



social annual report 2014

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Mayerline. A made in Belgium story, for over 50 years.

Mayerline lives and breathes fashion. Like no other, this fashion house strikes the balance between the latest in fashion and the clothing that women love to wear. Today, a committed and enthusiastic team is the foundation of our collections, attesting to their dedication, talent and love of the craft, time and again.

1957-1987 | From atelier to fashion brand

1957: In their modest atelier in Brussels, Joseph Meyer and his wife Jeanne Vrijdags design their first clothing line consisting of jackets and coats. This introductory effort is soon followed by women's suits and other garments. Jeanne's elegant creations gain them an enthusiastic following of customers. Initially sold at outdoor markets, the collections quickly find their way into multibrand shops. With time, Joseph and Jeanne take over several shops of their own. It is in one of these that their son Maurice begins working at the age of 14. He meets his wife Frieda Zegers and, thanks in part to her creative input, the shops grow into well-known fashion concerns.

1965: Pierre Fogiel takes the helm and brings further structure to the company, resulting in brisk growth.

1980: Maurice Meyer becomes Managing Director of Mayerline, focusing on developing the collection, and in 1986 Mayerline is launched as a brand. The first catalogue is published.

1987- 1997 | Mayerline invests in order to develop its strengths. The Belgian retail market forms the basic outlet for the collection and this proves such a success that in 1995 they are able to open their own shops. In 1996 the first "shop in shop" is opened at a branch of the Galeria Inno department stores. Mayerline remains a fixture in multibrand shops as well.

1997-2007 | The expansion: Belgian roots & international production

1999: Mayerline opens its foreign production site in Lithuania. Shortly afterwards, the shop concept is updated as well. Maurice Meyer, now assisted by his son Christophe, his daughter Annick and a team of loyal and competent employees, aims to expand further.

2006: Mayerline has 25 shops of its own and the brand is also distributed in all 15 branches of the Galeria Inno department stores. One year later, boutiques are opened in Mol, Lommel, De Panne, Ieper, Mortsel and Waregem. In the meantime, the line of clothing has become available in 165 multibrand shops. There are also over 20 shops in the Netherlands.

2009 | A look ahead to the future

The expansion within Belgium progresses with the opening of new shops in locations such as Beveren, Waterloo, Halle, Sint-Truiden and Genk. Mayerline looks to continue its growth internationally.

2010 | In cooperation with the Fair Wear Foundation Mayerline NV signs the Code of Labor Practices

Additionally, Mayerline introduces core company values in order to bring expectations and its approach to working with all stakeholders into alignment—customers, coworkers, owners and the general public.

Family spirit

Together we are strong

We are enthusiastic and proud to be a part of the Mayerline family, working constructively together, actively participating and placing the interests of Mayerline, as an entity, over and above the interests of the individual. We are motivate to help others achieve the best results.

Ownership

The responsibility is ours

We take responsibility for what we do and honor our commitments. We make our decisions based on fact and the latest industry knowledge as we seek to form an honest and informed position.

Positive attitude

We are motivated to do this - each day, every day

We inspire confidence and respect in an open, warm and authentic manner. We think and act with a win-win mentality. With optimism and a can-do spirit, we come out the winner every time.



Mayerline
values

Driven to excel

Just that little bit more

We strive to excel in all that we do, applying a focused approach to our work until results are achieved. Mayerline's time-honored strengths and unique approach allow us to continue making our mark: the highest quality product and superior customer service.

Continuous development

Always moving forward

This is our passion—we don't stand still, we're always learning something new. Keeping time with the needs of the market, we adapt the image and direction of the company, aligning the working practices of Mayerline with the goal of always strengthening its unique position.

Sustainability

A company for today...and tomorrow

We strive to achieve sustainable development with healthy returns over the long term, building mutually beneficial relationships with all of our stakeholders and partners. Respect for our planet is a foundational principle and an opportunity to grow, adapt and fulfill our responsibilities.

2013 | CRG (JBC's holding company) acquires a majority share in Mayerline

Complementary fashion brands join forces to create a launch platform for growth. Two families come together in this effort; “The acquisition is part of a logical growth process,” said Bart Claes, CEO of JBC. Founded in 1975 by father and former pro-cyclist Jean-Baptiste Claes, JBC has evolved, in just a few decades, to become one of the most prominent and dynamic Belgian fashion retailers, with 130 stores in Belgium and Luxembourg. The goal is to remain consistent in preserving the unique identity of both JBC and Mayerline. The companies continue to follow the paths previously outlined.

Corporate responsibility

When it comes to Corporate Social Responsibility, both brands (JBC & Mayerline) are aware of and committed to a mutual learning process. JBC joins Fair Wear Foundation in spring 2015.

Mayerline has consistently focused not only on producing the highest quality products, but on ensuring that garments are produced under proper labor conditions. In 2010 it was decided that this process should be made yet more structured and formal by applying for membership with the Fair Wear Foundation. As more than 70% of Mayerline suppliers are partners of more than 5 years, and aware of the Mayerline culture and product, most of them were familiar with the Corporate Social Responsibility (CSR) policies and have been audited more than once in the past.

