



BEL&BO
SOCIAL
REPORT
2019

“As a family business we take into consideration people and planet in every step we take, for future generations.”



WELCOME
VALUES



CHARTER
CONTRIBUTE
GREAT PLACE TO WORK
TAKE INITIATIVE

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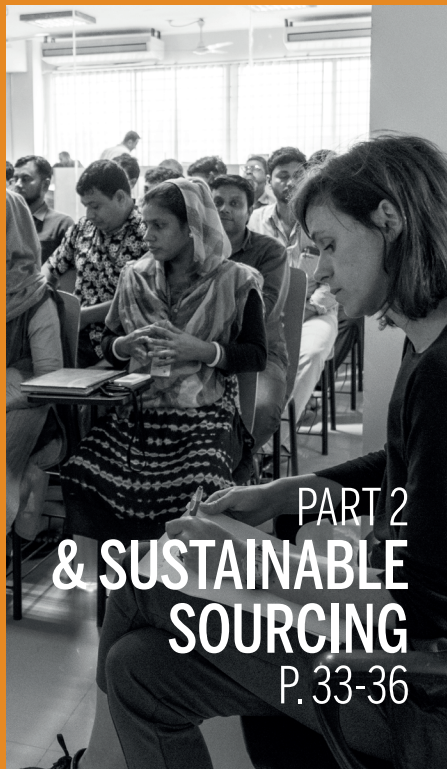
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TRANSPARENCY

COMMUNICATION

**“We are grateful you have found
your way to this social report.
Let’s do this together!”**





& BO



**“We want every employee of
Bel&Bo to be part of uur
big and loud family!”**

&BO

WELCOME



Dear reader,

Bel&Bo is a family owned and runned business. As a family we want to pass on the company to the generations to come. So sustainability is in our DNA: we think and act long term. We incorporate our family values such as respect, involvement, honesty, education, entrepreneurship and responsibility into the company. Other unwritten family rules such as who screams the loudest, gets the most food we prefer to keep outside the company walls.

We want every employee of Bel&Bo to be part of uur big and loud family: be proud of their work and stimulate each other to be the best and happiest version of themselves. Team spirit and a pleasant, convivial atmosphere are extremely important, both at the workplace and in our shops. We also want Bel&Bo to continue for many generations, so we need to look beyond and consider our responsibility for society and environment.

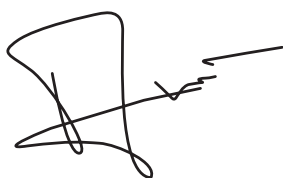
We took on the journey and here we are:

A CSR team, First Belgian retailer to become a Fair Wear member, membership Charter Durable Enterprise, Winner CSR Award POM, Winner top 10 Great Place to work, FWF team and numerous actions and partnerships.

We engage with different stakeholders to help us move forward: challenging but rewarding. Sometimes we take small pragmatistical steps, sometimes we take a leap. The most important thing is that we keep moving forward together to a colorful and fair world.

We are grateful you have found your way to this social report. Let's do this together!

Delfosse Michel





**& SUSTAINABLE
BUSINESS**



& SUSTAINABLE BUSINESS

CHARTER

The VOKA Charter for sustainable entrepreneurship creates a framework for our many sustainable actions. VCDO helps us to improve continuously on an ecological, social and economic level so that we can achieve our sustainability objectives. We commit to realize an action plan around 10 themes every year. An independent team of experts evaluates our efforts so that we can continue to grow.

CONTRIBUTE

We fell in love with two initiatives, let's introduce:

INTERNATIONAL: BANGLABARI / INCLUSIVE HOME SOLUTIONS BANGLADESH

Banglabari vzw provides micro loans to Bengali families so that they can build a home above areas susceptible to flooding: with a hygienic toilet and drinking water.



NATIONAL: BELGIAN CENTRE FOR GUIDE DOGS

We like to make life more colourful. For the last four years, Bel&Bo has been supporting the Belgian Centre for Guide Dogs, where puppies are trained as guide dogs. During the lids campaign, plastic lids are collected and sold to plastic processing companies. We collect around 9 000 000 lids every year! The profit goes to the centre.



GREAT PLACE TO WORK

For the second time we got elected Great Place to Work 2020 top 10 'large companies Belgium'. Only 10 companies in Belgium receive this GPTW label. A Great Workplace is a working environment in which you trust the people you work for, you are proud of what you do and you enjoy being on the work floor. Bel&Bo takes part in the employee survey every two years. On this basis, focus points and proposals for improvement are implemented and communicated together.



TAKE INITIATIVE

we strive for a bright future for our children, grandchildren and future generations. And the future starts now. **Quickly discover our many sustainable initiatives.**

DE WARMSTE WEEK

Staff, shops and customers raised 60.000€ for “De warmste Week”. Profit goes to Stichting tegen kanker, De Kindervriend Rollegem and Banglabari.

THINK PINK

As a fashion company with a lot of female employees, we fight against breast cancer. Every October we sell the well-known pink ribbons from Think Pink. All proceeds go integral to this organization

RODE NEUZENDAG

We sell Red Noses in the Bel&Bo shops and donate 5% of sales of the day for the Red Nose Foundation that supports young people who need psychological assistance. #GenerationStronger



WORLD CLEANUP DAY

Head office and warehouse organised a walk to clean up our neighbourhood. Volunteers were easily found as Bel&Bo HQ is located next to a nature reserve. A real boost for teamspirit, awareness, fitness and the environment.

TRUCKVEILIG

Bel&Bo was selected by Truckveilig to become one of the figureheads of its annual campaign. The charter supports companies, governments, organisations and truck drivers who work to achieve safer transport.



YOUCA DAY

Youth for change and action! On YOUCA Day more than 12000 students between 15 and 20 get a taste of professional life. They donate their wage of the day to a youth project down South. Every year we poste some vacancies in stores and HQ.

MEI PLASTICVRIJ

The month of May is plastic-free. We banned most single use plastics out of our kitchens, we organised a plastic free lunch and encouraged all colleagues to check off their own action list.



