



 **KING LOUIE** 

KING LOUIE ————— PETIT LOUIE

SOCIAL REPORT

Start date FWF membership: October 2015

Reporting period (financial year): 05/2017

WWW.KINGLOUIE.NL



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SUMMARY:
GOALS & ACHIEVEMENTS 2016

GOALS
&
ACHIEVEMENTS

"Already finished our 2nd year as member of the Fair Wear Foundation. We are very happy with our FWF membership and together we are working hard on getting a better insight into our production locations and working conditions of the people working every day to make our beautiful products. I see, besides all audits and corrective action plans, an intensified working relationship between our own team and all of our suppliers. Better and more frequent communication, better understanding and more transparency creating new roads for growth, efficiency and improved social conditions. All workers are focus of attention and so far working conditions in general at our suppliers are quite ok. Most points were 'health and safety'-related issues that could be solved quickly. At some suppliers an area for improvement is excessive overtime, which we try to change by re-organizing our supply chain and buying process. This will result in a better spread of production. In 2 years time we have checked and audited 65% of our total volume and by the end of next year we will have audited >90%. We are very committed to CSR and we will continue taking new steps and finding new ways to make improvements".

Seraen Dijkema

MANAGING DIRECTOR



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 2016-2017 are beachwear, PU bags, nightwear, embroidered styles and socks. When looking for new materials, we focus on finding more sustainable alternatives to replace some of the less sustainable qualities that we use. To make this expansion in the product range and materials, we always investigate the options with our existing suppliers first. When no suitable supplier is found within our supplier portfolio, our Design/Sourcing department starts sourcing for new suppliers/factories.

1.2. ORGANISATION OF THE SOURCING DEPARTMENT

Our Design department is also the Sourcing department. Our design department exists of the 2 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. At this moment price and quality play the most important role in making this decision. The willingness of suppliers to cooperate regarding our CSR strategy and the fact that they are under the monitoring radar at FWF or similar social compliances initiatives is becoming an important motive as well.

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

Today Sustainability is an important part of King Louie’s strategy and plan for the future. Together with the Managing Director and Head of Design & Production a King Louie contract was created. This document contains our company profile, values, strategy and a contract in which suppliers and factories state to cooperate with King Louie on our path to improve labour conditions according to the standards set by FWF.

This document will be explained and discussed with every new supplier before placing an order. The requirement to sign this contract should create awareness and seriousness in our way of working, expressing our conditions to work in line with the FWF labour standards, also indicating to the potential factory audits to be expected in the future.

There are some suppliers with whom we have ended our business relationship. The main reason is the decision to not continue with certain product groups, such as shoes, embellished dresses. In this case, we cannot provide work for these specific suppliers anymore. Nowadays our Design department works towards consolidating our supplier base and increasing productivity by reducing the company’s style framework by 25%. This means that a smaller amount of styles has to be divided over the same amount of suppliers. Therefore the decision was made to let some of our small suppliers go.

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 second year of membership we started working on the more in-depth issues such as living wages, excessive overtime etc. Again, suppliers had to get used to sharing this information and being transparent towards us. We notice that suppliers sometimes need some commitment and security from our side to be willing to have an open discussion. We did not notice resistance from our existing suppliers; many of them know CSR is a very serious subject for Exota. 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.

When a new supplier seems unwilling to cooperate in our CSR strategy, we will look for a better alternative and choose not to start a business relationship. When an existing supplier chooses not to cooperate in our CSR strategy, we try to persuade them by giving information, showing what our FWF membership means and telling them the possibilities for their own business. When a supplier refuses to cooperate after our attempts, we are forced to move this ‘package’ to another (in this case existing) supplier.

We spend a lot of time to prevent tensions regarding our FWF membership with suppliers. We prepare supplier for the audits and we are in close contact during the follow-up. When tensions arise we will have conversations, Skype sessions, about this. We will analyse the cause of the problem, try to emphasize that we’re in this together and ask suppliers what we can do and make improvements on our side as well. In these cases we will always address FWF to advise us how best solve the issue.





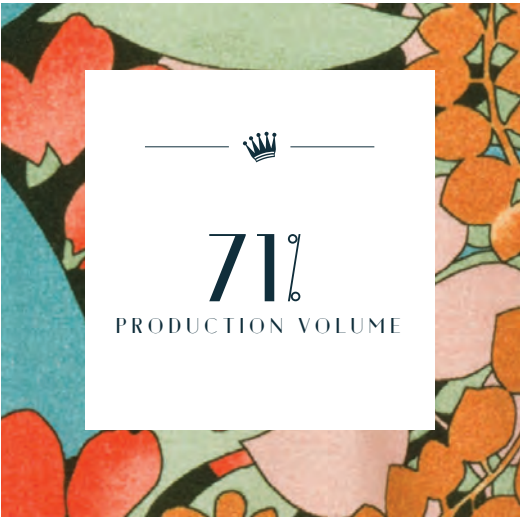
COHERENT SYSTEM
FOR MONITORING
AND REMEDIATION

COHERENT SYSTEM FOR
MONITORING AND REMEDIATION

2.1 SUPPLIERS & SUBCONTRACTORS IN TURKEY

Turkey is still our main production country and is responsible for about 71% of our production volume. Our biggest suppliers are located in Istanbul and our GOTS supplier is located in Izmir. De suppliers (or agents) are frequently visiting our headquarters in Amsterdam. We find it important to give the supplier/agent 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. We also work with agents in Istanbul; they are representing us when visiting the different suppliers and make sure our CSR strategy is carried out.

