

**J.C. RAGS**



**>> CORPORATE SOCIAL  
RESPONSIBILITY ///**

ANNUAL REPORT 2010





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## 1. Summary: goals and achievements 2010

**After a turbulent 2010, our clear goal is to gain more insight in our overall vendor database and help the vendors and agents during this process.**

J.C.RAGS continues to hold a dialogue with internal and external stakeholders on how the company can further develop and be a prominent pan European brand. It is therefore important to formulate and convey clearly how we work, especially since J.C.RAGS does not own any manufacturing plants. Our products are instead produced by around 50 independent vendors in Asia and Europe.

Looking back at 2010 we have had 33% of our supplier database audited. During the past year we have had minor hindrances in certain regions caused by a turbulent commodities market and labour shortages that led to a delay in fully implementing our vendor consolidation plan.

Having understood these market forces in play, we quickly revamped our efforts and finally achieved a 51% audit percentage by March 2011. Going forward, we have worked out a plan to use all possible means to achieve our goal of 60% by the end of 2011, 80% by the end of 2012 and in excess of 90% by 2013. To maintain the tempo and quality of audits, we have adjusted our approach to some extent as under:-

- All new and current vendors must at first run a self audit and provides us their findings per our specific format provided.
- Furthermore, after validation of audit reports of factories that have undergone audits in the last 6 months by recognized independent audit houses or world class brands/organizations, only these will be accepted by us as a valid audit and therefore a re-audit will not be immediately warranted.

Some of the further targets for 2011 to 2013 will be as under :-

- Our current on-line platform which carries our manuals stating our compliance requirements will become more user friendly and binding at the same time. Besides improving the quality of monitoring our requirements from Holland, it will also improve overall communication between J.C.RAGS HQ, Buying Agents and Vendors.
- In 2010 to impart first hand knowledge of our compliance requirements, we organized SGS to conduct training sessions for our Buying Agents and Vendors in Turkey, China and India. Our goal is to annually follow-up on these training sessions to ensure current associates remain on top of our priorities/ Corrective Action Plan (CAP) while newcomers become fully aware of our Policy of Engagement requirements.



J.C.RAGS continues to hold a dialogue with internal and external stakeholders on how the company can further develop and be a prominent pan European brand.

## 2. Mission Statement

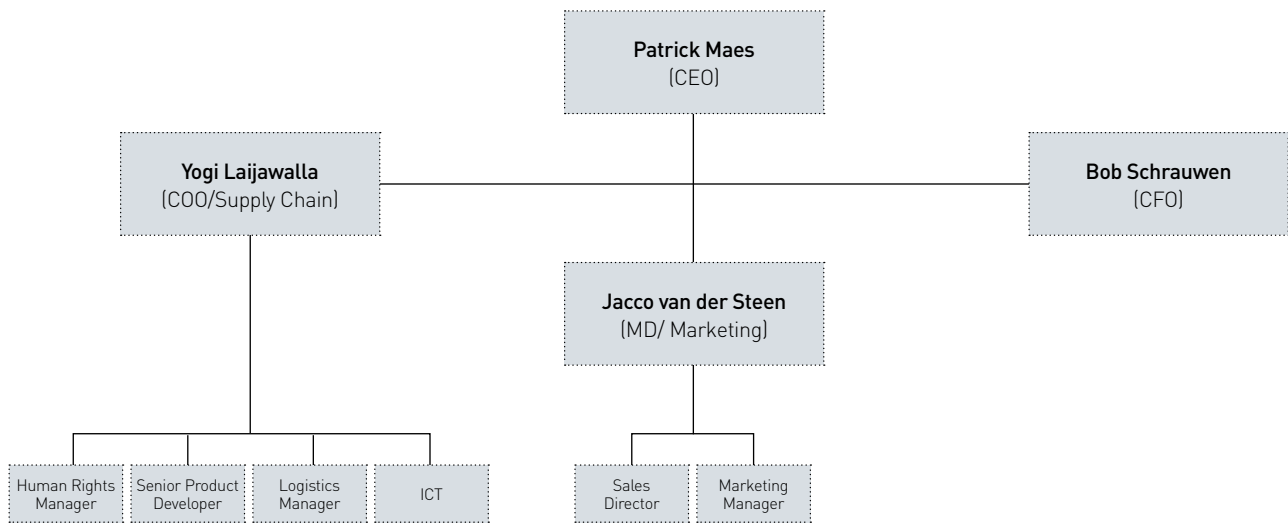
### J.C.RAGS Wholesale & Retail:

Become the most successful Pan-European Fashion wholesale & retail company through operational excellence focused on sell-through by being a preferred employer delivering world class high quality value – engineered products in line with our brand values and price positioning

## 3. The J.C.RAGS brand

J.C.RAGS was born out of the ambitious plans of the Thomas Group. When the brand team returned from exploratory trips to the retailing capitals of the world, they planned to bring a new concept in retailing to the Netherlands, and needed a menswear brand to add dimension to the product offer of DEPT stores. So in 1994, the first J.C.RAGS collection was launched.

Inspired by the lifestyle stores of new York, J.C.RAGS has always offered a refreshingly uncomplicated solution to denim-related fashion style. By understanding the key items that make up the twenty-something's wardrobe, J.C.RAGS found fantastic success in tuning into the zeitgeist of the mad nineties, and selling high volumes of the perfect basics, for which the brand became famous. This created a platform to build on for the future. Since then, J.C.RAGS has represented masculine, honest and inventive cool.



## 4. Facts and figures

### J.C.RAGS B.V.

Headquarters  
Mangaan 11,  
5234GD 'S-Hertogenbosch  
The Netherlands

Brand established in 1994

### Management

Patrick Maes (CEO)  
Yogi Laijawalla (COO/Supply Chain)  
Jacco van der Steen (MD/ Marketing)  
Michiel Reith (Sales Director)  
Bob Schrauwen(CFO)

### Employees 2010

Total 100

### Sales 2010

15 million Euro

### Production 2010

4 collections with a total of 650.000 units

### Points of Sale 2010

J.C.RAGS products are offered internationally and have over 500 points of sale. The company is based in The Netherlands and also runs its own flagship DEPT Stores where J.C.RAGS is offered.

### Further information

[www.jcrags.com](http://www.jcrags.com)



## 5. CSR

### 5.1 introduction

Our Policy Of Engagement (further referred to as POE) is based on the ILO convention and UN convention on 'rights of the Child' as stated under. We implemented our POE in 2009 and continued driving / implementing requirements with our Buying Agents and Vendors including training, on site visits and independent audits. The on-site visits were done by Yogi Lajawalla and Nicholas Hurenkamp. As in 2010, we will continue the same approach in 2011 while actively involving our production colleagues in on-site visits and follow-up of audit results/CAP with Vendors.

Our POE, based on ILO / UN conventions, includes following requirements as a foundation and is formulated at a corporate level, Zinvest Fashion B.V., holding company also based in the Netherlands :-

- compliance with local labour law
- statutory pay and working hours
- a ban on forced labour
- a ban on child labour
- the right to organize and bargain collectively
- health and safety in the workplace

### 5.2 Policy of Engagement

#### Zinvest Fashion B.V. Corporate Policy of Engagement

##### A: Standards

Zinvest Fashion B.V. and its entities (herein after referred to as Zinvest Fashion B.V.) require all their Vendors and Suppliers to operate their business in accordance with the following standards:

**General Principle** Zinvest Fashion B.V. Vendors and Suppliers shall operate in full compliance with all national and local laws, rules and regulations applicable to their business operations.

**Employment Standards** With regard to the employment of any and all employees of Zinvest Fashion B.V. Vendors and Suppliers shall comply with the following Standards:

**1. Forced Labour:** Zinvest Fashion B.V. Vendors and Suppliers shall not use forced labour, whether in the form of prison labour, indentured labour, bonded labour, or otherwise. No Employee can be compelled to work through force, the threat of force or intimidation of any form.

**2. Child Labour:** Zinvest Fashion B.V. Vendors and Suppliers shall not employ persons who are younger than 15 years old (or 14 years old where permitted by the applicable laws), or who are younger than the age for completing compulsory education in their country of employment where such age is higher than 15.



