

Social Report 2014



PREFACE..... 5

MANAGEMENT SUMMARY 7

BP BIERBAUM-PROENEN 9

OUR IDENTITY 11

THE **BP** PRODUCTS..... 12

COLLABORATION 14

THE PRINCIPLES OF THE FAIR WEAR FOUNDATION..... 16

MANAGEMENT SYSTEM 17

BP ORGANISATION..... 18

AUDIT RESULTS 2013..... 20

AUDIT RESULTS 2013 SUMMARY..... 31

THE **BP** COMPLAINT SYSTEM 33

INFORMATION AND TRAINING 35

BP TARGETS FOR 2014 37



Preface

WE OFFER OUR WEARERS AND CUSTOMERS
PROFESSIONAL CLOTHING SOLUTIONS THAT LIVE
UP TO THE **BP** 'FEEL THE DIFFERENCE' CLAIM.

QUALITY, DESIGN AND UTILITY ARE
AT THE HEART OF OUR CUSTOMER PROMISE.

Basic principle 1 of the **BP** identity

We have been an owner-run family business since 1788. From the beginning, sustainability has always been an important corporate value.

Sustainability still means today what it did then. However, in view of our worldwide production sites – mainly in developing and emerging countries – we have to provide new answers. We also welcome the greater public interest in fair working conditions.

This is our third Social Report. Almost all of our companies have now been audited. During this time, we have succeeded in making good to very good improvements in many areas. In other areas, the improvements are advancing at a rather slower rate. In future, we shall continue to devote special attention to fair working conditions.

Fair working conditions benefit everyone. They are an expression of respect for the people who work with great care in order to ensure that every item of **BP** professional clothing upholds the 'feel the difference' claim. And fair working conditions are essential if we are to continue to find committed employees for the production of **BP** professional clothing.

We are pleased about your interest in working conditions at our production partners. We should like to thank everyone around the world who has played a part in the production of **BP** professional clothing.

Harald Goost

Matthias Goost

Managing Directors

Management summary

MANAGEMENT SUMMARY



On 1 July 2010, we became the first supplier of professional clothing in Germany to join the **Fair Wear Foundation (FWF)** multi-stakeholder initiative. The **Fair Wear Foundation** aims to improve working conditions for people working in the international clothing industry. The initiative is made up of trade associations, trade unions and non-governmental organisations (NGOs) and this ensures independence and credibility.

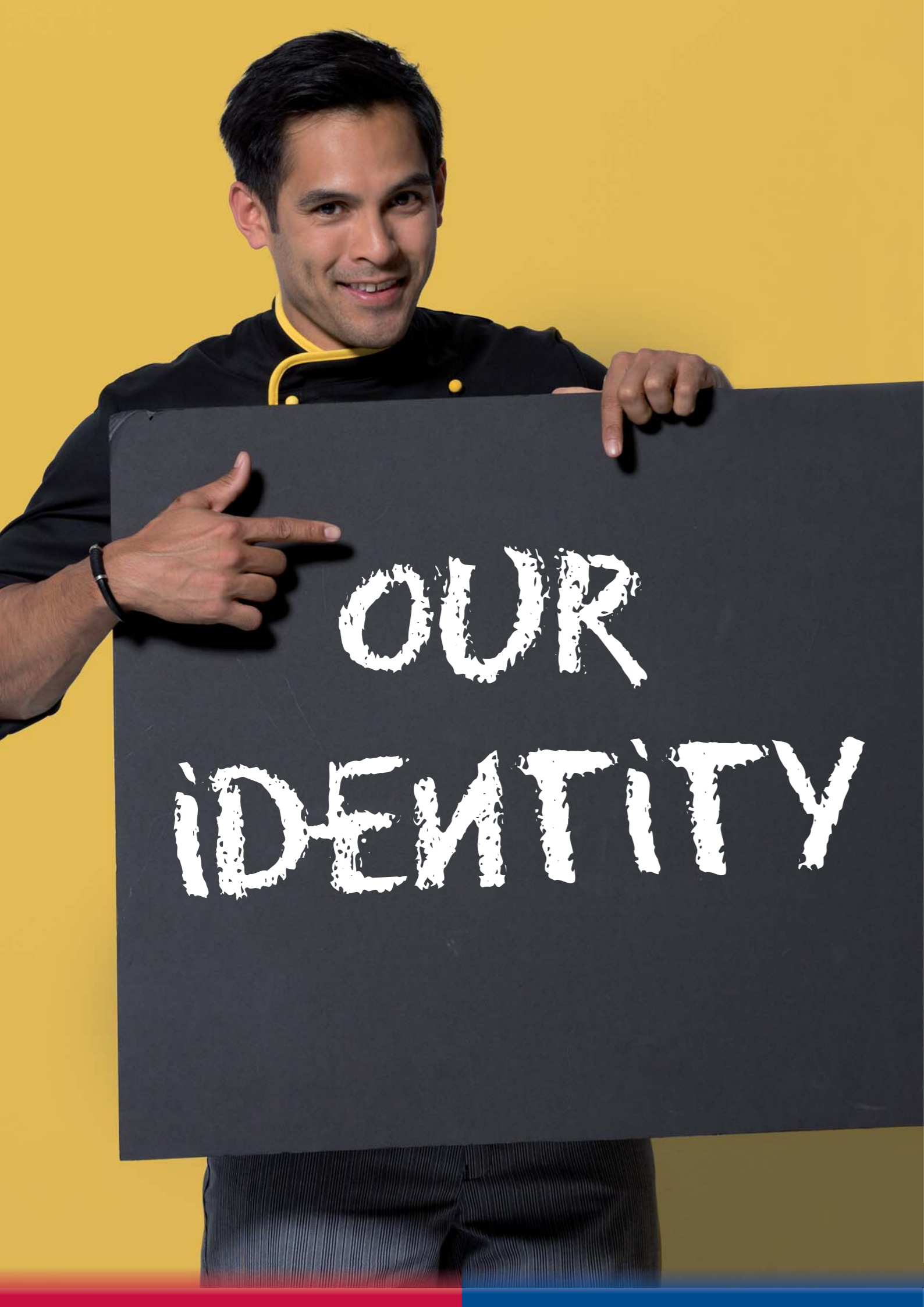
The most important results for 2014 were:

- We are delighted that our efforts to improve working conditions have been recognised: in 2014, the **Fair Wear Foundation** classed us as 'Leader'. Each year, the **Fair Wear Foundation** awards 'Leader' status to members who meet the requirements of the **Fair Wear Foundation** exceptionally well and who are already operating at an advanced level.
- The share of purchasing volume sourced from audited production partners is more than 90%.
- A company is audited by independent auditors every three years. In 2014, four of our production partners were audited. Two of our long-term production partners that had already been audited in previous years and that consequently implemented improvement measures attained good audit results in 2014. We have only just started working with the other two production partners. They were audited for the first time and a need for action was mainly established in the 'Safe/Healthy Working Conditions' and 'Information Management' areas.
- In 2014, we started working with two new factories in Tunisia, one factory in Macedonia and one factory in China. For strategic reasons, our collaboration with one factory in Tunisia came to an end.
- In 2014, we received the first complaint from two employees via the **Fair Wear Foundation's** anonymous complaints system. Thanks to the close cooperation between the managing director of the production partner, the **Fair Wear Foundation** and **BP**, it was possible to find a satisfactory solution. This shows that the **Fair Wear Foundation's** anonymous complaints system works and that it is understood and used by employees.
- At our own factory in Tunisia, experts of the **Fair Wear Foundation** provided training for some of the workforce – both managers and employees. The training focused on improving communication between employees and management, current issues relating to Tunisian employment law and occupational health and safety. Furthermore, the targets and responsibilities of the **Fair Wear Foundation** and the complaints procedure were explained. All participants were very positive about the training.
- One particular challenge remains the payment of living wages across the board. Under the terms of the **Fair Wear Foundation**, a living wage is the minimum income necessary for a worker to meet the basic needs of a family of four. This aim can only be achieved in the long term by taking many small steps.



BP BIERBAUM-PROENEN

| | |
|------------------|--|
| FOUNDED | 1788 |
| PRODUCTS | Work and protective clothing (PPE) |
| CUSTOMERS | Textile service and trade in Europe |
| EMPLOYEES | Approx. 370 employees, 110 of whom are in Cologne and 260 at our factory in Tunisia |
| WAREHOUSE | We have a very broad and extensive NOS (never out of stock) range. We dispatch more than 95% of all orders to our customers within 48 hours. |
| PRODUCTION SITES | A total of 15 factories. In addition to the sample sewing department in Cologne and our own factory in Tunisia, we have 13 partner companies in Macedonia, Turkey, Tunisia, Pakistan, Vietnam and China. |



THE **BP** IDENTITY INCORPORATES THE PRINCIPLES THAT FORM THE BASIS FOR OUR ACTIONS. WE ARE MEASURED AND EVALUATED BY OUR ADHERENCE TO THESE.

1.

CUSTOMER FOCUS

We offer professional clothing solutions that live up to the **BP** 'feel the difference' claim. Quality, design and utility are at the heart of our customer promise.

2.

INNOVATION

We are constantly developing our products and company through innovation and improvement for the benefit of our customers and everyone who wears our products.

3.

EXCELLENCE

By showing initiative and a readiness to accept responsibility, coupled with mutual support and constant learning from one another, we deliver excellence.

4.

TRANSPARENCY AND TRUST

We cultivate a relationship of trust with everyone who wears our products, our customers, our suppliers, our investors and also within **BP** itself; this is based on openness, transparency and honesty.

5.

SUSTAINABILITY

We create sustainable values for the people who work with us. Economic success equips us for the future. We stand for fair working conditions and use natural resources responsibly.

6.

DIVERSITY AND PERSONAL DEVELOPMENT

We respect and affirm diversity and create space for personal development.



The **BP** products: quality, utility and design in five catalogue worlds

BP OFFERS A VERY BROAD AND EXTENSIVE
NOS RANGE IN FIVE CATALOGUE WORLDS.

BP Workwear®

This collection is aimed at industry and trade. It offers numerous solutions, ranging from the complex multifunctional concept to a price-conscious clothing solution. It comes in a large range of different CI solutions.

BProtected®

Certified protective clothing (PPE) that combines safety, comfort, washability, utility and design in a completely new way.

BP Med & Care®

Solutions for medical practices, hospitals and care facilities. **BP** creates solutions that make the tough working day easier for people working in these areas – through top quality and attractive clothing offering high wear comfort.

BP Gourmet®

Comprehensive, colourful solutions for the kitchen and service areas.

BP Industrial Food®

In the food industry, HACCP concepts provide the best possible protection for processed foods. Certified **BP** food clothing is a solution that inspires confidence and that implements HACCP guidelines to optimum effect.

Collaboration

To help us keep the exacting **BP** quality promise and provide the highest **BP** delivery performance, **BP** enjoys long-term collaborations with suppliers in Europe, Africa and Asia and has been working with some of them for decades. We have been working with more than 80% of our suppliers for over five years, and with almost 50% for over 10 years*.

Like us, many of our production partners are small and medium-sized family-run businesses. We know that a profitable collaboration is based upon a clear understanding of our interaction and relationships. We have expressed this in our basic principles:

WE CULTIVATE A RELATIONSHIP OF TRUST WITH EVERYONE WHO WEARS OUR PRODUCTS, OUR CUSTOMERS, OUR SUPPLIERS, OUR INVESTORS AND ALSO WITHIN BP ITSELF; THIS IS BASED ON OPENNESS, TRANSPARENCY AND HONESTY.

Basic principle 4 of the **BP** identity

In more specific terms, this means explaining the full extent of our business model and our expectations to our partners. We listen carefully to our suppliers and build on their strengths. We stick to what we have agreed upon and expect this commitment in return. A continuous improvement process requires that we challenge one another but also provide mutual support. Mutual trust is another important element of a good collaboration: to enable the supplier to continue to meet **BP**'s quality requirements, a development process lasting many years is often necessary. Our field technicians provide on-site training in the processing methods used, and monitor production.

*Weighting according to production volume.



The principles of the Fair Wear Foundation

Management system

A MANAGEMENT SYSTEM TO GUARANTEE FAIR WORKING CONDITIONS

BP takes the following measures to ensure that our production partners offer fair working conditions:

- At the end of the year, BP draws up a work plan describing the targets, procurement strategy, monitoring and complaint system and other social aspects of the collaboration with BP production partners.
- BP submits the supplier register together with all relevant information, such as contact data, quantities, turnover, etc to the **Fair Wear Foundation**.
- The production partners must acknowledge in writing the principles of the **Fair Wear Foundation** and commit to the continuous improvement of working conditions.
- This commitment, which lists and explains the principles of the **Fair Wear Foundation** in detail, is displayed onsite at the company in the local language
- It also names a local contact person, giving their telephone number and email address, whom employees can notify in the event of an infringement of these principles, in order to discuss their complaint.

