

KING LOUIE

KING LOUIE ————— PETIT LOUIE

SOCIAL REPORT

Start date FWF membership: October 2015

Reporting period (Financial year): June 2019 - May 2020

WWW.KINGLOUIE.NL



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GOALS & ACHIEVEMENTS

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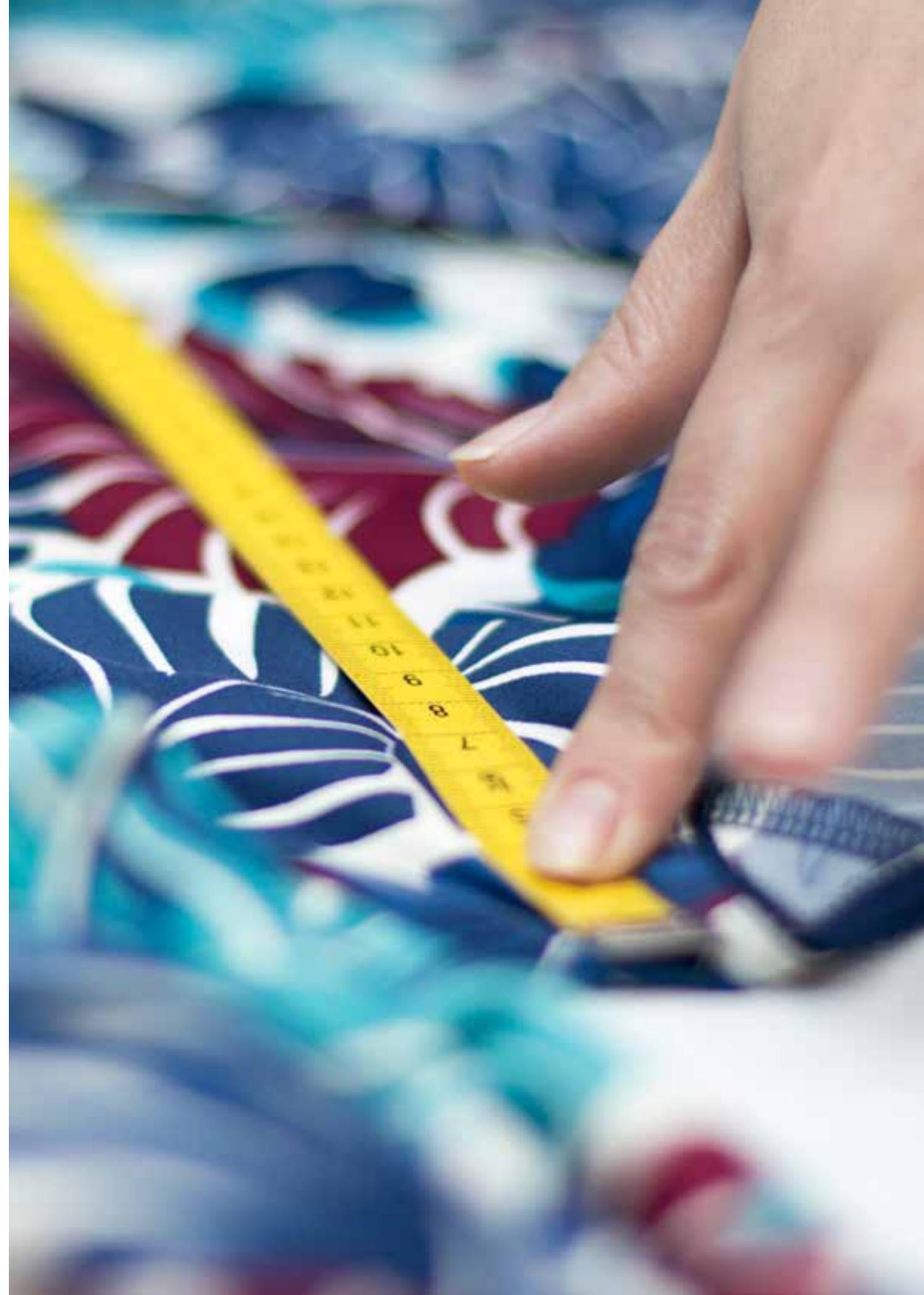
Our financial year 2019-2020 has been quite challenging; as Fair Wear member since 2015, it was time to do some serious re-auditing. For a lot of our most important suppliers the first audits have been conducted in 2016, in our first year of membership. Since then we have made serious steps of improvement, in the first year we mainly focused on fixing all health and safety issues so workers would have a safe working environment. After that followed the establishment of a system where workers could share their complaints, sometimes as simple as a complaint box, sometimes by elected workers representatives that have regular meetings with workers. Workers representatives can discuss this with factory management e.g. and improve our planning system to prevent excessive overtime as much as possible. In 2019-2020 we finally started working with our 3 biggest suppliers: Suteks, Orimpex and Fran Dressie on the subject of living wages. Our Turkish suppliers followed webinars about this subject, as did the CSR staff at King Louie. Together with the suppliers and Fair Wears contact in Turkey we started to investigate the build-up of our prices. By linking the price we pay for garments, to the wages that workers earn, we are one step closer to ensure living wage. Working towards payment of living wage is our most important goal for the coming year.

