

Tailor & Stitch social report

Reporting period (Financial year: January, 2022 – December, 2022)



WWW.TAILORENSTITCH.NL

FAIR WEAR MEMBER SINCE 27 JANUARY, 2013]

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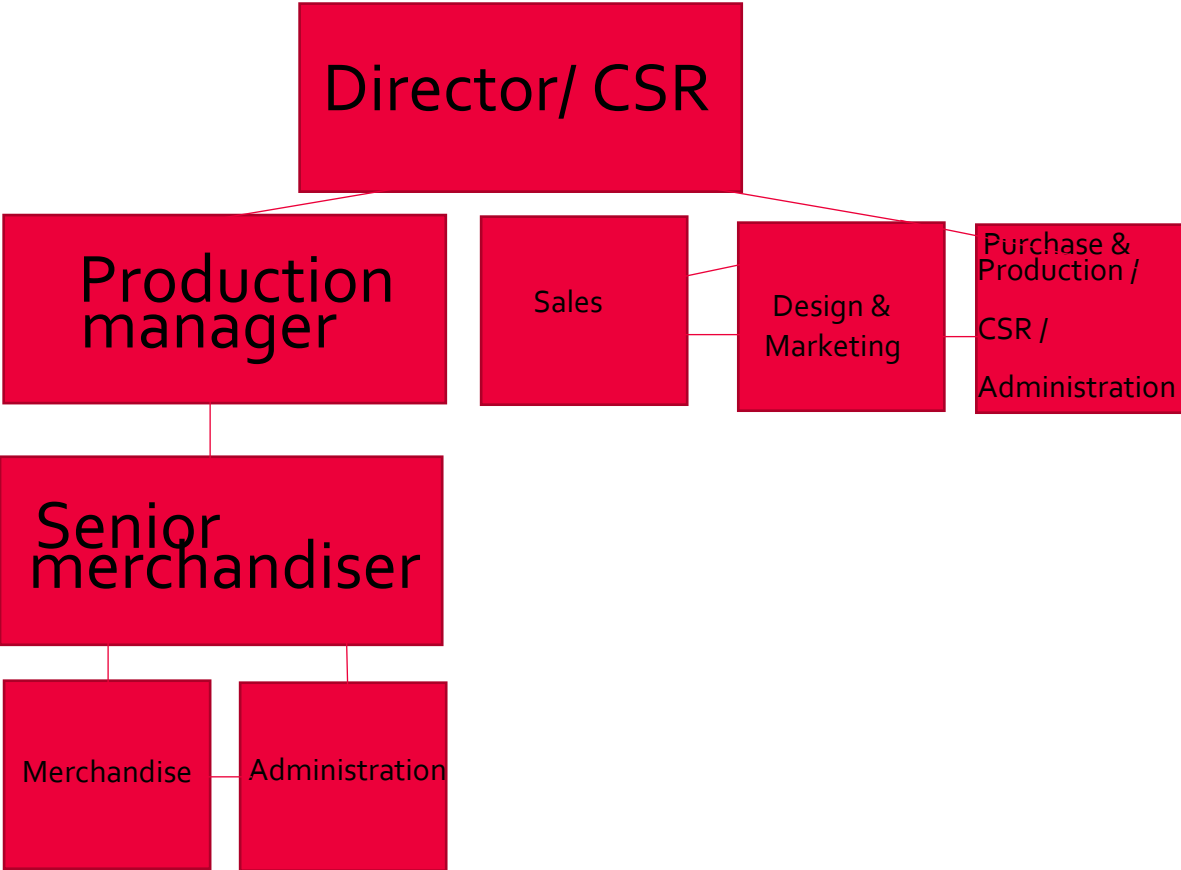
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Organizational chart



*everybody is aware of fairwear / CSR activities, because we are working with a small team

Summary: 2022 goals & achievements

Last year we changed a lot. We improved our HRDD policy, created a RBC policy and did a risk assessment.

Last year we started a new project. This is a big customer. They choose us because we priority sustainability, but they requested more. Therefore we will apply for ISO 14001 upcoming year.

To request ISO 14001, all processes must be written on paper. This is something we will work on in 2023.

Apart from that, we will focus on gender. Recently I contacted other brands, so we can work together on this subject. We will organize a meeting, so we can brainstorm about this subject. An organization (WomenWin) will help us to answer our questions and improve our strategy.

As our senior decision maker said, "It's an ongoing process." We think it's important to keep the process open for discussion/improvement. FW Code Of Labour Practices is well controlled because we are visiting the factories in India every week. The Fair Wear Code of Labour Practices is hanging in the factory. As a result, all workers are regularly reminded of it.

