



Social Report 2015

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1. Bel&Bo - "Time for colour"

Bel&Bo was put on the market five years ago with great success. Bel&Bo is a Belgian retailer with colourful fashion for all the family.

18 collections per year each form a customised colour composition. Bel&Bo offers a complete collection of clothing and accessories for the whole family.

Thus, everyone finds the model and colour that suits them best in the current fashion landscape and among current trends.

Fashion with self-confidence. Bel&Bo clothing must be fairly produced and is sold at the right price/quality – this is a firm promise we make to our customers.

The family business is actively committed to growth with 93 outlets and a Webshop already.

Our shops are easily accessible and congenial, close to the customer.

We primarily target female customers in the 25 – 55-year age group who have a family.

The Bel&Bo retail chain is part of NV Fabrimode in Deerlijk and currently has more than 500 employees (incl. sales staff, warehouse and head office).





2. Bel&Bo - "Time for values": Bel&Bo plays its JOKER in

- J** Fair in price. Clothing at the right price and with quality that is reliable
- O** Consultation and cooperation. Team spirit and a pleasant, convivial atmosphere are extremely important, both at the workplace and in our shops.
- K** Colourful and creative. Our collections are refreshingly up-to-date. Bel&Bo wants to continue inspiring the customer with its stylish colour combinations and perfectly fitting clothes.
- E** The customer comes first. The customer always comes first and this is why personal customer service is of paramount importance for Bel&Bo.
- R** *Respectful, fair and sustainable business.* This is reflected in all kinds of projects to which Bel&Bo is committed for individuals, society and the environment.

These JOKER values were formulated, assessed and discussed 5 years ago by all the staff. Thanks to the JOKER training program, they are also implemented every day. Day in day out, our employees translate values into actions and as a customer you notice this. With Bel&Bo you always draw the JOKER.





3. Bel&Bo - "Time for responsibility": a sustainable purchasing policy

1990-1999

- ✧ Clothing industry leaves Europe en masse to continue production in the Far East
- ✧ Countries where production takes place = unknown territory
- ✧ For us it is obvious that clothing should be made under good conditions. However, this does not always appear to be the case.

1999

- ✧ We become a member of The Shift (still known as Kauri at that time) and are acquainted with the 1st generation of codes of conducts and with FWF
- ✧ We buy from European suppliers (= production centres are unknown to us)

2000

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

2004

- ✧ We start carrying out checks on our suppliers' commitment

2007

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

2010

- ✧ Our new name is launched: Bel&Bo. Bel&Bo stands for:
 - A quality product
 - Correct fit
 - Stylish
 - Manufactured under good conditions
 - At a fair price

2011

- ✧ Clean Clothes Campaign (CCC):
 - Bel&Bo asks to be audited by CCC itself
 - Result of this audit: Bel&Bo's score is among the better in the class

2013

- ✧ Bel&Bo has a study conducted by Ernst & Young: how to buy sustainably
- ✧ Conclusion of this study:
 - Fewer suppliers
 - Give the production workshops sufficient production time
 - Establish strategic relationships with suppliers
 - Reduce or avoid last-minute orders and only from a limited number of suppliers
 - Highlight issues such as excessive working hours of employees, not giving any days off,...

1990



THE
SHIFT

1999
member of
The Shift

2000

own initial code
of conduct based
on the FWF code



Bel&Bo Social Report 2015

- Ensure that thorough and regular internal & external audits are conducted regarding both social and environmental aspects
- Be particularly vigilant if you want to use a new production workshop! Create a Balanced Score Card where apart from Price, Quality and On-time delivery, CSR aspects are also assessed equally

March 2013

- ✧ Bel&Bo imports more and more directly (from 10% to more than 50% in 2 years)
- ✧ Bel&Bo adjusts its purchasing strategy and organisation:
 - Additional agent engaged
 - Recruitment of 5 new employees (Styling/Fitting/QC/BKH)
 - LC's re-classified according to production workshop
 - External quality control in the Far East
 - Quality control before shipment and on arrival in the warehouse
 - Additional warehouse space for storage of deliveries
 - Additional funding for prepayment of goods
 - Production workshops are visited even more often beforehand

