



Made with respect

2009 REPORT

Social
Environment
Economy

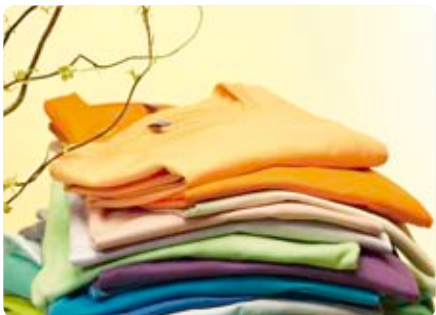
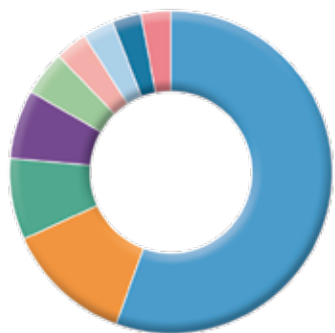
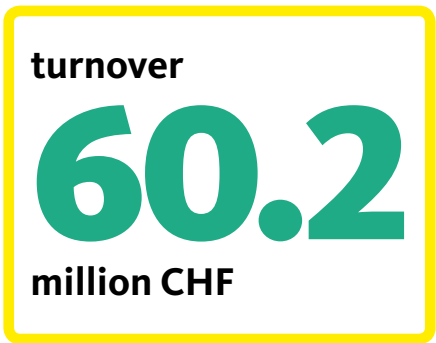
SWITCHER 2009 IN SHORT

Sustainable development meets the needs of the present without compromising the ability of future generations to meet their own needs.

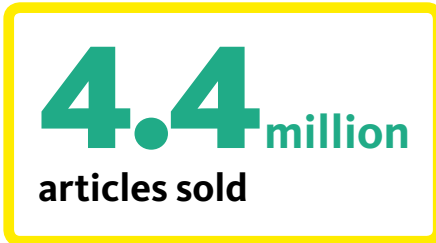
(source: Brundtland Commission, UNO 1987)

STRUCTURE

- > 102 employees
- > 30 suppliers (factories) in 8 production countries
- > 299 points of sale in Switzerland
- > 1,051 Corporate clients in Switzerland and Europe

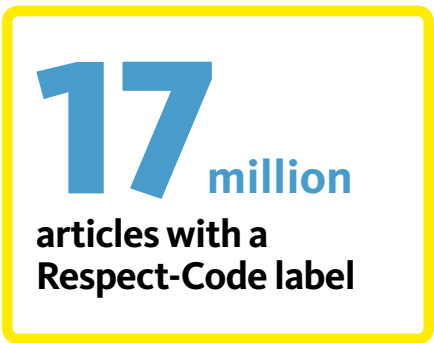


| | |
|---------------|------|
| T- shirts | 56 % |
| Polos | 13 % |
| Light jackets | 8 % |
| Sweaters | 7 % |
| Pants | 4 % |
| Jackets | 3 % |
| Accessories | 3 % |
| Caps | 3 % |
| Miscellaneous | 3 % |



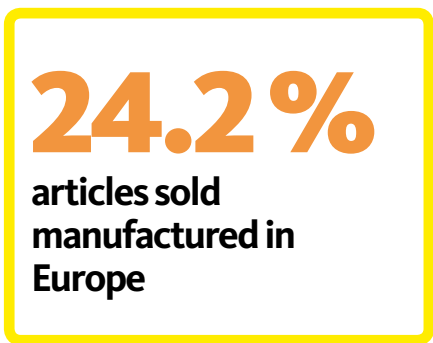
TRACEABILITY

- > 134 manufacturing steps listed and published



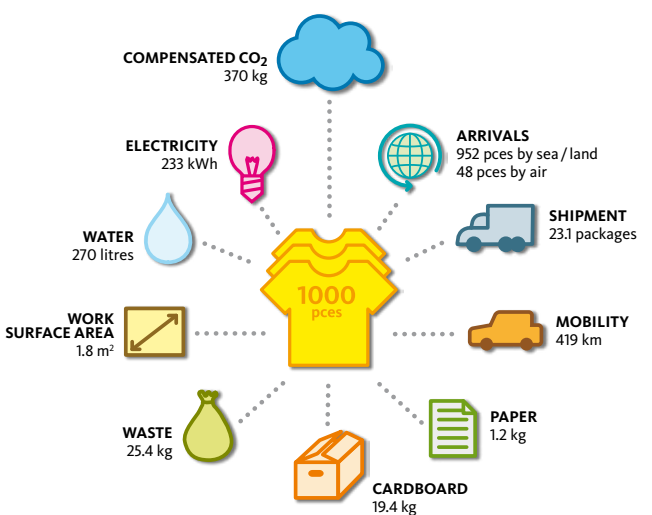
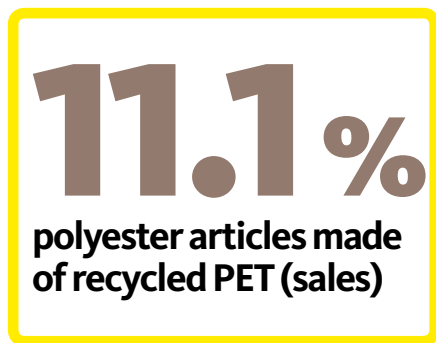
SOCIAL

- > New Ethical Charter for employees
- > Member of the Fair Wear Foundation since 2006
- > 4.5 % cotton articles sold under the Max Havelaar label



ENVIRONMENT

- > 1,628 tons of CO₂ compensated
- > 16.1 % cotton articles made of organic cotton (sales)



ENVIRONMENTAL IMPACTS FOR EVERY 1,000 ARTICLES SOLD

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1 PROFILE

1.1 | STATEMENT FROM THE FOUNDER



ROBIN CORNELIUS
FOUNDER AND PRESIDENT OF THE BOARD

R.

Today more than ever, awareness of the impact of our actions on the evolution of the planet is vital. The highest summits of the Earth have become motorways and the oceans' depths scrap heaps. But our planet is one that should be cherished and protected. We need to raise individuals' awareness of the limits of the Earth's resources and the prospects for future generations.

Although we live in the age of technology, we are not well informed. Nowadays, consumers are only told about the price and brand of an article of clothing. Switcher has based its company culture on facilitating individuals' ability to access information through the transparency of the manufacturing chain. By giving access to information as well as full traceability of the product, we enable consumers to become personally responsible for their purchases.

Through my participation in the Social Accountability International's (SAI) Advisory Board, where the largest brands are represented, coupled with the testimony of a Swiss SME which has a 12-year involvement in social and environmental responsibility, I continue to enable Switcher to be a major player in our industry. Transparency has been a given for Switcher over the past four years, as each product bears a label which allows tracability from raw materials to our central distribution warehouse.

I would like to warmly thank all our stakeholders, employees, suppliers, customers and partners for their commitment and unwavering support of our sustainable development approach, that aims to achieve transparency in all stages of our products' life cycle.

1.2 | **INTERVIEW WITH THE CEO****What were the highlights for Switcher in 2009?**

Several significant developments have pleased me greatly during the past year. In the spring, we achieved considerable success with the launch of our BAO product – the t-shirt of a responsible generation – that became a bestseller on the market as soon as it was available. We have also extensively improved our traceability. We want to make information relating to our manufacturing chains accessible to all of our customers. In 2009, we focused our efforts on the water used during the production of our textiles. Together with CO₂ emissions, water will be one of the major environmental themes of the coming years. Switcher will raise its customers' awareness on this issue as well as, focusing its efforts to ensure that the production of clothing causes the least possible harm to the environment.

Last December, the Board of Administrators ratified the Corporate Social Responsibility (CSR) strategy that will enable the company to pursue its social and environmental commitment. It is clear that we wish to remain pioneers in our industry, in partnership with our suppliers.

The textile market was globally hit by the recession. What was the impact on Switcher?

In the Retail area, we were successful in preserving our position in the market. In fact we attracted new customers for whom the recession triggered more responsible purchasing. In the Corporate sector, the

situation was totally different. We were heavily affected in this area since many of our customers reduced their textile and merchandising budget as they were hit by the financial crisis. We anticipate a difficult economic environment for 2010 in this sector. However, the crisis has meant that we have improved our structures, our processes and our product offering, and we are certain that we will emerge stronger.

What were the most significant changes in 2009?

We had to make structural and personnel changes that involved much energy and time. The changes initiated in 2008 were continued in 2009 and partially completed. At the end of the autumn, we implemented a new computer management system that has had a strong impact on the whole company. Of course, considering the scope of this project, there were a few unpleasant surprises our employees as well as our Retail and Corporate customers experienced inconveniences. I would like to thank everyone concerned for their effort and patience during the transition period. The changes will bring lasting improvements both for our services and products.

We have also worked extensively on developing new conditions for customers.

What is the outlook for Switcher in 2010?

In an economic environment that is expected to be difficult, we will complete the changes undertaken since 2008. In addition to the CO₂

index, we will offer the H₂O index on three of our products. In 2011 we will display this index on our whole collection in order to improve our transparency as well as the availability of information to our consumers. From the Autumn, new technical products made of recycled PET will be launched. 2010 will also see the development of articles made of organic cotton for the 2011 collections.

How important will social and environmental issues be for Switcher in the future?

These areas will become even more important. We are convinced that the direction taken by Robin Cornelius at the beginning of the nineties was the right one. Thanks to his constant commitment, Switcher is internationally recognized in the area of sustainable development. Many other textile brands, sometimes even large ones, follow our work in this area and are also convinced that this area will be increasingly important in the future. We want to strengthen our position and continue its development. We wish to remain pioneers in CSR and thanks to sizeable investment we will always be at the heart of the action.

What are Switcher's strengths?

As time goes by, it has become evident that Switcher possesses very high credibility with the public. Customers trust us. Of course, this stems from the quality of our clothing, but also from all the developments we have undertaken both socially and environmentally over the past few years, to ensure that our

clothing is produced respectfully. We offer consumers traceability of their product, which enables us to differentiate ourselves from the other brands that also support aspects of sustainable development.

Our great strength today is to have found a new balance between the requirements of financial results and the inherent ethical values of the company. Throughout its history, the company has acted as a pioneer in the area of social and environmental responsibility. Our multiple commitments in favour of responsible production are acknowledged by many non-governmental organizations in both Switzerland and in other countries.

What is new in this report?

This report was created by our CSR department in accordance with the Global Reporting Initiative (GRI) guidelines. It delivers detailed information concerning our commercial activities and our commitments in sustainable development. As we are not quoted on the stock exchange and do not publish a financial report, this report provides the main quantified data. It underlines our aim to achieve greater transparency.



ANTONIO RUBINO
CEO

1.3 | REPORT SCOPE

This report aims to provide a fair and balanced view of the Switcher Group's performances during the calendar year 2009 in the area of sustainable development, and the endeavours to meet the main expectations of our stakeholders (shareholders, customers, employees, suppliers, etc.).

Switcher also wishes to raise its stakeholders' awareness in order to minimize impacts and optimize its positive contribution to a world more focused on the values of sustainable development.

The activities of Switcher Quality Textiles India are not taken into account in this report, as they are independent of the Swiss headquarters. Switcher Holding SA owns 55 % of the shares.

Scope and methodology of the Report

The content of this report has been prepared using indicators chosen in order to take into consideration our business impacts on the economy, social issues and the environment.

These indicators also take into consideration the Global Reporting Initiative's (GRI) recommendations.

1.4 | VISION & MISSION

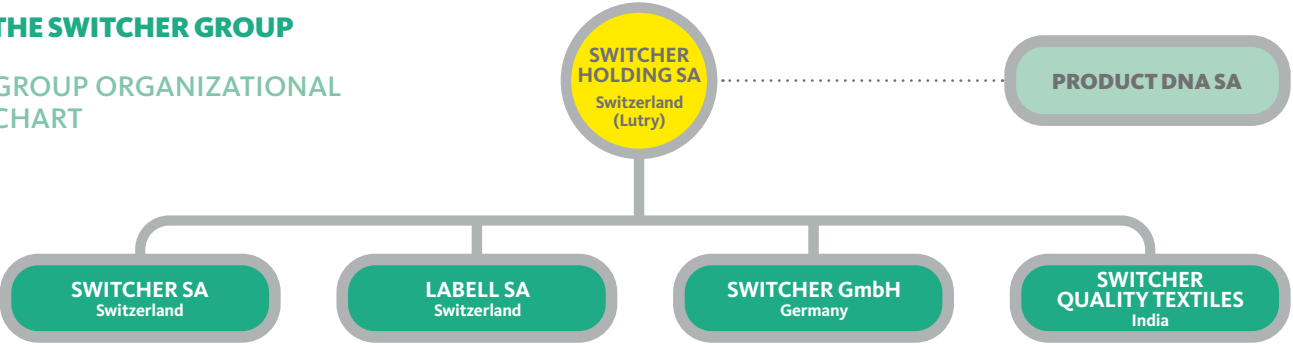
Switcher creates comfortable, attractive and high quality textile products, in a wide range of colours, permanently available, showing a bias for simplicity and utility.

Switcher products are fully traceable and made in respect with man and nature, in causing no unnecessary harm to our planet.

“Premium Quality Textiles Made With Respect”

1.5 | THE SWITCHER GROUP

1.5.1 | GROUP ORGANIZATIONAL CHART



Significant Changes in the Organization's Size, Structure and Ownership in 2009

In September 2009, in order to optimize the level of service, the activities of Switcher SA and Switcher GmbH were grouped together at Le Mont-sur-Lausanne headquarters.

1.5.2 | SHAREHOLDERS

| | |
|-------------------------------|---------|
| Robin Cornelius, Switzerland: | 64.35 % |
| MGA Holding, Sweden: | 30.43 % |
| Christian Heime, Spain: | 3.48 % |
| Antonio Rubino, Switzerland: | 1.74 % |

1.5.3 | BOARD OF DIRECTORS

Members of the Board of Directors are elected once a year. They do not receive fees or expenses, except for Mr De Meyer, whose allowance is paid directly to the foundation Le Solstice.

In 2009, the Board of Directors met six times.

