PREMIUM BRANDS SELF RELIANCE









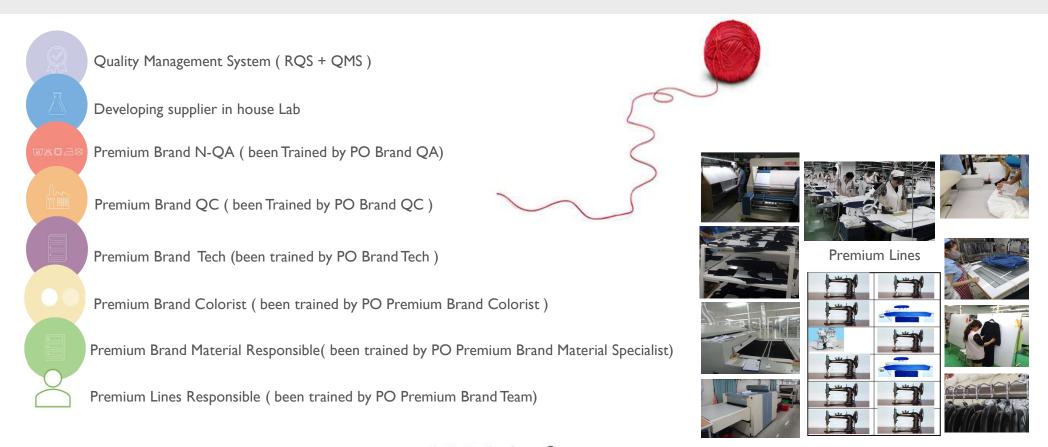
Premium Brands Emphasize Better Quality Experience Longevity, Durability, Functionality and Sustainability in everything we do



COS & other Stories ARKET

BACKGROUND

Premium brand has been supporting its Suppliers in building up



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General Information

NEW QUALITY DIRECTION

- o Move responsibility to suppliers and make them self reliant
- o From control to consulting and building systems as PREMIUM BRAND
- o Claim back bad quality from suppliers system
- o Road map for suppliers in all tiers for all quality areas
- o One quality team for full process from material to product
- o Less administrative work through technology and automatization

END to END

Quality Ownership



Through these systems, as PREMIUM BRANDS create a strong base on Production Quality which gives us clear overview of our suppliers Product Quality & Capability level and their dedication towards implementation. Also, utilization of these system creating continuous positive EQUAL Brand Product Quality towards delivering EQUAL Premium Brand Customer satisfied Quality Experience.



Now it is time to take it to the NEXT LEVEL!

PREMIUM BRAND SELF RELIANT SUPPLIER (SR) PROGRAM



Provisional SR Partnership

In recognition of high level of process and product integrity delivered by

"DOMINO TEKSTIL"

PREMIUM BRANDS Initiates Self Reliance
Working Partnership for one year from
< 01-09-2020>