Oktober 2013:

- ✧ First consultation with FWF re admission of Bel&Bo
- ✧ Agreement restricting to "own production"

2014

- ✧ Clean Clothes Campaign (CCC): new survey with focus on living wage:
 - Bel&Bo obtains good average points but is rather disappointed itself by the assessment received
 - Level of living wage is difficult to enforce in production workshops
 - The increase in the statutory minimum wage in Bangladesh goes down well and applies to everyone – no inequality between the various chains!
 - Clear incentive to become a member of a Multi-Stakeholder Initiative (MSI)
 - Weinig aanbod MSI in Europa

November 2014:

- ✧ Bel&Bo wants to continue its chosen path and needs an MSI
- ✧ Official admission to FWF

2004

start carrying out checks



Bel&Bo Social Report 2015

2007

independent audits

Bel&Bo

2010

our new name is launched: Bel&Bo



2011

Clean Clothes Campaign



2013

study Ernst & Young

purchasing strategy and organisation

2015

2014

Clean Clothes Campaign: new survey



4. Bel&Bo - "Time for a sustainable partnership": Fair Wear Foundation

What is FWF?

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

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



Bel&Bo's Code of Labour Practices (CoLP)

1. Employment is freely chosen

There must be no use of forced labour.

2. There is no discrimination in employment

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

3. No exploitation of child labour

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

4. Freedom of association and the right to collective bargaining

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

5. Payment of a living wage

Wages must meet at least the legal minimum wage if there is one. Wages for a standard working week should always be sufficient to meet the basic needs of workers and their families and to allow for some savings. Deductions

from wages, which are not provided for by national law, are not permitted. Workers informed about how their wages are made up, including wage rates, pay periods and deductions from pay. Workers should receive a pay slip, which gives this information.

6. No excessive working hours

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

7. Safe and healthy working conditions

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

8. Legally binding employment relationship

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



Do you have
QUESTIONS about your
salary, working hours or
any of these other issues?



If you want more information, or feel you have not been treated correctly:

- 1 Talk to your supervisor, if possible
- 2 Talk to your representative if there is a worker committee
- 3 Get advice from your union or from a charity

If these don't work, you can e-mail **Fair Wear foundation**:

4.1 Goals and achievements 2015

a) Goals

FWF has helped us in setting up a definite work plan and procedures for monitoring & training.

Our main goals for the past work year were:

- ✧ gather all data from agents, intermediates and production units
- ✧ send the CoLP and the Worker Information Sheet (WIS) to all production units, for posting it
- ✧ monitor the PU's via audits
- ✧ improve the respect of our CoLP - we want to be able to guarantee that our goods are produced in the right circumstances
- ✧ follow-up on the improvements made via Corrective Action Plans (CAP's)
- ✧ improve the guidance of our sourcing department
- ✧ make collaboration with other purchasing companies possible
- ✧ improve consumer confidence and communicate about FWF membership towards our customers

b) Procedure

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

- ✧ Before we place an order, we send a questionnaire to the PU, which they have to send us back filled in and signed. By signing the questionnaire, they declare that they understand and agree with our CoLP. In the questionnaire, we also ask them to self-asses their compliance to our CoLP.
- ✧ After receiving this, we ask them to send us:
 - a reliable, recent and complete audit report
 - proof of the CoLP and the WIS being posted on the work floor

- ✧ with the help of our purchase department, our CSR department gathers all this information and processes it, and then decides which colour code the PU gets:

- **Code Red:**
 - Information not yet received or insufficient and/or unreliable
 - This PU cannot get new orders
 - For an order that was already placed, the order is considered as “not final”, so:
 - we will not provide the necessary barcodes to the PU and our QC will not approve or comment the samples
 - LC's will not be approved by our Accounting Department and the order will not be paid for
- **Code Orange:**
 - Information received and being treated by our CSR
 - This PU can get new orders
- **Code Green:**
 - Information received and treated by our CSR and considered as good
 - Good and smooth collaboration with this PU, willingness to make improvements, ...
 - This PU can get new orders, in fact, the CSR requests the purchase department to even give preference to this PU when placing orders

c) A comprehensive system for monitoring and improvement processes

After thoroughly reading the audit report(s), our CSR makes a CAP and sends this to the PU, requesting them to take the necessary measures within the proposed deadlines. They also must keep us informed of the improvements

and progress they have made. That is how we monitor our PU's. So, of course, the colour code can change at any time, depending on the (follow-up) information we receive and on the collaboration with the PU.