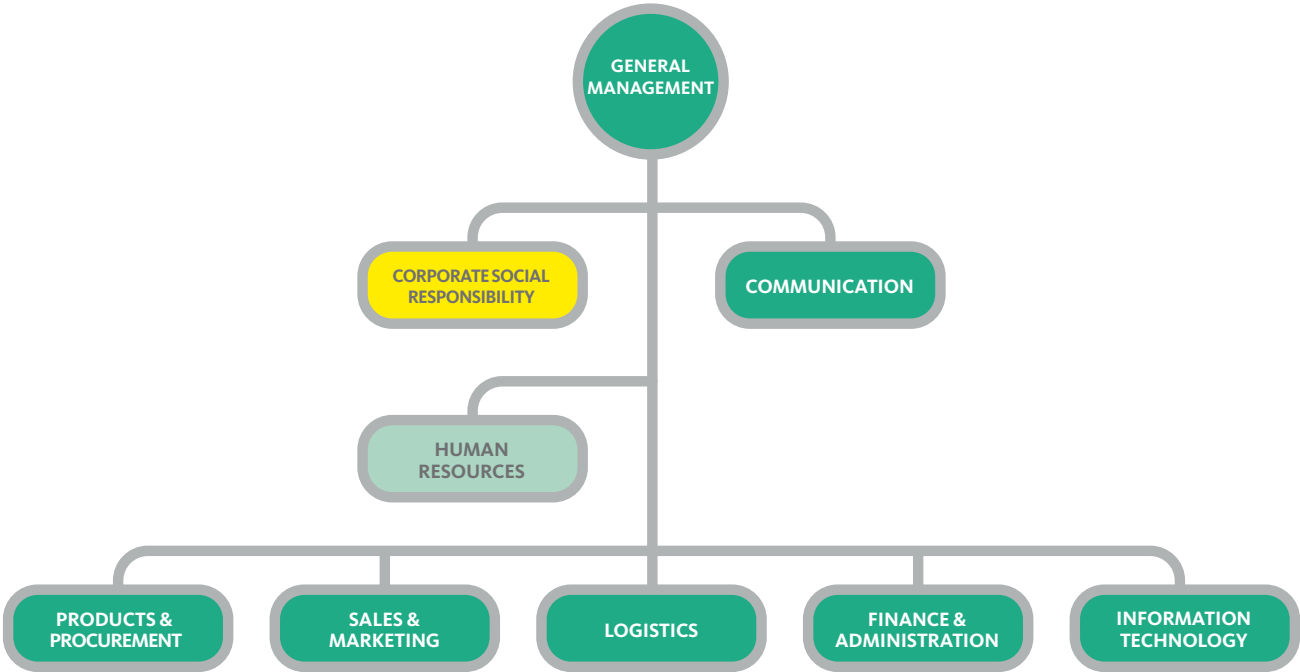
| MEMBERS | FUNCTION | SINCE |
|---------------------------|----------------------|-------|
| Robin Cornelius | Member and President | 1981 |
| Mats Arnhög (MGA Holding) | Member | 2007 |
| Jérôme de Meyer | Independent Member* | 2009 |
| Antonio Rubino | Member and CEO | 2007 |
| Johnny Sommarlund | Independent Member* | 2007 |

* an independent member is thus described when he has no financial interest in the organization or other potential benefits that could create a conflict of interest – source GRI.

1.5.4 | SWITCHER SA ORGANIZATIONAL CHART

Switcher SA is a Swiss limited liability company whose commercial headquarters are at Le Mont-sur-Lausanne.

In 2009, Switcher continued to develop its organization aiming to achieve improved coordination and increased efficiency at the service of its customers, as well as the development of its new markets.



Senior Management
on 31.12.09

| DPT | POST | NAME | AT SWITCHER SINCE |
|---------------------------------------|----------|-----------------|-------------------|
| General Management | CEO | Antonio Rubino | 2007 |
| Corporate Social Responsibility (CSR) | Director | Bruno Barth | 2009 |
| Communication | Director | Frédéric Davet | 2007 |
| Products & Procurement | Director | Markus Rindle | 2009 |
| Sales & Marketing | Director | vacant | |
| Logistics | Director | Roland Cottier | 2009 |
| Finance & Administration | Director | Nicolas Schwab | 2007 |
| Information technology | Director | Thierry Brosson | 2008 |

1.5.5 | CSR ORGANIZATION

The CSR department is organized as follows:

| MEMBERS | FUNCTION | EMPLOYMENT RATIO |
|-------------------|--------------------------------------|------------------|
| Bruno Barth | Director | 100 % |
| Danièle Buonocore | Social Manager | 80 % |
| Gilles Dana | Environment and Traceability Manager | 100 % |
| Lucie Pasche | Assistant | 10 % |
| Jerry Suresh | Employee in India | 30 % |

1.5.6 | BRANDS



Switcher SA distributes two brands of clothing : Switcher and Whale.

The Switcher brand is the main label of the group. It is sold to the general public, primarily through a large network of sales outlets. Products are of high quality, comfortable and attractive in a wide range of colours. They are also traceable and produced according to high quality standards, both socially and environmentally.

The Whale brand, while maintaining a positive quality-price ratio, offers more competitive prices targeted at the Corporate market. Articles are produced according to social and environmental above average criteria.

1.5.7 | SPONSORSHIP

Switcher sponsors sports, cultural and social activities, as well as those related to the environment. These activities emphasize solidarity, the pleasure of being together, creativity and respect for others.

The company does not sponsor violent sports or those that incite violence, sports or activities that are highly polluting or harmful to the environment.

In 2009, the main sponsored events were the following:

- > 20 km de Lausanne
 - > Avo Session Basel
 - > Blue Balls Festival Luzern
 - > Caprice Festival
 - > Gurten Festival
- > Montreux Jazz Festival
 - > Natur
 - > Open Air St. Gallen
 - > Paleo Festival
 - > Swiss Olympic

1.5.8 | AUDITORS

The Auditors Deloitte SA audited the accounts for the year ending December 31 2009.

1.6 | **STAKEHOLDERS**

A stakeholder is an individual, community or organization that affects or is affected by certain aspects related to the products, operations, markets, industries or the results of an organization.

The diagram below shows the list of main stakeholders with whom Switcher maintains a permanent, regular or occasional dialogue. The goal is to keep up and improve the level of dialogue with the various stakeholders.



Internal stakeholders encompass all the company's employees (EMPLOYEES) and the Board of Directors (GOVERNANCE).

External stakeholders include all the company's external stakeholders who have a direct or indirect interest in its activities, in particular:



SUPPLIERS

Switcher distinguishes between textile suppliers (factories) and other factories of the manufacturing chain, raw materials' suppliers and agents.

It currently applies the Code of Conduct to factories only. However, the other factories of the manufacturing chain, raw materials' suppliers and agents are known and identified to ensure full traceability of the product.



CUSTOMERS

Switcher maintains a special relationship with its customers to ensure the company culture is accurately communicated to end consumers.

Switcher's customers are split into three categories:

- › **Retail customers (Textile retailers)** are classified according to their area. These points of sale may be stores, print shops, shops in shops, corners or key accounts.
- › **Corporate customers** are processing industries, active in the following fields: silk-screen printing, embroidery, promotional items, working garments, sports clothing and personalized clothing. Depending on their turnover, they are classified in TOP, A and B categories, with access to differentiated services.
- › **End consumers.** Some of them belong to the Switcher Friends Network, an end-consumer loyalty programme launched in 2001. By the end of 2009, 117,502 people had subscribed to the network (76 % men and 24 % women).



PROFESSIONAL PARTNERS

In this category, there are three different kinds of partners:

- › **Non-textile partners** are organization that have established a service and communications contract with Switcher: Kühne & Nagel and the Swiss Postal service are two such partners. Partners linked to sponsoring are also included in this category.
- › **Non-textile goods and service suppliers** for Switcher include transport, IT and logistics companies.
- › **Research and standardization institutes** enable Switcher to adopt a scientific approach to CO₂ calculation as well as the definition of water consumption. Quantis, an EPFL spin-off, is the chosen partner for these two projects.



FONDATION SWITCHER

Created in 2004, the Fondation Switcher's mission is to support and organize concrete projects to promote sustainable development in Switzerland and other countries. It is particularly active in the areas of childhood, education and training.



NON-GOVERNMENTAL ORGANIZATIONS (NGOS)

In 2009, Switcher worked in close collaboration with NGOs to control the implementation of the Code of Conduct, fair trade and organic cotton production. These various partners are described in more detail in the Social Issues and Environment chapters.



AUTHORITIES AND GOVERNMENT

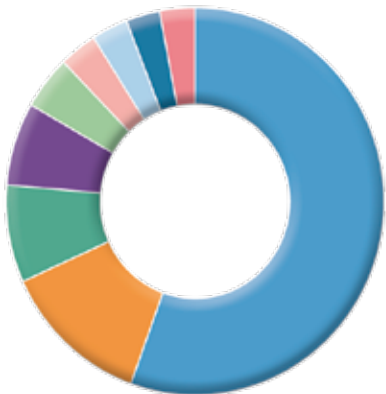
Currently, Switcher does not keep up a regular dialogue with the authorities or the government.



MEDIA

Switcher maintains regular, bilateral contacts with classical and electronic media, as well as through social networks.

1.7 | PRODUCTS



The Whale and Switcher assortment permanently offers more than 200 designs distributed across the Outdoor, Sports, Basic, Junior, Accessories, Workwear and Specials (models customized on clients' requests) collections.

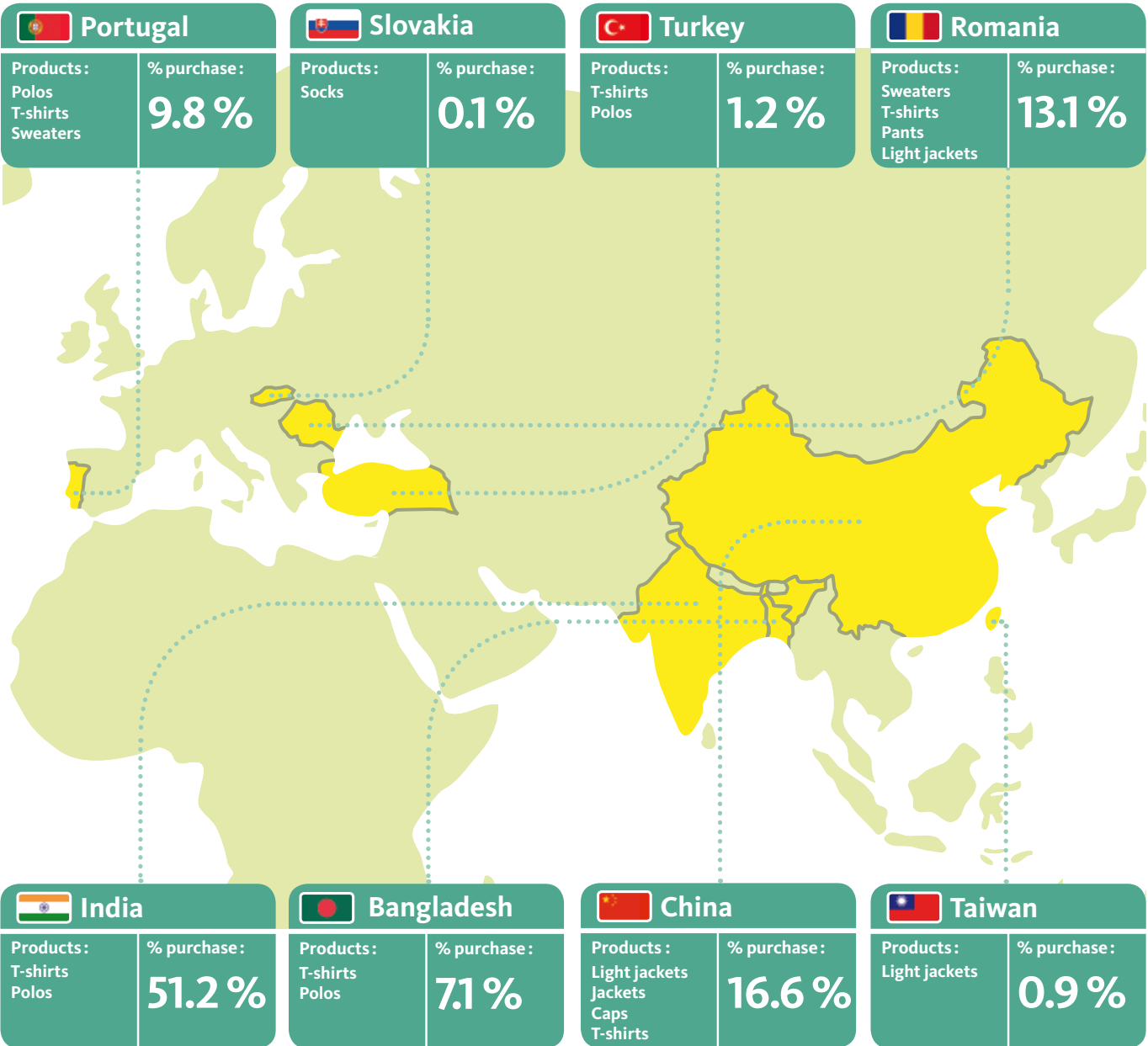
In 2009, the Products & Supplies department was split into three sectors:

- > **Product Development** (new designs, new materials, buying and selling price negotiation, search for suppliers, strategic monitoring of the market trends).
- > **Quality Control** (shape conformity, materials and colours, complaints' processing, supplier agreement).
- > **Procurement** (order entry, restocking follow-up and levels of available stocks).

4,4 MILLION ARTICLES BOUGHT, BY FAMILIES OF PRODUCTS

| | | | | | |
|---------------|-----|----------|----|---------------|----|
| T- shirts | 56% | Sweaters | 7% | Accessories | 3% |
| Polos | 13% | Pants | 4% | Caps | 3% |
| Light jackets | 8% | Jackets | 3% | Miscellaneous | 3% |

ORIGIN OF THE PRODUCTS AND VOLUME PURCHASED



NEW FLAGSHIP PRODUCTS IN 2009

Besides the seasonal products created every year, five major concepts integrating Switcher's social and environmental values were launched.

2657 BAO t-shirt,
100% organic cotton



BAO

The t-shirt of a responsible generation, incorporates all of Switcher's values: made of cotton that is both organic and fair-trade (Max Havelaar), CO₂-compensated

(myclimate), UV-assessed (Testex) and traceable (Respect-Code). It is the 2009 collection's flagship product, available in 38 colours.

7509 RHIN jacket,
100% recycled PET



RECYCLED-PET

The RECYCLED-PET collection is the result of an environmentally respectful production. PET bottles are collected, transformed into chips, then into polyester thread (15 bottles of 1.5 litres are used to produce one jacket). 10 models are available for sale.



THE RECYCLING PROCESS

1. PET bottles
2. PET bottle flakes
3. Recycling of the polyester chips
4. Fibre and filament thread
5. Fabric for clothes manufacturing

KEY ARGUMENTS FOR RECYCLED PET

- > Reduces energy and CO₂ emissions
- > Reuses resources
- > Recycles PET bottles

3418 TARANAKI pants,
100% Merino wool

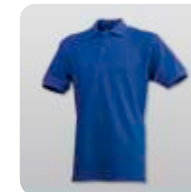


MERINO WOOL

MERINO wool combines several benefits. These include natural fibres, body-heat regulation, resistance to odours, efficient

moisture transfer, comfort and easy care. Four models of underwear are available for sale.

4531 TAYLOR stitched polo,
55% cotton, 45% polyester



WORKWEAR

The WORKWEAR collection combines technical performance and durability. Colour stability and frequent (industrial) washing

at high temperature are guaranteed by the Hohenstein certification. Four products are available.

1802 JOFFRE,
65% cotton, 35% polyester



SWISS OLYMPIC

Switcher takes part in the development of the SWISS OLYMPIC collection worn by Swiss athletes at the 2010 Vancouver Olympic

Games. These are also available at the Retail points of sale.

RETURN RATE

The return rate is 0.3% (2008: 0.22%). The quality team has been reinforced in order to increase controls at source (suppliers) and on delivery of the goods. This has enabled to guarantee constant quality (calculation: number of faulty items returned by clients divided by the number of items sold).

