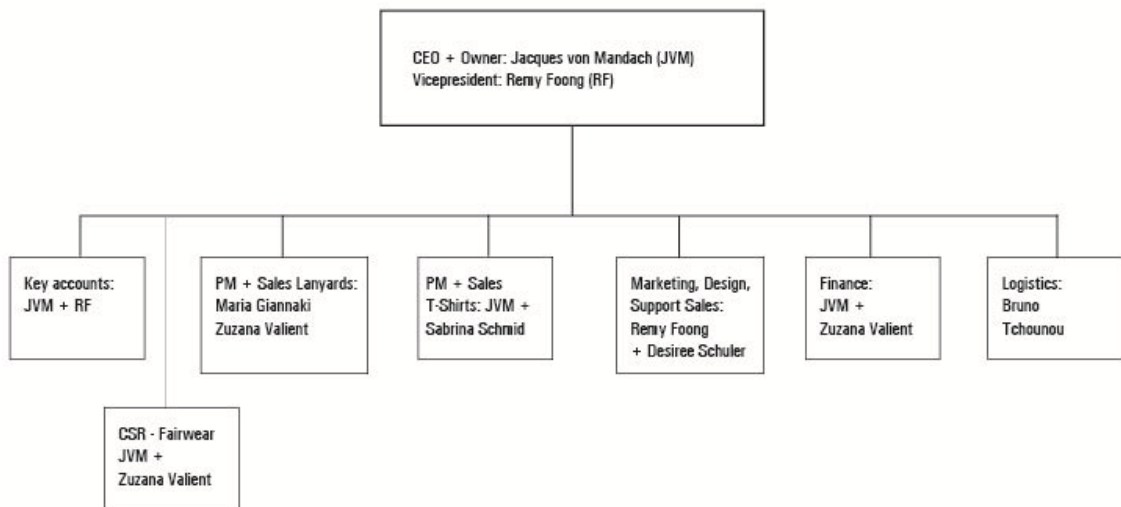
Product use: retail and promotion

Clients: 90 % in Switzerland

Country of production: 75 % in China

2.1. Organisational Chart Manroof GmbH (2012)

Organisational chart: Manroof GmbH 2011



3. Social Issues

In the last years social issues became a more important concern to us, our clients and our environment. We realize that having only a code of conduct and just have it signed by our suppliers is not enough. We are looking for something more reliable. By becoming a member of the FWF in the year 2008, we found a good way to implement a system in our company and to find a solution for all social issues. After being a member for three years now, we can see that progress is possible, but needs ongoing efforts from our suppliers and us.

4. Summary: goals & achievements 2012

Manroof GmbH is a member of the Fair Wear Foundation (FWF) since the year 2008. By the end of 2011 we carried out seven audits including one re-audit at our suppliers factories. In the year 2011 we accomplished to audit most of the companies we expect to do business in the next 3-5 years. Combined with our suppliers in low risk countries (according to FWF specification) we have audited 90% of our suppliers.

In the year 2012 we are planning only one additional audit to keep 90% of our suppliers audited.

During 2011 we continued to improve the standards at the factories on the basis of the results in corrective action plans (CAP). Through e-mail correspondence with our suppliers, we are able to track the corrections and improvements made. As we continue our work on these issues, we get more effective. We are happy to see results of our work. Nevertheless, we are struggling with some open points. As we cannot find a solution for these points, we referred our suppliers to ask a consulting company, recommended by FWF, for support.

After the first audits we had a total of 224 open points stated in the CAP. We achieved to resolve 51 open points during the last three years. In 2012 we are working to resolve more points.

