

SUITSUPPLY



SUSTAINABILITY REPORT  
2016/2017



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“ In an industry that depends on workers rather than machines, it is vital to create understanding and act according to our people’s needs in order to accomplish sustainable growth. ”

Fokke de Jong CEO Suitsupply



## 1 This is us

### 1.1 Philosophy

Suitsupply is a market defining brand showing strong international growth. We are pioneers at everything we do, and we work hard to keep it that way. Our pioneering spirit generates a contagious energy, which is what enables us to keep putting new ideas into practice. Our strength lies in our formula: straight, to the point and still personal. Fast and effective. Combining craftsmanship with flair. There are few things that distract us. This approach enables us to create an environment in which our customers feel that we only have eyes for them. We are there for people who want to be seen.

### 1.2 Company Performance

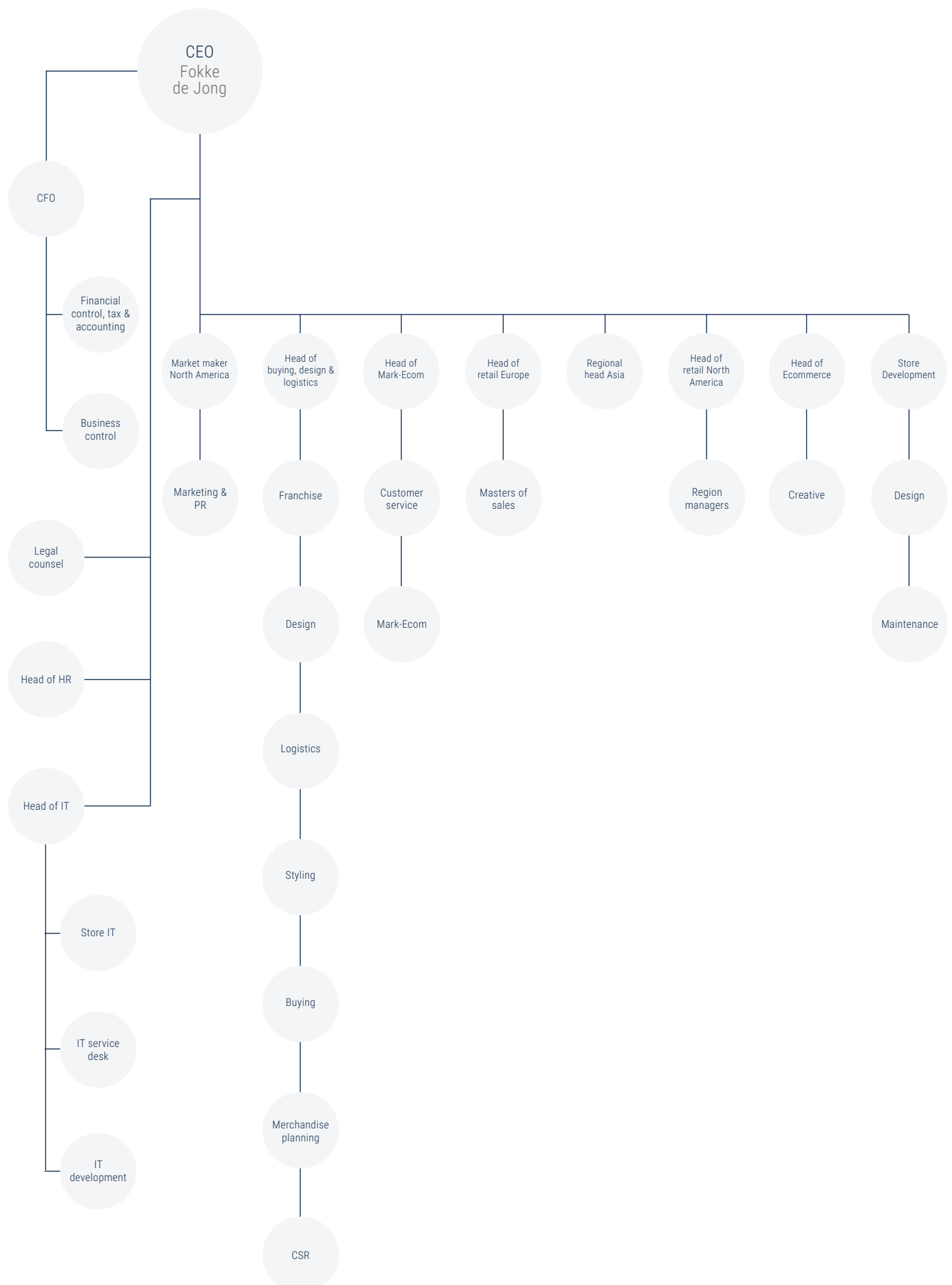
Suitsupply continued its strong growth in 2016 of 20% with a like for like growth of 10% and therefore outperforming the average growth in the retail market (2%-2.5%). Our efforts on implementing a successful strategy have been rewarded with the Customer Passion Award. The development of innovative products has to be continued in 2017 and examples of developments are the Box Office, Try at Home and the Suit-

and Shirt configurator which are successful and attributable to the growth of the webstore.

Revenues increased to EUR 206,973 million, which is an increase of 20% compared to 2015. This was impacted by a very strong like for like performance of our stores in North America (+8%) and our global Webstore (+25%). Even in our more mature markets like Italy and Germany we have above-market revenue growth (> 20%). Last year, we continued with our store roll out. We have opened 13 new stores. In North-America we have opened the following stores: Roosevelt Field, Abbot Kinney Los Angeles, San Francisco, Panama (Franchise), Tampa, Greenwich, Austin and Washington Tysons. In Asia we have opened a store in Beijing and Hong Kong. In Europe we have opened new Suitsupply stores in Copenhagen, Madrid and Moscow (Franchise).

At year-end 2016, we have 72 stores (of which 7 franchise stores) in 18 different countries.

## 1.3 Company structure



## 2 WHAT THEY SAY ABOUT US

"Understanding suiting and how a suit should actually fit is vital to the DNA of Suitsupply, and it's why this Amsterdam-based company has been credited with reinventing the wardrobe of men everywhere."