- BP commissions an independent **Fair Wear Foundation** audit team to check all social aspects of the production partners. The audit teams are fluent in the local language.
- Based on the audit report, the **Fair Wear Foundation** compiles a plan of corrective measures, which includes all non-conformances found. BP and the production partner work together to develop solutions and to ensure that the recommended measures are implemented promptly. BP documents the results and reports these to the **Fair Wear Foundation**.
- The **Fair Wear Foundation** regularly commissions a control audit of the production partners to ensure that the shortcomings established are eliminated and the working conditions improved.
- Our production partners are audited at least once every three years.

BP Organisation



THE DEPARTMENT FOR QUALITY MANAGEMENT IS ALSO RESPONSIBLE FOR SUSTAINABILITY AT BP.

The head of this department reports directly to the management. The departments of Materials Management, Production/Logistics and Quality Management/Sustainability are together responsible for creating fair working conditions. This responsibility is documented in writing in the function descriptions of the respective areas of work.

PRODUCTION PLANNING

BP has a very broad and extensive NOS (never out of stock) range. Our customers need the peace of mind that there is a ready supply of replacement clothes for employees kitted out with **BP** professional clothing. This is why our products have a service life of up to ten years and more.

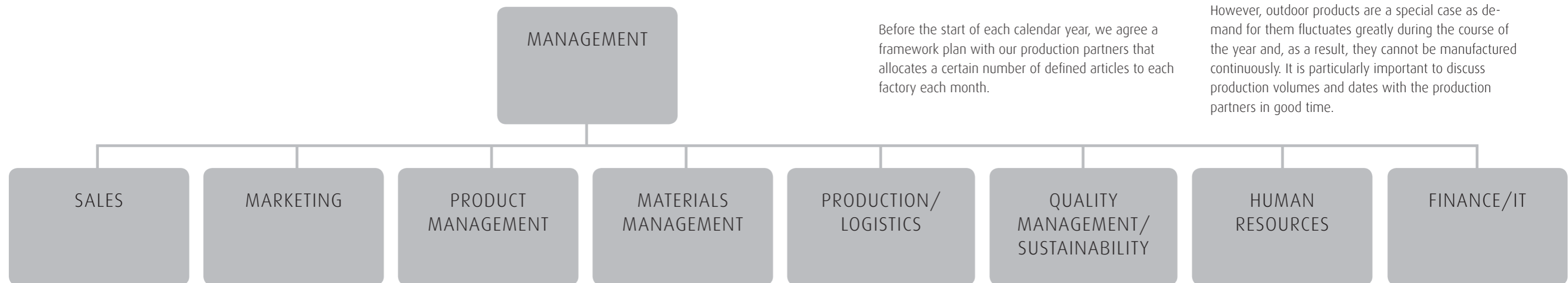
This plan forms the basis for the final production orders for the individual models and the production partner is advised of the orders in good time to ensure that the delivery dates can be met while taking into account the agreed throughput times.

The buffer effect of our large stock and the durability of our products enable us to balance capacity utilisation of our production plants with regard to quantity and model variance. This, in turn, enables us to realise rationalisation potentials, which are essential for the manufacture of competitively priced products.

Involving the production partner in the planning process is not only advantageous in terms of economic efficiency but it is also the best way of preventing unpleasant surprises due to short deadlines or the absence of orders that could have a negative impact on working conditions.

Before the start of each calendar year, we agree a framework plan with our production partners that allocates a certain number of defined articles to each factory each month.

However, outdoor products are a special case as demand for them fluctuates greatly during the course of the year and, as a result, they cannot be manufactured continuously. It is particularly important to discuss production volumes and dates with the production partners in good time.



SELECTING NEW PRODUCTION PARTNERS

When selecting new production partners, we start by evaluating the location. Political stability, delivery times, the general cost level and both medium and long-term future prospects are important decision-making criteria.

The willingness to enter into a long-term relationship and the determination to continue to improve are important prerequisites for a production partnership.

The ability to meet our quality requirements, competitive prices and open and smooth communication play a central role. Of course, acknowledgement of the **Fair Wear Foundation** Code of Labour Practices is also essential, i.e. the willingness to continue to improve social working conditions and to meet all other requirements arising from our membership of the **Fair Wear Foundation**.

PRICING

As a rule, **BP** determines the processing steps necessary to manufacture each product and the resulting standard minute requirement. This forms the basis for the price talks with the clothing manufacturer. Before mass producing a model, the clothing manufacturer creates an initial sample in order to guarantee that s/he is able to manufacture the model in the required quality. S/he can also determine any uncertainties with regard to processing or deviations from the calculated standard minute requirement and discuss these with **BP**. If necessary, **BP** provides the required processing expertise in order to achieve the calculated standard minutes.

Audit results and status of the improvement measures

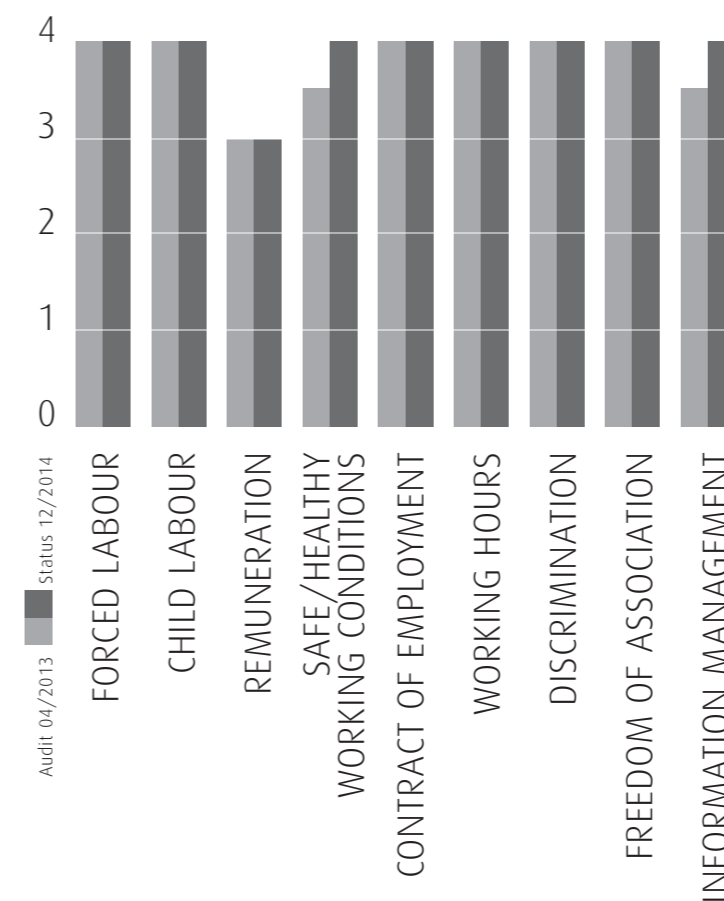
The statutory minimum wage is paid at all production plants, however, a living wage, i.e. a wage that is sufficient to meet the basic needs of a family of four, isn't paid in any of the companies. In the following evaluations of the individual production plants, a wage level that is less than a living wage is generally awarded three (out of four) points.