We were making steps when Covid-19 struck, and priorities shifted drastically. Suddenly our customers wanted to cancel their orders, we expected to be dealing with a lot of left-over stock for W20. But in addition to this, we were also worried about our suppliers. We contacted all our suppliers with the question; what options we have to decrease our orders. Which fabrics were not ordered yet, which groups were not in production process yet, are suppliers still able to pay the workers? Together we made decisions on what to decrease, with the clear commitment from King Louie management that all costs that had already been made, would be paid. All fabrics and trims that were already produced, would be ordered at a later moment or paid off right away. Styles that were already stitched, were purchased as initially ordered. We found solutions to fit all the different situations and kept our suppliers up-to-date on the developments. Fortunately together with our suppliers, as a company we managed to remain healthy. Our suppliers have

GOALS & ACHIEVEMENTS

appreciated the way we handled the situation, the sharing of information and forecasts and by the end of 2020 we could get back to the issues that we are so eager to make improvements to.

As mentioned before, the re-audits that we planned, will be carried out in 2021. We hope that these reaudits can confirm the improvements that were made throughout the last years and allow us to focus on the subjects of excessive overtime and living wage. The living wage projects are being resumed and our main goal is to establish a negotiated wage with at least one of our Turkish and one of our Chinese suppliers as a pilot. This way we can study the cases and eventually enroll the 'way to a living wage' at our other suppliers





SOURCING STRATEGY

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1.1 SOURCING STRATEGY & PRICING

Our Design department is also taking care of the Sourcing activities. This department exists of the Head of Design&Production, a Chief-, Assistant- and Junior Designer. A lot of input comes from the design team which gains their inspiration from visiting fairs and (vintage) shopping. The Head of Design&Production takes the decisions if we are going to work with a supplier in close communication with the Managing Director.

King Louie is known for their vintage inspired viscose dresses and colourful knits, which still are big part of our collection. Next to the famous floral, jersey dresses and soft cardigans, our collections have grown, and we have successfully added new and different product groups. We have a big 'library' of different styles that are being used for several seasons, as our garments are meant to be worn cross-season. Also, when making new designs, an existing style can be the starting point. Price wise this is a practical way of working as we know what purchase price to expect. When working with new fabrics or completely new designs, we ask our suppliers what the purchase price would be before adding it to our collection. To have a realistic expectation of purchase prices prevents situations in which hard negotiations are required to enforce low prices from our suppliers. Our aim is to come to a price where all parties have a reasonable margin, so we can all run our business in a decent way.

