



Social Report [June to December 2014] – past financial year



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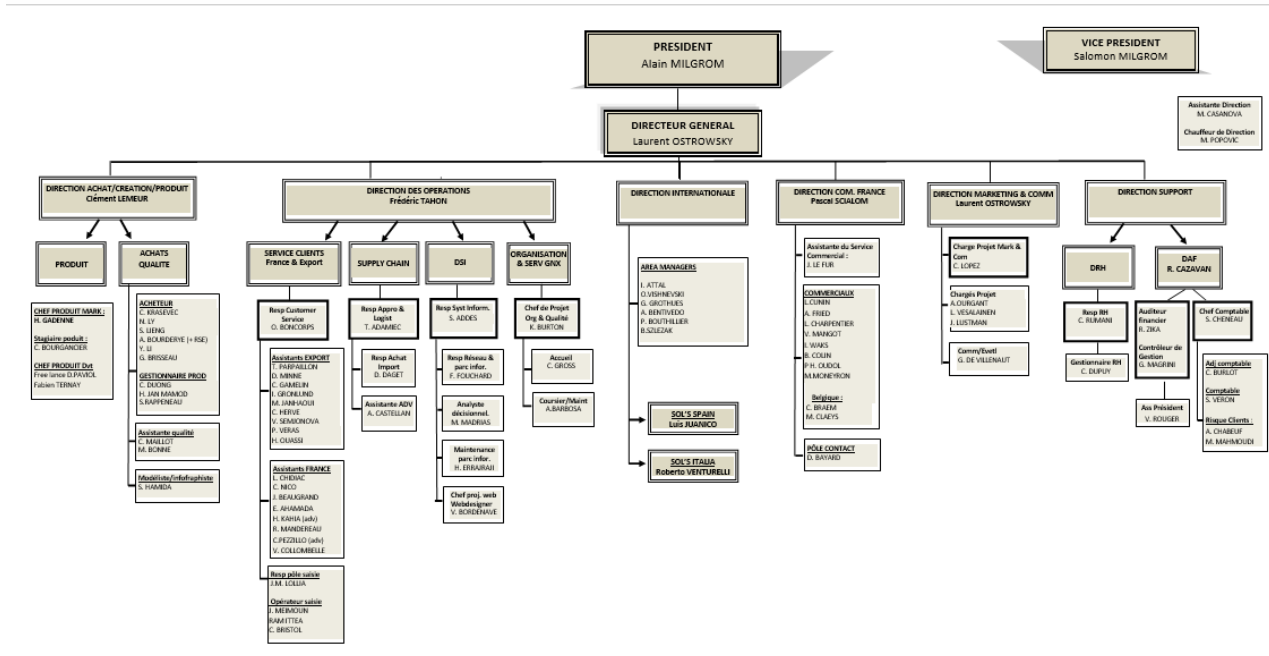
Start date membership

June 2014

Reporting period (financial year)

June 2014 – December 2014

Organisational chart





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Summary: goals & achievements 2014

SOL'S objective in 2014 was to strengthen our corporate social responsibility and to make it clearer and visible for our clients.

For more than 20 years, SOL'S works with reliable and certified factories. 90% of our production sites have been audited by agencies such as SGS, NUK, ITS, under BSCI, WRAP, SEDEX or client own audit standard. Different certificates or audits standards from a factory to another caused communication and comprehension difficulties for clients.

Becoming a member of Fair Wear was an opportunity to gather all our partners under the same "umbrella".

As we sell promotional garments, the price is the key factor to be able to be competitive on this market. That is the reason why all our suppliers are located in Asia to be able to offer expected competitive prices. Because of the current economic crisis, every brand is looking for competitive advantage without compromising on quality and ethics.

SOL'S principal asset is our important stock (over 25 million pieces) that allows us to deliver in short time around 60 countries. In 2014 we also focused on extending our suppliers basis for some product ranges, to improve our stock flow if we suddenly face difficulties with one factory (social non compliances, quality problems, production interruptions due to the country political instability etc).

During the period between June and December 2014, we informed all our existing suppliers about our FWF membership and its Code of Labour Practices. Our current suppliers already knew SOL'S own Code of Conduct, as it is part of the documents they signed when receiving SOL'S General requirements, so they naturally agreed and committed to respect FWF COLP.

