

A man and a woman are standing in a modern, brightly lit interior space filled with large potted plants. The man is wearing a black polo shirt and black trousers, and the woman is wearing a black polo shirt and a long, pleated green skirt. They are both looking towards the camera. The background features large windows, a balcony with a railing, and various indoor plants in large pots. The overall atmosphere is contemporary and stylish.

**BC**  
COLLECTION

**The Cotton Group SA/NV**

**Membership The Cotton Group since 2017**

FWF member through Fristads Kansas Group since 2015

FWF member through Kwintet Group since 2008

**Social report December 2016 to December 2017**

[www.bc-collection.eu](http://www.bc-collection.eu)

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## Summary: goals & achievements 2017

At The Cotton Group we continuously commit ourselves to make a positive impact on our environment. We believe that sustainability and corporate responsibility deliver added value to our customers, employees and business partners, throughout our whole value chain.

The same vision that drives our business strategy, drives our commitment to social and environmental sustainability. That's why we encourage every employee to play a part in making sustainability a reality. Our sustainability engagement is incorporated into our organisation and our goals and objectives.

For several years now, The Cotton group is member of the Fair Wear Foundation. In 2008 as part of Kwintet, in 2015 as part of the Fristads Kansas group and since 2017 independently.

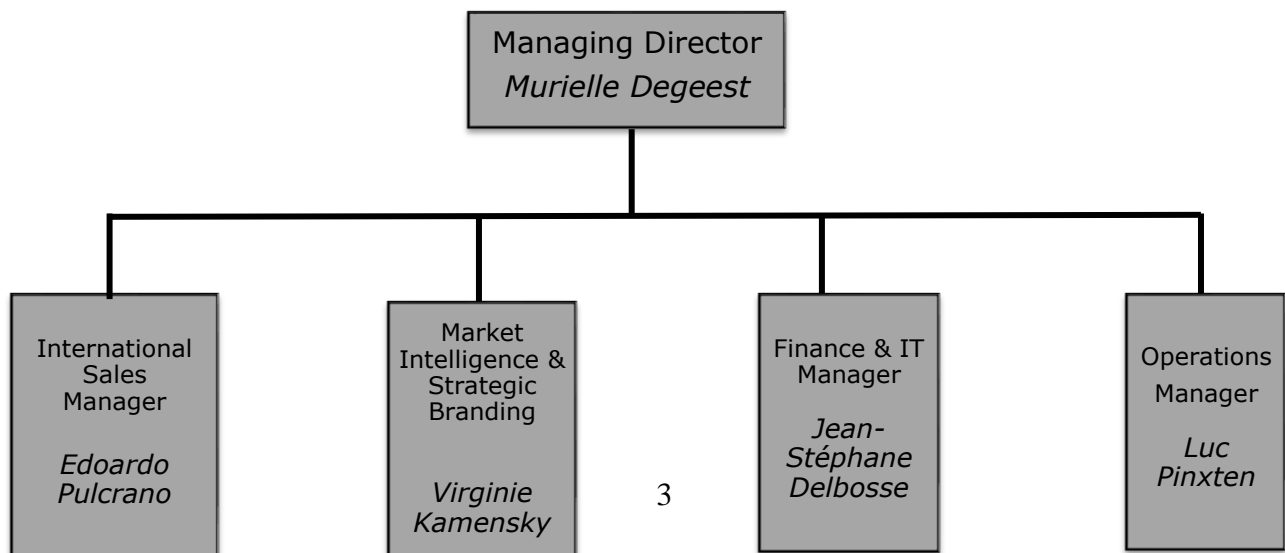
Besides FWF, all our suppliers have received, acknowledged and embraced The Fristads Kansas Group code of conduct. Our suppliers have also been audited by other organisations, such as B.S.C.I. and Accord. TCG has not signed for Accord but we do select suppliers who are part of the Accord remediation.