**NEW YORK  
OBSERVER**

"Suitsupply, the vertically integrated one-stop suit supplier, wants to make looking your best painless. That's why they put tailors right smack dab in the middle of their stores, handling basic alterations while you wait and anything more complicated within three days, guaranteed"

**GQ**

"Suitsupply is new york magazine's number one choice for suits. "This second-floor suiting showroom strikes an impeccable balance between too much and not enough choice. and for the money, you won't find a better make."

*NEW YORK*

"But the European suit maker Suitsupply has quietly made a name for itself as the place where convenience, quality and price all meet, becoming the place to reliably get a decent suit in a trendy cut."

**BUSINESS  
INSIDER**

"Suitsupply's success stems from offering expert tailoring, Italian fabrics, and prices that clock in at a fraction of what you'd pay at a designer boutique..."

**Esquire**

"Dutch import Suitsupply boast a massive amount of GQ-worthy casual and office wear, plus in-store tailors ready to take your already slimmer-cut coat to the next level of custom fit."

**WASHINGTONIAN**

"Suitsupply brings affordable high-end work wear to the impatient American masses."

**BusinessWeek**

“ We believe that quality is not only limited to the actual garment, but should include the manner in which it was produced. ”

Roos Fleuren Head of Buying Suitsupply





## 3 SUSTAINABLE SOURCING & MANUFACTURING

### 3.1 RAW MATERIALS

A long-lasting quality product starts with sourcing the right raw materials and partnering up with our fabric suppliers who know where to find the best resources. Our mutual approach is simple yet effective: get it where they grow it the best, with the most care for animal and environment. This counts for our cellulose based fibers (such as cotton, flax/linen) but also our animal fibers/ filaments (such as wool, alpaca, mohair, cashmere and silk).

By using the best raw materials, we hardly (need to) blend them with any unnatural additives such as polyamide, Nylon or elastane. By enhancing the natural features of each fiber or using support from other natural fibers (linen will become more stable/ crease less when mixed with for example silk, wool or cotton), our suppliers create fabrics build to last. Next to look, feel and durability this also makes the biggest share of our products (94,6%) recyclable and biodegradable.

### 3.2 FIBER ORIGIN OF OUR 4 MOST IMPORTANT RAW MATERIALS

#### *Silk*

The Bombyx Mori or 'silk worm' of the Mulberry tree' has been bred for over 5000 years to produce its luscious silk. They have a distinctive taste for the leaves of the Mulberry plant, which gives them their soft white color. The silk taken from the worm's cocoon is made from one single yarn/ filament that can range from 2400-3000m long. Silk used in Suitsupply products (such as ties, knitwear and jackets) comes from several different suppliers from the Jiangsu and Sichuan regions of China, well-known for their silk cultivation.





### Linen

Flax fiber (linen) is a bast fiber, obtained from the stalk of a flax plant. Consists of a single stem, the flax plant can achieve approximately one meter in height. Linen/flax is the only vegetable textile fiber native to Europe; when woven into fabric it



is extremely durable, comfortable to wear and gives a lot of texture. Compared to other fibers, linen has a much lower environmental impact. Each element of the plant is useful and utilized: long fibers for fabric, short fibers for paper or felt, seeds and oils for panels, paints, hemp wastes for gardening. Flax is resilient and can grow with hardly any fertilizer, using far less water in its consumption than cotton.

The flax used in our products (suits, shirts, knitwear, ties) all come from the Normandy region in France and the most southern region of Belgium. The farmers are all part of a co-operation that takes care of the selling, quality control, fertilizer control and expanding of know-how.

Most of our linen is linked to one cooperation in Normandy, called Terre de Lin. Terre de Lin is representing over 600 farmers and 15% of the world's flax production.

### Wool



Wool is an animal fiber that is composed of protein molecules and is obtained from sheep. Wool has several qualities that distinguish it from hair or fur: its crimped, its elastic and it grows in staples (clusters).

Wool is our most used and beloved fiber and when we look at its performance it clearly shows why: It is durable, breathable and when woven or knitted it creates the most beautiful fabrics with a lush hand feel. It resists soiling, wrinkles and moisture and retains its shape regardless. Wool used in Suitsupply products comes from Australia and New Zealand, most of it being Saxon. Our Saxon wool comes from a certain breed of

Merino sheep and has a very fine and long staple. Despite its higher environmental impact during the fiber phase (high use of land, food, water, emission), when we look at the overall lifecycle of its products including user phase and disposal at end-use, things are looking much better overall; Wool after all is biodegradable, renewable, recyclable and compostable.

### Cotton

Cotton (or *Gossypium Barbadosense*) is our second most used fiber and a renewable natural resource. We mainly use ELS cotton, cotton with Extra Long Staple; it is considered the highest available quality cotton in the world. Although this



cotton breed produces the whitest cotton, it grows from a black seed.

Origins are more widely spread than with some of our other fibers; we buy cotton from Egypt (Nile river delta), USA (California), Israel (southern regions), Barbados, Peru (northern coast valleys), China (Xingjiang region) and Turkey (Soke region), with the biggest share coming from Egypt.

The future of cotton production is vulnerable to poor environmental management, poor working conditions and unstable markets. Due to its high polluting impact, we are gradually replacing conventional cotton with more sustainable options as Better Cotton (BCI). Our use of linen has also increased over the years, sometimes as a replacement of conventional cotton.

