



KING LOUIE

Social Report

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WWW.KINGLOUIE.NL



The long-term
relation we have
with our suppliers
is part of the
King Louie DNA.

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We have a
big ‘library’
of different
styles

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 different product groups such as coats, denim, pantaloons and more.

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 a priority to choose more sustainable materials over conventional ones. This decision can influence the price, in this case, we choose to increase our retail price and/or agree to having a smaller margin on the product; in no case the supplier must cut his margin when we switch to more sustainable materials.

Keeping our (retail) price point stable has always been important for the brand, even if that means we had to cut our own margin to keep it. However, the combination of inflation, increased prices for gas, transport, raw materials, workers’ wages and the adding more sustainable materials, we we’re forced to increase our retail prices with approximately 10% for the first time in years.

Production cycle

King Louie produces 2 main collections per year, spring/summer and fall/winter; each collection is divided into 4 delivery blocks. The ‘Renewed’ collection is a small collection produced from leftover materials – initiated as our answer to black Friday and producing even more. This collection is produced in the low season.

Our merchandiser who is responsible for stock and replenishment has received our suppliers feedback to orders NOOS/classics styles in low season, to not place re-orders in December and June as in these months there is no capacity available and to rethink the stock % when placing our bulk orders.

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,

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around 30% of the total production comes from re-orders. This is most relevant for Turkish suppliers, we order extra stock fabric when placing our bulk orders so we can handle quickly as fabric (delays) take up most time. Our merchandiser is slowly starting to implement the feedback that we received from our suppliers to group our re-orders more; so, placing only 2 re-orders per season instead of ordering small amounts each month. However, it's still very hard to predict how our sales figures will turn out, the last seasons we have sold more than we expected, and we did have to replenish late in the season.

In addition, we produce special editions for 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. This season we have investigated whether we could improve our planning even further to prevent excessive overtime at the production locations. We asked our suppliers to evaluate our purchasing practices. We got more insight in the production capacity in relation to our production and whether the supplier has sufficient information to reserve capacity for our production. We noticed that suppliers are starting to have more feedback to our purchasing practices since we have asked for their input in a questionnaire and during meetings. The fact that they give us the feedback is a good thing; they feel that their feedback is valuable to us and this way we are getting more involved in the planning process and maybe even influence it in a positive way by changing deadlines or ways of working on our side.

In addition, we started working with a platform called Retraced. This platform gathers information about our suppliers in a clear way, information about capacity, MOQ and lead-time is also in there and is updated every season. For S23 we run a pilot with our Turkish suppliers to have a meeting after the orders have been sent out to talk about delivery deadlines, orders versus capacity and the deviation of the orders over different subcontractors. This pilot is part of our approach to be more proactive in preventing risks.

Factory relations

The long-term relation we have with our suppliers is part of the King Louie DNA. They helped us becoming the brand we are today. The continuity is also an important factor when it comes to stable quality and fit of the garments. Therefor we aim to maintain a stable suppliers-portfolio. Nevertheless, through a complaint that we received at one of our main suppliers this year,

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we learned the hard way that we are not always informed about the use of subcontractors on beforehand. As an extra measure to prevent this situation in the future we ask our suppliers to share the production schedules, order quantities versus production capacity once they have received our orders.

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.

Due to Covid-19 we didn't get to add new product-groups to our collection. Adding new products to our collection has always been the main reason to source for new suppliers, so this year this was not the case. However, despite Covid-19 we have managed so order similar qty's compared to pre-covid seasons and we kept our biggest suppliers up-to-date on what to expect capacity-wise through sales forecasts.

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.

This year we had such a situation where CSR coordinator gave a 'negative' advice about a supplier. As a result of this advice a warning email from director have been sent to the supplier to encourage him in the follow-up of the most recent audit that was performed at his factory. We also decided to not continue to grow with this supplier and place the product group coats to another supplier. To evaluate further, we organized a follow-up audit at this supplier to help clear up some issues from the initial audit. Unfortunately, some serious issues have not been improved. Also, the follow-up on this audit is nil, so the negative advise about this supplier has been continued. The result is to further decrease our orders at this supplier (from 16% of our FOB in 2020-2021 to 12% in 2021-2022).