2010 OUTLOOKS

- > **BAO concept extended with two new products.**
- > **Increase of the number of models made of recycled PET.**
- > **Extension of the Merino range.**

1.8 | ECONOMIC DATA

| | | |
|-------------------------------|--|-------------------|
| Nature of ownership | Private capital | |
| Legal form | Limited liability company | |
| | | CHF |
| GROUP'S NET TURNOVER | | 60,197,696 |
| | Switcher SA | 50,149,459 |
| | Labell SA | 171,499 |
| | Switcher Textil Vertriebs GmbH | 8,924,849 |
| | Switcher Quality Textiles India PVT LTD | 951,889 |
| | | |
| OPERATIONAL COSTS | Costs related to staff | -12,494,807 |
| | Operational costs and amortizing | -11,532,504 |
| | | |
| PROFIT | THE FISCAL YEAR IS CLOSED WITH A PROFIT | |
| | | |
| Total financing | Loans | 8,180,000 |
| Equity capital | | 16,667,093 |
| Total assets | | 34,268,826 |
| CSR budget | of which 165,000 paid to the Fondation Switcher | 952,109 |
| Retained earnings | No allocation to the reserve. Minimum already reached in accordance with CO 671 | 0 |
| Payments to capital providers | No dividend was distributed in any way The profit shown was entirely kept inside the company | 0 |
| Payments to States | Taxes | 45,896 |

CORPORATE CUSTOMERS (TOP) AND RETAIL POINTS OF SALE (STORES) IN SWITZERLAND AND IN EUROPE ON 31.12.09

511 Corporate customers in Switzerland

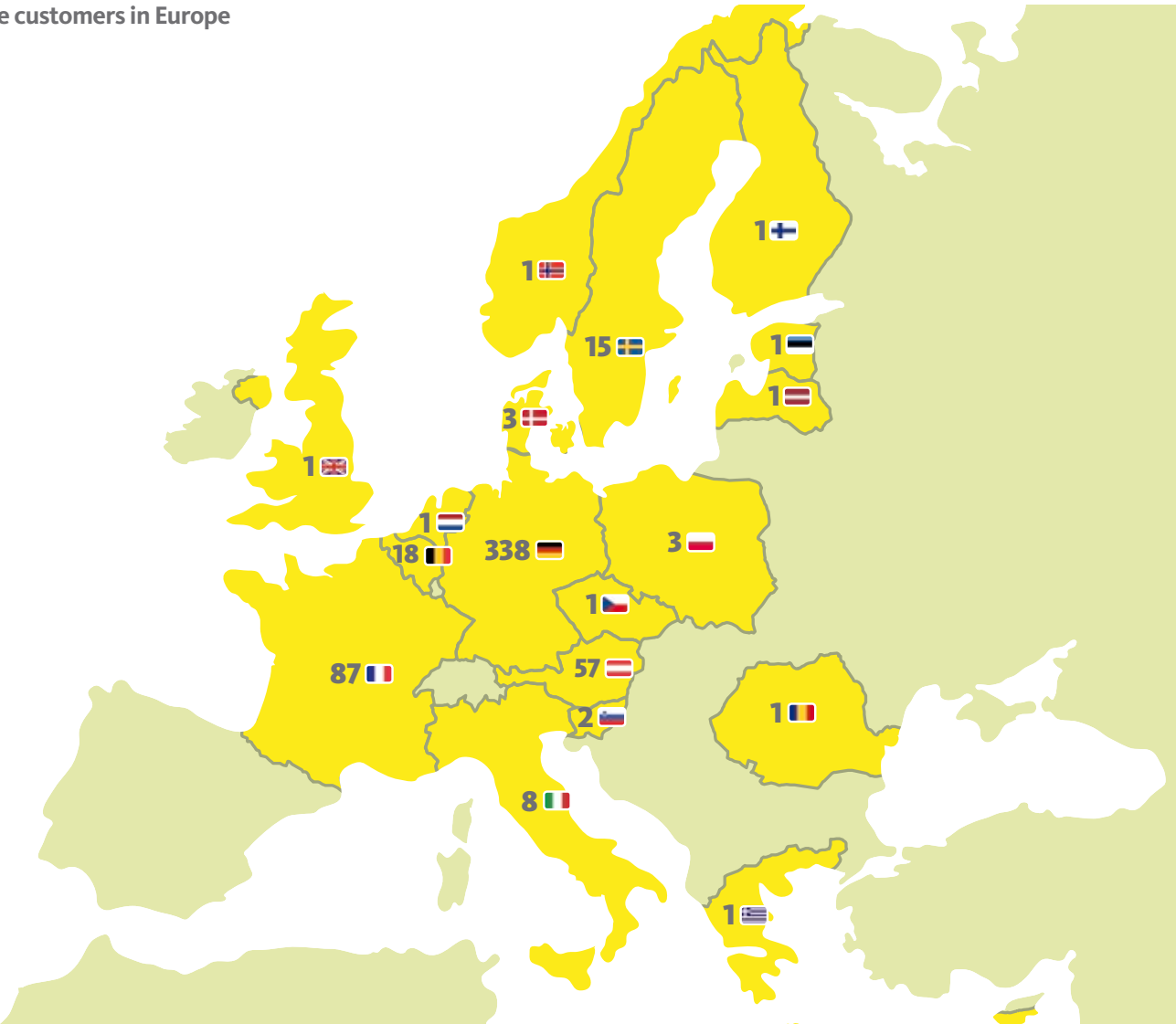
- > TOP 79
- > A 71
- > B 361

299 Retail points of sale in Switzerland

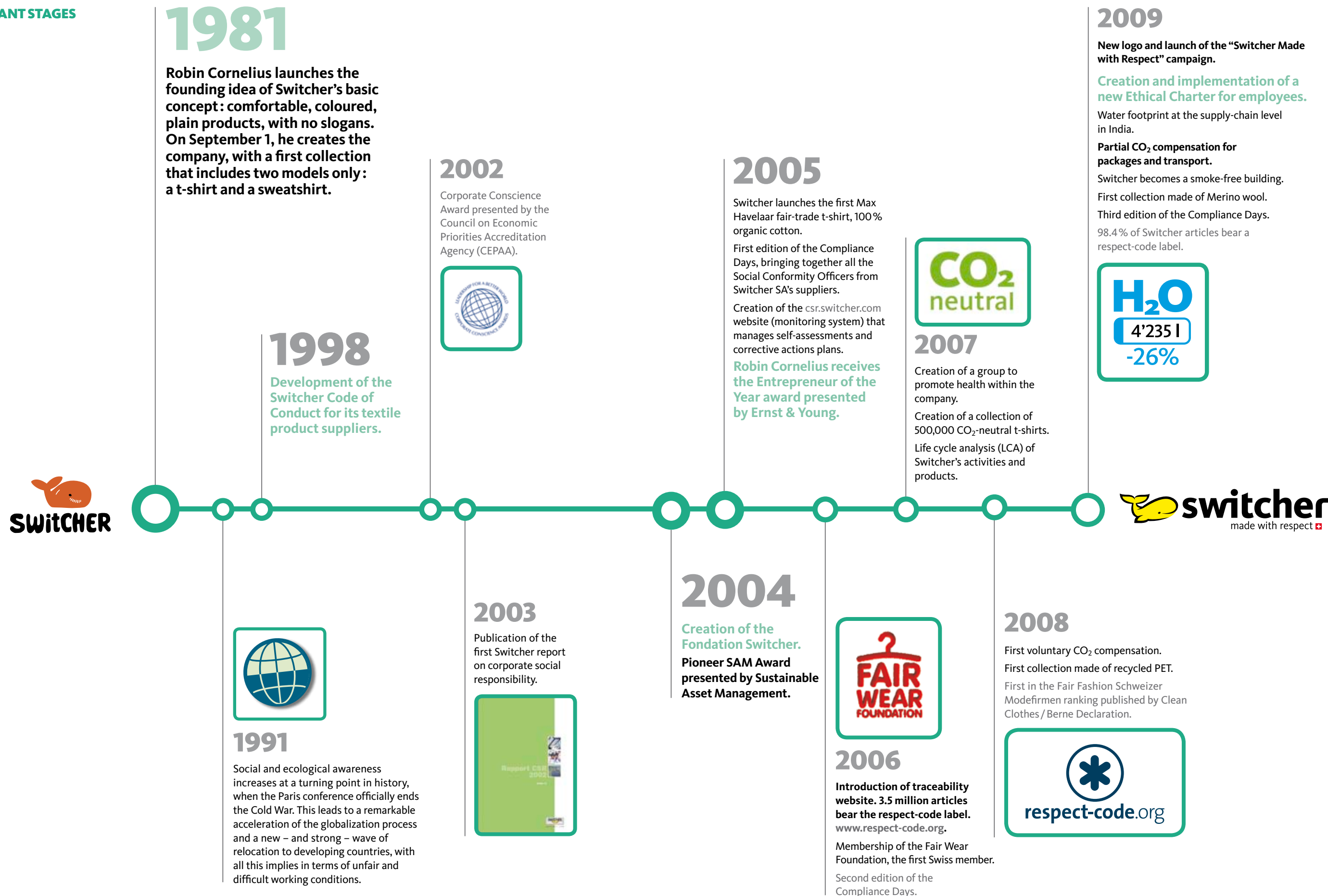
- > 37 stores: points of sale with the entire collection
- > 19 print shops: points of sale with part of the collection and a transformation workshop (printing or embroidery)
- > 16 shops in the shop: points of sale inside a shop, products displayed on Switcher stands
- > 175 corners: points of sale inside a shop, products displayed on other stands
- > 44 key accounts: major chains
- > 8 outlets: discount stores



540 Corporate customers in Europe



1.9 | SIGNIFICANT STAGES



2 GOVERNANCE

2.1 | INTRODUCTION

The concept of corporate social responsibility (CSR) is a voluntary contribution of the company which exceeds the legal requirements. It integrates in the commercial process the aspects of environmental and social responsibility, by a regular exchange with all the stakeholders related to its activity.

Switcher's CSR strategy is ratified by the Board of Directors. The CEO entrusts operational responsibility of this undertaking to the CSR Director. If necessary, the latter has direct access to the President and a member of the Board.

On the team, there are one Director, two Managers (social issues, environment and traceability), an assistant and an employee based in India who ensures the strategy is implemented. However, it is up to each Director to take on a specific responsibility in his own department.

The four main areas of focus are :

| | |
|---------------------------|--|
| Transparency: | Publication of all products' traceability. |
| Social: | A commitment to fair trade and socially responsible working conditions. |
| Environment: | Orientation towards recycled or natural materials. |
| Health and Safety: | Implementation of systems to control and reduce the use of materials that are harmful to health. |

2.2 | MANAGEMENT TOOLS

2.2.1 | SUSTAINABLE DEVELOPMENT REPORT

Stakeholders concerned : all

A sustainable development report is a tool for both strategic management and internal /external communication that meets the growing demand for credible and measurable information. It defines the company's scope of responsibility, its management system and its relationships with its customers, employees, shareholders and providers.

Every year since 2002, social and environmental responsibility reports have been published, enabling all stakeholders to follow the initiatives and progress achieved in CSR by Switcher.



2.2.2 | ETHICAL CHARTER

Stakeholders concerned : Employees

A company's Ethical Charter aims at defining acceptable behaviour, giving each employee, manager or director a sense of responsibility for his or her behaviour, defining a framework for professional behaviour, promoting the brand's values and being a unifying tool for the whole staff.

The new Ethical Charter that deals with five main themes :

RESPECT – INTEGRITY – RESPONSIBILITY – TRANSPARENCY – EQUAL OPPORTUNITIES

This charter was presented to the entire staff by the CSR department between at the end of 2009. In 2010, the Ethical Charter has been an integral part of the work contract.

2.2.3 | SATISFACTION SURVEY

Stakeholders concerned : Employees

The survey allows regular assessment of the needs, expectations and satisfaction of employees towards their company.

In 2006, the Human Resources department conducted the first survey. In 2009, a second survey was launched, the results of which are described in chapter 4.2.4. As of 2010, the survey will be conducted every year.

2.2.4 | SUPPLIERS' CODE OF CONDUCT

Stakeholders concerned : Textile suppliers, NGOs

A code of conduct facilitates the improvement of the working and living conditions of workers across the world. It is based on the International Labour Organization's conventions (ILO), the UN's Human Rights declarations, as well as on recognized international standards.

Switcher adopted in full the Fair Wear Foundation's Code of Conduct (see chapter 4.4). This document provides guidelines to be followed in areas such as labour rights and conditions for its textile suppliers.

2.2.5 | TRACEABILITY WEBSITE

Stakeholders concerned : Textile suppliers, end customers, NGOs

Transparency is an essential value for Switcher. The company considers that each consumer has the right to know the origin of the products he or she buys. Private individuals, through their role as consumers, can influence market patterns by choosing products that are produced with more respect for the environment and workers' working conditions.

Since 2006, Switcher has published data relating to this area on www.respect-code.org. Traceability of practically all models sold is published. By entering the code printed on the inside label of each model, the steps and processes the product goes through are displayed, from raw material to distribution in Switzerland. Respect-Code also informs customers of each product's material, environmental and social data in order that they can make an informed and responsible purchase.

2.2.6 | COMPLIANCE WEBSITE

Stakeholders concerned : Textile suppliers, NGOs

The compliance website regularly measures our suppliers' degree of social and environmental conformity according to laws and the Code of Conduct. It allows the generation of corrective action plans and the measurement of their progress against targets.

Based first and foremost on self-assessment, this system enables the integration of any external or internal audit. External monitoring, independent or dependent, adds credibility to the information in the system.

Every year, textile suppliers answer a series of 400 self-assessment questions, based on the Code of Conduct.

Key points:

- › Snapshot of the social and environmental compliance of suppliers according to the Code of Conduct.
- › Trace of actions taken to improve social compliance through the Code of Conduct.
- › Measurement of suppliers' general progression and provide valid and immediate information.
- › Management system that enables the application of identical corrective actions for all suppliers.

2.2.7 | COMPLIANCE DAYS

Stakeholders concerned : Textile suppliers

The goal of the Compliance Days is to bring together the textile suppliers and give them trainings and updates on various topics. These events are also a way of getting away from everyday concerns and take the time to think things over together, with experts, in order to find sustainable solutions. One of the key elements of these meetings is to let all suppliers open a dialogue and understand the needs and expectations of each party.

Switcher usually organizes the Compliance Days every two years. **In June 2009, the third Compliance Days were held in Lausanne.** Different representatives of the suppliers (CEO and/or Social Compliance Officers) met over three days and took part in the various trainings and team-building activities.

Seventeen people took part in these sessions, representing 92 % of the suppliers of articles ordered by Switcher in 2009.

| COUNTRY | PARTICIPANTS |
|------------|---------------------------------------|
| India | Prem |
| China | Wonderful, Bassington, Jiangxi |
| Taiwan | Yuan Tai |
| Bangladesh | Dird |
| Turkey | Urkay (ex Promotek) |
| Portugal | Filobranca, Etfor, Forbody, S.Iberica |
| Romania | Filobranca Eastern |

Programme :

- > Switcher strategy : CSR and Products.
 - > Raising awareness of climate change with a presentation by myclimate.
 - > Raising awareness of water issues with the presentation of the “water footprint” study by Quantis.
 - > Complaints’ management by the Fair Wear Foundation.
- > Presentation of 10 ways to avoid greenwashing.
 - > REACH training (see chapter 5.14). Origin, principles, implementation and goals of this new legislation.
 - > New respect-code.org.

