

# SUITSUPPLY

Website:

[www.suitsupply.com](http://www.suitsupply.com)

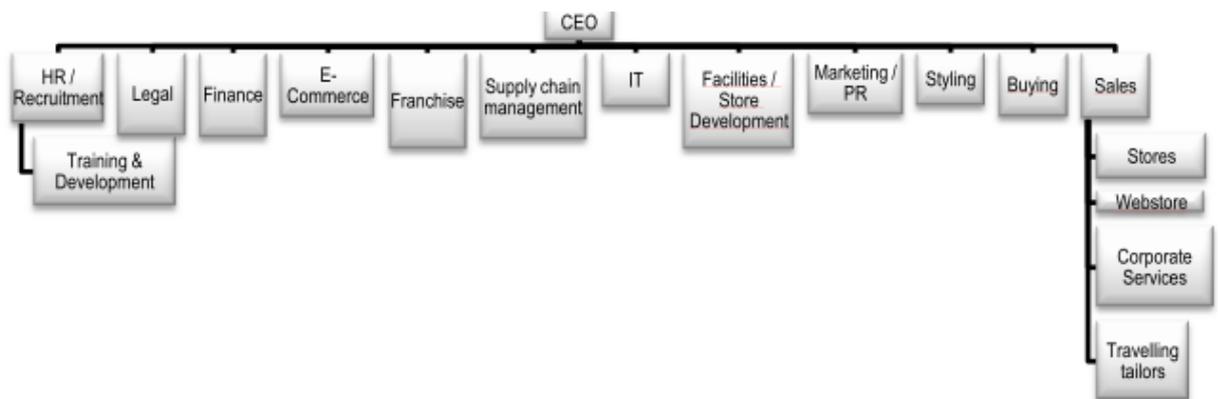
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## Summary: goals & achievements 2015

Because of the long term relationship and good collaboration with a select number of suppliers, Suitsupply succeeds in having a high quality collection for a reasonable price. The product managers (“**Product Managers**”) of Suitsupply’s buying department (“**Buying Department**”)(H.Q. in the Netherlands) are in close contact with the suppliers and are monitoring the production process closely. Furthermore, we have two Product Managers based in China, monitoring the production process locally. It is of great importance for Suitsupply to maintain and strengthen the business relationship with its suppliers in order to have a solid base for its production.

By implementing the FWF Code of labour Practices, we achieved the following;

- Audits with new/ more suppliers;
- Improving working conditions;
- Improving wages; and
- Solving worker complaints.

In 2015 Suitsupply has carried out various audits on its following important suppliers: Entari.

Furthermore, FWF has carried out a Brand Performance Check at the office of Suitsupply (Headquarters, Amsterdam, The Netherlands) in May 2015.

In addition, the Product Managers of the Buying Department have continued to visit the suppliers on a regular basis during last year. During these visits the Product Managers fine-tune the products for the relevant collection, discuss the prices of the products and check the overall well being of the workers and the conditions under which they produce the Suitsupply products.

In order to monitor the performance of the suppliers in a constructive way, the Product Managers have drafted an evaluation report after each visit in which they have included the main points of the Corrective Action Plan (“**CAP**”) of FWF accordingly. Our goal is to have similar conventions with our Chinese suppliers at least twice a year (in order to, *inter alia*, discuss the next season’s capacity planning).

We will continue to monitor standards while being on-site and will react to any issues being addressed by workers to FWF. Besides monitoring our Chinese suppliers, we also apply a similar approach and evaluation to our factories in Italy, Turkey and Macedonia.

### Statement Roos Fleuren (Head of Buying Department):

*“At this time you can’t get away with only improving the circumstances in the factories, you really need to be there for the workers, improve their whole living situations. That’s our goal.*”

*The organization’s sustainability strategy helps us towards the banks as well, everybody is busy with it, from design to finance which makes it a company strategy instead of only buying.”*

## 1. Buying strategy

### 1.1. *Buying strategy & pricing*

Suitsupply provides the highest level of tailoring in an affordable price range. We buy our fabrics from the best known mills in the history of menswear and have the highest standards in terms of production quality. We believe that good quality can only be delivered when the quality of the workers are also good. To ensure this we always check our production facilities before and during production.