This procedure should guarantee that we get a complete insight of the location of our PU's and their actual situation regarding to their working conditions. But, ...

As half of our orders had already been placed about 6 months before our financial year started, we had no more means to put pressure on our intermediates and Production Units (PU's) and thus obliging them to collaborate.

Nevertheless, within only a few months, we already succeeded to get a signed questionnaire of almost 47% of our PU's and the CoLP and WIS is posted in at least 41,25% of our PU's.

We continue working hard to let this rise as much as possible and we are confident that this will work.

Unfortunately, for about 6,25% of our PU's, it will be impossible to get this, because we were already no longer working with these PU's when we started this procedure.

Meanwhile, FWF told us that we have 23 PU's where other members of FWF also have a production running. We look forward to collaborate with these other purchasing companies.

By mentioning the FWF logo on our website, brochures, etc.; by taking part in several discussions with various stakeholders, by informing and training our employees, we try to improve our consumer confidence.

All the data is compiled in an Excel file and in our internal program.

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

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





4.2 Organisation of a sustainable purchase

a) Purchasing strategy

As explained before, every new PU has to fill in and sign our questionnaire, so that we can monitor them, and they need to send us proof of the posted CoLP and WIS.

We place orders directly (via our agents) and indirectly (via intermediates).

If a direct order is placed at a new PU, situated in Bangladesh or India (China, Pakistan), some persons of our purchase department will first visit the PU in order to make sure that the PU complies with our standards.

They do a visual inspection of the working conditions and the health & safety condition, but more important, they check if the relation between the manager and its workers is good and respectful.

If the PU passes this inspection, we ask them to make a sample. If the sample is good, and after the CSR gives code orange or green to the PU, we place a test order. If this is OK, we continue our business relation with this PU.

Direct orders:

- Bel&Bo knows the PU of company management
- Bel&Bo requests a social audit report prior to ordering
- Bel&Bo has visited PU and thinks that it is good
- Bel&Bo tries to establish a long-term relationship
- Bel&Bo deliberately restricts the number of PU's in order to build up more capacity, more control

Indirect orders:

- Supplier of Bel&Bo themselves determines in which PU the order is made and only lets Bel&Bo know this after ordering
- Supplier does not gladly reveal this information
- Supplier must release a social audit report of each PU which produces goods for Bel&Bo
- Supplier of Bel&Bo changes PU (too) easily if it can reach a better deal with another PU
- This prevents Bel&Bo from being able to establish a long-term relationship with the PU
- The number of PU's is a multiple of the number of PU's for Direct Orders. Follow-up is difficult, laborious and often pointless because Bel&Bo's supplier changes PU (too) easily.
- Impossible for Bel&Bo to visit all these PU's



Observations:

- We have received and discussed a social report for almost all PU's of 2015. A CAP which is actively followed-up is prepared for most PU's
- The follow-up of "Direct Orders" is much more efficient than that of "Indirect Orders"
- The follow-up of the mass of PU's from "Indirect Orders" is untenable and Bel&Bo has therefore decided to place even more orders directly
- The colour code which we use works well but in 2016 we should refine it using a ranking system in order to be able to make a list with "Preferred PU's".

b) Pricing strategy

At this moment, we find it important that the purchase price is logical (reasonable and comparable with prices of other PU's) and realistic (purchase price + margin of profit = selling price achievable for our kind of product).

In a later stage, we have the intention to get an insight into the build-up of the purchase price, in order to ensure that after deduction of the margin of the PU, there is sufficient left to pay workers in a correct way for the time they needed to make the product, etc.

