



Social annual report 2013

Mayerline  
BRUSSELS

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## Mayerline. A made in Belgium story, for over 50 years.

Mayerline lives and breathes fashion. Like no other, this fashion house strikes the balance between the latest in fashion and the clothing that women love to wear. Today, a committed and enthusiastic team is the foundation of our collections, attesting to their dedication, talent and love of the craft, time and again.

### **1957-1987 | From atelier to fashion brand**

1957: In their modest atelier in Brussels, Joseph Meyer and his wife Jeanne Vrijdags design their first clothing line consisting of jackets and coats. This introductory effort is soon followed by women's suits and other garments. Jeanne's elegant creations gain them an enthusiastic following of customers. Initially sold at outdoor markets, the collections quickly find their way into multibrand shops. With time, Joseph and Jeanne take over several shops of their own. It is in one of these that their son Maurice begins working at the age of 14. He meets his wife Frieda Zegers and, thanks in part to her creative input, the shops grow into well-known fashion concerns.

1965: Pierre Fogiel takes the helm and brings further structure to the company, resulting in brisk growth.

1980: Maurice Meyer becomes Managing Director of Mayerline, focusing on developing the collection, and in 1986 Mayerline is launched as a brand. The first catalogue is published.

1987- 1997 | Mayerline invests in order to develop its strengths. The Belgian retail market forms the basic outlet for the collection and this proves such a success that in 1995 they are able to open their own shops. In 1996 the first "shop in shop" is opened at a branch of the Galeria Inno department stores. Mayerline remains a fixture in multibrand shops as well.

### **1997-2007 | The expansion: Belgian roots & international production**

1999: Mayerline opens its foreign production site in Lithuania. Shortly afterwards, the shop concept is updated as well. Maurice Meyer, now assisted by his son Christophe, his daughter Annick and a team of loyal and competent employees, aims to expand further.

2006: Mayerline has 25 shops of its own and the brand is also distributed in all 15 branches of the Galeria Inno department stores. One year later, boutiques are opened in Mol, Lommel, De Panne, Ieper, Mortsel and Waregem. In the meantime, the line of clothing has become available in 165 multibrand shops. There are also over 20 shops in the Netherlands.

### **2009 | A look ahead to the future**

The expansion within Belgium progresses with the opening of new shops in locations such as Beveren, Waterloo, Halle, Sint-Truiden and Genk. Mayerline looks to continue its growth internationally.

**2010 | In cooperation with the Fair Wear Foundation Mayerline NV signs the Code of Labour Practices**

**Additionally, Mayerline introduces core company values in order to bring expectations and its approach to working with all stakeholders into alignment—customers, coworkers, owners and the general public.**

## Family spirit

*Together we are strong*

We are enthusiastic and proud to be a part of the Mayerline family, working constructively together, actively participating and placing the interests of Mayerline, as an entity, over and above the interests of the individual. We are motivate to help others achieve the best results.

## Ownership

*The responsibility is ours*

We take responsibility for what we do and honor our commitments. We make our decisions based on fact and the latest industry knowledge as we seek to form an honest and informed position.

## Positive attitude

*We are motivated to do this - each day, every day*

We inspire confidence and respect in an open, warm and authentic manner. We think and act with a win-win mentality. With optimism and a can-do spirit, we come out the winner every time.



Mayerline  
values

## Driven to excel

*Just that little bit more*

We strive to excel in all that we do, applying a focused approach to our work until results are achieved. Mayerline's time-honored strengths and unique approach allow us to continue making our mark: the highest quality product and superior customer service.

## Continuous development

*Always moving forward*

This is our passion—we don't stand still, we're always learning something new. Keeping time with the needs of the market, we adapt the image and direction of the company, aligning the working practices of Mayerline with the goal of always strengthening its unique position.

## Sustainability

*A company for today...and tomorrow*

We strive to achieve sustainable development with healthy returns over the long term, building mutually beneficial relationships with all of our stakeholders and partners. Respect for our planet is a foundational principle and an opportunity to grow, adapt and fulfill our responsibilities.

### **2013 | CRG (JBC's holding company) acquires a majority share in Mayerline**

Complementary fashion brands join forces to create a launch platform for growth. Two families come together in this effort; “The acquisition is part of a logical growth process,” said Bart Claes, CEO of JBC. Founded in 1975 by father and former pro-cyclist Jean-Baptiste Claes, JBC has evolved, in just a few decades, to become one of the most prominent and dynamic Belgian fashion retailers, with 130 stores in Belgium and Luxembourg. The goal is to remain consistent in preserving the unique identity of both JBC and Mayerline. The companies continue to follow the paths previously outlined.

