



Sustainability Report 2012 Espresso Fashion B.V. [www.expressofashion.nl](http://www.expressofashion.nl)  
Fair Wear Foundation Member since February 2004

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## 1. Summary: goals & achievements 2012

In 2012 we had the goal to continue working as we are used to regarding implementation of the Code of Labour Practices of FWF. We have achieved a few very good results and in this document we will report on different sustainability topics.

Important to mention is that the Sustainability Manager of Espresso was absent in the biggest part of 2012 due to illness. In contradiction to the previous years, the Sustainability Manager did not attend seminars or congresses. The activities for FWF were taken over by responsible Production Managers.

### Collections

#### **Extra Fair Collection**

We already introduced this collection in the report 2011. We spend most of 2011 on sourcing sustainable supplier, looking for innovative alternatives to production processes and (packaging) materials. The Extra Fair Collection was a part of the Espresso summer 2012 collection and consisted of comfortable T-shirts in 9 fashion colours.

We achieved in creating a collection that was launched in summer 2012 with the following sustainable features:

- The cotton is 100% organic (GOTS) and FairTrade (Max Havelaar) certified. This means no harmful substances were used in the cultivation of the cotton and that the farmers received a fair price.
- Spinning, knitting and dyeing took place in factories that are certified by the Global Organic Textile Standard (GOTS). This guarantees an environmentally friendly and safe environment for the employees, a basic social standard and environmentally friendly dyes.
- The collection was sewn in a factory that is monitored by Fair Wear Foundation to ensure proper working conditions.
- The total CO<sub>2</sub> emissions from cotton cultivation to production processes and transport of fabrics and finished products were compensated by investing in a forestation project in Malaysia.
- Lastly, we only used sustainable materials for labeling, packaging and in-store displays (such as recycled paper and biodegradable materials).



## Sustainability Report Espresso Fashion B.V. 2012

The launching of the Extra Fair Collection took place in January 2012.

Unfortunately the sales figures were not what we were hoping for.

We learned a lot on the way in creating this Extra Fair collection, however we are aware that we should take and apply the learning lessons to our entire collection at Espresso.

### Sustainable fabrics

We achieved to incorporate a high percentage of sustainable fabrics in our 2012 collections. Due to the fact that we made our definition of environmentally friendly fabrics stricter, the percentage is decreased in comparison to 2011. The change of definition of environmentally friendly fabrics according the Made-By benchmark means: before the Lenzing viscose was included in the environmentally friendly fabrics however since 2012 the viscose from Lenzing is not included anymore. Still, all our basic t-shirts are made from Organic Cotton (class B in the Made-By Benchmark).

Also we focussed on the sustainability of the brand name labels in our garments and hangtags. That means that brand name labels in our garments are since 2012 from recycled polyester and hangtags are from recycled paper.

### Sustainable fabrics used in Espresso collections for 2012

Season	EF pieces (incl Lenzing)	EF pieces (according MADE-BY)	EF pieces Lenzing Modal/Viscose	Total quantity in pieces	% EF (incl Lenzing)	Percentage EF (according MADE-BY)
Spring	87481	28475	59006	340480	25.7 %	8.4 %
Summer	82551	11895	70656	265729	31.1 %	4,5%
Fall	58632	0	58632	36390	15.9 %	0,0%
Winter	39797	3091	36706	237336	16.8 %	1,3%
<b>Total 2012</b>	<b>308831</b>	<b>43461</b>	<b>225000</b>	<b>879935</b>	<b>22.4 %</b>	<b>3.6%</b>

### Good Causes

#### **We donated clothing to several good causes**

Just like many years prior, we have donated numerous items of Espresso clothing to good causes. In 2012 we supported *Dress for Succes*, Voedselbank, Hoop voor Morgen and Zending over Grensen with ca. 1000 of our products.

Employees at Espresso also collected clothes and toys in June 2012 for a project in Bali where homeless children have a shelter and go to school here.



### **1% Club**

We started a collaboration with 1% Club in 2011. We continued giving a donation on a monthly basis to 1% Club, choosing each month another projects. We intend to choose projects that help build women's self-reliance. We believe in women's strengths and talents and like to contribute to develop them. Also end of 2012, one of our employees made a video call to other companies to promote the 1% Club.

### **Orange Babies**

With the opening of the Espresso store in Amsterdam in October, we gave a certain percentage of the turnover that day to the foundation to support Hope Village in Windhoek, Namibia. At the end of the day, the amount for donation was €19.954. With this amount Orange Babies support the orphanage for girls between the age of 4 and 18 who are infected by HIV or AIDS or have lost their families to this virus. At Hope Village they find a home and family style living situation.

### **Stichting AAP**

We continue to collect our empty cartridges to benefit Stichting AAP. Also we continued the donation of the air miles that we acquire by buying our lunch to this foundation as well. This sanctuary for exotic animals receives money for the cartridges and air miles, which pays for much of the costs to care for the animals.