As we have a long term partner that represent more than 50% of our buying value we had the objective to audit this supplier first and consequently to have the majority of our production audited during the first semester. But our main difficulty was to have all the units of production audited at the same period so we could not reach our target as quickly as we wished.

SOL'S decided that only the factories that have accepted FWF Code of Labour Practices and share our values can start working with us. Our current and our new suppliers must show their willing to improve the working conditions.

1. Sourcing strategy

1.1. Sourcing strategy & pricing

We source our products from the following countries:

- 79% Bangladesh
- 19% China
- 1.8% Pakistan
- 0.2% India

SOL'S offers 19 families of textile clothing and 8 families of luggage items. We are particularly known for tee-shirts and polo shirts but we are gradually increasing each range to become a multi-specialist. Our challenge is to have consistency in the quality of our stock as products usually stay 4 to 5 years in our catalogue. One of our market requirements is to deliver clients and distributors stable quality through years.

For this reason we prefer to establish long term relationships with suppliers and to limit the number of suppliers per product line. On the other hand we sometimes have to diversify our sources to ensure a good stock and avoid shortage. Some countries suffer from political instability that hampers our productions, and causes delays in the delivery of goods. These countries also often have to face problems of gas / electricity supply and we must be reactive when facing these kind of unpredictable events.

Bangladesh is specialised for some items, whereas China, Pakistan or India are more used to produce others. We dispatch our productions according to the local manufacturing specificities, and we also do benchmarking studies to assess the price/quality ratio. We work with them in open costing to optimize the costs (consumption, dyeing, cost making, accessories...) to set stable and long term relationship.

In 2014 we recruited two people for sourcing new suppliers and new areas of production.

Sourcing people, buyers, Quality Manager and CSR Manager are involved in the final decision when it comes to start a new collaboration. Apart from quality, capacity of production and prices, we always consider the CSR compliance. It has become a filter, a mandatory parameter: if a factory is not in compliance with basic principles, we do not start any production.

1.2. Organisation of the sourcing department

Two people are in charge of finding and visiting new suppliers

4 buyers are in charge of the day to day relationship, placing the orders, negotiating the annual volume

3 people are dedicated to the administrative follow up and the respect of delivery dates



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1 quality manager makes sure the factory can produce as per our requirements and give the validation after inspections and lab testing reports

1 CSR Manager is checking the certifications held by the factory and follows the audits and CAP

The final decision is a collective one and it is finalized by the Purchase Director.

We prefer working directly with the factories. In some cases we must work with agents:

- When the factory Management does not speak English (in China most of the time)
- When our volume of order is too low for one product, we place through an agent who has access to compliant factories due to his agency total order volume.

When we work via agents, we demand a total transparency, we know the factory (preliminary visit) and we do audits on regular basis.

1.3. Production cycle

SOL'S develop one collection a year. The percentage of new products each year can vary, they represent around 16%. Manufacturers are informed about the potential annual volume of orders when starting the development of samples.

Lead times are between 60 to 120 days.

1.4. Supplier relations

In 2014, for reasons explained above we selected new suppliers, sometimes to have "back up" suppliers, and sometimes because the new products launched required a new sourcing.

Before we place the first orders, we visit the factory and we check the certifications and audit reports available. When the factory has never been audited before we arrange a visit by SGS, which is a way to have an idea of the situation, especially in term of "health and safety". If the result is satisfactory, we then talk with the factory to be sure they are willing to implement the CAP.

We make sure the factory or the fabric suppliers are OEKO-TEX certified (at a minimum REACH compliant). As concerns Chinese productions, when the factory is not OEKO-TEX certified, every single order is tested by an accredited laboratory to ensure REACH compliance.

In 2014 we terminated the relationship with some suppliers, mainly for quality reasons. Because of the volume purchased, especially for tee-shirts and polos, quality must be consistent. When the factory does not show a capacity of improvement or often postpone the delivery of goods, it has a deep bad impact on the customer relationship.

Clients often order our goods for specific events. Consequently the respect of delivery dates is vital.

It also happened that we decided to decrease volume in a factory because the Management was not able to do all the necessary improvements for working conditions, while in parallel actively searching a reliable alternative supplier.