Continuous development and work with our long term partners forms a vital link in our sourcing strategy - together we are strong.

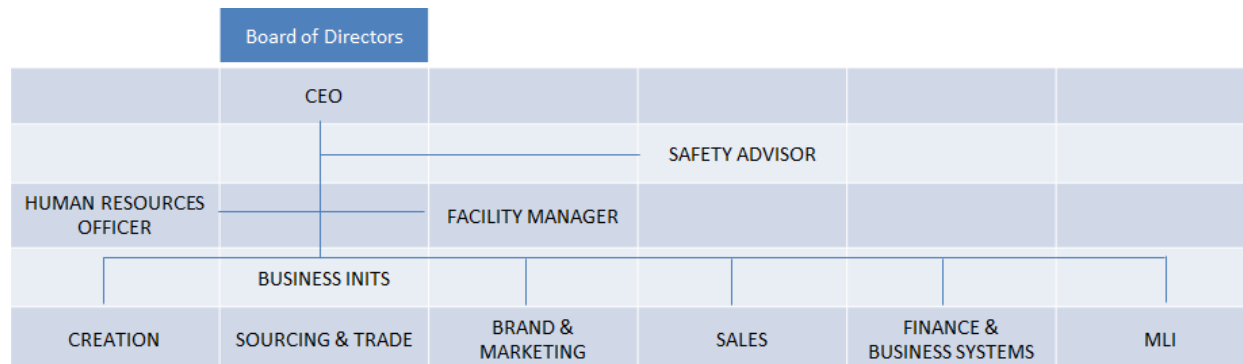
Sourcing strategy

Mayerline & MLI (Production Company of Mayerline) encompasses two main product types: garments/products that are purchased from the suppliers, and the products we produce from our materials + CMT (confection). The company's sourcing strategy remains constant across all products: quality first. Sourcing countries and partners are long-term relationships and do not change rapidly year to year.

Production geography:

	Production
CONFECTION	Europe
KNITWEAR	Far East / Turkey
T-SHIRTS	Far East / Turkey / Europe
ACCESSORIES	Far East

The sourcing & trade department, together with MLI (over 40 people), are responsible for the presentation of the collection package in terms of quality, price and selection of the production partner.



Production cycle

Mayerline produces two main collections annually: summer and winter. In both cases the season schedule is fixed and encompasses each stage in the process, from collection creation up to its delivery to shops. Lead times for each process are planned carefully in order to ensure quality at each step. Mayerline's principle is that suppliers are to be involved in the collection creation process, thus the styles of future collections are clear to the factories in advance. Production quantities are communicated as prescribed by the season schedule. Evidence of our success through the years in reaching the proper balance in planning is shown in the consistently positive remarks from audited partnering factories concerning the time provided for production (planned individually for each supplier and genre).

Supplier relations

All major partners and sourcing countries remain the same as in recent years. More than 66% of Mayerline suppliers are partners of more than 10 years and another 14% are partners of more than 3 years. Less than 1/5 of the total volume being produced takes place at newly sourced factories (Turkey, Portugal and China), and Mayerline is confident that these new partnerships will develop into long-term relationships as well.

Integration monitoring activities and sourcing decisions

Understanding the strengths and capacities of our suppliers, we divide production per genre accordingly, not basing production quantities (or the decision to produce/not produce) on the findings in the audits of our supplier factories. We do this, first, because the findings were never crucial to take such decisions, but also because this is simply a matter of Mayerline culture. We work to build partner relationships with our suppliers, and by dealing with the problems (also related to implementation of Code of Labor Practices) through dialogue, suppliers perform and comply with greater confidence. After doing the necessary investigation into the history and background of the matter, we have sufficient knowledge regarding any potential issues to discuss the "difficult" points and work toward finding appropriate solutions.

Coherent system for monitoring and remediation

For over 15 years now, Mayerline has produced a large percentage of its garments in the European Union, with over 41% of total Mayerline production based in the European Union for the two collections of 2014 (mainly in Lithuania and Portugal). Mayerline started the fifth year (after signing the Code of Labor Practices) with over 91% of its product originating in audited factories or in countries declared low-risk.

Factory	Country of production	% of total production / purchases for 2014 by Mayerline	2014: % originated in audited factories or in countries declared low-risk	Plan 2015	Corrective Action Plan in progress	Turnover, 1.000€
F01	Lithuania	30,8%	30,8%	30%		3.030
F02	China	25%	25%	25%	+	2.457
F03	Turkey	13,8%	13,8%	15%	+	1.359
F04	China	7,9%	7,9%	8%	+	776
F05	Portugal	7,6%	7,6%	8%		744
F06	China	3,3%		2%		321
F07	Portugal	3,1%	3,1%	3%		307
F08	China	3,1%	3,1%		+	301
F09	Turkey	2,3%		7%		223
F10	Russia	2,2%		2%		212
Other (4)	Italy, China	1,1%	0,4%			111

