



Social Report 2015 (issued 30.03.15)



www.manroof.ch

Start date membership: December 2008

Reporting period (financial year): 1.1.2014- 31.12.2014

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1. Manroof GmbH at a Glance

1.1. Facts & Figures

Manroof GmbH is a niche player for textile promotional products in Switzerland. We design, develop and produce custom made products such as lanyards, t-shirts, sweaters, caps, bags and other textile products. All goods are manufactured on demand in the Far East. In addition to the custom made products, we also process stock garments (especially t-shirts, polo shirts and jackets) with custom logo in silkscreen print or embroidery quality.

Established: 1999

Legal form: Ltd (GmbH)

Owner and CEO: Jacques von Mandach

Employees 2015: 10

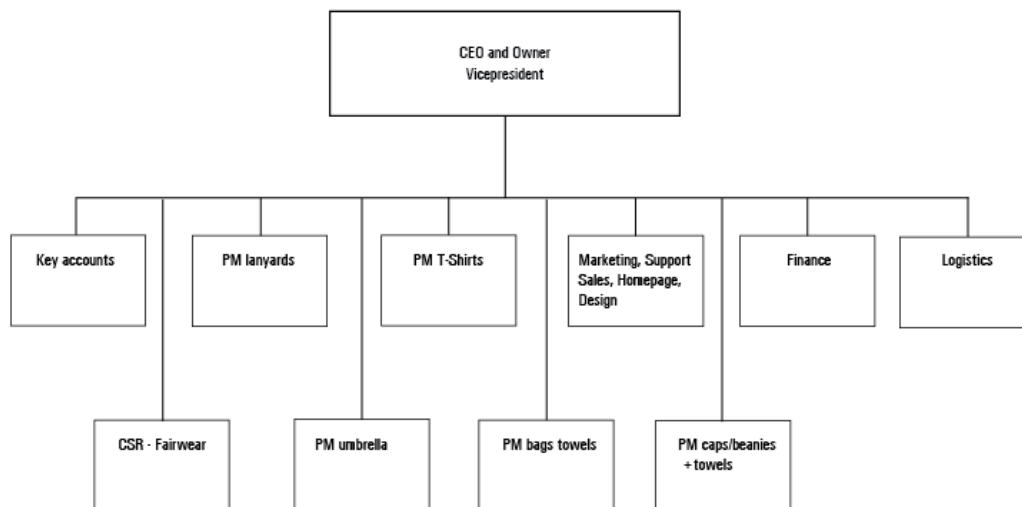
Products: bags, t-shirts, sweaters, lanyards, caps, beanies, jackets, etc.

Product use: retail and promotion

Clients: 90% in Switzerland (2014)

Country of production (2014): 82 % in China (2014), 9 % in Europe

Organisational chart: Manroof GmbH 2013, 07.04.14



2. Summary: Goals & Achievements 2014

2014 was a successful year for Manroof. Overall turnover increased by 20% due to substantial growth in sales of promotional bags.

Since 2010 we have reduced the number of our main suppliers. The reduction allows us to place larger orders with each factory, which gives us a stronger position in negotiating terms. The service and the commitment of the factories toward our demand in improving working conditions have significantly increased. Three of our main suppliers have made continuous progress with the implementation of the Corrective Action Plan (CAP). Only our manufacturer of caps and beanies did not agree to make further corporate social responsibility (CSR) improvements (2014). After several attempts, support and visits to the suppliers factory, we had to end our business relationship after seven years. The search for a new supplier became increasingly challenging, after many factories rejected our demand to cooperate according to the Fair Wear Foundation (FWF) labour conditions. We received a recommendation from another FWF member for a new supplier. The supplier had carried out social audits in the past. We are planning on working with this factory in the future. This new supplier did not reach our expectations. By end of year 2014 we came to a new agreement with our old cap supplier, see informations at chapter 4.4.