In our current collections we made it a priority to choose more sustainable materials over conventional ones. This decision can have an effect on the price, in this case, we choose to increase our retail price and sometimes even agree to having a smaller margin on the product; in no case the supplier has to cut his margin when we switch to more sustainable materials. The effort that a supplier makes in terms of social compliance is assessed and taken into account when sourcing decisions are being made.

SOURCING STRATEGY

1.2 PRODUCTION CYCLE

King Louie produces 2 main collections per year, spring/summer and fall/winter; each collection is divided into 4 delivery blocks. The 'Flash' collection that used to be produced separately, is integrated in the main collection since two seasons. It's part of King Louie's business model to have a lot of stock of the current collections. This means we are doing a lot of replenishment throughout the season for best-selling print groups, around 30% of the total production comes from re-orders. This is most relevant for Turkish suppliers.

In addition, we produce special editions for some of our key customers, these specials are produced off-season and suppliers are happy to have extra work in the low seasons. Garments made from 'dead stock' King Louie fabric to fill our outlet shops are separate, off-season productions as well.

1.3 FACTORY RELATIONS

In case of potential new suppliers, we are informing them from the start about our company profile, values, strategy regarding sustainability. This way we want to make clear our values as a brand and at the same time we try to prevent to work with suppliers who do not take CSR seriously. We pay attention that the supplier shares information about subcontractors, have the Health and Safety tool filled out, ask for external audits and if possible, references from other customers. This way we will have a clear view on the status regarding CSR at this new production location. Unfortunately, there are some suppliers with whom we have ended our business relationship. In the previous year we made the decision to let some of the 'tail-end' suppliers go. This year we focused on stabilizing our suppliers portfolio. We also see that the remaining, medium-sized, suppliers get bigger orders as a result of this. We tend to keep our supplier portfolio stable and above steps are preparing us to do so.

On bi-annual basis the CSR coordinator initiates the supplier-evaluation-moment, where we discuss the supply chain and all eventual issues that occurred. For example, during this meeting with the Head of Design/Production and General Manager the decision is made on how to proceed with suppliers that do not share our CSR values.

SOURCING STRATEGY

1.4 INTEGRATION OF MONITORING ACTIVITIES AND SOURCING DECISIONS

Due to Covid-19 we didn't get to add new product-groups to our collection; we focused on a smaller collection and had to postpone experimenting with new product groups until the situation was more stable. Material wise, we focus on finding more sustainable alternatives to replace some of the less sustainable qualities that we use, we're experimenting with recycled polyester, alternatives for viscose (such as Tencel and Ecovero) and certified organic cotton instead of conventional cotton. Today our collection exists for 47% of sustainable materials; we are reaching our goal to have this percentage to 50% by 2022. We also aim to replace all conventional cotton by organic cotton. In 2022 75% of all cotton should be of organic origin.

To make the expansion in the product range and materials, we always investigate the options with our existing suppliers first. When no suitable supplier is found within our supplier portfolio, our Design/Sourcing department starts sourcing for new suppliers/factories.

In 2019 we have formalized our due diligence procedure before working with new suppliers. During the initial contact with supplier (either face-to-face or via email), the Head of Design will inform the supplier about the information that needs to be gathered. Shortly after receiving the information, a meeting will be organized with CSR coordinator, Head of Design and Managing Director. During this meeting, information the conclusion about the circumstances at this supplier will be shared and the decision whether we want to work with this new supplier or not will be made. CSR coordinator will have a VETO when too many 'red flags' are notified during the research.



COHERENT SYSTEM FOR MONITORING AND REMEDIATION

We would like to give an insight on the actions that have been taking this financial year. In this chapter we summarized our monitoring activities, outcomes and how we followed up on the Corrective Action Plants.