CAR FREE DAY

We take part in Car Free Day every year. On this day, we encourage colleagues to carpool on their way to work. Or they travel by public transport or by bike! We have never had any complains, quite the opposite

REUSABLE BAG

Every new customer receives a free reusable bag with their first purchase. Customers who do not ask for a plastic carrier bag receive more points on their loyalty card. Nice for the customer and for nature!



OPTIMISATION OF ROUTE PLANNING

Our shops are restocked weekly by our own trucks. In cooperation with Flanders Logistics, we were looking for a way to optimise route planning with the lowest possible consumption. The result? We now already drive 30,000 fewer kilometres per year. This amounts to 8000 litres of fuel and 750 hours of driving. Something to be proud of!

BEE HOTEL

Bees are essential to maintaining our fauna and flora. In cooperation with Natuurpunt, we therefore placed a bee hotel and floral border at our head office in Deerlijk. Our bee hotel now has many winged guests!



**“The
employer
must provide
a safe and
hygienic
working
environment.”**

**& SUSTAINABLE
SOURCING**

SOCIAL RESPONSIBILITY

TAKE ON THE JOURNEY

1990 - 1999

Clothing industry leaves Europe en masse to continue production in the Far East

Countries where production takes place = unknown territory

For us it is obvious that clothing should be made under good conditions. However, this does not always appear to be the case.

1999

We become a member of The Shift (still known as Kauri at that time) and are acquainted with the 1st generation of codes of conducts and with FWF

We buy from European suppliers (= production centers are unknown to us)

2000

We draw up our own initial code of conduct based on the FWF Code and we impose this code on all our suppliers

2004

We start carrying out checks on our suppliers' commitment

2007

We start carrying out independent audits in our largest suppliers' production workshops via Bureau Veritas. This does not take place without a struggle: suppliers switch workshops easily, long lead times, familiarization,...

2010

Our new name is launched: Bel&Bo.

Bel&Bo stands for:

- A quality product
- Correct fit
- Stylish
- Manufactured under good conditions
- At a fair price

2011

Clean Clothes Campaign (CCC)
Bel&Bo asks to be audited by CCC itself

Result of this audit: Bel&Bo's score is among the better in the class

2013

Bel&Bo has a study conducted by Ernst & Young: how to buy sustainably.

Conclusion of this study:

- Fewer suppliers
- Give the production workshops sufficient production time
- Establish strategic relationships with suppliers
- Reduce or avoid last-minute orders and only from a limited number of suppliers

• Highlight issues such as excessive working hours of employees, not giving any days off,...

• Ensure that thorough and regular internal & external audits are conducted regarding both social and environmental aspects

• Be particularly vigilant if you want to use a new production workshop! Create a Balanced Score Card where apart from Price, Quality and On-time delivery, CSR aspects are also assessed equally

MARCH 2013

Bel&Bo imports more and more directly (from 10% to more than 50% in 2 years)

Bel&Bo adjusts its purchasing strategy and organisation:

- Additional agent engaged
- Recruitment of 5 new employees (Styling/Fitting/QC/BKH)
- LC's re-classified according to production workshop
- External quality control in the Far East
- Quality control before shipment and on arrival in the warehouse
- Additional warehouse space for storage of deliveries
- Additional funding for prepayment of goods
- Production workshops are visited even more often beforehand

OKTOBER 2013

First consultation with FWF readmission of Bel&Bo

Agreement restricting to "own production"

NOVEMBER 2014

Bel&Bo wants to continue its chosen path and needs an MSI

Official admission to FWF

2014

Clean Clothes Campaign (CCC) - new survey with focus on living wage:

Bel&Bo obtains good average points but is rather disappointed by the assessment received

Level of living wage is difficult to enforce in production workshops

The increase in the statutory minimum wage in Bangladesh goes down well

and applies to everyone – no inequality between the various chains!

Clear incentive to become a member of a Multi-Stakeholder Initiative (MSI)

In Europe not many options for MSI (Multi Stakeholder Initiatives)

JUNI 2016

1st Brand Performance Check 01-02-2015 to 31-01-2016

Category: good

Monitoring threshold: 41%

Benchmarking: score of 48 points
Bel&Bo systematically worked on collecting and assessing external audit reports, as well as following up on the ones that met most of FWF's quality standards. FWF very much encourages Bel&Bo's effort to consolidate and identify production locations. FWF encourages Bel&Bo to continue this process and systemize using the evaluation of labour standards in decision making of consolidation

SOCIAL RESPONSIBILITY

TAKE ON THE JOURNEY

MARCH 2018

Official admission to Accord on Fire and Building Safety in Bangladesh.

Accord ensuring that no worker needs to fear fire, building collapses or other accidents that can be prevented with reasonable health and safety measures.

JUNE 2017

Category: good

Monitoring threshold: 70%

Benchmarking: score of 53 points
Bel&Bo has shown progress and met most of FWF's performance requirements. FWF recommends Bel&Bo to continue consolidating its supply base by limiting the number of suppliers. Shortening the tail will reduce the social compliance risks the member is exposed to and will allow Bel&Bo to improve working conditions in a more efficient and effective way.

JUNE 2018

3e BPC over 2017

Category: good

Monitoring threshold: 80%

Benchmarking: score of 59 points
Bel&Bo has shown progress and met most of FWF's performance requirements for its third year of membership. FWF recommends Bel&Bo to further develop the monitoring system and to improve on efficiency during the remediation process. As Bangladesh is the main production country for Bel&Bo, FWF emphasises that Bel&Bo should prioritise monitoring of high-risk areas in the tail end, with a focus on the FWF enhanced monitoring programme for Bangladesh. Bel&Bo is recommended to mitigate root causes for excessive overtime.

JUNE 2019

4rd BPC over 2018

Category: good

Monitoring threshold: 91%

Benchmarking: score of 62 points.
Bel&Bo has shown progress and met most of FWFs' performance requirements. Bel&Bo has also demonstrated its remediation work in following up Corrective Action Plans. FWF encouraged Bel&Bo to take a step further in identifying the link between product price and wage level, which aims at an increase of wages towards living wages at its production locations.