Since we are a for-profit organization, we are always looking for the best price and the best quality. However, we will never compromise for a less quality. We only produce in well organized and well maintained factories. This does not automatically mean that all workers rights are being kept safe and protected, but it is something that we are keen on, pay special attention to and demand from all of our suppliers.

In almost all cases we work directly with our suppliers, and when not, we only work with partners who can provide local support on the daily business, are aware of the FWF Code of Conduct and monitor compliance with the FWF Code of Conduct in the relevant factories. The reason that we prefer to work with the suppliers directly is explained easily: we are more involved and have better awareness about the actual situation at and conditions in the factories.

### 1.2. *Organisation of the buying department*

Next to being approached by potential new suppliers, our Product Managers are also always looking for new production facilities themselves. We have a local buying office in Wenzhou, the People's Republic of China which takes care of all the sourcing in Asia.

Suitsupply has the following main processes in developing its collections:

**Development process → Purchase process → Production process → Distribution process**

Suitsupply's Buying Department is responsible for the purchase policy including the corresponding administration (such as process and follow-up of orders). There are five (5) Product Managers and eight (8) junior buyers ("**Junior Buyers**") working at the Buying Department. Suitsupply's products are divided in the following categories 'hanging', 'lying' and 'shoes'. Every Product Manager is responsible for one of those categories. The Junior Buyers assist the Product Managers.

The Product Managers together with Fokke de Jong (CEO) are taking care of the purchase policy and are responsible for taking the final decisions regarding these matters. By the selection of suppliers, the Product Managers take the requirements as set out in the FWF Code of Conduct into consideration accordingly.

Suitsupply purchases its products directly from manufacturers and suppliers (cut make trimming ("**CMT**") and full product ("**FP**"). Sometimes an agent is engaged to assist Suitsupply in the purchase of products and accessories that are susceptible for trends. Suitsupply informs these agents about its membership at FWF and the (necessity to comply with the) FWF Code of Conduct.

The (financial) administration inserts possible new suppliers in the management information systems:

- Account view (bookkeeping system); and
- Swift Invoice (invoice system).

The main processes and the most important duties and responsibilities of Suitsupply's styling department and Buying Department are:

- Product Development;
- Purchase;
- Production Distribution/Warehousing; and
- Retail.

### **1.3. Production cycle**

Suitsupply has two (2) collection seasons:

- Spring Summer collection (1 February until 31 July); and
- Autumn Winter collection (1 August until 31 January).

Every season starts with the research and identification of trends followed by the design of the collection. Thereupon prototypes and samples are drafted and the purchase is initiated. Upon agreement of the price, quality and delivery dates the production of the products is started. After being produced, the products are transported and shipped to the stores.

The development of each collection has a tight timetable. The time lines of development, sales, purchase, transport and delivery are therefore set out in clear overviews. Encountered problems in the production planning can influence the working conditions of suppliers. Therefore, Suitsupply addresses potential problems immediately with the respective supplier and are, if necessary, adopted in the CAP.

### **1.4. Supplier relations.**

Our growth is well observed amongst garment suppliers. New suppliers who wish to work with Suitsupply approach us throughout the entire year. When we decide to start working with new suppliers we always start with a sample and a prototype for them to manufacture. Whilst working on this together, we also advise our suppliers about our FWF membership and the Code of Labour Practices. When we advise the potential new suppliers, we also ask them to send us any historical correspondence or audits regarding corporate social responsibility ("CSR").

Note that our local buying office in Wenzhou takes care of all the sourcing in Asia. Next to being approached by potential new suppliers for other countries, we also look for new production facilities ourselves. Before starting negotiations with potential new suppliers we always advise them about the requirements we do business by according to the FWF membership and Code of Labour Practices.