## **Corporate responsibility**

When it comes to Corporate Social Responsibility, both brands (JBC & Mayerline) are aware of and committed to a mutual learning process. And as a concept, ethical entrepreneurship is a perfect match for the DNA of JBC. According to Ann Claes, Chief Buying Officer JBC: *“A cross-pollination between Mayerline, with its production platform in Lithuania, and JBC, which has a significant number of its products manufactured in the Far East, will lead to an even higher ethical awareness.”*

Mayerline has consistently focused not only on producing the highest quality products, but on ensuring that garments are produced under proper labor conditions. In 2010 it was decided that this process should be made yet more structured and formal by applying for membership with the Fair Wear Foundation.

As more than 73% of Mayerline suppliers are partners of more than 5 years, and aware of the Mayerline culture and product, most of them were familiar with the Corporate Social Responsibility (CSR) policies and have been audited more than once in the past.

Continuous development and work with our long term partners forms a vital link in our sourcing strategy - together we are strong.

## Sourcing strategy

Mayerline & MLI (Production Company of Mayerline) encompasses two main product types: garments/products that are purchased from the suppliers, and the products we produce from our materials +CMT (confection). The company's sourcing strategy remains constant across all products: quality first. Sourcing countries and partners are long-term relationships and do not change rapidly year to year.

Production geography:



The sourcing & trade department, together with MLI (over 30 people), are responsible for the presentation of the collection package in terms of quality, price and selection of the production partner.



## **Production cycle**

Mayerline produces two main collections annually: summer and winter. In both cases the season schedule is fixed and encompasses each stage in the process, from collection creation up to its delivery to shops. Lead times for each process are planned carefully in order to ensure quality at each step. Mayerline's principle is that suppliers are to be involved in the collection creation process, thus the styles of future collections are clear to the factories in advance. Production quantities are communicated as prescribed by the season schedule. Evidence of our success through the years in reaching the proper balance in planning is shown in the consistently positive remarks from audited partnering factories concerning the time provided for production (planned individually for each supplier and genre).

## **Supplier relations**

All major partners and sourcing countries remain the same as in recent years. More than 73% of Mayerline suppliers are partners of more than 10 years and another 7% are partners of more than 3 years. Less than 1/5 of the total volume being produced takes place at newly sourced factories (Turkey, Portugal and China), and Mayerline is confident that these new partnerships will develop into long-term relationships as well.

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

Understanding the strengths and capacities of our suppliers, we divide production per genre accordingly, not basing production quantities (or the decision to produce/not produce) on the findings in the audits of our supplier factories. We do this, first, because the findings were never crucial to take such decisions, but also because this is simply a matter of Mayerline culture. We work to build partner relationships with our suppliers, and by dealing with the problems (also related to implementation of Code of Labor Practices) through dialogue, suppliers perform and comply with greater confidence. After doing the necessary investigation into the history and background of the matter, we have sufficient knowledge regarding any potential issues to discuss the "difficult" points and work toward finding appropriate solutions.

## Coherent system for monitoring and remediation

Mayerline produces a large percentage of confection garments in the European Union (Lithuania for over 14 years), constituting over 41% of total Mayerline production in the European Union for the two collections of 2013 (mainly Lithuania and Portugal). Mayerline started the fourth year (after signing Code of Labor Practices) with over 90% of product originating in the factories which have been audited or declared "low risk countries."

Factory	Country of Production	% of total production /purchases for 2013 by Mayerline	2013: % originated in the factories which have been audited or from factories in "low risk countries"	Plan 2014	Corrective Action Plan in progress	Turnover, EUR
Factory A01	China	25,4%	25,4%	25,0%	+	2.457.264
Factory A02	Lithuania	29,8%	29,8%	30,0%		2.882.568
Factory A03	Portugal	7,5%	7,5%	8,0%		725.398
Factory A04	China	6,0%	6,0%	6,0%	+	578.505
Factory A05	Italy	1,2%	1,2%	2,0%		117.255
Factory A06	China	3,0%		2,7%		293.553
Factory A07	China	6,6%	7,0%	7,0%	+	635.142
Factory A08	Portugal	2,7%		3,0%		265.172
Factory A09	Russia	1,2%	1,2%	2,0%		118.679
Factory A10	Lithuania	0,3%	0,3%	0,3%		24.450
Factory A11	Turkey	14,9%	14,9%	10,0%	+	1.443.342
Factory A12	Turkey			4,0%		
Other 3 with <2% turnover	China, Turkey	1,4%				139.526
			<b>93,2%</b>			



Currently Mayerline has 4 active Correction Action Plans (CAP) with its suppliers in China and Turkey.

