



 KING  LOUIE

KING LOUIE ————— PETIT LOUIE

SOCIAL REPORT

Start date FWF membership: October 2015

Reporting period (financial year): 06/2015 – 05/2016

WWW.KINGLOUIE.NL



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SUMMARY: GOALS & ACHIEVEMENTS 2015

"As CSR is part of the strategy of King Louie, we became member of the FWF in 2015. We are dedicated, committed and personally motivated to CSR and expect the same from all our suppliers. We believe in a continuous improvement process and feel responsible for and connected with the people that make our products. We introduced and explained the FWF principles and way of working in our organisation. On international sales meetings we emphasized our seriousness, obligation and invited all countries to join us in this new direction. In our wholesale operation many boutiques across Europe complimented us for this step and are very happy King Louie is part of the FWF. In our first year first audits have been carried out and we are now in the process of implementing advices, comments and directions. This year again a lot of our suppliers will be audited and I am looking forward to learn and understand the performances of these suppliers. Moreover, King Louie is very active regarding the Environment. In two years time we have achieved 10% of our total volume to be with Organic cottons, Recycled Polyester and Tenel fibres. We will continue taking new steps and finding new ways"

Saraen Dyckema

MANAGING DIRECTOR

GOALS & ACHIEVEMENTS

SUMMARY:
GOALS & ACHIEVEMENTS 2015

In our first year of the FWF membership, we primarily focused on finding out where exactly our products are being made and informing everyone along our supply chain about the FWF membership and the first steps that should be taken to implement the FWF Code of Labour Practices. In this process we find it important to be as open and transparent as possible towards our suppliers. We are emphasizing that CSR has become part of our company strategy and that we are starting this process together. We are being respectful towards the suppliers' interests and listen to their suggestions and ideas. At this point the first audits have been carried out at our biggest suppliers and we are now giving active follow up on the points of improvement.

This year came with 'trial and error' and especially the first audits that were conducted at our Turkish suppliers have been real eye openers. We learnt that more explanation/information and conversations are needed to prepare our suppliers for the process and audits to prevent confusion. That way we managed to convince our suppliers on the importance of transparent communication about the production locations. Now we have a clear overview of the subcontractors per supplier, we are working towards a nominated circle of subcontractors where we run our productions. We make sure that they implement the FWF Code of Labour Practices and prepare them for audits in the next years.

Today we have a stable suppliers portfolio that is covering about 90% of our production. All of our suppliers and agents are aware of the importance of CSR for our business relationship and the steps that we need to take to comply with the FWF Code of Labour Practices. With these suppliers we are taking it to the next level in our second year of membership. For potential new suppliers we have created an introductory document in which we give complete information about the membership, expectations and steps that should be taken.





SOURCING STRATEGY

SOURCING STRATEGY

1.1. SOURCING STRATEGY & PRICING

Every year new product groups and materials are added to the King Louie collection. New product groups we have added to the collection in 2016 are nightwear, homewear and socks. To find suppliers for these new product groups, we have been investigating what the options are within our existing suppliers portfolio and sourcing via our agents, who are fully aware of our requirements and know our FWF protocol. When looking for new materials, we focus on finding more sustainable alternatives to replace some of the less sustainable qualities that we use. In the past Exota started its sourcing process by finding a factory that is specialized in working with certain qualities and/or products. Since our FWF membership we are slowly changing our sourcing strategy and would rather work with existing suppliers or suppliers that are known by our agents.

1.2. ORGANISATION OF THE SOURCING DEPARTMENT

Our Design department is also the Sourcing department. Our design department exists of the 2 Exota owners, the Head of Design & Production, a Chief, Assistant- and Junior Designer. A lot of input comes from the owners/Head of Design&Production/Chief designers who are visiting several sourcing fairs every season. The Head of Design&Production takes the decisions if we are going to work with a supplier in close communication with the owners and Managing Director.

1.3. PRODUCTION CYCLE

King Louie produces 2 main collections per year; spring/summer and fall/winter; each collection is divided into 4 delivery blocks. Apart from that, we have a 'Flash' collection per season (so twice a year), which is a small additional delivery drop.

SOURCING STRATEGY

1.4. SUPPLIER RELATIONS

We are slowly shifting from production countries in the Far East to Western countries; we are looking for a balance between producers in the Far East and in Western Countries. At the moment Turkey is our most important production country. With the current unstable political situation we have been looking for suppliers in more stable Western countries. Therefore we have added Portugal as a new production country; this way we can spread the risk a bit more.

Choosing the sourcing country; plays an important role in our business. For King Louie it is important to have factories close by, so we can respond quickly in season to the market's demand. That explains the increase of suppliers in Europe and Turkey. Communication is also a crucial criterion as we do not get to visit all our suppliers and factories every season, communication needs to be good and clear via email and it is a big advantage when suppliers are able to visit us on a regular basis.