In 2014, fire-safety and evacuation drills were carried out at almost all production plants.

Audit results Tunisia 1



AUDIT OF OUR VETRA PLANT IN TUNISIA



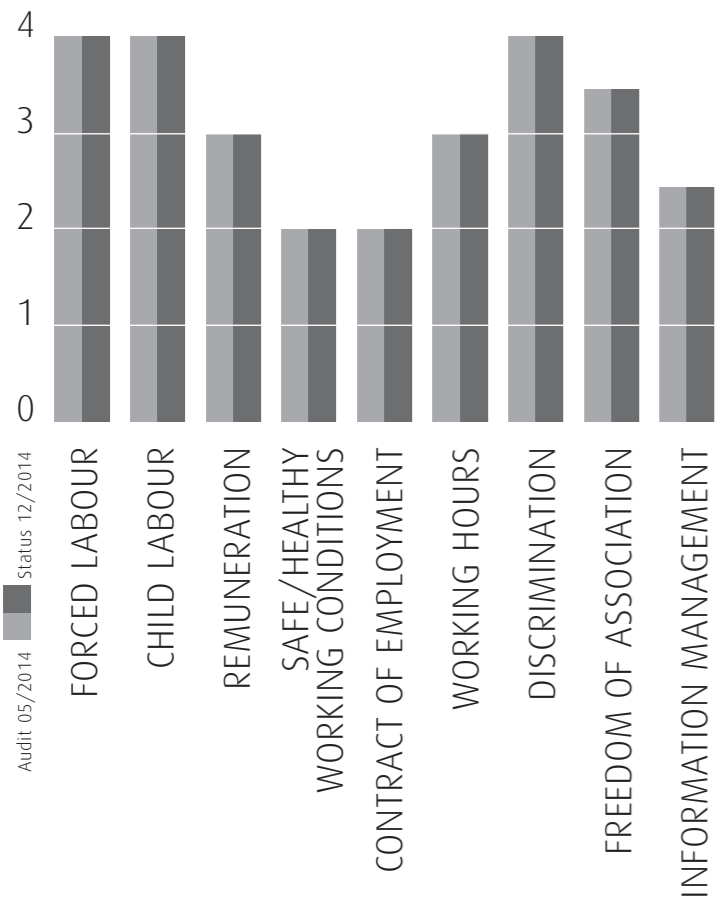
Vetra S.a.r.l., our own company in Tunisia, was founded in 1995. Our most complex products are manufactured here. Vetra delivers a particularly high performance in terms of flexibility, quality and efficiency. With its committed, well-trained employees, most of whom have been working for the company for a long time, Vetra has become an important leading expert for our company.

Our Cologne-based field technicians and our employees working in the development department are trained at Vetra in the fundamentals of industrial manufacture. Our employees from Tunisia are, in turn, trained at **BP** in Cologne and, once back in Tunisia, successfully apply their new knowledge.

The non-conformances highlighted in the 2013 audit were eliminated.

Audit results Tunisia 2

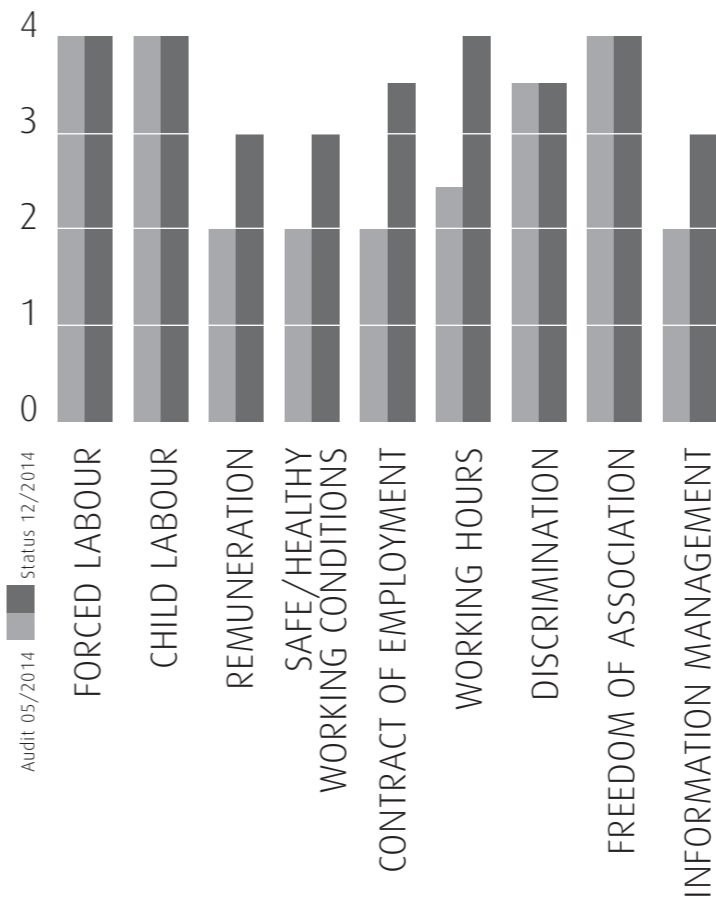
AUDIT OF OUR TUNISIAN
PRODUCTION PARTNER



For strategic reasons, our collaboration with this company came to an end in 2014. The company was informed in good time that the business relationship would be terminated.

Audit results Tunisia 3

AUDIT OF OUR TUNISIAN
PRODUCTION PARTNER



Our collaboration with this Tunisian production partner began in 2014 and the first audit was carried out in May 2014.

