



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

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1. Introduction by Jacques von Mandach, CEO Manroof GmbH



The company Manroof was established in the year 1999. During the last ten 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 one of 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 second 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 eleven 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.

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 monitoring and reporting system.

Established: 1999

Legal form: Ltd (GmbH)

Owner and CEO: Jacques von Mandach

Employees 2010: 7

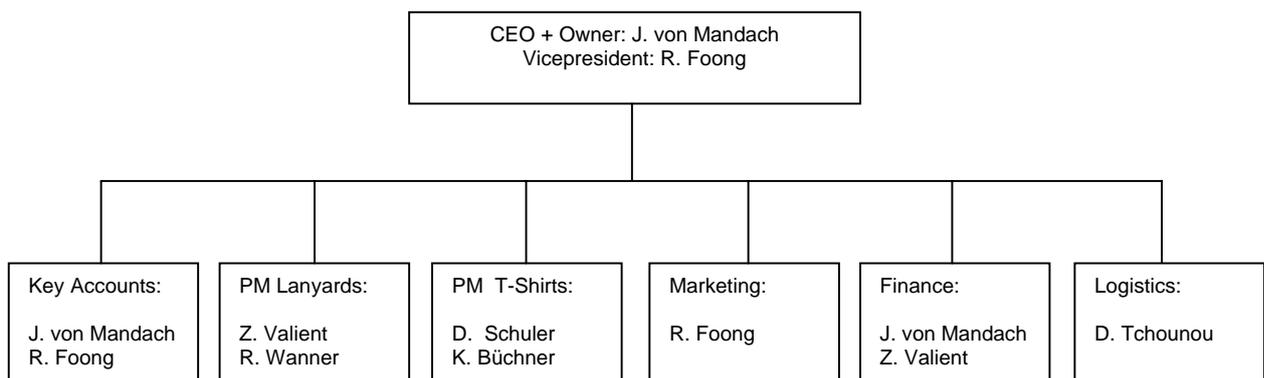
Products: lanyards, t-shirts, sweaters, caps, beanies, bags, etc.

Product use: retail and promotion

Clients: 90 % in Switzerland

Country of production: 80 % in China

2.2. Organisational Chart Manroof GmbH (2010)



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 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 two years now, we can see that progress is possible, but needs ongoing efforts from our suppliers and us.

4. Summary: goals & achievements 2010

Letter for social improvements: The FWF appointed audit company carried out the first audit at our main supplier's factory in the year 2008. In the year 2009, the second audit followed. Based on the results of these audits we found out, that the results of the correction action plan (CAP) indicated similar findings in both factories. After analyzing the general situation with our suppliers in China, we concluded that most of them are facing the same problems. Several findings include easy-to-resolve points, which our suppliers generally do not see as a deficiency before the audit takes place. In order to instruct our suppliers before the audit team arrives at the factory, we created a letter for social improvements, including a checklist of 10 points, which the supplier must implement before the audit is carried out. This letter gives the supplier a better guideline with working according to the FWF regulations.

Manroof manual "FWF Code of Labour Practises": In addition to the *letter of social improvements*, we created a detailed manual, based on the findings in the CAP. This manual illustrates important points to follow, in order to fulfil the FWF regulations. Manroof included all points in Chinese language. Manroof took the initiative and created this manual, because the "FWF Code of Labour Practises" is very general and does not include specific instructions for the supplier. Our suppliers can follow the Manroof manual point by point. Each point is described in detail. This makes it easier to quantify the actions and improvements of the supplier.

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. At 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 label.



Visit of factories in Guangzhou November 2010: In order to cooperate with our existing and new suppliers, we appointed VP Rémy Foong to visit the factories in the region of Guangzhou in autumn/winter 2010. Next to visiting existing and known suppliers, Mr. Foong was able to visit new factories and explain the FWF approach and relevance to Manroof. During his visit, Mr. Foong was able to have an insight of the complete production cycle and visit all sub-suppliers in it.

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 or laid out sufficiently. To avoid any misunderstanding and help our suppliers to understand the procedure and work of FWF, we encouraged two of our suppliers to attend a seminar held by FWF in January 2011. We are happy, that both of them accepted the invitation and agreed to receive management training in their factories offered by FWF. 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: It is our goal to have our suppliers checked by FWF appointed auditors as soon as possible. In order to reach this, we have scheduled 3 audits and one re-audit for the year 2011, already.

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. 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 2009 the t-shirt supplier stopped its production and Manroof was forced to switch the orders to a new factory. The new factory was recommended by a partner company. It is a small family run business with limited capacity. After a trial time of three orders, we elected this factory to be our main supplier for t-shirts.

5.5. Integration monitoring activities and sourcing decisions

In the year 2010 Manroof was still suffering from the challenges caused by the financial and economic crisis in the year 2008/2009. The order volume increased compared to the previous year, but was still lower than before the crisis.

6. Coherent system for monitoring and remediation

6.1. China

We found that the CAP can be a suitable instrument to monitor our existing clients. In agreement with the suppliers we define deadlines to solve existing findings in the CAP. We realized, that it is difficult for the supplier to resolve all findings by himself and try to give him best possible support and guidance with setting a limited number of goals each time. Additionally we created a Manroof manual "FWF Code of Labour Practices" to give the supplier specific instruction on how to resolve any finding.

6.2. External production

Until now, no monitoring activities have been carried out at external production sites. The designated auditing firm of FWF has audited two of the companies of our previous t-shirt suppliers. As Manroof does not continue to order from this supplier, no monitoring activities are planned. The external production plant of our new t-shirt supplier has been visited during the stay of Mr. Foong in November 2010.

7. Training and capacity building

7.1. Activities to inform staff members

Manroof is a small company consisting of 7 employees, 4 of them work part time only. 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

No agents are working for Manroof at this time.

7.3. Activities to inform manufacturers and workers

All manufactures have been informed by e-mail and telephone about the Manroof's involvement with the Fair Wear Foundation and its Code of Labour Practices.

As mentioned in point 4. we created a letter for social improvements. This letter includes the following 10 points:

1. *Please post 'Code of Conduct' and PRC Labour law on a prominent place. Please give a copy of both documents to all workers. Please create a paper where all workers confirm to have received these documents.*
2. *Please give a copy of the working contract to all employees. Please create a paper where the workers confirm and sign that they have received a copy of the working contract.*
3. *Please print out the FWF 'Code of Conduct' and PRC Labour law and give it to your subcontractors. Create a paper or excel file where the suppliers sign that they have received both documents.*
4. *Please provide a first aid kit and install it in a prominent place that is easily accessible to all workers.*
5. *Please install emergency lights and emergency signs at safety exits at all floors.*
6. *Please install fire extinguishers.*
7. *Please develop an emergency evacuation plan and post it in a prominent place.*
8. *All sewing machines must be equipped with needle guards.*
9. *Please keep a register with copies of workers ID and copy of written contracts.*
10. *Please keep a register in your company and collect all papers about social matters. Please keep in this register also workers complaints and suggestions, grievance registers, disciplinary notices, workers leave registers, accident & occupational injuries.*

This letter assists the supplier in his efforts to fulfil the FWF requirements before an audit takes place in the factory. Also mentioned in point 4., we created the Manroof manual “FWF Code of Labour Practices” to give the supplier a better guideline how to implement the requirements.

8. Transparency & communication

Manroof communicates the Fair Wear Foundation membership, its Code of Labour Practices, Manroof Management System Audit 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.