For the factory in China, from which Mayerline produces/buys nearly 30%, a Corrective Action Plan (CAP) is in progress (dating from 2010), together with two other FWF members. The scope of the issues to be solved is broad (i.e. matters including emergency sign location and size, warning signs and fire hydrants, as well as matters regarding the paying of living wage). By communicating and visiting the supplier, the operational and urgent issues were solved and documented. Nevertheless, the second audit (re-audit by FWF) indicated (and went even further) and highlighted yet more complex issues. After dealing with the urgent issues, the focus turns to the more complex issues to be solved together with the factory:

- . Wages are below living wage estimated by local stakeholders
- . Workers are not informed or consulted about PRC Labour Law or FWF Code of Labour Practices
- . No democratically elected union. The existing union is not active
- . Issues of overtime payment, in combination with errors in recording working hours

With each visit by Mayerline representatives, working on the CAP is one of the points of agenda.

The target for 2014: to continue working with the factory by implementing CAP.

The second audited Chinese factory produced nearly 6% in 2013. The CAP indicates issues very similar to those stated in the audit of the first factory of the same group, from concerns regarding safe and healthy working conditions to overtime issues and the payment of a living wage:

- . Issues of overtime payment, in combination with errors in recording working hours
- . Workers not made aware of their rights regarding the freedom of association
- . Workers not consistently receiving at least one day off in a 7-day period
- . A safe and healthy working environment not assured in some of the cases

CAP was agreed upon and worked out in several steps:

1. Solve health & safety issues (fix exit signs, unblock fire extinguishers, chemical containers to be posted with safety labels, publicizing the FWF code etc.)
2. Implement transparency on documentation related to working hours and assuring one rest day in every week

3. Have transparent documentation regarding working hours and focus on ensuring the payment of a living wage to workers

The next factory visit will be held in April 2014.

The third active CAP is with the factory of a new partner of Mayerline in Turkey (produced 14.91% for two seasons of 2013). CAP revealed the following important findings:

- . The FWF Code of Labour Practices is not communicated to workers
- . Discriminative practices towards workers who were union members
- . Union representatives not provided free access to workers
- . Wages higher than legal minimum wage, but do not meet local stakeholders estimate of a living wage
- . Safe and healthy working environment is not assured in some the cases

After another complaint upon the dismissal of union members at the same factory, several steps were taken in order to create another dialogue between management, the union, FWF & Mayerline. In the end, the Collective Bargaining Agreement (CBA) has been accepted by the factory, making this factory the ONLY knitting facility in Turkey with a CBA! This example shows that even a “local,” “narrow” initiative makes an impact on a country level.

In light of all of these issues, in cooperation with our suppliers and Fair Wear Foundation, we can state that the perfect factory does not exist. Only by constant and consistent efforts, and a willingness to address and solve them together, will we achieve ideal working conditions in our supply chain.

Having focused on our Far East suppliers we encourage our European suppliers to join our initiative in working toward transparency in all of the requirements related to Code of Labour practices as well.

## Complaints procedure

Mayerline received a complaint from a factory worker in Turkey at the end of 2013. The supplier had signed the questionnaire and confirmed their compliance with the Code of Labour Practices at the inception of our partnership, nevertheless, after auditing the factory and settling one complaint in 2012, another complaint arose upon the dismissal of union members at the same factory in 2013. However, with the support of FWF, and through dialogue, it was apparent that all parties were committed to finding a workable solution. As a result, The Collective Bargaining Agreement (CBA) was concluded, and with great benefits for the workers!

## Communication & Transparency

There are several ways in which the Code of Labour practices are communicated to manufacturers and workers:

- . By sending the questionnaire (and lead letter)
- . By requesting confirmation of our general cooperation rules (web site [www.mli.lt](http://www.mli.lt) with FWF information in it)
- . By visiting the suppliers and explaining Mayerline's decision to be an affiliate of FWF.

In order to better inform our suppliers we have implemented a web site dedicated to our suppliers. The link "login supplier" at [www.mayerline.be](http://www.mayerline.be) is where all of our registered suppliers (including raw materials suppliers) are informed of general conditions, including Code of Labor Practices, our anti-corruption statement, environmental requirements, etc.

The Mayerline supplier center is designated as a general cooperation contract for its suppliers and producers.

In order to realize our future goals, and in order to continue to work according to our company values, we seek suppliers with whom we can make clear agreements and that are ready to respect these agreements. We believe in an open and transparent communication.