CSR is also important in our sourcing strategy; we are looking for environmental friendlier qualities to replace some of the existing ones. The social side has become a crucial criterion as well. We realize that it is important that we do our research and inform the potential suppliers about our plans regarding FWF to prevent unwillingness to cooperate by suppliers. Today we have a solid base with suppliers with a lot of different areas of expertise with whom we already have or plan to build a long-term business relationship.

There are some suppliers with whom we have (temporarily) ended our business relationship. The main reason is the decision to not continue with certain product groups, such as shoes and hats. In this case, we cannot provide work for these specific suppliers anymore. There is also a supplier with whose products we had quality issues and therefore we decided not to continue the collaboration with him.

1.5. INTEGRATION MONITORING ACTIVITIES AND SOURCING DECISIONS

During the monitoring activities in our first year of membership, we did not notice resistance from our existing suppliers; many of them are used to work with social compliances initiatives already. When looking for new suppliers, we try to find them via our Intermediaries who are aware of our wishes/requirements regarding CSR. We also integrated information about the FWF membership in our first introduction with (potential) new suppliers. At this point, the monitoring activities did not influence our sourcing decisions.

We spend a lot of time to prevent tensions regarding our FWF membership with suppliers. When tensions arise we have meetings, Skype sessions and we try to emphasize that we are in this together. We analyse the cause of the problem, ask suppliers what we can do and make improvements on our side as well.



FWF
FAIR WEAR
FOUNDATION

2.1 SUPPLIERS & SUBCONTRACTORS IN TURKEY

Turkey is our main production country and is responsible for about 60% of our production volume. Our biggest and most important suppliers are located in Istanbul and our GOTS supplier is located in Izmir. Our suppliers are frequently visiting our head quarters in Amsterdam. During these visits the Head of Design & Production is informing our suppliers about the FWF membership. We find it important to give the supplier information about our dedication towards Corporate Social Responsibility. We are striving towards good and safe working conditions at all production locations, care for the environment and expect the same from our suppliers.

In 2015-2016 we have conducted the first audits in Turkey. The audits are a very helpful and informative tool to find out about the circumstances at a specific production location. At this point we are actively following up the results from the audit.



COHERENT SYSTEM FOR MONITORING AND REMEDIATION

COHERENT SYSTEM FOR
MONITORING AND REMEDIATION

SUPPLIER A

OUR GOTS SUPPLIER

This supplier is becoming an important partner for King Louie, with production volumes strongly increasing over the last seasons. Therefore we have decided to conduct an audit in the first year of membership. When we informed this supplier, who has contacted FWF by himself earlier, he was very receptive to being the first of our suppliers to conduct an audit. This supplier is not working with subcontractors for King Louie productions and is doing everything in-house. The main reason for this are the strict rules that come with the GOTS initiative that he is affiliated with. After the audit we have received the CAP and we started working on the points of improvement directly. Most points were 'health and safety'-related issues that could be solved quickly. We have analysed what points of improvements we discovered on our side as well. To prevent excessive overtime, we have made the commitment to adjust our planning and give orders for fabrics sooner, so our supplier can make a better planning on his side as well. In our second year of membership we want to go more in depth on the 'living wages' subject.

SUPPLIER B

OUR PRINCIPAL SUPPLIER

This supplier is King Louie's principal supplier with whom we are working for over 20 years. This supplier is responsible for 45% of our production. Therefore it was a logical decision to plan an audit at this supplier and it's 3 (out of 4) subcontractors in our first year of membership. During this audit many points of improvement came forward: 'Health and Safety'-issues, but also 'Communication'-issues such as the use of subcontractors that were not authorized by King Louie. The biggest lesson we have learnt from this audit is that more explanation/information and conversations are needed to prepare our suppliers for the process and audits to prevent confusion. This way we hope to make sure that suppliers feel that they can be completely transparent about the situation at the suppliers and the different production addresses. At this moment we have a clear overview of the subcontractors that are working for this supplier and we are preparing them for the audit in our second year of membership.

SUPPLIER GROUP C

VIA INTERMEDIARY

This intermediary has connected us with 6 suppliers who each have their own speciality (socks, nightwear, jerseys, wovens, knits). Our agent is responsible for all our communication. This agent has been very transparent about the production locations and the use of subcontractors. At this point, we have a stable portfolio of suppliers with this agent. We will stabilize the production volume so there is a clear expectation of the production volume per supplier. When we have wishes for new product groups, we involve our agent in the process, so she can investigate the options with known suppliers. When our agent is sourcing for a new supplier, she is well aware of our (CSR) requirements and wishes and is selective in her choice.