In the past year we have done some sample rounds and meetings with potential new suppliers. However, at this point we did not yet added a new supplier to our supplier's list. The reason for not adding new suppliers to our supplier's list in the past year is for various reasons, but mainly due to bad communication, high prices or lack of quality.

### **1.5. Integration monitoring activities and sourcing decisions**

Our sourcing strategy has not really been changed, but has been influenced for the past couple of years by factors such as the development of countries with low duty tariffs. Examples of such countries are Indonesia, Jordan and Myanmar. These countries are interesting for us as we mainly export to Europe and the US and could help to lower our cost prices and to increase the margins in the future.

Our Buying Department is well aware of the requirements Suitsupply has to meet and the approach it has to take in order to be compliant with the Code of Labour Practices.



While making business decisions, the Buying Department jointly holds the responsibility to maintain and keep the standards as set by the International Labour Organisation (“ILO”). The employee responsible for CSR within Suitsupply will organize meetings with Product Managers at the start of each season to review the Code of Labour Practices, and discuss any of the improvements that need to be done.

Every season the Product Managers will be visiting the garment suppliers. While visiting there they will also check if the factories keep to what they filled out in the questionnaire. Possible violations will be reported and dealt with in the quickest way possible.

Together with the criteria we set for current and future suppliers this will ensure that all parties benefit from the standards set by ILO.

## 2. Coherent system for monitoring and remediation

New suppliers are checked on previous CSR audits or reports to give us a better view of whom we are actually dealing with. We also advise the suppliers about our FWF membership and emphasize that we follow the requirements set out in the Code of Labour Practices set by the ILO. Questionnaires are filled out on request and we will only do business if the potential new suppliers accept our Code of Labour Practices.

As you will see in the chart below, our production sites are located in high-and low risk countries. We do however keep very strict schedules in terms of monitoring the production sites. For our monitoring audit, we send out representatives of our Buying Department to the factories on a regular base.

Sum of % of total production member	
Country	Total
China	42%
Italy	33%
Macedonia	12%
Netherlands	3%
Peru	1%
Poland	2%
Portugal	5%
Spain	0.5%
Turkey	1%
UK	0.5%
Grand Total	100%

After each visit, whether for quality of audit purposes, all findings are documented. When issues need to be addressed a CAP will be generated. The timescale to improve the issues is in most cases discussed directly onsite with factory management. There will be a follow up schedules which will go through CAP documents via e-mail or in follow up visits.

In addition, a very important part of monitoring the production facilities is having the Code of Conduct visible onsite in the correct language and with the right contact details to register any complaints. These procedures are all set to ensure and protect the workers' rights.

As discussed earlier, our garment suppliers are experiencing growth through our growth. Indirectly this means that we have more influence in respect of such supplier since we are an important purchaser of their products. This being said we are trying to get our suppliers involved in Fair Wear trainings. Therefore in 2015 JYY participated in FWF's training. In 2016 Ceyadi and Smart Creations will follow the FWF's WEP-training.

## **2.1. China**

- Ceyadi;
- JYY;
- Smart Creations;
- Springair;

China is one of our most important production countries. In China we also have our oldest business relations. Some factories we work with for almost the whole existence of Suitsupply. Due to the importance of the relationship with our Chinese factories, we have set up a buying office in Wenzhou accordingly, which takes care of all buying office related duties and inquiries. Wenzhou is present onsite almost daily to ensure our high quality and our set labour practices. Our buying office looks after the day-to-day activities. At least twice a year employees of our HQ Buying Department visit the factories to conduct audits.

In 2016 new audits have been planned for Ceyadi, Smart Creations, Zhongse and Sharmoon.

## **2.2. Turkey**

- Entari;
- Suteks; and
- Ecrin.