In 2022 we did a questionnaire (regarding gender) in all factory's and we did some trainings. Through these trainings we test if everyone is aware of the grievance system, FW helpline, worker representatives, CoLP etc. If not, we will take action to improve this.

Sourcing strategy

HUMAN RIGHT DUE DILLIGENCE

First step: establishing our Responsible Business Conduct (RBC) policy

We wrote a RBC policy including a gender lens, our sourcing/ purchasing strategy and code of labour practices. Signed by all suppliers.

Second step: Conducting a scoping exercise, risk assessment and informing workers and suppliers

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In accordance with the OECD guidelines and the fair wear human rights due diligence policy, we worked on a risk assessment. After we conducted the risk assessment, we will inform workers and suppliers.

Third step: Stopping harm, prioritizing and implementing programs

We start an improvement program corresponding with a high risk profile, includes a needs assessment, corrective actions and dialoge with suppliers and workers.

A prevention program will include learning lessons, worker involvement sessions and a review of a member's purchasing practices.

Fourth step: Tracking and validating on progress made in the implementation and prevention programs

Creating a system to track the progress that's made.

Fifth step: publicly reporting on risks and progress

Reporting internally and publicly reporting risks

SOURCING STRATEGY & PRICING

When we have to source a new factory we ask our production manager in India or search in the memberhub/fairforce system. She owned different factories, that's why she has a great network. When she gathered all information of potential factories, she shares it with CSR manager and rest of the team. Every year we make new agreements together with our colleagues in India for Thirtyfour prices, MOQ's and lead times. We are making open costings for every style. Some prices are changing every year because of the increasing material prices/ inflation, especially this year. For all other woven styles there could be a little increase because of the HT logo's, embroidery's etc. When we receive a new order, we always ask for a new costing to make sure we will pay the right price and they will get their profit.

Because of the limited capacity of TT, we try to source other factories. We like factories that are located in India, because our own team is also located in India. It makes it much easier to visit the factories frequently. We can combine transport to the Netherlands in this way, this is more sustainable and safes costs. We find it important that the factory is a member of Fairwear, provides good quality, enough capacity, good delivery times, etc. Last year we added NG to our production locations.

Our factory and offices should make profit but on the other hand we have to make sure we won't price ourselves out of the market. To avoid this situation we started working with a technician who checks every now and then how we are working and calculating. These reports lead to higher efficiency and ensure less working hours for projects which results in less costs and better prices for our customers. We want to get closer and closer to living wages. This is one of the reasons why our selling prices have to be raised every year. Each year we raise wages to that year's target price.

Type of product: workwear woven and knitted, repeating business

Sourcing country: fully focused on India (90%), only for accessories or additional sales items we use EU production (Portugal) and there is one factory in China we work with (caps).

Average duration: long-term relationships, we only took over the management of TT in 2019 but since this time we worked very hard on our partnerships. Our intention is to proceed for years with the partnerships we build up since the beginning.

Change sourcing strategy: most important change is that we focus on sourcing through FWF system now.

PRODUCTION CYCLE

Our production cycle is the same as last year. We start production when we receive an order, so we don't produce more garments than necessary. We don't make a summer and winter collection. Much orders are repeat orders. All factories have their own lead times. All repeat orders will go to the factory who did it last time. The lead time of a repeat order is shorter (no fit sample). When we upload the order in our ERP system, we ask them to confirm the order and lead time.

Cycle;

1. Receiving an order from our customer
2. Adding this order as project in the tracker with all information
3. New project; ask 2 factories to fill in the enquiry within 48 hours so we can decide who gets the order (decision based on capacity, lead time, price). Repeat order; we ask the previous factory if the timeline is ok for them.
4. Adjust project as discussed with the factory (price, timeline, qty). Timeline is depending on capacity and if the fabrics/trims are already in house or need to be ordered.
5. Share OC with our customer and PO with the factory.

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6. Factory follows the timeline we settled together. We get an update every week to confirm the timeline is still followed. If the timeline is not followed we try to find a way to win back time, otherwise we inform our customer that the goods will have a delay.
7. Before production starts we pay 30% in advance.
8. We always get pre-production samples, even for all repeat orders. We let our customers approve the samples so we always know for sure bulk production will be fine.
9. Our quality manager visits the factories during every bulk production to check the quality. He also checks if they are still working according to the timeline we settled. He confirms if they will catch the planned shipment.
10. We plan a sea shipment for every three weeks and an air shipment once a month. The minute we enter the project in to our system, we add a shipment. If the order is not totally finished we can send the last pieces by air so we can deliver all at once to our customer.
11. The minute production is finished and approved by our quality manager, they arrange the shipping docs and ship out the goods to our forwarder. This is also the moment we settle the rest of the payment.