Prices of different PU's are gathered via the agents and intermediaries for each order and after internal consultation it is determined who gets the order, taking into account:

- the country of origin (not all one's eggs in one basket), price/quality ratio and margin
- reliability, sustainability, working conditions, etc. of the PU



c) Organisation of the purchasing department

Our sourcing department consists of our CEO, 4 buyers, 3 buying assistants, 3 stylists, a QC department with 6 employees and our CSR Team.



d) Production cycle

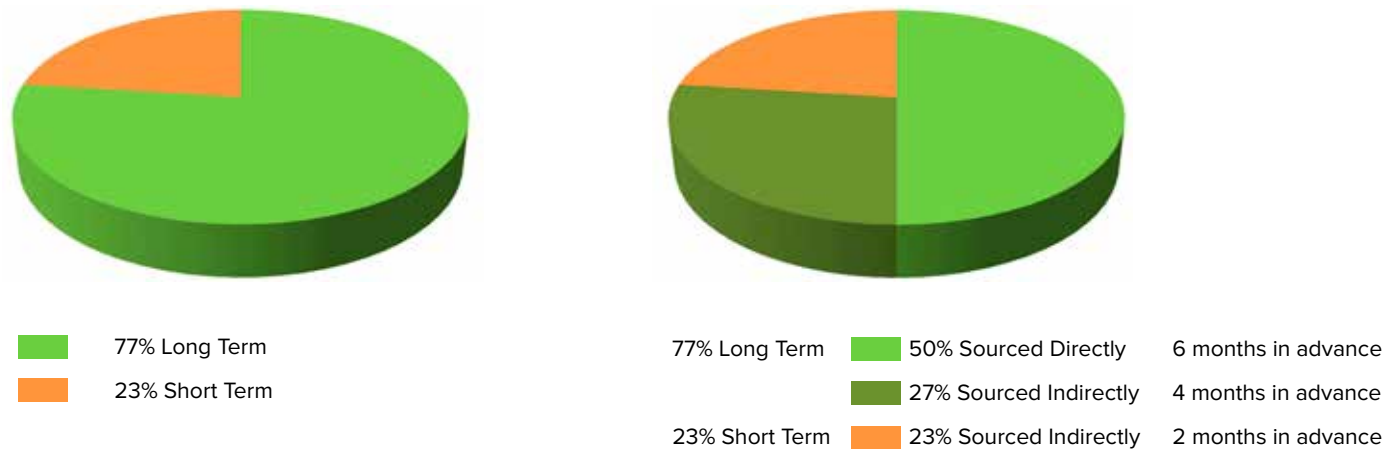
We have two collections per year: a winter collection and a summer collection.

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

Most of our orders are placed minimum 6 months in advance.

If the PU is located in Europe, the delivery time is shorter, but still reasonable (e.g. 4 months).

A very small part of our collection has a delivery time of approximately 2 months. This concerns only high fashion items.



e) Relationship with the suppliers

Since we have only recently started to import directly, the average duration of the business relations with our PU's is short, but our agents mostly have a long term relation with them. This means that often, we already worked with the PU, but then via an indirect way (through intermediaries).

As stated, our goals are:

- to raise the number of orders we place directly
- to limit the number of intermediaries (which will automatically limit the number of PU's)
- to build up long term relationships with PU's that are cooperative and willing to make improvements

4.3 State of affairs

a) State of affairs at production units in our most important producer countries

This year we have primarily focused on obtaining all the information concerning our PU's (having the questionnaire completed and signed, having the CoLP and the WIS attached, requesting and going through audits, asking the workshop to itself assess whether or not it complies with the CoLP, etc.) and putting our producer countries on the map.

Bangladesh:

In view of the fact that approximately 22% of our production takes place in Bangladesh, this is an important producer country for us. Bel&Bo goes to Bangladesh at least twice a year. In addition to prospecting, we also visit existing PU's during these trips in order to inspect working conditions. If we notice that a PU is not meeting the expectations of our CoLP, this is immediately discussed with the workshop in situ and we explore ways of tackling this together.

