# CORPORATE RESPONSIBILTY

# OUR COMMITMENT TO BETTERMENT.

Making the world a better place might seem like an overly lofty ideal, but as one of the largest specialty retailers of men's apparel in the U.S. and parent company to various subsidiaries in the United States and abroad, we're not afraid of high standards.

As a company, we are committed to social responsibility and environmental sustainability on both a local and national level. We believe in giving back to the communities we serve and the population that supports us.

### CREATING A BETTER WORKPLACE.

"WE STRIVE EVERY DAY TO PROVIDE WORLD-CLASS CUSTOMER SERVICE TO OUR CUSTOMERS AND TO EACH OTHER."

- DOUG EWERT, PRESIDENT AND CEO OF MEN'S WEARHOUSE

This vision of world-class service is the foundation of our business. The Men's Wearhouse believes a great enterprise is good to all of its stakeholders—employees, customer, vendors, the community, and shareholders and that if we all take good care of each other, then all stakeholders will win. With that kind of company vision, it's not surprising that we have been consistently elected to Fortune Magazine's list of the 100 Best Companies to Work For.

Here are just a few of the ways we strive to support our employees and create a better workplace:

# **Equal Employment Opportunity**

We manage diversity by focusing on the abilities of each one of our teammates and his or her contribution to our shared goals. We believe that we have created a culture where we continue to improve on our personal best while fostering the needs of our rich and diverse employee family. The value of a heterogeneous employee community is embedded in the consciousness of our management and long-time hiring practices. The majority of our employees are non-Caucasian. As an example, at our Houston offices and facilities (where we have our largest concentration of employees), employees hail from over 35 different countries and speak 12 different languages. We are extremely proud of our efforts to celebrate this diversity.

We are also proud of the fact that our Equal Employment Opportunity Policy provides equal opportunity in all personnel actions to all applicants and employees without regard to sexual orientation, despite the absence of any federal law prohibiting discrimination on the basis of sexual orientation. Because we strongly believe that all of our employees should be able to take maximum advantage of our health plans, we offer domestic partner benefits to same-sex and other couples. These policies are designed to let applicants and employees of all sexual

orientations know that they are welcome.

At our frequent training meetings, we often offer training seminars that encourage employees to learn about, respect, and cherish each other's differences. Additionally, the various events and activities we sponsor are designed to appeal to employees from a wide range of backgrounds with varying interests. Most importantly, a key aspect of the Company culture is that we consistently encourage our employees to be themselves at work.

# **Contextual Management**

Although rules are the easiest way to manage people and companies, we are governed by a set of core values. These values include: living our vision, loyalty, compassion, encouraging diversity, continuous self-improvement, and hard work. Every situation in which an employee's career is affected, from promotions to discipline and termination, is managed within these values. Our Human Resource department is highly integrated with our stores, warehouses, and offices in order to help leaders manage contextually.

#### **Holiday Parties**

Beginning in November, the company has good old fashioned rock 'n roll holiday parties to which every employee is invited. The parties are gala affairs that employees and guests look forward to all year. Both our CEO and Executive Chairman host these extraordinary events along with other senior executives. We even have our own corporate DJ, and any employee who wishes can rent a free tuxedo for the evening!

### **Management Meetings**

Every February and March The Men's Wearhouse CEO, Executive Chairman and other senior executives host all managers, assistant managers, tuxedo managers and every executive from all over the country at a resort in Santa Cruz, California. Although there is training and inspirational speeches, the focus of these meetings is maintaining and fostering the bonds among the corporate leaders and our employees throughout North America. Similar annual meetings are held by subsidiaries Moores Clothing for Men and K&G Fashion Superstore.

### **Day Care**

We provide subsidized onsite day care for any employee who works in the corporate office in Fremont, CA, and Houston, TX. Although the onsite day cares cannot accommodate every applicant, and we are unable to offer day care to our store personnel, we still believe it is one important way to support our workforce.

### **Assisting with the Employee Commute**

Employees are encouraged to carpool and rewarded for doing so. We recognize that carpooling saves people money, minimizes stress, and reduces greenhouse gases associated with the commute to work. In addition, to help employees utilize more public transportation, we offer a free shuttle to and from two train stations near our corporate offices in Fremont, CA. On average, this program allows each employee to save an estimated \$2,000/year in transportation expenses (fuel, maintenance, transit tickets, etc.). In 2013 we will be installing Electric Vehicle Charging Stations for the employees at our corporate offices located in Fremont, CA.