In 2014 two FWF audits were carried out. These audits correspond to a 56 % threshold of our buying expenses. - In 2015 four FWF audits are planned. These audits correspond to a 24 % threshold of our buying expenses. Audits in both years summarize to 80 %.10.7 % is the threshold of FWF members and factories in Europe. Thus we reach the requested threshold with 90.7 %.

Inspired by FWF we also changed our sourcing policy for sub-suppliers. The stock garments are mainly sourced from brands, which are member of FWF.

In the past we hired a consultant for the implementation of the shortcomings found in the CAP. In the beginning we sent a Chinese representative, who lives in Switzerland, to our suppliers in order to discuss CSR topics. At the end of 2012 we additionally hired an external consultant, recommended by FWF, to visit and support three of our main suppliers. As we were not satisfied with the results of the visits, we ended the cooperation. In 2013 we started a new approach and hired a second consultant, recommended by FWF. We are confident, that this new consultant can support the suppliers on a professional level. It is an independent CSR consultant, who shows good commitment.

This external consultant is taking care of four of our suppliers: XE, CA, GD and PA. The consultancy is time consuming and costly (EUR 500.00/day).

In November 2013 our CEO visited the four main suppliers in China. The new external consultant accompanied him during all his visits. She helped as a translator and CSR consultant. During the meetings the CEO discussed various business issues. CSR topics were a core subject of the

meetings. In the past years our suppliers focused on the improvements of safe and healthy working environmental issues. Now the focus will be changed to overtime (OT), correct payment of OT and living wage. – The next visit of our CEO is planned to be end of 2015. The main reason of this trip will be to check and confirm the CSR improvements of our main suppliers.

We also encourage our suppliers to attend seminar programs in China, if any take place.

Max Havelaar and Global Organic Textile Standards (Gots) have certified Manroof in the year 2012. As a result of it, we have ordered from suppliers located in India, Turkey, Mauritius and Pakistan, which are Max Havelaar and Gots certified. As these companies have been audited previously to reach the certification, Manroof does not need to audit these factories.

Our CEO Jacques von Mandach has been appointed as the central coordinator for FWF. Ms. Zuzana Valient will assist him in his undertaking.

3. Sourcing Strategy

3.1. Sourcing Strategy & Pricing

Manroof strives to keep a long-term business relationship with its suppliers. It is our goal to know and understand the supplier's supply chain and production method. Convincing suppliers to implement new procedures and standards is often a challenge. In order to increase our negotiating power, we reduced the number of suppliers to increase our relative order shares. During 2013 we worked mostly with the same suppliers as by the end of 2012. By keeping the same suppliers, we were able to improve our relationship and work more closely on FWF-issues.

Additionally Manroof sources all stock garment from sub-suppliers, which are FWF members.

In order to find new reliable suppliers we cooperate with other FWF members in Switzerland. Unfortunately many suppliers cannot compete with our existing buying prices or their minimum order quantities exceed our demand.

It is difficult to source all products in Europe. In some cases we need to order from Chinese suppliers without performing a social audit immediately. If the cooperation intensifies, we will carry out a FWF audit. All new suppliers are informed about the FWF Code of Labour practices.

3.2. Organisation of the Sourcing Department

The management carries out sourcing. All our sales agents have direct contact with the suppliers and act as purchaser. There have been no notable changes in suppliers within the last year.

3.3. Production Cycle

Manroof produces according to the just in time (JIT) method. All products are made-to-order. After defining all specifications, a sample will be manufactured. The standard production lead-time is around 2-3 weeks after approval of the sample.

3.4. Supplier Relations

Our membership at FWF changed our purchasing requirements. We prefer to work with suppliers that have a production site with following criteria:

- Located in Europe: no social audit report is requested, but is welcome.
- Located in risk countries: certified by Max Havelaar, Gots or SA8000. Manroof does not carry out any additional audits.
- Located in risk countries: audited by FWF or by other considerable organisations.

When searching for new Chinese suppliers, we prefer to select an audited supplier.