1.5. Integration monitoring activities and sourcing decisions

When choosing new suppliers in 2014, we considered the previous audits reports before starting any collaboration. We checked if the report, when available, was recent, we checked the number of non-compliance found and we arranged visits by SOL'S sourcing team/buyers/managers to have a clear view of the situation.

In Bangladesh we have a local office that can make preliminary visits for us and submit visits reports. In China we arrange visits by ourselves or we ask SGS to do an "SGS Gap assessment audit".

In 2014, visits of some new factories found by sourcing people revealed important non-compliance issues and it was decided not to place any order despite the fact that the factory held certifications, was quite reputed and has a price interest.

Before any visit of the supplier, the CSR Manager make a written report to the visiting people about the current situation and the pending subjects that need to be discussed.

An internal follow up table is available in our system to know what are the latest audits' results for each factory, and CAP evolution.

Last year we start developing a scoring tool in order to rank manufacturers but it is not yet finalized. So far the tool is scoring the suppliers capacity to deliver on time. On time deliveries enable to assess the quality at a factory and their reliability for developments.

2. Coherent system for monitoring and remediation

2.1. Factory A/ Bangladesh

⇒ 58.5% of 2014 production

SOL'S has been working with the factory for 20 years. Since many years, the factory is regularly audited by various organizations such as NUK (a local NGO in Bangladesh that was a pioneer as concerns improvement of working conditions in the garment industry, and that also fights for the emancipation and education of women), BSCI, WRAP, SEDEX... So the factory Management is well aware of the CSR requirements and CSR subjects are part of the agendas of discussion during meetings.

The challenge here is that there is a main dyeing composite building and after dyeing, our production is dispatched between various units of production, all belonging to the same group. It is more than 4000 workers in total. A few units were transferred recently into new buildings so the Management requested us some time to perform audits. We could not audits all the units between June and December 2014.

In 2014 SOL'S team, Management, buyer, CRS Manager, visited the factory 3 times. CSR subjects are always part of the agendas of discussions during meetings. In November 2014 FWF has audited the main dyeing Composite (1527 workers).

Living wages and reasonable hours of work:

Whereas most workers were paid according to minimum wages requirements, some wages were not conform to the latest Bangladesh gazette for some cleaners or security guards. SOL'S discussed with the factory about the regulation for this grade of workers as the grade to attribute was not clear.

Overtime premium is not paid to piece rate workers, which is a dilemma for the factory because it is not planned by local law but expected by FWF. Factory refers to a circular

saying that they are not entitled for any O/T as their wages are settled on productivity outcome per piece per day. This point is still to be discussed.

Wages are below the estimate living wage, which is in Bangladesh considerably higher than the established minimum wages. This is a challenging issue as no garment factory reaches the expected level of salary in this country. Excessive overtime have been found too but always paid. It is part of the challenges also to try to reduce overtime but it is directly linked to wages because workers rely on overtime to increase their wages.

Collective right to Bargaining

The fact that there is no Trade Union is also a recurrent “non-compliance” found in Bangladesh as factories do not want to be linked with Trade Unions, which are politically oriented. This is something SOL’S understands, provided that the Workers Committee is well active and represent the workers’ rights.

Safe and hygienic working conditions

So that fire drills are really effective factory should record the shortcomings for study, share with workers and take corrective action plan to overcome the shortcomings. It should be performed unannounced. Factory has already implemented the recommended process following the audit.

Factory also made sure all workers without exception use PPE. First aid training is provided to workers, first aid boxes and a doctor room are available. Indeed, in some locations in Bangladesh, heavy road traffic can make it difficult for emergency services to arrive quickly.

Factory is implemented in phase the remediation requested by the ACCORD fire / structure / electrical audit.

On other subjects, audit report was quite good.

It is important to note that in Bangladesh forced labour is not common.

The minimum age for workers is 14 but SOL’S Code of Conduct strictly forbids young workers under 16 years old. So far we have never faced child labour problem and we are very watchful about it as not all workers have birth certificates.