OCTOBER 2019

We piloted a new Health and safety training for CSR, Sourcing and agent with Erik Wierma, expert for Fair Wear and research fellow BUET-JUDPUS.

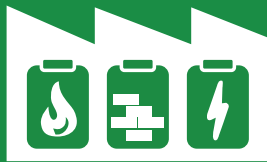
In November a team visited Bangladesh to put into practice and monitor Accord remediation.



HOW THE ACCORD WORKS to make garment and textile factories in Bangladesh safe

COMPANY SIGNATORIES DISCLOSE ALL RMG FACTORIES TO ACCORD

INSPECTIONS & SAFETY REMEDIATION



Independent factory
Inspections: fire, structural, electrical safety



Accord
produces
inspections
reports.



Factories
and brands
develop
corrective
actions plan's



Accord
conducts
follow-up
inspections to
monitor and
verify safety
remediation
progress



KEY FEATURES OF REMEDIATED FACTORIES

Fire safety: Compliant fire protection & detection systems, and safe exits

Structural safety: Structural remediation completed and load management in place.

Electrical safety: Proper electrical distribution system and efficient maintenance

SAFETY COMMITTEE AND SAFETY TRAINING



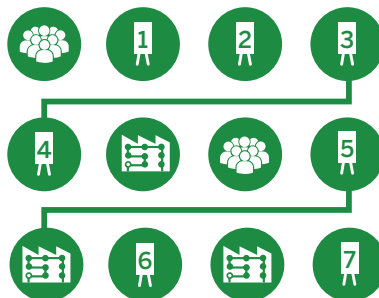
Training sessions (7)
with joint
labour-
management
Safety
Committees



Walk-throughs
of the factory
to identify
actual or
potential
safety
hazards



All Employee Meetings
to inform all
workers of
workplace
safety, safe
evacuation,
and their
rights under
the Accord



Functional Safety Committees and informed workers who address and monitor safety at the factory



SAFETY & HEALTH COMPLAINTS MECHANISM

Workers and worker representatives at Accord covered factories can raise concerns about health and safety risk safety and confidentially with the Accord.

The complaints received are published on the Accord website.



Workers/worker representatives file a safety complaint



Accord conducts
investigation of
complaint



Resolution
of complaint,
communicated
to all workers in
the factory



Trusted avenue
for workers to raise safety
concerns and workers
protected from reprisals



FAIR WEAR

WHAT IS FAIR WEAR?

Fair Wear is an Multi Stakeholder Initiative (MSI) to which non-governmental organisations (NGO's), unions and companies are affiliated. The board is composed of representatives of these parties and is assisted by a commission of experts. Fair Wear has developed a code of conduct which is based on the standards of the ILO.

Companies which are affiliated to Fair Wear are committed to the improvement of working conditions. Each member of Fair Wear must include all its partners in the clothing industry in the improvement of working conditions. Fair Wear monitors the management systems of the affiliated companies and the working conditions at the production workshops.

BEL&BO'S CODE OF LABOUR PRACTICES (COLP)

1. EMPLOYMENT IS FREELY CHOSEN

There must be no use of forced labour.

2. THERE IS NO DISCRIMINATION IN EMPLOYMENT

The employer should treat all employees equally, regardless of their race, colour, sex, religion, political affiliation, trade union membership, nationality, social origin, or disabilities.

3. NO EXPLOITATION OF CHILD LABOUR

There must be no use of child labour. Workers must not be recruited until they reach the minimum school-leaving age and, in any case, not below 15 years. Teenagers [aged 15-18] must not perform work, which is likely to harm their health and safety. For example, they must not do excessive overtime or night work.

4. FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING

Workers have the right to negotiate as a group with their employer ('collective bargaining'). The employer must not punish workers who express their opinions and wishes. All workers have the right to form and join trade unions of their own choice ('freedom of association'). When the right to freedom of association and collective bargaining is restricted under law, the employer must not hinder other forms of collective bargaining and workers' organisations. Workers' representatives must not be discriminated against and must have access to all workplaces necessary to carry out their role

5. PAYMENT OF A LIVING WAGE

Wages must meet at least the legal minimum wage if there is one. Wages for a standard working week should

always be sufficient to meet the basic needs of workers and their families and to allow for some savings. Deductions from wages, which are not provided for by national law, are not permitted.

Workers informed about how their wages are made up, including wage rates, pay periods and deductions from pay. Workers should receive a pay slip, which gives this information.

6. NO EXCESSIVE WORKING HOURS

Hours of work must be in line with the law. In any event, workers must not be required to work more than 48 hours per week on a regular basis and must have at least one day off for every seven-day period. Overtime should be voluntary, and working hours including overtime should not exceed 60 hours per week. Overtime should not be demanded on a regular basis and must always be paid at a premium rate, in accordance with the law.

7. SAFE AND HEALTHY WORKING CONDITIONS

The employer must provide a safe and hygienic working environment. The employer should provide protective equipment where necessary and train workers to use it. The employer should also take steps to prevent accidents and minimise health risks. Physical abuse, threats of physical abuse, unusual punishments, sexual and other harassment, and intimidation by the employer is strictly prohibited.

8. LEGALLY BINDING EMPLOYMENT RELATIONSHIP

Every worker should get a written contract and all legal social security charges should be paid.



1

Employment is freely chosen



2

Freedom of association and the right to collective bargaining



3

No discrimination in employment



4

No exploitation of child labour



5

Payment of a living wage



6

Reasonable hours of work



7

Safe and healthy working conditions



8

A legally binding employment relationship

GOALS AND ACHIEVEMENTS 2019

GOALS

We mainly invest time and resources in data collection, implementation of the FWF Code of Labour Practices in our production chain and remediation.

A top 25 has emerged. These are PUs where we have sufficient leverage and where we are building a long-term relationship. They have a greater awareness of Fair Wear. They are systematically audited by FWF and monitored by our CSR department. In addition, we organise or schedule a Workplace Education Program (WEP) With this training issues can be addressed across the different levels of a factory.

FWF is encouraging us to continue consolidating, to reduce the number of PUs and to evaluate the labour standards at the PUs as part of the decision-making process.