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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 focused 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 /better cotton instead of conventional cotton. Today (average of W22-S22) our collection exists for 64% of sustainable materials; we exceeded 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, this goal has also been achieved. 77% of our cotton is certified (GOTS/OCS) or lower impact (better cotton). 74% of the man-made fibres that we use is from more sustainable materials such as Ecovero and Tencel. From W22 an onwards all the leather that we use is LWG certified. The focus for coming season is to find more responsible alternatives for wool and our polyester blends. The Retraced platform really helps us see the added value of certified materials as it is easier to identify all production locations and the risk related to it.

To make the expansion in the product range and materials, we always investigate the options with our excising 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.

With existing suppliers, we are working on a ‘Responsible Business Conducts’ that are specified on country and product level and include risks that we have encountered from experience such as complaints and previous audits. Also Retraced platform helps us make the risks insightful by rating suppliers and countries with the information collected.



When supplier struggled to pay the workers, our director reached out



Coherent system for monitoring and remediation

Turkey, Supplier A

- We continued to actively follow up of the second FWF audit
- All health and Safety issues were solved within a month time
- 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. We filled out the calculator and discussed what/how we could improve the wages of workers. Outcome of this investigation is that workers at Supplier A are already earning a relative high income. Supplier found it risky to increase even further.
- Supplier A 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. Supplier A has indicated that their planning could improve a lot if we are able to sent out the orders 1 or 2 weeks earlier.
- From S2o an onwards we are sending the orders 2 weeks earlier than before, also Supplier A 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.
- When supplier struggled to pay minimum wage to workers, our director reached out and asked how King Louie could help. As a result of this, supplier asked to share forecasts, which we did the past seasons.
- Supplier A has agreed to be part of our living wage pilot. They had meetings with Fair Wear Turkey to make calculations per product. In the meantime, we had a meeting with 3 other brands producing at Supplier A. One of them, Madness, has hired an external person to assist them with this difficult living wage matter.

This consultant will conduct a living wage survey at Supplier A on behalf of Madness, Bamboo and King Louie.

This survey is for us is a more logical next step then to continue working on the calculations provided by fair wear: What is the target wage we want to go to?

Should it be based on a family of four (because is this employee the sole breadwinner?) What causes financial shortages for workers.

What are major costs in their daily life etc.

Based on this survey that we will conduct among a % of the workers in the factory, data will

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be collected and based on this we will receive an advice that is really based on the workers of this specific factory.

The plan is to conduct the survey in October 2022.

- Supplier A has agreed to be part of the RVO project, so the workers in the factory will be interviewed and in measures will be implemented by King Louie at this production location according to the result/advise of the study.

Turkey, Supplier B

- 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 Supplier B received in 2020.
- Due to the change in subcontractors we planned new audits for each of them in 2020, to verify that all improvements that we're implemented. Unfortunately, they were delayed until end of 2020/beginning of 2021. Despite the delay of the FWF audit, Supplier B did their own checks at the different production locations and followed up closely.
- The audits were carried out in 2021 and we are working on the Corrective Action Plan.
- We made the first steps on the living wage subject, Supplier B followed a FWF seminar on Living Wage, we had discussions about this; we are taking the first steps regarding this subject. Supplier B also agreed to be part of the pilot that Fairwear launched for their new calculation app. Supplier B will also be receiving help from Fairwear Turkey as part of this pilot.
- Beginning of 2022 we received a complaint at one of the Supplier B suppliers about suspected child labour and unauthorized subcontracting. With the help of Fair Wear we had an investigation audit of all the different suppliers to cross-check purchase orders against invoices, shipped quantities against ordered quantities etc. During this investigation audit we have found that the complaint of unauthorized subcontracting was grounded. We had conversations with Supplier B about the cause of this issue and agreed that we need written agreements on monitoring the use of subcontractors and prevent switching between subcontractors too much: We discussed the planning: capacity that is booked versus the orders. We checked actual production after it is done: was it able to follow the planning or did changes occur

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- Supplier B has agreed to be part of the RVO project, so the workers in the factories will be interviewed and in measures will be implemented by King Louie at the different production locations according to the result/advise of the study.