In 2016-2017 we continued to work on the Corrective Action Plans we have received after the audits in the first year of membership. In addition we have conducted more audits in Turkey and our first audit in China.



COHERENT SYSTEM FOR
MONITORING AND REMEDIATION

SUPPLIER A

OUR GOTS SUPPLIER

This supplier is an important partner for King Louie, with production volumes strongly increasing over the last seasons. We have conducted our first audit at this supplier in the previous year of membership.

After de audit we have received the CAP and we worked 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. We have discussed the living wages issue, but as we have very limited leverage at this supplier, this subject remains difficult.

SUPPLIER B

OUR PRINCIPAL SUPPLIER

Supplier B is King Louie's principal supplier with whom we are working for over 30 years. This supplier is responsible for 44% of our production. In our first year of membership we audited this supplier and it's 3 (out of 5) subcontractors. 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 the deviation of the production. In our second year of membership we have conducted an audit at subcontractor 4 (out of 5) of this supplier. We are very proud to see that the preparations, explanation and patience we have given this supplier have been worth our time as the outcome of this audit was above expectations. The audit process went very smooth; supplier was very cooperative and transparent. This is a major difference in attitude compared to the first audits. Of course points of improvement have been found, but together with the CSR coordinator at our main supplier we have found a workflow that works for us. Together we work on the CAP in a timely manner. Besides the Health and Safety issues that have been found during the audit, the Living Wages subject was pointed out as well. We had an open discussion about the Living Wages with the supplier. We talked about the status and the possibilities regarding fringe benefits (such as lunch and transport).

We worked on placing the fabric orders earlier at this supplier so planning can be improved and there are more margins for fabric delays. When the suppliers can be more flexible in their planning due to this commitment, we hope to prevent excessive overtime. Also the workers and management at this supplier are not working during the weekends anymore since 4 months, in order to reduce excessive overtime.

SUPPLIER GROUP C

VIA INTERMEDIARY

This intermediary has connected us with 6 suppliers who each have their own speciality (socks, nightwear, jerseys, wovens, knits). All the contact is going via our agent, who is very experienced in the fashion business. This agent has been very transparent about where the production takes place 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 value 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.

In our second year of membership we have audited 2 of the suppliers that we work with via this intermediary. Surprisingly we had two very different outcomes after the audit; the audit at the wovens-suppliers was very positive and the audit at the jersey-supplier was below expectations. Some serious issues were found regarding registration of working hours and bookkeeping. We discussed these issues during a visit and found out that there has been a lot of miscommunication between the FWF audit team and the supplier. We shared this information with FWF and are now jointly discussing and deciding how to continue working on the CAP.

COHERENT SYSTEM FOR
MONITORING AND REMEDIATION

2.2. SUPPLIERS 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 27% 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 are in the process of actively following up the available reports. Furthermore we had the first FWF audit at a Chinese supplier. Shortly after receiving the audit report, we had a meeting with the supplier at our office to discuss the CAP. He is very cooperative and willing to improve issues together.

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 are in the process of finding a way to actively following up the available reports.

2.3. SUPPLIERS IN PORTUGAL

Our Portuguese supplier is 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. Last year we have started producing in Portugal, unfortunately we are not able to provide this supplier with sufficient orders and therefore we have decided to terminate our business relationship with this supplier.

COHERENT SYSTEM FOR
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2.4. SUPPLIERS IN INDIA

The suppliers that we were working with in India are not active anymore. Both suppliers were producing a product group that can be produced at one of our Chinese suppliers as well and because we decided we want to invest in the business relationship with this Chinese supplier, we moved the package to him.

2.5. EXTERNAL PRODUCTION

In the '90s, the first Exota shop (Exota is the overall company of King Louie) opened at the Hartenstraat, in Amsterdams famous 'Negen Straatjes'. In 2004 Exota opens its second shop - right across the first shop. Next to the entire King Louie collection, Exota sells approximately 20 external brands. These brands are all 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

COMPLAINTS HANDLING

All complaints will be received by our CSR responsible, who will directly inform the Head of Design & Production about the complaint. FWF will be contacted to gather as much information as possible about the background of the complaint. The factory management will be informed about the complaint as soon as possible. A Skype session will be organised between Exota and factory management, together they will try to find out what has caused the complaint and how it should be solved. 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. We ask suppliers to inform the workers about the Workers Information Sheet, to make sure they understand what their rights are.