2.1 TURKEY. ORIMPEX

- We continued to actively follow up of the second Fair Wear audit
- All health and Safety issues were solved within a month time; e.g. inspections have been performed to check noise, dust, lighting measurements. Fire safety improvements were made; doors opening outwards, emergency lights were repaired, evacuation routes are cleared.
- Regular meetings between workers and workers representatives are organized
- We had discussions on living wages, we investigated how the labour costs relate to the purchase price of the products and calculated the gap between minimum and living wage.
- Orimpex has made a big step in reducing excessive overtime. They made the decision to work with a smaller amount of brands, this had a positive impact on the overtime the workers made. Ofcourse, less customers, means less turnover. Orimpex has indicated that their planning could improve a lot if we are able to sent out the orders 1 or 2 weeks earlier.
- From S20 an onwards we are sending the orders 2 weeks earlier than before, also Orimpex is involved in the planning of delivery drops and we are flexible in accepting delays to prevent excessive overtime. Even if it means that we get fined by our customers.
- In the first Covid-19 months, we made a big effort to check in with our suppliers on how the situation was at the production location and if help was required. We also shared forecasts about the expected order quantities for S21 orders.

2.2 TURKEY. SUTEKS

- The dialogue about the use of subcontractors always continues. We are working on stabilizing the group of designated subcontractors, but Covid-19 made this extra challenging; three smaller subcontractors joint together until one company. Furthermore, currently there are some subcontractors non-active due to the smaller orders that Suteks received in 2020.

COHERENT SYSTEM FOR
MONITORING AND REMEDIATION

- Due to the change in subcontractors we planned new audits for each of them in 2020, to verify that all improvements that we've implemented. Unfortunately, they were delayed until end of 2020/beginning of 2021. Despite the delay of the Fair Wear audit, Suteks did their own checks at the different production locations and followed up closely.
- We made the first steps on the living wage subject, Suteks followed a Fair Wear seminar on Living Wage, we had discussions about this; we are taking the first steps regarding this subject.

2.3 TURKEY. DOTEKS. HIVATEKS. RAGI. BENTUG

- At Doteks, we managed to keep the group of subcontractors stable. And as it is 3 years ago that we had the first audits there, we planned new ones in 2020. Unfortunately, this has been delayed, but we used the time to go through all correction action plans once again to make sure that their efforts will be confirmed during the re-audit.

2.4 CHINA. GLORY KENT KNITTING

- At Glory Kent Knitting we had a verification audit, during the first audit, it turned out that documents had been forged, so that we could not draw any conclusion about the wages and working hours. When we started the remediation, we requested payslips from the past 3 months, but we could not really make sense of that; it could easily be falsified again. This led to the verification audit, which had the main focus to verify that the administration was now in order.
- Unfortunately, the findings from the first audit appeared again; falsified records, coached workers, excessive overtime. The follow-up with this supplier was very difficult, nevertheless we continued to work on the Corrective Action Plan, all Health and Safety issues are resolved, workers followed a training about what the Fair Wear membership means and what their rights are. Step by step we hope that the supplier gets insight on that cooperating in this process, brings advantages for him as an employer as well.

COHERENT SYSTEM FOR
MONITORING AND REMEDIATION

2.5. EXTERNAL PRODUCTION

From July 2018 our multi-brand shop "Exota" in the Hartenstraat, Amsterdam was replaced by one beautiful "King Louie" shop. With this decision the multi-brand retail formula comes to an end, thus we're not buying/re-selling many external brands anymore with the exception of a small number of jewellery and accessories brands. External brands that are relevant for Fair Wear are informed about our membership, asked to fill out the questionnaire and to share their CSR policy.