Turkey, Supplier C

- At Supplier C, 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.
- Audits have been carried out in 2021, some serious findings occurred, and we learned that Supplier C (agency) didn't have a clear view on what is happening at the different production locations.
- Therefor we invested in training Supplier C staff and the suppliers, King Louie staff was part of this training. Main goal was to create a safe environment for suppliers to be transparent about different issues without being afraid to lose us as a customer.
- Follow up of the Corrective action plan has also improved as all parties are more active in communication and resolving the issues.
- Supplier C has hired a CSR expert that is coordinating the follow-up of the audits and the corrective action plans, this in combination with the fact that the agent + different suppliers have followed a WEP training has helped us a lot.
- Supplier C has agreed to be part of the RVO project, so the workers in the factories will be interviewed and in measures will be implemented by King Louie at the different production locations according to the result/advise of the study.

Turkey, Supplier D

- Supplier D is a subcontractor that works for supplier C. At Supplier D their first audit was performed. During this audit we encountered some serious findings regarding child labour and unregistered workers
- Together with Fair Wear Turkey we teamed up to get the stories behind the findings on the table.
- As a member brand of Fair Wear we are obliged to resolve the findings that we encounter, in this case that meant that we had to try to convince the child workers to enroll to a program

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that would help them get back to school, bridge the gap of the missing salary for the families and (financially) support the child workers during the remaining years that they are going to school.

- King Louie agreed to support one of the child workers with this program (the second child worker was not allowed to go back to school by her parents and not motivated herself either).
- Unfortunately, despite numerous attempts by Fair Wear Turkey, the contact with the parents of the child workers was lost. We faced the ‘poverty gap’; the parents didn’t believe in the opportunities that the girls would have by finishing their school and maybe even get a scholarship for an education.
- Supplier D is getting help from supplier C in resolving the financial/administrative part of the corrective action plan.
- Despite the serious findings, Supplier D is very eager to improve the conditions at the production locations.

China, Supplier E

- At Supplier E we had the second audit, initially it was supposed to take place in March 2020 but due to Covid-19 this was postponed. This audit was in a new building because they have moved in the meantime.
- During the previous audit the supplier was not transparent, they didn’t want to show the registration of working hours. Unfortunately during this audit we had the same issue.
- Fair Wear China is mediating and with a verification audit we hope to get more insight in the actual, current situation so we can continue working on the corrective action plan.
- CSR coordinator gave a negative advise about this supplier to King Louie management, this means that we will not continue to grow with this supplier and if no change in attitude and performance is shown, we will start to decrease our production percentage at this supplier.
- To evaluate further, we organized a follow-up audit at this supplier to help clear up some issues from the initial audit. Unfortunately, some serious issues have not been improved. Also the follow-up on this audit is nil, so the negative advise about this supplier has been continued. The result is to further decrease our orders at this supplier (from 16% of our FOB in 2020-2021 to 12% in 2021-2022).

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China, Supplier F

- This supplier is audited by BSCI, we have access to the BSCI platform to follow the progress that the supplier is making. Unfortunately, we cannot intervene because we are not the responsibility holder for this audit. Nevertheless, when not sufficient progress is made in the follow-up of the audit, we will conduct a Fair Wear audit. For now, the supplier keeps us informed about the follow-up of the corrective action plan.

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 FWF are informed about our membership, asked to fill out the questionnaire and to share their CSR policy.





Workers information should be in a local language

Complaints handling

All complaints will be received by our CSR responsible, who will directly inform the Head of Design & Production about the complaint. FWF 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 FWF to assist us in solving the problem. If an investigation audit is required, we will organize this.

To make sure that workers at our suppliers are aware of the FWF complaint mechanism, we check if the Workers Information Sheet are posted at all production locations on annual basis. 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

Activities to inform staff members

Floor sales staff	Seasonal sales presentations
Marketing & Sales Staff	Seasonal sales presentations
Purchasing and sourcing	Weekly team meetings
Management team	Monthly sustainability meetings
Board members	Monthly sustainability meetings

We also try to highlight the use of sustainable materials

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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.