3.5. Integration Monitoring Activities and Sourcing Decisions

We will not place orders with factories, which do not fulfil basic requirements, or don't have appropriate work areas. Also, if there is the slightest presumption of child labour, or we feel there is not enough capacity to produce our orders we will not start a new cooperation. As soon as new supplier produces as significant quantity and becomes a major supplier of Manroof we intensify the monitoring activities and arrange a FWF audit immediately.

4. Coherent System for Monitoring and Remediation

By 2014 ten audits have been carried out in China.

4.1. Factory A/China (PA)

The order volume in this factory has increased substantially in the year 2014. This benefits our influence to improve working conditions. FWF audited this supplier twice (2011 and 2014). Additionally this factory has been audited by many other organisations (BSCI, Sedex, Coca-Cola). A WEP was carried out in March 2014

In order to fulfil various CSR requirements for the audits mentioned above this factory has solved many open points. We will check the results carefully and keep improving working conditions.

4.2. Factory B/China (ST)

This factory has been audited twice (2009, 2011) and always showed a good level of working conditions, particularly the payment of living wage and OT. There were only some open points in safe and healthy working environment. These open points were corrected during the past years.

The revenue and profit of this factory continuously decreased every year. This makes it more difficult to achieve improvements with CSR. There are only a few employees left in the factory. This year we are going to make the third FWF audit, followed by a WEP.

The scheduled audit and WEP in 2014 was postponed to the year 2015.

4.3. Factory C/China (XE)

This factory has carried out two FWF audits (2011 and 2014). In 2014 there was also a WEP. Due to our high leverage (more than 50% turnover volume), the willingness of the management to cooperate with FWF is good. The management does not have sufficient knowledge on how to address CSR issues, which makes improvements difficult. This is also a reason why they need support from a Chinese CSR expert, which can visit the factory frequently and explain what needs to be done.

The audit report 2014 shows that the paid wage is above the minimum wage, but lower than the living wage. Open points were mainly found with OT and health and insurance.

Our CSR consultant supports this factory since November 2013 and is making continuous improvements.

4.4. Factory D/China (CA)

This factory was audited in 2011 and the working conditions were below average. The management made some improvements regarding safety and health. Overall the manager of this factory was reluctant to do more improvements. We have also sent a CSR consultant in 2013, but the result was not sustainable. In November 2013 our CEO visited the factory and discussed the CSR issues. The plan was to proceed with improvements of OT and correct payment of OT. Our new CSR consultant was instructed to coach the management. Unfortunately the management came to the conclusion, that they are not able to make any further improvements. So we decided to terminate the relationship with this factory (February 2014), although the relationship was good and durable.

Due to the loss of this partner we were forced to find a new supplier. It was a difficult task. After working with the first factory GW we switched to factory GD. At the end of the year 2014 we saw that the factory CA was better in terms of price, quality and delivery. In November 2014 we received a big order of baseball caps (35'000 pc). We asked factory CA if they are interested in

getting this order under the condition to follow the CSR requirements he rejected to do one year before. Factory CA agreed and is now again our main cap supplier. However we need to pay USD 10'000.00 per year to this factory in order to get the CSR improvements done. This is an expensive solution but we think it is worth. We will monitor the improvements carefully.

A FWF audit and a WEP will be carried out in 2015.

Our external CSR expert is taking care of this factory.

4.5. Factory E/China (GD)

We started working with cap supplier early 2014. This factory already had experience with social audits and was willing to implement our CSR requirements. The deliveries of caps and beanies were ok. Service, quality and prices were lower than from our old supplier CA. We are not sure if we are able to place further orders with this supplier. Our last order is dated end of 2014.

Since this factory is willing to make a FWF audit and WEP in March 2014. Factory GD will be a backup supplier for the future. We hope the investment in this company will pay off.

Our external CSR expert is taking care of this factory.

