



TAILOR & STITCH SOCIAL REPORT

Reporting period (Financial year: 01-2019 till 12-2019)



Tailor & Stitch[®]
corporate fashion designers



thirtyfour[®]
customized workwear

www.tailorenstitch.nl

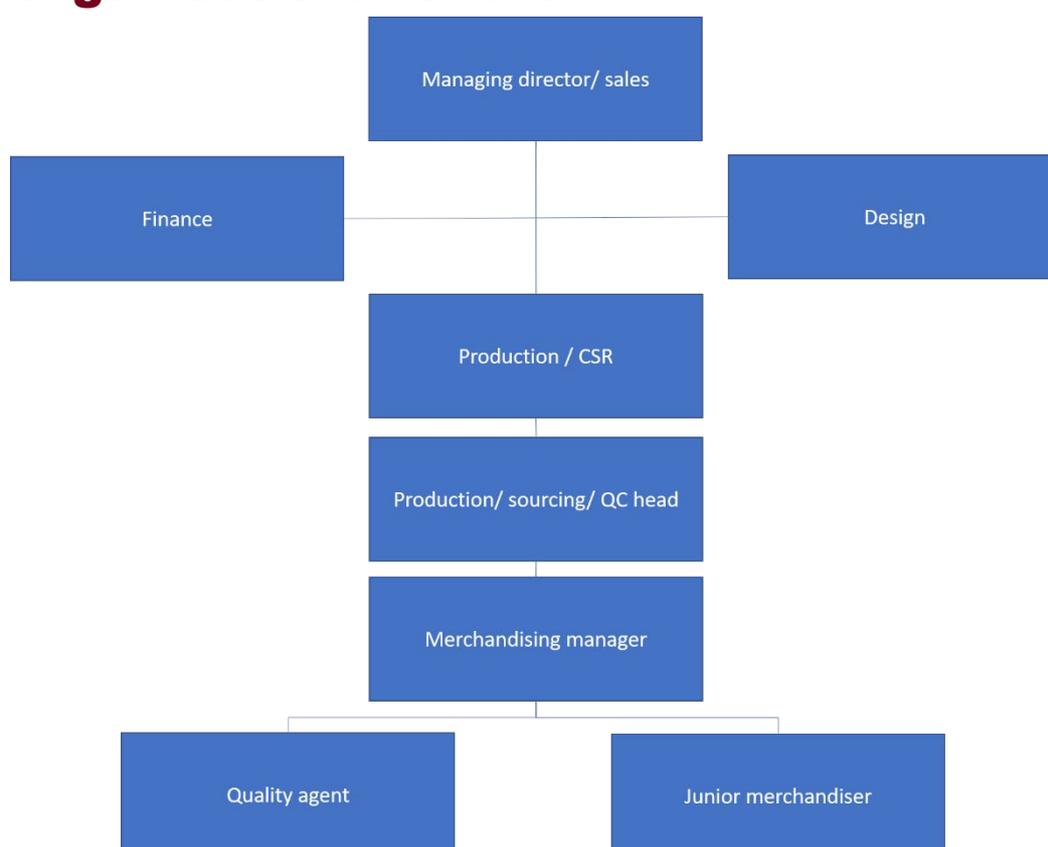
Start date membership : 01-2013

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TAILOR & STITCH SOCIAL REPORT

Organisational chart



Summary: 2019 goals & achievements

Tailor & Stitch was established in 1996 as Company Colors. When our general manager became the owner in 2009 the name was changed into Tailor & Stitch BV. Tailor & Stitch BV designs and manufactures corporate identity work wear and corporate fashion. We also produce towels and bathrobes for wellness centres.

Tailor & Stitch BV operates in the middle- and higher segment. We use materials of high quality and we are specialized in producing relatively small numbers.

During the development and production stage we pay high attention to the latest trends and apply the safety requirements which are (legally) required. High-visibility, Flame retardant, Anti-static are some of the applications we produce, if needed including EN certification.

Tailor & Stitch became a Fair Wear affiliate at the end of January in 2013. We are a social involved company and we feel the obligation to improve the circumstances of the tailors who work for us.

Social Report [01 -2019 till 12-2019] – past financial year

We believe in a long-term steady relation with a few factories. In this way we can guarantee our quality towards our clients and make real improvements.

Our own design team is located in The Netherlands while our collections are mainly produced in India. We also have production for socks and thermal underwear in Portugal and wellness production like towels is made in Turkey.