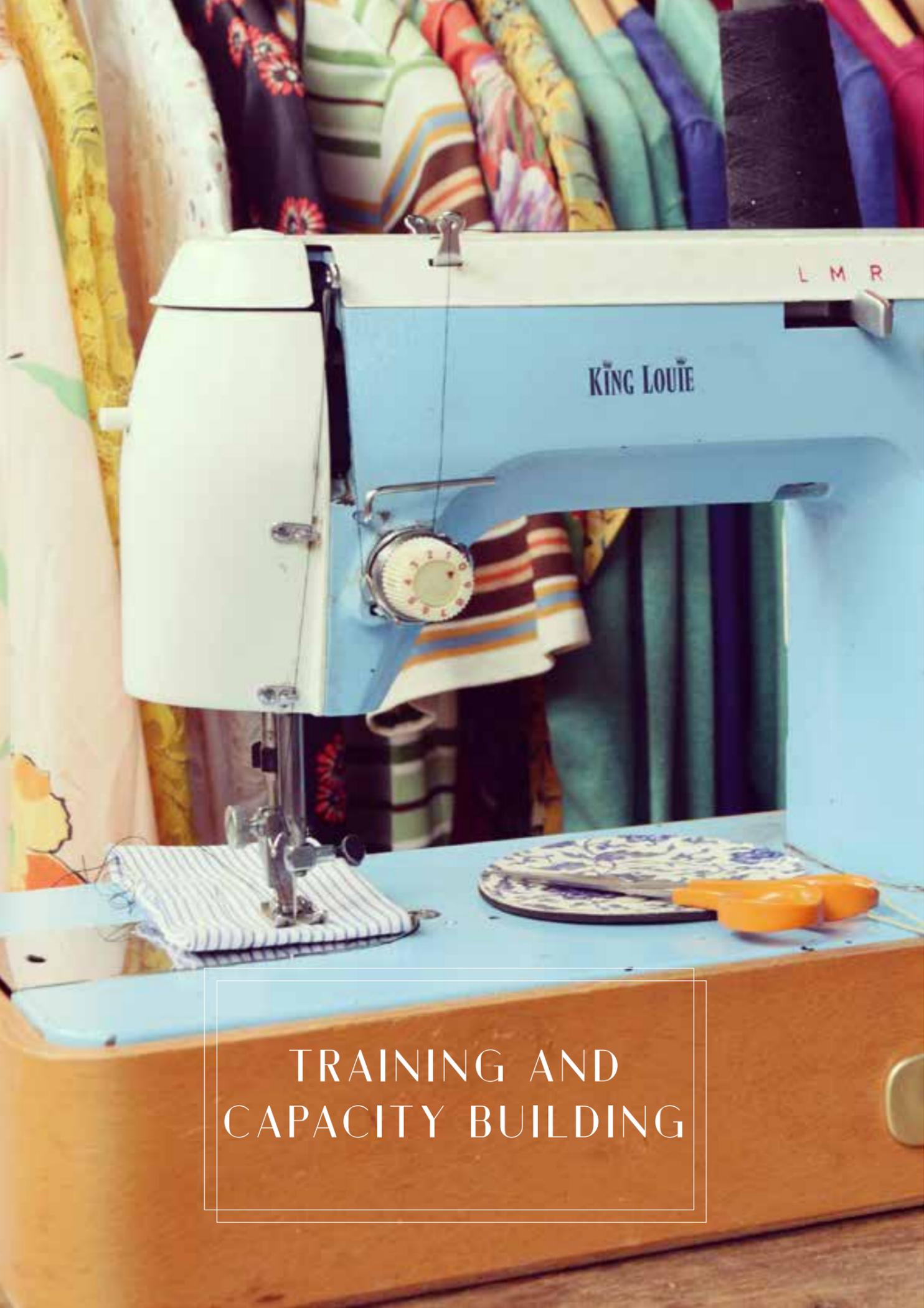
COMPLAINTS HANDLING

COMPLAINTS
HANDLING

All complaints will be received by our CSR responsible, who will directly inform the Head of Design & Production about the complaint. Fair Wear will be contacted to gather as much information as possible about the background of the complaint. The factory management will be informed about the complaint as soon as the complete information is available. Next, a Skype session will be organized between King Louie and factory management, together they will try to find out what has caused the complaint and how it should be solved. When we are unable to solve the problem on our own, we will contact Fair Wear to assist us in solving the problem.