OUR MAIN GOALS ARE:

Gather all data from agents, intermediates and production units

Send the Code of Labour Practices (CoLP) and the Worker Information Sheet (WIS) to all production units to have it posted

Monitor the PUs via external audits

To improve compliance with the Code of Labour Practices - we want to be able to guarantee that our goods are produced under the right conditions

Follow-up on the improvements made via Corrective Action Plans (CAPs)

Improve consumer confidence and communicate about FWF membership with our customers

Guidance of our sourcing department with regular meetings and continuous feedback and evaluation

In order to achieve the above stated goals we formulated a priority strategy for a sustainable supply chain (first tier): Gathering, processing and monitoring becomes more manageable.

Limit the number of intermediates, especially those who work with many different production units. They are encouraged not to switch too easily and to give orders to production units we already know.

Increase direct sourcing in importing

In order to enable our ethical requirements to be of significant influence, we will reduce the number of orders for production units that only have a minor importance in terms of our total sourcing volume.

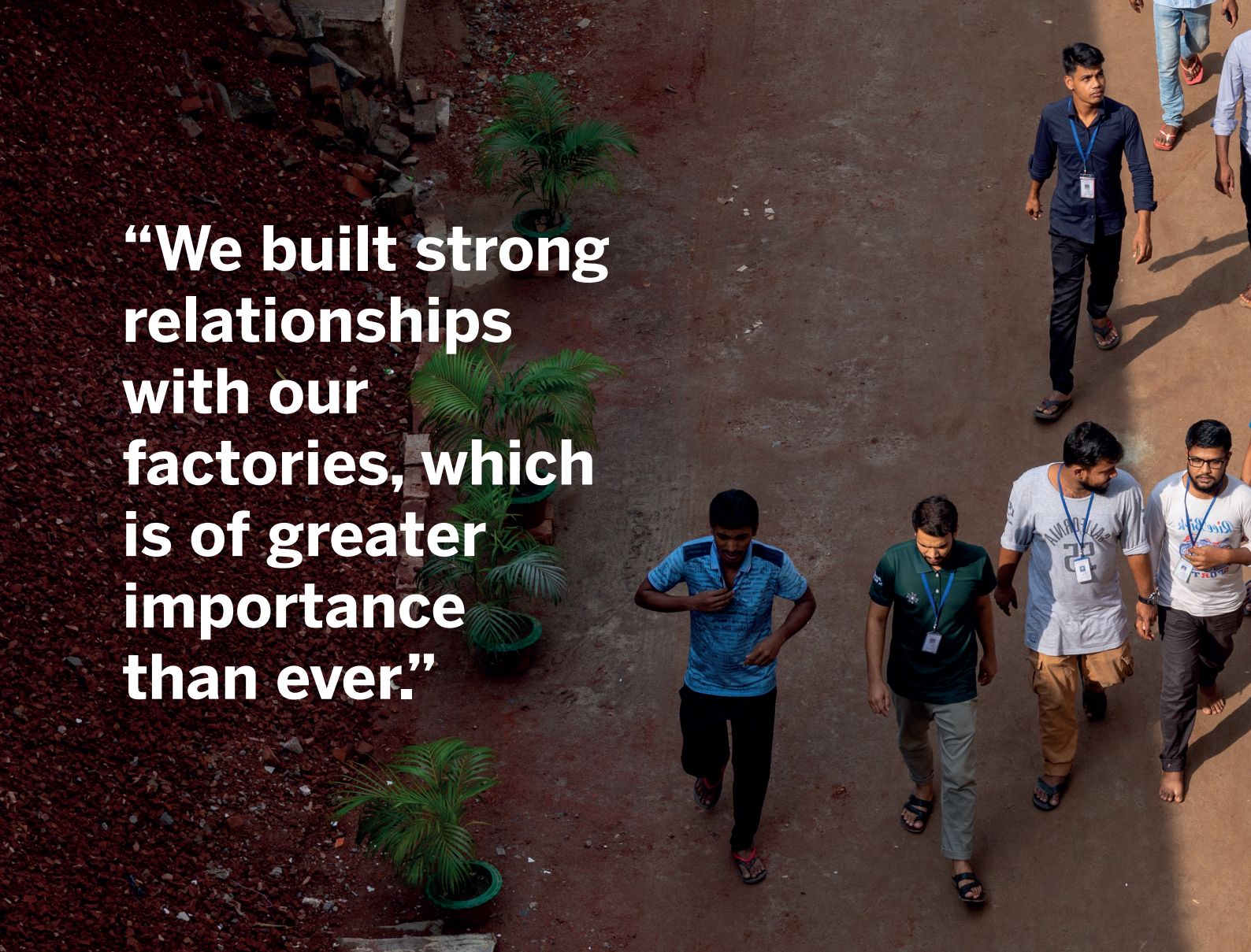
We aim to build long term relationships with those PUs we wish to further cooperate with.

We will concentrate on the production units that get a positive ranking (reliable audit report, good follow-up on Corrective Action Plans, on time delivery, good quality etc.) Those production units will be indicated as "preferred partners" and the sourcing department will grant these production units for as many orders as possible.

We aim to phase out our cooperation with production units that do not accept our ethical mission or who are unwilling to cooperate.



“We have been a member of the Fair Wear Foundation since 2014 and are committed to improving working conditions in the clothing industry.”



“We built strong relationships with our factories, which is of greater importance than ever.”

PROCEDURE

In order to achieve this, we have a procedure that works as follows:

Before we place an order, we send a questionnaire to the PU, which they have to send us back filled in and signed. By signing the questionnaire, they declare that they understand and agree with our CoLP. In the questionnaire, we also ask them to self-assess their compliance to our CoLP. After receiving this, we ask them to send us:

A reliable, recent and complete audit report
Proof of the CoLP and the WIS being posted on the work floor.

With the help of our purchase department, our CSR department gathers all this information and processes it, and then decides which colour code the PU gets.

CODE RED:

Information not yet received or insufficient and/or unreliable.

This PU cannot get new orders.

For an order that was already placed, the order is considered as “not final”, so:

- We will not provide the necessary barcodes to the PU and our QC will not approve or comment the samples.
- LC's will not be approved by our Accounting Department and the order will not be paid for.