In 2019 we concentrated even more of our production in India via our own production office. Since this is organized very well, we can keep our focus on working with the smaller enterprises, and at the same time we have our supply chain completely insight.

We keep involving the newly launched digital supply chain management system which has been built specially for our company. With this tool we can give better insight for us and our suppliers in timelines, prices and development. We have agreed timelines with our vendors which should be suitable for most of our productions, and these can be followed by all parties involved. When vendors give a sign that they need more time, we can adjust the timeline to real-time so all our employees, both in The Netherlands and India and the factory can see the amended time for this project. Updating of our system is a continues process.

One of the options is to add a cost price calculation tool where we try to get a better insight in the costs of wages that are being paid. The CSR database where we can upload all relevant documents needed is working mainly for FWF and all our other CSR activities.

The biggest step we have taken in 2019 to achieve a better insight in the complete process is by taking over the management of factory where we had the most leverage: TT. When we started with them this factory was not compliant with any of the Fair Wear Foundation standards, so we moved the complete factory towards a better location, got a proper administration and got all the right facilities to be fully compliant. This has resulted in a fully compliant factory; located just across the street of our own production office. The factory successfully passed both audits in Q2 and the verification audit in Q4 2019; according to the FWF audit team this factory could be a “Role Model Factory’ for Fair Wear !

We made our steps being involved in every step of this factory as part of our sustainability strategy to set up ethical production with a focus on cleaner production processes and reducing our company’s footprint.

Since we care about our planet, nature and people we strive to build sustainable and fair products.

Our strategy is to build a close and open relationship with our vendors, that is why we have concentrated 90% of our productions within India.

Because of that we have been able to set up our local office which is keeping the daily contact with our vendors and our office in Holland. All together we develop and buy our collections. By the concentration of our factories we can reduce the number of visits, transports so also the footprint became limited. On the ethical side we have realized the clear and open management structure with our factory where we concentrated on a clean, and safe working area, and where we are working towards a living-wage standard. Besides that, our collection of workwear is also increasingly sustainable; based on either very long-lasting fabrics, combined with sustainable fabrics.

Social Report [01 -2019 till 12-2019] – past financial year

We have achieved that our 'cooperating' factory TT became a role model factory within one year.

Sourcing strategy

Sourcing strategy & pricing

Criteria we use to choose a supplier are:

- capability of the supplier to produce our product quality standard
- capacity for the forecasted quantities
- ability to fulfil timeline and deadlines
- respect of labour standards
- price

We determine our prices by comparing the price of materials and CMT. By our experience we know if the prices are in accordance with the market. We work with an open calculation system. We exactly know the price of each part of the garment. For the Cordura and the Workwear we deliver the fabrics ourselves.

When we contract factories for new orders the criteria mentioned above are very important. We check for external audits which already have been done, such as SA8000, BSCI, internal audits. We visit the factories and do a health and safety check. We also have meetings with the board of the factory.

At the India office we have 4 employees now, where they have daily contact with us and the factories to discuss production and development progress

The daily contact is done by phone, skype or e-mail and more official by our new tracking system.

They will also check the follow up on the CAP's.

Our managing director also visits India at least twice a year. We aim long term relations with our buyers and suppliers, this have been hard over the last years. Currently we are very satisfied, and it seems that the relation with our suppliers is very steady. Our manager and product manager in India work very hard on a firm relationship with our factories. When we are looking for new factories, we try to come in contacts with factories which are already Fair Wear, BSCI or SA8000 audited.

Production cycle

In our company we cannot really speak of a winter and summer collection. We have several projects throughout the complete year. A lot of the products we source are not due to the season. So, our production cycle is completely depending on the demand of our clients. When we receive an order from a client of an existing fabric, we inform our Product manager if the CMT is still right. We check if there is enough material on stock to produce the order and if the concerning factories will be able to produce within our lead times. When all this is checked we send an order confirmation to our client and we make a purchase order for the factory. For India we will send it to our Product manager. She will take care that our order will be taken in production in the factory. During the production she

Social Report [01 -2019 till 12-2019] – past financial year

watches over the process. Our team in India must check the quality of the manufactured clothes, guard the lead times, take care of the shipment.

We have different lead times for our factories, but the average lead time is 4 months, from issuing the Purchase order until the goods are ready for shipment.

Thanks to the constant improvements with our new customized order system we expect to streamline the complete production process. We already see a huge decline of production delays and mistake because communication becomes a lot easier and stricter from the start. We also avoid excessive overtime because production planning becomes clearer for everyone. The factories also have a clearer overview of productions which can be expected so they can considerate in their planning.