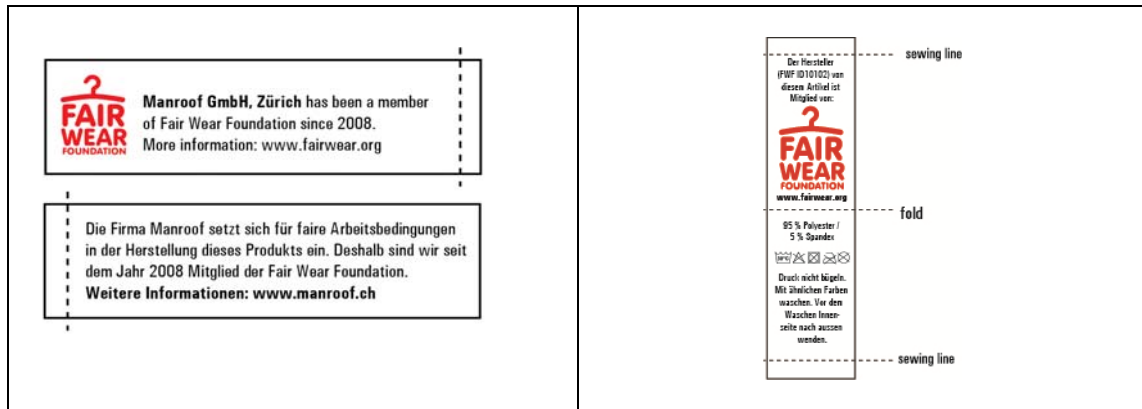
We realized that only a few people in the factory understand English. This is the reason we started to translate the open points to Chinese in the 2nd part of the year 2011. With this action we hope to reach more people within the factory. Additionally we hired a person to visit our suppliers' factories. This person will inform and discuss the open points with our supplier in Chinese. If the visits are a success, we expand the visits to more of your suppliers.

We will also encourage our suppliers to attend any seminar program in China.

The last visit of our vice president Remy Foong at factories in China was at the end of 2010. We will decide within the next year if a visit to our suppliers factories will take place in 2012 or 2013.

In 2012 we are now working with two textile suppliers from India and Turkey, which are Max Havelaar and Global Organic Textile Standards (GOTS) certified. As these companies have been audited previously to reach the certification, Manroof does not need to audit these new suppliers in the year 2012.

Fair Wear Foundation & Manroof Label / Hangtag: Ever since joining the FWF we worked towards receiving the honour to label our products with the reference to FWF. Since the end of the year 2010 we were able to have 90% of our suppliers audited by FWF appointed auditors and thereby fulfilled the FWF requirement to use the following labels. We also developed a special hangtag for resell companies. On these labels Manroof is not mentioned, instead it indicates our FWF member number.



Encouragement of our suppliers to management training and attending seminars: Even though the communication between Manroof and its suppliers is good and coherent, some points cannot be explained sufficiently. To avoid any misunderstanding and help our suppliers to understand the procedure and work of FWF, three of our suppliers attended a seminar held by FWF in 2011. Manroof has offered to pay for all expenses related to the management training.

Improvements made at factory sites: Based on the first audit's CAP we were able to resolve findings in the audited factories from 24 to 15 findings and from 42 to 24 findings. We hope to resolve the remaining findings in the near future. We are having ongoing discussion with our supplier how we can resolve the points to meet the requirements.

Scheduled audits and re-audits: One audit at company T.F. takes place in April 2012.

5. Sourcing strategy

5.1. Sourcing strategy & pricing

As a small company, Manroof tries to keep a long-term business relationship with its suppliers. It is our goal to know and understand the suppliers supply chain and production method in order to improve the cooperation. Because the order volume is relatively small in comparison to the total output of the suppliers, Manroof acknowledges the challenges in implementing new procedures and standards. Therefore, Manroof tries to work closer with existing suppliers. We also try to work with only with a few suppliers. Being an important client we are able to achieve easier progress in social issues with our supplier. - Manroof acquires new suppliers, if the existing suppliers cannot offer these.

Manroof offers prices in line with the market. We regularly compare the prices of our suppliers with their competitors.

5.2. Organisation of the sourcing department

The management mainly carries out the sourcing. New suppliers are found through recommendation or the internet. Next to pricing, quality and delivery, the structure of the company and its production and references is checked before cooperating with new partners.

5.3. Production cycle

Manroof produces according to the Just in Time (JIT) method. The production follows the requirement of the client. After defining all specifications, a sample is produced according to the layout. If all details in the sample match to the layout, the production is started. The standard production lead time is around 2-3 weeks after approval of the sample.

5.4. Selection of new factories

The management selects new factories. Following points are relevant during the selection process: good quality, reasonable price, expertise, reasonable production lead time, minimum quantity below 1'000 pcs., good references, depending on the product, close location to port or hub and structure of the company (e.g. production method, treatment of employees, etc.).

If all points seem good, a sample is ordered from the factory. All new factories will be visited after approximately 2 years, if larger business volume is reached.