# The Willie Lopez Emergency Assistance Fund

Employees donate money to help fellow employees in financial straits caused by unforeseen catastrophic situations. The fund was started in honor of Willie Lopez, a highly regarded Men's Wearhouse District Manager who died unexpectedly, leaving his wife and four young children in a desperate financial situation.

# BUILDING A BETTER COMMUNITY.

With over 1000 store locations across the country, our company has the opportunity to make a difference in a lot of neighborhoods. Here's a look at what our stores are doing to reach out to their local communities.

#### **Merchandise Donation**

Men's Wearhouse donates professional clothing to local nonprofit organizations that have workforce and job readiness programs aligned with our initiative to help men who are striving for self-sufficiency.

By providing these men with professional attire, we help them get back into the workforce and become self-sufficient. We are confident that their renewed resolve will have a positive impact on their families and their local communities.

In 2012, we donated millions of dollars in product to over 300 non-profit agencies coast to coast.

# **National Suit Drive and Canadian Suit Drive**

We realize we cannot meet the merchandise needs of all worthy nonprofit organizations that are assisting people who want to return to the workforce. That's why, for one month each year, we host the National Suit Drive and Canadian Suit Drive, asking our customers to donate their own gently-used professional attire.

In 2012, the 5th Annual National Suit Drive collected an all-time record of more than 130,000 items, which were donated to nearly 200 nonprofit agencies in every state of the union. We contributed \$25,000 to the top 25 non-profit agencies with the highest average number of suits collected. We also matched each of the suit donations with a new tie to be given to every suit recipient, and incurred the freight expense to get the product to them (a \$1.5 million value). In 2012 in Canada, over 15,500 individuals, businesses, and community organizations made donations, and Moores collected over 44,000 items of gently used professional clothing. All the suits, sport coats, dress slacks, shirts, ties, and accessories collected were given to clients of job training and employment programs from approximately 50 recipient organizations across Canada.

# **Local Giving**

Every Men's Wearhouse and Men's Wearhouse & Tux store has its own charitable donation budget. By decentralizing the giving budget, our store employees have the opportunity to support local organizations they know and trust. Our stores are familiar with the needs of their communities and support their neighborhood nonprofit organizations with gift card donations and volunteerism through our employee MatchMoney Program.

Our stores help out their communities in a lot of small ways, too, donating discontinued racks and fixtures from remodeled stores to local charities, giving hundreds of tuxedo garment bags to high school marching bands so they can keep their uniforms clean during travel

Here are a few other ways we reached out to local communities in 2012:

- Donated over 13,000 free tuxedo rental ensembles (\$2M value) to various agencies and those in need throughout the country.
- Distributed over 10,000 pant hangers to 25 non-profit charities assisting men in transition, avoiding landfill disposal of those hangers.
- Directed 2 tractor trailer truckloads of merchandise to non-profits on the east coast who were assisting the victims of Hurricane Sandy (a \$3.4M+ value).
- Donated 13 full tractor trailer loads of discontinued formal wear to our valued partners at Mathew 25 Ministries (which Forbes ranked as #1 of its top 100 best run charities in America) to be distributed to American non-profit companies operating abroad.
- Donated (and thereby avoided disposing of) over 96,000 discontinued tuxedo shoes to Souls 4 Shoes, the world's largest provider of free shoes for people in need.
- Donated \$25K and 70,000 ties (\$2.1 M value) to DECA, a not-for-profit organization with a mission of preparing emerging leaders and entrepreneurs in high school and colleges for careers in marketing, finance, hospitality and management.
- Most of our stores use their annual allotment of credit to assist the local charity of their choice in their immediate area (\$100K+ value).

#### **K&G Church Donations**

K&G Superstores has a program called "Purchase with a Purpose" in which local stores identify church partners who are given a standing 10% discount, of which 10% of the sales proceeds are then donated back to the church.

