

Tailor & Stitch social report

Reporting period (Financial year: January, 2021 – December, 2021)



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FAIR WEAR MEMBER SINCE 27 JANUARY, 2013]

Table of contents

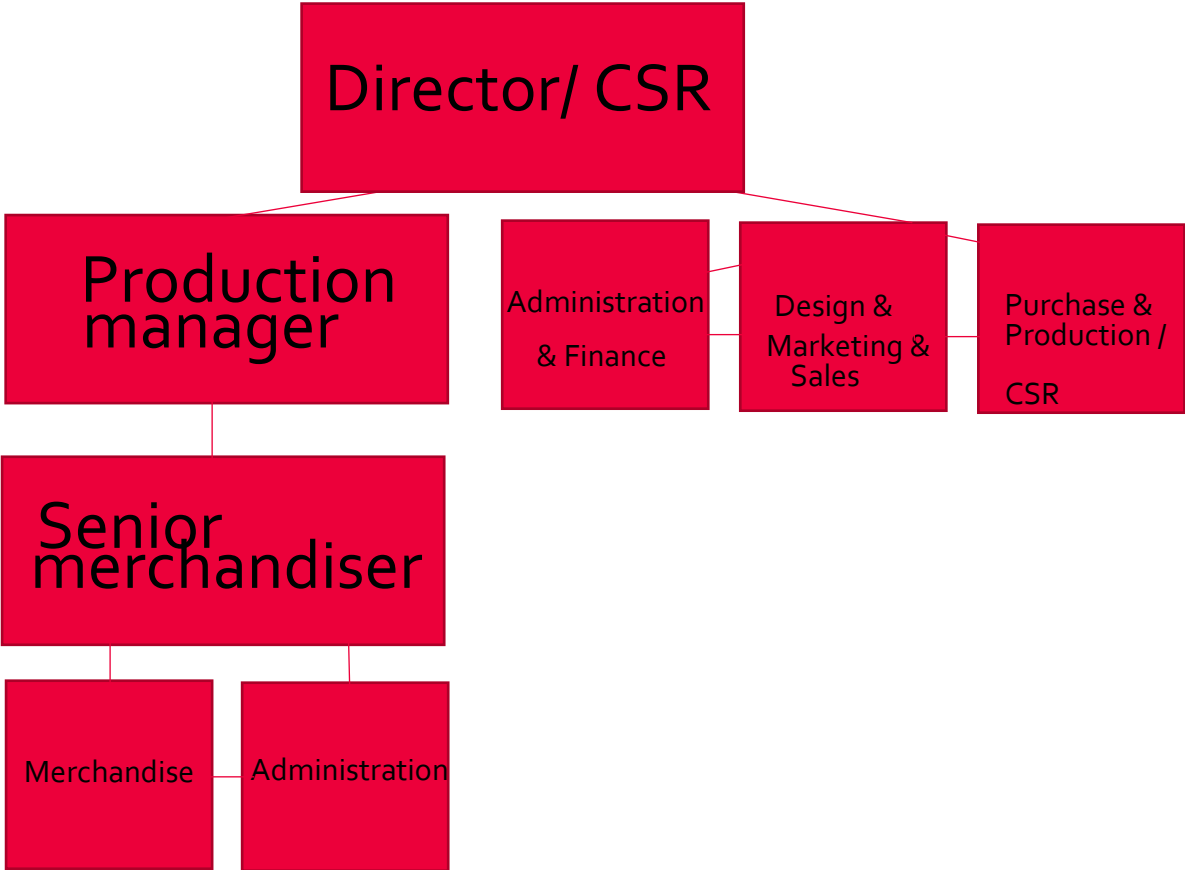
Organisational chart	3
Sourcing strategy	4
Sourcing strategy & pricing	4
Production cycle	5
Factory relations	6
Integration of monitoring activities and sourcing decisions	7
Coherent system for monitoring and remediation	8
TT/ India (51%)	8
VT / India (29%)	10
AX / Portugal (7%)	11
NG/ India (9,4%)	11
CW / China (0,5%)	11
CM / India (3,1%)	11
Complaints handling	12
Training and capacity building	12
Activities to inform staff members	12
Activities to inform agents	12
Activities to inform manufacturers and workers	12
Information management	13
Transparency & communication	13

Stakeholder engagement _____ **13**

Corporate Social Responsibility _____ **14**

Tailor & Stitch social report

Organisational chart



Summary: 2021 goals & achievements

We have not improved anything in particular. 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 in the factories every week. The Fair Wear Code of Labour Practices is hanging in the factory. As a result, all workers are regularly reminded of it.

2021 turned out to be a different year from what we expected. Of course there were quite some negative moments due to COVID-19 (lockdown, weekend curfew, fabric problems etc) , but there were also a lot of positive changes. I would like to highlight them. In 2021 we increased our wages for the workers from TT again with 1000 INR. We are working towards the living wages with our Indian factories.