2.2.8 | RETAIL COMMITTEE

Stakeholders concerned : Retail Customers

The Retail Committee is composed of various Switcher customers and internal sales staff. Its goal is to analyze everyday difficulties and successes in order to find solutions and better meet consumers’ expectations and demands.

Created in 2009, the Retail Committee met five times during the year. The main topics of discussion, besides the sales situation, were the TV campaign, the mystery shopper, brand positioning, plastic bags and 2010 conditions of sale.

2.2.9 | BUSINESS DAYS

Stakeholders concerned : Retail and Corporate Customers

Business Days are dedicated to Retail and Corporate Customers in order to present to them the new collections, CSR themes and other current topics.

In 2009, four Business Days were organized and 117 people took part. The themes covered during these meetings were, amongst others, Switcher’s development plan, current and future collections, the marketing plan and 2010 conditions of sale.

2.2.10 | INTERNAL INFORMATION SESSIONS

Stakeholders concerned : Employees and managers

Internal information sessions enable the CEO to give information on business direction, goals, perspectives and other current topics related to the company.

In 2009, two staff information sessions and two management information sessions were organized.

2.2.11 | SUPPLIER AGREEMENT

Stakeholders concerned : Textile suppliers

A supplier agreement is a contract between Switcher and its suppliers, in which the company’s expectations regarding CSR, quality, deliveries and terms of payment are stated. This agreement is signed every year and contains yearly objectives specific to each supplier.

In 2009, a new document was produced that comes into effect in 2010 and contains three main chapters :

- > Sustainable development
- > Purchasing conditions
- > Annual objectives



3 TRACEABILITY

3.1 | INTRODUCTION

Traceability has become a new reference point for comparing brands and the ethical management of their supply sources. Informing customers of a brand about these issues has become necessary. Buyers and consumer protection organizations are no longer satisfied with the sole indication “made in”. A traceability label allows customers to track every step of the production chain. As well as this, it shows social and environmental criteria implemented during production, enabling customers to make informed and responsible purchases.

Transparency is an essential value for Switcher. For the last five years, we have been committed to publishing the maximum relevant and verified information related to each product.

A textile chain usually includes seven steps:



> RAW MATERIALS

natural or synthetic fibres: cotton, polyester, wool, elastane, etc.



> SPINNING

transformation of fibres or filaments into thread



> KNITTING OR WEAVING

structuring thread into stitches by looping or into fabric by intertwining



> DYEING

permanent coloration of the fabric



> PRODUCTION

cutting and sewing together pieces of fabric, assembly of accessories, labelling, verification, folding and boxing



> TRANSPORT

export



> DISTRIBUTION

entry control, storage and shipping to clients

For each production batch, an employee in charge of traceability is responsible for the manufacturing chain; this employee checks the exact origin of the raw materials, the identity of factories in charge of each process, and passes on up-to-date environmental and social certificates available for each factory of the relevant chain. They will also indicate the modes of transport used, shipping dates and volume of each batch.

At Switcher, permanent checking of production chains and batches is ensured by our direct contracts with suppliers and audit plans, which are used in our key factories as well as those handling greater volumes of articles. This work is completed through auditing, the ongoing training of local employees in charge of traceability and by the analysis of the received data.

In 2009, the increased use of specific raw materials (organic cotton, recycled PET, Merino wool) meant that Switcher required greater verification and certificates of origin for these materials.



The goal is to encourage a respectful and durable partnership with all members of the supply chain in order to create new values such as reliability and a convergence of vision. The idea is also to hide nothing from potential buyers, introducing them to all the operations, controls and achievements, and not simply those applied during the last step of the process (production: made in India, for example).

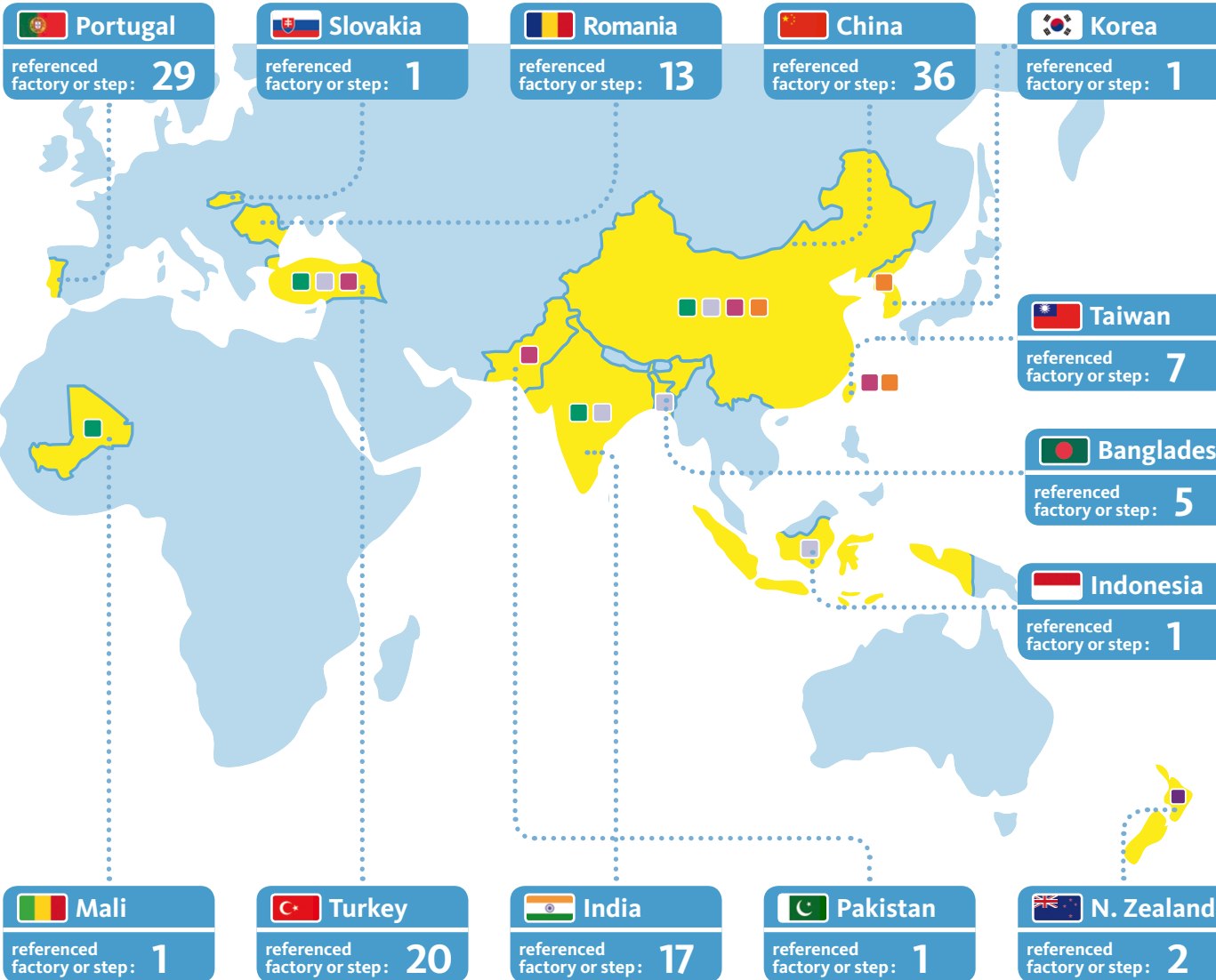
By entering the code displayed on each product on the traceability website www.respect-code.org, every consumer is informed of the manufacturing chain, existing certificates and audits for each step, achievements in social and environmental areas, modes of transport, number of items in the batch, date of shipping, labels, etc.

3.2 | SUPPLY CHAINS

134 PRODUCTION STEPS REFERENCED IN RESPECT-CODE.ORG

Origin of raw materials, spinning, knitting, dyeing, 30 manufacturers, transport of goods

Cotton Organic cotton Merino wool Polyester Recycled polyester



3.3 | 2009 DATA

In 2009, 98.4 % of articles carried the respect-code label.

Below, the traceability grade for each production factory, calculated as followed :

- ***** all steps are known, documented and updated
- **** the "Production" and "Raw materials" steps are known and documented
- *** only the "Production" step is known and documented
- ** the "Production" step is known

10 factories provide 90 % of items

| MANUFACTURING FACTORIES | TRACEABILITY GRADE |
|----------------------------------|--------------------|
| PREM DURAI UNIT 2 | ***** |
| PREM DURAI UNIT 1 | ***** |
| FILOBRANCA Eastern Europe | **** |
| DIRD COMPOSITE TEXTILE LTD | **** |
| FORBODY TEXTEIS SA | **** |
| WONDERFUL | **** |
| PV APPAREL | **** |
| XIAMEN BASSINGTON GARMENT CO LTD | **** |
| GOLDEN CROWN | **** |
| LONG JIE | **** |

10 factories provide 9 % of items

| MANUFACTURING FACTORIES | TRACEABILITY GRADE |
|---------------------------------|--------------------|
| VIEIRA & MARQUES LDA (POCARGIL) | **** |
| THAMAZOGLU | **** |
| GUADALUPE | **** |
| SC LIO TEX | **** |
| YUAN TAI READY MADE CLOTHES LTD | **** |
| MANDHANA INDUSTRIES LTD | **** |
| SC PORTEXTILE SRL | **** |
| SC BUNESCU | **** |
| SC EUROTUX | **** |
| ETFOR EMPRESA TEXTIL LDA | **** |

10 factories provide 1 % of items

| MANUFACTURING FACTORIES | TRACEABILITY GRADE |
|------------------------------------|--------------------|
| FILOBRANCA Portugal | **** |
| JIAXING MENG DI GROUP | **** |
| PANOREA TEXTIL SRL | **** |
| TATRASVIT | **** |
| SC ELCA | **** |
| LAI WELL LUGGAGE LTD | **** |
| BELFAMA LDA | **** |
| GREATWAY | **** |
| WINSOME | **** |
| KWONG HING INTERNATIONAL GROUP LTD | **** |

4 SOCIAL ISSUES

4.1 | INTRODUCTION

Issues relating - for example - to social aspects and workers working conditions are areas we are constantly improving. Although the world is now more focused on the ecological well-being of our planet, we must not forget that many workers still work in extremely difficult conditions. Switcher commits to constantly seek improvements in the living and working conditions of workers in the production chain.

4.2 | EMPLOYEES

Switcher staff are offered a number of benefits, particularly in relation to social and family aspects:

- › Women benefit from four-month's maternity leave and the opportunity to work part-time after giving birth.
- › A monthly payment of CHF 160.- as a contribution to private health insurance.
- › Minimum of five weeks holiday for every employee, six weeks for employees over fifty.
- › Loss-of-earnings health insurance entirely covered by the employer.
- › Private accident insurance.
- › Switcher covers 60 % of the professional provisions premium for employees.
- › Confidential Movis social consultations are available for employees.
Movis is Switcher's social partner and counsels employees in both personal and psychosocial areas.
- › Paternity leave of two weeks.
- › Employees may buy five Switcher articles at preferential rates every two weeks.
- › Every employee has a yearly performance review where personal goals are set.



4.2.1 | EMPLOYEE DATA

Total Workforce by Employment Type, Employment Contract and Region :
All employee data only applies to Switcher SA (the 5 employees of Switcher GmbH are not taken into account)

| COMPANY | PERMANENT STAFF ON 31.12.09 | TYPE OF CONTRACT | FULL-TIME EQUIVALENT |
|-------------|--------------------------------|---|-------------------------|
| Switcher SA | 96 | Open-ended contracts | 92.9 |
| Switcher SA | 6 | Apprentices (temporary work contracts) | 6 |

| COMPANY | TEMPORARY WORKERS, CONSULTANTS | TYPE OF CONTRACT | FULL-TIME EQUIVALENT |
|-------------|-----------------------------------|--|-------------------------|
| Switcher SA | 13 | Temporary (temporary work contracts) | 165.5 days |
| Switcher SA | 19 | SAP consultants (temporary work contracts) | 672 days |

Temporary workers were employed as support for logistics following the launch of the SAP (business management software) project.
SAP consultants (19 people) were present at different times throughout the year.

Rate of Employee Turnover
(Dismissals, Voluntary Redundancy,
Retirement or Death)

26 persons left the company in 2009.

Departure rate:
25.5%

Gender distribution:
15 women
11 men

Distribution by age group:
< 30 years 5 persons
30-50 years 18 persons
> 50 years 3 persons

Source: Computerized management of absences and
attendance time

**Accidents, Diseases
and Absenteeism**

**Number of outside contributors to
on-site safety :**
there are currently no outside contributors
to on-site safety.

Minor accidents (first aid given):
One case of a minor accident at work.

Lost days: 1,056 work days

Rate of accidents at work: 1 case

Rate of occupational disease: 1 case

Absenteeism rate: Average rate: 4.26%

Disease: 3.63%

Accident: 0.64%

Number and rate of deaths: None

Local Hiring Procedure and Proportion of Senior Managers Hired Locally

Switcher does not currently apply a recruitment policy directed towards hiring local salaried employees. However, the company drives its recruitment policy towards its international development.

At the end of 2009, seven senior managers resided in Switzerland (+ 1 vacancy). Are considered as “senior managers” the department directors and the CEO.

Handicap:

One person placed by a private institution is employed in the logistics department, returns sector (reconditioning and folding goods).

| Employees by Nationality | | | | | |
|--------------------------|----|-----------|---|-------------|-----|
| Switzerland | 63 | Italy | 3 | Austria | 1 |
| France | 13 | Sri Lanka | 2 | Spain | 1 |
| Portugal | 12 | Belgium | 2 | | |
| Germany | 4 | Brazil | 1 | GRAND TOTAL | 102 |

Employees by Category, Gender and Age

Average age : 40.3 years

| CATEGORY | < 30 | 30-50 | > 50 ANS | TOTAL | WOMEN | MEN | TOTAL |
|--------------------------------------|------|-------|----------|-------|-------|-----|-------|
| Apprentices | 6 | - | - | 6 | 3 | 3 | 6 |
| Administrative Assistants | 2 | 2 | 3 | 7 | 6 | 1 | 7 |
| Commercial Assistants | 7 | 5 | 2 | 14 | 12 | 2 | 14 |
| Chairman | - | - | 1 | 1 | - | 1 | 1 |
| Representatives | - | 7 | 1 | 8 | 4 | 4 | 8 |
| Directors | - | 7 | 1 | 8 | - | 8 | 8 |
| Computer Specialists | 1 | 3 | 1 | 5 | - | 5 | 5 |
| Warehouse Keepers | 2 | 13 | 7 | 22 | 5 | 17 | 22 |
| Managers | - | 13 | 2 | 15 | 6 | 9 | 15 |
| Administrative & product Specialists | 3 | 11 | 2 | 16 | 13 | 3 | 16 |
| GRAND TOTAL | 21 | 61 | 20 | 102 | 49 | 53 | 102 |

4.2.2 | REMUNERATION
POLICY

The Cepec System of Post Levels

For many years, the Cepec (French acronym for Economical Projects Study Centre) system has been established in numerous companies. For HR managers, it serves as a structure for the classification of posts and as a comparison of employees' salaries within the market.