*“Mooie kleding doet iets voor je uiterlijk en als het eerlijk geproduceerd is, streelt het je innerlijk. Wie niet kan delen kan ook niet vermenigvuldigen.”*

Tilly Garcia Sluijs, Creative Director Espresso

## 2. Sourcing strategy

### 2.1. Sourcing strategy & pricing

Expresso intends to give more sampling/ orders to suppliers that are actively cooperating in the follow up of the FWF norms.

The responsible persons for sourcing are Expresso's Sourcing manager in cooperation with the Production Manager CMT, the Production Manager RMG, the Sustainability Coordinator and the Stylists CMT. The CEO directs our sourcing policy.

The production managers and stylists mostly work with long term relations. When a new supplier is needed, they try to find the best suppliers in collaboration with the Sourcing Manager. They assess potential new suppliers and they use criteria like quality, lead-time, margin and compliance with the CSR standards equally.

One of our sourcing norms is that suppliers subscribe the code of conduct of Fair Wear Foundation and we expect an active cooperation with our FWF policy. The Sourcing-, or Production manager or Sustainability Coordinator asks the supplier for a company profile, the policy regarding labour conditions and previous audit reports. Expresso informs suppliers about corporate social responsibility and tries to convince them of the need for an open approach towards the policy of Fair Wear Foundation. In case a supplier doesn't want to cooperate, we must end the relationship. New suppliers are included in the supplier register. The Sustainability Coordinator archives all new information for the supplier register. She keeps the production quantities in a file, which is updated several times per year.

Orders are given out to the supplier that made the samples. Price is not a primary means of comparison between suppliers; quality and workmanship are.

It is important to Expresso to build and maintain long term and stable relationships with suppliers. We deliberately do not leave suppliers when they don't completely comply with FWF requirements; instead we strive for continuous development and improvement. We provide training and support to suppliers where needed.

Ca. 70 % of the total production of our 2012 collections is produced by our long term relationships<sup>[1]</sup>. Our biggest supplier (responsible for 24% of our 2012 collection) has

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<sup>[1]</sup> Long term means the relation has been stable for at least 4 years.



produced Espresso clothes for 13 years, while our 2<sup>nd</sup> biggest supplier (responsible for 12% of the 2012 collection) has produced our products for 18 years. Espresso created a quality manual for all (new) suppliers including the FWF norms and environmental norms in 2012. Every supplier will have to sign this contract before starting production in 2013.

### ***2.2. Organisation of the sourcing department***

The Styling department creates four collections per year. Espresso 's Styling department is divided in two: there is an RMG and a CMT design team. Knitwear is mainly produced as Ready Made Garment (RMG) and the woven fabrics are mainly produced as Cut Make Trim (CMT). The RMG Styling department chooses the suppliers for production in collaboration with the production manager RMG. The CMT Production department chooses the suppliers for the CMT production. When we work through an agent, they have an active role in the sourcing and buying policy and in the monitoring and follow up of the FWF norms.

### ***2.3. Production cycle***

We have a very strict logistic planning. Espresso delivers on time 99% of the time. We deliver 4 collections in 14 -16 (sub-) deliveries in a year. The first delivery of a collection always has the shortest lead time and the last one the longest one. This allows for a comfortable production planning for our suppliers. Espresso has worked this way for many years and suppliers are generally satisfied with the lead times we provide.

The production department informs suppliers (both on the RMG and the CMT side) about the estimated quantities during the sales period. This provides them with more time to plan the production. As soon as the sales team has finished the sales of a season, the Production department places the orders. For time and efficiency reasons, this happens in that same week. The order is almost always placed at the supplier who made the samples. Price is not a primary means of comparison between suppliers.

If we need to we ask our supplier to ship the collection by air instead of by boat. This is obviously much faster and as a result we always meet our deadlines.

The working conditions in a factory play a role in the order planning. A supplier's active cooperation with the Corrective Action Plan leads to a steady relationship and

more orders and vice versa. We do not rank our suppliers. We choose the supplier based on their capabilities and we work with the same parties every season. We always try to spread orders to give every supplier their share of the production.

At Espresso there are two ways of production cycle:

**The RMG collection** is produced by suppliers in Greece/Bulgaria, Turkey, China, Italy and India. The lead time for CMT is around three months.

The lead time for RMG is relatively long (and much longer than the period for CMT) because the supplier has to arrange the yarns/fabrics, patterns and trimmings, which takes time. Also, a part of the RMG collection is produced in the Far East, which results in long shipping times.

**The Cut Make Trim collection** was in 2012 made by suppliers in Tunisia, Poland, Turkey and Macedonia. The lead time for CMT varies between 6 and 16 weeks. Lead times vary depending on the delivery of the collection and on the production country (relating to shipping times). The fabrics, patterns and the trimmings are arranged by the production department at Espresso. This complete package is then sent to the supplier.