## 5. CSR (continued)

**3. Harassment or Abuse:** Zinvest Fashion B.V. Vendors and Suppliers shall acknowledge that their Employees have the right to have a workplace free from physical, sexual, psychological or verbal harassment or abuse and Vendors and Suppliers shall treat Employees with respect and dignity.

**4. Discrimination:** Zinvest Fashion B.V. Vendors and Suppliers shall not discriminate in employment, including hiring, salary, benefits, advancement, training, disciplines, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.

**5. Right of Association and Collective Bargaining:** Zinvest Fashion B.V. Vendors and Suppliers shall recognize and respect the rights of Employees' to organize and join associations of their own choosing, and to bargain collectively.

**6. Wages:** Zinvest Fashion B.V. Vendors and Suppliers recognize that Employees should be fully compensated for all time worked and be provided with a clear and written account for every pay period. Vendors and Suppliers shall pay Employees at least a) the minimum wage required by the applicable law or b) the prevailing industry wage, whichever is higher. In addition to their compensation for regular hours of work, Employees shall be compensated for overtime hours at least at the premium rate legally required by the applicable law or, in those countries where such laws do not exist, at a rate exceeding their regular hourly compensation rate.

**7. Hours of Work:** Zinvest Fashion B.V. Vendors and Suppliers shall not require their Employees to work on a regular basis more than sixty hours or the requirement by the applicable law, whichever is shorter per week, including overtime. Vendors and Suppliers shall allow Employees at least one day off in every seven day period on a regular basis and a paid annual leave required by the applicable law.

**8. Benefits:** Zinvest Fashion B.V. Vendors and Suppliers shall provide their Employees all legally mandated benefits.

**9. Health and Safety:** Zinvest Fashion B.V. Vendors and Suppliers shall provide a safe and healthy working environment, including, but not limited to adequate lighting, heating and ventilation systems and protection from fire, accidents, and hazardous substances. Employees shall have access at all times to sanitary facilities which are adequate and clean. When residential facilities are provided for Employees, the same standards should apply.



Zinvest Fashion B.V. Vendors and Suppliers shall provide their Employees all legally mandated benefits.

## **B: Environment**

Zinvest Fashion B.V. Vendors and Suppliers shall comply with all applicable environmental laws and regulations and shall work towards further improving environmental conservation. Further, Vendors and Suppliers shall operate the business with consideration for environment and safety by saving resources and energy, reducing emissions, by implementing environmentally-aware purchasing, and by preventing pollution.

## **C: Documentation and Inspection**

Zinvest Fashion B.V. Vendors and Suppliers shall maintain all documents necessary to demonstrate compliance with this Policy and any applicable laws, and submit these documents to Zinvest Fashion B.V. upon Zinvest Fashion B.V.'s request. Further, Zinvest Fashion B.V. shall have the right to conduct inspections or shall have the right to have Zinvest Fashion B.V.'s designated independent monitor conduct such inspections to determine if Vendors and Suppliers comply with Zinvest Fashion B.V. Standards and the applicable laws with or without prior notice by Zinvest Fashion B.V. Vendors and Suppliers shall accept such inspections.

## **5.3 Fair Wear Foundation/ Société Générale de Surveillance**

### **Fair Wear Foundation**

J.C.RAGS is a member of the Fair Wear Foundation (FWF), which works to promote good labour conditions in sewn textile production worldwide. European clothing and textile companies can take responsibility for their supply chains by setting up a monitoring system and implementing the FWF Code of Labour Practices. FWF verifies that they work efficiently and achieve adequate results. Governed by trade unions, NGOs and business associations, FWF's independence is guaranteed. Transparency and accountability are key principles, because people have a right to know under what circumstances their clothes are made.

European fashion, industrial clothing and promotional garment companies can join the FWF and become an FWF affiliate. Members of the FWF work towards improving the labour conditions in factories that produce sewn textiles all over the world. The basis of the collaborate between the FWF and a member is the Code of Labour Practices (see also the web page Code of Labour Practices). Eight labour standards form the core of the Code of Labour Practices. Members of the FWF must comply with this Code of Labour Practices. The FWF verifies whether companies comply with the Code of Labour Practices through factory audits and a complaints procedure, through management system audits at the affiliates and through extensive stakeholder consultation in production countries.