Next to our Fairwear membership, we are also member with Modint. We started working together on an ECOTOOL in cooperation with bAwear. Using the Modint bAwear Score it is possible to obtain insight into the ecological footprint of textile products. The tool can be used in the business process in several ways. Through this tool we provide transparency to our customers about the materials we use. This is a big achievement of last year.

Sourcing strategy

SOURCING STRATEGY & PRICING

When we have to source a new factory we ask our production manager in India. 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. So our sourcing strategy didn't change much last year, but 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, 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.

Social Report January 2021 – December 2021] – past financial year

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 saves 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 (92%), 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 only source FWF members 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

Social Report January 2021 – December 2021] – past financial year

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.
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

Social Report January 2021 – December 2021] – past financial year

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.

In 2021 we started working with our new factory NG. NG meets all requirements (FW member, good prices, enough capacity etc.) Our team in India went to the factory and visited the team of NG. We made a sample and asked for an open costing. Everything looked fine. That's why we gave them their first order. Everything seemed fine. Last year we did some more orders with this factory. This time we were less satisfied with the results, because the quality wasn't that good. We want to have long term relationships with our suppliers. For that reason we took action so we could investigate what we could do to improve our cooperation. We will give them another order with woven styles. Maybe they are more specialized in woven styles.

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. We don't want to stop cooperating after one wrong order. Instead, we would like to have long-term collaborations.

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 we feel when there is something wrong. In 2019, we took over management of TT. This factory wasn't a member of 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.

Social Report January 2021 – December 2021] – past financial year

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. For example the issues with the order of NG. 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

Coherent system for monitoring and remediation

TT/ INDIA (51%)

The last audit for TT was in 2019. Bart (CEO) visited the factory in February 2020, just before the lockdown. After the audit we debriefed the CAP with the Indian team and factory. 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.

4. 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. We were under the assumption that from 18 years everyone could start working, this is also written into our policy. This seems to be a misunderstanding, 18 should change to 16 years, we will adjust this in our policy.
5. 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.
6. Payment of living wage > we pay 2000 INR above the minimums. We are filling in the FairPrice app together with TT. This way we work towards a target price.
7. 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.
8. 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.
9. Legally binding employment relationship > Our terms are reasonable, and no contracts force anyone. 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. If TT
10. request it, we are happy to welcome them in the company. 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 (29%)

VT is a big part of our production. Last visit was in 2019. 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. In 2022 VT will have a new audit. 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.
4. No exploitation of child labour > All workers are above 20, factory checks the ages with birth certificates.
5. Payment of living wage > The legal minimum salary is paid to all employees. We've been talking about living wages for a while now. To give an example, we started working towards living wages with TT.
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.
8. Legally binding employment relationship > All employees are listed on the organization list, and all appointments and contracts are legal.

AF/ PORTUGAL (7%)

At the factory AF we produce thermo clothing and socks. This is also 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 in 2022. The cooperation with this factory is really good. Since this is a European factory, FWF does not need further details from us.

NG/ INDIA (9,4%)

We have recently started working with NG. We have placed some test orders with them. The other day we were approached by another Fairwear 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. We noticed the quality of knitted garments wasn't good. That's why we will place a woven order with this factory. In this way we can have a long time collaboration.

CW / CHINA (0,5%)

At the CW factory in China, we do very limited production (0.5%). 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. For this reason, a new audit has to be arranged next year. 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 (3,1%)

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

Last year we did the WEP basic training at TT. 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 2021 we didn't receive complaints. The factory owner did indicate to us that it was very busy and that the current way of planning was not working. We started to look for a good solution together, a different way of planning. Nowadays we plan per production line instead of per week.

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.

Training and capacity building

ACTIVITIES TO INFORM STAFF MEMBERS

Our team in the Netherlands is small. We are working in the office with 6 people and in India four 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 FW webinars we are Modint member and attend several of their webinars as well. These webinars are interesting to get to know what the trends are for each department; purchasing, production and design. This is helpful for us to make sure we keep improving ourselves.

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. Due to COVID the training at VT has not yet taken place. We planned this for the beginning of 2022. Training at TT has taken place at the end of December 2021. Through this training, more awareness

Social Report January 2021 – December 2021] – past financial year

about workplace standards is created. In addition, the workers and managers about learn Fair Wear's complaint mechanism.

Information management

We don't work with a lot of suppliers. 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.

Transparency & communication

Since we've become a Fairwear member in 2015 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 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. In addition, we became more active on social media last year. On social media and on the website, we are sharing our membership as well. As i mentioned earlier in this document, we calculated our exact savings in cooperation with Modint. This gives us more transparency

Stakeholder engagement

We work together with different partners. First of all of course Fairwear itself. Through fairwear we are in contact with other Fairwear members. We can help each other to find factories, do audits and other things.

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

Social Report January 2021 – December 2021] – past financial year

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.

Transport: We offer standard sea shipments to our customers instead of air shipments. Sea shipments are included and for air shipment they have 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.