Cepec currently possesses a database of 300,000 individual salaries and 400 companies, covering most branches and sectors industries. Cepec comparison diagrams make the company's transition towards a simple and clear salaries' management system easier, based on post levels and performance assessment.

Why Post Levels?

An assessment by post enables a company to establish an internal and external basis for comparison as well as a system of remuneration according to individual posts.

The structure of posts is linked to salary structure. Each post level corresponds to a salary level. The salary structure is generally defined using brackets, with average values and lower and upper limits.

A system of post levels serves to guarantee a balanced structure of posts and remuneration that matches post requirements, therefore contributing to internal equality of salaries.

Summary of the Method's Advantages

- > Structure for the classification of posts and comparison of salaries both within the market and the company.

> Experience does not result in a higher post level, but to progression within the bracket.
- > A system of post levels which guarantee both a balanced structure of posts and remuneration matching job specifications aiding an internal equality of salaries.

> Gender equality.
- > 9 levels of post with salary bracket.

> Highly useful for recruitment.

Basis for Comparison

Swiss average (the average salary in the Lausanne area), except for "Sales and Marketing" and "IT" that use comparisons with their respective, highly specific, branches.

Corrective Measures

The first corrective measures taken were to ensure that the salary of every employee was within the bracket defined by Cepec. These parameters are taken into account when awarding individual salary rises at the beginning of the year. A three year action plan has been implemented in this area.

In addition, Switcher takes the Cepec scale into account to define the salary with all new employees.

| WAGE BILL | CHF GROSS | % |
|--|--------------|------|
| Wage bill for senior management without President of the Board of Administrators | 1,826,883.65 | 20 % |
| Wage bill for employees | 7,482,221.25 | 80 % |
| TOTAL | 9,309,104.90 | |
| Lowest monthly salary in the company : CHF 4,200.00 | | |

Ratio of Annual Salary (CHF) by Gender and Employee Category

| CATEGORY | WOMEN | MEN | DIFFERENCE IN % | AVERAGE |
|--------------------------------------|------------|------------|-----------------|------------|
| Administrative Assistants | 64,046.00 | 62,400.00 | 2.64 % | 63,810.86 |
| Commercial Assistants | 69,536.00 | 67,200.00 | 3.48 % | 69,202.29 |
| Representatives* | 65,265.00 | 59,451.00 | 9.78 % | 62,358.00 |
| Directors | - | 170,325.00 | - | 170,325.00 |
| Computer Specialists | - | 102,000.00 | - | 102,000.00 |
| Warehouse Keepers | 56,164.80 | 60,094.59 | 6.54 % | 59,201.45 |
| Managers | 117,516.00 | 118,024.00 | 0.43 % | 117,820.80 |
| Administrative & product Specialists | 81,826.15 | 99,564.00 | 17.81 % | 85,152.00 |

* only the fixed part of the salary is taken into account.
It is to be noted that these figures are the gross data and do not take into account seniority or age.

Women = higher salaries

Men = higher salaries



Compliance days 2009

4.2.3 | TRAINING

Switcher offers initial compulsory training sessions for each new employee focusing on themes related to the company. In 2009, 337.5 hours have been spent on this kind of trainee.

Language courses are also offered to employees. Seven participants studied German (168 hours, for a single semester) and nine participants (100 hours) benefitted from the opportunity of studying English.

The company also trains apprentices (five from January to July and six from August to December), which represents 2,992 hours of external training and 30 hours of internal courses.

In addition, some employees attended external individual trainings courses:

- > **Swiss Federal Certificate of Export Specialist** 88 hours
- > **Certificate of Advanced Studies in Corporate Social Responsibility** 180 hours
- > **Textilkaufmann STF Diploma** 162 hours

4.2.4 | SATISFACTION SURVEY

- > Return rate 2009: 60%
- > Return rate 2006: 83%
- > Return rate identical between managers and employees

The second satisfaction survey was conducted in October 2009. Switcher decided to make it more user-friendly by letting employees either complete it online or in writing, sending it in a postage-paid return envelope. It was full anonymity in this survey.

Areas covered

- > Working environment
- > Organization of work and decision-making process
- > Employee management
- > Activity within Switcher
- > Company culture
- > Training and development
- > Job satisfaction
- > Employment conditions
- > Work-life balance

An action plan for corrective measures is under development and will take into account the results for improvement. Regular satisfaction surveys will be implemented as of 2010 to enable a good follow-up of the company's social climate as well as to measure the effectiveness of corrective actions.

- > **MOVIS: 10 employees used Movis' services for their services (eight consultations, two counsels given over the phone).**

2010 Employees Outlook

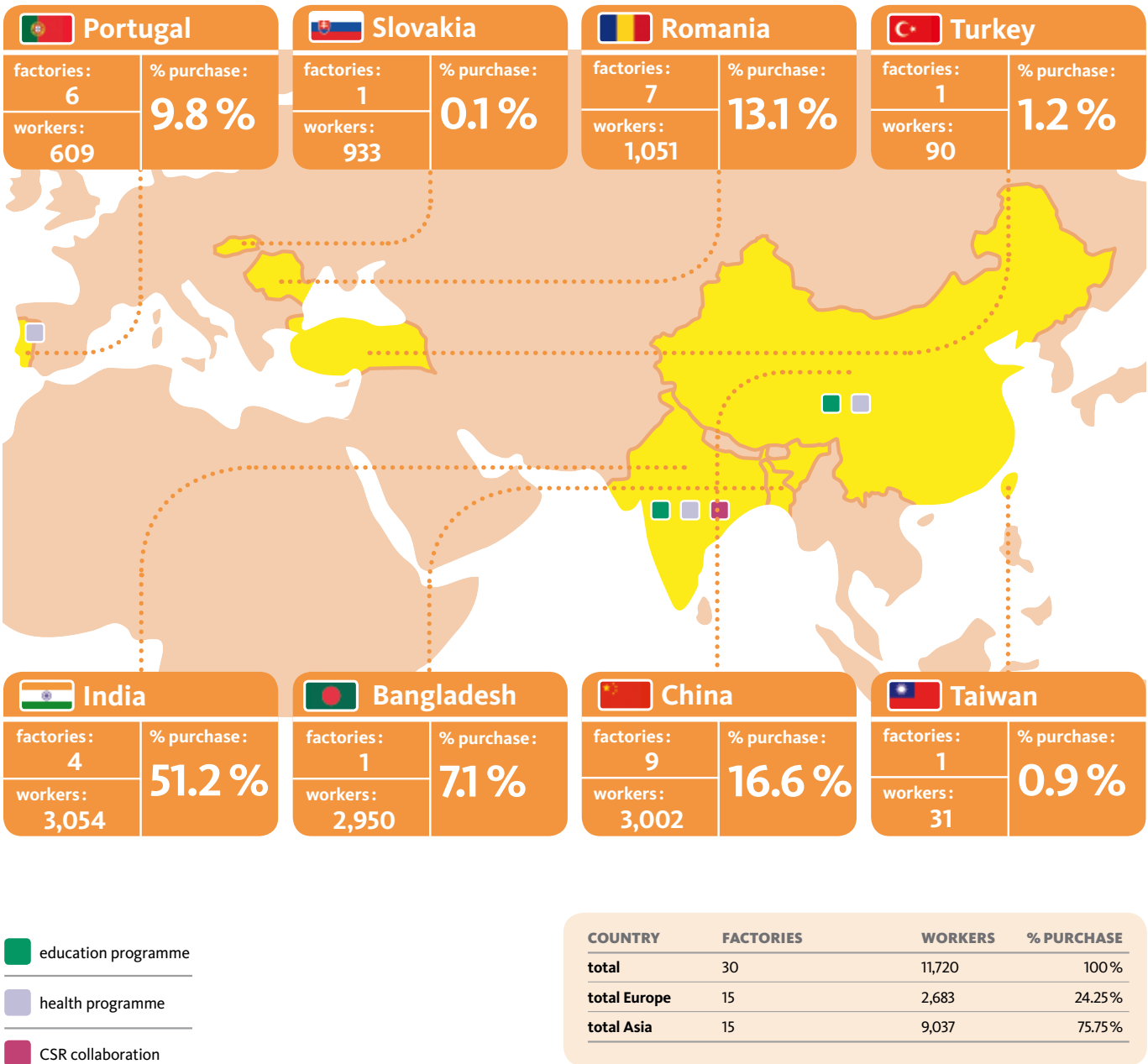
From the beginning of 2010 Switcher took the decision to grant all its retired employees their employee benefits. In addition to this, jubilee employees' seniority bonuses will be doubled and an extra week of holidays offered the year of the jubilee.

4.3 | TEXTILE SUPPLIERS (FACTORIES)

Switcher maintains close relationships with its suppliers and favours long-term partnerships, thus avoiding 'supply tourism'. The company carries out work graded over time that enables suppliers to improve their social and environmental performance. This "step-by-step" policy means that Switcher is able to continue to work with suppliers whose working conditions are not satisfactory, but who are seeking to improve them.

MAP OF THE 30 FACTORIES PRODUCING FOR SWITCHER

Indication of the number of workers and volumes of purchases per country. The social and health programmes are also shown.



List of Textile Suppliers (Factories) on 31.12.09

| FACTORIES | EMPLOYEES | AUDIT 08-09 | CORRECTIVE ACTIONS 09 | COUNTRY | COLLABORATION SINCE | VOLUME OF PURCHASE IN % ITEMS 2009 |
|-------------------------------------|-----------|-------------|-----------------------|------------|---------------------|------------------------------------|
| Dird Composite Textiles Limited | 2,950 | Yes | 50 | Bangladesh | 2008 | 7.09 % |
| Golden Crown | 237 | No | 0 | China | 2008 | 2.85 % |
| Jiaxing Meng Di Group | 184 | Yes | 9 | China | 2009 | 0.26 % |
| Kwong Hing International Group Ltd. | 150 | No | 0 | China | 2009 | 0.02 % |
| Laiwell Luggage Ltd. | 300 | No | 0 | China | 2008 | 0.08 % |
| Long Jie | 257 | No | 1 | China | 2002 | 2.81 % |
| Greatway | 260 | No | 8 | China | 2008 | 0.07 % |
| Winsome | 700 | Yes | 29 | China | 2009 | 0.05 % |
| Wonderful | 828 | Yes | 4 | China | 2000 | 5.62 % |
| Xiamen Bassington Garment Co Ltd. | 86 | Yes | 20 | China | 2005 | 4.80 % |
| Mandhana Industries Ltd. | 1,136 | No | 6 | India | 2002 | 0.81 % |
| Prem Durai Unit 1 | 450 | No | 0 | India | 1981 | 12.47 % |
| Prem Durai Unit 2 | 642 | No | 0 | India | 1981 | 33.00 % |
| PV Apparel | 826 | No | 0 | India | 2004 | 4.94 % |
| Belfama LDA | 114 | No | 0 | Portugal | 2006 | 0.08 % |
| Etfor Empressa Texteis SA | 74 | No | 16 | Portugal | 2006 | 0.49 % |
| Filobranca (Portugal) | 184 | No | 0 | Portugal | 1981 | 0.49 % |
| Forbody Texteis SA | 94 | No | 34 | Portugal | 2008 | 5.87 % |
| Guadalupe | 52 | No | 35 | Portugal | 2002 | 1.04 % |
| Vieira & Marques LDA (Pocargil) | 91 | No | 8 | Portugal | 2007 | 1.82 % |
| Filobranca Eastern Europe | 195 | Yes | 8 | Romania | 2008 | 10.16 % |
| Panorea Textil Srl | 219 | No | 7 | Romania | 2009 | 0.20 % |
| S.C Elca | 421 | No | 0 | Romania | 2007 | 0.09 % |
| SC Bunescu | 10 | No | 0 | Romania | 2009 | 0.60 % |
| SC Eurotex | 18 | No | 0 | Romania | 2009 | 0.52 % |
| SC Lio Tex | 150 | No | 0 | Romania | 2009 | 0.90 % |
| SC Portextile Srl | 38 | No | 0 | Romania | 2009 | 0.65 % |
| Tatrasvit S- Socks A.S. | 933 | No | - | Slovakia | 2009 | 0.10 % |
| Yuan Tai Ready Made Clothes Ltd. | 31 | Yes | 23 | Taiwan | 2009 | 0.88 % |
| Thamazoglu | 60 | No | - | Turkey | 2009 | 1.24 % |
| TOTAL | | | 258 | | | 100.00 % |



The main corrective action plans in 2009 were focused on :

- > Overtime
- > Management systems
- > Health and safety

Audits

An audit is an on-site control of a company, consisting of an appraisal by a competent and independent auditor in order to detect anomalies and risks related to an activity.

In the textile industry, auditors control workers' working hours and overtime, their contractual rate of pay, the remuneration system, contracts, as well as health and safety standards in the workplace. They also monitor waste disposal as well as other environmental aspects.

The main steps of an audit are :

- > initial meeting with the factory's management.
- > full tour of the factory, including area such as toilets, depots, rest areas, etc.
- > discussion with staff chosen at random, without management present; discussion with workers' representatives when applicable.
- > inspection of documents such as staff files, remuneration system, contribution to social security, etc.
- > review meeting with the factory's management and handing over of development action plans.

Collaboration with ACTE International has led to the creation of a reference system for audits that takes into account social and environmental aspects as well as traceability.

Six audits were conducted in 2009 by ACTE International and SGS. They resulted in a clear and independent picture of the situation, mainly related to social performance and the implementation of development plans :

- > Jianxing, China
- > Xiamen Bassington, China
- > Dird, Bangladesh
- > Filobranca Eastern Europe, Romania
- > Winsome, China
- > Yuan Tai, Taiwan

Audits of two new prospective suppliers were conducted in :

- > Caremil, Romania
- > Northern, Bangladesh

Every new supplier (factory) must undergo an audit before being added to Switcher's list of suppliers. If the factory's standards are too low, obligation will be given to make the necessary improvements before Switcher gives the go-ahead for production. Factories are usually receptive and audits help them to uncover problems they may otherwise have ignored.

The CSR department and/or the audit organization checks that the necessary improvements have been implemented within the allotted timeframe.

Corrective measures are taken to remove the causes of existing non conformities.

2010 Outlook for Textile Suppliers (Factories)

In 2010, training will be given to Bassington workers in Xiamen, China. This training will focus on working hours and rest days, legal information related to salaries, procedures to solve conflicts at work and basic notions of health and safety.

4.4 | FAIR WEAR FOUNDATION



Fair Wear Foundation (FWF) is an international verification initiative that strives for fair working conditions in the garment industry worldwide. It cooperates closely with a growing number of companies that produce garments and other sewn products. FWF verifies effective implementation of the improvements made by its members. Thanks to the sharing of expertise, social dialogue and intensive industrial relationships, FWF increases the effectiveness of work carried out by companies.

Member companies commit to respecting the following international labour standards:

- › Employment is freely chosen.
- › No discrimination in employment.
- › No exploitation of child labour.
- › Freedom of association and the right to collective bargaining.
- › Payment of a living wage.
- › Reasonable hours of work.
- › Safe and healthy working conditions.
- › A legally binding employment relationship.