### ***2.4. Supplier relations***

#### **Selection of new factories**

As stated before, we highly value our long-term relationships. We always prefer to work with these parties with whom we have established a good relationship. However, sometimes it is necessary to look for a new supplier. In that case, the Production managers search for the best suppliers in collaboration with the CEO. The production managers assess potential new suppliers using criteria such as margin, quality, lead-time and compliance with the FWF standards.

Espresso only sources for new suppliers occasionally. One of our sourcing norms is that suppliers subscribe the code of conduct of Fair Wear Foundation and we expect an active cooperation with our FWF policy. The Sustainability Manager asks the supplier to fill out a questionnaire with a company profile, the policy regarding labour conditions and possible audit reports. Espresso informs suppliers about corporate social responsibility and tries to convince them of the need for an open approach towards the policy of Fair Wear Foundation. In case a supplier doesn't want to cooperate, we must end the relationship.





**New suppliers** are included in the supplier register. The Sustainability Manager archives all new information in the supplier register. The Production Managers keep track of the production quantities in a file which is updated 4 times per year.

**Terminated relationships.**

In 2012 we terminated the relationship with our supplier in Poland. This was due to the fact that the quality was not in relationship to the price.

***2.5. Integration monitoring activities and sourcing decisions***

We mainly work with long-term suppliers and we try to reward them where possible. This however is never merely due to a supplier's performance on labour conditions, since quality and capacity to take on orders are very important criteria as well.

### 3. Coherent system for monitoring and remediation

We will report about suppliers with an order quantity over 2% of the total production FOB amount of Espresso Fashion. Before, Espresso calculated the percentage of a supplier in amount of pieces. Now FWF has required calculating the percentage according to the financial relation with the supplier, FOB amount. We have no external production. We are in direct contact with our suppliers and/ or agents.

#### 3.1 Greece/ Bulgaria

##### Supplier 1

- 18% of total production for Espresso Fashion in 2012
- In total 6 suppliers are producing for the Greek supplier
- Four of these suppliers were audited in 2012. However included in the report 2011 The follow up on the CAP started in 2012. Production assistant was attending the audits in Bulgaria
- The head office in Greece was visited in beginning of 2012 by Production Manager and Stylist
- The situation in all factories is similar, all companies have between 9 and 15 employed workers

##### Subcontractor 1

- Company was established in 2000
- The factory does more complicated styles, cutting patterns, sewing, cleaning, packing and other procedures needed

##### Achieved improvements in 2012

###### *No excessive working hours:*

- The management has specified the same working hours in the Internal Rules and Regulations and on the info board.

###### *Safe and healthy working environment:*

- The management should discuss with Health & Safety Service to complete all the necessary Health & Safety documents for the workers.

###### *Legally binding employment relationship:*

- The management has prepared a part-time or alternative contract for the occasional workers.

Improvements planned for 2013

*Payment of a living wage:*

- Unofficial payroll is kept for working hours and overtime. Overtime payment is paid at a rate that is less than the legally prescribed premium.

*Legally binding employment relationship:*

- The management, with the help of the Accounting Firm should make sure that all worker files are complete and Paid Leave Request Forms are filed whenever workers go on paid leave.

**Subcontractor 2**

- Company was established in 2008
- The factory performs only sewing operations

Achieved improvements in 2012

*Safe and healthy working environment:*

- The soldering and emery machines are now with limited access and with a warning message on board.

*Legally binding employment relationship:*

- The management has made sure that all proper and necessary documentation is filled in the workers' files.

Improvements planned for 2013

*Safe and healthy working environment:*

- The management should discuss with Health & Safety Service to complete all the necessary Health & Safety documents for the workers.

**Subcontractor 3**

- Company was established in 2001
- The factory performs only sewing operations

Achieved improvements in 2012

*Safe and healthy working environment:*

- The supplier has developed an accident register.
- There is now equipments of a first aid box.
- The management has prepared minutes for the evacuation drill.

#### Subcontractor 4

- Company was established in 2009
- The factory is a small family sewing business

#### Achieved improvements in 2012

##### *Safe and healthy working environment:*

- The management should make sure, with the help of the Occupational H&S Service, to keep the legally requirement documents up to date.
- The Accident Register for 2010 and 2011 is completed now.

#### Improvements for 2013

##### *Safe and healthy working environment:*

- The management should discuss with the Occupational H&S Service to complete the sickness register.
- The Accident Register for 2012 and 2013 should be made.

#### Common requirements to discuss

During the audit in 2012 the workers said to be generally happy about working in the small 'family-like' factories. However, wages still need to be improved in all factories to achieve living wage standards. As already stated in the previous annual report, Espresso will discuss with the factory the use of the FWF wage ladder to set priorities. We will look at the possibility to see if we could join the Living Wage Project to learn more about how to improve on payment of living wage.

#### Subcontractor 5 & 6

- These suppliers are new since 2012. Therefore they are not audited yet. Depending on development in 2013, we could decide on auditing these locations in 2014.

