



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

Content

Content	2
1. Introduction by Jacques von Mandach, CEO Manroof GmbH	3
2. Manroof at a glance	3
3. Social Issues.....	4
4. Summary: goals & achievements 2009	4
5. Sourcing strategy.....	6
5.1. Sourcing strategy & pricing	6
5.2. Organisation of the sourcing department.....	6
5.3. Production cycle	7
5.4. Selection of new factories	7
5.5. Integration monitoring activities and sourcing decisions	7
6. Coherent system for monitoring and remediation	7
6.1. China.....	7
6.2. External production	8
7. Training and capacity building	8
7.1. Activities to inform staff members.....	8
7.2. Activities to inform agents	8
7.3. Activities to inform manufacturers and workers	8
8. Transparency & communication	8

1. Introduction by Jacques von Mandach, CEO Manroof GmbH



Manroof was established in the year 1999. During the last ten years we become more conscious about the way we produce the goods we sell. Next to our own view, the clients requested more transparency about the conditions of production. This gave 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. We hope that our sacrifice in management capacity and money will improve and guarantee clean working conditions.

We are pleased to present our first social report to you.

Jacques von Mandach
CEO Manroof GmbH

2. Manroof at a glance

Established: 1999

Legal form: Ltd (GmbH)

Owner and CEO : Jacques von Mandach

Employees 2010: 5

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

Product use: retail and promotion

Clients: 90 % in Switzerland

Country of production: 80 % in China

3. Social Issues

As Manroof became bigger, social issues became a more important weight to us and to our clients. We realized that having a code of conduct and just have it signed by our suppliers is not enough. We were looking for something more reliable. By becoming a member of the Fair Wear Foundation (www.fairwear.org) we found a good way to implement a system in our company and to find a solution for all social issues.

4. Summary: goals & achievements 2009

Manroof GmbH is a niche player for textile promotional products in Switzerland. Since ten years we design and produce with our suppliers in the Far East premium quality products such as lanyards, t-shirts, sweaters, caps and bags. Our goal was to integrate a solution for improving and monitoring social issues

Manroof has appointed CEO Jacques von Mandach and Vicepresident Rémy Foong as responsible for the Corporate Social Responsibility (CSR). They are responsible for implementing the social monitoring and reporting system.

Becoming a member of Fairwear at the end of the year 2008 we started our social responsibility by implementing a system with monitoring and verifying procedures. For the first time Manroof signed a code of conduct with its producers. This most restrictive code on the market is based on the conventions of the market is based on the conventions of the International Labour Organisation (ILO) and the Universal Declaration of Human rights.

In the past ten years we visited our producers frequently. During the visit of three main suppliers in December 2008 by Rémy Foong, we were able to view actual condition of the production. This information was helpful to understand the output of the audits carried out in November 2009 at the factory of our main supplier and his two subcontractors, which supply more than 60% of our yearly production.

For the first time ever our main suppliers were audited in 2009. The result of the audits was satisfying, as no unexpected outcome resulted. The factories that were audited have already reached a good working standard, although they still have potential for improvement.

The detailed results of the management system audit report can be found on the Fair Wear Website (www.fairwear.org). The report contains a lot of information on the level of working conditions in our factories. This report can be downloaded as PDF file and is accessible to the public.

The results show that we have to focus on decreasing the amount of overtime hours, improving the quality of record keeping and documentation in factories, and general improvements on

health & safety. These three points have been made our top priority in improving the conditions in our factories.

Manroof will support its suppliers by actively communicate and follow up on the issues, which have to be improved. If the supplier cannot implement the improvements on its own basis, Manroof is willing to support the supplier with financial aid. Furthermore, the staff of Manroof plans to visit its key suppliers more frequently, in order to achieve a closer cooperation.

On the positive side, we are pleased to find the confirmation in the audit report that our suppliers pay wages, which are above average in comparison to other chinese garment manufacturers.

Based on the findings of the audits, Manroof is able to see possible improvements in the production of their suppliers. In the Corrective Action Plans (CAP's), which were made by the audit teams for each audited factory, all open findings are mentioned in detail. Manroof will monitor the CAP of their producers in order to achieve further improvements.

Manroof sees it as an achievement to gain awareness of its largest supplier regarding the necessity of the implementation of the Code of Labour Practices.

The good cooperation during the audits confirmed the willingness of improvement. Based on the CAP, Manroof will work together with the supplier to resolve any open points.

To ensure the engagement of the suppliers, Manroof has asked to translate the CAP of each factory into Mandarin Chinese, in order to give the factory full transparency of the results of audits. Manroof believes that this step will support the fast and efficient correction explained in the CAP.

This is the first social report of Manroof. This report will be issued from now on annually. According to the rules of Fair Wear Foundation in 2010 60 % of our suppliers must be audited. As we already achieved this figure in 2009 no company will be audited this year (2010). In the 2011 we must have audit 80 % of our producers. Therefore 2011 will be a very challenging year because we might audit many producers in order to achieve 80 %.