Switcher was the first Swiss textile company to become a member of FWF in 2006 and is a founding member of the Swiss stakeholder platform.

In December 2006, FWF conducted a management system audit on Le Mont-sur-Lausanne site. The CEO, CSR team and Products&Procurement Director were interviewed at length. Below are some of the main points taken from the audit report.

Positive Aspects

- › Switcher goes to considerable lengths to inform its suppliers of the implications related to its membership of FWF, for example by organizing Compliance Days in Switzerland for its suppliers.
- › Switcher also supports long-term relationships with its suppliers. This has a positive impact on the improvement of working conditions.
- › In 2008, Switcher conducted an audit with its local agent in Bangladesh to check the working conditions of a potential supplier.

FWF Recommendations

- › Group together special productions in a limited number of factories.
- › Communication between CSR and Products department must be better formalized in order to ensure a more systematic approach to the selection and approval of new suppliers.
- › Develop a standard approach in order to brief members of the Products department before their factory visit. A document containing the five main points relating to CSR must be prepared so that they can be discussed with factory management.
- › Intensify the follow-up of corrective action plans.

4.5 | MAX HAVELAAR



The Max Havelaar Foundation (Switzerland) was created in 1992 by six important charity institutions: Action de Carême, Caritas, EPER, Helvetas, Bread for All and Swissaid. A non-profit-making organization, it has been self-financed since 2001 and grants a label for products produced on a fair-trade basis.

The Max Havelaar label legitimizes Switcher's approach by guaranteeing cotton producers a fixed minimum price – never lower than the market price – to cover their production costs. A “fair-trade” premium is added to this price to promote improved living and working conditions through the financing of community projects (for example environmental training – limited use of chemicals, soil management). The use of this label enables Switcher to adopt a method which has been tried and tested in other agricultural industries to control its production chain better. The Max Havelaar label gives the consumer an additional guarantee of the transparency of Switcher's social approach.

In 2009, Switcher sold 10 models bearing a Max Havelaar label. With a total of 137,723 articles (i.e. 4.5% of the cotton articles sold), Switcher indirectly paid a fair-trade premium of 20,650 Euros* to producers in Mali, Burkina and India.

*source: Max Havelaar Switzerland.

In Mali, that premium served to build a maternity centre for six villages as well as a shower near the well.

4.6 | HELVETAS



Helvetas is one of the major non-governmental organizations (NGOs) in Switzerland. In Africa, Asia and Latin America, Helvetas aims at improving the living conditions of deprived people. Efforts are focused on basic needs such as fresh water, food, income, education, co-determination and peace. Since 2002, Switcher has been using organic cotton from fair-trade sources in Mali and Burkina Faso as part of a project led by Helvetas and supported by the Swiss Secretariat of State of Economy (SECO).

Switcher took an active part in Helvetas' “Ask for organic and fair trade t-shirts” campaign.

In September 2009, Helvetas organized the “From Fashion to Sustainability World Congress on Organic Cotton” in Interlaken that brought together all the partners involved in organic cotton.

Over the past five years, Switcher has bought organic cotton from Helvetas, 280 tons from Mali and 60 tons from Burkina Faso.

* Source: Helvetas Mali

4.7 | SOCIAL ACCOUNTABILITY INTERNATIONAL



Social Accountability International (SAI) is a non-profit, multi-stakeholder organization whose mission is to advance the human rights of workers by promoting decent work conditions, labor rights, and corporate social responsibility through voluntary standards. SAI established one of the world's preeminent social standards- SA8000 - a recognized benchmark among the voluntary codes and standards initiatives that companies and factories measure their performance.

SAI and the SA8000 standard focus on the human elements of the workplace and the supply chain. SA8000 is the standard that considers the importance of each job and strives to recognize the equal dignity of each person involved in the supply chain - from the worker to the retailer to the consumer. Today SA8000 certification covers over 1.2 million employees in over 2,100 facilities in 63 countries.

SAI is also one of the world's leading social compliance training organizations, having provided training to over 20,000 people- factory managers, auditors, compliance officers, worker rights advocates, and workers - both inside and outside of factories. These trainings are aimed at helping people to understand social compliance issues and the importance of management systems as the key to ongoing compliance.

Switcher SA is a Corporate Member and Robin Cornelius is a member of the SAI Advisory Board.

4.8 | WORLD FEDERATION OF SPORTING GOODS INDUSTRY



The World Federation of the Sporting Goods Industry (WFSGI) is a worldwide association of brands, manufacturers, suppliers, regional and national sporting goods federations and companies active in the field of sports. The organization is organized into six committees, one of which is specifically dedicated to sustainable development (CSR Committee).

Bruno Barth, CSR Director, is a member of the WFSGI CSR Committee.

4.9 | FAIROLYMPICS



During the Athens Olympic Games in 2004, the Fairlympics initiative was launched by a group of NGOs and organizations.

This campaign requires that companies managing the production of clothing and sports accessories for the Olympics must be committed to ensuring that workers' rights are respected, paying decent wages, eliminating any discrimination, avoiding the creation of unemployment and refusing child labour.

Switcher joined this initiative that aims at adhering to the spirit and letter of the Olympic Charter, according to which the Olympic values promote a life founded on respecting fundamental and universal ethical principles.

In addition, Switcher has been the Swiss Olympic Team's official partner since 2002. This partnership will continue at least the 2012 Olympic Games in London.

4.10 | FONDATION SWITCHER



Switcher makes a very clear distinction between its core-business social responsibility, the working and production conditions of its commercial activities, and the donations it gives to the community as a voluntary contribution.

It was for this reason that Switcher created its own Foundation in 2004. The Fondation Switcher is active in the areas of childhood, education, training and the environment. It organizes and finances projects that bring communities a sustainable improvement to their living conditions.

In 2009, the Fondation Switcher raised 199,169.74 CHF of which 183,481 CHF were donated to projects in the Tiripur area, the centre of Indian textile production, and to Burkina Faso, a cotton-growing country.



In India (Tirupur Area):

- > **7 Switcher schools, of which three are "mobile" for street children, give about 500 children access to education.**
- > **4 health clinics give free medical care to around 1,200 patients from local communities and factory workers.**
- > **12,000 litres of fresh water are distributed every day to the residents of Tiripur who have no other access to water.**
- > **3 YES (Youngster Education Programme) training programmes enable young employees aged from 18 to 25 to continue their education.**

In Burkina Faso (Ouagadougou Area):

- > **In Tanguiga village, the nursery school destroyed during the summer floods of 2009 was rebuilt. Four nursery teachers supervise 120 children.**

The Fondation Switcher believes that the improvement of social conditions is achieved through information sharing as well as education, not only in developing countries, but also in Switzerland. It is for this reason that it has begun to develop an educational project that aims to achieve a lasting and responsible approach to societal development. Produced in collaboration with the Kantonsschule Freudenberg Zurich, it will be launched in 2010.

The Fondation Switcher is officially approved and is subject to the supervision of the Federal Department of Home Affairs.

For further information : www.fondationswitcher.org

5 ENVIRONMENT

5.1 | INTRODUCTION

Raised water levels, the mass exodus of climatic refugees, serious damage to biodiversity and irreversible pollution are unfortunately part and parcel of our long term daily concerns.

2009 marked a turning point in the worldwide perception of risks related to climate change. The UN climate conference in Copenhagen which attracted broad media coverage as well as new issues raised by an American car industry on its knees have given the media much to chew on. Governments and the scientific community are now working together to avert a permanent deterioration of our planet.

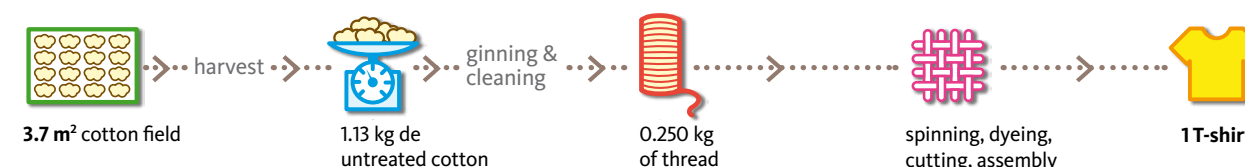
5.2 | MAIN RAW MATERIALS

5.2.1 | COTTON

Cotton plants are a species of shrubs native to India, cultivated in many hot countries for the natural fibres that surround the mature seed. The use of cotton is very ancient, remains of fabric dating 3,000 BC having been found in India.

| | |
|------------------------------------|------------------------------|
| World production 2008/2009: | 23.4 millions of tons |
| > Conventional cotton | 48.1 % |
| > BioTech (BT or GMO) cotton | 51.1 % |
| > Organic cotton | 0.8 % |

Source: SportsOneSource



Organic cotton meets seven criteria :

- > Considerable distance between organic cotton fields and fields in which genetically modified cotton (GMO) plants are grown.
- > Untreated seeds.
- > Land left fallow for at least three years before conversion to ecological farming.
- > Crop rotation.
- > No synthetic and chemical crop protection agents, reduction of fertilizers.
- > Hand-picking into bags made of natural substances.
- > Reduction of pesticides, ban on spraying, use of helpful insects and plants which attract insects.

Switcher's Organic Cotton is tested and certified by an independent organisation.

In 2009, 16.1% of cotton garments were sold with the Organic-Cotton label.

5.2.2 | POLYESTER



Polyester is the most produced synthetic fibre in the world (abbreviation: PET or PES), made from refined petrol. Its two main uses are clothing and bottles.

Recycled polyester is made from the recycled PET bottles. 15 bottles of PET (1.5 litres) are necessary to make one jacket.

In 2009, 11.1% of polyester articles were sold with the Recycled-PET label.

5.2.3 | MERINO WOOL



This wool is produced by the Merino breed of sheep. One of the finest wools in the world, it is exclusively supplied to Switcher by farms in New Zealand. It is used for underwear, and its softness, body-temperature regulation, dimensions stability, resistance to smells and treatment without chlorine make it a high-end natural fibre.

5.3 | GREENHOUSE GASES

Greenhouse gases (GHG) are the main contributors to global warming.

| MAIN GHG | MAIN SOURCES |
|------------------------------------|--|
| Carbone dioxide (CO ₂) | combustion of fossil fuels and deforestation |
| Methane (CH ₄) | digestive system of livestock, wetlands emissions |
| Nitrous oxide (N ₂ O) | emissions of tropical soils, oceans and nitrogen fertilizers |

CO₂, accounting for 72 % of the total greenhouse effect, is often linked to all GHG.

Greenhouse gases (GHG) generated by human activities are the main cause of the current increase in world temperatures. Since the beginning of the industrial era, the concentration of greenhouse gas increased by 30 %. Calculating, reducing and compensating are our three focus areas.

Calculation and Measures Implemented in 2009

- › Updating the Life-Cycle Analysis (LCA) tool. A new version of the LCA will be published in the summer of 2010 and will replace the 2007 version.
- › Updating the textile CO₂ calculator, with the integration of more recent data (organic cotton, recycled polyester).

Examples of CO₂ - Equivalent Discharges and other Greenhouse Gases

Quantis and Switcher applied the company's life-cycle analysis (LCA) to each product according to its weight, composition, origin and mode of transport; three examples are given below:



Source : CO₂ calculator, done by Quantis, based on the Life Cycle Analysis (LCA). This methodology is governed by the ISO 14,040 and 14,044 standards. All contracts done for Switcher, including the company's Life Cycle Analysis and the calculator of products' greenhouse gas emissions, are based on that methodology. They comply with these standards' requirements within the limits of the goals of the undertaken studies. Quantis uses the Ecoinvent database, data found in literature as well as primary data collected in the field, within the framework of its analyses.

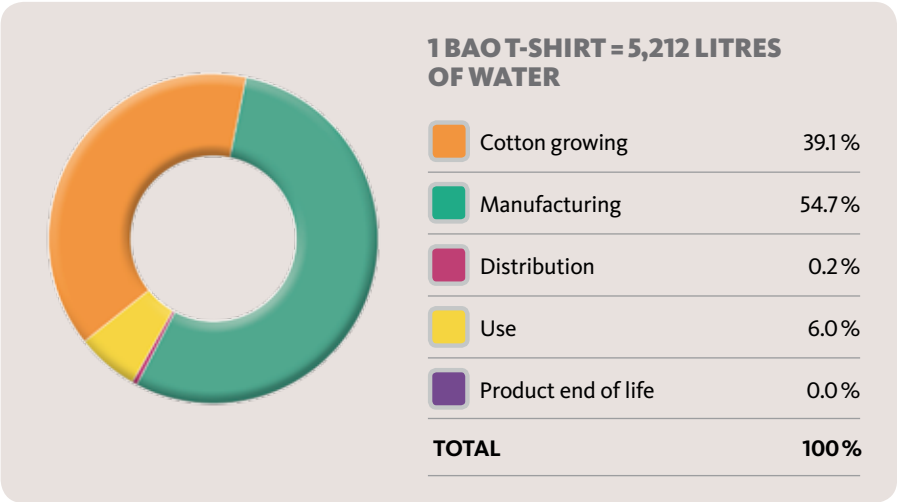
5.4 | WATER

According to the 2008 UNICEF report, over a billion human beings do not have access to fresh water. Water is a major theme in the current environmental agenda. In 2009, Switcher financed a study of water use throughout the supply chain for its products originating in India. Knowing the volume of water used forms the basis to undertake changes and reduce its consumption.

The calculation is based on both the “Water footprint of Cotton Consumption, Chapagain, Hoekstra, Savenije, Gautam, 2005” methodology as well as the Master project carried out in the spring of 2009 by Guillaume Grandchamp.

5,212 litres of water are consumed in order to produce one Bao t-shirt according the diagram below. 26 % of water has been saved thanks to the water purification plant and salt recovery after the dyeing process in Tiripur (India).

Following this measure, the intention for 2010 and 2011 is to reduce our productions impact on water, one of the major natural resources for the preservation of a healthy ecosystem.



Research project
“La problématique de l’empreinte hydrique, étude de cas dans l’industrie textile” (“The Issue of the Water Footprint, Case Study in the Textile Industry”), Master project, June 2009, UNIL & EPFL, Guillaume Grandchamp.
“Assessment in Strategic Risks Related to Water Use”, Master Thesis, January 2010, UNIL, EPFL, CIRAIG, Anna Kounina

5.5 | ENVIRONMENTAL IMPACTS

For the headquarters in Le Mont-sur-Lausanne Switcher set up a range of indicators (CO₂, energy, water, mobility, transport and waste) and committed to follow them up regularly in order to establish the environmental footprint.

DIAGRAM OF THE ENVIRONMENTAL IMPACTS FOR EVERY 1,000 ARTICLES SOLD



5.6 | CARBON DIOXIDE

Reduction : measures taken in 2009

- > All containers from Asia must be transferred to rail on arrival in northern European ports.
- > A regular and well-programmed timetable for shipments (India) has led to a reduction of the use of small containers (20 feet) in favour of large containers (40 feet). Fewer units improve the ecological and economical efficiency of goods transported.