## 5. CSR (continued)

The FWF shares its knowledge and (local) contacts with the member companies, providing them with access to information on local legislation, labour standards and culture. Members are required to set up a coherent monitoring system, including factory audits, factory training and factory visits. The FWF has a complaints procedure that enables factory workers to anonymously bring to light any abuses related to labour conditions.

### **Société Générale de Surveillance (SGS)**

They are the world's leading inspection, verification, testing and certification company, they provide competitive advantage, drive sustainability and deliver trust. Recognised as the global benchmark for quality and integrity, they employ over 64,000 people and operate a network of more than 1,250 offices and laboratories around the world. SGS helps to improve quality, safety, performance and efficiency for the following industries: Agricultural, Automotive, Consumer Testing, Environmental, Industrial, Life Science, Minerals, Oil, Gas & Chemicals, Systems & Services Certification, Governments & Institutions.

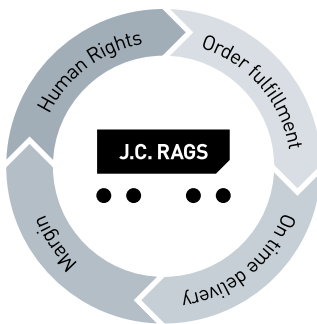
### **History**

Established in 1878, SGS started by offering agricultural inspection services to grain traders in Europe. From those early beginnings, they grew in size and scope as the agricultural inspection services spread around the world. During the mid 20th century, they began to diversify and started offering inspection, testing and verification services across a variety of sectors, including industrial, minerals and oil, gas and chemicals among others. In 1981, the company went public.



Zinvest Fashion B.V. Vendors and Suppliers shall provide their Employees all legally mandated benefits.

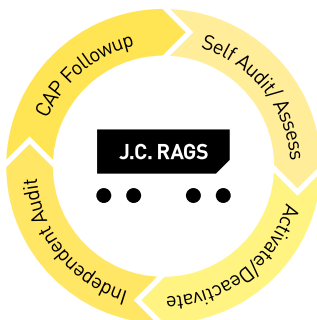
#### 5.4 CSR - 4 point Strategy 2011-2013



##### Social and Commercial balancing:

While ensuring compliance, we need to bring compelling products with speed to market. We are therefore in a dynamic situation, finding a fine balance of delivering against our goals as under:-

##### Four Point strategy:



- From the social audits conducted follow up on Corrective action plans (CAPs) coming forth
- Be a good and interesting business partner for our vendors and ensure that our Policy of Engagement is implemented correctly
- Follow up on suggestions and measures given to us by FWF during our Management System Audit.

##### Communication/Organization:

- Improve and standardize our CSR procedures amongst internal and external staff members/ Buying Agencies
- Improve transparency internally and (per individual request) externally
- Implement CSR strategies in the management by assigning objectives and goals

##### Our Philosophy regarding Self-Audits:

- Our intention is to invite the factory to provide us with their own assessment of the Human Rights/Compliance level within their own manufacturing plant and their sub-contractors. In due course their report is used to finally assess them against their own integrity.



## 6. Sourcing Strategy

### 6.1 Sourcing strategy (selection of new factories) & pricing

Our sourcing strategy is driven by our long term shop floor delivery cycle. And therefore our annual schedule reflects key dates of when our product range is planned, designed, developed, manufactured and delivered.

**Concept Worker:** The design department plans the range by means of concepts based on a Worker (e.g. fireman/mechanic), while the production department maintains contact with the suppliers and further creation of the product. Each season has its own Worker and each designer their own speciality, this way of working produces the right mix of merchandise for each worker concept.

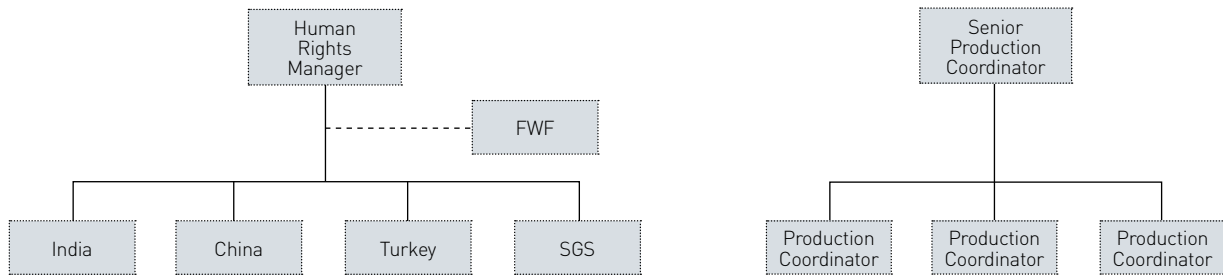
Through this design discipline we use concept management, design, sourcing strategy and supply chain techniques to bring products to market in line with our annual schedule.