CODE ORANGE:

Information received and being treated by our CSR.

This PU can get new orders.

CODE GREEN:

Information received and treated by our CSR and considered as good.

Good and smooth collaboration with this PU, willingness to make improvements, ...

This PU can get new orders, in fact, (the CSR requests the sourcing) department give preference to this PU when placing orders



A COMPREHENSIVE SYSTEM FOR MONITORING AND IMPROVEMENT

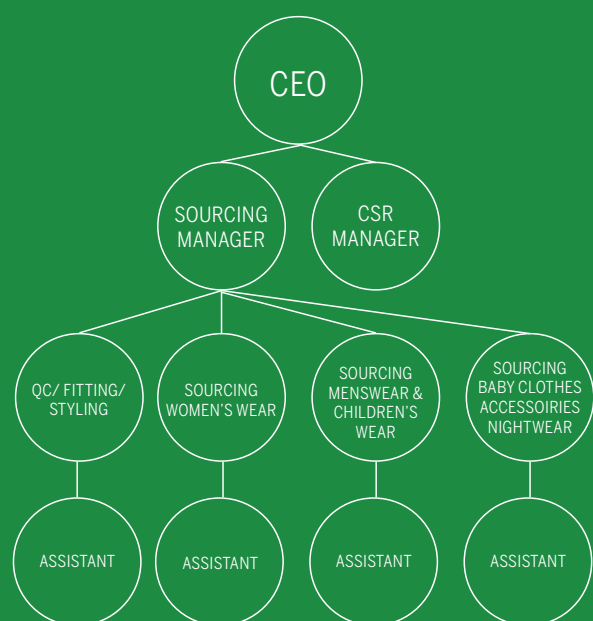
After thoroughly reading the audit report(s), our CSR makes a CAP and sends this to the PU, requesting them to take the necessary measures within the proposed deadlines. They also must keep us informed of the improvements and progress they have made. That is how we monitor our PU's. So, of course, the colour code can change at any time, depending on the (follow-up) information we receive and on the collaboration with the PU.

All the data is compiled in an Excel file and in our internal program. In this way the improvements can be retained and we follow the development of the PU's. Links to reports, photographs, etc. can also be added to the Excel files. These files can be consulted and updated at head office by any employee as soon as new information arrives.

The CSR is responsible for keeping the files up-to-date. We can quickly update and evaluate the compiled information via the colour codes and our Excel files.

SET-UP

Our sourcing department consists of our CEO, 4 buyers, 5 buying assistants, 5 stylists, a QC department with 6 employees and our CSR Team of 4.



RESULTS

TRANSPARENCY: almost all the PUs (99.05%) have been identified and processed.

All these PUs have been presented with the Fair Wear formula and informed of our commitment. They are required to complete a questionnaire that includes the FWF Code of Labour Practices. They must understand it and sign it.

Most of these PUs have hung up the Worker Information Sheet (WIS) on the work floor, giving the employees access to the FWF helpline (see below: complaints procedure) and reminding them of their labour rights (through pictographic representation of the Code of Labour Practices).

We ask all the PUs for a recent audit report. This audit has to have been carried out by an external, independent, approved inspection agency.

MONITORING AND IMPROVEMENT: 92% of our PUs are monitored. Audit reports have been processed and improvement plans drawn up for the PUs in High Risk countries. We follow up these Corrective Action Plans (CAPs) and the PUs have to get back to us with their measures within set deadlines.

Visits, including Health and Safety checks, are planned systematically following the importance of the PU. During these visits we look closely at health, safety, labour conditions and rights, and discuss any outstanding issues.

Following an FWF audit these PUs (48,21%) are invited to follow WEP training (32,67%). The training ensures that employees are aware of labour standards and the complaints mechanism. This is an important part of setting up effective communication systems and preventing violence at the workplace.

FWF recommended to further develop our monitoring system and to improve on efficiency during the remediation process. We therefore identified different monitoring categories: High, medium and low. Our high monitoring category implies the most active in depth remediation, FWF audit and workplace education program and involvement of worker representatives. Around 25 PU's fall into this category.

Consequently we also developed a more comprehensive database for systematic, periodical CAP follow up.

CONSOLIDATION: FWF encouraged to further consolidate our supply base by limiting the number of suppliers in the tail end. Bel&Bo has been importing direct from the manufacturers since 5 years, so the supply chain is still settling. We still need to source new PUs, intermediaries are being eliminated where possible or opportune, and long-term relationships are being built.

In the consolidation process we need to get rid of our "tail end". We look at grouping orders at PUs. It is also becoming more difficult to bring in new PUs. We are looking for a fixed pool per category and the slow learners will have to go.

Over the years our number of production units is consistently decreasing: We started with 365 PU's in 2016 and this year finished with only 199 PU's. From 2016: 365 > 2017: 296 > 2018: 248 to 2019: 199 PU's

ORGANIZATION OF SUSTAINABLE SOURCING

SOURCING STRATEGY

As explained under procedure, every new PU must go through an administrative process before we can use it. They must all complete a questionnaire, hang up a Worker Information Sheet with the Code of Labour Practices on the production floor and present an audit report.

DIRECT VERSUS INDIRECT ORDERS

Before a **direct order** is placed with a new PU in Bangladesh, India or China, the PU is visited by the sourcing or CSR department to ensure that it meets our standards.

Then we do a visual inspection of the labour conditions, and health and safety on the work floor. We also check whether the relationship between the employees and the manager is correct and respectful. If the PU passes this inspection, a sample is requested. If the sample is

good and our CSR department gives the PU an orange or green code, we place a test order. If the order is satisfactory we continue our activities with the PU.

For **indirect orders** we leave the inspection to our intermediary in the initial phase. Then, if the PU rises in the FOB value ranking and it becomes clear that we can work with it in the long term, we systematically plan a visit by our procurement or CSR department. Basically, the same procedure is followed for all the PUs.

DIRECT ORDERS:

Bel&Bo knows the PU of company management

Bel&Bo requests a social audit report prior to ordering

Bel&Bo has visited PU and considered it as good

Bel&Bo tries to establish a long-term relationship

Bel&Bo deliberately restricts the number of PU's in order to build up more capacity, more control

INDIRECT ORDERS:

Bel&Bo supplier chooses the PU where the order is made.