Offsetting : measures taken in 2009

- > New offsetting partner on 01.01.2009: myclimate, Zurich.
- > News 2009 – 2010 offsetting project: Uttarakhand, India, use of biomass briquettes as fuel instead of coal.
- > An internet service for the voluntary offsetting of orders was opened up to Corporate customers in December 2009



| VOLUNTARY OFFSETTING OF CO ₂ | DESCRIPTION | KG CO ₂ OFFSET |
|---|--|---------------------------|
| 21 textile models | i.e. 10.2 % of articles sold. | 1,097,000 |
| Various models in partnership with customers | | 54,000 |
| Pro Clima packages | Switcher is the Swiss postal service's first Pro Clima* customer. As from 01.02.2009, all postal packages sent to Switzerland are offset (90 % of total volume). | 209,000 |
| Kühne+Nagel containers | In partnership with Kühne+Nagel, offsetting of all containers' transported from India to Switzerland as from 01.07.2009. | 57,000 |
| Business trips by air | | 116,000 |
| Compliance Days participants' trips | | 29,000 |
| Catalogues and flyers | | 66,000 |
| TOTAL | | 1,628,000 |
| INDICATOR : KG CO ₂ OFFSET / 1,000 ARTICLES SOLD | | 370 |

Sources

- > Approval and offsests myclimate
- > Original certificates are available on www.respect-code.org or on request.

*The Swiss postal service's Pro Clima initiative offset the CO₂ emissions of 55 million packages sent in 2009.



5.7 | ENERGY AND RESOURCES

The consumption of energy of non-renewable origin is one of the main causes of greenhouse gas emissions.

Electricity production and consumption are often measured in kilowatt-hour (kWh). That means that an appliance consuming 1 kWh has functioned at a power of 1,000 watts for one hour.

Switcher 2009 measures

- > Electricity consumption nativa® (as of 01.01.2009) certified 100 % hydraulic (consumption certificate of green renewable electricity given by Services Industriels de Lausanne).
- > All computer servers and workstations were replaced in 2009 by components which are significantly more energy efficient.
- > The reduction of storage surface by 30 % as well as more efficient use of administrative square metres (-19%) have led to marked progress in terms of gas (heating) and electricity (power and light) consumption.
- > Two trainings sessions to raise the awareness of energy saving (30 employees present) were organized with the participation of the Lausanne Industrial Services (SIL).
- > The photovoltaic solar panels (installed in 2002 on the roof of the Switcher building) by Edisun Power, the City of Lausanne and Switcher produced 24,642 kWh in 2009, an equivalent to the annual energy consumption of eight Swiss households.



Implementation (on 01.01.2009) of three indicators for Le Mont-sur-Lausanne site for every 1,000 articles sold : energy, water and square metres used

| ENERGY | KWH |
|---------------------------------------|-----------|
| electrical consumption | 250,000 |
| gas consumption (heating) | 776,100 |
| TOTAL | 1,026,100 |
| INDICATOR : KWH / 1,000 ARTICLES SOLD | 233 |

| WATER CONSUMPTION | LITRES |
|--|-----------|
| | |
| TOTAL | 1,186,000 |
| INDICATOR : LITRES / 1,000 ARTICLES SOLD | 270 |

| WORK SURFACE AREA | M ² |
|--|----------------|
| administrative surface area | 1,900 |
| storage surface area | 5,800 |
| TOTAL | 7,700 |
| INDICATOR : M ² / 1,000 ARTICLES SOLD | 1.8 |

Source : Lausanne Industrial Services (SIL), Nativa Certificate

5.8 | TRANSPORT OF GOODS, ARRIVALS

As a general rule, road transport is only allowed for European suppliers. Sea transport (from Asia) must be transferred to rail on arrival in European ports.

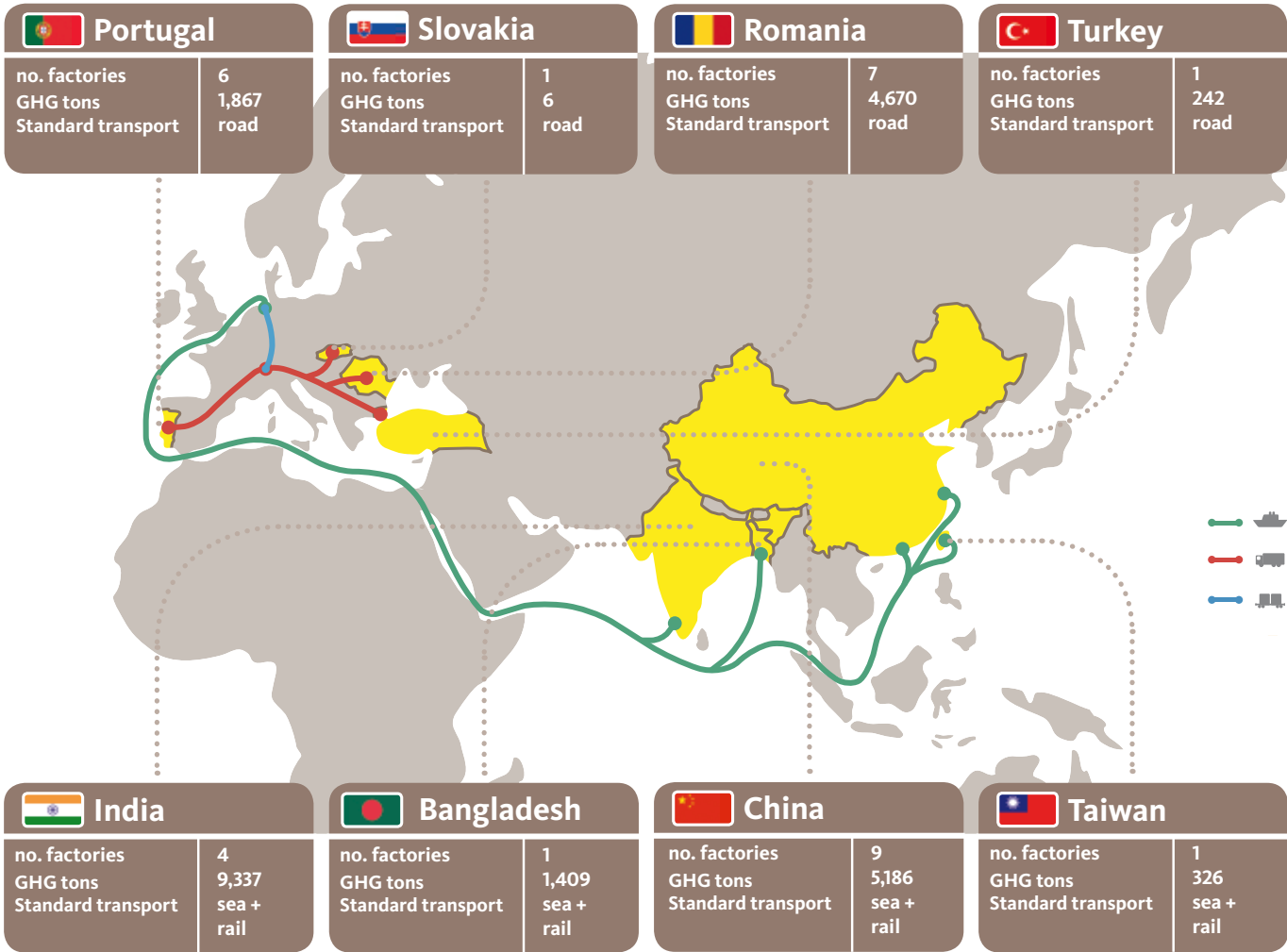
The ratio of incoming packages transported by air has remained stable, from 4 % in 2008 to 4.8 % in 2009. Air transport is only used in exceptional cases :

- > Stock shortage during periods of high demand
- > Special order from the customers

Market tensions and short time limits do not permit Switcher to reduce the air transport rate, despite much higher costs and a distinctly inferior ecological performance.

| GOODS TRANSPORT, ARRIVALS | | |
|--|--------------------|--------|
| | NUMBER OF PACKAGES | % |
| sea / land | 87,434 | 95.2 % |
| air | 4,408 | 4.8 % |
| TOTAL | 91,842 | 100 % |
| INDICATOR : TRANSPORT / 1,000 ARTICLES SOLD | | |
| 48 ARTICLES BY AIR 952 ARTICLES BY SEA / LAND | | |

MAP OF ROAD TRANSPORT AS WELL AS THE TONS OF GREENHOUSE GASES (GHG) DISCHARGED DURING THE PRODUCTION OF ARTICLES



Source : Quantis. life cycle and CO2 calculator; ratification : myclimate.

5.9 | TRANSPORT OF GOODS, SHIPMENTS

As from October 1, 2009, the area for order preparation at Le Mont-sur-Lausanne site has been considered as a “free port”, allowing the dispatch of all shipments to Switzerland and the European Union.

Before that, Switcher subcontracted storage and international shipping to a partner in Germany.

| GOODS TRANSPORT, SHIPMENTS | NUMBER OF PACKAGES | % | ENVIRONMENTAL PERFORMANCE OF PARTNERS |
|--|--------------------|--------|--|
| to Switzerland, by Swiss Post | 89,766 | 88.3 % | 60 % of km by rail, CO ₂ compensation of all packages (Pro Klima) |
| to Switzerland, by Camion Transport SA | 10,000 | 9.8 % | 25 % reduction of CO ₂ emissions thanks to transport by rail between branches |
| to international destinations, by GLS, as from 1.11.2009 | 1,872 | 1.8 % | transport by road only |
| TOTAL | 101,638 | 100 % | |
| INDICATOR : PACKAGES / 1,000 ARTICLES SOLD | | | 23.1 |

Sources : Annual summary data provided by the three transport partners.


5.10 | MOBILITY

In Switzerland, transport accounts for 40 % of greenhouse gas emissions.

(source myclimate)

In 2009, Switcher launched the bases of a mobility plan for all the staff in order to raise personal and collective awareness and implement real improvements in 2010. The CSR department conducted a survey with each employee to collect the following personal data :

- > Distance from home to workplace, number of weekly trips.
- > Mode of transport, brand and model of individual vehicle.
- > Number of km covered by each salesman.
- > Number of km covered by each company car.
- > Number of business trips by air, destination and distance.

|  STAFF MOBILITY | PRIVATE VEHICLES KM | PUBLIC TRANSPORT KM | MIXED KM | AIR KM | TOTAL KM |
|--|---------------------------|---------------------------|-------------|-----------|-------------|
| commuting trips | 834,020 | 23,804 | 40,920 | | 898,744 |
| visits to customers | 305,580 | | | | 305,580 |
| management cars | 36,476 | | | | 36,476 |
| business trips by air | | | | 603,000 | 603,000 |
| TOTAL | 1,176,076 | 23,804 | 40,920 | 603,000 | 1,843,800 |
| INDICATOR: KM / 1,000 ARTICLES SOLD | | | | | 419 |

As from 2010, a personal and professional impact sheet with CO₂ equivalents will be distributed every three months to each employee, to achieve two goals:

- › **Raise personal awareness of the impacts of air travel and private vehicles.**
- › **Behavioural change within each department, planning of trips, more rational use of transports, tele-conference, etc.**

Sources :
Mappy.ch & Google.ch : cartography and road distances
Ecomobiliste.ch : CO₂ emissions of motor vehicles
myclimate: calculation of CO₂ emissions for flights and method consistency

5.11 | PAPER & CARDBOARD

Paper can be recycled five to seven times before the deterioration of its cellulose fibres. It is therefore possible to obtain 100 % recycled paper.

Switcher has implemented five measures as from April 2009:


- › **Removal of pre-printed logos from all the company's stationery.**
- › **Paper and envelopes : a single supplier, FSC standard produced in Switzerland.**
- › **Printing of both sides by default.**
- › **Budget allocation by department of the real costs of printing.**
- › **Limits placed on colour printing.**


The implementation of SAP between October 2009 and April 2010 did not contribute to the reduction of paper (tests, new editions, learning, etc.).

Implementation (on 01.01.2009) of two consumption indicators (paper and cardboard) at Le Mont-sur-Lausanne site for every 1,000 articles sold (kg of paper & cardboard /1,000 articles sold).

5.12 | WASTE

All articles are packaged in corrugated cardboard boxes made from recycled paper. Switcher's only supplier produces the boxes in the canton of Vaud.

|  PAPER CONSUMPTION | KG |
|---|-------|
| paper | 3,500 |
| envelopes | 1,600 |
| labels | 200 |
| TOTAL | 5,300 |
| INDICATOR: KG / 1,000 ARTICLES SOLD | 1.2 |

|  CARDBOARD CONSUMPTION (PACKAGING) | KG |
|--|--------|
| | |
| TOTAL | 85,252 |
| INDICATOR: KG / 1,000 ARTICLES SOLD | 19.4 |


2010 GOAL : Reduce the environmental impact by moving over to 100 % of recycled paper.

The selective sorting of waste is an efficient measure for the recycling and economically justified valuing of materials.

By enabling the recycling of some household waste in the workplace, Switcher encourages waste collection by making it more convenient, as it is carried out in the workplace. Messages of encouragement are regularly communicated to staff.

In addition to the recycling of paper and cardboard, the collection centre gathers the following household and professional waste:

- › **Toners (Swico)**
- › **PCs, printers, electronic material (Swico)**
- › **Second-hand clothes (Texaid)**
- › **Batteries (neighbourhood collecting centre)**
- › **Coffee capsules (Nespresso)**

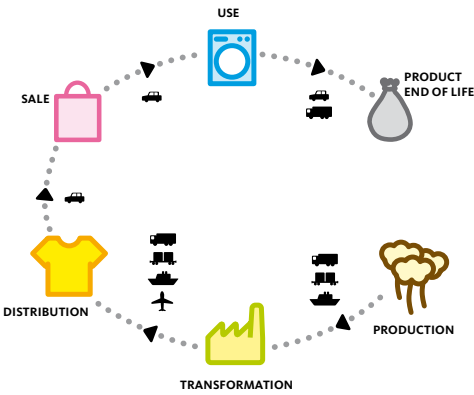
|  RECYCLING | KG |
|---|---------|
| cardboard | 88,600 |
| paper | 3,250 |
| waste to be incinerated | 5,640 |
| PET bottles | 90 |
| various sorted waste | 14,310 |
| TOTAL | 111,890 |
| INDICATOR: KG / 1,000 ARTICLES SOLD | 25.4 |

Sources: Annual statistics of local recycling partners

TEXAID is a company that consists of six mutual aid institutions. Its goal is to organize the collection of clothes throughout the whole of Switzerland.

Switcher gives TEXAID all faulty articles (about 11,000 articles/year) and supplies its employees with recycling containers for household use.

5.13 | LIFE CYCLE ANALYSIS



The life cycle analysis (LCA) covers the entire life of a garment. It includes the production of raw materials (cotton, synthetic fibres) as well as their transportation to the place where they are made into garments (spinning, knitting, weaving, dyeing as well as cutting, stitching and finishing). The finished product is then transported, mainly by ship, rail and road, to the storage centre in Switzerland. Garments are distributed to the various points of sale. Switcher points of sale are included in the life cycle. This is where the consumer comes into play and is responsible for the subsequent stages of the LCA. Customer travel to the shops by car or public transport to buy clothes. They will then wear them, which involves washing, drying and ironing them. Finally, at the end of its life, the garment will be destroyed, either by incineration or recycling.