#### J.C.RAGS choosing the right supplier:

Choosing the right suppliers involves much more than simply looking for the cheapest country to produce in. Our assessment depends on a wide range of factors, but the most important factors are:

#### **Order fulfilment, On Time Delivery, Margin and Human Rights.**

In line with these factors our selection of factories and sub-contractors involved in producing J.C.RAGS products are covered by our Policy of Engagement and measured against the 4-point strategy. When we source for new vendors or a vendor of interest approaches us, before starting any cooperation between them and J.C.RAGS, we request them to send a full factory profile (which allows us to see all details, including if they have been previously audited). If this profile fits within the boundaries of our POE and our 4-point strategy, our production centre, SGS office in the region or ourselves will visit the factory. If all is met within the set boundaries we then ask the factories to fill in our self-audit forms if not already provided. Based on our findings, we will Activate a new vendor or de-activate an existing vendor. Our system to continuously monitor the conditions in factories is done through our production centres, SGS Audits and on site visits.



The cooperation is strategic and to get vendors to comply, we make it clear that our intention and ambition is to grow the association through a long-term partnership in lines with seasons and annual schedule.

The quality and the safety of the goods are checked by our production offices (Agents), where if needed testing is carried out in respect of matters such as fabric quality as well as chemical tests to check that the items meet the J.C.RAGS quality requirements.

In conclusion, to ourselves, our vendors (incl their sub-contractors) and buying agents it is clear to all parties that our POE must be respected at all times.

**Delivery times:** During the entire process as mentioned in 6.3, we are in constant contact with the production centres with regards to long lead-time fabrics and styles that may need extra attention/production time. Once all time-lines have been established and the Vendors have signed the order confirmations, both parties respect and stick to their agreements.

In cases where our requested lead-times can not be met by our supplier, we shall decide to take the goods by AIR giving the workers more time to complete the order instead of overwork and therefore lowering our products standard. The party whom caused the delay will bare these costs.

## 6.2 Organisation of the Production department

**Our production team:** The J.C.RAGS production team at HQ consists of 4 members, 1 Senior Coordinator and 3 Coordinators, which the senior supervises. Each team member follows the product from beginning to end. Each team member is divided either into the Knit- or woven development category. Senior Coordinator and team with the help of the production hubs, ensure full transparency of vendor/factory information. Based on verification of this information the vendor will be activated within our ERP system or not admitted. We have 3 production hubs (India, China and Turkey\_ Buying Agents) and one service provider for Factory Audits, Testing and direct vendor Production Inspections on-site (SGS).



## 6. Sourcing strategy (continued)

### 6.3 Production cycle

#### **Balance between development and production:**

J.C.RAGS has a 41 week cycle, 18 weeks are spent on the development and production of the Sales Samples and another 23 weeks are for getting the goods production ready, produced and shipment to our warehouse. The search for the correct fabrics can take place before the start of the initial 18-week period. No allocation to a new vendor will take place unless they have been pre-audited and approved.

#### **Explanation of procedure:**

**1) Fabric issue:** Fabric packages are put together and sent to the production offices (agents). These offices decide with our production team at HQ which factory is the most capable in producing that particular fabric. The factories have approximately 3 weeks for the development and production of the fabric before they receive the worksheets

**2) Worksheets:** These are your style packages. This contains all information needed to produce your product. The factory has then 4 weeks in which they have to produce the first proto based on the received information with the pre-developed fabrics

**3) Proto:** This is a critical stage for J.C.RAGS. In this 2-week period the styling and production team come together to discuss and view the outcome of their concepts. It is during this period that is decided how the final Sales Sample should look and if any adjustments to size and styling should be made, after this the factory has 3 weeks in which to produce the Pilot Sales Samples.