Mostly we make a down-payment for the fabric making payment of the tailor's wages secured . After finishing of the order and before shipment the complete order will be paid so there won't be any delay on paying the tailors. When we receive an order for new collections or developments, our designer and representative make a sketch which meets the wishes of our client.

They take care of making samples in a short notice. By making the samples they can give an indication of the consumption and the CMT so we can charge a right price to our client. We aim for a lead time of 18 weeks, this in reflection with our client and producers. We always will try to combine orders for shipment, in order to decrease freight cost and to relieve the environment.

When we contract the factories delivery time this is an important consideration. The number of tailors is dependent on the amount of work. We aim for a constant workload for the tailors. During the audit there has been taken notice of overtime, sometimes excessive. This is still a point of attention which we also address within our own factory. Together with our supplier we keep on communicating about this matter and we work together on realistic lead times.

Our turnover is increased comparing to last year. In Europe our general manager is looking for suppliers by himself. Therefore, he visits conventions, speaks with Product managers, clients and colleagues. In India our Product manager makes the first selection for a new supplier. Our criteria are the same as mentioned before.

By being an FWF affiliate, labour standards are an important matter in the decision making. When we are planning to work with a new factory this is at least visited by our Product manager. Whenever possible our general manager will visit the factory also by himself before starting production. We will have meetings with the management by skype in which also will be explained that we are a Fair Wear member. We ask them to fill in the questionnaire and our Product manager does a basic health and safety check. Also, we try to look for new factories which are already audited. Sometimes it is very difficult to get the questionnaire returned before starting production. We are a small player on the market and producers will not make the effort before production has been started.

Our goal is to keep the number of suppliers as they are right now. We do not want to expand towards more suppliers, but we want to increase our leverage with the current suppliers, so we all have benefits from there.

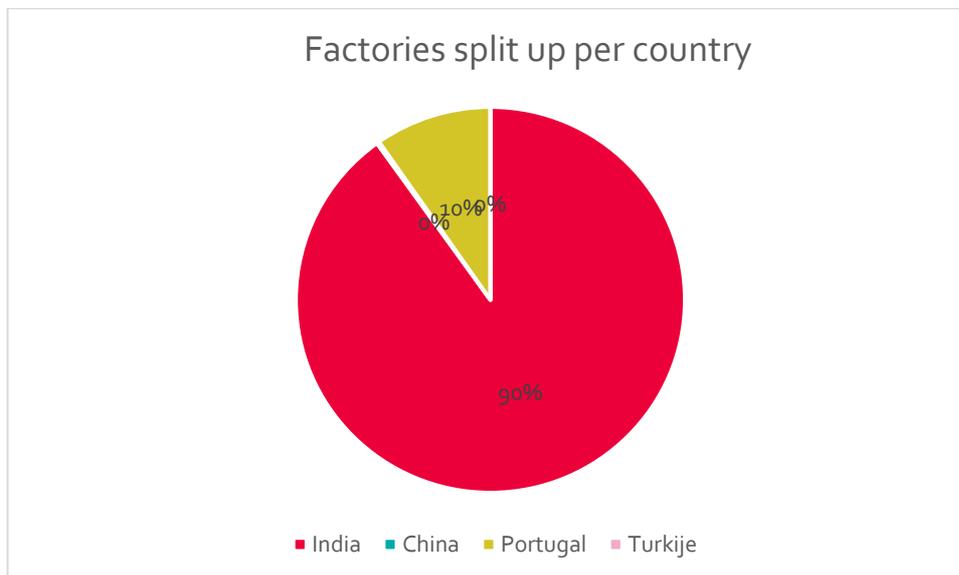
Integration of monitoring activities and sourcing decisions

Our existing manufacturers are working according to the FWF standards and filled the questionnaire. When we intend working with a new manufacturer, he has to accept the FWF standards. If major issues are found during an audit or major issues are reported within the complaint procedure, we will urge the garment maker to take immediate action. We will do anything within our possibilities to help the garment maker to solve the issues in a reasonable matter of time. Our goal is to have a long-term relation with our garment makers. We intend to keep on working with the factories we work with now and do not want to expand to other manufacturers. We work with small and larger manufacturers. And it depends on the order where it will be produced. With our own unit and the other factories that we are working with, we have enough flexibility and capacity to run own productions.

When tension arise, we directly will do anything possible to get in contact with all parties involved to come to a decent solution, where always the obligations for all will be kept in mind.