The supplier must submit a social audit report for every PU that produces for Bel&Bo.

The supplier has visited and approved the PU.

Bel&Bo processes all the info and approves the decision to work with the PU.

Bel&Bo systematically visits the PU according to the priorities and tries to build up a long-term relationship.

Potential risks: Suppliers change PU easily if they can make a better deal with another. That makes it difficult to build up a long-term relationship. Frequent changes also make monitoring difficult and labour-intensive.

CONSOLIDATION

The way we organize ourselves, the way we do business and collaborate with suppliers is changing.

An official policy is stated for all intermediaries and agents. We emphasize our ambition to limit the number of PU's and thereby build sustainable relationships.

As opposed to earlier days, it is no longer possible

to introduce a new PU without justification. We systematically question the need for change and in any case, the administrative procedure for registering them is onerous and has a discouraging effect.

We monitor the evolution of the number of orders per PU/supplier/agent. We structurally integrate CSR and compliance in sourcing meetings and evaluate the entire supplier list twice a year. This has enabled us to draw up a list of "preferred partners".

Besides social compliance criteria we have also included other parameters, such as on-time delivery, quality, cooperation and evolution of the partnership. This helps us reinforce our ambition.

PRICE STRATEGY

We consider it important for the purchase price to be logical (reasonable and comparable to the prices of other PUs) and realistic (purchase price + profit margin = feasible sales price for our customer base).

Knowledge of material prices and the experience per country and product type, mean the sourcing department can estimate whether the price proposed by a PU is realistic.

Prices are gathered for each order from different PUs, through the agents and suppliers. Then, after internal consultation, the decision is taken on which PU will get the order. We take into consideration:

- The country of origin (we avoid putting all our eggs in one basket);
- The price/quality ratio and margin;
- Reliability, sustainability and labour conditions at the PU.

It is our ambition to achieve a relationship of trust with a few PUs whereby we can openly gather information and engage in an open system of cost calculation.

This increased transparency in terms of costs and productivity should give us more insight into the labour costs per product.

In the meantime, we are gathering information via FWF: best practices of other members, published studies, workshops and webinars. That keeps us up to date.





PRODUCTION CYCLE

We have two collections per year: a winter collection and a summer collection.

We place our orders well in advance, so that the PU's have sufficient time to make the goods, which reduces the chance of overtime.

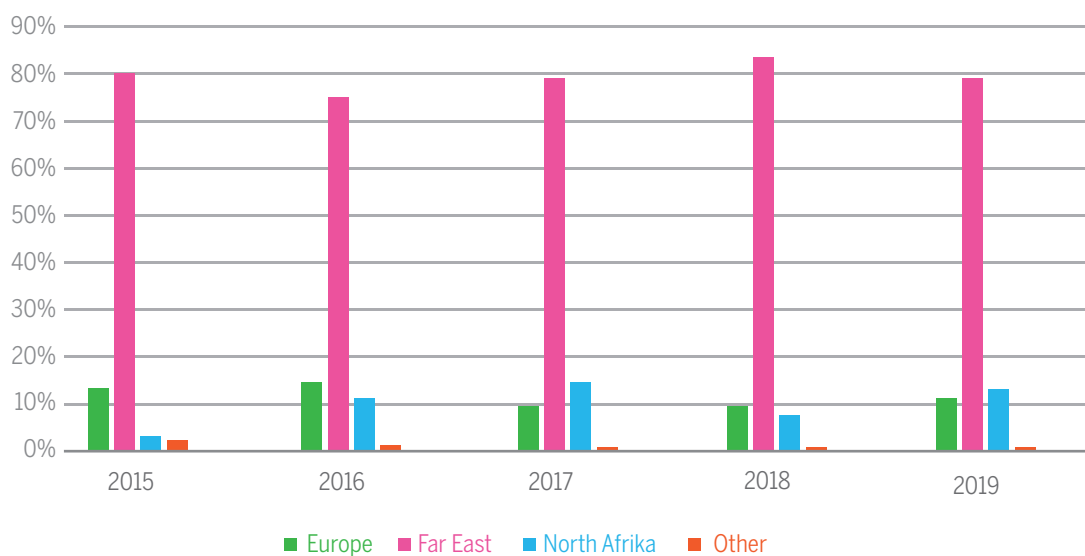
Far East: Most of our orders are placed minimum 6 months in advance. In 2019 around 79.04% was produced in the Far East. Over the years Far East production has even increased because of more direct sourcing policy. Transportation is generally by boat. Only in high exceptional cases goods depicted in our promotional folder must be delivered by plane to reach the shops in time.

* Bangladesh, China, India, Indonesia, Pakistan, Sri Lanka, Taiwan, Vietnam, Malaysia

Europe: If PU is located in or around Europe (North Afrika), the delivery time is around 4 months. A small part of our collection has a delivery time of approximately 2 months. This concerns high fashion, last minute items and comes by truck. In 2019 around 20.91% was produced in Europe and North Afrika.

*Albania, Bosnia and Herzegovina, Bulgaria, France, Greece, Hungary, Italy, Macedonia, Poland, Romania, Slovakia, Turkey, Ukraine, UK