**4) Pilot Sales Samples:** These Pilot Sales Samples are the first pieces off the production line and sent directly to HQ for our team to check and make sure that all comments were followed before the final Dupes (showroom samples) arrive 2 weeks later and start sales can commence.

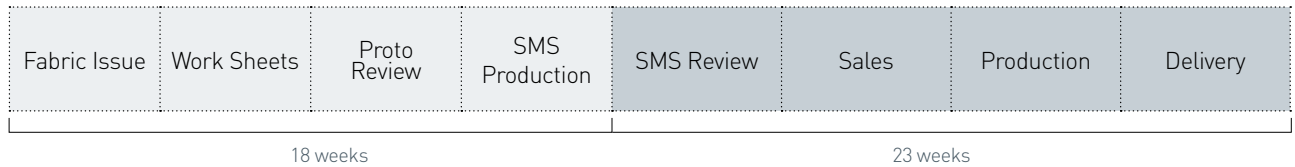
**5) Collection Review:** Review is now done together with Sales, Production and Design department. The sales department has to prepare themselves for the upcoming period as they only have 6 weeks in total in which they have to visit or be visited by all their customers. Towards product integrity, Design and Production take on board early feedback to ensure that the final product that will be sent to the customer is of best quality and outlook.

**6) Style Drops and Comments:** Just 3 weeks into the sales period, styles that do not make the cut are dropped and final comments are shared for vendors to begin with pre-production at size level. Design details including fit and outlook are verified at size level.

**7) Fabric Pre booking and production tech-packs:** a week further into the sales period, fabrics and raw materials with long lead-times are pre-booked through an internal forecasting process. At the same time our production teams begin to put production tech-packs together and share the same with our production hubs.

**8) Final orders:** Once the sales period is finished the final order and last style drops are given through to the production hubs/vendors. This happens 3 weeks after the pre fabric commitment. Then vendors have a minimum of 11 weeks (production lead times vary, Europe

## 41 Week Production Cycle



production has 2 weeks extra due to shorter delivery times) in which they need to produce the products and ship them out. During this period of 11 weeks, all final approvals are accomplished in a dynamic way to ensure manufacturing conditions and standards match J.C.RAGS requirements. Several on-site factory visits from our production hubs take place during this period. This helps to rule out any uncertainties and resolve hindrances.

**Transport Mode:** Our preference for goods coming from far-away places is ship mode Sea. For origins closer to HQ, merchandise is transported by Truck. In case where lead-times are longer or merchandise has been delayed in production, such consignments are transported by Air.

### 6.4 Integration monitoring activities and sourcing decisions

#### Improvement through cooperation:

We have developed an effective system to ensure that all new suppliers are informed about the POE and committed to social compliance before starting a business relationship. In the method, all potential suppliers are required to fill in a questionnaire, which includes code elements of FWF. The factories will be given a production code as active suppliers only if the questionnaire has been approved by the Human Rights and Project Manager of J.C.RAGS. Without this production code, invoices from the factories are not recognised by the finance department.

We have actively taken initiatives to cooperate with other companies to enhance the implementation of Code of Labour Practices in general.

The system will be monitored and rated as follow:

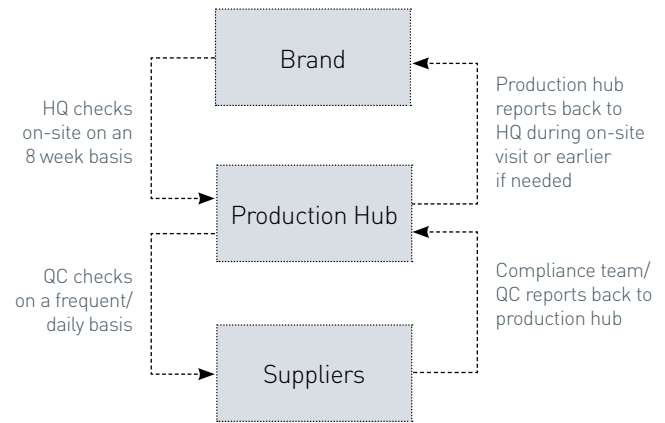
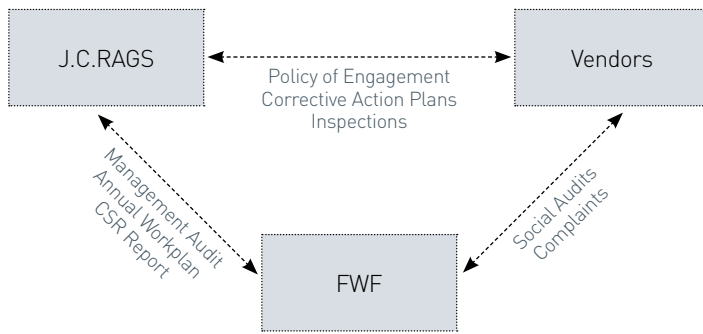
1) HQ (J.C.RAGS) will do on site checks every eight weeks at various locations and review together with the production centres the amount of audits achieved and review the Corrective Action Plan (CAPs) and progress thereof for the already audited vendors.

2) Overall results are discussed with production hubs by scoring the vendors according to:

- a. Human Rights achievements and improvements
- b. Order fulfilment
- c. Quality returns
- d. On time delivery
- e. Flexibility
- f. Margins

3) Scan on a bi-annually base if there is a need to activate new vendors or de-activate current vendors (if CAP goals are not met in a timely manner). De-activation only takes place if a vendor has not met CAP requirements within an agreed time frame. HQ, SGS and Production Hub review each case and jointly decide on de-activation.

By focusing on this monitoring system, we are confident in tackling and improving Human Rights related issues in a transparent and collaborative way. Although challenged by inflation and labour shortages, by making our annual schedule, compliance requirements and our vendor consolidation intentions known to all vendors we are slowly but surely seeing improvement in manufacturing conditions.



## 7. Coherent system for monitoring and remediation

### 7.1. Coherence of the programme

Monitoring system: J.C.RAGS does on-site checks every 8 weeks and discusses the outcome with the production hubs. At the production hub level, the vendors will be visited and monitored on a frequent base by the compliance team and during production on a daily base by their QCs. Production hub compliance team and SGS (when called for) shall do announced and un-announced audits.

During the on-site visits J.C.RAGS does discuss the outcome of the announced audits done by SGS and the re-audits as a follow-up of the Corrective Action Plan. If there is a need to de-activate a supplier due to not closing the CAP in the agreed time frame, then this decision will be jointly made by J.C.RAGS and the production hub. If the production hubs have a need to activate a new supplier, not only will a full background check be done alongside an SGS audit but also discussed which vendor(s) shall be deactivated to ensure we stay in line with the vendor consolidation program.

All vendors are aware of the fact that in addition to the above mentioned audits, announced and un-announced audits by the Fair Wear Foundation may also be conducted and this is acceptable to them.

#### Audit plan 2011:

Based on achieving an audit level of 50% against our target 40% for 2010, our goal for 2011 has been set at 60%.

Our approach to achieve this 60% goal is as under:-

- After identifying the Top 5 vendors by production hub of the total 2011 production allocation, we shall examine which of those 5 vendors have not been audited yet and verify how far we are with the CAPs of the already previously audited vendors.
- If all 5 vendors in the region have been audited we shall focus on their CAPs and extend the scan range to the Top 10 vendors per production region.
- As you can see in chapter 7.2, our Top 5 vendors produce over 50% of our 2010 annual production allocation and therefore the above approach should suffice in ensuring 60% completion of audited vendors by the end of 2011.



## 7.2. Overview of Top 5 vendors per region

### China Top 5

Vendor	Items	Items % of total	Qty ordered % of total	FOB value order %
26107 Hang Fai	86	15,19%	21,04%	17,77%
26019 Sevenseas Limited	79	13,96%	12,58%	16,95%
26148 Xie Gang Guan Wei Garment Factory> kings Master	54	9,54%	12,41%	11,80%
26133 YORKSKY GARMENT CO., LTD > Yorkwell	68	12,01%	10,85%	5,38%
26018 Team Glory Garment Ltd	60	10,60%	8,80%	8,71%