FROM TRANSACTIONAL TO STRATEGIC PARTNERSHIP APPROACH -BY TAKING FULL OWNERSHIP AND CONTROL-

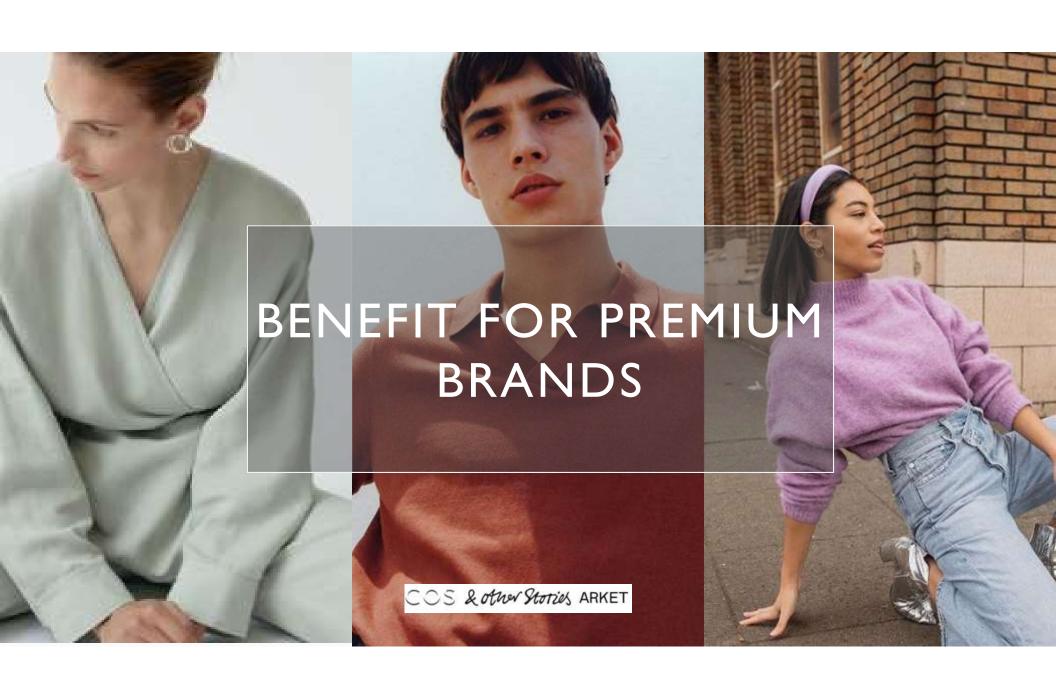
MUTUAL TRUST BETWEEN PREMIUM BRANDS& SUPPLIER TO SECURE LONG TERM PARTNERSHIP

FULL VISIBILITY OF ORGANIZATIONAL SKILL & PERFORMANCE LEADING OPPORTUNITY TO DRIVE DEVELOPMENT

FLEXIBILITY: PLAN PRODUCTION, INSPECTION AND DELIVERY SCHEDULE

STRONGER ORGANISATION WHO IS CAPABLE FOR RISK ASSESMENTS, AUDITS, INSPECTIONS.

PRESTIGE BEING ABLE TO DELIVER REQUIRED QUALITY BY OWNSELF



FROM 100% CONTROL TO SELF-RELIANT -BYTRANSFERING RESPONSIBILITIES-

MORETIME WITH CLEAR FOCUS ON PRODUCT AND CUSTOMER

MORE TIME TO WORK ON AREAS WHERE SUPPLIER NEED SUPPORT

HAVE TRUSTED SUPPLIER BASE

WORK STRATEGICALLY WITH TRANSPARENT WAY OF WORKING WITH QUALITY

PREMIUM BRAND SELF-RELIANT SUPPLIER (SR) PROGRAM

Self Reliant Suppliers

WORKING DETAILS & EXPECTATIONS

- Self Reliant Supplier Differentiators
- O Changes in Premium Brand Engagement
- Supplier Top Management Commitment
- Expectations from Supplier Operational
- Expectations from Supplier Performance

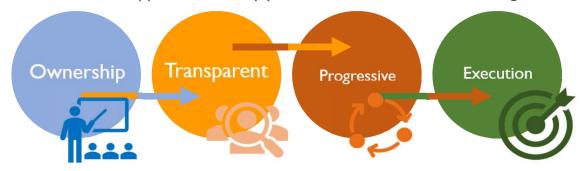


COS & other Stories ARKET

General Information

SELF RELIANT SUPPLIER — DIFFERENTIATIONS

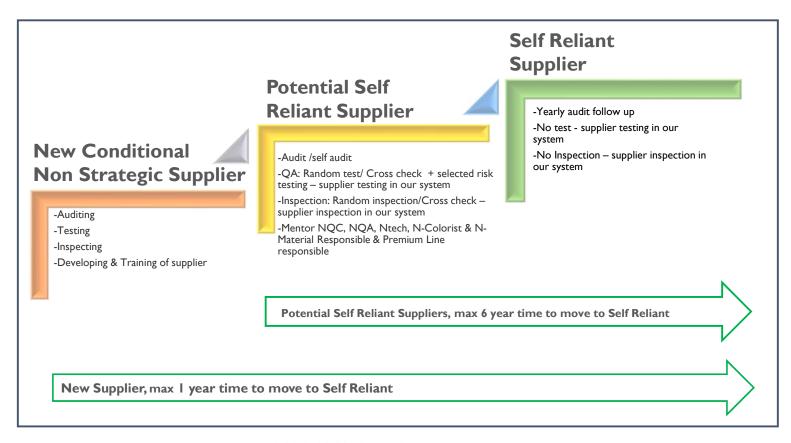
As a Self Reliant Supplier, we identify you as one with all of the following differentiators:



- Sustainable Quality Organization (Drives Accountability & Ownership, is independent and inter-dependent)
- Self Reliance is business objective owned by business team, not just technical or quality teams (Co-Ownership of Quality, a business objective)
- Properly working Quality Systems | Processes | Methods | Problem Solving (Execution, not just Intention)
- Progressive Mindset and Transparency (Walk the talk)
- All this also reflected in numbers Stop Orders, Major Claims, Rescreens, Inline & Final Inspection Failures & Rescreens, Defect Rate, ISC, No MR Issues ,System/Product Audits (Reality is aligned to strategy & execution)

With above criteria, Self Reliant Suppliers are right partners to own quality execution for our Premium Brands. Final Self Reliance Certification will be completed after one year of successful execution of Self Reliance Program

PREMIUM SELF RELIANT SUPPLIER STAIRS



CHANGES IN PREMIUM BRANDS ENGAGEMENT

STOP

- Regular inspections
- QS audits
- Test Plan for RA
- Training new NQC/NQA*
- Execute Test Plan and RA**
- o PPM

START

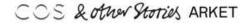
- Random Inspections _5%
- Product Audits 2 Per Year
- o Random Testing 5% Ist Year, 2% 2nd year
- O DHU KPI Execution— less than 3%
- Test Plan Validation as per Risk Assessment

CONTINUE

- Information Workshops
- Test Plan Validation & RA Ownership
- o ISC, Claims, Failures Follow Up
- VIP Orders Risk Assessment
- New PU / Product / New Lines
 Onboarding / Validation
- SRM Review & Supplier Meetings
- PPM for Market Move & Red VIP styles

- Educate new quality staff regarding H&M and Premium Brand requirements and methods.
- $\bullet \ \ PO\ Premium\ team\ to\ finally\ validate\ Premium\ Brand\ Nominated\ QA/\ Colourist\ / Tech/\ QC\ and\ material\ responsible\ \&\ Premium\ Line\ responsible\ .$
- Work in Process. Will be initiated later after completing simulations and cross assessments. Supplier Initiates. PO Premium team Validates, confirms.
- Supplier is expected to conduct Quality Systems Audits, each quarter and share with PO premium team .

→ Exclusions: This self-reliance is for Premium quality business only. Exceptions can also be made for New product / VIP orders/ Designer Collections. Etc. They will be selectively outside of scope of above



PREMIUM SELF RELIANT SUPPLIER TOP MANAGEMENT COMMITMENT

Continuity of Training, Calibration and Retention of Trained Premium Brand N-Quality Team is direct responsibility and commitment of Supplier Top Management, as a minimum requirement for **continued**, **strategic SR engagement** with Premium Brands;

- Organization structure and Nominated structure remains intact. Separate continuity agreement to be prepared and signed by Premium Brand SU Top
 Management / Owner;
- Training, Calibration and Evaluation of first set of Nominated(s) completed by H&M Premium Brand, including at least one back up and one process owner who will support continuity. In case of any changes, Supplier Top Management will be responsible to update H&M Premium team on transition and training activity beforehand;
- H&M Premium Brand QC team will NOT conduct regular training and calibration;
- o It is the responsibility of supplier premium brand N-Quality Lead to deliver continued training and download to existing and new members of supplier quality team;
- Premium Brand Supplier TOP MANAGEMENT is expected to ensure continued ownership in training, development and more importantly, <u>Retention of N-Quality teams</u>;
- o If any attrition is expected, Top Management is expected to ensure that position is filled well in advance, training completed and back up is in place at all points of time;
- o H&M Premium Brand team will do final evaluation of new members to N-Quality team
- O Supplier should maintain Premium Production line premium processes (MR check, line remaining including worker skills)



EXPECTATIONS FROM SELF RELAINT SUPPLIER- OPERATIONAL

- Premium Brand NQC/NQA will conduct all final inspections / testing independently, without any influence from supplier management.
 - In case of any disagreement, it should be referred to Premium Brand Team.
 - Premium Brand NQC inspection report / Premium Brand NQA test report cannot be challenged.
 - Premium Brand NQC Inspections / Premium Brand NQA Testing should be never influenced or interfered with, to avoid an unwanted situation of business consequence and embarrassing conversations.
- o The Premium Brand Nominated Teams work under the guidance of Premium Brand QA /PT& QC/ Material team
 - Supplier management is expected to facilitate and encourage unhindered transparency between Premium NQ
 Team and Premium brand team.
- Sustainability requirements, including those with respect to working hours must be followed, including for QCs and NQCs. Final Inspections by premium Brand NQCs can be conducted only during normal working hours and on normal working days as per supplier calendar.
- o Inspection plan should have a spread across the week, should not concentrate disproportionately towards weekends.
- Further, certain inspection restrictions, cross inspection requirements etc. may be called out by PremiumBrand team from time to time.