The most important issues established:

- Minimum and living wage. These differ very considerably. The minimum wage is the first priority, but there is certainly a case for more action regarding a living wage.
- The safety of buildings.

China:

Approximately 27% of our production takes place in China. In 2015 we visited several of our PU's there.

The most important issues established:

- the effective payment of a minimum wage to all employees,
- the working conditions in the workshops

- overtime: in China a great deal of overtime is worked, but there too a legal maximum is applicable.

India:

Approximately 11% of our production takes in India. In 2015 we had 2 FWF-audits conducted there and we visited some of our PU's there.

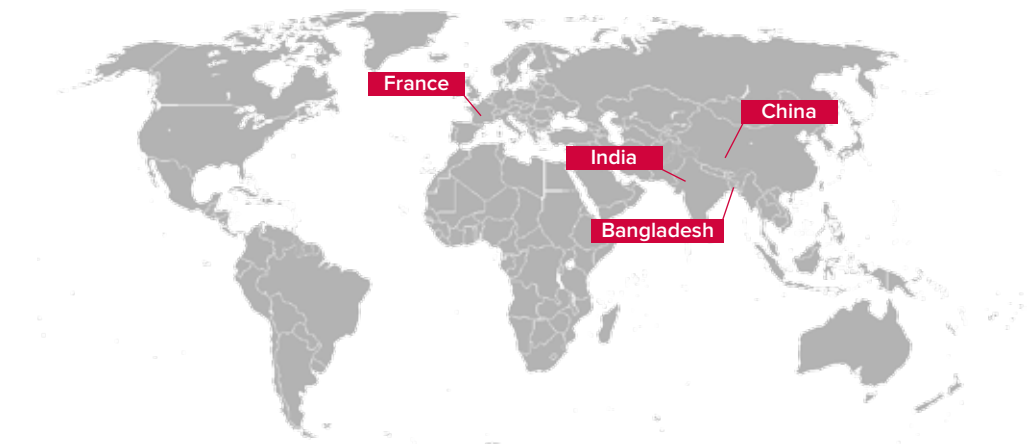
The most important issues established:

- Forced working
- Payment of a living wage. Here too there is a very considerable difference between the statutory minimum wage and the living wage.

In 2016 we are planning a training course in India which will support our PU's in remedying the aforementioned issues.

France:

Of the European countries, France is our most important country with approximately 6% of our total sales. France is currently classified as "low risk".





b) Complaints procedure

In 2015 FWF has not received any complaints from our PU's yet.

c) Education and training

All Bel&Bo employees were informed of FWF membership on the basis of presentations, meetings, internal memos, etc. The managers and full-time vendors are given a detailed annual presentation and clearly convey this message to all of the sales team and customers. Questions and input from personnel, customers and third parties are handled at head office by telephone, fax, in meetings and working groups, ...

FWF is also covered in the training of new employees.

Bel&Bo agents are personally informed in detail via meetings and e-mail of our commitment to membership of FWF and the specific impact this has on them.

Agents must undertake to cooperate and must be fully committed to the story. Factories and workers are informed immediately.

This takes place via e-mail and via attachment of the CoLP and the WIS. The FWF story and related requirements are also dealt with in detail during factory visits and training sessions (WEP).



The background of the image is a dark, solid black. It is populated with numerous circular globes of the Earth, each showing a different color scheme. Some globes are green and blue, others are blue and white, and some are orange and red. The globes are arranged in a somewhat random, overlapping pattern, creating a sense of global diversity and interconnectedness. The text "Corporate Social Responsibility" is written in a white, cursive-style font across the center of the image, partially overlapping several of the globes.

Corporate Social Responsibility



The WCDO is an instrument to give sustainable enterprises a concrete form and to work on continuous improvement of performance at an environmental, social and economic level. By signing the Charter, companies and organisations commit to the realisation of an action plan involving the following 10 topics:

- Corporate governance
- Social commitment
- Communication and dialogue
- People-friendly enterprises
- Risk management
- Sustainable investment
- Procurement and product and service development
- Chain management
- Climate change, energy and quality of the immediate physical environment
- Sustainable logistics and mobility.