“Wool after all is biodegradable, renewable, recyclable and compostable.,,”

### 3.3 PRODUCTION LOCATIONS

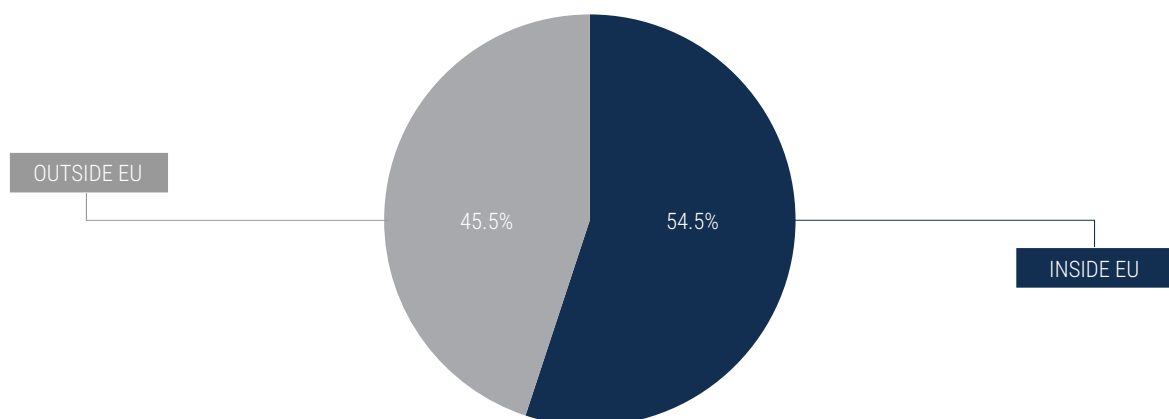
In 2016, the biggest share of our production volume came out of China (56.2%), followed by Italy (19.4%) and Macedonia (13.7%). Although more of our production locations are situated in Europe (54.5%) compared to outside (45.5%), the

products and numbers we buy outside of Europe create a higher PO value. Our products are made in 10 different countries worldwide.

PRODUCTION PER COUNTRY BASED ON PO VALUE



PRODUCTION LOCATIONS EU / NON EU





Our products are made in 10 different countries worldwide, below separated by product category:

Product type per country	
Suits	China, Myanmar
Shirts	China, Macedonia, Poland, Portugal, Turkey
Shoes, belts, socks	Italy, Netherlands
Ties, pocket squares, bowties, braces	Italy, Netherlands
Knitwear	China, Peru
Scarfs	Peru
Swimwear	Indonesia

### 3.3.1 China

Ceyadi Garments Co. Ltd. (Zhejiang)  
 Smart Creations Apparel Co.LTD (Zhejiang)  
 Sharmoon EZ Garments (Zhejiang)  
 JYY Garment co.Ltd. (Zhejiang)  
 Zhongse Garment Co. Ltd. (Zhejiang)  
 Springair Textile Group Co., Ltd. (Zhejiang)

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 Suit-supply. Due to the importance of the relationship with our Chinese factories and the amount of orders we have set up a buying office in Wenzhou, which takes care of all buying related duties and inquiries. They are present onsite weekly to ensure our high quality and our set labour practices. Our buying office looks after the day-to-day activities, and also has a CSR responsible on site that reports back to the main CSR team in Amsterdam. Our product managers and buyers and CSR team visit our factories and buying office at least twice a year. In 2016 FWF audits were conducted at Smart Creations, Sharmoon and Zhongse Garment.

### 3.3.2 Italy

Calzaturificio Madaf S.R.L. (Tuscany)  
 Antonio Maurizi (Marke)  
 Calze Andre (Verona)  
 Sutoris Ortigni (Tuscany)  
 Co&Co (Como)  
 Dress Italy Srl (Como)

Italy is a key country for our shoe, tie, pocket square pro-

duction. Our entire shoes production is done in Italy due to the know-how of the factories and higher leather quality. The Como region is also well known for its tie making, where we have partnered up with Co&Co and Dress Italy. Next to their high level of skill (in both normal make and seven-fold make), they have a very established relationship with the best tie/pocket square fabric mills that we already work with for years like Canepa, Pozzi, Tess, TSM, Scotti and Silk Pro. We visit all these suppliers twice a year to make the collections and to check all facilities. As it is classified as a low risk-country we are not conducting social audits done by external parties there. However, we check our manufacturers twice a year ourselves and keep an open discussion about developments in both the factory and the industry. Italy is one of the countries facing a flow of refugees since 2015 which gives an increased risk of illegal labour. So far this is mostly concentrated in the southern parts where we have no production facilities. Even so we are checking and monitoring this development closely.

### 3.3.3 Macedonia

Albatros- Asoni SA (Stip)

The biggest part of our shirt production takes place in Macedonia. This country is responsible for almost 14% of our total production. Since Macedonia is appointed as a high risk country we execute audits and visits on a regular basis. Since 2011 the wages have been rising significantly. There now is a national minimum wage, which is the first since the history of the Republic of Macedonia. We are currently working on training and encouraging the workers to become more actively involved in order to create a better communication with the management. We will audit this factory again in 2017.

### 3.3.4 Mauritius

Laguna Clothing (Quatre Bornes)

An increasing part of our shirt collection is being produced on the island of Mauritius, on the west coast of Africa and above the island of Madagascar. Laguna is a medium size factory that makes high end menswear shirts with normal and non-iron make. The factory is new to our supplier base and was successfully audited end of 2016.

### 3.3.5 Myanmar

Famoso LTD (Yangon)

Also a new member to our supplier base is Famoso Ltd, sit-

uated in the Mingaladon industrial area in Yangon. They are foreign owned and managed by Japanese management. At Famoso we produce suits with half canvas make, on CMP base with Italian fabrics. This production location is monitored by on site technicians and 2-4 visits per year from our buying and CSR team. For Myanmar we comply with extra due diligence procedure from the Fair Wear Foundation (FWF):

*"FWF members with production in Myanmar are required to implement additional, country-specific measures to support the implementation of decent labour conditions in Myanmar. Members should avoid production at factories linked to the military regime and/or forced labour cases and/or questionable land ownership. FWF members (that consider) placing orders in Myanmar are required to share their due diligence process with FWF to ensure compliance with the above points." Famoso was audited end of 2016.*

### 3.3.6 Poland

Y3 Company- The Shirt Tailors (Gdansk area)

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. We perform checks once a year at this location.

### 3.3.7 Portugal

Black Scabbard- Asoni SA (Porto)

A shirt and blouse manufacturer situated in the Porto region in Portugal, owned by the Asoni family. We have a long history with this factory (we started our first shirt production there in 2004, which switched to Albatros in Macedonia later on) and are currently making our design your own shirts production there. Factory focuses on made to order production.