2.2. Factory B/Bangladesh

⇒ 9.7% of 2014 production

SOL’S is working with the factory for more than 10 years. There are around 800 workers. The factory does have a team dedicated to compliance and they are aware of the CSR requirements. Still, it was necessary to remind them on regular basis that improvement of working conditions needs a continuous work and efforts need to be constant along the year. In the past, the factory placed orders through subcontractors, sometimes without our approval. After long talks with the Management we finally got their commitment that no collaboration of any sort will start without SOL’S consent. Today, the factory does not use subcontracting anymore. Our local office is responsible for controls.

Between 2012 and 2014, we requested NUK organization to perform audits at this factory and provide them support in the improvement of working conditions, as no audit had been realised there before, except SOL’S regular visits.

The factory was visited four times in 2014 by NUK and twice by SOL'S (Management, CSR Manager). CSR subjects are always part of the agendas of discussions during meetings.

We noticed considerable progresses all along the year. Major problems were related to safe and hygienic working conditions, with existing but fading aisles marking or insufficient fire equipment for example. Some building modifications were also long to implement, such as creating secondary exits or larger exits for all rooms, as the factory is located in a shared building in the centre of Dhaka. Nevertheless, the factory Management has shown a positive attitude to achieve all corrective actions requested by NUK.

Some other points were improved: They had to update the lay-out and evacuation plans, they made sure all services book were maintained properly, they organized the childcare centre ...

Childcare centres are requested in factories but during our visits we noticed that workers are seldom, if ever, using it. Children are more often at home with family members looking after them.

In this factory we are also noticing overtime in few sections. Unfortunately overtime is widespread in the Bangladeshi garment industry. SOL'S is regularly discussing with the factory to ensure that capacity of production is adapted to our purchase volume. This point is the main topic/ challenge to discuss.

The factory attended FWF Safety workshop in November 2014. They will be audited by FWF in 2015.

2.3 Factory C / Bangladesh

⇒ 2.7 % of 2014 production

The factory is working with SOL'S since 2006. There are around 600 workers.

It is visited regularly by SOL'S, two or three times a year in average. It was audited in 2012 according to the audit standard of a specific client.

In 2014 it was visited four times by Management, buyers and CSR Manager. CSR subjects are always part of the agendas of discussions during meetings.

The factory was audited by FWF in November 2014.

Some examples of recent improvements:

Knowledge about Fair Wear Code of Conduct

⇒ Trainings are being held on regular basis to make sure workers understand the Code of labour Practices. SOL'S collects the agenda of trainings and pictures. Our local office members can also be part of training sessions.

Freedom of association and the right to bargaining

⇒ Factory wrote a procedure about the compliant / suggestion box, and posted it nearby the box as workers did not use it. SOL'S has collected documents and meetings reports

No Child labour



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- ⇒ Factory set up a proper examination record to have an effective age verification process

Payment of a living wage

- ⇒ Factory provided pay slip with mentioned calculation of wage as workers did not understand how wages were calculated
- ⇒ Factory now pays overtime wages premium for all workers including security guards

No discrimination in employment

- ⇒ Management have appointed more female supervisors since last audit

Reasonable hours of work

- ⇒ The Management has reduced overtime to maximum 10 to 12 hours per week so it does not exceed 60 hours per week, as per labour law

Safe and hygienic working conditions

- ⇒ Factory is working actively to implement the ACCORD corrective actions fire / building / electrical safety
- ⇒ Workers were trained by Fire service and civil defence and factory is performing unannounced fire drills

We are monitoring other corrective actions which are under process but the above examples show that the Management is willing to collaborate and has well understood the importance of a continuous work.

2.4 Factory D / Bangladesh

- ⇒ 2.89 % of 2014 production

We start working with this factory only in 2014. There are 650 workers. The factory was visited twice in 2014 and CSR subjects were part of the agenda of discussions during meetings.

It was audited BSCI early 2014 and SEDEX end of 2014. So the factory is used to audits and the compliance team is quite effective.. The audits came to a CAP with minor points that the factory quickly implemented. Factory will be audited by FWF in 2015 and we will certainly cooperate with other clients on complaints or corrective actions for this supplier.

2.5 Factory E / Bangladesh

- ⇒ 2.75 % of 2014 production

We start working with this factory in 2012. There are 900 workers.