COHERENT SYSTEM FOR
MONITORING AND REMEDIATION

2.2. SUPPLIERS & SUBCONTRACTORS IN CHINA

Next to Turkey, China is an important production country for King Louie. We work with 16 different Chinese suppliers, who mostly specialize in knitwear, coats and a small part in accessories. China is covering approximately 38% of our production. When we started informing our suppliers about our FWF membership, we noticed that most of them are used to working with Social Compliances Initiatives. In general they understand our decision to become a FWF member, are cooperative and transparent in sharing information about the production locations. In our first year of membership we have gathered and quality assessed reports by other Social Compliances Initiatives such as BSCI. At this moment we start to actively follow up the available reports and are planning to audit our most important Chinese suppliers in the second year of membership.

2.3. SUPPLIERS IN PORTUGAL

We have recently started producing in Portugal as a back up for our Turkish productions due to the unstable political situation in Turkey. We are exploring the different options via an agent and have started with small quantities at 2 different suppliers; together they are covering < 1% of our production. Our Portuguese agent is frequently visiting our office and is informed about our requirements regarding FWF. She is transparent about the production locations and selective when sourcing for new suppliers.

2.4. SUPPLIERS IN INDIA & POLAND

The suppliers that we were working with in India and Poland are not active anymore. Both suppliers were producing a specific product group that we didn't continue in our current collections.

COHERENT SYSTEM FOR
MONITORING AND REMEDIATION

2.5. EXTERNAL PRODUCTION

In the '90s, the first Exota shop (Exota is the overall company of King Louie) opened at the Hartenstraat, in Amsterdam's famous 'Negen Straatjes'. In 2004 Exota opens its second shop - right across the first shop. Next to the entire King Louie collection, the Exota shops sell approximately 20 external brands. These brands will all be informed about our FWF membership by the Exota buyer and asked to sign the FWF questionnaire for external production. By gathering information about the brands that are being sold in the Exota shops, we hope to learn whether they are also taking their supply chain responsibilities seriously. If these brands are not a member of FWF or a similar organisation, we hope to encourage them to investigate social compliances initiatives and try to improve the working conditions at their production locations.



COMPLAINTS HANDLING

All complaints will be received by our CSR responsible, who will directly inform the Head of Design & Production about the complaint. Together they will try to find out what has caused the complaint and address it to the factory management. When we are unable to solve the problem on our own, we will contact FWF to assist us in solving the problem.

To make sure that workers at our suppliers are aware of the FWF complaint mechanism, we check if the Workers Information Sheet are posted at all production locations. The Workers Information Sheet should be posted in a local language on a visible and easily accessible place.

Until now, we did not receive any complaints from the workers at our different suppliers.

COMPLAINTS
HANDLING



4

TRAINING AND CAPACITY BUILDING

4.1. ACTIVITIES TO INFORM STAFF MEMBERS



COHERENT SYSTEM FOR
MONITORING AND REMEDIATION

4.2. ACTIVITIES TO INFORM AGENTS

Every season we invite most of our intermediaries and agents to come to our office. In these meetings we will inform them about FWF, our company strategy and our criteria when sourcing for new factories. When we already audited factories linked to the intermediary/agent we will discuss the state of affairs as well.