### 3.3.8 Peru

Villa Knits/Raintex (Lima)

Villa knits is a knitwear company founded in 1962 and specializes in products made with local raw materials, as (baby)

alpaca and pima cotton. At Villa knits we make our basic T-shirts in pima cotton quality. They are visited every 6 weeks by our agent who is fully trained on compliance by our own CSR team. We share this supplier with FWF member brand Filippa K, with whom we share factory checks and findings. With this mutual approach we can more effectively monitor this supplier.

### 3.3.9 Indonesia

PT Textile Republic (Java)

As part of our expanding (seasonal) product categories, Textile Republic is a factory on the island of Java who makes our swimming shorts. They will be audited in 2017.

### 3.3.10 The Netherlands

Dobrefa B.V. (Doesburg)

Artie riemen B.V. (Doetinchem)

A small part of our products are made in the Netherlands, which is very unique in the industry; since the movement there are barely any suppliers left in Western Europe.

Dobrefa makes our braces and Artie our leather belts. Due to the Netherlands being a low risk country, no social audits are conducted here.

### 3.3.11 Turkey

Entari Tekstil- Ecrin Tekstil (Istanbul)

A small part of our shirt production was based in Turkey. We started this collaboration with Entari/ 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. It being their first FWF audit many points for improvement were found. Certain issues like wages (minimum wage, but not higher), double bookkeeping and overtime records we could not solve due to limited leverage in this factory& willingness of the owner to invest. Since no improvements were possible we decided we will not continue our business relationship in 2017.

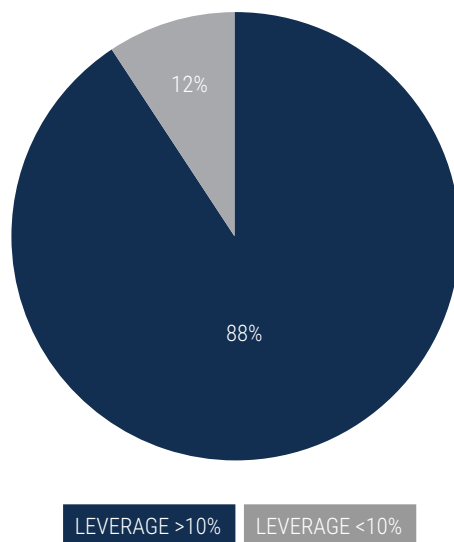


### 3.4 Leverage

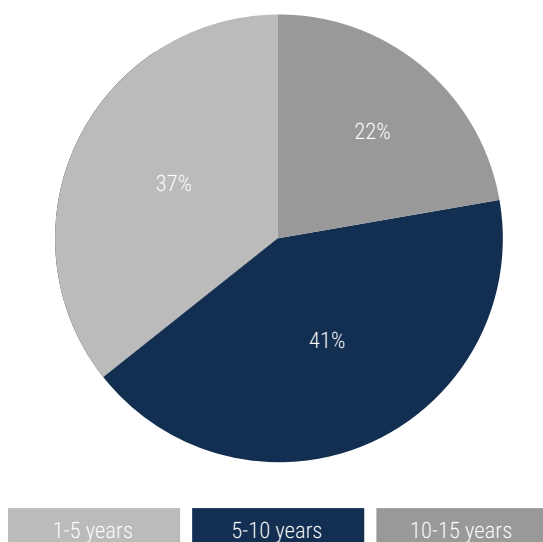
When it comes to garment making, one of our key factors for success are the long-term partnerships we have with our suppliers. Over 88% of our supplier volume is made at factories where we have substantial leverage (at least 10% of the factory production capacity). Our supplier base is stable and does not change regularly; 41% of our purchase volume comes from factories with whom we have worked for more than ten years, and even 22% of our FOB volume comes from suppliers that are partners for 13-15 years.

We have created a unique position where suppliers are growing their businesses along with ours, further deepening our relationship year by year.

% LEVERAGE ORDERS AT SUPPLIERS



PARTNERSHIPS WITH SUPPLIERS IN YEARS



Leverage is an important tool when it comes to improving working conditions. We use our leverage to address hick-ups, negotiate on wages, creating an overall better working environment. In factories where we have less leverage, we try to team up with other (FWF) brands to combine our monitoring practices and use our shared leverage to get things done.

### 3.5 Purchasing practises

Suit Supply has two (2) main seasons for its collection: Summer collection (1 February until 7 August); and Winter collection (8 August until 31 January).

Suit Supply purchases its products directly from manufacturers and suppliers (cut make trimming "CMT", cut make pack "CMP" and full product "FP"). Even when we apply the payment term full product, we still select and/ or develop the fabrics at the suppliers ourselves. We also inform them which trimmings to use. We do this for quality assurance purposes mainly, and it also gives us the opportunity to gain more control & transparency further down the supply chain.

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 the products have been produced, the products are being transported and shipped to the stores. The development of the collection has a tight timetable. The time lines of development, sales, purchase, transport and delivery are therefore set out in clear overviews. We are aware that encountered problems in the production planning can influence the working conditions of suppliers. Therefore we address potential problems immediately with the respective supplier and are, if necessary, adopted in the CAP. In case delays occur during for example fabric transport or development, Suitsupply sets new and realistic delivery times to make sure no extra pressure is added to our production facilities. For our NOS and basic program, we have set par levels in our distribution centers and stores to be able to predict amounts and sizes in an early stage; the way this is set up also contributes to this.

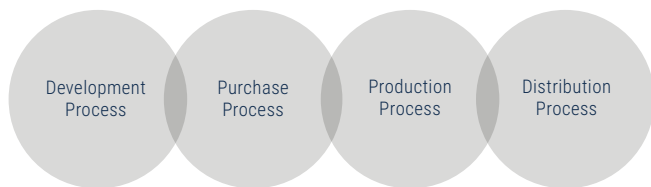
Suit Supply has the following main processes in developing her collections:

The Suit Supply Product Management Department is responsible for the purchase policy including the corresponding ad-

ministration (such as process and follow-up of orders). There are three (3) Product Managers, four (4) Buyers and ten (10) Junior Buyers/ Assistant Buyers working at our buying department. The Suit Supply products are divided in the categories 'hanging', 'lying' and 'leather'. Multiple buyers are responsible for one or subgroups of these categories; the Product Managers oversee their actions. The Junior and Assistant buyers give assistance to the buyers and are responsible for the operational monitoring of the collection and sampling.