* Egypt, Morocco and Tunisia



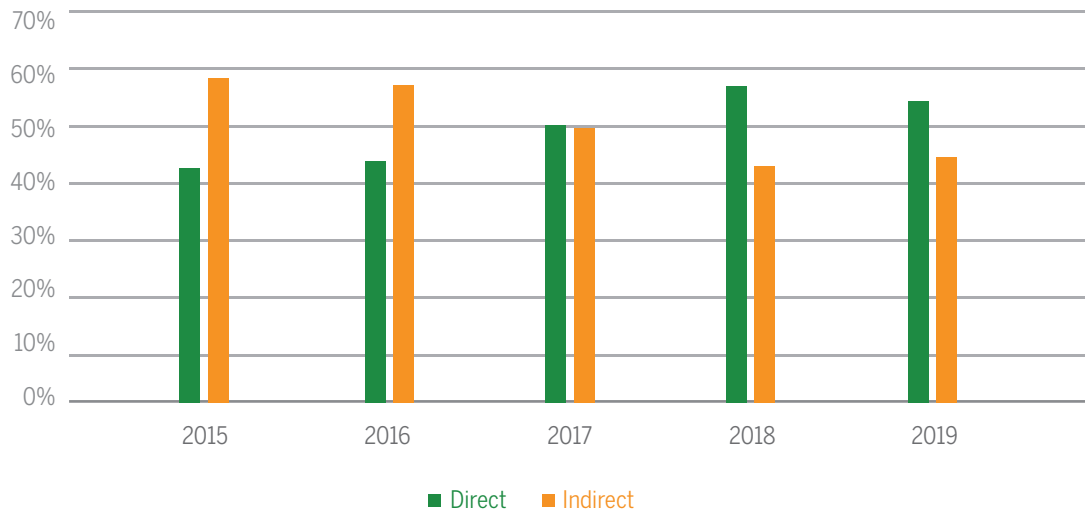
RELATIONSHIP WITH THE SUPPLIERS

The way we cooperate with our suppliers is changing. There is a common sense of transparency and in more and more cases we consult before choosing production location. In this respect the difference between direct sourcing (order placed direct with PU, through agent) and indirect sourcing (intermediate invoices and chooses PU for order) is becoming less important.

Nevertheless we have always presupposed to raise the number of orders imported direct. Where you order direct you have more impact. This way we can

engage in a long term relationship with the PU and invest in those Pus who are cooperative and willing to make improvements.

Especially in the Far East we have sourced for direct partnerships. Around Europe we try to limit the number of intermediates which automatically reduces the number of PUs. We increased direct sourcing with 12,71% since the beginning of our Fair Wear membership in 2015.



CURRENT SITUATION

STATE OF AFFAIRS AT PRODUCTION UNITS IN OUR MOST IMPORTANT PRODUCER COUNTRIES

We make a risk analysis for each country using the FWF country studies and use it in our monitoring process (see above) to limit the risks and prevent potential problems.

BANGLADESH:

40,26% of our production is in Bangladesh. This makes it by far the most important country in terms of our production, Bel&Bo travels to Bangladesh at least twice a year.

Most important risks <> Bel&Bo activity:

Structural, electrical and fire safety remains high risk in Bangladesh. We piloted a new Health and safety training with Erik Wierma, expert for Fair Wear and research fellow BUET-JUDPUS.

In November a team visited Bangladesh to put training into practice, discuss and monitor Accord remediation. After joining the Accord on Fire and Building Safety in Bangladesh on March 2018, we have put a lot of effort in monitoring Accord CAPs.

Excessive overtime and living wages. We monitor these aspects actively via the audit reports. Minimum

wages and living wages are very different. We monitor developments and best practices closely and look out for the right PUs to engage in dialogue with concerning production planning and labour costs per product.

Harassment and social dialogue. We advocate actively for participation in the FWF Worker Education Program (WEP). Setting up functioning Internal Complaints Committees (ICCs) and Anti-Harassment Committees is a first step towards promoting gender equality and preventing gender-related violence. Training and educating employees helps to strengthen their awareness of their labour rights and their right to organise.

We emphasise the importance of reporting subcontracting and homework so as to achieve full transparency. There are too many risks under the radar.

CHINA:

25,39% of our production takes place in China. Since 2017 China has been overtaken in the ranking by Bangladesh. The most important PUs have been visited. Moreover, during the last trip a CSR consultant was trained by Bel&Bo and FWF and now visits the PUs there for us and follows up the CAPs (Corrective Action Plans).



Most important risks <> Bel&Bo activity:

The labour conditions in the workshops. These are monitored via inspections carried out by our local CSR consultant and the results of the audit reports. Overtime. In China people do many hours of overtime. We monitor the situation via the audit reports and address the problem.

Transparency. See above.

INDIA:

11,61% of our production takes place in India, so Bel&Bo travels to India at least once a year.

Most important risks <> Bel&Bo activity:

Forced labour. The risk of Sumangali schemes (in the Tamil Nadu region), a recruitment practice found mostly in spinning units. The PUs are briefed that they also have a responsibility to ensure that the Code of Labour Practices is respected by their suppliers.

Harassment and social dialogue. We advocate actively for participation in the FWF Worker Education Program (WEP). See above.

Here too there is a big difference between the legal minimum wage and a living wage adequate for the provision of the basic essentials of life. See above.

FRANCE:

France is the most important of the European countries with 8,31% of our production. France is a low risk country, so we don't necessarily need to audit. We do visit our PUs, mostly small production locations in and around Paris.

Most important risks <> Bel&Bo activity:

Health and safety, small places make it difficult to organize workplace and fire safety.

Workshops often change location and name, making it difficult to monitor.

Latest fashion, short term making production planning difficult for PUs.

We emphasise on the importance of Health and safety, production planning and long term relations. When visiting our Paris suppliers regularly. Since our visits to the PUs there is an increased transparency making the PUs less vulnerable to change. We pay specific attention to fire exits and tidiness.

TUNISIA:

In our top 5 we also have Tunisia with 7,18%.

We manufacture indirect in these countries via intermediaries. Most important PUs have been visited by CSR.

Most important risks <> Bel&Bo activity:

Less affinity with PUs, as a result of indirect sourcing, has consequences for monitoring improvement process. We emphasise the importance of remaining with the same PUs so as to achieve a long-term relationship.



COMPLAINTS PROCEDURE

Every PU must post the Worker Information Sheet showing the FWF helpline where it is clearly visible to employees. We emphasise the importance of a well-functioning complaints mechanism for good labour relations and as a competitive advantage.

During visits to PUs we check whether the W is adequately and clearly displayed. We lobby for awareness-raising and training as well.

It is good to receive complaints. After all, it means that – thanks to our efforts - the workers know about the FWF helpline and trust the system. This way we also get to know of any problems, which creates opportunities for improvement.