A small part of our shirt production is based in Turkey. We started this collaboration with Entari and SR Ecrin Ilayda Tekstil at the end of 2013. They are producing shirts from all fabrics we order at Soktas, a well known Turkish fabric supplier that only uses Egyptian cotton for their collections. We specifically have chosen to keep the line between fabric and shirt supplier very short for reasons such as communication, price and the environmental benefits (less transportation, less CO2).

Ecrin has been checked (audited) before and is aware of FWF and the FWF Code of Conduct. The first audit has been conducted end of 2015, for which we have just received the results. It being the first audit points for improvement are found, but because the factory owner is very open towards all comments and eager to improve, we will work closely with them on improving all findings.

In the 2nd half of 2015 we also started collaboration for our leisurewear collection with Suteks, a knitwear company based in Istanbul. The leisurewear collection is a small collection containing t-shirts, boxers, sweaters and sweatpants. They are working with members of FWF for many years already. Furthermore their founder and CEO serves as a spokeswoman of the United Nation's Women Empowerment Principles and will work to conduct awareness-raising projects in favor of gender equality for Turkish business circles and public opinion.

### **2.3. Portugal**

- Acorfato
- Sindutex

We produce in Portugal since many years, in particular garment washed items. No audits were planned in Portugal due to the low risks involved in this country and to the long term business relationship.

Although the long term relationship, we decided to end the collaboration with Acorfato in the 2nd half of 2015. They couldn't guarantee the agreed lead times for production anymore. Furthermore the washing facilities in China improved and are now up to our standards which influenced our decision to stop producing at Acorfato.

We are still working with Sindutex and visit the factory regularly. Our main focus is to check the working hours and subcontractors especially in the high season.

Our partner is very flexible in producing higher quantity therefore we want to be sure this is not done using unauthorized subcontractors or black work.

We collaborate to the factory to find the best solution between our commercial needs and the production capacity avoiding any risk of extra hours for the workers.

### **2.4. Italy**

- Maurizi
- Madaf

Italy is a key country for our shoes production. 95% of our entire shoes production is done in Italy due to the know-how of the factories and higher leather quality.

As it is classified as a low risk-country we are not conducting any social audits there. However, we check our manufacturers twice a year to check the production quality and the production lane.

We carefully check the supply chain in order to avoid the use of unapproved and unregistered subcontractors and keep the entire production in the same factory. The Italian production costs became higher in the past four (4) years due to the increase costs of raw materials, petrol, energy and local government taxes therefore the use of illegal subcontractor could be a potential risk.

We have an established business with all our suppliers that are really transparent to show and explain the complete production/sourcing/development process.

We are currently sampling with some new Italian suppliers. Due to our growth and increasing orders, we are required to spread our order quantities and not to bet on one horse. Instead of having one or two nominated suppliers, it's better to produce in several facilities and therewith lower the risk of for example bankruptcy, faulty productions and long lead-times. Furthermore we would like to add a higher level to our collection, which is why we look at other potential suppliers as well.

## **2.5. Macedonia**

- Asoni

The biggest part of our shirt production takes place in Macedonia. This country is responsible for almost 25% of our total production. Since Macedonia is appointed a high risk country we execute audits and visits on a regular basis. Since 2011 the wages have been rising significantly. There is currently a national minimum wage, which is the first since the history of the Republic of Macedonia.

In November 2014 FWF conducted an audit in our factory in Macedonia. Overall results were good, improvements were made on many points and the audit people felt very welcomed by the factory.

In general points of improvement are on safety (use of chemicals), and revealing all wages. This point has been mentioned before and we are working with them in order to get all information necessary in the nearby future. However, the factory did give permission for us to take as many samples as needed from all personnel. The outcome of those samples was that all wages are above the minimum and overtime is being paid.

Therefore no audit was conducted in 2015, but Albatros will participate in a WEP training in 2016.

## **2.6. Myanmar**

- Famoso

We started some trial orders with Famoso, a Japanese company with a production facility in Myanmar, No duties are being charged for shipments to Europe, which is a big advantage for us. The trial orders are being monitored by our Chinese buying office.