Every factory has access to our ERP system. They can log in and check the timeline. We can change the timeline when there is a fabric delay for example. Our strategy makes sure all our factory collaborations are on the same Fairwear level (enough capacity, good payments, no overtimes etc.)

FACTORY RELATIONS

Our team is partly in the Netherlands and partly in India. When we are looking for a new factory we ask our Indian team. Our production manager (Dolly) owned different factories and has a big network in India. We are always searching for a factory with high quality, enough capacity, respect our labour standards, competitive price, ability to fulfill timeline and deadlines, similar sustainable customers and is a Fairwear member. When we found a factory that meets our requirements, we ask them to make an open costing and sample. Our management team in India will visit the new factory. They check the quality of the products and talk to all employees to discuss the labour standards. When everything looks fine we give the new factory a try out order.

We prefer all factories in India, because the culture is the same as other factories, traveling time short, ship goods together with other shipments etc. This is more sustainable.

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We wanted to cooperate with another Dutch company (FW member) so we could share the costs for training. This company also produces at this factory. We were already in contact to talk about sharing audit reports etc. We planned a meeting to discuss our problems with the factory.

We will talk to the factory about how we can do better in the future, because we would like to have long-term collaborations. In 2022 we did a testorder with a new factory in Pakistan. We are planning to audit the factory in 2023.

INTEGRATION OF MONITORING ACTIVITIES AND SOURCING DECISIONS

We are working really close with our team in India. We are calling every day. Sometimes there are issues with factories. We want to solve them so most of the time we are arranging a Teams call, and solve the problem together. That's why there are not a lot of tensions. Because we are calling a lot with our team in India and our suppliers we feel when there is something wrong. In 2019, we took over management of TT. This factory wasn't audited by Fair Wear and we have decided to address it. Since we're the management, it's worth all the energy and money we've invested in getting them into Fair Wear members and to pass all the tests. We came up with the idea that we can't invest time and money every time we buy a new factory, so our number one requirement is that the factory is a member of Fair Wear.

Our team in India is helping us a lot with improving the CAP. The Indian team knows who is responsible for different kind of components in the factory. We organized several meetings to discuss the progress.

When there are issues, we organize meetings to discuss these points. We solve it by talking to each other through Microsoft teams, so you can also see each other. Our team in India also visits all the factories regularly. This ensures that we can maintain the relationship and the factories can also express their feelings about it. In our risk analyses we rank our manufacturers based on different criteria like quality, prices, communication, compliance with labour standards etc. We are taking the outcome of this ranking into account when making sourcing decisions

Coherent system for monitoring and remediation

TT/ INDIA (38%)

The last audit for TT was in 2022. Bart (CEO) visited the factory in november 2022. So we discussed everything we have to improve and made a plan. Apart from the CAP, we are always trying to improve the factory, this is also an on-going process. In addition, we are working with our team in India to complete the FairPrice app. This way we can work towards target and living wages.

Most important findings per Fair Wear labour standard:

1. Employment is freely chosen > We are clearly never forcing labor/employment however the audit shows that our workers are not aware of the terminations and disciplinary policies. We will focus on this. We can take this into the trainings.
2. Freedom of association and the right to collective bargaining > Factory have a written policy on freedom of association and right to collective bargaining. It is posted prominently on notice board for workers knowledge.
3. There is no discriminations in employment > At TT we know for sure this is not happening. We are growing so hard that we are always looking for new tailors, everyone (not children) with the right experience can join the team. Right now there are only working men in the factory. This is because the factory feels like they should provide additional facilities like separate toilet, transport etc. Right now they are not able to get this facilities. That's why they didn't hire women so far. In the future they will. Until now there was never a problem with discrimination. This is not a case of discrimination. We have a lot of different religions in the team and everyone is accepting and respecting each other. Head of the factory is for example Muslim, production manager is Hinduism and senior merchandiser is Christian.
4. No exploitation of child labour > Our management in India is feeling the same about this subject as our management in The Netherlands. This is really not an option and since our management is visiting TT every day, we know for sure this is not happening.
5. Payment of living wage > we pay living wages. We are filling in the FairPrice app together with TT. This way we work towards a target price.

