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Mayerline. A made in Belgium story,

for over 50 years.

Mayerline lives and breathes fashion. Like no other, this fashion house manages to strike a balance between the latest fashion dictates and clothing that women love to wear. Today, a committed and enthusiastic team forms the basis for our collections, which attest to their dedication, talent and love of the craft, time and again.

1957-1987 From atelier to fashion brand

1957: In their modest atelier in Brussels, Joseph Meyer and his wife Jeanne Vrijdags design their first clothing line consisting of jackets and coats. This is soon followed by women's suits and other garments. Jeanne's elegant creations gain them an enthusiastic following of customers. Initially sold at outdoor markets, the collections quickly find their way to better multibrand shops. After a while, Joseph and Jeanne take over several shops of their own. It is in one of these that their son Maurice begins working at the age of 14. He meets his wife Frieda Zegers and, thanks in part to her creative input, the shops grow into well-known fashion concerns.

1965: Pierre Fogiel takes the helm and brings further structure to the company, resulting in brisk growth.

1980: Maurice Meyer becomes Managing Director of Mayerline. The focus is on developing the collection and in 1986 Mayerline is launched as a brand. The first catalogue is published.

1987- 1997 | Mayerline invests in its own strengths. The Belgian retail market forms the basic outlet for the collection and this proves such a success that in 1995 they are able to open their own shops. In 1996 the first "shop in shop" is opened at a branch of the Galeria Inno department stores. All the while, Mayerline remains a fixture in multibrand shops as well.

1997-2007 | The expansion: Belgian roots & international production.

In 1999 Mayerline opens its foreign production site in Lithuania. Shortly afterwards, the shop concept is updated as well. Maurice Meyer, now assisted by his son Christophe, his daughter Annick and a team of loyal and competent employees, aims to expand further.

In 2006 Mayerline has 25 shops of its own and the brand is also distributed in all 15 branches of the Galeria Inno department stores. One year later, boutiques are opened in Mol, Lommel, De Panne, leper, Mortsel and Waregem. In the meantime, the line of clothing has become available in 165 multibrand shops. There are also over 20 shops in the Netherlands.

2009 - ... | A look ahead to the future

The expansion within Belgium progresses with the opening of new shops in locations such as Beveren, Waterloo, Halle, Sint-Truiden, Genk ... Mayerline is looking to continue its growth internationally.

2010 March 19 | In cooperation with the Fair Wear Foundation Mayerline NV signs the Code of Labour Practices

<u>Furthermore</u> Mayerline introduced company values to align expectations and way of working of all stakeholders: customers, coworkers, owners and the general public. One of these values sustainability:

We are striving to achieve sustainable development with healthy returns in the long term. We are building a win-win relationship with all of our stakeholders and partners. Respect for our planet is an important precondition and one in which we have more and more opportunity to fulfil our responsibilities.

It is in persuing this value that Mayerline has decided to become a member of Fair Wear Foundation, to practicly have a tool to implement it in cooperation with our suppliers.

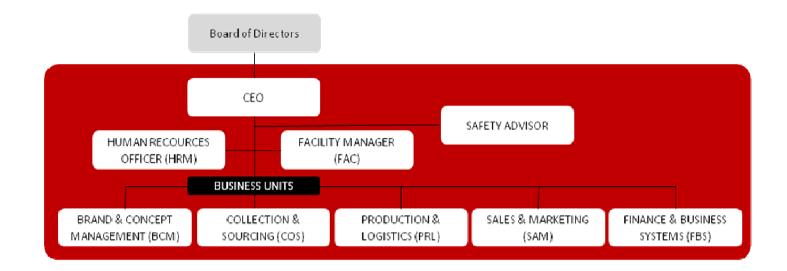
This report is one of the steps in achieving our commitment towards a sustainable word for the future.

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Annual turnover in 2011

43,94 Mio EUR

Organization Chart



Production platform



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Corporate Responsibility



Mayerline always paid great attention for having high quality products and to ensure that garments are produced under good labor conditions. Since 2010 it was decided to make it more structured, continues and formal process by applying for the membership of the Fair Wear Foundation.

2011 was the second year for Mayerline of working Mayerline Mayerline of Working Mayerline together with Fair Wear Foundation.



Since the first year was about to learn what and how the cooperation with FWF works, the second year was the development of what was started in 2010. Together with planned audits of factories of our suppliers (in cooperation with FWF audit teams), Mayerline management system was audited by FWF too.

As more than 80% of Mayerline suppliers are partners for over 5 years, knowing Mayerline culture and product – most of them were familiar with the Corporate Social Responsibility (CSR) policies and had been audited more than once in the past.

Continuous development and work with our long term partners that is a combination of our sourcing strategy - together we are strong.

Coherent system for monitoring and remediation

Mayerline/MLI has two types of products in range: garments/products that are bought from the suppliers and also products that we produce from our materials +CMT (confection).