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 FWF 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 FWF 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. Because of Covid-19, the distance between us and the factories became bigger, we noticed that there were more difficulties and delays in the follow-up of the Corrective Action Plans. The fact that we could meet face to face with our agents because of Covid-19 was not helping. Therefor we have decided to invest in training our agents, we organized WEP trainings at 3 of our agents (some were delayed unfortunately).

Our management is seriously involved in the process of making improvement in both social and

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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.

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.

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 FWF 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, having a live interview with sustainable instagrammer Whensarasmiles and we are always part of the virtual Black Friday campagne that FWF organizes.

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

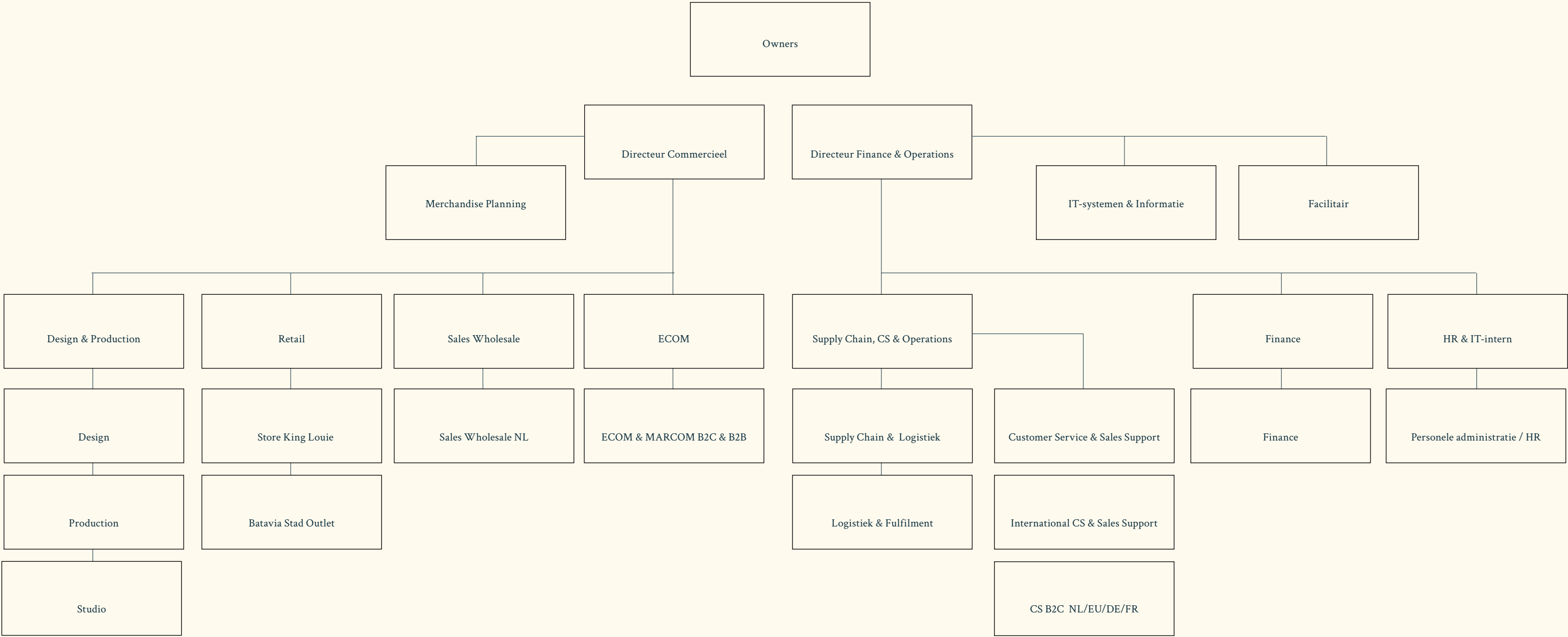
As a member of MODINT we keep ourselves informed about the latest initiatives and developments on various subjects within the garment industry. In addition, we have consulted FWF meetings and resources on country related subjects such as the subject of Syrian Refugees in Turkey when addressing it to 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

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





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