EXPECTATIONS FROM SELF RELAINT SUPPLIER- OPERATIONAL

- o It is imperative that factory adheres to all premium brand QA-QC processes as were applicable.
 - A change in process that can impact Product Premium Quality should be discussed with Premium Brand QA-QD/Tech/Material Team.
 - To this end, Supplier Premium Brand NQC/NQA and Quality Manager will conduct Quality Systems Audit every quarter and share findings and corrective action plans with H&M Premium team .
 - H&M Premium team will validate once in six months through Product Process Audits
- o Supplier Management will ensure that Premium Brand NQC Inspection reports are on Form. Com before end of day.
- Premium Brand NQC will also conduct all Initial, Inline and final inspections and reports must on Form. Com before end of day
- Premium Brand NQC Leader and Quality Manager will be jointly responsible for driving calibration process at PU, as per agreed calendar, covering all employees of Premium Quality team. They will also be jointly responsible for driving all H&M Premium Routines in Premium PU/SU.
- No Inspection entry is allowed in Form.com on SU declared / followed Holidays
- o For information on how to use FORM.com, please refer to FORM.com Manual for Premium Brand NQC.



EXPECTATIONS FROM Premium Self Reliant Supplier -PERFORMANCE

- No Random Test Failures. Supplier Premium Brand QA management, together with Premium Brand NQA, will ensure that all bulk test routines
 have been followed and reports are checked and validated before inspection of TOD together by supplier Premium Brand NQC and NQA.
 Every shipped product must meet H&M standards/additional Premium Requirement.
- o No Stopped Orders. No defective or failing products are shipped Visual quality, measurement, packaging requirements and test standards.
- o PO Premium Team will conduct cross inspections every month. All cross inspections must pass.
- Cross Inspection Failures, Random Test Failures and Lower Scores in Product Audits will have consequences, to be decided and communicated later. Claims and Stop Orders will be managed through current routines

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Deliverable	Expected Level
Random Test Failures	0
Cross Inspection Pass Rate by H&M premium team	100%. Zero Cross Inspection Failures
Product Audit Score; Supplier Quality System Audit Score	85 Plus/ No MRs Failures
DHU / Defective %	Less than 3.0%
(Defectives per hundred units) at final Inspection by NQC – Long Term Target	
DC Pass Rate	I00% (Zero Stop Orders)
Defect Percent / Defect Rate / DHU at DC Inspection and H&M Cross	Less than 3.0%
Inspections	
Market Recall	0

ANNEXURE I -ABBREVIATIONS

Term	Definition
SR Certification	H&M Premium Brand Self-Reliance Certification
Self Reliant Supplier	Refers to all Premium Brand PU / SU together of the organization being approved
QC/Tech	H&M Premium Brand Quality Controller / Product Technician
NQC / NQA / N Tech + N-Colorist / N-Material/ Premium line responsible	H&M Premium Brand Nominated Quality Controller /Nominated Quality Assurance / Technician + Nominated Premium Brand Colorist / Material Responsible/Premium Line responsible
H&M Premium Brand	H&M Group / Premium Brand
Non-conforming	Defective – not meeting the standards
DC	Distribution Centers
Nxx Calibration & Evaluation	Process of training & evaluation of Calibrated and approved Premium Brand NQC / NQA / N-Tech/ N-Colorist/ N- Material Responsible/ Premium Line responsible
QA	H&M Premium Brand Quality Assurance
DHU	Defects per Hundred Units (initial and inline)
DHU/ Defect Percent / Defect Rate	Defective pieces per Hundred Units/ Defect Percent / Defect Rate (Final)

ANNEXURE 2 –List Of Premium Nominated QC/QA/TECH/Colorist/Material Res./Lines Res.

Role	Name
Premium Brand Manager	
Leading NQC / NQA /NQ	
Premium N-Tech	
Premium NQC	
Premium NQC	
Premium NQA	
Premium N-Colorist	
Premium N-Material Res.	
Premium Lines	
Responsible	











THANK YOU