6. Reasonable hours of work > We concentrated on maintaining fabrics and trims in stock so that productions could begin and end on time. We're still working on improving our system so that we can keep a better track of available capacity month after month. We make every effort to maintain working hours reasonable, and so far it has worked out well. On Sundays, our tailors do not work, and the factory is closed every evening and night.
7. Safe and healthy working conditions > Our management ensures that TT have all of the necessary health and safety equipment. Face masks and disinfection were of course provided during COVID-19. We encouraged our office personnel to work from home as much as possible, and when they needed to go to the factory, we scheduled cabs so they didn't have to take public transportation. We've rented additional space, so the workers could work with enough distance between each other.
8. Legally binding employment relationship > Our terms are reasonable. Even if there is a production gap, TT will be paid. This is crucial to us since we want to keep our tailors. We think and act in the long term. All copies of appointment letters are kept in personal files but are not shared at this time; however, this will be done in the future.

VT / INDIA (36%)

VT is a big part of our production. The cooperation is really pleasant and the quality of the clothes is really good too. Our team in NL is weekly in contact with VT and our team in India is daily in contact with the factory. There are never big issues. Sometimes the price is high or delivery is late. Because we are so well in touch with each other, this never causes problems.

Most important findings per Fair Wear labour standard:

1. Employment is freely chosen > the audit end 2020 confirmed employment is freely chosen. No movements are restricted, no documents are withheld, they get paid every month. We can confirm that this is still no issue.
2. Freedom of association and the right to collective bargaining > All workers are free to join the union. Complaint Boxes already installed in multiple places and started an independent complaint committee in 2019-2020.
3. There is no discriminations in employment > Workers are never fired (for no reason) or pushed to resign. Experience, not other factors, is what determines whether or not someone gets hired. In this factory there are also a lot of workers from different religions. Factory finds it really important to respect everyone.

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4. No exploitation of child labour > All workers are above 20, factory checks the ages with birth certificates.
5. Payment of living wage > In 2022 we payed living wages. We are working on labour minute costing.
6. Reasonable hours of work > Working hours are clearly defined as 9.00 a.m. to 6:00 p.m., with Sunday being the weekly day off. There is no excessive overtime in the factory's.
7. Safe and healthy working conditions > VT receives a lot of great feedback (for example the quality is really good, they stick to agreements), but VT also gets a lot of suggestions for improvement (prices are higher etc). We'll have to have a meeting to talk about everything and make sure we're on the same page. We'll also ask our quality manager to assist them in improving these aspects because he knows what should be done and visits the factory often. Together we are monitoring the CAP. The owner of the factory visited our office in The Netherlands in November 2022.
8. Legally binding employment relationship > All employees are listed on the organization list, and all appointments and contracts are legal.

AF/ PORTUGAL (8%)

At the factory AF we produce thermo clothing and socks. This is a small part of our production. Due to COVID-19 the factory has not been visited. Last visit was in 2019. We want to visit them soon. The cooperation with this factory is really good. Since this is a European factory, production volume is small and there are less risks we decided to focus on improving working conditions in other factory's.

NG/ INDIA (5,7%)

Last year we started working with NG. We have placed some test orders with them. We were approached by another Fair Wear member who has their products produced at NG. We decided to share the training/audit costs together. In this way we can improve the factory conditions together. We already received last CAP. The main findings are about living wages and safety and health procedures, policy's etc. Apart from the social improvements, we noticed the quality of knitted garments wasn't good. We are still not sure how to move forward with this factory. Maybe we will do some woven test orders as well, because we are looking for a long term relationship.

CW / CHINA (1,7%)

At the CW factory in China, we do very limited production (1.7%). We only place orders of caps/hats with this factory. The cooperation is always very good. The prices and delivery times are very good from both sides.

The last audit at this factory was a while ago. We wanted to do the audit last year, but due to Covid-19, the factory doesn't want to apply for the audit right now. We are still in contact with this supplier. When we have a new order for accessories, we will contact them to receive a new price because of the price changes in raw materials. Last audit was in 2017. All areas for improvement have been followed up and improved.

CM/ INDIA (8,7%)

We don't do many projects with CM. This is because we bring woven garments to our own factory more quickly. At our own factory, we have a good view on the situation and also extremely good contact. Most of the time the orders with CM went without a problem. The communication is good. Our team in India can easily go to the factory. We continue to maintain our relationship. If and when we have more orders, we can accommodate more woven orders.