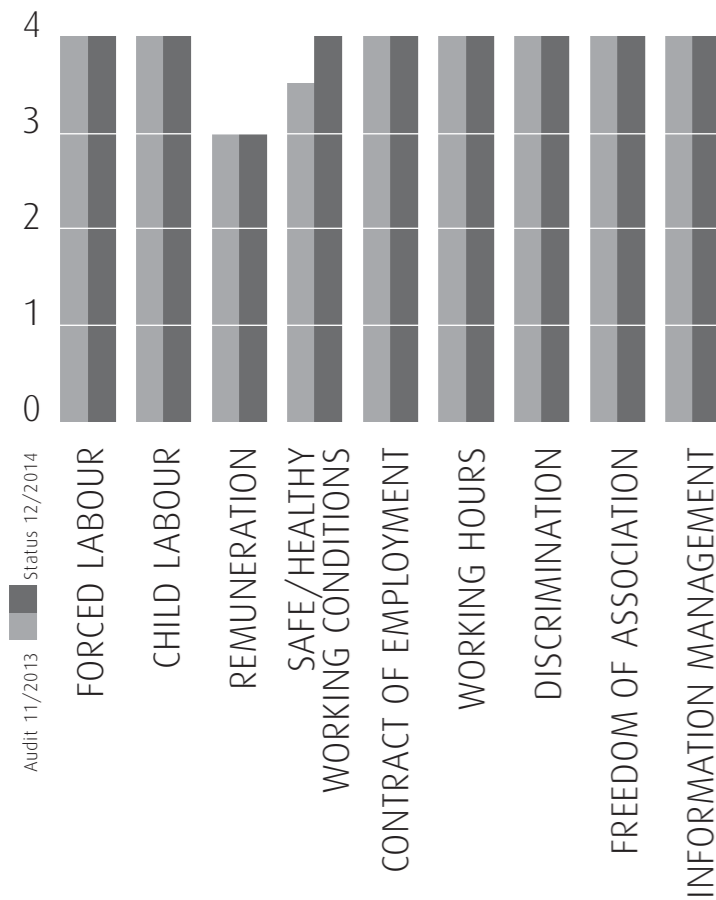
Non-conformances were established in some categories.

For example, in the field of information management, the lack of an internal suggestion system was identified. Furthermore, it was established that a procedure with binding disciplinary measures was lacking. Due to insufficient transparency, employees felt they were being treated unfairly. This was also the reason for the complaint received by the local contact person in June. Another non-conformance was established in the 'Remuneration' category. Employees did not understand which components made up their wages and they were, in part, paid too late. Other areas requiring optimisation were listed under the 'Safe/Healthy Working Conditions' category. The escape routes were too narrow and partially blocked. Also, responsibility for first aid and occupational health and safety was not clearly defined and, consequently, the relevant training courses were not in place.

Management found the audit very useful – particularly the list of non-conformances as compiled by the FWF team and the development of possible areas of optimisation for general operational procedures.

Audit results Macedonia 1

AUDIT OF OUR MACEDONIAN PRODUCTION PARTNER



We have been working with this Macedonian partner since 2002. During this time, thanks to regular visits by both parties, we have developed a strong and trusting partnership.

We are glad to report that the demanding **BP** quality promise is being reliably met.

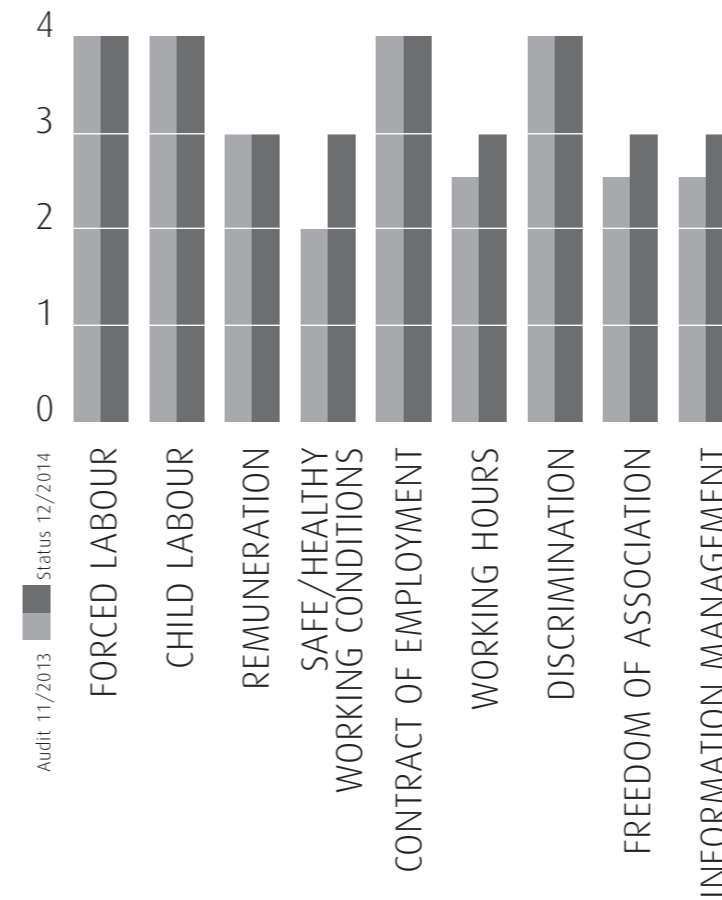
The second audit took place in November 2013. Just as the first audit had, it identified very good working conditions. However, there were still some minor non-conformances in the 'Safe/Healthy Working Conditions' category, which have now been eliminated completely.

It is important to note that, although not obliged to do so by law, our partner company has initiated the free election of, and regularly and constructively interacts with, an employee representative committee.

Audit results Macedonia 2



AUDIT OF OUR MACEDONIAN PRODUCTION PARTNER



BP has been working with this production company since 2010. The first audit was carried out in November 2013.

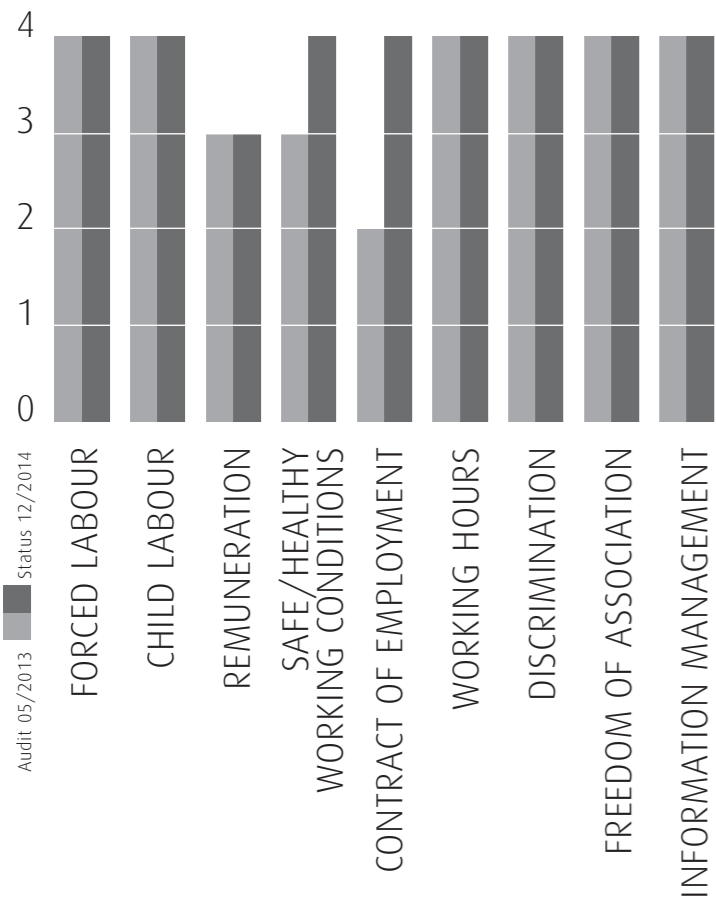
Significant areas of improvement were identified in some categories. Some measures have already been implemented. Employees now receive their wages on time, together with a payslip. The building's electrical systems were modified to meet the safety requirements.