### **Cash for Schools**

We're proud to support schools, students, and teachers through our Cash For Schools (CFS) program. CFS encourages prom participation and collaboration in schools and communities across the nation. Schools who sign up for the program get \$5 for every tux rented by a student for their school. In 2013, we hope to give back \$1 million to schools through this program.

#### **MW Cleaners Gives Back**

Our dry cleaners in Texas depend on the support of our local communities and, in turn, give back to the people of those communities. We've worked with organizations like SIRE, Houston's Therapeutic Equestrian Center, the American Cancer Society, The United way, Casa de Esperanza, Abandoned Animal Rescue, the Salvation Army, and many, many more.

### A Socially Responsible Supply Chain

We have a direct sourcing program, which relies on the purchase of goods from third party factories located overseas. We have a program that addresses compliance with laws of the country in which each factory is located as it relates to labor, wage, hour, and safety laws. In addition, to the extent not covered by such laws, the program addresses discrimination, labor below the greater of the age of 14 or the minimum employment age under local law, forced labor, working conditions, freedom of association and collective bargaining and human trafficking and slavery. Our program includes certification of compliance by the vendors, and unannounced inspections and audits by an independent third party. Actions in response to unsatisfactory inspections or audits may range from adoption of remediation plans with follow-up audits to suspension of purchases and permanent cessation of business.

#### WORKING TOWARD A BETTER ENVIRONMENT.

We want to be good citizens of our planet, and are taking many steps to be as environmentally friendly as possible. Here's how we are trying to reduce our carbon footprint, increase re-use and recycling, and encourage conservation and sustainability.

#### **Managing Natural Resources**

By reducing our demand for electricity, natural gas, and water, we can reduce our ecological footprint, especially the greenhouse gas emissions associated with running our business. The first step was to capture data about how much energy we were using. Our Sustainability Manager will now use that information to determine how to direct our attention to achieve more environmentally friendly results without adversely impacting the world-class service that we strive to provide to our customers and to each other.

# **ENERGY CONSERVATION**

We believe that it generally makes business sense to move toward environmental responsibility and we make every effort to reduce energy use when appropriate to do so. We are trying new things to conserve energy and reduce our carbon footprints. For example, we will test the installation of variable frequency drives at one of our tuxedo hubs in Florida. While energy savings vary depending on the local climate and size of the units, we would expect to save about 20% of energy otherwise required by the HVAC systems.

We also make other efforts to reduce our energy consumption at all of our locations, offices, and stores. We circulate periodic newsletters to employees of our corporate offices, which newsletters contain energy conservation tips. We have also televised at least one internal program featuring our sustainability manager, wherein she discusses ways stores can help conserve energy by changing habits related to the HVAC units and lights. At our remote transportation or hub locations, we encourage employees to turn off lights and power down utilities to reduce usage of electricity and/or natural gas consumption. Our corporate campus in Fremont, CA has occupancy sensors for lighting to turn lights off when there is no movement in the room, an HVAC control system to better manage air conditioning and heating usage, and Energy Star appliances. In Houston, TX, our corporate office is a LEED certified building, which means the building is designed to, among other things, (a) reduce waste sent to landfills; (b) conserve energy and water; (c) be healthier and safer for occupants; and (d) reduce harmful greenhouse gas emissions. To reduce energy usage by about 50% per light fixture at our stores, each of our new or remodeled store receive the latest and most efficient lighting products.

### **Green Practices in Dry Cleaning**

At MW Cleaners and in dry cleaning the rental garments for Men's Wearhouse and Moores, we use a liquid silicon silicon called Green Earth, which is a benign solvent that, when compared to the petro-chemicals used by the majority of dry cleaning facilities in the United States (a) has less of an impact on the environment, and (b) poses no known health risk to employees. We were one of the first large-scale service providers to use Green Earth in our facilities. Indeed, we have used Green Earth instead of petro-chemicals for at least a decade and, in 2012, we cleaned over 10 million pieces of dry cleaning using the Green Earth product.

### **Electronics Recycling**

When equipment in our corporate offices or stores reaches the end of its useful life, we make it a priority to recycle or donate to keep it out of the dump. Since at least as early as 2011, we have recycled or donated 17 tons of equipment.