### 3.2 Turkey

We were glad that two of our suppliers in Turkey were participating in a (voluntary) FWF Dialogue Program.

The main activities in the project are:

- A training programme for management and workers on communication and conflict resolution.
- Instaling functioning workplace standards and local complaints / grievance mechanism at the factory managed by workers and management together.
- Assessments and consultancy for factory management on improvements working conditions.

#### Supplier 1

- 7% of total production for Espresso Fashion in 2012
- Working with Espresso since 2005
- The main factory and office was visited by Production Manager
- There was a (baseline) audit in February 2012 and a verification audit in December 2012 (Espresso was not present at the audits)
- The improvements below are observed between the first and the second audit
- The follow up of the Corrective Action Plan started in 2012 and is continued in 2013
- The supplier was generally happy with the meetings in the program, they said it was really useful and motivating for their team

#### Achieved improvements in 2012

##### *No exploitation of child labour:*

- An employment system has been established to avoid the risk of the child labour.

##### *No excessive working hours:*

- Overtime hours reduced during the first and second audit.

##### *Freedom of association and the right to collective bargaining:*

- The FWF Code of Labour Practices were posted and adopted by management.

##### *Safe and healthy working environment:*

- Necessary protective equipment such as eye guards was provided on sewing machines also plastic mats were available for electrical panels.
- There was a health check of kitchen personnel with good results.

- Stretcher and blanket were provided in case of accidents happen.

*Legally binding employment relationship:*

- Some corrective actions were taken: New contracts were done as indefinite term contracts which was the correct type.

Improvements planned for 2013

*Freedom of association and the right to collective bargaining:*

- There was not yet a written Freedom of Association procedure so this should be done in 2013.

*Safe and healthy working environment:*

- Material Safety Data Sheet of the chemicals being used in the spot removing area should be provided and posted.
- Fire evacuation drills should be conducted and fire-fighting training should be provided.
- There should be a worker with first-aid certification.
- There should be an annual health inspection for all workers.

*Legally binding employment relationship:*

- There should be a good registration of overtime hours so the correct wage can be calculated.
- Some sections in contracts should be revised and a copy of the contracts should be provided to workers.

Requirements to discuss

*Payment of a living wage:*

- Wages should be calculated according Turkish Law.

**Subcontractor 1 &2**

- Both of these workshops are working as a subcontractor of supplier 1 in Turkey. Both workshops were audit end of 2010. Follow up of Corrective Action Plan took place in 2011. The supplier has just moved to a new building and all equipment and building is according latest standards.

**Supplier 2**

Also this Turkish supplier is participating in a (voluntary) FWF Dialogue Program. Before this program started, there was 12% of the total production for Espresso

- This supplier is producing for Espresso since 2007
- The supplier had an (baseline) audit in February 2012 and a verification audit in beginning of 2013. Outcomes are included in this report for 2012.

- The improvements below are observed between the first and the second audit.
- Production Manager and Stylist were in mid 2012 at the factory in Turkey
- Supplier has two subcontractors for packaging and ironing who were audited in 2013 actually planned for 2012 therefore included in this report. Conclusions are shared after summary of the main supplier.

### Achieved improvements in 2012:

#### *Communication and consultation:*

- Grievance procedure was documented and posted next to grievance box. 2 grievances were received so far and records were kept.
- The FWF Code of Labour Practices is now posted in the canteen to the workers.

#### *Safe and healthy working environment:*

During the factory tour in December, it was observed that many of the safety actions were achieved;

- All fire extinguishers and fire hoses were unblocked.
- Fire alarm buttons were renewed.
- Safety switch was available on fabric spreading machine and is working.
- Sewing machines were provided with necessary protective guards (e.g. eye guards and needle guards) at model sewing department.
- Last fire fighting training and evacuation drill was conducted in June 2012.
- Up-to-date Material Safety Data Sheet (MSDS) was provided from the supplier.
- Proper mask, goggles and gloves were provided for stain removing section.
- Health inspections of all workers were conducted in 2012.

### Improvements planned for 2013- 2014

#### *Communication and consultation:*

- Factory shall keep records of election of worker representatives. The worker representative meeting records shall be kept as well

#### *Payment of a living wage:*

- Factory shall ensure that all documents shall match and provide the true set of records to auditor for review

#### *Safe and healthy working environment:*

- Factory shall have "business license" taken from Ministry of Labour.
- Health & Safety trainings shall be provided to all workers

Requirements to discuss

*Payment of a living wage:*

- Espresso and supplier should discuss Living Wage with supplier.
- Factory shall ensure that all payment record documents shall match and provide the true set of records to auditor for review.

*No excessive working hours:*

- Daily working hours (regular + overtime) shall not exceed 11 hours.

*Legally binding employment relationship:*

- All the employees shall be registered to Social Security.
- Social Security Administration shall be informed about the actual gross wages of the employees.
- Factory shall provide annual leave for all workers as required by law.

