



SOCIAL REPORT 2021

Selective Marketplace^{Ltd}

POETRY | WRAP
LONDON



Table of Contents

Summary Of 2021	4
Organisational Chart	5
Sourcing Strategy	6
Sourcing Department	
Production Cycle	
Changes in Suppliers 2021	
Our Suppliers	10
China	
Portugal	
India	
Italy	
Romania	
UK	
Complaints Procedure	17
Internal Training	18
Information Management	
External Training	18
Transparency & Communication	19
Stakeholder Engagement	19
Other Activities	20

“Over the last 24 years I have been lucky enough to work with some amazing fabric mills and garment makers. The majority of them are small owner-managed businesses like ours, and most of them we have worked with for many years. They are all focused on the low volume, high quality end of the clothing market and hence they have small factories with a highly skilled workforce. I have personally visited them many times over the years and so I am confident that they share our values in terms of respect for people and the environment.

However, we are a small business without the resources for continuous factory audits, so we looked around for someone to help us with this. There are a number of organisations in this field but I was particularly impressed with Fair Wear because their approach is very pragmatic and focused on driving real change in the workplace. They will regularly audit our factories and then we will agree together with the management of our suppliers on areas for improvement.

Together we will make a real change for the better.”

A handwritten signature in black ink, reading 'Luke Dashper' with a stylized flourish at the end.

Luke Dashper, Founder and Creative Director

Summary of 2021

Decency and respect for our fellow human beings, whether suppliers, customers, or employees has been always at the core of our business. We have worked with most of our suppliers for many years and have built long-standing relationships, however, we also recognize that there is always room for improvement, especially when it comes to global supply chains and ever-evolving political and economic fluctuations.

We are proud to say that in 2021 we have teamed up with Fair Wear foundation to deepen the knowledge of our existing suppliers and to continue learning and improving our supply chain.

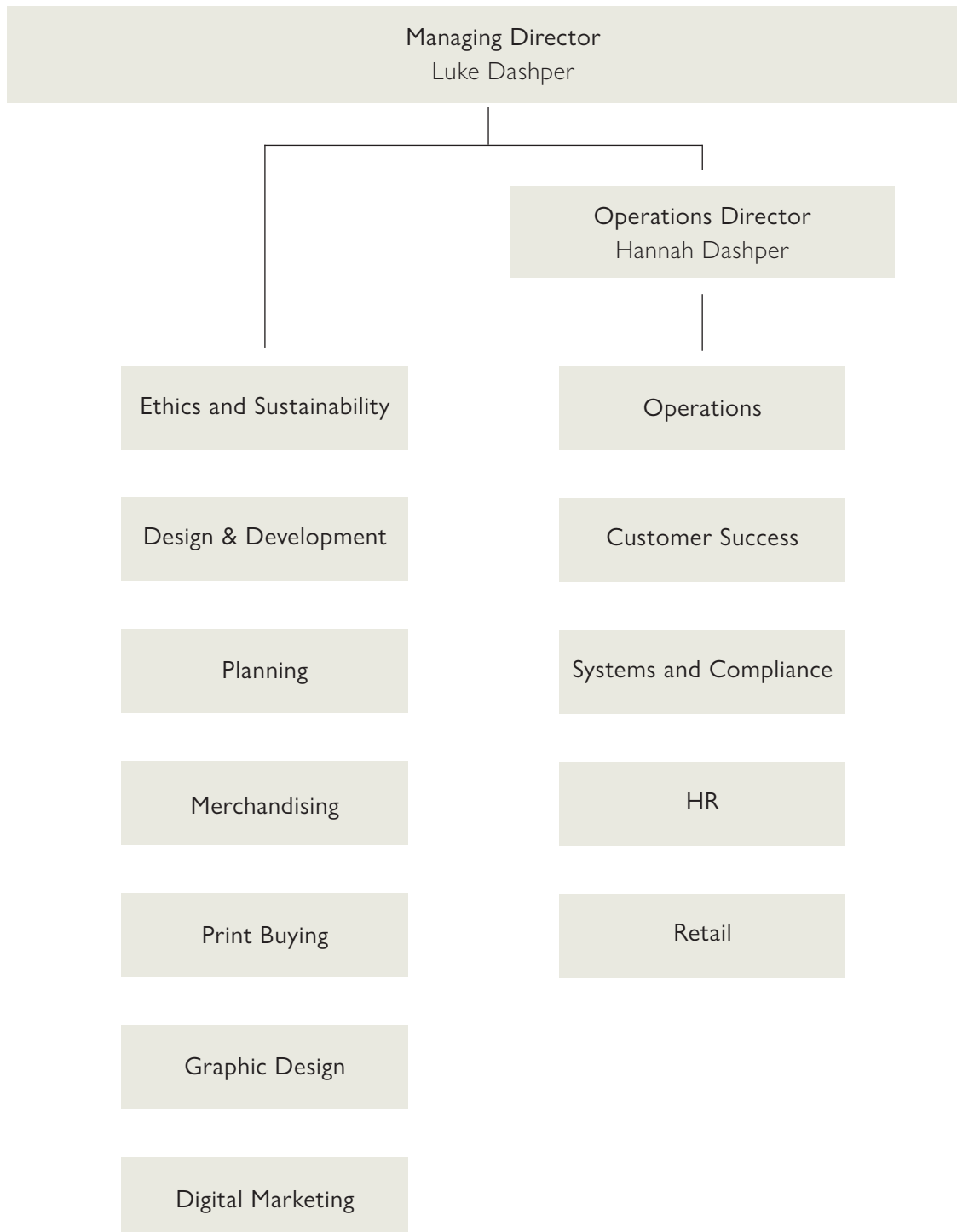
Since the beginning of the year, we have worked on improving the transparency of our supply chain and asked for all subcontractors to be disclosed (Scope 1).