During an annual evaluation, a team of independent experts assesses the results and the evaluation team is involved in constructive consideration of issues of concern and improvement options.



We are a member of The Shift: <https://theshift.be/nl>. This is the Belgian meeting point for sustainability. It brings together about 350 companies, NGO's and other organisations in order to stimulate partnerships and to help with the co-creation of sustainable business models. Its work is based on three pillars: Connect – Commit – Change.

6. Bel&Bo - "Time for respectful, fair and sustainable business"

Sustainable enterprise is a process whereby enterprises voluntarily aim to improve at a business and social level by systematically including economic, environmental and social considerations throughout management in an integrated and coherent manner.

6.1 People:



Bel&Bo organises an annual collection campaign for plastic bottle caps in cooperation with The Belgian Guide Dog Centre (Belgisch Centrum voor Geleidehonden). A recycling initiative that is good for the planet and people. Puppies are purchased and trained to become guide dogs with the proceeds from the caps. With more than 18,000 kg of caps collected annually (= enough for 4 puppies), this is an overwhelming success every time. This is a long-term commitment and we undertook it to further help the foundation by also using our communication tools for the BCG.



Zuiddag is known, above all, for the annual campaign 'Work for Change' in which more than 12,000 pupils between 15 and 20 years old from Flanders and Brussels step into the shoes of professionals for a day. They donate their wages of 40/50 euro to a youth project in the South. Since 2012, Bel&Bo has committed to posting a vacancy in every outlet. Furthermore, Bel&Bo was additionally rewarded with a delicious cake and we received a great certificate from the top 5 largest employers, together with Schoenen Torfs, the City of Antwerp, Bpost NL, Colruyt Group.



In 2015 we won the MVO-award and we donated the prize money to the non-profit association "Banglabari", a housing project in Bangladesh.

6.2 Planet:



In 2013 a flower bed was made, 8m of 1300m², on the newly constructed car park behind the business premises with a large bee hotel from Natuurpunt as the icing on the cake. After all, this was an appeal to companies by Natuurpunt. The bee hotel is surrounded by indigenous mellifluous flora.

Wild bees need sufficient nectar in the vicinity to be able to nest and survive, after all.

Wild bees do not sting and are important for the pollination of flowers and crops. They are necessary for the pollination of more than 80% of all agricultural crops. The wild bee population is in decline as a result of diseases, the disappearance of natural habitat and mellifluous flora and the use of pesticides. Maintenance of the bee hotel is supported half-yearly by our own staff and in the meantime we already have many guests. We are



aiming for a minimum CO₂-footprint, a nice example of this are the efforts at our central warehouse. By including a false ceiling and walls, we reduced the areas to be heated. Our buildings are divided into different temperature zones as a function of the activity. In the new buildings, these zones are

separated by walls and the openings are provided with high-speed doors or a lock to prevent the loss of heat.

In the zone where the goods are processed, there are motion sensors on the lighting so that lights are no longer left on unnecessarily. Furthermore, the new method for goods handling enables the work to be focused on a smaller surface area, making it possible to reduce lighting in the zones which are less used. Reusable carrier bag + no bag = additional points (win-win) Greener Packaging Award.



6.3 Profit:



During the BeCommerce Awards ceremony on 20/05/2015, we were awarded the prize for Best Environmentally Friendly Webshop in Belgium (Green Award).

In August 2014 we switched from Bpost to DPD, a switch with financial advantages, advantages in customer service and furthermore, DPD promises CO2-neutral parcel transport. With the Total Zero program, the transport of all parcels is CO2-neutral. This is based on 3 pillars: measuring, insetting and offsetting. All emissions are measured and as a result, possibilities for implementing measures which limit emissions are explored, for example, efficient planning of journeys or pilot projects with gas-fuelled vehicles. And finally, the remaining emissions are compensated by environmental projects which neutralise the CO2. Thanks to our move to DPD, from now on the customer also has the exclusive right to collect the parcel they have ordered free of charge from Bel&Bo. This is in line with all our endeavours to achieve a fully integrated Webshop and Shop in the Shop.