**Subcontractor 1**

The follow up for Corrective Action Plan started in 2013 and thus will be included in the annual report 2013. In this report, we will give important outcomes of the audit .

The audit was initially planned for end of 2012, due to a busy schedule not possible; conclusions are shared in this report.

*Payment of a living wage:*

- Factory shall keep payment records of all workers properly. The timeframe of this should be done in within a few months.

*No exploitation of child labour:*

- Young workers shall work maximum 8 hours per day and 40 hours per week. They shall not work overtime. The factory should work according the Turkish Labor Law.

*No excessive working hours:*

- Facility shall ensure that regular working week is not more than 45 hours. The daily working hours shall not exceed 11 hours according the Turkish Labour Law.

*Safe and healthy working environment:*

- During the audit, it was observed that a lot of different improvements should be made. However the factory was going to move to a new building so the improvements will be as a checklist for the new building.
- Some examples of points of attention for next audit; A secondary exit, all exit doors shall open outwards, a fire alarm shall be installed, a evacuation drill & fire training shall be conducted every 6 months, the facility should provide a grounding test once a year and recording and analyzing of work accidents.



*Legally binding employment relationship:*

- The factory shall keep a personal file for each employee. Some employees do not have a contract yet. Factory shall provide annual leave for all workers as required by law.

**Subcontractor 2**

The follow up for Corrective Action Plan started in 2013 and thus will be included in the annual report 2013. This report includes the outcomes of the audit in February this year.

*No exploitation of child labour:*

- Working hours and annual leave of young workers were the same as other workers. The supplier should arrange hours of young workers according to the Turkish Labor Law.

*Payment of a living wage:*

- The wages do not meet local stakeholders estimate of a living wage. FWF advised Espresso to support the factory in paying living wages.

*No excessive working hours:*

- During the audit it was observed that the regular weekly working hours exceed 45 hours. The factory shall ensure that regular working week is not more than 45 hours and that daily working hours shall not exceed 11 hours.

*Safe and healthy working environment:*

- Several conclusions were observed during the audit; emergency exits shall be kept clear and all according the Turkish Occupational Health & Safety Regulation. Sewing machines should be featured with proper safety equipment. Also the first-aid kits should be full-stocked. The company shall conduct evacuation drills & fire training every 6 months.

*Legally binding employment relationship:*

- Overtime work consent was not taken from employees annually.
- All the employees shall be registered to Social Security Administration.

**Supplier 3**

- 7% of total production for Espresso Fashion in 2012
- The supplier is new for Espresso since 2011
- The supplier was audit in 2009 by Intertek for BSCI

The questionnaire they have filled out gives a good impression of how this factory works. They are now aware of different social standards. The supplier stated that:

- They do have a grievance box which is emptied once a week
- The number of workers male-female is more or less equally
- The supplier does not work with a subcontractor

- The management is aware of Labor Law in Turkey and handles according to this on wages and maximum hours
- Each department has one employer representative
- Working conditions are with first aid provisions, fire protection and other equipment are there.

#### **Supplier 4**

- 2% of total production for Espresso in 2012
- This supplier is producing for Espresso since 2011
- The production location has been visited by the Sourcing Manager several times
- Will be audited by Fair Wear Foundation in August 2013

The supplier did had an audit before from another client. Unfortunately they could not share the report with us. Before starting production for Espresso Fashion, the supplier did fill out our questionnaire. They stated that:

- They are working according Turkish (labor) Law.
- There are working around 280 people.
- The supplier has a medical room. Twice a week a doctor has his consulting hour.

#### **Supplier 5**

- 3% of total production for Espresso in 2012
- This supplier is new for Espresso since 2012
- They have also filled in the questionnaire before starting production.
- They are BSCI audit in 2013

The most important is that they have an own Social Responsibility Policy. They have showed us the posted Code of Labour Practices in their facility.

### 3.3 Tunisia

#### Supplier 1

- 6% of total production for Espresso Fashion in 2012
- Supplier for Espresso since 1994
- The company consist of two locations, located in the same area in Tunisia
- Audited in beginning 2012, included in report 2011
- The production location has been visited by the Sourcing Manager several times
- In 2012 we started with follow- up on Corrective Action Plan. Below you will find a list of improvements that are achieved in 2012 and points of attention to be improved in 2013.

#### Achieved improvements up to 2012

##### *Communication and consultation:*

- The Code of Labour Practices is now updated to the latest version
- Communication with Consultative Committee members has been improved

##### *No discrimination in employment:*

- The workers at one location felt a little different in communication with the manager in comparison to the communication of the same manager at the other location. Now the manager is more on floor equally at both locations.

##### *Payment of a living wage:*

- The management has paid the Collective Bargaining Agreement annual increase in April and August.
- The workers are now classified on the level wage corresponding to their position.
- Also the hourly rate of wages should correspond to the Collective Bargaining Agreement level.