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





TRAINING AND
CAPACITY BUILDING

TRAINING AND CAPACITY
BUILDING

4.1. ACTIVITIES TO INFORM STAFF MEMBERS

Floor sales staff	Seasonal sales presentations
Marketing & Sales Staff	Seasonal sales presentations
Purchasing and sourcing	Weekly team meetings
Management team	Monthly sustainability meetings
Board members	Monthly sustainability meetings

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 situations; 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 headquarters and/or visit them. 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.





INFORMATION MANAGEMENT

We use the CAPs 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. In addition to this we have set up a format for suppliers to send us their photo proof for confirmation. This way it 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. Now suppliers are used to share the information about the subcontractors, it is easier for us to receive information and numbers.





TRANSPARENCY & COMMUNICATION



TRANSPARENCY & COMMUNICATION

The main medium of communication 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. Besides the information on our website, we try to communicate about our CSR activities and be more visible on social media about this subject.

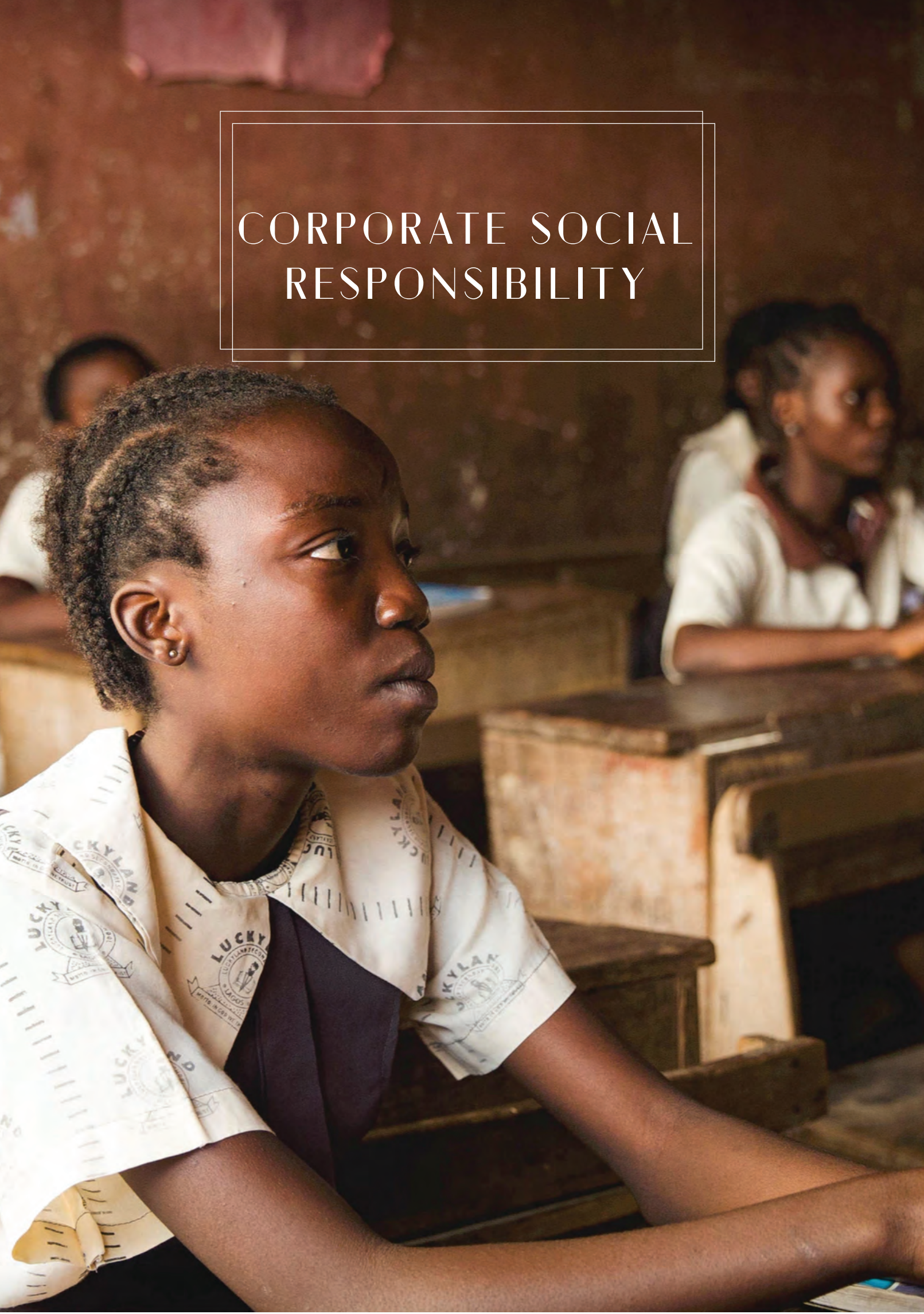




STAKEHOLDER ENGAGEMENT

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.





CORPORATE SOCIAL RESPONSIBILITY

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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. This year we have also made a big donation to a refugee camp in Lesbos. We have donated 20 boxes with dresses that were produced in the wrong color to the camp so the women there could pick a new dress instead of secondhand or old ones.





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EXOTA

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