The BSCI audit report issued in 2012 showed no major non-compliance except the wages that do not reach the estimated living wage and the overtime.

During our two visits in 2014 (by Management and buyer), CSR subjects were part of the agendas of discussions during meetings. We encouraged the factory to make sure passages and corridors are always obstacles free because it may be sometimes disorganized, and to arrange proper storage of goods for safety reasons.

Management seems open and is audited every three month by a retailer client.

To be able to investigate more deeply and to make sure working conditions are conform to our expectations, a FWF audit was planned in 2015.

2.6 Factory F / Bangladesh

⇒ 1.35 % of 2014 production

The first time we have worked with this factory was in 2002. Business volume decreased gradually for price and quality reasons. Decision was made to stop the collaboration last year. Quality inconsistency caused too many claims from part of SOL'S clients. Despite our efforts to support and guide the factory's quality team, it did not meet our expectations.

2.7 Factory G / Bangladesh

⇒ 0.48 % of 2014 production

We start working with the factory in 2012. There are 500 workers

CSR subjects were part of the agendas of discussions during two meetings in 2014.

In terms of safety, during visit tours we asked the factory to pay attention to the escape routes that must not be blocked by machines.

We noticed that factory had arranged training from fire service and civil defence department first aid training is missing despite the first aid boxes present in each section. It should be done before the end of the year.

Factory also committed to have the electrical installation revised regularly by a competent electrician.

We insisted on the fact that workers' files should be maintained properly and regularly updated, and should include overtime hours. We are talking with the factory to install an electronic time keeping system so that workings hours and overtime can be really assessed.

2.8 Factory H / Bangladesh

⇒ 0.34 % of 2014 production

The factory is executing punctual orders for SOL'S as our volume of order is quite low on the models produced.

Our local office visited the factory twice and internal reports showed no major non-compliance. The factory has the necessary fire equipment, emergency lights and alarms are all operational. The sections are well organized with no obstacles for workers. Workers are using PPE.

Overall it is a good factory in terms of compliance for working conditions. Except that wages do not reach estimated living wages.

But unfortunately SOL'S is looking for alternative supplier because of recurrent quality problems.

2.9 Factory I / Bangladesh

⇒ 0.28 % of 2014 production

We started working with the factory in 2012. There are 2500 workers

CSR subjects were part of the agendas of discussions during the meeting in 2014.

Factory was visited once last year. Following a BSCI audit in 2014. Major points discussed were:

- The necessity to make sure all aisles are not blocked by wastage or yarn
- To check regularly that first aid boxes are well sufficiently equipped
- To increase the dining capacity for workers (under construction)

No crucial non-compliance were reported. No problem of excessive overtime according to registers and workers interviews.

Still, wages do not reach estimated living wages

2.10 Factories / China

SOL'S worked with 21 factories in China in 2014.

For some factories we have to place orders through agents, most of the time because the communication with the factory Management is not easy (no English speaking) or because we have low volume to place and on punctual basis. In this case, agents help us to have access to compliant factories and can negotiate with them thanks of their total volume. As much as possible we try to work directly with factories.

In 2014 we sourced new suppliers and we arranged SGS GAP Assessment, which is an audit that focus on basic principles: child labour, health and safety, Freedom of association, Disciplinary practice, Wages and compensations, Environment.

Recurrent non-compliances in China are:

Legally binding contract

- No Labour Contracts signed for all workers although Labour Contracts came into force in 2008

Reasonable working hours

- Working hours registers not always properly maintained – most of the workers are piece rate workers
- Overtime is frequent during peak season

Payment of a living wage

- During peak season workers' wages are generally enough to face workers' need whereas in low season, wages are lower

Sage and hygienic working conditions

- Workers are not wearing the appropriate protective equipment (such as safety gloves) or protection are missing on some machines (such as needle guard).
- Disorganized or crowded areas

Right to collective bargaining

- Employees in the garment sector have little awareness and knowledge about their rights.

One obstacle is that regulations, in general and especially wages regulation, vary from a province to another.

For this reason we are planning to use the FWF Workforce Education Programme in 2015 to arise awareness among workers and factories Management about working conditions for factories that are not used to social audits.

Some factories are regularly audited by BSCI and have more knowledge so we will select candidates for training according to their experience.