##### *Safe and healthy working environment:*

- The stain remover is now kept in indicated container

#### Improvements planned for 2013

##### *Communication and consultation:*

- The management should make the workers more aware of the existence of the Code.
- A written grievance and complaining procedure should be implemented
- The decisions of the committee should be posted in the factory

*Management system of factory to improve working conditions:*

- The factory should establish a program to improve general working conditions

*Freedom of association and the right to collective bargaining:*

- The Collective Bargaining agreement should be posted

*No excessive working hours:*

- The company should count the Overtime on a weekly basis as required by the law.

*Safe and healthy working environment:*

- Canteen should be well equipped.
- The company should implement procedure dealing with first aid.
- The personal protective equipment (PPE) should be used.
- Toilets should be well maintained.

### **3.4 Macedonia**

#### **Supplier 1**

- 4% of total production for Espresso Fashion in 2012
- Producing for Espresso since 2011
- The production location has been visited by the Sourcing Manager and Production assistant several times for quality check, inspections and pricing
- The improvements on CAP are being monitored together with another FWF affiliate.

#### **Achieved improvements in 2012**

*Sourcing practice:*

- FWF recommended that Espresso together with the factory management to work on annual production plan.

*Communication and consultation:*

- Proper Code of Conduct, translated into Macedonian with right FWF contact person to be delivered to the factory management and posted on wall-paper
- FWF Code of Conduct is introduced to the employee

*Safe and healthy working environment:*

- The supplier provided ear plugs for the employees to reduce noise
- Made proper distance from the walls in order to access remote parts of the storage area in case of extinguishing fire
- Electrical wiring, with emphasize of the basement is re-done properly and according to the wiring standards
- Instruct employees wear protective gloves.

(Agreed) improvements for 2013

*Freedom of association and the right to collective bargaining:*

- Introduce to the employees rights and obligations arising from the collective bargaining

*Payment of a living wage:*

- To discuss with the buyers how to make a stepwise approach towards living wage. Improvements can be, beside salary increase or bonuses, also with offering benefits to the employees (nourishments, kindergarten support, etc)

*Safe and healthy working environment:*

- The installing of the fire detection system in order to mitigate fire risks in the company should be checked if this is done (properly)

**Supplier 2**

- 3% of total production for Espresso Fashion in 2012
- Supplier for Espresso Since 2011
- The production location has been visited by the Sourcing Manager and Production assistant several times for quality check, inspections and pricing
- Fair Wear Foundation started a Productivity Assessment and this supplier is attending this programme. This started in 2013 and therefore not included in this report

**3.5 China**

**Supplier 1**

- 3% of total production for Espresso Fashion in 2012
- This supplier is producing for Espresso since 2000
- Production Manager and stylist met supplier owner of the factory at international trade fair and the owner of supplier came to our head office to discuss production process.

The owner of the supplier has visited our head office in July 2012. This was to discuss the production process. The meeting was very fruitful as they have discussed a new working way to earlier communicate about the styles.

With this information, the supplier can earlier prepare for the orders and the amount of overtime can be reduced significantly.

The most important point of improvement is a better communication between supplier and Espresso. The improvements in 2012 are discussed with responsible person by phone call in 2013.

### Achieved improvements in 2012:

#### *Communication and Consultation:*

- The responsible for the CSR program informed all subcontractors about the Code of Labour Practice (CoLP) and sent it to them. They are working mostly with the 3 fixed subcontractors.

#### *No excessive working hours:*

- Working hours remains an issue. The production schedule has to be planned ahead, the communication is already better than before. The supplier does not allow the workers/ supervisors to work overtime. Overtime payment is required by law.
- Espresso was going to see again at the possibility to extend lead times in order to give supplier the possibility to spread production and avoid overtime. The supplier said that most of the time it is okay, however it should remain a point of focus for a good cooperation.

#### *Documentation:*

- Clear documentation about the maternity leave scheme.

#### *Legally binding employment relationship:*

- All workers need to have an Employment contract. This is required by law. After Chinese new year in 2012 each worker got their contracts.

#### *Living Wage:*

- This topic was not on the improvement list for 2012, however the Dongguan Labor Department has raised the payments again and the supplier has no other choice to follow all requirements. This has a positive effect on reaching the living wage level as Fair Wear Foundation recommend.

### *Occupational Health and Safety:*

- Formulating and implementing an ergonomics program was not completely possible however a lot of improvements were achieved. The supplier pointed a responsible person for overall health & safety. He should check the factory for all these topics. He is involved and he is proud of doing this. He talks the workers take care and is also environmental responsible. They are working on environmental issues, started in 2011. They have implemented a working plan: water recycling, bio mass for steaming clothes.

### Improvements for 2013

#### *Freedom of association and collective bargaining:*

- Espresso has informed the supplier management about the need in providing information to workers about their right to freedom of association, however this requirement needs to be followed up. It is most difficult yet. They are not used to democracy. There is a men representing the workers. He is working at the factory for more than 10 years and now has an extra responsibility. He empties once a week the grievance box. He is not democratically chosen, this could be a point of improvement.
- The supplier should arrange the workers to form an Independent union or worker committee and the right of all workers to join. It is not possible to do it right now but it is an point of improvement.