However, some non-conformances have not yet been eliminated, e.g. the lack of an internal suggestion system, the need to elect employee representatives and the introduction of a system for recording overtime electronically.

We are continuing to work with our partner on putting in place the necessary improvement measures.

Audit results Turkey

AUDIT UNSERES TÜRKISCHEN
PRODUKTIONSPARTNERS



We have enjoyed a successful and trusting working relationship with our Turkish supplier for almost 10 years.

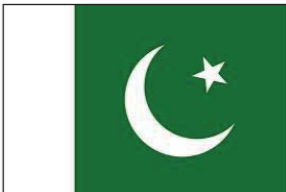
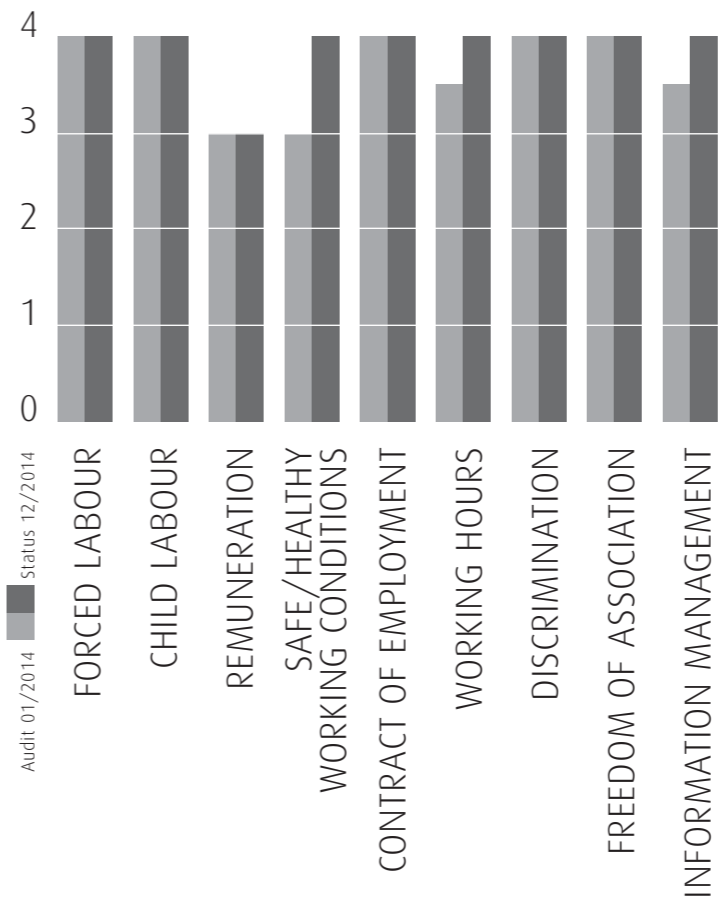
The second audit took place in 2013. The non-conformance identified in the previous audit – namely that some employees were not given the mandatory number of days’ holiday – was eliminated.

The third control audit of our partner in Turkey will take place in 2015 and we are looking forward to receiving new ideas for improvement.

Audit results Pakistan



AUDIT OF OUR PAKISTANI
PRODUCTION PARTNER



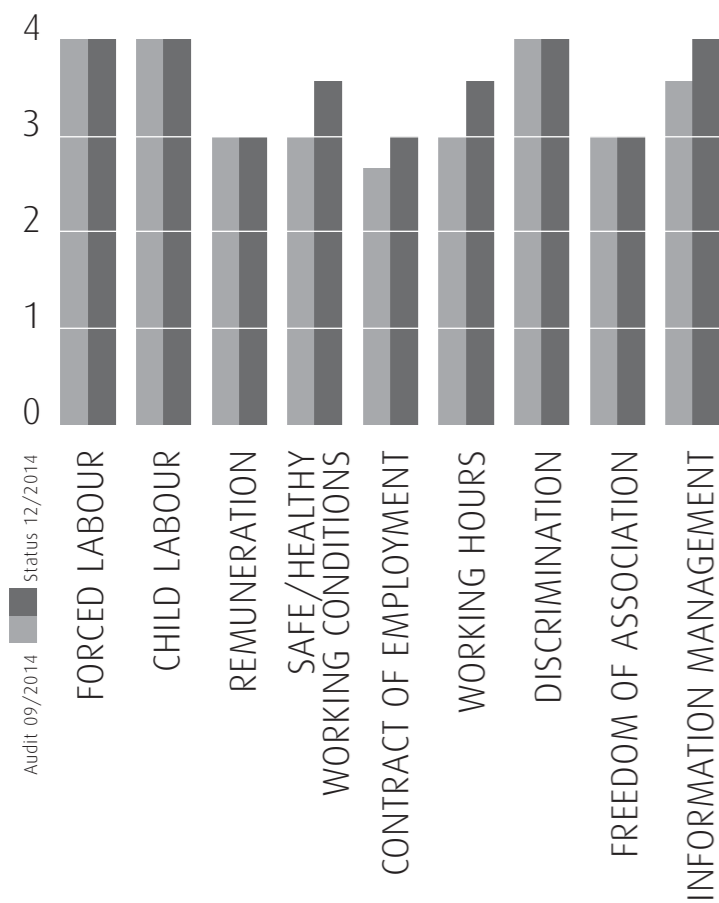
We have been working with our Pakistani partner, also a family-run company, for almost 20 years and have established a successful working relationship. Thanks to regular visits by both parties and the long and consistent collaboration, we have developed a strong and trusting partnership.

As Pakistan is regarded as a high-risk region, the **Fair Wear Foundation** does not use local employees to monitor this country. For this reason, our partner carries out regular certifications according to SA 8000, which are recognised by the **Fair Wear Foundation**.

In the last audit carried out at the beginning of 2014, minor non-conformances were found in ‘Safe/Healthy Working Conditions’ and the electrical system was found to be defective. Employees had not had a recent medical examination and overtime was not paid correctly. All discrepancies were soon eliminated in full.