Mayerline produces a big part of confection garments in European Union (Lithuania for over 12 years). It was produced/purchased over 30% of total Mayerline production in European Union for 2 collections of 2011. Therefore the focus of the audits during the second year was again on factories in China. Despite the fact

that Mayerline started the second year with FWF with 53% originated in the factories which have been audited or from factories in "low risk countries", Mayerline audited another two factories in China, as it was planned for 2011.

The set up goal was 74% of audited factories by end of 2011. Target by FWF - 60%. Actual - 76,1% . Idea of setting up of higher goals was due to need of continuity of the process also for ourselves: audit, CAP, work with supplier on CAP. Continuous development - that is our company value.

As audits with FWF are recognized not as a control tool, but as the opportunity to strengthen the relationship with the supplier – we focus on the audits of 2 our key long-term partners in China next year:

Factory	Country of Production	% of total production /purchases for 2011 by Mayerline	2011: % originated in the factories which have been audited or from factories in "low risk countries"	Plan 2012 (90% required by FWF)	Corrective Action Plan in progress
Factory Z1	China	27,9%	27,9%	27,9%	+
Factory Z2	Lithuania	20,2%	20,2%	20,2%	
Factory Z3	China	11,4%	11,4%	11,4%	+
Factory Z4	China	3,4%		3,4%	
Factory Z5	Portugal	10,3%	10,3%	10,3%	
Factory Z6	China	5,8%	5,8%	5,8%	+
Factory Z7	China	1,9%		1,9%	
Factory Z8	Italy	0,5%	0,5%	0,5%	
Factory Z9	China	2,5%			
Factory Z10	China	7,6%			
Factory Z11	Russia	2,2%			
Other x16	China, Turkey, Tunisia, India	6,2%			
			76,1%	81,4%	

In order to meet the requirement of FWF: 90% originated in the factories which have been audited or from factories in "low risk countries" during 3rd year of cooperation, Mayerline plan also to take in consideration the audits that were held by third parties.

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During 2011 there was one Corrective Action Plan (CAP) in progress from 2010 together with another two FWF members. The scope of issues to be solved was very wide (as from fixing emergency sign location and size, warning signs, fire hydrants to the points of paying "living wage"). By communicating and visiting the supplier, the operational and urgent issues were solved and documented. Nevertheless the second audit (re-audit by FWF) indicated (and went even further) and highlighted even more complex issues (as from implementing transparency on documentation related to working hours and assuring one rest day in every week, paying living wage to building ergonomic program for the workers). After dealing with the urgent issues – indeed, the focus turns to more complex issues to be solved together with the factory. The target for 2011 – to continue on working with the factory by implementing CAP.

Second largest Mayerline supplier in China was audited in August 2011. The CAP was presented and communicated with the supplier. Unfortunately, by the end of the year the production at above mentioned supplier was put on hold due to continuous quality problems. CAP is on hold accordingly.

Second audit during 2011 was held in October at third largest Mayerline supplier in China. Supplier having Mayerline production produce at three factories (one of them was audited by FWF in 2010 already). CAP was agreed to implement in several steps:

- 1. solving health & safety issues (fixing exit signs, unblock fire extinguishers, chemical containers to be posted with safety labels, publicizing the FWF code etc.)
- 2. implementing transparency on documentation related to working hours and assuring one rest day in every week.
- 3. By having transparent documentation on working hours to focus on paying "living wage" for workers.

Next factory visit will be held in March 2012.

There were two complains received through FWF 'safety net' system by workers of this factory. By having posted FWF code and information sheet at the factories – workers have an option to complain incorrect work relationship to a third party.

. first worker complain was related to forced overtime and firing a worker as a punishment for not helping when needed (without leave pay as it is required by law).

By taking immediate measures with the supplier – there was found the agreement that could fit all the parties. The worker then confirmed that he returned to his

work station. The plaintiff confirmed to contact FWF in case a conflict would occur in the future. There was no other sign from this or other workers about this problem.

. second case - the worker complained about being restricted to resign from her job. During one month - factory management had not approved her request to resign.

Immediate contact with supplier was made from Mayerline site, but due to holiday season in Europe and difficulties in reaching the worker in the 1st week of January, the agreement was found that fits to all parties in delay of one week. Despite the fact that the outcome of the complaints handling process was not the optimal solution according to the plaintiff, but the worker confirmed that she had resigned from the factory and had collected her full salary.

Facing all these issues in cooperation with our suppliers and Fair Wear Foundation – we can state, that perfect factory doesnot exist. Only by constant efforts and willingness to solve them together we will stream for a better working conditions inour supply chain.

Having focus on Far East suppliers we encourage our European suppliers to join our initiative to be transparent on all the requirements related to Code of Labor practices too.

Communication & Transparency

In order to better inform our suppliers we implemented a web site dedicated for our suppliers. The link "login supplier" at www.mayerline.be is the place where all our registered suppliers (including raw materials suppliers) are informed about general conditions, including Code of Labor Practices, anti corruption statement, Environmental Requirements, etc.

Mayerline supplier center is designed as general cooperation contract for all the suppliers and producers.

In order to realize our future goals, and to work according our introduced company values, we need suppliers with whom we can make clear agreements and that are ready to respect these agreements. We believe in an open and transparent communication.