We have also adopted Fair Wear labour standards and informed all of our garment suppliers and the workers of the Code of Labour practices as well as Fair wear Complaints' procedure.

For monitoring purposes, we have asked for third-party audits of three of our suppliers and have worked with them on corrective action plans. It is something we have found especially useful as it gives us a well-documented report on the factories where our products are made and include direct feedback from people working there.

Despite Covid19 crisis, we were able to continue working with our suppliers with minimal interruptions. On the occasions when such interruptions did occur we worked with factories on developing a timeline that would allow us to keep the order.

Organisational Chart



Sourcing Strategy

We at Selective Marketplace feel lucky to have a stable and extremely skilled supply chain. With some of our longest standing suppliers we have worked for nearly 20 years, and we truly value these relationships. Our suppliers are not only the hands who make our products but often also our advisors and companions in developing our unique styles. Therefore, we do not take them for granted and our sourcing efforts are mainly concerned with investing in these relationships instead of searching for new ones.

Long-term relationships

Our sourcing strategy primarily is based on building long-term relationships with a small number of suppliers. We want to know the people we do business with and build trust with them. We find that getting to know someone takes time, but eventually leads to more efficient communication and an even smoother product development process. It is also much easier to monitor and remedy any ethical concerns with an established supplier.



Investing in craftsmanship

We chose our suppliers based on their speciality skill set and craftsmanship. All of the factories are experts in creating a particular type of product and we rely on their knowledge and advice. The main reason why a new supplier relationship is started is when we are developing a product that needs an expertise that cannot be found in our existing supply chain.

Diversifying suppliers

We aim to give enough business to each supplier so that we are relevant to them, but not depend entirely on a single supplier. Typically, we have two or three suppliers per product category. In the cases, when our order quantities are small for the supplier, we still provide a consistent and reliable level of business.

Since China's political actions are increasingly concerning, for the past few years we have looked into building new supplier relationships outside of China (currently 77.65% of our FOB). Unfortunately, in most cases we haven't been able to find the same superb craftsmanship and quality, regardless of the price.

Traceability

When possible, all suppliers are visited by head management every couple of years and before placing the first order (this has been impossible in recent years due to Covid restrictions). We do this to understand the setup of our suppliers and make sure that there are no obvious human rights violations.

Where possible we prefer to work with vertical mills as it ensures better traceability, easier product development and is often economically advantageous without compromising ethics or quality.

Fair pricing

Our pricing starts with a proposition to our customers. We wish to create clothes that are known for their quality and desirability, not the cheap price. Because of these values, we can offer a healthy margin to our suppliers. We often accept the proposed price from our suppliers as with many of them we work for years and therefore trust. When negotiating does happen, we use existing agreed prices as a benchmark for the conversation. Over the years both our cost as well as retail prices have increased significantly driven mainly by increasing labour costs in China.

We always aim to not produce more than necessary hence order flexibility is more important than lowering prices with larger orders. We often pay premium prices for smaller orders.

Sourcing Department

Our sourcing department is two product developers who are in direct daily contact with the Head of the company and the suppliers. One person is responsible for knitwear and jersey sourcing and another for wovens. They are communicating with suppliers continuously and are mainly working on developing new products with them and agreeing prices. Each product developer has around 12 suppliers with whom they have worked for years and know very well.