In the utmost we will stop placing new orders in case of non-performance or unwillingness to improve labour conditions, but only after we have settled all obligations together.

Coherent system for monitoring and remediation



INDIA: IT'S OBVIOUS THAT INDIA IS OUR MAIN COUNTRY FOR PRODUCTION

1.1./ VT

42,7 % of total FOB

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This factory is our biggest supplier from all, and we have been working with them in close contact for several years now. We have started working with them because they have been SA8000 certified from the start. We kept growing the business with them.

The factory has been audited by FWF end of 2017, and we worked with them on the outstanding issues for the CAP during the last year. Our Dutch management team has visited the factory twice, while the last visit was done in February 2020, while our quality controller visited the factory every 2 weeks.

1.2./ TT

29,9% of total FOB

TT is the new partly owned factory raised from the formerly vendor HF.

We took over in the beginning of 2019 with the intention to set up a proper and safe working area for the workers. After the first FWF audit in May 2019 we have solved 97% of the points that came up in the CAP. In December 2019 we had our verification audit and the result was very positive; according to the local FWF audit team this could become a 'Role model factory'.

The new factory is located opposite the street of our own office. Therefore, we can and will check daily what happens in this factory. We are willing to keep improving the factory and expand the capacity and business in order to make a bigger impact in the area.

1.3./ CM

10,3% of total FOB

From the start at the new locations these 2 factories have been audited in June 2019 by RINA for a SA8000 audit, which was promising from the start.

We have translated these results with the Quality Assessment tool into a CAP which is monitored.

Last visit of our local management took place 14-03-2020.

1.4./ AF

7,21 % of total FOB

This factory runs with a audit report from Sedex, which results also have been checked with the Quality Assessment tool into a CAP which is monitored.

Since the factory is located in Tirupur, we have only used this factory for some exceptional larger knitwear orders. But due to the very long time to travel there we have decided to limit these orders with them and prefer to have those made by our other vendors.

Last visit by local management November 2019.

2./ CHINA

2.1/ CW

0,2 % of total FOB

In 2019 we only had one small order with CW, and no other inquiries this far. So we have not been investing more time or energy with them knowing the factory also belongs to another FWF member, being FWF certified. We have the audit report and try to help them with improvements.

This factory we started working with in 2017. We manufacture our accessories over here. As we do not have our own team in China and the FOB is low, we did not visit the factory.
Portugal

3./ PORTUGAL

3.1/ AX

9,71 % of total FOB

Also this year we increased the amount of socks a little with them.

The factory has been visited by our general manager last year as well.

4./ TURKEY

AN

0% of total FOB.

We did not have any order in 2019, so we have not been investing time or money to visit them or whatsoever. When we would get a new inquiry, we definitely will check out the status and conditions accordingly.

Complaints handling

We have received one complaint regarding with The Tailors (13668) in India; ID #733.

According to us we have given explanation about the cause of this claim, but until now it seems a bit unclear if this complaint has been solved now since it keeps showing in our records.

Training and capacity building

Activities to inform staff members

In the Netherlands we are working with 6 people. We are discussing Fair Wear daily and are all aware of the consequences the Fair Wear has for our company.

Activities to inform agents

N/A since we don't work with agents.

Activities to inform manufacturers and workers

Manufacturers are informed about the Code and FWF membership through the model letter and questionnaire. An information sheet in local language for workers including the Code and the contact details of the complaints handler will be posted in all the supplying factories. Our general manager talks to the tailors when he visits the factories. There is also an important mission for our Product manager.

Last but not least ; we do inform all parties involved very regularly about the importance to cooperate all together.

Transparency & communication

Our FWF membership is communicated on our website and will be mentioned on all our written communication. All our new clients will be informed by our Fair Wear membership. In our proposition we mention our FWF membership and it will be mentioned during the meetings. We will write an annual social report.

Stakeholder engagement

Our general manager sits on the Corporate Fashion Award Committee.

Corporate Social Responsibility

We only produce high – end products with sustainable materials. All our products have a long-lasting lifespan which is better for the environment. We work mostly with Öko-tex fabrics. Our factories are supporting schools and other social initiatives.

Last year we have made a major step with our CSR activities. We manufactured more sustainable workwear collections than ever, and we developed a 100% from PET bottles recycled softshell. We use more and more sustainable materials and are on top of the latest developments regarding materials and processing techniques. During last year, we have made a fully sublimated collection from recycled PET. This reduces the water usage of the dyeing process to 0.

We are also looking for opportunities to get our worn collections recycled by partners.