At our corporate offices, we hold e-waste collection days where employees can clean out broken or unused electronics from their offices and from their homes. In addition, we encourage employees to bring batteries and toner cartridges (from home or work) to designated collection areas in the office. These collection days help keep waste, toxic or not, out of landfills, and allow for the materials to be recycled or repurposed.

#### Garbage/Recycling

We have been working hard to reduce, re-use, and recycle in all our stores, distribution centers, hubs, and offices. Here's what we're doing nationwide to make that happen:

- We partner with a company to take shredded uniform waste from our corporate apparel company and recycle it into yarn. This partnership diverts several tons of clothing waste from landfills each year and prevents the need to harvest virgin resources to make new yarn.
- The shoes retired from our tuxedo rental business are donated to a nonprofit that supports micro-enterprise programs in impoverished communities in developing nations.
- By using paper bags instead of plastic in certain of our stores, we kept 18,354 pounds of plastic out of landfills in 2012.
- We encourage recycling of paper, plastic, and cardboard at all our stores, distribution centers, hubs, and offices.
- Old store fixtures (furniture) from closed or remodeled stores have been donated to Habitat for Humanity, rather than sending the furniture to landfill.
  - 2011: Diverted furniture from landfill at 29 stores.
  - 2012: Diverted furniture from landfill at 31 stores.
- The total weight of our recyclables in 2012 was 3,280,000 lbs. or 1,640 tons.
- In the past few years, we have significantly reduced our production of landfill waste. In the distribution centers
  alone, we experienced a reduction of garbage disposal charges in 2012 by over 80%, compared to what we
  paid in 2008.

In our corporate offices, we are reducing waste in our cafeteria, and we recycle garbage throughout the office:

- We purchased reusable dishes and silverware for the on-site café to avoid sending 75,000 pieces of disposable
  plates, bowls, cups, and plastic ware to the landfill each year. This also reduces the resources required to
  create, package, and ship the new disposable dishes over and over again. Some argue that water use will go
  up with the need to wash the dishes, but we did not have an increase in overall water consumption for the
  building, after the change in practice.
- Sometimes our employees will need to use a take-out box to take their lunch off-site. In 2011, we discontinued
  the use of Styrofoam take-out containers, and are now using a biodegradable product that can be disposed of
  in our compost bins.
- In 2012, we participated in the City of Fremont's pilot program for collection of organic waste from businesses. By diverting our food waste from landfill, we reduced our landfill waste from the Fremont offices by 50%.
- When we updated our corporate offices, we had all of the old carpet recycled rather than sent to landfill. The
  new carpet that replaced the old is made from recycled content and will also be recycled into new carpet at the
  end of its useful life.

#### **Transportation**

There are many opportunities to make changes with our vehicles to reduce our impact on the environment. Here are some of the ways we are working toward sustainability with our fleet of Men's Wearhouse vehicles:

- We operate mostly newer vehicles in our fleet. Most of the larger trucks utilize 2010 (or newer) engine
  technologies, which are specially designed to reduce harmful emissions of both greenhouse gases and
  particulate matter. Vehicles that are older than 2010 are smaller vehicles (sprinter vans and smaller cutaway
  variety trucks) which, because of their smaller size, get better fuel mileage than the larger vehicles. Wherever
  possible, we utilize these smaller, more fuel-efficient vehicles in order to reduce our fuel consumption.
- We do our best to ensure that all our vehicles, regardless of size, are well-maintained so we are always getting the best performance.
- Our routes are designed to limit drive time to the best of our abilities. Drivers are not allowed to deviate from
  the routes as designed without manager approval. During slower season when there is less volume being
  shipped, routes may be combined in order to reduce overall miles being driven. During extremely slow volume
  periods, product may be shipped via common carriers or routes may be canceled altogether.
- Our private over-the-road fleet does its best to consolidate routes, usually designing routes on a week-by-week basis, all dependent upon volume being shipped, with the primary purpose of limiting miles driven.
- We actively discourage fleet drivers from letting vehicles idle when not moving, and our newer vehicles are
  equipped with sensors that will automatically shut down the engine if the vehicle idles for more than a few
  minutes.
- Our newer over-the-road trailers have been equipped with wheel skirts, which skirts streamline the airflow under and around the trailers, reducing fuel consumption by as much as 10-15%.