Production Cycle

Annually our brands (Poetry & Wrap) have two main collections Spring/Summer and Autumn/Winter and two capsule collections, High Summer and Mid Winter. The timing of these seasons is the same every year.

Our production cycle is largely guided by our suppliers as we ask them when we should place the orders to meet our deadlines. The lead-times vary depending on the specifics of each fabric, many of our fabrics are bespoke to us with long lead-times.

As our supply chain is stable our suppliers have previous records of our orders and therefore know what to expect in the following year. Some of them secure the raw material even before the order is placed.

To reduce our lead times for raw materials we work with core fabrics and yarns that are used across multiple styles. We also have multiple classic styles that are kept in collections and ordered multiple years in a row.

Changes in Suppliers 2021

In 2021 we started to work with a new supplier in Italy. We looked for expertise in denim because our previous denim supplier from China had closed down. We chose this supplier because of their quality products, speciality skill set and easy to visit European location. Unfortunately due to Covid-19 restrictions we were not able to visit the factory in person. Nevertheless, before our first order we informed the factory about our partnership with Fair Wear and Code of Labour Practices and discovered that this supplier was already working with other Fair Wear brands (See Factory P).

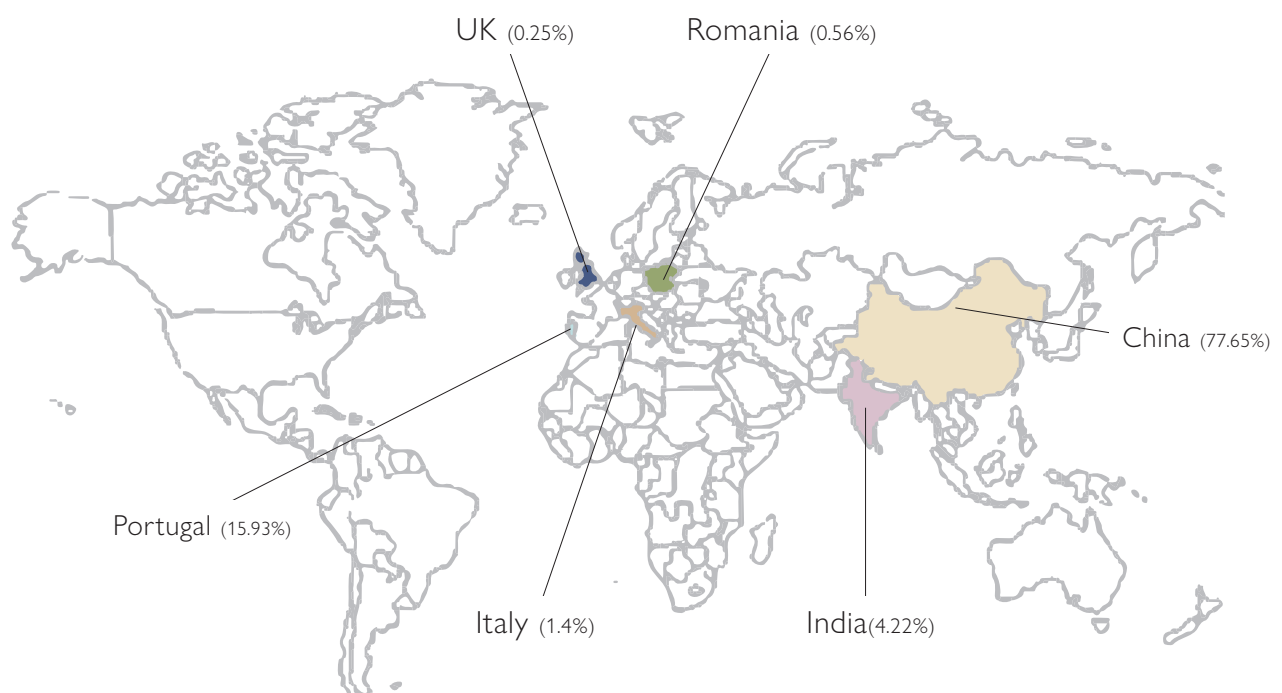
In September 2019, on our last visit to China before the Covid-19 pandemic, we visited a new supplier that we had been introduced to by another supplier. We gave this new supplier a small order for a few knit styles. However, when we visited their factory we didn't feel very comfortable with the factory and the relationship between the factory and the supplier. We decided to wind down our business with them and gave them no new product development.

