

Stanley and Stella S.A.

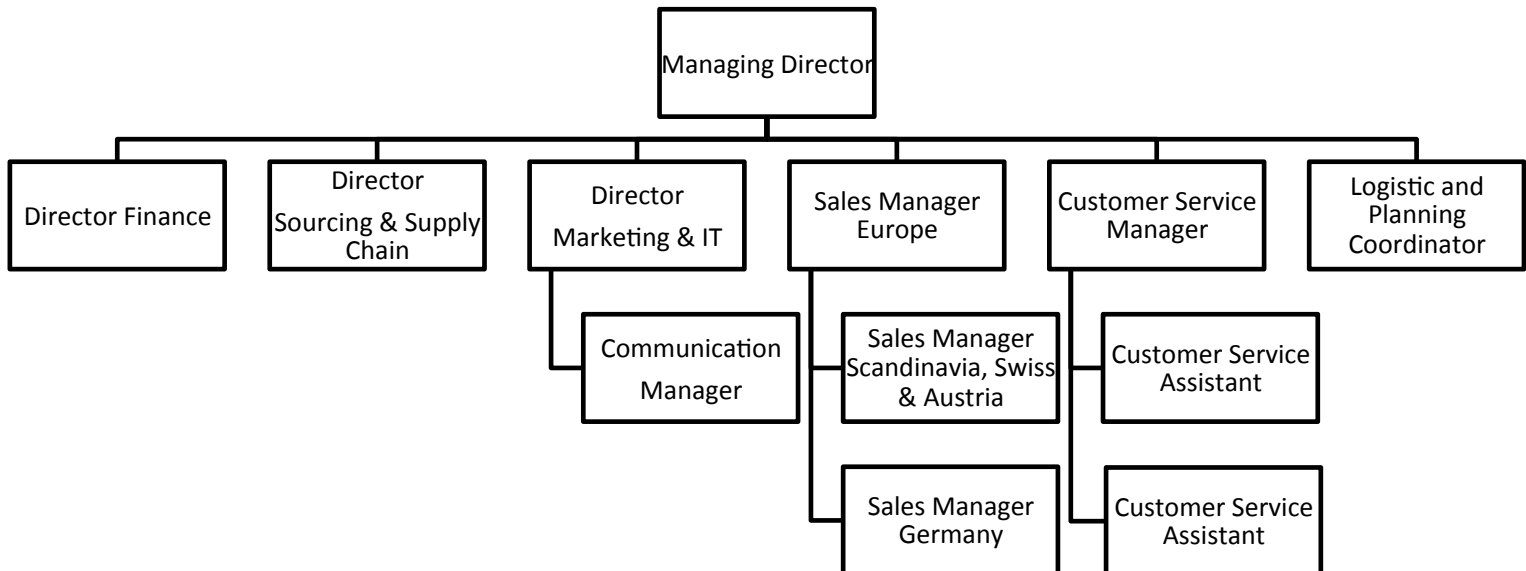
Company & brand logo :



URL company website : www.stanleystella.com

Start date membership : December 2011

2012 Financial Year Organizational chart





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1. Summary: goals & achievements 2012

The main objective of Stanley and Stella in 2012 was to change the habits of the promotional market. The company shareholders have more than 20 years experience in the printwear market and decided to take the challenge to change the mind-sets proposing "sustainable" and therefore NON-through-away t-shirts, polo-shirts and sweat-shirts. Focusing on fashion styles, premium quality, durability, sustainability, ethic and with the final goal that people will wear those printwear t-shirts in the streets instead of keeping in the closet for sleeping or gardening.

The company believes in true ethical and environmental friendly entrepreneurship in real economy and is developing the brand with this objective.

In 2011-2012, we have decided to produce exclusively in the big Europe zone (South Europe, Eastern Europe and Turkey) rather than in Asia where having most of our past experiences. Nevertheless this strategy was not sustainable on the long run and we have been forced by our market to take the decision in the middle of the year to start producing also in Asia for the 2013 collection to be able to offer expected acceptable prices

We have decided to choose to work with good supplier factories, with good CSR standards and that has been already audited many times by companies such as FairWear Foundation, SGS, Intertek, BSCI, Compliance Corp, and many international brands. This objective has been achieved with a small panel of only 3 very good suppliers for the first year.

Despite the good skills and reputation of the supplier chosen, we have planned to organize our own audits too (with FWF) to have our own ones and be able to use them for transparency purpose. The objective was to immediately cover 100% of our buying value, but we know already that the suppliers were compliant for most of the subjects. As we were producing in the big Europe, not in Far East. We could manage to control 100% of our sources and not only through own audits.