Audit results Vietnam

AUDIT OF OUR VIETNAMESE PRODUCTION PARTNER



We have been working successfully with our Vietnamese partner for almost ten years.

The second audit took place in September 2014. Similarly to the first audit, it identified good working conditions. However, the audit team still identified areas where there was room for improvement.

The **Fair Wear Foundation** team complained that employees had not received regular health and safety training and they had not been given a health check-up.

Overtime was not recorded correctly and, as a result, the remuneration was incorrect. Non-conformances from the statutory requirements for registering for social insurance were established.

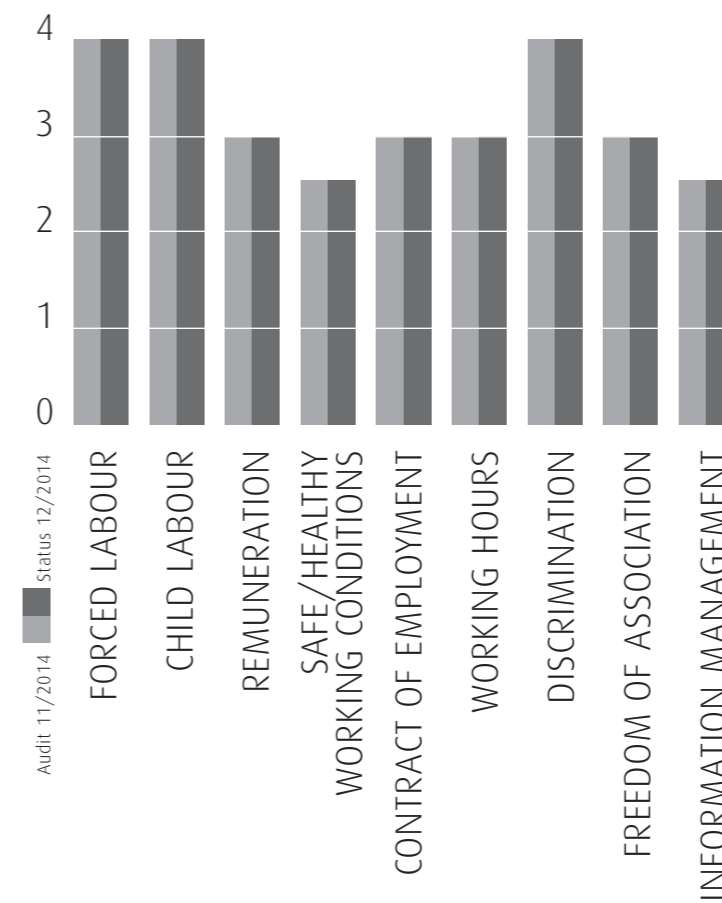
Most non-conformances were eliminated very quickly and other improvement measures are currently being implemented.

The audit team also recommended that management establish a training course to inform employees and management alike about various issues, for example, occupational health and safety, rights and obligations of the employee or, more generally, the principles of the **Fair Wear Foundation** and the anonymous complaints system. The suggestion was well received and training will take place in 2015.

Audit results China



AUDIT OF OUR CHINESE PRODUCTION PARTNER

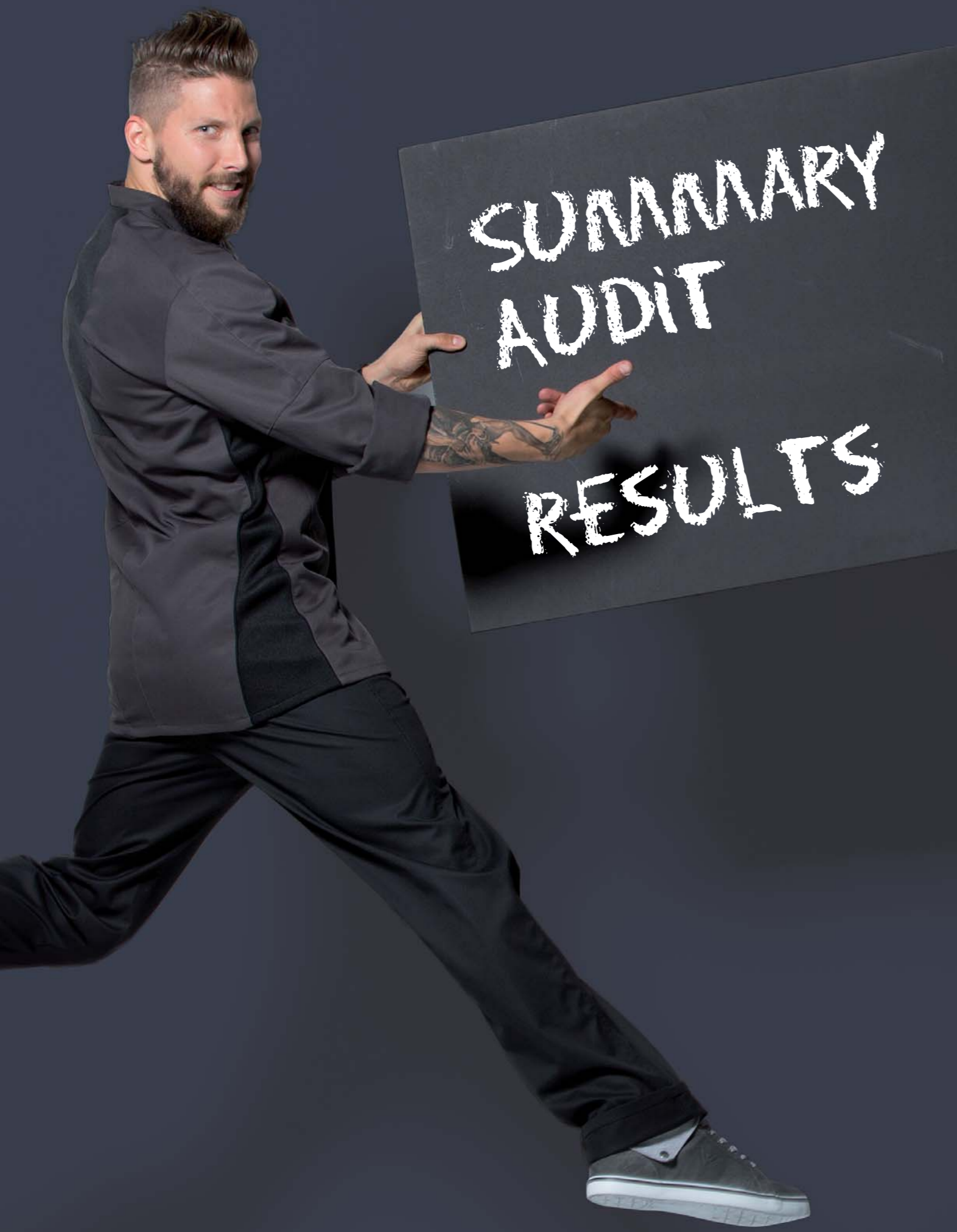


We started to collaborate with our Chinese partner in 2014. Thanks to various on-site visits, we have already been able to build a relationship of trust.