We placed our final order with them in 2021, a small order for a repeat style. After we had already finished working with this supplier, their factory was identified as under suspicion of a possible human rights violation. This supplier was only 0.3% of our production in 2021 and although it was only a suggestion of malpractice we prefer not to be working with them (See Factory J).

Our Suppliers

A big part of our sourcing strategy is making sure that we have transparency and control over where and how our products are made. We ensure this by visiting our suppliers regularly (oversea travel has been difficult last year due to Covid-19 restrictions), building close relationships and since last year asking suppliers to commit to Fair Wear Code of Labour practices and conducting third-party audits.

During our first year working with Fair Wear foundation, we have talked with each of our suppliers about joining Fair Wear and its requirements, Code of Labour Information sheet has been physically posted by all of our suppliers.



This year we carried out three factory audits, two of them with the largest percentage of our FOB and one that had not been visited by our management team. In addition, two of our most important suppliers have already been audited in the last three years as a result of them supplying other Fair Wear members. The five suppliers (three audited by us, two by other members) combined account for 62% of our total FOB in 2021 and 75% of our FOB from China and India.

Based on the results of the findings and corresponding Corrective Action Plans we have been in conversation with our suppliers and worked on remediation of the issues. The improvements have been tracked by adding them to CAP sheets as well as in email correspondence and notes of the ethics and sustainability manager. Since we have a small number of suppliers we intend to audit 100% of our Chinese and Indian suppliers every three years.

CHINA

77.65% FOB

Factory A (33590)

16.68% FOB

Factory A is our largest knitwear manufacturer with whom also we have worked the longest (since 2004). The supplier knows our brand very well and therefore communication and product development processes are very smooth. It is a small factory with less than 50 workers, making the highest quality knitwear. We work directly with the owner who is personally involved in every decision.

By our request the supplier was audited by Fair Wear China partners in April 2021. We discussed the corrective action plan with the owner and agreed to work on the health & safety category first. Factory A was very responsive and has worked on all 8 high priority health & safety points from which 4 were entirely corrected and significant progress has been made on the rest. The factory sent confirmation photos of each correction and we have checked their validity with the Chinese auditors. We will continue working on improving other CAP areas throughout 2022.

Factory B (33588)

15.4% FOB

Factory B is our largest woven garment supplier with whom we have worked since 2014. We work with them to develop both the woven fabrics and garment styles. It is a family-owned business, and we work directly with the owner who is involved in every decision. As it is one of our largest suppliers, we asked for it to be audited by Fair Wear China partners in August 2021. The audit findings included various points to be worked on but an overall large number of them were related to incomplete records on contract workers and some health & safety issues. We have started to work on these points with the factory and have received an extensive response that has been helpful in understanding the factory's operations and future plans and we will continue to work on completing the corrections.

We had planned to arrange a Workplace Education Programme in the factory for 2022, but as the supplier has told us of changing the factory's location we will discuss the best approach moving forward.

Factory C (2736)

13.67% FOB

Factory C is our largest supplier of jersey garments. Recently we have also increased the quantity of woven styles produced by them. We have worked with them since 2010. It is a vertical mill that focuses on environmentally friendly production using natural fibres and hemp.

This factory has a long association with Fair Wear. In the past, the factory itself was a member of Fair Wear foundation and they have been regularly audited as a result of supplying other Fair Wear members. The last audit done for this supplier was in August 2018 ordered by another Fair Wear member brand and in July 2020 Fair Wear Workplace Education Programme training has taken place. We are planning to contact and work with this Fair Wear member brand in future audit planning and corrective action plans.

Factory D (2017)

11.99% FOB

Factory D is a knitwear supplier with whom we have worked since 2007. They are great with experimental knitwear stitches and have excellent knowledge and attention to detail.

We last visited the supplier in June 2019. The supplier has been also audited by another Fair Wear brand in August 2020 and have had Fair Wear Workplace Education Program training the year before. We have contacted the brand who has shared the audit with us and we are planning to continue the communication and work on a corrective action plan together.

Factory E (33591)

6.25% FOB

Factory E is a woven garment supplier that makes many of our printed and embroidered garments. It is a new supplier for us, and we have visited them when we placed our first orders in August 2018 and we visited them for a second time in September 2019.

To continue the monitoring, we have planned an audit for September 2022 by Fair Wear Chinese partners.

Factory F (33592)

4.26% FOB

Factory F is one of our oldest suppliers (since 2006) who are experts in woven styles with fine detailing. We have visited their Hong Kong office many times but have never visited the factory ourselves. For that reason we organised an audit by Fair Wear Chinese partners in August 2021.