We have decided to place orders only with factories that agree with the FWF Code of Conduct. And we achieved this objective successfully

We wanted to become members of FWF in December 2011 and to communicate our membership to the market via our catalogues and website that will be available from 1st January. We achieved this objective but we communicated it on 11th of January at the same time as the brand launch.

"Doing business is one thing, doing it while respecting people and preserving nature is much better. This is part of our destiny and our responsibility. The improvement of labour conditions to the organization and its strategy will enhance human relations and allow a better economical balance. Nature is the gift of life; we must respect it and preserve it. It's a question of the survival of the planet and our children. We have to think ahead and act!" Jean Chabert, Managing Director

2. Sourcing strategy

2.1. Sourcing strategy & pricing

We source 100% of products from the Big Europe Zone, from the following countries :

- Turkey: T-shirts, Polo-shirts, Knitted Tops
- Romania: Sweat-shirts
- Portugal: Sweat-shirts (same owner as Romanian but not used for the moment)

Being a new brand; the volume quantities were very small to start.

87% of our products (SKU = Single Keeping Units) were Sustainable, made either from Organic Cotton, either from Tencel Lyocell. Balance % will move towards sustainable fabrics and fibres too but in 2012, we couldn't match all requirements on minimums for special blended yarns that need to be especially spin for our productions. Therefore only our Sweat-shirt were not made from Organic Cotton, but will become in 2013 when our buying minimums will match the spinning mills minimums to spin special yarns of our quality level requirements.

We have a strong textile Sourcing experience of more than 20 years.

The Sourcing and Sustainability Manager is taking care of all the sourcing activities and has a personal experience of 15 years in field Sourcing all over the world, including but not limitative: factories selection, audits, CSR, EHS, product development, purchase, production follow-up, quality, transportation, warehousing and supply chain in general.

We negotiate prices using the open-book methodology allowing the supplier to make profit and with a direct link between the FOB/EXW prices, the Material costs and local inflations costs. This is the only fair way to negotiate with a guarantee of long term relation.

2.2. Organisation of the sourcing department

We are a small new start-up and the Sourcing Department was only one person in 2012 Financial Year. The department was growing end of 2012 to prepare the 2013 collection.

2.3. Production cycle

Stanley & Stella started in 2012 with one collection in January 2012, and will have only one collection per year but launch of products during the year is also something possible. The printwear sector has something special that there are no limited collection, styles are basics that can be sold during more than one season.

Being a new concept from a new company, Sales Forecast are based on field experience and main customers feedbacks. Sales forecast and stock level provide the Purchase needs and based on this we compose Purchase Orders fitting to the minimums per style and colours required by the suppliers.

Supplier selected by St&St has fashion retail industry experience and are used to produce in short lead-times. When they receive an order that it in their production planning they try to match the required shipment date if possible. If not possible St&St and the Suppliers will define the best other shipment date possible.

Standard lead-times are 5-6 weeks for Turkey and 7-8 weeks for Romania. From order placement until shipment. Shipments are roughly 1 week from both sources.

2.4. Supplier relations

We select suppliers following a 8 parameters assessment criteria's based on our needs and our strategy. Those parameters are: Strategy, Quality, Production, Environment, Ethic (CSR-EHS), Financial, Legal, and Logistic.

Environment and Ethic are as much important as the Strategic, Quality and Production criteria's in our evaluation because it's the base of Stanley & Stella's DNA.

We decided to start working with European suppliers rather than with the Asian ones we know from years, we were therefore starting new relations in 2011.

We do direct sourcing; we don't want to work with unnecessary intermediaries. We believe this is the only sustainable way of doing sourcing and the only way to guarantee transparency and traceability in our entire Supply Chain.

We verify everything what our supplier do; we check their information and certificates. We work only with Oeko-Tex 100 Certified and REACH compliant suppliers, these are minimums certifications that can't be compromised.

The Sourcing and Sustainability Manager is responsible for the sourcing and take the decision regarding the selection of new suppliers with the approval of the board.

2.5. Integration monitoring activities and sourcing decisions

Stanley & Stella aim to be a sustainable brand in its DNA, therefore everything done is based on those principles.

This is a new brand in a new company and there are therefore no audit plan implemented yet, but it will come in 2013. This is the reason why we have decided to work with 2 suppliers in 2011 that are already audited by FairWear Foundation members and therefore already working following FWF principles. We will evaluate the possibilities of cooperation with some of the members to share reports and use common power to support improvements.

But we don't rely only on Audit reports; we do a lot of visits per year and check all details. Until now we didn't notice anything critical. The only visible missing point is the lack of permanent doctor inside the factories, but it also doesn't make sense in countries such as Turkey and Romania for small factories with hospitals and doctors available all around. This is a very different Sourcing world compared to Far East sourcing obviously.