To make sure that workers at our suppliers are aware of the Fair Wear complaint mechanism, we check if the Workers Information Sheet are posted at all production locations. The Workers Information Sheet should be posted in a local language on a visible and easily accessible place. We ask suppliers to inform the workers about the Workers Information Sheet, to make sure they understand what their rights are. We also encourage suppliers to appointing a 'trusted body', preferably the workers-representative or CSR person in the company. We noticed that if this is done correctly, complaints are coming in via this canal as well.





TRAINING AND
CAPACITY BUILDING

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4.1. ACTIVITIES TO INFORM STAFF MEMBERS



TRAINING AND CAPACITY BUILDING

4.2. ACTIVITIES TO INFORM AGENTS

Every season we invite most of our intermediaries and agents to come to our office. These meetings are important moments for discussing the state of affairs regarding CSR, the recent audit reports and Corrective Action Plans. Every supplier has different issues that we focus on during such a meeting, it helps to get them going and understanding the process. In addition to this we are working on training our agents more efficiently. When organizing a WEP training, we ask our agent to be present during the training so he/she can learn and use this information to train other suppliers as well.

4.3. ACTIVITIES TO INFORM MANUFACTURERS AND WORKERS

We have two different situations; we have manufacturers with whom we have direct contact and we have manufacturers where the contact goes via an intermediary/agent. The situation where we have direct contact with the manufacturer, we invite them over at our headquarters and/or visit them. We give them direct instructions, information to implement the Fair Wear code. With them we have our analysis and discussions about the Corrective Action Plans. When working via an intermediary/agent, their primary role is being our contact person. They will instruct the factories in local languages what should be done regarding the Fair Wear membership. The intermediaries/agents are our contact person in monitoring the labour conditions. With them we will go through the audit reports, CAP's and have our discussions and root cause analyses. Because we do not have direct contact with factories when we are working via intermediaries, they play a big role in forwarding the information and implementing improvements in the factories. We try to train our suppliers and intermediaries ourselves as good as possible. There are cases where detect that this isn't sufficient. For these situations we invite them to have Workplace Education Programme Training at their production sites. We always encourage our agents to be present during such meetings as the gained knowledge can be transferred to other suppliers as well. Our management is seriously involved in the process of making improvement in both social and environmental performances. They are informed during 'green team' meetings, strategy sessions and monthly updates. We also made it a priority that our management meets and visits our suppliers, this has helped tremendously to get our suppliers attention regarding our goals.





5

INFORMATION MANAGEMENT

We use the CAPs excel sheet to set deadlines according to the timeframes set in the CAP. We also ask our suppliers to use the excel file to fill out the points on which progress has been made. In addition to this we have set up a format for suppliers to send us their photo proof for confirmation. After meetings about the CAP we update the excel on our side as well. This way it clear which points are still open, and which are already closed. This information is available to the design & production department in a systematic manner.

We continue to pay extra attention to explaining the importance about being transparent about subcontractors, as we noticed that due to Covid-19 some shifts were made by our suppliers. After explaining continually, suppliers are now more open about the subcontractors and the changes that sometimes occur.



6

TRANSPARENCY & COMMUNICATION

In the recent year King Louie has taken a more active role in communicating about our CSR activities to the public. Apart from the information on our webshop, where we publish our Social Report and Fair Wear Brand Performance Check, we talk about sustainability more on social media: we joined Fashion Revolution Week by showing our customer where some of our products are being made, we were part of the virtual Black Friday campagne that Fair Wear organized. We also try to highlight the use of sustainable materials in our collection more by making specific newsletters, social media posts and sustainability folders that we hand out at fairs. From S20 and onwards, we also published the suppliers that gave their consent on our website and show customers where the products are coming from and how many hands are working on a garment before it's finished.