It is important to note that we never faced problems of Child Labour, Forced Labour or Discrimination.

2.11 Factory A / Pakistan

SOL'S has one supplier in Pakistan producing 4.73% of 2014 production.

Factory was visited once in 2014 and the factory Management is regularly visiting SOL'S office. CSR subjects were part of the agendas of discussions during the meeting in 2014 and through emails communication.

The factory was audited WRAP in 2014 and the following CAP has been successfully implemented within the required timeframe:

- Factory paid an education cess to Government due by every employer
- Factory has obtained firefighting inspection report (NOC) from Civil Defence Department.
- Factories re-organized the stitching area so that workers are not blocked with garment trolleys
- Factory is providing food facilities to workers
- Factory is now conducting periodic background checks of existing employees.

Factory has already been audited by a FWF member according to their own Code of Conduct. So they are familiar with FWF requirements and audits results were satisfactory.

2.12 Factories A/ India

⇒ 0.09 % of 2014 production



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We started working with this factory in 2014. There are around 70 workers.

It was audited SEDEX and BSCI in 2013. CAP has been implemented. Principal recommendations were to increase the number of extinguishers, to maintain properly the time registers, to make sure exit doors open toward the direction of travel, not inwards. We are following the resolution of corrections required.

2.13 Factories B/ India

⇒ 0.12 % of 2014 production

There are 172 workers. This is a factory where we placed very few styles. We decided to reduce little by little the volume of order considering the fact that they do not show much cooperation for improving working conditions and sharing information. Lack of reactivity and communication problem forced us to gradually stop our collaboration.

2.3. External production

N/A

3. Complaints handling

So far we haven't received any complaint. We focus today on well informing workers about FWF grievance system.

4. Training and capacity building

4.1. Activities to inform staff members

Various oral presentations to staff members were arranged to present FAIR WEAR and the Code of Labour Practices for Sales staff and Management during the first year of membership. A special presentation were tailored for sourcing people and buyers to explain the importance of discussing the CSR subjects and the pending CAP with suppliers in every occasion during factories visits, and to present the available documentation.

In addition we prepared a "quiz" which is a ludic way to assess staff knowledge about Fair Wear (idea finalized in 2015)

We also have an annual Fair with SOL'S distributors coming from different countries during three or four days. For this occasion, each distributor has a planning of meetings with SOL'S staff and CSR is one of the workshops we prepare to make them aware about recent advancements.

For next year, we will prepare documentation for new coming staff.

4.2. Activities to inform manufacturers and workers

Since our membership in June 2014, we asked factories to carefully read FAIR WEAR questionnaire and Code of Labour Practices. Most of them posted it in visible places as required but we noticed that despite the document posted, sometimes workers are not well aware and trained. So our challenge is to make sure effective training is provided. In Bangladesh, our local office can attend the training but it is more difficult in China, Pakistan or India so we rely on the Workers Education Programme to help us and we try to do workers' interviews during visits.

5. Information management

An internal table is available. It gathers per factory the last CAP for each audit and the progresses achieved.

To identify production locations, we try when possible to nominate the factories' suppliers and to negotiate directly with them. This way we know the whole supply chain: fabric supplier, accessories supplier, cartons, etc. We can visit them also during our trips. Suppliers' nomination is becoming a common practice to increase our control on CSR and to monitor quality more effectively.

6. Transparency & communication

We are a B to B brand but externally we communicate on FWF to customers via customers' visits, meetings, catalogue and website...

On every fair SOL'S is present, we always use FAIR WEAR marketing tools (posters, COLP...) on our stand so it is very visible by clients and business partners.

7. Stakeholder Engagement

2014 stakeholder involved in the CSR activities:

- Local SOL'S office in Bangladesh
- FWF Staff (principal source of information about countries laws and practices)

8. Corporate Social Responsibility

SOL'S is working with the SREEPUR village in Bangladesh which welcomes isolated or deprived women and their children, and orphans. The association offers them a shelter and education classes / trainings to enable them to find a job, return to active and social life.

SOL'S is a partner of NUK organization in Bangladesh, which work on various actions. Their main role is the education of women to help them access to decisional roles in the country. SOL'S financially support a rural hospital.