### 3.5.1 Due diligence

Due diligence is an important part of our sourcing practices; when sourcing for new potential suppliers, we look at both opportunities and risks. On country level, industry level and



supplier level. We conduct risk assessments based on country studies, on site visits& if available, former audit reports. The decision to see if a supplier is fit to become a new supplier is a mutual understanding between the sourcing managers, head of buying and CSR team.

Our step-by-step approach:

- When sampling procedure starts, supplier is informed about our CSR policy, our FWF membership and needs to fill in our questionnaire. By signing this questionnaire, the supplier agrees to co-operate with the process of monitoring and improvement of labour conditions.
- We then also check if factory has been audited before and check documents with the FWF audit assessment tool+ check with the factory what improvements have been made so far.
- Once the first trial order is set the factory will be audited. In case production is in a country where FWF is not active, Suitsupply will find own audit team, with the help of FWF. This is for example what we did with our shirt supplier Laguna in Mauritius, who was audited end of 2016 by an external audit team but according to FWF procedures.

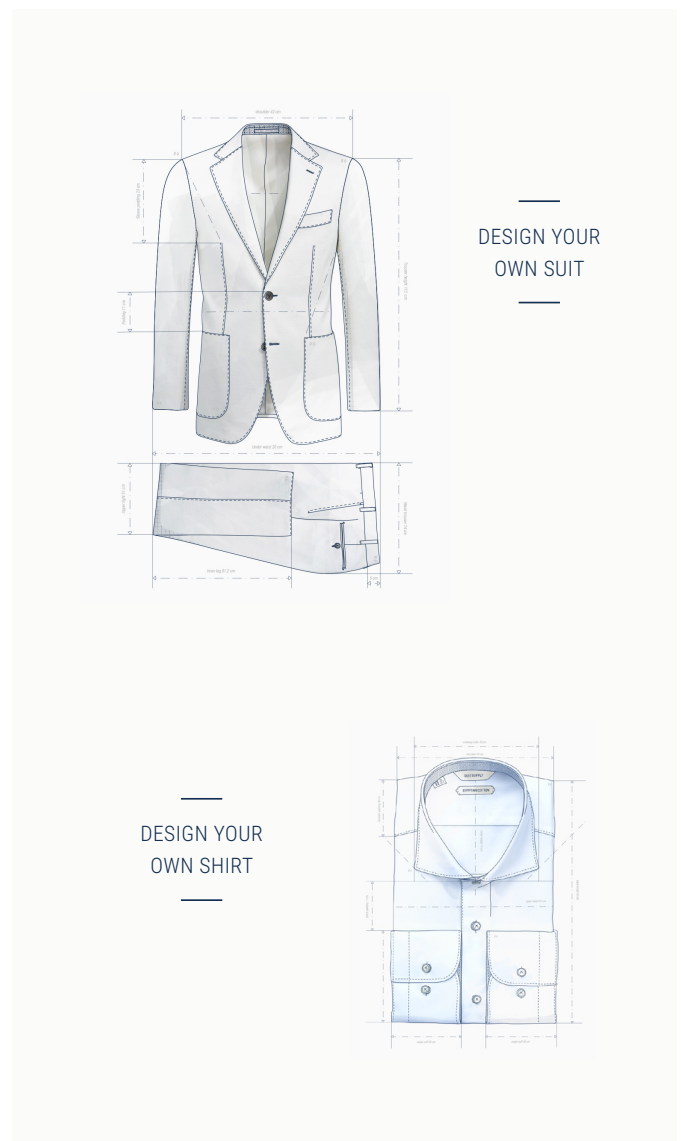
### 3.6 Suit & shirt configurator

Next to our ready to wear collection we offer an online design your own configurator for suits and shirts. It brings a large variety in fabrics, fits, collars/lapels, buttons and an extended size range. Customers even have the option to personalize

with their own monogram. The configurator model enables us to buy smarter, without sacrificing specific customer needs and demands.

It is our answer to overproduction without compromising on service; and by analyzing the specific purchases done in the configurator, we have created a valuable tool that gives us even more information on how to improve our purchasing practices.

Plans are therefore to expand this to other product categories in the future.





“ Compliance is not just a follow up on audit findings. It is investigating root causes, educating and supporting suppliers; the only effective approach to generate real progression.”

Joy Roeterdink CSR Suitsupply

## 4 GARMENT SUPPLIER MONITORING

### 4.1 Monitoring threshold

We do not believe in good or bad factories, but in partners that are committed to our brand, have an open mind and are willing to invest time and money to improve their facilities. Step by step, with the help of us and other stakeholders. Education is an important factor here; by giving them the right tools, like for example trainings, the option to attend seminars (where they can discuss hiccups with other factory owners and local authorities), we can facilitate progress much better.

Monitoring the progress of our suppliers is done by ourselves and external parties:

#### *Buyers & product managers*

When visiting the production sites they check on basic health and safety with a specially designed checklist from FWF;

#### *CSR team*

Does factory checks, document checks, gives trainings and give guidance on the follow up of the Corrective Action Plan (CAP);

#### *FWF*

Conducts audits at our production facilities and gives trainings when requested by us;

### 4.2 Audits in 2016

#### AUDIT 1# Sharmoon, Wenzhou China

Sharmoon is one of our oldest factories, since 2004 they produce suits with full and half canvas make; they supply a big share of our design your own suits. This re-audit was the third audit conducted at this factory; along with the improvements also room for further improvement was found. No monetary fine as disciplinary action used anymore since last audit, they have set up a functioning complaint system and engaged the workers in trainings regarding labour law. No attendance hours recorded via a proper system, not all juvenile workers were registered at the labour office, and some workers were missing their pay slips. During our last visit they have showed us a lot of proof that progression has been made. The functioning of the trade union remains a challenge; besides the smashing number of members (out of the 900 employees at

Sharmoon in total, 700 of them are part of the union), meetings are only held with 5 of them, not being workers. We have signed them up for the WEP training in 2017 to create more awareness on labour unions and how they should function.