Complaints handling

In 2021 we did the WEP basic training at TT and VT. This ensures that they all know about the Fair Wear complaint mechanism. In addition, in our own factory (TT) is a mailbox where the workers can file their complaint anonymously here. In 2022 we didn't receive complaints.

Also in all other factories we want as few complaints as possible. When the workers are complaining, they will tell the management of the factory. Our team in India and NL are daily in contact with the management of the factories. They will discuss the complaints when they see or speak to each other. In every factory hangs a WIS (worker information sheet) with a complaint hotline on it. This way the workers are always able to call this number. In 2022 we organized another training to create awareness on this topic.

Training and capacity building

ACTIVITIES TO INFORM STAFF MEMBERS

Our team in the Netherlands is small. We are working in the office with 8 people and in India five people. We have all the same vision. After watching a webinar from FW, we give the most important information to the staff members in India. Besides the FWF webinars we are Modint member and attend several of their webinars as well. These webinars are interesting to get the know what the trends are for each department; purchasing, production and design. This is helpful for us to make sure we keep improving ourselves. Apart from that, we have a meeting with the whole team about the progresses once in 3 months and a meeting with CEO once in a month.

ACTIVITIES TO INFORM AGENTS

We don't work with agents.

ACTIVITIES TO INFORM MANUFACTURERS AND WORKERS

In the end of 2021 we arranged two WEP basic trainings. One for our factory TT and one for VT. In 2022 we did a training WEP Violence and Harassment prevention and trainings to create awareness about the complaint system, COLP, worker representatives etc.

Information management

We don't work with a lot of suppliers and we don't work with subcontractors. This makes it easier to keep track of all the information and keep improving. When there are some points to improve we plan a Teams meeting to discuss it. Our team in India will help us to collect the information/ contact the factories. . We also have asked our system developer to create more options to save factory information. We can add all notes of the meetings in our system, we have all information gathered at one page. We also can add attachments, so we save all documents concerning FWF on the same page. We are visiting our factories in India weekly, so we are in control. Therefore we know for sure things like child labour is not happening in our factories.

Transparency & communication

Since we've become a Fairwear member in 2013 we are very transparent about our membership with FWF. We are really proud of this membership. Every year its becoming more important to produce in

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a more sustainable way and in the right working conditions. Our buyers ask more often about all our sustainable activities and also about the working conditions in the factory. We love to tell about our FW membership and we are very motivated to become leaders with FW.

Our buyers ask more often about all our sustainable activities and also about the working conditions in our factory. We are very happy to tell about our FW membership since we are very motivated to become leaders with FW. We have been developing a sustainability document with all our sustainable activities described. In this document we have written a chapter about FW as well. So customers can read exactly what it means and what effect our membership has. On social media and on the website, we are sharing our membership as well. In 2021 we developed a greenbook with all our activities around sustainability. We use this to show buyers what we already achieved and to show our goals for next years. In 2019 we disclosed our own factory. In 2022 we disclosed another factory, our supplier for knitted styles. This is a big step, because these factory's are a big part of our production volume.

Stakeholder engagement

We work together with different partners. First of all of course Fair Wear itself. Through Fair Wear we are in contact with other Fair Wear members. We can help each other to find factories, do audits and other things. Right now we are working together with other brands and the organisation WomenWin. This organisation is helping us with gender equality in India.

In addition, we work together with Modint. As an example we completed the eco-tool. This is a tool that helps us calculate the savings we make in water and/or CO₂.

We can share this information with our customers and end users. We calculate it with an external company to avoid greenwashing.

We work together with several schools in the Netherlands. We provide samples to schools for assignments, have interns work with us, or have students who are graduating solve a problem within this company. We think it is important to help and stimulate young people to get involved with sustainability.

Corporate Social Responsibility

Fabrics: We changed all our standard fabrics to recycled fabrics with certificates. If customers are requesting not sustainable fabrics we always source fabric from very high quality with great resistance that will last a long time. Mostly 100% rPET polyester + Ng finish, this ensures that you don't have to wash the garment as often. This saves a lot of water and energy.

Trims: We changed all our standard labels to recycled labels.

Production: For this we take FWF as example and try to follow all their guidelines and meet their requirements.

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Transport: We offer standard sea shipments to our customers instead of air shipments. Sea shipments are included and for air shipment the customer has to pay extra. We try to combine as much shipments as possible.

Thirtyfour: Customer can use this system to customize and order their own collections. In this system we only offer recycled materials and sea shipments. We created this brand for small companies. They can order all styles from 10 pieces. We have fabric in stock for these orders.