www.hempage.com

Start date membership

October 2009

Organisational chart

We are only 12 people at HA office and there is no real existing chart. These are the key positions:

- CEO, buying, research, ecology and CSR: Robert Hertel
- executive assitent, ecology and CSR, key account management large customers: Tilman Herzog
- Bookkeeping: Anke Nollau
- Material planner, small customers: Serdar Mere
- Sales: Jan Röhler
- Stock manager: Paul Skoda
- QC in China: Sheena Cheng
- Design: Andrea Zehendner (external)
- Graphics and technical product support: Friederike Aumüller
- other employees: Christof Nollau, Thomas Kotarba, Manuel Reiter, Mandy Seifert, Sylvia Victorin, Christian Horneber

Contents

1. Summary: goals & achievements 2013

In 2013 our main supplier further improved his production site and also stopped working with some of his customers what made us sure that long lead times and overtime for workers should be a problem of the past. Unfortunally our own growth in demand and that of the remaining customers at our main supplier was so extraordinary that the same problems occurred again in the main season between October and December 2013. In the same year payments were raised near to the living wage given through “Asia floor wage”. Only the “cutting section” was still noticable under the living wage. In this section only elderly women with no professional education are working. They are solely cutting the spare threads from the garments before they go to ironing and packing. At the end of the year a audit took place in the flat knitting factory we use and therewith 100% of our production in China has been audited, The outcome and CAP will be taken care of in 2014.

Another important issue was finding and auditing a new supplier for our jeans production. The german company with a factory in Manila was a perfect choice, but it took us several meetings in Germany and a visit and discussions in Manila to get a final agreement for a audit from the management. The NGO which was suggested by FWF office was a great help in understanding the special situation on the Philippines. Unfortunally the audit was postponed for 2 times. After the second postponing we stopped all ongoing orders in the factory and asked them to prepare our materials sent to them already to be shipped back to our chinese supplier. It was only after that when we got a final confirmation for a audit in December. This audit was held successfully.

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, 95% 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 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. But at the time being we are down to 1 subcontractor and this subcontractor has been audited now.

For finding suppliers for special products like socks and jeans for example we now actually start searching through FWF factory members which might be a option or ask at other FWF members if they have a suggestion for us.

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 successful styles for many years and safe costs by that.

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

In 2013 we started to develop products for stock production in China. This should enable our partner to produce the huge quantities of basic styles which we are carrying, during the low season, while only the smaller part of new fashion styles will still needed to be produced in high season in order to get a delivery in time. There were more technical obstacles to overcome as we had thought in the beginning and test productions just started in 2014.

2.4. Selection of new factories

The CEO is the only person making such decisions.

As this is part of our sourcing strategy please check under this point. As described above the FWF-"compatibility" of a factory is now the main issue while ecological aspects are still another important ability we expect from a new supplier.

2.5. Integration monitoring activities and sourcing decisions

There is no official ranking system of any kind for the subcontractors in place.

3. Coherent system for monitoring and remediation

a) Supplier 1:

- approx. 90,5% of total production
- visited by CEO and QC
- No complaints filed
- No cooperation with other clients
- Another verification audit was done in 2013 with the CAP being available in 2014

b) Subsupplier 1:

- approx. 2,2% of production in 2013 (only flat knits)
- visited by CEO for technical and management purpose. Visited by QC for QC purpose.
- A initial audit took place in December 2013 with result in CAP expected in 2014

c) Supplier 2:

- approx. 6,5%
- visited by CEO
- postponed verification audit in january 2014 CAP received

c) Supplier 3:

- approx. 0,5%
- low risk country

c) Supplier 4:

- approx. 0,3%
- low risk country

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

3.1. External production

N.A.

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.

4.2. Activities to inform agents

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

4.3. Activities to inform manufacturers and workers

While our main supplier took over that part themselfes and is doing very well, we only concentrated on possible new partners. As CAPs from audits done in 2013 are only available in 2014 this will be part of next years social report.

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.

In 2013 we finally got a new version of the FWF-folder in english and german for distribution through our customers. We had great demand a view this idea as a great success.