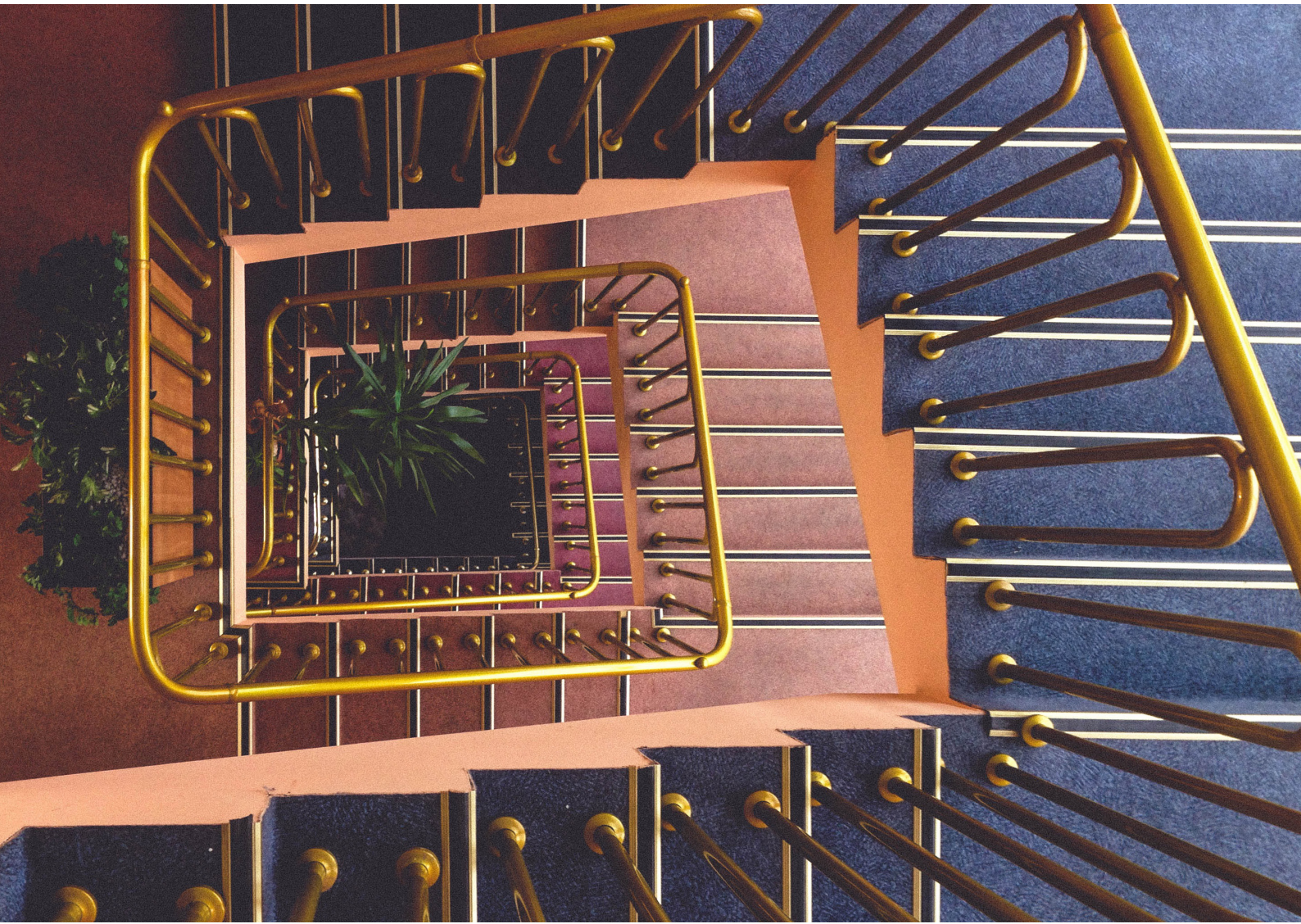
4.3. ACTIVITIES TO INFORM MANUFACTURERS AND WORKERS

We have two different ways of working; we have manufacturers with whom we have direct contact and we have manufacturers where the contact goes via an intermediary/agent.

The situation where we have direct contact with the manufacturer, we invite them over at our head quarters and/or visit them at the annual fairs. We give them direct instructions, information to implement the FWF code. With them we have our analysis and discussions about the Corrective Action Plans.

When working via an intermediary/agent, their primary role is being our contact person. They will instruct the factories in local languages what should be done regarding the FWF membership. The intermediaries/agents are our contact person in monitoring the labour conditions. With them we will go through the audit reports, CAP's and have our discussions and root cause analyses. Because we do not have direct contact with factories when we are working via intermediaries, they play a big role in forwarding the information and implementing improvements in the factories.

We try to train our suppliers and intermediaries ourselves as good as possible. When we detect that this isn't sufficient, we invite them to have Workplace Education Programme Training at their production sites.



We use the corrective action plan (CAP) excel sheet to set deadlines according to the timeframes set in the CAP. We also ask our suppliers to use the excel file to fill out the points on which progress has been made. This way is clear which points are still open and which are already closed.

In our first year of membership, we primarily focused on finding out where exactly our products are being made. Turkey, our main production country, is known for suppliers that outsource production to different subcontractors. We have invited our suppliers over at our office to inform them about our membership and the importance of informing us about the use of subcontractors. For some suppliers the complete information came out directly, when filling out the Questionnaire. For others it took us more time and conversations to convince them to inform us about all subcontractors.



INFORMATION MANAGEMENT

The main medium of communication with our customers is our website. On the 'about us'-page customers can find our company history and plans for the future. Here we inform the customer about joining FWF member since 2015 and what our membership means to us. Next to the FWF membership, we are also proudly mentioning the fact that a growing part of our collection is GOTS certified.

TRANSPARENCY & COMMUNICATION



As a member of MODINT we keep ourselves informed about the latest initiatives and developments on various subjects within the garment industry. We have also consulted the FWF resources on country related subjects such as the subject of Syrian Refugees in Turkey when addressing it to our suppliers.



STAKEHOLDER ENGAGEMENT

CORPORATE SOCIAL RESPONSIBILITY



King Louie is linked to Wings of Support, a private initiative by KLM staff. The aircrew has started this initiative to support projects in developing countries that provide shelter and education to children. We donate a part of our second quality clothing, like coats, to WOS for women and children in developing countries to wear.





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Please also visit www.kinglouie.nl to follow our current developments and actions.