#### AUDIT 2# Smart Creations, Wenzhou China

Smart Creations is a factory we have been working with since the early days (2003). This audit was their third FWF re-audit. There were health and safety improvements needed, like better functioning evacuation maps, more protective equipment for workers and documents that prove that the fire system gets a regular check. Also working hours were high and no formal grievance procedure was documented. Union was established but factory should engage workers more in union activities, what they have been doing since the second half of 2016. During our last visit most of the above points were improved and we continue tracking their performance, especially regarding the working hours which have been gradually been improving by certain efficiency measures taken. They have also been participating in 2 WEP trainings in 2016 to create more awareness regarding the Code of Labour Practices (CoLP).

#### AUDIT #3 Zhongse Garment Ltd, Wenzhou China

Zhongse Garment is a shirt supplier that has been supplying a part of our collection for 7 years. Their second audit was held mid 2016. Workers were not aware of the labour code or the right of freedom of association, health and safety improvements found, in peak season very high working hours were found. Also some workers were complaining about the temperatures in parts of the workshops. Zhongse has been installing a better ventilation system and have been enrolling their workers in training on FoA. Safety measures were taken. We have been discussing possibilities to spread orders more evenly to reduce hours in peak seasons but are also dependent on other brands with more leverage.

#### AUDIT #4 Famoso Ltd, Yangon Myanmar

Famoso Ltd. is our only supplier in Myanmar, with whom we have started working end of 2015-2016. They have been audited in 2016 for the first time by FWF but have had audits before by another Japanese compliance company. Quite a lot was found, with much that needed direct attention. Many of the findings go back to the lack of social dialogue and the factory trying to set clear lines with other measures, like fining and very strict rules. Communication between foreign man-



agement and local workers has proven to be difficult and as a result this factory needs a lot of attention and education to move things forward. We have been enrolling them in a year-long social dialogue program conducted by GIZ and consultancy Impacttt that will focus on the root causes of the findings found during the last audit. They are also participating in a WEP training in May 2017. We have agreed with them that they get a full year to show some real progression and that we will audit them again end of 2017 to see if they actually did.

#### AUDIT #5 Laguna Clothing, Quatre Bornes Mauritius

Laguna Clothing is a new supplier and was audited for the first time end of 2016. Supplier has been audited many times before and received the gold certificate from audit organization WRAP. All workers are well aware of the grievance mechanism and are happy with the overall working conditions and open door policy. Not all of them being aware of the FWF CoLP, also because not all translations were available yet (Malagasi). In some dorms, the fire equipment was blocked by tables or bins but most things were fixed right after the audit.

#### AUDIT #6 JYY Garments, Wenzhou

A new type of audit was done at one of our key suppliers, JYY Garments. This audit was conducted by UK-based consultancy Lavery/ Pennell and focused on improvement of efficiency through investigating energy resources and flows. Next to our social auditing, we wanted to give this factory the opportunity and the tools to make further efficiency improvements. Historically, resource efficiency within JYY has been driven in two ways: Design and installation of modern equipment and basic, ongoing energy, water and waste management activity. A lot of new opportunities came out of the audit and gave a clear overview in terms of investments, annual savings and payback in years. This included the possibility of a move to gas, rather than coal/wood-fired boilers, which would reduce GHG emissions and local pollution. Also possibilities to go to solar energy and other forms of more green resources were discussed. Other possible improvements are switching to LED, boiler optimisation, vacuum system controls and insulation. The factory has started to implement the first changes beginning of 2017. We are also using this example at other factories to raise environmental awareness and create opportunity for improvement.

### 4.3 Execution of Corrective Action Plans (CAPS)

The monitoring and follow up of the corrective action plans are the most important part of an audit, to see if a supplier

is making progression and is truly committed to improve his/her factory. Remediation will be done by an open dialogue with the supplier, to discuss all findings and timeframes that are set. In case of any shared suppliers with FWF member companies we will contact and make a plan for follow up together. The progress will be measured/ monitored by on-site visits and photographic proof, and in case required a (partial) follow up audit. We are using a tool that shows all important steps to take for monitoring and remediation with suppliers and how to further integrate this in order and purchase decisions. The progress of the CAPs is already integrated in our purchase decisions. In the last brand performance check we have also mentioned this for one Chinese factory, who ignored some important points. After several warnings, we have moved quite some orders to other suppliers to show how serious we take the implementation of the CAPs and that we will take actions if needed. Another Chinese supplier was using a fine system in their factory which came up during an audit. In our new contractual agreement with them we have stated that use of this system is prohibited.

### 4.4 How we tackle common findings at audits

#### *Payment of a living wage*

Living wage is a very difficult and complex issue with no easy answers or fixes. Our Code of Conduct states that living wages should be paid, and it is also something that we discuss continuously with our suppliers. It is important to keep an ongoing dialogue to accentuate the importance of this issue. Our ambition is to set a plan on how we can intensify our work to secure living wages for all workers in our supply chain. We have made two important steps towards this: participating in the FWF Living Wage Incubator and with a shared project initiated by our investment bank FMO. The incubator is a project with other FWF member brands and together with input from field experts, looking into ways where together we can come up with ways how to implement a living wage in our factories. This has started beginning of 2017 and will be a 2-year project. With our investment bank FMO we have started a project in where we try to get our 4 biggest Chinese suppliers towards a 48h working week and living wage. The approach is that everything is linked and comes back to improving efficiency; with better efficiency less hours are needed to produce the same amount of garments and higher salary per worked hour. We do not only look at the human aspect, but also at energy resources. Therefore we have enrolled our supplier JYY in an energy audit. By providing multiple tools we hope to gradually reduce the hours and create more funds for better pay.