4.5 Factory F/China (HHH)

This factory is working with our agent (BM) and manufactures bags. They received a big order from us in the year 2014. They agreed that a FWF audit can be carried out in 2015, followed by a WEP. This factory has done a BSCI audit in 2014. We are optimistic that this factory will treat our CSR requirements seriously.

The FWF audit at this factory is very important because of the high threshold of our buying expenses (16 %).

4.6. Various Factories

From other Chinese factories, which haven't been specifically mentioned, we received completed questionnaires and social reports (Sedex reports). In case our orders will increase in the future we will arrange a FWF audit.

4.7. External production

When choosing products of external production we give preference to brands, which are members of FWF. This includes brands like Continental and B&C (company Kwintet AB in HK).

No monitoring activities were conducted at suppliers of external production so far. Our buying power is yet too small to make any requests so far.

5. Complaints Procedure

If we receive a complaint, we will question our supplier and instruct the external consultant, if necessary. We have not received any complaints to this day.

6. Training and capacity building

6.1. Activities to inform staff members

All Manroof employees are aware of our membership and of Fair Wear Foundation. The information flow within the company is very fast. All employees have been informed in detail regarding our FWF membership.

6.2. Activities to inform agents

We generally do not work with agents and prefer to order directly from the factory. Our only agent is BM (supplier of premium bags). This agent is informed about the CSR requirements. The communication between the factory, agent and us is good.

6.3. Activities to inform manufacturers and workers

The management of our suppliers in risk countries have been informed by e-mail about Manroof's involvement with the FWF and the Code of Labour Practices. Our four biggest suppliers are aware that we request constant social improvements. These four suppliers have informed their workers about FWF. - Despite the effort of management, workers are still not very well aware of their rights and FWF's Code. After done the WEP at all our main suppliers we hope that CSR issues will be better understood by the workers.

7. Transparency & communication


Manroof communicates its FWF membership on the website, catalogue and e-mails. We also mention it in our sales calls or written communications with clients.


<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>with manroof url</p>  </div> <div style="text-align: center;"> <p>neutral</p>  </div> </div> <p style="text-align: center; margin-top: 10px;">fold</p>	<p>The labels on our products also inform about our FWF membership and in which country or city the product was manufactured.</p> <p>Ever since joining the FWF we have worked towards receiving the honour to label our products with the reference to FWF. Since 2010, 90% of our suppliers have been audited by FWF appointed auditors and we thereby have fulfilled the FWF requirements allowing us to label our products with the FWF label. We also developed a special hangtag for resell companies. On these labels Manroof is not mentioned, instead it indicates our FWF member number.</p>
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8. Stakeholder Engagement

There are no stakeholders engaged at Manroof or at our supplier's factories. Manroof uses resources from non-profit organisation such as FWF, Clean Clothes Campaign (CCC) and the media to get more general information about CSR issues.

9. Corporate Social Responsibility

	<p>Since year 2012 Manroof acquired the licence to produce Fairtrade Max Havelaar products. The license enables us to produce with Fairtrade Max Havelaar certified productions all over the world. The regulations are very strict and only selected factories meet the requirements. At the moment it is not possible to produce Fairtrade Max Havelaar certified goods in China. We have used the license to place orders in India, Turkey and Mauritius.</p> <p>FLO-ID: 27588</p>
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 The logo for the Global Organic Textile Standard (GOTS) is circular. It features a green outer ring with the text "GLOBAL ORGANIC TEXTILE STANDARD" in white, uppercase letters. Inside the ring is a white silhouette of a long-sleeved shirt with a collar, set against a green background.	<p>Since year 2013 Imo Control has been Gots certified Manroof. The certification entitles us to process and market textiles according to the Global Organic Textile Standard (GOTS) 4.0. This able us to sell garments made of 100 % organic cotton.</p> <p>We have used the license to source such products India and Mauritius.</p> <p>Certificate of Compliance No. 120003. The certificate was renewed every year.</p>
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