STAKEHOLDER
ENGAGEMENT

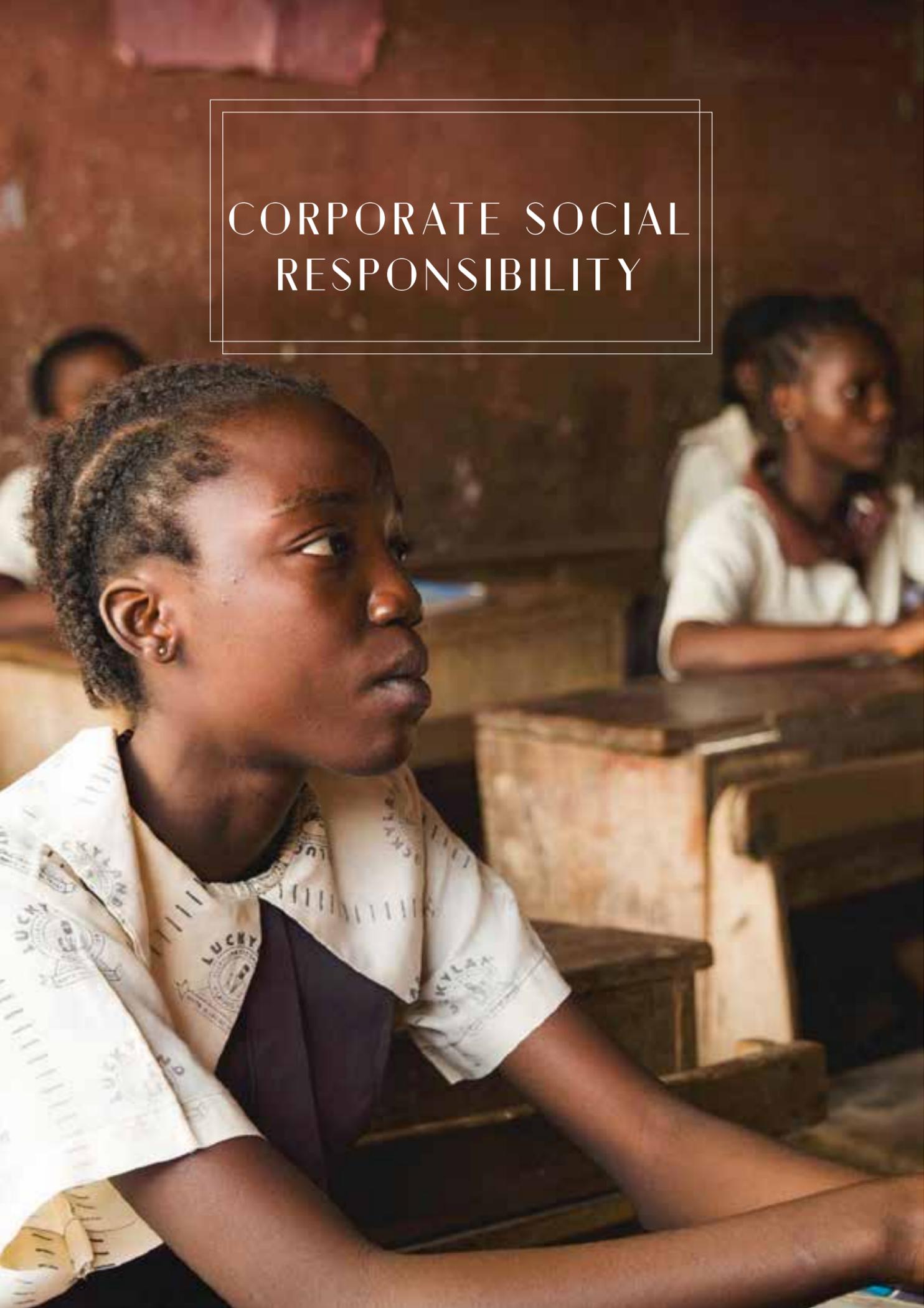
STAKEHOLDER ENGAGEMENT

As a member of MODINT we keep ourselves informed about the latest initiatives and developments on various subjects within the garment industry. In addition, we have consulted Fair Wear meetings and resources on country related subjects such as the subject of Syrian Refugees in Turkey when addressing it to our suppliers. As CSR is a hot topic in the industry, we get the chance to visit different congresses, fairs, symposia and trainings about CSR for inspiration and to remain up-to-date about the developments in the industry.