Greenhouse Gas Emissions (GHG)

The CO₂ values given indicate the potential effect of each garment on climate change. They correspond to the total GHG discharged during each stage of the garment's life cycle (production, manufacturing and distribution of the clothing up to points of sale). All greenhouse gases (CO₂, nitrogen protoxide, methane, halocarbons and sulphur hexafluoride) are accounted in this indicator.

Quantis, EPFL Scientific Park specializes in analyzing the life cycle of products and companies, ievaluating environmental impact and giving strategic company advice. It has developed and now distributes Green-E, the first Web application for quantifying the environmental impact of a company on its life cycle.

5.14 | OEKOTEX & REACH



Oeko-Tex Standard 100 is a standardized worldwide testing and certification system for textile products at all stages of manufacturing. The pollutant tests cover substances that are prohibited and regulated by law, chemicals that are known to be harmful and parameters for health protection.

REACH is the Regulation for Registration, Evaluation, Authorisation and Restriction of Chemicals that has been in force since June 2007. Since that date, all products sold on the European market must be produced in compliance with REACH. All Switcher products meet these two quality standards.

5.15 | ÖBU



The Öbu association has existed since 1989. The initiative has 350 member companies and its mission is to promote further development of the Swiss economy in compliance with the principles of sustainability. Öbu develops tools for its members and provides platforms and sessions to exchange experiences.

Switcher has been a member of Öbu since 2008.

6 HEALTH & SAFETY

6.1 | INTRODUCTION



The protection of employees' health at work has become essential particularly because of the rise in awareness of Health and Safety risks within the workplace. Every work situation generates some element of Health and Safety risk for employees. Many people are now particularly attentive to this issue, and are careful to put in place measures in both their personal and professional lives to significantly reduce the risk of accidents occurring.

Switcher has implemented systems in order to protect its workers. Employees who receive deliveries must wear security shoes which are provided by the company. Switcher also encourages other warehouse employees to wear security shoes and pays 50% of the cost.

In 2009, Switcher became a smoke-free company.

The following benefits are available for the company's employees:

- > **Workgroup for the promotion of health and safety within the company.**
- > **Approximately every two years, detection programme organized by the canton of Vaud's league against cardiovascular illnesses.**
- > **Water fountain connected to the mains.**
- > **Fresh seasonal fruit.**
- > **Significant discount on subscription to a local Health club.**
- > **A subsidized meal with the "green fork" label is offered to all employees at Le Mont-sur-Lausanne once a week.**
- > **Sitting massages twice a year.**
- > **Free provision of a vaccination against the flu.**
- > **Involvement in the marchédurable.ch initiative that offers employees the opportunity to have fruit and vegetables delivered to them every week by a regional producer.**

Employee Data

Number of employees benefiting from these services:

- > **Sitting massages: 36 in May and 33 in October.**
- > **Vaccination against the flu: 19 in October.**
- > **Vaccination against the swine flu: 9 in November.**
- > **"Green fork": 15 employees ate at least once during the year in a "Green fork" establishment.**
- > **Health club: 25 Switcher employees became members.**

6.2 | HEALTH PROMOTION GROUP

Health promotion within the company is a modern strategy. It aims at preventing the risk of diseases in the company (including diseases related to working conditions, accidents and stress) and to strengthen the individual's health and well-being.

The aim of the health promotion group created in 2006, "Zeste", is to support the values contained in the Ethical Charter through the implementation of a health promotion policy within the company that is clear, understood by all and integrated into management practices.

The exchange of ideas and the existence of core values being at the heart of the company culture.

Information related to Health and Safety: in general is regularly published on the company's intranet.

2009 Achievements

Zeste group representatives participated actively in the following projects:

- > **Creation and data analysis of the satisfaction survey.**
- > **Conversion of Switcher to a “smoke-free company” and repainting of the cafeteria.**

2010 Outlook for Health Promotion

- > **Reorganize the safety strategy within the company (appoint a new person in charge, evacuation plans, fire drills, etc.).**
- > **Training of four Samaritans.**
- > **Stop tobacco campaign/contest.**

- > **Feasibility study to obtain the “Friendly Workspace” label.**
- > **One health activity per quarter.**

6.3 | AT THE TEXTILE SUPPLIERS

Within the framework of the textile suppliers' Code of Conduct, Switcher promotes safe and healthy working conditions and makes sure that every worker has personal protective equipment at his or her disposal.

In India, through the Fondation Switcher, Switcher contributes financially to four health clinics which are available for the workers and local communities.

A few years ago an awareness programme for textile suppliers has been organized on the issue of AIDS.


In 2009, 1,200 condoms were distributed at Bassington's (China), 5,600 at Wonderful's (China), 600 at Long Jie's (China) and 36,000 at Prem Durai's (India).

7 2010 COMMITMENTS

The nine goals stated in the 2008 CSR Report were achieved. In 2010, Switcher commits to:

 **Employees**

- > The Ethical Charter becoming an integral part of the work contract
- > Mobility plan and CO₂-equivalent sheet for employees
- > Satisfaction survey
- > One extra week of holiday for employees celebrating jubilees (as of 10 years of service)
- > Training of four Samaritans

 **Professional partners**

- > 100 % recycled company stationery
- > New version of the Life Cycle Analysis (LCA)

 **Non-governmental organizations**

- > Switcher to become a Signatory-Level member of SAI
- > GOTS certification for organic products

 **Authorities, governments**

- > Switcher to become a member of Swiss Cleantech

 **Fondation Switcher**

- > Educational project with Cantonal High School Freudenberg

 **Media**

- > Intensification of meetings with the media

 **Governance**

- > 2010 GRI B social report
- > Improvement of the Respect Code website

 **Customers**

- > Voluntary CO₂ compensation for Corporate customers
- > Creation of a leaflet containing Switcher's essential values
- > Continuation of the organization of Retail Committees and Business Days
- > CO₂ index to be published in the 2010 catalogue and on the internet websites
- > H₂O index to be published on three articles

 **Suppliers**

- > Implementation of a new suppliers' master agreement
- > Training for workers at the Bassington factory in China
- > Extension of the recycled-PET range
- > Extension of the organic-cotton range

8.1 | GRI INDEX

The **Global Reporting Initiative (GRI)** was established in 1997. Its aim was to create sustainable development guidelines which could be used worldwide, and to create conditions for companies to report their economic, environmental and social performance. It offers benchmark indicators to measure the progress of sustainable development projects within companies.

This annual report is of crucial importance to Switcher, as it enables Switcher to communicate its commitments in the area of sustainable development.

In this report, Switcher has met the GRI C-level requirements. This shows that the information on the company and its social responsibilities is in accordance with the G3 GRI guidelines. For this report, the company chose the spheres in which it has greatest influence and so we report about our operations in these areas. Switcher continues to give precedence to social concerns and environmental standards.

| GRI INDEX | 1. STRATEGY AND ANALYSIS | CHAPTER | PAGE |
|-----------|--|---------|------|
| 1.1 | Statement from the CEO about the relevance of sustainability to the organization | 1.2 | 8 |

| INDEX GRI | 2. ORGANIZATIONAL PROFILE | CHAPTER | PAGE |
|-----------|---|------------------------------|-------------|
| 2.1 | Name of the organization | in short / 1.5.1 | 2 / 11 |
| 2.2 | Primary brands, products and services | 1.5.6 / 1.7 | 13 / 16 |
| 2.3 | Structure of the organization | 1.5.1 / 1.5.2 | 11 |
| 2.4 | Commercial headquarters | 1.5 | 11 |
| 2.5 | Countries where the organization operates | 1.8 | 20 |
| 2.6 | Nature of ownership and legal form | 1.5 / 1.5.3 / 1.8 | 11 / 20 |
| 2.7 | Markets served | 1.8 | 20 |
| 2.8 | Scale of the reporting organization | in short / 1.8 / 4.2.1 | 2 / 20 / 36 |
| 2.9 | Significant changes regarding structure | 1.5 | 11 |
| 2.10 | Awards received in the reporting period | No prize was awarded in 2009 | |

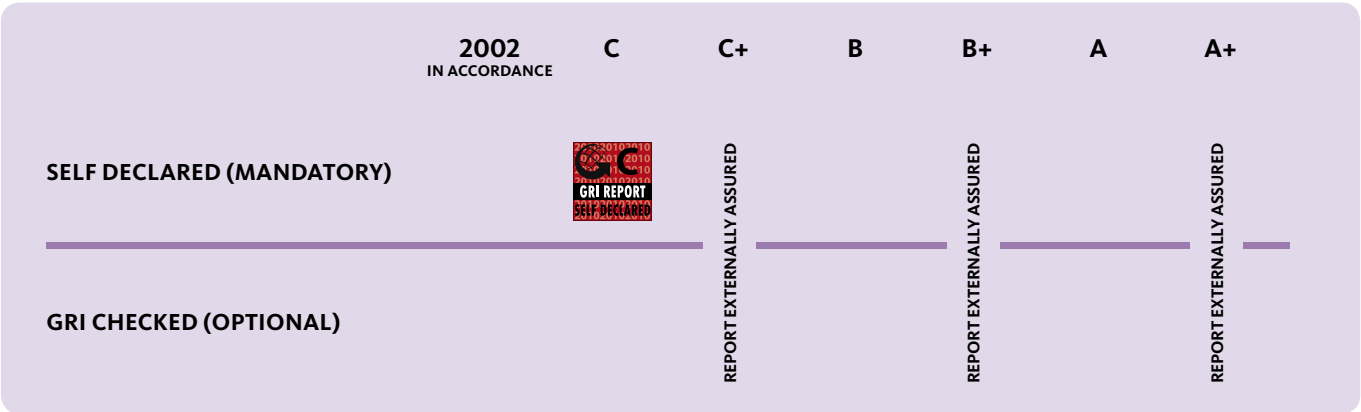
| GRI INDEX | 3. REPORT PARAMETERS | CHAPTER | PAGE |
|-----------|---|-------------------|--------------|
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| 3.3 | Reporting cycle | 8.2 | 66 |
| 3.4 | Contact point for questions regarding the rep | 8.2 | 66 |
| 3.5 | Process for defining report content | 1.3 | 10 |
| 3.6 | Boundary of the report | 1.5.2 / 1.7 / 1.8 | 11 / 16 / 20 |
| 3.7 | Specific limitations on the boundary of the report | 1.3 | 10 |
| 3.8 | Basis for reporting | 1.3 / 1.5.2 | 10 / 11 |
| 3.10 | Re-statements of information provided in earlier reports | 1.2 / 1.3 | 8 / 10 |
| 3.11 | Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report | 1.5.2 | 11 |
| 3.12 | GRI index | 8.1 | 64 |

| GRI INDEX | 4. GOVERNANCE, COMMITMENTS AND ENGAGEMENT | CHAPTER | PAGE |
|-----------|--|--|--------------------------------|
| 4.1 | Governance structure of the organization, including committees | 1.5.4 | 12 |
| 4.2 | Board of Administrators: executive duties of the President | 1.5.3 / 1.5.4 | 11 / 12 |
| 4.3 | Board of Administrators: number of independent and/or non-executive members | 1.5.4 | 12 |
| 4.4 | Mechanisms for shareholders and employees to provide recommendations | 2.1 / 2.2.2 | 25 / 26 |
| 4.12 | Externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or endorses | in short / 4.4 | 2 / 44 |
| 4.13 | Memberships in associations, industry associations and/or national/international advocacy organizations | in short / 4.4 / 4.5 / 4.8 5.1 | 2 / 44 / 45 / 46 49 |
| 4.14 | List of stakeholder groups | 1.6 | 14 |
| 4.15 | Basis for identification and selection of stakeholders | 1.6 | 14 |
| 4.16 | Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group | 1.6 / 2.2.3 / 2.2.7 / 2.2.8 2.2.9 / 2.2.10 / 4.2.4 | 14 / 26 / 27 / 28 28 / 29 / 40 |

| GRI INDEX | ECONOMIC INDICATORS | CHAPTER | PAGE |
|-----------|--|-------------|---------|
| EC1 | Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments | 1.5.3 / 1.8 | 11 / 20 |
| EC5 | Range of ratios of standard entry-level wage compared to local minimum wage at significant locations of operation | 4.2.2 | 38 |
| EC7 | Procedures for local hiring and proportion of senior management hired from the local community | 4.2.1 | 36 |

| GRI INDEX | ENVIRONMENTAL INDICATORS | CHAPTER | PAGE |
|-----------|--|-------------------------------|------------------------|
| EN2 | Percentage of materials used that are recycled input materials, in weight or volume | in short / 5.5 / 5.11 | 2 / 53 / 58 |
| EN3 | Direct energy consumption by primary energy source | 5.7 | 55 |
| EN4 | Indirect energy consumption by primary source | 5.7 | 55 |
| EN5 | Energy saved due to efficiency improvements | 5.1 / 5.5 /5.6 / 5.7 / 5.11 | 49 / 53 / 54 / 55 / 58 |
| EN6 | Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives | 5.7 / 5.8 / 5.9 | 55 / 56 / 57 |
| EN7 | Initiatives to reduce indirect energy consumption and reductions achieved | 5.7 / 5.8 / 5.9 / 5.10 | 55 / 56 / 57 |
| EN8 | Total water withdrawal by source | 5.5 / 5.7 / 5.4 | 53 / 55 / 52 |
| EN16 | Total direct and indirect greenhouse gas emissions by weight | 5.5 / 5.6 / 5.9 / 5.10 / 5.13 | 53 / 54 / 57 / 60 |
| EN18 | Initiatives to reduce greenhouse gas emissions and reductions achieved | 5.8 /5.9 / 5.10 / 5.11 / 5.13 | 56 / 57 / 58 / 60 |
| EN22 | Total weight of waste by type and disposal method | 5.5 / 5.12 | 53 / 59 |
| EN29 | Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce | 5.8 / 5.9 / 5.10 / 5.13 | 56 / 57 / 60 |

| GRI INDEX | SOCIAL INDICATORS | CHAPTER | PAGE |
|-----------|--|---------------|---------|
| LA1 | Total workforce by employment type, employment contract and region | 4.2.1 | 36 |
| LA2 | Total number and rate of employee turnover by age group, gender and region | 4.2.1 | 36 |
| LA7 | Rates of injury, occupational diseases, lost days and absenteeism, and number related fatalities by region | 4.2.1 | 36 |
| LA10 | Average hours of training per year per employee by employee category | 4.2.3 | 40 |
| LA12 | Percentage of employees receiving regular performance and career development reviews | 4.2.1 | 36 |
| LA13 | Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity | 1.5.4 / 4.2.1 | 12 / 36 |
| LA14 | Ratio of basic salary of men to women by employee category | 4.2.2 | 38 |



8.2 | REPORT PARAMETERS

This report covers the period from January 1 to December 31 2009. It is produced on an annual basis and is available in PDF format in three languages at www.switcher.com

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Switcher creates comfortable, attractive and high quality textile products, in a wide range of colours, permanently available, showing a bias for simplicity and utility.

Switcher products are fully traceable and made in respect with man and nature, in causing no unnecessary harm to our planet.

“Premium Quality Textiles Made With Respect”