The first audit was carried out in November 2014 and potential for improvement was identified in a few categories.

Employees did not understand how wages were calculated and, as a result, were unable to check whether they were receiving the correct monthly wage and overtime pay. This resulted in discrepancies in the level of social welfare contributions.

The audit report and the plan of corrective measures were only available at the end of January 2015. For this reason, no improvement measures could be implemented during the reporting period.

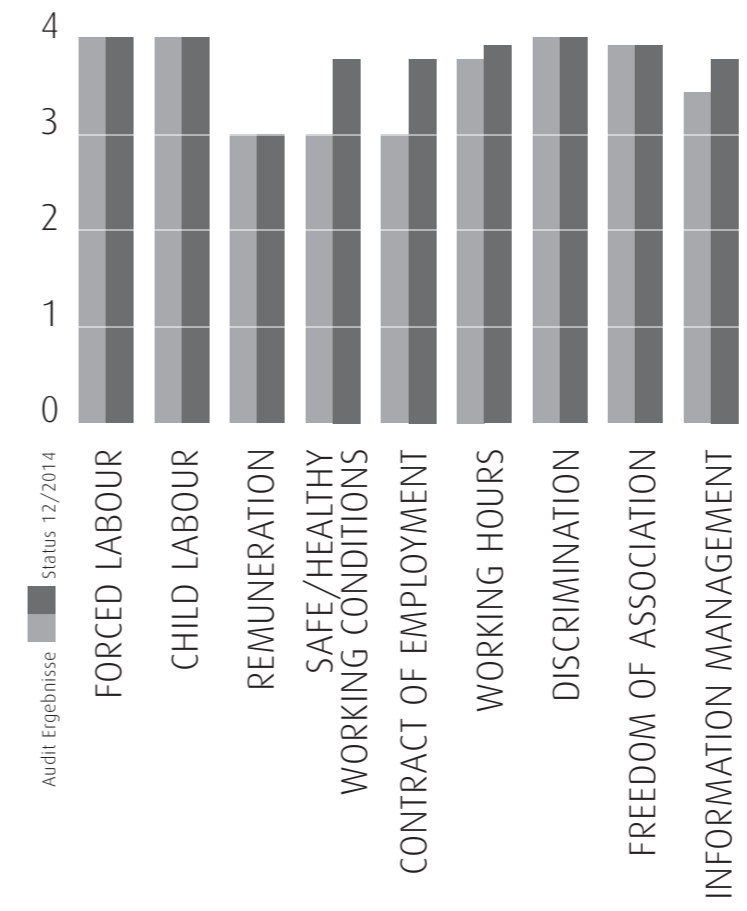


MEMBERSHIP OF THE **FAIR WEAR FOUNDATION** HAS ENABLED **BP** TO DEVELOP AND ESTABLISH A MANAGEMENT SYSTEM FOR SOCIAL SUSTAINABILITY.

The share of purchasing volume sourced from audited production partners is more than 90%.

In general, good or very good working conditions were identified in companies that have been audited more than once.

The main challenge remains the payment of living wages.



Weighting according to production volume.



The **BP** complaint system

BP HAS INTRODUCED AN ON-SITE COMPLAINT MANAGEMENT SYSTEM FOR EMPLOYEES AT ALL OF ITS PRODUCTION PARTNERS.

A notice in the local language detailing the eight **Fair Wear Foundation** principles is displayed in a public place for all employees to read. The notice explains what an employee can do if their company infringes any of these principles. It gives the telephone number and email address of a local contact who can be notified in the event of a complaint. This person then forwards the complaint, informs both the **Fair Wear Foundation** and **BP** and, in cooperation with the production partner, a solution is found that is acceptable to everyone involved.

In June 2014, **BP** received a complaint from a Tunisian company. After a social audit of a production site, some employees were suspended and they thought that this was unjustified. According to the two workers who had reported this via the anonymous complaint system, the suspension was directly related to their participation in an interview during the audit.

After a meeting between the works manager and the Tunisian audit team of the **Fair Wear Foundation**, it was clarified that this was not the reason. The problem lay with communication and motivation difficulties. In addition, the employees were unaware of all employee rights and obligations. After close collaboration between management, the **Fair Wear Foundation** and **BP**, the complaint was investigated successfully. In order to minimise such problems in the future, a workplace education programme will be carried out at this company during 2015.

INFORMATION AND TRAINING

Creating fair working conditions starts with a clear and open information policy, as well as intensive training and support.

We inform the **BP** workforce about **Fair Wear Foundation** membership and associated measures and further developments on a regular basis. This year, the **Fair Wear Foundation** provided special training for **BP** sales staff as social responsibility is becoming increasingly important to customers. Part of the training focussed on issues such as the principles and measures of the **Fair Wear Foundation** and how they are monitored, the responsibilities and requirements of members, and the criteria of different labels and organisations. The sales staff found this training very helpful when talking to customers.

We inform our customers about our collaboration and the progress we have made with the **Fair Wear Foundation** via talks, workshops, podium discussions, trade fairs and all **BP** promotional material, as well as on our website.

During visits, we continue to inform and train our production partners about the framework conditions associated with **BP's** membership of the **Fair Wear Foundation**.

In December 2014, our own company Vetra took part in a workplace education programme. During this training, the majority of management and workforce were trained by **Fair Wear Foundation** employees.

The focus was on improving communication between workforce and management. Employees were informed about their rights and occupational health and safety. The aims and responsibilities of the **Fair Wear Foundation** and the complaints system were explained. The sessions also included discussions, as well as clarification of any uncertainties and open questions about changes to Tunisian law.

We're pleased to report that both employees and management gave positive feedback about the programme and welcomed the prospect of further training courses.



BP has set itself various targets for 2015:

- Three social audits are planned to ensure that more than 90% of the **BP** procurement volume is sourced from audited/monitored production partners. As a basic principle, we will work with our production partners to optimise socially fair working conditions and put any necessary corrective measures into action.
- In 2015, employee training courses will take place in Vietnam and Tunisia, aimed at improving cooperation between employees and management. **BP** will monitor these training courses carefully.
- **BP** will also continue to communicate the content and significance of our membership of the **Fair Wear Foundation** to all suppliers, customers, employees and the general public.

