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Start date membership

October 2009

Organisational chart

We are only 11 people at HA office and there is no real existing chart. These are the key positions:

- CEO, buying, research, ecology and CSR: Robert Hertel
- Assitent, ecology and CSR, key account management Vivanda, Waschbär and Maas Natur:  
Tilman Herzog
  - Bookkeeping: Anke Nollau
  - Material planner, small customers: Serdar Mere
    - Sales: Jan Röhler
    - Stock manager: Paul Skoda
    - QC in China: Guan Jinguo
    - Design: Andrea Zehendner
- other employees: Christof Nollau, Bryan Hillesheim, Thomas Kotarba, Manuel Reiter, Mandy Seifert

## Contents



## 1. Summary: goals & achievements 2012

In 2012 we were able to eliminate more of the subcontractors, as our main supplier successfully installed a line for woovens production in his own factory. Now also shirts, blouses and most pants (excluding jeans) are done in HF factory in Rushan. Fortunately our spinning mill who is also subcontractor for flat knits was keen to take over also the orders for flat knits made with other machines and therefore offered to set up the necessary machinery. From 2013 all of our flatknit production will be done in Greenland, Shanxi. A huge setback was the closing down of our audited partner for jeans production in Rushan. As it is still difficult to find suitable partners for jeans production in China we will try to switch to a german company located on the Philippines from 2013.

## 2. Sourcing strategy

### 2.1. Sourcing strategy & pricing

Basicly we always try to produce the final product within the same country where our raw material comes from. Most important is a very close and long lasting relationship with our suppliers. As China is the only source for our main raw material left, 99% of our production is still there. As hempage is still a quite small company it also does not make sense for us to have multiple sources for production as dividing our small orders would mean less influence at each of the different suppliers then. But our main reason to stick with our main supplier HF is the trust we found in its owner, which is not common in China in general, but in the hemp business – in which fake products are common – especially.

Our goal is to offer garments which everyone could afford. But as hemp as a raw material is more expensive than classic raw materials, our actual line is in the medium price range. By improving quality and styling we are trying to offer a product range that is worth its costs.

We do not work with any agents or intermediaries. In case of the few subcontractors used HF is acting as a kind of agent.

### 2.2. Organisation of the sourcing department

Is a one-man-show run by the CEO Robert Hertel.



### **2.3. Production cycle**

HempAge does 2 collections for our own catalogues per year. Those are offered from stock and being reproduced as soon as necessary. By only changing colours and details we are keeping succesfull styles for many years and safe costs by that.

We try to give estimates on fabrics to our supplier as far as possible.

From the season autumn/winter 2013 we will start to set up a HempAge storage of ready made goods or nearly ready made goods (undyed, unwashed) at HF Rushan. This will enable HF to producer higher qty per style at one time and therefor also have less orders or reorders during the high seasons.

### **2.4. Selection of new factories**

The CEO is the only person making such decissions.

Even before we learned more about CSR through the FWF the social conditions were always a key element in choosing partners. While before that we have only checked on the conditions of the working places and social and restrooms we now try to do a more professional “pre-audit” according to the system of FWF inspections – with the only exception that we do not make private interviews with workers outside the factories.

The possible new factory partner for jeans production mentioned in 1. was found and contacted during the Ethical Fashion show in Berlin. The company made big efforts in the past years to become one of the most eco friendly producers in this part of the industry. As the FWF rulings are as important to us as the ecological part of the production, we started the discussion with the company if they agree to work with us on the implementation of this code. The owner personally expressed his full will on cooperating in this point and we look forward to start this business relationship in the very near future.

## **2.5. Integration monitoring activities and sourcing decisions**

There is no official ranking system of any kind for the subcontractors. But of course we check, if quality issues or delays are concentrated on one sub. We mostly find that such issues are interconnected with social working standards as well.

## **3. Coherent system for monitoring and remediation**

### **CHINA:**

#### **a) Supplier 1:**

- approx. 96% of total production (with jeans not being produced at all during that time)
- visited by CEO and QC
- No complaints filed
- No cooperation with other clients
- A new verification audit is scheduled for 2013 and we look forward to it in order to find confirmation on the good developments in the last years, or new challenges.

#### **b) Subsupplier 1:**

- approx. 2% of production in 2012 (only flat knits)
- visited by CEO for technical and management purpose. Visited by QC for QC purpose.
- Mr Herzog made a evaluation on the existing audits by third parties and we wait for the result and feedback from your side

We are ready to have a initial audit after getting the result. Maybe that could even be combined timewise with the verification audit at HF Rushan?



Any other subcontractors existing in the list which are not mentioned in this report, the cooperation was terminated in the meantime.

### 3.1. External production

If applicable, describe which monitoring activities were conducted at suppliers of "external production".



## **4. Training and capacity building**

### **4.1. Activities to inform staff members**

In daily lunch meetings at many occasions details and meanings about our membership have been described and discussed with our staff. Especially before fairs the participating staff has been briefed on basic issues and new developments of our FWF membership.

For 2013 we look forward to send some staff members to the newly planned seminar.

### **4.2. Activities to inform agents**

As our main supplier is also our only agent (in front of the subcontractors) that is included in all activities described above.

### **4.3. Activities to inform manufacturers and workers**

While HF took over that part themselves and is doing very well, we only concentrated on possible new partners. That is first of all the jeansfactory on the Philippines we plan to use in the near future, as well as possible new suppliers from Romania and Hungary which like to start a business relationship with us.

## **5. Transparency & communication**

Our tool for communication is our hemp info which is available for download on our homepage and printed version which is supplied to resellers. We also added the FWF-logo to our hangtags.

We have shown the new FWF folder to our customers during the spring fairs in 2013 and had a great feedback. Now we are waiting urgently to get a new version which does not require hand folding! As soon as available we want to print 10.000 pcs. Of it in a first batch for our customers.



Fair Touch by Hemp