This year we received two complaints from India. First complaint concerned forced overtime, workload and termination. The complaint was shared with both Bel&Bo and factory management. Local Fair Wear representative organised a meeting in order to determine a way forward. Case was closed in January 2020. Second complaint on due payments was only draft version and is closed by Fair Wear.

EDUCATION AND TRAINING

We ensure that our FWF membership and the associated requirements are and remain well-known to everyone. Due to our horizontal organisation and the short communication lines, CSR is automatically integrated into most of the departments.

We have an **FWF team** with representatives of both sourcing and management. FWF membership (social compliance) is a fixed item on the **Marcom** agenda. Members of the team enroll for seminars with the CSR manager, meetings are organised, internal memos are sent, procedures are drafted, and so on.

Our sustainable sourcing policy is evolving, and everyone is evolving with it.

2 Times a year **all Bel&Bo employees** are briefed on our FWF membership and the associated requirements during an extensive presentation on kick-off day. The message is then transmitted to all our sales teams and their **customers**. There are dedicated brochures for the customers too.

Bel&Bo agents are trained at the head office and kept informed, personally and in detail, at meetings and through memos about developments concerning our commitment and the concrete consequences for them. The agents work in the field and must therefore commit fully to putting their weight behind the project, as must our **intermediaries**.

On 7/10/2019 Eric Wiersma, Health and safety expert for Fair Wear and research fellow BUET-JUDPUS joined us at Bel&Bo HQ for a 1 day training on how to assess structural, electrical, fire and chemical Safety entering a factory for CSR and sourcing staff, together with our agents.

Factories (PUs) and employees are contacted both directly and indirectly, by email, through the posting of Worker Information Sheets showing the Code of Labour Practices and the helpline, as well as orally during factory visits.

We ask our main PUs to follow the FWF's **WEP (Workplace Education Program) training**, an important step in education on labour rights and organisation.

In 2019 we succeeded in having 32,67% of the PUs do this training. The percentage needs to be increased and we are lobbying actively in the factories to make time for it.

ENVIROMENTAL RESPONSABILITY

CILOTEX

High water consumption during the production of raw materials and the use of large quantities of chemicals, make the fabric sector a major polluter. Many clothing items never get sold and used clothes are being reused very little. Both the government and textile sector are getting more and more aware of this problem.

@ Bel&Bo we work together with valuable partners in the textile industry (Jbc, Nike, Eurofrip, Malysse, Happy Kiddo, Komosie) we examine which new economic business models can be developed for the companies involved, for the textile sector in general and for the related logistics service providers. The business models will be based on added value logistics, starting from a more effective collection of end-of-life clothing. A successful circular economy can hold commercial advantages for both textile producers and retailers. Clothes that would have been lost, get new commercial value through reuse or recycling.

The circular economy and a better reuse of materials also have a considerable impact on society: it implies consciously dealing with scarce resources and a reduction harmful emissions caused by the combustion of end-of-life clothing.



CLOSE THE LOOP

A guide towards a circular fashion industry, developed by Flanders DC for Fashion and Circular Flanders. In a circular fashion industry, designers, producers, retailers & consumers are challenged to take the whole life cycle of a garment into account.

@ Bel&Bo we have a close the loop team to guide us through the principles of this sustainable way of working. Some items are introduced at board level for the long term, whereas others are easily implemented. We engage with different stakeholders such as VIL, European Spinning Group, Flanders DC and Komosie to look for opportunities.



& TRANSPARENCY



(H)eerlijke mode,
daar gaan we
elke dag voor!

BEL&BO IS A MEMBER OF

FAIR
WEAR

& TRANSPARENCY

TRANSPARENCY & COMMUNICATION

Transparency leads to accountability and is a necessary step towards wider systemic change.

In September 2019 we have committed to disclosing our factory list as part of the industry's drive towards more transparency as a way to improve working conditions. We share this information via Fair Wear, this will enable us and other member brands to cooperate in for example CAP follow up. All information will be available on the internal information management system and part of it public on website at **www.fairwear.org**.

We put CSR on the agenda in order to thus create awareness among all the stakeholders, consumers and competitors concerned. We are committed to inform our customers in a transparent manner about our membership of FWF and about the efforts we have already made in this connection.

General story can be found on our sustainability page on our website and also specific blog pages dedicated to Fair Wear membership, procedures and social report. **www.bel-bo.be/duurzaam-ondernemen**

Social media posts on Facebook, Twitter and Instagram give the blog posts wider coverage. Our newsletter is sent to 500,000 customers every week and FWF also holds a place in this. 12 times a year the Bel&Bo folder (printed on PEFC-certified paper from sustainable forest management) is distributed to 2,200,000 homes. FWF membership is also part of this folder.

Where possible, we include the FWF logo, of which we are extremely proud, in our communication: Webshop, newsletters, folders, mailings, social media, POS, etc...

Open communication is very important for Bel&Bo. We are a likeable retail chain, close to our consumers. Our services at head office and our customer service are easily accessible and personal. Our retail staff are also used to expressing themselves freely and to calling the support services.

Our clients should be proud of the Bel&Bo label and are therefore our best ambassadors for fair clothing.

STAKEHOLDER ENGAGEMENT

We have already been active in the public debate about fair clothing for many years. Through the Clean Clothes Campaign (Wereldsolidariteit), Fair Wear Foundation and other related parties, Bel&Bo is often requested to appear as a panel member or speaker.

We are a member of several sustainable multistakeholder initiatives and engage in joint projects. We believe in partnerships and cooperation. It helps us determine goals aligned with the needs in our society. It provides the necessary framework to operate as a sustainable enterprise and work on continuous improvement of performance at an environmental, social and economic level.

- **VCDO:** Voka Charter for sustainable enterprise www.voka.be/vcdo
- **The Shift:** theshift.be/nl
- **Etion:** www.etion.be/
- **Vlaanderen Circulair :** www.vlaanderen-circulair.be/nl/onze-projecten/detail/green-deal-circulair-aankopen
- **VIL, Cilotex:** www.vil.be/en/project/cilotex-circular-logistics-for-the-textile-industry/
- **FWF:** www.fairwear.org
- **Flanders DC:** www.flandersdc.be/nl

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