Looking back on the audits of the year 2009, we realized that we still have many challenges to take. After getting to know the procedures and system of the Fair Wear Foundation we can better implement the necessary steps to support our suppliers in improving the working standards.

We understand our membership in the Fair Wear Foundation as an ongoing process with difficulties. We believe that due to the good monitoring system and our efforts, we will be rewarded and we can make a difference in how our products are produced.

For this year, we will focus on the follow up of the improvements according to the Corrective Action Plan and giving more information to new suppliers.

5. Sourcing strategy

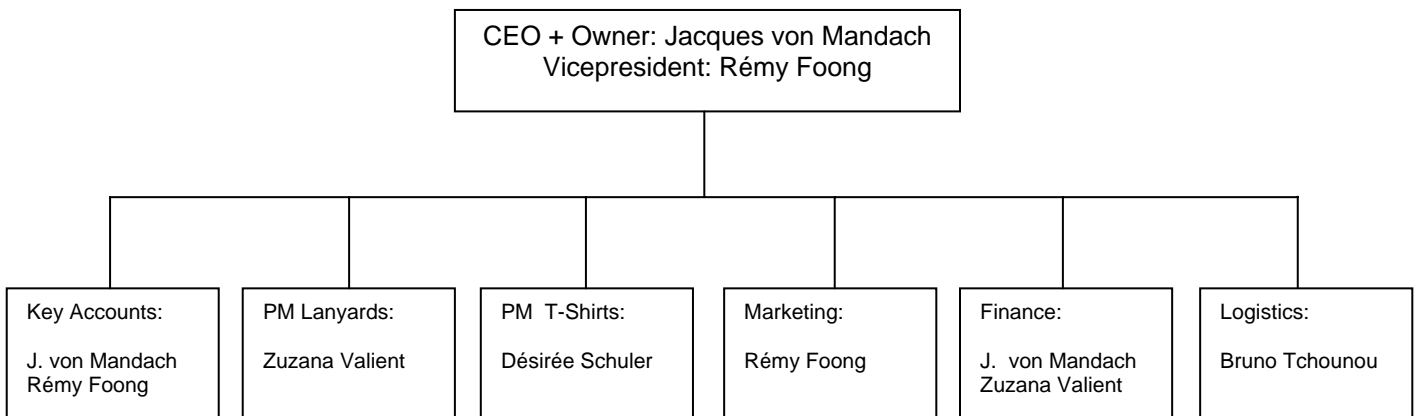
5.1. Sourcing strategy & pricing

As a small company, Manroof tries to keep a long-term business relationship with its suppliers. It is a 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. New suppliers are acquired, if new products are added to the assortment or requested by the client, which cannot be provided by the existing partners.

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. 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. All product ranges are set like a building block. The client can choose of many variations and create its individual product. 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 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 at least 2 years, if larger business volume is reached.

5.5. Integration monitoring activities and sourcing decisions

The year 2009 was a challenge in many ways for Manroof. Because of the financial and economic crisis, the order volume was lower than in previous years. This also resulted in less new inquiries for new products. Manroof was able to work closer with existing partners.

One new supplier had to be found for a single order. Besides our regular checks, we also informed the new supplier about our membership of Fair Wear Foundation. All producers received our code of conduct and had to fill out a questionnaire.

6. Coherent system for monitoring and remediation

6.1. China

Since we have only joined the Fair Wear Foundation in the end of the year 2008, we concentrated during 2009 to inform our suppliers of the implementation of the Code of Labours and its effects in a first step.

After the audits carried out in November 2009 helped us to position us and our suppliers within the production circle. According to its findings, we are monitoring the audited factories with CAP's (Correctiv Action Plan). The management of Manroof and the supplier has agreed to resolve the points mentioned in the Action Plan until end March 2010.

6.2. External production

Until now, no monitoring activities have been carried out at external production sites. The designated auditing firm of Fair Wear Foundation has audited two of the companies. Because of the language barrier, Manroof is in discussion with the management, which monitoring activities could be implemented together.

7. Training and capacity building

7.1. Activities to inform staff members

Manroof is a small company consisting of 5 employees. 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. In addition, a special meeting was set in August 2008 regarding the actions taken.

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 involving with the Fair Wear Foundation and the membership at the end of the year 2008. Since our main supplier (60%+ production volume) has been audited at the end of the year 2009, the cooperation is very close. Manroof has also asked the management to inform the workers accordingly.

8. Transparency & communication

Manroof communicates the Fair Wear Foundation membership and its Code of Labour Practices on its website www.manroof.ch. In addition, a newsletter was sent in spring 2009 to all of the existing clients.

Manroof also points out our dedication on all written communications, e.g. catalogue, quotations, sales calls.

All employees are advised to inform clients about the Fair Wear Foundation and its Code of Labour practises.