*Excessive working hours*

Overtime is one of the biggest problems facing workers in our supply chain; it is found in more than half of the audited factories. To help address this problem, we set up our production plans together with our suppliers so that the lead times can be discussed and the requested delivery times achieved. With our biggest suppliers, we have reserved a decent share of their capacity; this gives them the certainty that their production flow is not compromised and they will get their orders, and us the certainty that we can place the orders. We also try to balance our never out of stock orders with normal collection orders; this careful planning process means that we can avoid peaks in production and minimize the effect from our orders on overtime. This especially has an effect in factories where we have high leverage; in factories where we are a small player we have started to contact other brands that produce at these facilities so we can hopefully cooperate and reduce by shared efforts.

*Workers not being aware of FWF labour code of practises*

Despite our efforts and with the Code of Labour Practices hanging in all our factories, we keep experiencing that not all workers are aware. Even in factories where we have been given training about this before. This is probably because of new workers being hired, or not enough workers that are participating in this training. Therefore we will continue training with a bigger share of the workers and even organize a second training if the audits show that the awareness has declined, like we did in 2016 at one supplier.

*Freedom of association/ not well-functioning trade unions*

Especially in countries where freedom of association is relatively new or limited, we face difficulties with implementation or use of trade unions/worker representatives. If there is a union in place, many times workers and managers are mixed, or only supervisors and managers are part of the union. In China we face a lack of knowledge on what freedom of association is in the first place; not only by workers, but also by management. The trade unions are often in place but many of them are not functioning. In China we are currently looking into training programs that can help us educate, but since in China only one trade union is allowed (the state union), the effects will remain limited.

In our factory in Myanmar the union was dismissed by the management some years ago due to strikes. Because of lack in social dialogue and grievance mechanisms the only way to address problems to the management was by organizing

strikes. Workers were therefore not keen to form another union after the consequences of the last time. For now we have established that worker representatives are elected and will have regular meetings with management to setup a better communication flow. Management has also informed the workers that no one will be dismissed by being part of a union or union activities. This year also new trainings have started to educate all on what a union is and how it should function to have added value. In this way we are hoping to slowly build up a new union, by learning all parties how it should function and what benefits it brings.

**4.5 Training and education during 2016**

We have engaged 3 more suppliers in the Workplace Education Program (WEP) that is provided by the Fair Wear Foundation. The training aims to raise awareness about workplace standards and effective methods for communicating about problems and building grievance mechanisms in the workplace. Managers, supervisors, and workers also learn about FWF's complaint mechanism, local laws and workers' rights. Our goal is to further enroll the rest of our supplier base into this training program.

**4.6 Into the workers' minds: our worker well being project**

The workers making our products are the driving force of our factories. We believe that by taking care of our workers, they will take care of our products. Knowing more about their lives, how they feel about their work, hobbies, expenditures and future goals can give us and our factories precious insight in how to further improve their working conditions. The worker wellbeing study consists of a worker questionnaire and quantitative information coming from country studies, audits and (onsight) research. We have started this project end of 2016 in our Chinese factories where we have presented the outcomes and suggestions at a few factories so far; options for implementing are currently being reviewed by the management. For next year we hope to publish the results.

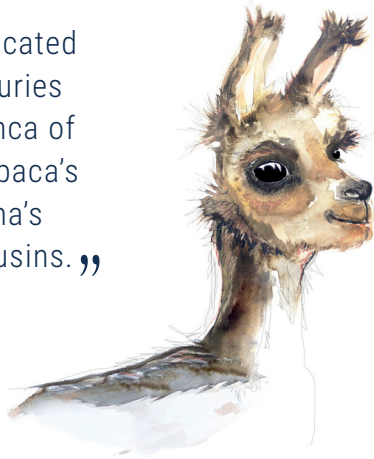
**“We believe that by taking care of our workers, they will take care of our products.”**

## 5 ANIMAL WELFARE

### 5.1 Our policy

As Suitsupply we firmly believe that it is not acceptable for animals to suffer for our products. We will not accept any kind of ill-treatment of animals associated with the manufacturing of our collections.

“Domesticated for centuries by the Inca of Peru, Alpaca’s are Llama’s little cousins.”



Where farmed animals are used in Suitsupply products, suppliers need to implement industry recognized best practice standards to ensure animal welfare is safeguarded at all times.

#### *Endangered species*

Endangered species appearing on either the International Union for the Conservation of Nature (IUCN) or the Convention of International Trade in Endangered Species (CITES) lists shall not be used in Suitsupply products.

#### *Angora& other rabbit hair*

As furry rabbits are not kept in a species appropriate manner, rabbit hair and angora wool are not used in Suitsupply products. We are therefore mentioned on the Angora free list from animal welfare organization PETA.

#### *Fur*

Real fur/ pelts were never really used in Suitsupply products, but we have decided to completely exclude fur or pelts from any animal in our collections from mid 2016 onwards. Our suppliers are thus not allowed to use anything other than substitutes. As a result of this commitment we are mentioned on the fur free list from animal welfare organization PETA.

#### *Merino wool*

Merino wool used in Suitsupply products must be sourced

from farmers that use good animal husbandry and do not practice mulesing. They must be checked by outside parties on a regular basis.

#### *Cashmere, mohair and alpaca wool*

Cashmere and mohair used in Suitsupply products must be sourced from producers with good animal husbandry that are checked by outside parties on a regular basis.

#### *Feathers& down*

Feathers and down used in Suitsupply products must be sourced as a by-product of the meat industry (excluding foie gras production) and from producers with good animal husbandry. They must be checked on a regular basis by outside parties on a regular basis and certified by RDS. Feathers and down must not be harvested through live plucking. We are currently investigating other substitutes to see if we can exclude the use of down/ feathers completely.

#### *Leather& skin*

All leather or skin must be sourced as a by-product of the meat industry and from producers that use good animal husbandry. Leather or skin must not be obtained whilst the animal is still alive or from aborted animals. Skins from wild-caught animals and exotic animals will not be used in Suitsupply products.