Currently, Mayerline has four active Correction Action Plans (CAP) in place with its suppliers in China and Turkey. For the factory in China, from which Mayerline produces/buys 25% of all the production, a Corrective Action Plan (CAP) was implemented in December 2014 together with other FWF members. By communicating with and visiting the supplier, the operational and urgent issues highlighted during the previous audit (2011) have now been solved and documented:

- . The FWF Code of Labor Practices is posted at the factory at all times
- . There have not been any cases of delayed salary payment since the last audit in 2011
- . All employees are guaranteed payment of local minimum wage and overtime premiums based on the proper percentage of local minimum wage
- . All overtime hours are comprehensively recorded, and attendance records furnished for review accurately represent the true situation of workers' working hours
- . All workers receive a copy of the labor contract for reference

Progress has been made with the factory during recent years in terms of implementing open and clear procedures, including complete and fault-free records. Nevertheless, the scope of issues still open is still broad (e.g., workers are not informed properly or consulted about PRC Labor Law; no ergonomics program has been established at the factory; there are still issues relating to overtime and payment of the living wage):

- . Wages are below the living wage estimated by local stakeholders
- . Workers are not informed or consulted about PRC Labor Law or FWF Code of Labor Practices
- . There is no democratically elected union – the existing union is not active
- . Weekly working hours are around 65 to 76 hours (requirement <60 hours)

Working on the Corrective Action Plans is always high on the agenda during visits by Mayerline representatives.

Target for 2015: Continue working with the factory to implement CAP.

The second audited Chinese factory produced over 3% in 2013. The CAP indicates issues very similar to those stated in the audit of the first factory of the same group, from concerns about not having an effective trade union to overtime issues and payment of a living wage:

- . Issues of overtime payment and payment of the living wage
- . Workers are not aware of their rights regarding freedom of association
- . Workers are not consistently receiving at least one day off in a 7-day period

Working on the CAP with the factory predominantly solved health and safety issues (fixed exit signs, unblocked fire extinguishers, chemical containers are posted with safety labels, published FWF code, etc.) last year.

The third active CAP is with the factory of a new Mayerline partner based in Turkey (produced over 13% for two seasons of 2014). The Collective Bargaining Agreement (CBA) had been concluded by the factory, making this factory the ONLY knitting facility in Turkey with a CBA since the beginning of 2014.

CAP revealed the following important findings:

- . Wages higher than legal minimum wage, but do not meet local stakeholders' estimate of a living wage
- . Registered cases of overtime exceeding the 11 hours/day and 60 hours/week limits
- . Production is subcontracted to unauthorized subcontractors

On the other hand, there were positive changes as a result of working on the CAP since the last audit in 2012:

- . The Code of Labor Practices is posted in the local language, including the contact details of the local complaints handler, at an easily accessible location for workers
- . Workers are informed actively about the FWF Code of Labor Practices and/or relevant national or local legislation
- . Union representatives have free access to workers. CBA concluded with the union also had a positive impact on establishing a social dialogue relationship
- . Workers' hourly rates increased due to the CBA
- . The number of workers trained in first-aid is sufficient

Target for 2015: Continue working with the factory to implement CAP.

The fourth active CAP is with the factory in China with which we have been working for four years now. Progress has been made in terms of safe, healthy working conditions since the 2013 audit: all issues (exit signs and emergency lights, protective measures such as gloves, masks, earplugs, etc.) have been resolved, with the exception of implementation of the ergonomic program.

The complex issues remaining are similar to the findings in other factories:

- . Issues of overtime payment and payment of the living wage
- . No democratically elected union. The existing union is not active

Target for 2015: Continue working with the factory to implement CAP.

In light of all of these issues, in cooperation with our suppliers and the Fair Wear Foundation, we can state that the perfect factory does not exist. Only by constant and consistent efforts, together with a willingness to address and solve issues together, will we achieve good working conditions in our supply chain.

Having focused on our Far East and Turkish suppliers, we encourage our European suppliers to join our initiative also, in working toward transparency in all of the requirements related to Code of Labor practices.

Complaints procedure

Mayerline received no complaints from factories in 2014.

Communication & transparency

There are several ways through which the Code of Labor practices are communicated to manufacturers and workers:

- . Distribution of questionnaire and lead letter
- . Request for confirmation of our general cooperation rules (website www.mli.it which contains information on the FWF)
- . Visit to suppliers to explain Mayerline's decision to become an FWF affiliate.

In order to better inform our suppliers we have implemented a web site dedicated to our suppliers. The link “login supplier” at www.mayerline.be is where all of our registered suppliers (including raw materials suppliers) are informed of general conditions, including Code of Labor Practices, our anti-corruption statement, environmental requirements, etc.

The Mayerline supplier center is designated as a general cooperation contract for its suppliers and producers.

In order to realize our future goals, and in order to continue to work according to our company values, we seek suppliers with whom we can make clear agreements and that are ready to respect these agreements. We believe in an open and transparent communication.