### India Top 5

Vendor	Items	Items % of total	Qty ordered % of total	FOB value order %
26008 Bodyline Impex PVT Ltd	130	28,82%	29,71%	17,03%
26006 Rubinsha Exports PVT Ltd	91	20,18%	19,78%	26,28%
26096 RAMLORD	72	15,96%	13,93%	18,11%
26050 IDT INTERNATIONAL DESIGN & TRADE	37	8,20%	7,92%	9,86%
26041 KGI Clothing Pvt.Ltd GO GO Garments	26	5,76%	7,74%	9,03%

### Turkey Top 5

Vendor	Items	Items % of total	Qty ordered % of total	FOB value order %
26053 Hivateks	325	44,58%	45,60%	21,19%
26029 Koc Tekstil San. Ve Tic. Ltd. Sti	129	17,70%	22,14%	29,81%
26004 Rimaks	174	23,87%	20,57%	38,48%
26027 Han Tekstil Isletmeleri San. Tic. Ltd. Sti.	60	8,23%	8,87%	4,63%
26142 Yiltem Konfesyion san. tic. ltd. sti.	35	4,80%	2,66%	5,33%

### Combined 3 hubs top 5 vendors

Vendor	Items	Items % of total	Qty ordered % of total	FOB value order %
26053 Hivateks	325	18,61%	21,61%	8,96%
26029 Koc Tekstil San. Ve Tic. Ltd. Sti	129	7,39%	10,49%	12,60%
26004 Rimaks	174	9,97%	9,75%	16,26%
26008 Bodyline Impex PVT Ltd	130	7,45%	8,06%	3,74%
26006 Rubinsha Exports PVT Ltd	91	5,21%	5,37%	5,77%



## 8. Training and capacity building

### 8.1 Activities to inform staff members/agents

The workforce of J.C.RAGS is sufficiently informed about FWF membership and the implementation of its POE. Information on FWF is provided through regular internal meetings. The Agents and manufacturers are systematically informed about FWF membership via questionnaires and meetings. We have organised three vendor/production hub workshops via SGS and our buying agents in each production country where we source from. Representatives of FWF were invited to our HQ to discuss the implementation of Code of Labour Practices with our buying agents in March 2011. This resulted in improved understanding and importance of the overall compliance initiative.

Staff activities: No staff/production hub members are allowed to place even a sample order with a supplier if the Human Rights Manager or the C.O.O have not approved the vendor yet.

- 1) We will continuously make staff members aware that no factory can be approved without following the Human Rights procedure.
- 2) Staff must thoroughly describe the compelling need to add a new vendor and inform which vendor(s) it will replace.
- 3) SGS on-site training to production hub staff members and the vendors took place in 2010. In 2011 we would like to review/follow-up on the previous training and assist any vendor as required.

### 8.2 Activities to inform manufacturers and workers

**Production centre/J.C.RAGS activities:** Face to face meetings are held by the J.C.RAGS production staff with the vendors during their on-site visits or done on their behalf by our production hubs. Our Human Rights requirements are presented to the vendors during such meetings. In order to continue the working relationship between J.C.RAGS and the supplier, the requirements must be accepted and signed for. Within the condition of this acceptance is also included the requirement that vendors allow J.C.RAGS; its production hubs or the FWF to conduct announced and unannounced audits.

Every active vendor to date has received and placed our POE in their factory premises in full visibility to its labour force. The POE has not only been written out in English, but also in main local languages.

The production hubs have undergone the needed training in 2010, and this information was passed onto the responsible key functional heads of the vendors. This is done to ensure factory management continues to inform and educate workers of their rights and responsibilities. On a need basis at J.C.RAGS call, SGS will conduct on site training. Furthermore status of all this will be checked and discussed during our on-site production visits.



Every active vendor to date has received and placed our POE in their factory premises in full visibility to it's labour force. The POE has not only been written out in English, but also in main local languages.

## 9. Transparency and communication

While our staff has been informed of our approach and continuous implementation of our Human Rights initiative, our sales agents, distributors and customers during collection presentations and fairs are informed about the status of this initiative. However, we refrain from making statements aimed at consumers in general about our ongoing monitoring of Human Rights. If requests are made, we provide answers with full transparency on case-by-case basis. Our website carries our Policy of engagement together with the FWF logo.