## **2.7. Poland**

- Y3 Company/the Shirt Tailors

An increasing part of our shirt production is made in Y3 Company/the Shirt Tailors (Tcrew Poland), a small town half hour away from Gdansk. This small factory specializes in luxury make (shirts with handmade details) and also makes our denim shirts. We are in good and daily contact with the (Dutch) factory owner who has been working with our company for years (before as a fabric agent) and knows really well how we work and what requirements we have when it comes to quality but also knows regarding our CSR policy/ FWF membership. This factory will also be audited in 2016.

## **3. Complaints handling**

An internal grievance system is established in most factories. Workers can use the complaint box for their grievance, but in some cases workers are unwilling to file a complaint and prefer to resign. Suitsupply is guiding the factories to better communicate with their workers, as well as to encourage them to give suggestions and feedback. Furthermore, we stimulate our factories to participate the Work Education Program provided by FWF.

The WEP training is all about building awareness and improving communication and the ways of effective grievance handling, for the workers but also for the management/supervisors.

When an official complaint is brought to our attention we will take immediate action. In 2015 no complaints against us were filed.

## **4. Training and capacity building**

### ***4.1. Activities to inform staff members***

All staff is informed about CSR related matters during their general training at “Suit School”. All staff, whether IT, salespersons or executive, attend this training. In this training we go through working conditions in high risk countries, and how, we as a CSR oriented company, try to make a change in the textile industry.

Furthermore, one or more Product Managers, as well as somebody from Suitsupply’s legal department will attend the half yearly FWF member seminar. This seminar is especially meant to train CSR staff. In this way we can learn more about the FWF complaint procedure, methodologies, issues (like due diligence) and share experiences with other members.

### ***4.2. Activities to inform agents***

We work directly with all factories, even if agents are involved. This way of working gives us more direct and shorter communication lines, less trouble and creates a better understanding between Suitsupply and all factories. Because we aim for long-term relationships with all our suppliers this also gives more transparency on all aspects.

The few agents that are involved, work more on the side in a supportive manner (accompany them or us on visits and are included in emails in cc). Because they do not do any direct business for us with the factories, they are not trained for FWF compliance. However, they are all aware of us being a member of the FWF and the Code of Conduct.

### ***4.3. Activities to inform manufacturers and workers***

We ensure that the Code of Conduct is clearly visible in the correct language and contact details of the local complaints-handler. As of 2013 we started to motivate factories to participate in FWF organized trainings. JYY will be anticipating in 2015’s training.

We monitor the workspace conditions of our suppliers ourselves. Part of this programme is letting the management of our manufacturers fill in a questionnaire, FWF carries out the audits on behalf of Suitsupply and factory visits are being done by our representatives.

## 5. Information management

In many cases it will be impossible to require that all our manufacturers achieve immediate compliance with the FWF labour standards. Therefore we start a process of improvements by drawing up a corrective action plan. This means Suitsupply and our factories work effectively together to bring labour conditions up to FWF labour standards.

Intermediate goals set within a specific time frame are specified in all corrective actions plans.

In regard to our CSR activities we are totally transparent. We would like to be recognized not only for maintaining and protecting the Code of Labour Practices, but also for addressing issues and provide solutions where needed.

We communicate our FWF membership on our website and we also publish it in our bi-yearly newspaper.

## 6. Corporate Social Responsibility

Suitsupply is committed to doing business in a sustainable manner. That's why we only work with workshops that meet the internationally recognized standards of the ILO:

- No forced labour;
- No discrimination;
- No child labour;
- Freedom to unionize, right to collective bargaining;
- A salary that covers basic family needs;
- No excessive overtime;
- Healthy and safe working environment; and
- Legal employment contract.

In addition, Suitsupply frequently inspects its suppliers, and, where necessary, implements improvements. We believe that quality is not only limited to the actual garment, but also includes the manner in which it was produced.