CORPORATE SOCIAL RESPONSIBILITY

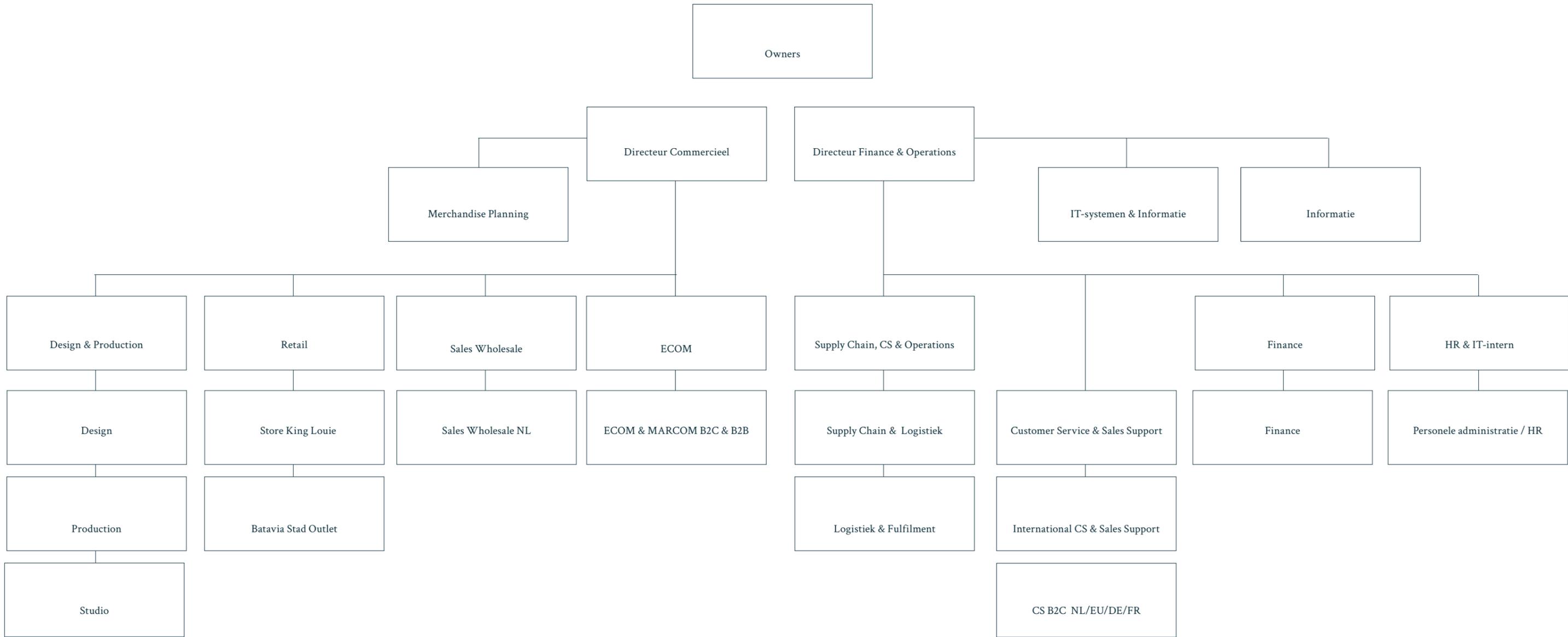
CORPORATE SOCIAL RESPONSIBILITY



King Louie is linked to Wings of Support, a private initiative by KLM staff. The aircrew has started this initiative to support projects in developing countries that provide shelter and education to children. We donate a part of our second quality clothing, like coats, to WOS for women and children in developing countries to wear. King Louie has a cooperation with 'Dress for Success'. Garments are donated to this organization, so people that are without a job can find an outfit for their job interview.



ORGANISATIONAL CHART





KING LOUIE
EXOTA

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Please also visit www.kinglouie.nl to follow our current developments and actions.