As explained, the suppliers selected in 2011 are brilliant. But to explain how we plan to work in the future: the working conditions in factories are an essential parameter that we take into account during placement of orders. We will always work with a limited number of suppliers; we plan therefore to have always a clear view of each of them. If we do not see any progress to the corrective action plan established, we stop the relationship with the supplier. We plan to have a summary table of the Environmental/CSR/EHS situation for each factory we will work with. This table will be updated after each audit. But again this is theory, because in 2012 we worked with remarkable suppliers.

Definitively our suppliers have to follow the continuous improvement process concept of FWF as well as the CAP of each audit, this is mandatory.

3. Coherent system for monitoring and remediation

3.1. Factory S001 / Turkey

This was the main source of ST&ST in 2012

- a) 94% of 2012 Production
- b) This factory has been visited 5 times in 2011 and 6 times in 2012 by ST&ST Sourcing & Sustainability Manager and one time by the Managing Director
- c) CSR subjects were part of the agendas of discussion during each visit but also during e-mail communication, Skype and phone conference calls.
- d) No complaints have been filed or received during that period of time
- e) No cooperation with other supplier clients done so far but willing to do it in the future
- f) Audits reports were already quite good, nevertheless the minimum FWF Living Wage is the most difficult labour standard to convince because the difference between the minimum/average wages and minimum living wage is very big in Turkey and no garment factory is reaching the expected wished level of salary.
- g) The January 2012 audit came to a CAP (Corrective Action Plan) with 15 minor points to improve and all were completed before the end of the year
- h) The factory has been following FWF CSR training and information sessions during several training in Istanbul in 2012

3.2. Factory S002 / Romania & Portugal

This was the second source of ST&ST in 2012

- i) 6% of 2012 Production
- j) This factory has been visited 2 times in 2011 and 1 time in 2012 by ST&ST Sourcing & Sustainability Manager and one time by the Managing Director
- k) CSR subjects were part of the agendas of discussion during each visit but also during e-mail communication, Skype and phone conference calls.
- l) No complaints have been filed or received during that period of time
- m) No cooperation with other supplier clients done so far but willing to do it in the future
- n) Audits reports were already quite good; this is a European factory inside European Union and following latest EU standards.
- o) The November 2011 audit came to a CAP (Corrective Action Plan) with 7 minor points to improve and all were completed before the end of the year. Another audit in June 2012 show only 1 non-conformity minor documentation translation missing and has been corrected since that.
- p) No special training performed in this European Union factory

3.3. External production

N/A

4. Complaints procedure

The Sourcing and Sustainability Manager handle the complaints with the suppliers. E-mail : sourcing@stanleystella.com Phone : +32-2-663-05-90

Till today, we didn't receive any complain yet

There is an internal Complain register and action plan to deal with complaints that the company could receive.

Supplier factories workers are informed about the complaints procedure trough the FWF information letter for workers pasted on the sewing floors information board walls.

5. Training and capacity building

5.1. Activities to inform staff members

We are a new brand from a new company but since end of 2012, each existing staff and new coming staff is receiving a training and documentation on FWF, as part of the Sustainability and CSR training at Stanley and Stella.

Each staff receives information about Fair Wear Foundation by e-mail and an available file will be at their disposition of any complementary of information needed. In case of question they are able to question the Sourcing and Sustainability Manager.

Since the beginning of our membership in December 2011, FWF was part of our internal and external communication.

Externally we communicate on FairWear to customers and third parties via visits, meetings, catalogues and website, ...

Internally we communicate with staff on FairWear via trainings, e-mails, documentation, sales meetings, end of year reviews, meetings, ...

5.2. Activities to inform agents

N/A.

5.3. Activities to inform manufacturers and workers

As mentioned, the selected supplier are already working with FWF Code of Conduct for many years and it is already well implemented. But for future new suppliers, FWF Code of Conduct will have to be presented to the staff via trainings and CoC will have to be available and visible in the factories for workers.

6. Transparency & communication

During the first year of membership, we communicate to the public via our Website, our catalogue and most probably via press corporate articles.

After the second year of membership and systems implementation, we would like to develop an Environmental & CSR Report that could be downloaded by our customers.



7. Stakeholder Engagement

As 2012 was the first year of ST&ST, there were not too many stakeholder involved in the CSR activities:

- Stanley and Stella HQ in Belgium
- Stanley and Stella Asia Office in Bangladesh since summer 2012 preparing new factories for 2013
- Manufacturing factories CSR departments and Management
- FWF HQ Staff
- FWF Auditors teams
- FWF Training consultants in Turkey
- Clean Clothes Campaign Belgium
 - o achACT
 - o Schone Kleren Campagne

8. Corporate Social Responsibility

We are member of Fairwear Foundation and proud to be part of their commitments. Our goal is to be an exemplary member.