The audit highlighted various aspects that should be improved and as a starting point, we chose to work on the health & safety area. The factory asked for the Corrective action plan and Audit to be translated into Chinese to improve the communication on the topics and we were able to offer CAPs in the language. During the year 4 out of 5 Health & Safety points were corrected and verified by photos from the factory.

We will continue the communication and work on the rest of the corrective action plan.

Factory G (33595)

3.89% FOB

Factory G is a fine-gauge knitwear supplier who makes many of our organic cotton garments. It is a small family-run business with whom we have worked since 2012. Our last visit to the factory was in September 2017.

We have planned an audit for May 2022 by Fair Wear Chinese partners.

Factory H (10456)

3.44% FOB

Factory H is a supplier who makes many of our linen jersey styles and we have worked with them since 2008. The factory has been audited by another Fair Wear brand in Oct 2016.

In March 2022 we have planned an audit by Fair Wear Chinese partners.

Factory I (33601)

1.75% FOB

Factory I is a supplier who makes mostly our woollen, puffer and trench coats. Each season we do only few styles with this supplier, and we have worked with them since 2019.

Factory J (33598)

0.3% FOB

We were introduced to Factory J, a knitwear supplier, by Factory I. After a meeting at their Hong Kong office, we gave them a small trial order. Before expanding our co-operation with them we visited their factory in mainland China. The factory was much larger than our existing knitwear factories and as a result had a different atmosphere. Also the Hong Kong supplier doesn't own the factory and in fact didn't seem very familiar with the factory management. We prefer to work with smaller, owner-run factories. Following the visit, we decided to wind down our co-operation with this supplier and to continue with our three existing knit suppliers that we know very well. We did not observe any obvious ethical or environmental issues on our visit, but the factory has since been flagged by Fair Wear as a risk. We placed our last order for a single repeat style in July 2021 and will not be working with this supplier in the future.

PORTUGAL

15.93% FOB

Factory K (33593)

13.45% FOB

Factory K is a woven garment supplier that makes our trousers, denim, cords, and garment-dyed linen styles. We have worked with this supplier since 2013 and have visited the factory multiple times with the last visit being in September 2018.

Factory L (33597)

2.48% FOB

Factory L is a jersey supplier that mainly makes linen jersey styles. We usually order small volumes and have been working with this supplier since 2012. We have visited the supplier multiple times with the last being in 2015.

INDIA

4.22% FOB

Factory M (33596)

3% FOB

Factory M is a new supplier for us, we started to work with them in 2018 as a result of us exploring the alternatives to China based suppliers. In January 2019 we visited their headquarters and their factory in Delhi.

It is a second-generation family-owned business. We have a close relationship with the owner who visits us regularly, and our Ethics and Sustainability Manager is in direct contact with their Head of CSR & Compliance.

As the business relationship develops, we are planning to learn more about this supplier.

Factory N (7550)

1.22% FOB

Factory N is one of our newest jersey suppliers with whom we started to work in 2019. Similarly, to Factory M one of the reasons why we chose to work with them was a search for alternative suppliers outside of China.

ITALY

1.4% FOB

Factory O (33604)

1.4% FOB

We started to work with factory O in 2019 on developing a recycled cashmere range. In partnership with the factory, we also established a cashmere recycling service where our customers can return old cashmere garments free of cost and contribute to circular manufacturing. The factory is based in Prato, in northern Italy. It is a small family-owned and run enterprise and the workers are all Italian nationals. One of the sons of our managing director worked in the factory on an exchange program for ten months during 2020/21.

Factory P (8307)

0% FOB

We have started to work with Factory P this year, the first order was placed in July 2021 to be delivered in 2022. The supplier is a laundry specialising in the finishing of denim. They sub-contract the sewing to a factory in Italy or Tunisia, depending on the size of the order.

Due to Covid-19 restrictions, we haven't been able to visit, but the factory has been audited in April 2019 by another Fair Wear member and in May 2021 by certification company Bureau Veritas requested by another client.

As we continue working with the supplier, we are planning to visit the sites and get in contact with the Fair Wear member with whom we share the supplier to work on Corrective action plans together.

ROMANIA

0.56% FOB

Factory R (33599)

0.56% FOB

We started to work with this supplier in 2019 and have developed a few dress and blouse styles as well as tailored wool coats using Italian fabrics. We haven't visited the factory, but it has been audited in November 2020 by external auditors Intertek.