During the year 2011 we kept the same suppliers like by the end of 2010. By keeping the same suppliers we were able to intensify our relationship with our few suppliers. These is also good for the Fairwear work.

5.5. Integration monitoring activities and sourcing decisions

Since being a member of Fairwear Manroof has done 7 audits. Today we work with 5 suppliers doing the CAP's. In 2011 we solved 52 open points from a total of 225 open points. By the end of 2011 there are total 173 open points. – Company S. has already very good social standards. We are now focusing our energy at the companies X. and C.. With both companies we have a high percentage of orders. We also offered X. an financial incentive, if they resolve the open points as soon as possible.

Overview open points, 22.11.11

Supplier	Workers	Audits	Open Points	Improvements	Open Points after improvement
		Date		Date	
Lanyards (S)	11	<i>Nov 09, Nov 11</i>	24	<i>Apr 10</i>	15
Printing Lanyards* (L)	0	<i>Nov 09</i>	41	<i>Okt 10</i>	24
Bags (PA)	51	<i>Sep 10</i>	33	<i>Nov 10</i>	27
T-Shirts (X)	15	<i>Jan 11</i>	41	<i>Nov 10</i>	35
Sweaters (Q)	54	<i>Feb 11</i>	38	<i>Aug 11</i>	37
Caps + Beanies (C)	53	<i>Mrz 11</i>	48	<i>Sep 11</i>	35
* Belongs since 2011 to the lanyard factory			225	Improvements	173 52

We divided the open points of all CAPs into two groups. Group 1: Open points, which the supplier can easily implement without a consulting company. These open points are easy to improve. Group 2: Open points, which are more challenging and need to be resolved with a consulting company. We created letters with all open points of both groups. We sent the letters to all five suppliers and requested improvements. We also translated these letters into Chinese.

In order to ensure that our suppliers cooperate with the FWF regulations, we appointed a Chinese person to visit our factories in China. The name of the appointed person is Minhua G.. She lives in Switzerland and understands our western thinking and the FWF regulations. Minhua Gefer can discuss all points with our suppliers in detail. She can check directly if the supplier understands the issues and is motivated to cooperate. Ms. G. visited two suppliers in 2011. The visit at our bag supplier was positive. During the second visit at our supplier's factory Q., Ms. Gefer was informed that they are not willing to cooperate with FWF. They explained that most of their clients are from Japan. These clients order much more and they never ask for improvement of social conditions. They said that our orders are too small and not regular. Q. produces less than 5 % of their production for Manroof.

In the future we will continue to ask Ms. G. to visit our suppliers. In addition we will also appoint consultants to visit our suppliers.

Since being a member of FWF, we prefer to work with suppliers familiar with corporate social responsibility (CSR). This is a reason we chose to start a cooperation with Max Havelaar certified factories in Turkey and India.

6. Coherent system for monitoring and remediation

6.1. China

Until now audits have been done in China, only. 75 % of our products are manufactured in China. Our supplier register shows, the percentage of our total production of each supplier and the date of the audit. Only one complaint of an employee has been filed at our supplier's grievance box at our supplier's factory of PA.

Unfortunately no cooperation has been made with other clients.

Three of our suppliers have visited a FWF seminar in 2011 (X, C. and TF).

6.2. External production

Until now, no monitoring activities have been carried out at external production sites.

7. Training and capacity building

7.1. Activities to inform staff members

Manroof is a small company consisting of 7 employees. The information flow within the company is very fast. All employees have been informed in our regular meetings about the process and obligations, which are connected to the membership of Fair Wear Foundation.

7.2. Activities to inform agents

Only at our supplier Q. we work with an agent. We are working with him in order to implement FWF regulations. But as mentioned in point 5.5 the supplier is not interested in improving social conditions. We will discuss any further cooperation with this supplier in 2012.

7.3. Activities to inform manufacturers and workers

All manufactures have been informed by e-mail about Manroof's involvement with the FWF and its Code of Labour Practices. Our five biggest suppliers are aware that we request continuous social improvements. Most of the suppliers have informed their workers about FWF.

8. Transparency & communication

Manroof communicates the FWF membership, its Code of Labour Practices, Manroof Performance Check Report on its website www.manroof.ch. Manroof also points out our dedication on all written communications, e.g. catalogue, quotations, sales calls.

All our employees are advised to inform clients about the Fair Wear Foundation and its Code of Labour Practices.