#### *No excessive working hours:*

- Several reasons contribute to the need for overtime, they have been discussed and in the follow up, this will be continued.

The supplier sends the names of the subcontractors and will ensure that the subcontractors are informed of the FWF Code of Labour Practices. The supplier will send photos to show that the information sheets are placed in these workshops/factories .

### Supplier 2

- 18% of total production for Espresso Fashion in 2012
- Verification audit performed in 2011 (Espresso was not present at the audit)

- Production Manager and Production assistant were at the factory to check production in June 2012
- This supplier is producing for us since 2008.
- The follow-up of the CAPs is also a joint effort by different FWF members together.

Production Manager Espresso visited the factory and spoke to the management about the Corrective Action Plan.

The factory has attended a Workplace Education training and has received a certificate for this. This was a recommended training for elected worker representatives to ensure a good dialogue with management was held early 2012 and elections have been held since.

### Achieved improvements in 2012

#### *Legally binding employment relationship:*

- The factory management has made changes in the contract to abide by the law.
- The factory management has made sure every employee now has a copy of the employment contract.
- The minimum wages keep going up and they do always follow those. They say they even pay a little over the legal minimum wage.

#### *No excessive working hours:*

- There has been an improvement on time recording: the factory has maintained and is using a system to measure actual working hours.

### Improvements for next years

#### *No excessive working hours:*

- The factory should maintain its weekly working hours to be according required FWF Code of Labour Practices and at least according the Labour Law of the People's Republic of China.

#### *Safe and healthy working environment:*

- The factory should build up an ergonomic program and provide information on proper working positions.

### Supplier 3 China/ NL

- 11% of total production for Espresso Fashion in 2012
- This supplier is producing for Espresso since 2011





- Will be audited by Fair Wear Foundation in November 2013

We are working with this supplier through an agent in the Netherlands. They are placing the orders at two suppliers in China. One of these suppliers will be audit in September 2013 by BSCI. Both of the suppliers have had an audit from BSCI before.

### **3.5 Poland**

#### Supplier 1

- 3% of total production for Espresso Fashion in 2012
- This supplier was working with Espresso since 2000
- Last production took place in 2012 because of quality issues

## **4. Complaints procedure**

The Sustainability Manager is responsible for dealing with complaints. The complaint is discussed with FWF and internally with the relevant Production Manager. Then the supplier themselves are contacted. Regarding of the outcome of this talk and using the feedback from FWF, it is decided which steps, if any, need to be taken.

In 2012 FWF did not receive complaints about factories supplying to Espresso.

## **5. Training and capacity building**

Since Espresso has been a member of FWF, for quite some time now (9 years), all the relevant staff members are aware of our FWF membership and what this entails. There is contact between the Sustainability Manager and the Production Managers about the follow up of CAPs and other relevant information regarding our ongoing efforts to improve labour conditions at our suppliers.

### **5.1 Activities to inform staff members**

The Sustainability Manager shares relevant information with other departments and colleagues. The contact is especially intensive with the production departments about the follow up of CAPs and other issues regarding our ongoing efforts to



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improve labour conditions at our suppliers. Sustainability activities at Espresso are also connected to the marketing department.

Part of the 2013 annual salespeople training will be about sustainability. We will inform them about our FWF membership, our other sustainability efforts, the environmental (dis)advantages of materials etc.

Externally: The Sustainability Manager keeps up to date with all things sustainability related, through newsletters, seminars and literature. She also keeps in contact with the FWF verification staff.

Internally: The Formule Manager together with an Espresso colleague introduced our FWF membership to (new) shop employees where relevant. This is mainly done by informal meetings and the sharing of existing documentation and Espresso's archives.

### **5.2 Activities to inform agents**

Espresso introduces the FWF code of conduct to every agent.

- The product manager (PM) provides the supplier with an information document about Fair Wear Foundation and the general sustainability policy of Espresso.
- We provide the public Espresso Sustainability Report to the supplier/agent as well as (where applicable) the brochure "Ontdek de duurzame wereld van Espresso", about Espresso's sustainability policy (only available in Dutch and German).
- Espresso or our agent asks the supplier to fill out the questionnaire and to provide pictures of the factory. The PM takes all the effort necessary to introduce the FWF policy and to explain the procedure. We sent the code of conduct in the right language to the supplier after signing the questionnaire. We ask them to post these in the factories.
- The Sustainability Manager keeps track of CAP progress through email and phone contact. She informs PMs which CAPs are still to be discussed and/or checked before they travel to these suppliers.
- The PM arranges meetings with the agent/supplier to talk very extensively about the requirements and to solve problems.

There is also regular contact through email and telephone with the supplier and/or agent. When needed, we ask FWF to conduct a training for the management and/of the workers in the factory.