UK

0.25% FOB

Factory S (33600)

0.25% FOB

We started to work with the supplier in 2017 on leather-based styles. We have visited the factory in East London in June 2019 and it is part of Ethical Trading Initiative and has been audited by Intertek in 2021. All the supplier's workers are aware of and adhere to the code of labour practices as they are part of their induction.

Complaints Procedure

We expect all our suppliers to have a well-functioning internal grievance system that allows workers to communicate an issue safely and get it solved effectively. Ideally, workers should be able to express their complaints through multiple channels like human resources or trade unions. We monitor this through our audits that have a section for assessing internal grievance mechanisms.

In addition to that, we also encourage workers to use the Fair Wear complaints procedure. All our suppliers are informed and have displayed the Worker Information Sheet in their factories that includes local contact details for making complaints.

Any grievances received via the Fair Wear system are dealt with by the Ethics and Sustainability manager first, according to the Fair Wear complaints procedure guidelines and if necessary, raised to head management.

In 2021 we have not received any complaints. As this is our first year being a member of Fair Wear, we will continue to work with our suppliers to raise awareness of the grievance mechanism available.



Internal Training

As we joined the Fair Wear foundation this year, our head management together with the CRS manager were fully trained in the Fair Wear goals, procedures, and requirements. Through a series of presentations, every employee was informed about Fair Wear and our reasons for joining.

Our customer service and contact centre teams are specially briefed on the Fair Wear foundation as part of their induction training.

Information Management

All of the information regarding Fair Wear activities is collected and kept by theme or supplier in a shared folder that is accessible to everyone involved in sourcing, merchandising, and marketing. Audit reports and communication regarding Corrective Action Plans progress is continuously communicated to the sourcing team and head management.

The information is organised and regularly updated by the Ethics and Sustainability manager.

External Training

In 2022 we have planned to have Workplace Education Programme training in our second largest supplier.



Transparency & Communication

In 2021 we announced that we had joined the Fair Wear foundation to our customers with a letter from our Founder and Creative Director. The letter discussed our goals and reasons for joining Fair Wear and was sent by email to our customers. It was also published on both of the brands' homepages. The Fair Wear logo is displayed on our homepage and customer service email footers with a link to the Fair Wear homepage for more information.

We are planning on improving the communication channels with our customers to achieve better transparency and to report the progress on social and environmental aspects to our customers.

Stakeholder Engagement

To complete Corrective action plans we have worked with Global Services to learn more about China-specific issues, and we have also asked for help in verifying the remediations made by suppliers.



Other Activities

Supporting The National Forest

It's important for all of us at Poetry and Wrap that our brands are a positive choice for our customers, our community and the environment. That's why we're proud to be supporting The National Forest this year - one of the boldest environmentally-led regeneration initiatives in the country. By creating a forest across 200 square miles of the Midlands, The National Forest is transforming a post-industrial landscape to a distinctly wooded landscape that provides a setting within which people live, work and learn.

So far, The National Forest has planted 200 trees on Poetry's behalf, joining the millions of trees that have been planted since the early 1990s in an area that was previously one of the least wooded parts of the country.

Read more about it [here](#).



Recycle your cashmere

We have been working with a family-run Italian supplier that specializes in recycled cashmere. Founded by Eduardo Mariotti in 1990, the company's expertise lies in processing textile raw materials to reduce the impact of garment production on the environment.

We offer our customers the option to not only purchase recycled cashmere items but also to be part of the process by sending their old cashmere garments to be recycled free of charge. Once we receive a sufficient amount, we arrange its shipment to Italy.

Cashmere is a beautiful yarn and we're proud to be working with Eduardo and his team to reduce the waste of this wonderful natural resource.

Read more about it [here](#)



Packed with love and care

Our clothes are made with love and care and we treat their production with respect. We never have and never will throw away a single piece of clothing.

We take special care to repair any faulty clothing so it can go back to the market or be sold in our local warehouse sales. Held intermittently at our site in Leicestershire, these sales are very popular locally, with the proceeds going to charity. In the last years, some of the local charities we have supported are LOROS - a hospice near us in Leicester, Coalville Stroke Club, and Crohn's & Colitis UK.

We also regularly make donations of repaired items and end of lines to charity. Throughout the pandemic, we have given significant amounts of clothing to Helpforce, and we are building up a network of NHS initiatives that we support across the country. Through donations, we have also been supporting smaller local charities and are able to help women leaving unstable homes to start again with a new wardrobe.

Read more about it [here](#).