“Obtained by combing rather than clipping or shearing, only a few ounces can be harvested per Angora goat each year.”



## 5.2 Leading example: Sustainawool

The largest amount of wool that used for Suitsupply collections is sourced from a few regions in Australia and Tasmania. This superfine Saxon wool comes from a certain breed of Merino sheep and has a long staple that can be woven into very fine and breathable, long lasting fabrics. VBC aims to only work with sheep farmers that comply with the criteria of the New England Wool society (<http://www.newenglandwool.com.au/sustainability-animal-welfare/>). It focuses on wool produced under natural and grazing conditions with the highest regard for the animals' welfare and environment.

To go a bit more in concrete detail:

Nutrition i. Animals should have access to sufficient feed and water, suited to the animal's age and needs ii. Self-feeders and watering points should be checked regularly. iii.

a) Access to contaminated feed, toxic plants should be avoided 3

b) Environment i. Sheep should be effectively managed to minimize the impact of threats on their lifetime welfare – including being regularly checked, handled without causing injury or stress and being protected from predators.

C) Health i. Disease and parasites should be prevented and controlled as much as possible through good management practices. ii. Animals with serious health problems should be isolated and treated promptly iii. Surgical procedures should be avoided wherever possible and should only be performed where there is a positive welfare benefit for the animal. Where surgical procedures cannot be avoided, the resulting pain should be minimized by the use of the most appropriate method of anesthesia or analgesia

d) Behavior i. Sheep should be able to express normal behavior free from undue stress or constraint ii. Sheep, being social animals, should be managed to allow positive social behavior and minimize injury, distress and chronic fear.

E) Handling i. Handling facilities and practices should be appropriate to minimize risk to the welfare of sheep ii. Extra care should be taken when handling sheep with special needs – young lambs, heavily pregnant ewes, rams. iii. Sheep should be returned to feed and water as soon as possible after handling. iv. Farm staff involved in management of livestock should be suitably proficient in their animal management practices.





## 6 CHEMICAL USE

### 6.1 Our chemical policy

Unfortunately, fabrics cannot be made dyed or finished without the use of (some) chemicals. What is of the highest importance though, is that the chemicals but also all other additives used (dyes, finishes) are safe and approved. Not only for the consumer, but also for people that work with it during production and for the environment. When it comes to the use of chemicals in Suitsupply fabrics, even the neck labels & linings are certified by Oeko-Tex category II/ III or SteP and/ or are REACH certified.

OEKO-TEX® is an international association of independent research and testing institutes focused on both product safety and sustainable production in the textile industry. The STANDARD by OEKO-TEX® is a worldwide consistent, independent testing and certification system for raw, semi-finished, and finished textile products at all processing levels, as well as accessory materials used.

In general that takes account of:

- Important legal regulations, such as banned Azo colorants,

formaldehyde, pentachlorophenol, cadmium, nickel.

- Numerous harmful chemicals, even if they are not yet legally regulated.
- Requirements of Annexes XVII and XIV of the European Chemicals Regulation REACH as well as of the ECHA SVHC Candidate List in so far as they are assessed by expert groups of the OEKO-TEX®
- Numerous also environmentally relevant substance classes

REACH is a regulation of the European Union, adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals, while enhancing the competitiveness of the EU chemicals industry. It also promotes alternative methods for the hazard assessment of substances.



**OEKO-TEX®**  
CONFIDENCE IN TEXTILES

**OEKO-TEX®** | **My STeP**



## 7 TRANSPARANCY & COMMUNICATION

### 7.1 Transparency is showing who you work with

Being open and transparent comes quite natural to us. Since our start we have been a very vertically integrated company and always preferred to work directly with not only our garment factories, but also our fabric and trimming suppliers.



*On most of our products you can already find more information regarding the origin of fabric and/or origin of the raw material.*

Cutting out unnecessary layers in the supply chain allows us to be more involved, have better insight and better control. We have also found ways to make communicating this work for us, in a way that it actually adds value to our products. We believe that we are only as good as our suppliers and that we should take pride in working with them. That is why on the biggest share of our garments we have a label and/or hangtag of the fabric supplier, often included with the origin of the raw material. This means we have established good knowledge of the supply chain for a number of our products, mostly where we

buy on CMP or CMT base. But of course, there is still work to be done here. We therefore continue our efforts to gain more insight and look for new ways to inform our customers and other stakeholders.

“You cannot improve what you cannot see”

### 7.2 Transparency is publishing our garment suppliers

One of the main purposes of publishing our annual sustainability report is to give our customers and other consumers the possibility to learn more about what drives us. Being open about where the products come from is important to us, that is why we share our suppliers, their locations and their best practices and challenges. You can find all information under chapter 4, garment supplier monitoring and chapter 3.

### 7.3 Transparency is letting others rate/publish our performance

The Fair Wear Foundation does not only help us with improving working conditions in our factories worldwide, they also rate our performance annually during the brand performance check which is then published available for the public eye. You can find the latest Suitsupply Brand Performance Check on our website or the website of the Fair Wear Foundation.



## 8 STAKEHOLDER ENGAGEMENT

### 8.1 Our stakeholders

We believe that by engaging our stakeholders, using each others' expertise and knowledge we can build further towards sustainable growth.

#### FACTORIES/ MILLS/ PARTNERS

Through partnerships and dialogue, Suitsupply is determined to strengthen our partners' sustainability efforts.

#### NGO's

By being rooted deeper into local communities, our aim is to work closer together with NGO's and use their expertise to optimize our supply chain.

#### OTHER BRANDS

By using each other's know-how and by partnering up at shared suppliers, we are aiming to contribute with a bigger impact.

#### CUSTOMERS

By making clothing that is build to last and by educating customers how to take care of their garments, Suitsupply will continue to provide more sustainable, long-lasting garments.

#### SOCIETY

Suitsupply will actively contribute to a more sustainable society by influencing and being responsive to positive change.





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Thank you for reading  
our 2016-2017 social  
report. In case of any  
questions, please feel  
free to email to

[csr@suitsupply.com](mailto:csr@suitsupply.com)