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- The PM arranges meetings with the agent/supplier to talk very extensively about the requirements and to solve problems.
- There is also regular contact through email and telephone with the supplier and/or agent. When needed, we ask FWF to conduct a training for the management and/of the workers in the factory.

### **5.3 Activities to inform manufacturers and workers**

**In 2012 we had a few particular activities on informing manufactures and workers;**

- Turkey: Participation of Dialogue program different suppliers.
- Macedonia: In 2012 start to participate efficiency pilot.
- China: Start seminar for Chinese suppliers.

Espresso introduces the FWF code of conduct to every manufacturer.

- The product manager (PM) provides the supplier with an information document about Fair Wear Foundation and the general CSR policy of Espresso.
- We visit most of our suppliers to meet them, see the production location, see the new materials and methods, and check the quality and to build up a good business relationship. Some suppliers visit Espresso regularly as well.
- Espresso or our agent asks the supplier to fill out the questionnaire and to provide pictures of the factory. The PM takes all the effort necessary to introduce the FWF policy and to explain the procedure. We sent the code of conduct in the right language to the supplier after signing the questionnaire.
- The PM arranges meetings with the supplier to talk very extensively about the requirements and to solve problems.



- There is also regular contact through email and telephone with the supplier. When needed, we ask FWF to conduct a training for the management and/of the workers in the factory.

## **6. Transparency & communication**

### **Press event to launch the Extra Fair collection**

Espresso values sustainability highly because we want to grow our business and create beautiful products, but only with respect for people and the environment. We are certainly transparent about our sustainability efforts, but we communicate about this very carefully. We communicate to both consumers and the press.

We recognize the need for increased transparency as a result from the growing consumer desire to know which brands are more sustainable than others. Therefore we are slowly communicating more about our sustainability policy, which obviously includes our FWF membership of which we are very proud.

Our main communication platforms are our website, our magazine, social media and the sustainability brochure.

### **Fair Wear Foundation**

Our Annual Report is published on our own website as well as the Fair Wear Foundation website. The results of our Brand Performance Check are also posted on there.

### **Sustainability model and Sustainability brochure**

We created a sustainability model that uses simple icons to illustrate our supply chain. We will continue to use this to communicate our sustainability activities in each part of the supply chain. The model was the basis of our new sustainability Brochure we created in collaboration with Schuttelaar & Partners. The brochure was launched in January 2012. We are currently looking for new ways to communicate our sustainability policy to our consumers.

### **Website and email**

We considerably changed the sustainability information on our website in 2011 ([expresso.nl/duurzaamheid](http://expresso.nl/duurzaamheid)) and we keep this up to date. We also set up an email address specifically for sustainability related inquiries ([mvo@expressofashion.com](mailto:mvo@expressofashion.com)). The Sustainability Manager will respond to these emails from customers and other parties. The Fair Wear Foundation is featured at the bottom of every page.

### **Espresso Magazine**

Every edition of our Espresso magazine (which comes out four times a year) has a page with information regarding one sustainability theme. First we had a page with news and different themes about our sustainability policy.

We choose to adjust this way of communicating after the conclusion of our Panel research in October last year. The outcome was that we have to focus more on one (sustainability) topic at one time. We hope with this adjustment it gives a more clear and effective message.

From the Spring 2013 we will also have a column written by Marieke Eyskoot, she wrote the book: Talking dress. She will tell about her daily life working in sustainability and fashion.

### **Social Media**

We will continue to post updates on our social media pages (Facebook, Twitter and Youtube) about sustainable activities to inform our readers and to try to engage them.

### **GoedeWaar.nl and Rank a Brand**

We are proud to have received high rankings and scores on two websites that inform consumers about the sustainability of brands.

- In 2011 Goede Waar developed the mobile app Kledingchecker, which consumers can use to check the sustainability of their favorite brands on the go. We are listed in this app.
- We are also listed on Rank a Brand, which means consumers can find us and view our ranking. We received a C ranking, which means they rate us one class lower than last year. We scored positively on 9 out of 20 questions. This year we are going to focus even more on different themes, so hopefully next ranking, we will receive a B again.

## **7. Stakeholder Engagement**

As described above we did had an survey among our customer panel. Also we invited people for the launch of the extra Fair Collection.

## 8. Corporate Social Responsibility and future developments

Espresso develops many sustainability projects and activities. They include partnerships with good causes, donations of clothing, making our overall office/business more sustainable, the use of sustainable fabrics, and more.

At our head office in Amsterdam, our intention is to reduce as much as possible the energy use. Therefore our warehouse and the biggest part of the office is provided with motion sensors and strip curtains.

**A new Sustainability Coordinator has started in the beginning of 2013. The beginning of 2013 has been used to orientate and get to know all activities. Therefore it took some time to gather all information for the annual report of 2012.**

Annex 1: Organisational Structure Espresso Fashion B.V.