During 2017 we have been focussing on every step in our supply chain to support our suppliers to be more efficient and to adhere to our social and environmental engagement.

We try to give our suppliers a better and more evenly spread planning, so they can be more efficient and can plan their production better and don't need to do unnecessary overtime or need to sub-contract. Most of our suppliers have a big capacity and vertical set-up (all processes in-house), for that reason we don't really need to sub contract our production.

We have created a full-time position in our Bangladesh office, to take care of all CSR related responsibilities and to be a liaison with all our suppliers. We reiterated this year, to all suppliers, our FWF membership and its Code of Labour practices. On top of that we explained the importance of continuously improving working conditions. As an example, we implemented in 2017 a Code Red process which will alert Top management (CEO and board level included) about Zero Tolerance Issues.

Management chart





## 1. Sourcing strategy

### 1.1. Sourcing strategy & pricing

The Cotton group and its brand B&C are specialized in promotional wear. We develop and sell through our yearly catalogue, to European wholesalers, a wide range of products that are meant to be embellished (job done in Europe) for different kind of purposes (promotion, hospitality, tourism, workwear, corporate, Etc). The range of products is mainly composed of:

- Tee-Shirts
- Polo shirts
- Sweatshirts
- Shirts
- Polar Fleece
- Jackets
- Accessories

Unlike common retailers, once a B&C style is developed, it is kept in the collection and catalogue for many years. Key characteristics for B&C are; Consistency in colors, and perfect printability and competitive prices. All brands in promotional market ( and there are many) are releasing a yearly price list and prices are normally fixed for a whole year. B&C has been on the European market for over 20 years and has always been sourcing its product from Asia. Main sourcing countries as of end of 2017 are:

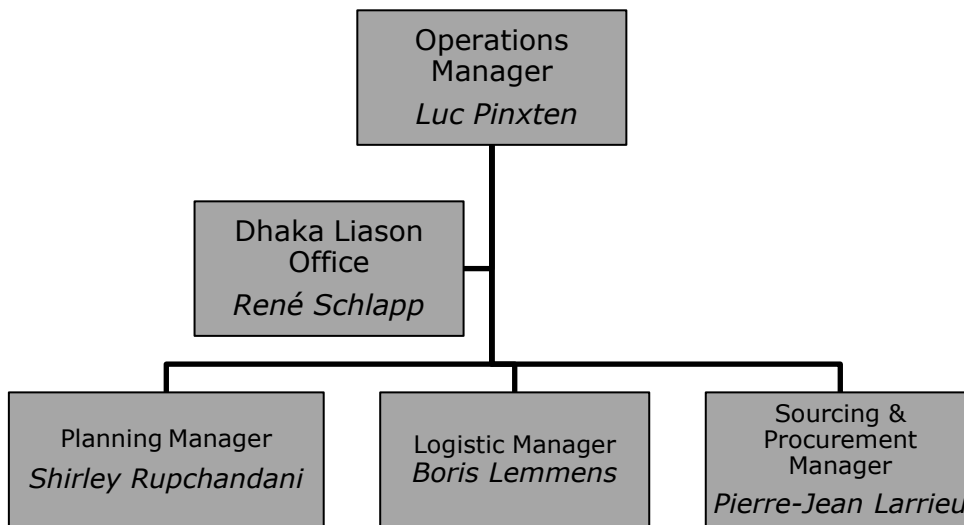
- Bangladesh 94%
- Pakistan 4%
- China 2%

B&C sourcing strategy has always been to maintain a long-term relationships with its suppliers. Besides that we continuously look for new opportunities and try to identify new suppliers if and where needed.

B&C core suppliers (90% of our volumes in 2017) have been our partners for over 10 years and some even since the start of the B&C brand.

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

B&C Sourcing is integrated within Operations department in Waterloo Headquarters



Our sourcing department, based in Belgium, has the full support of the Dhaka Liaison Office (DLO) in managing the active supplier base as well as actively looking for new opportunities.

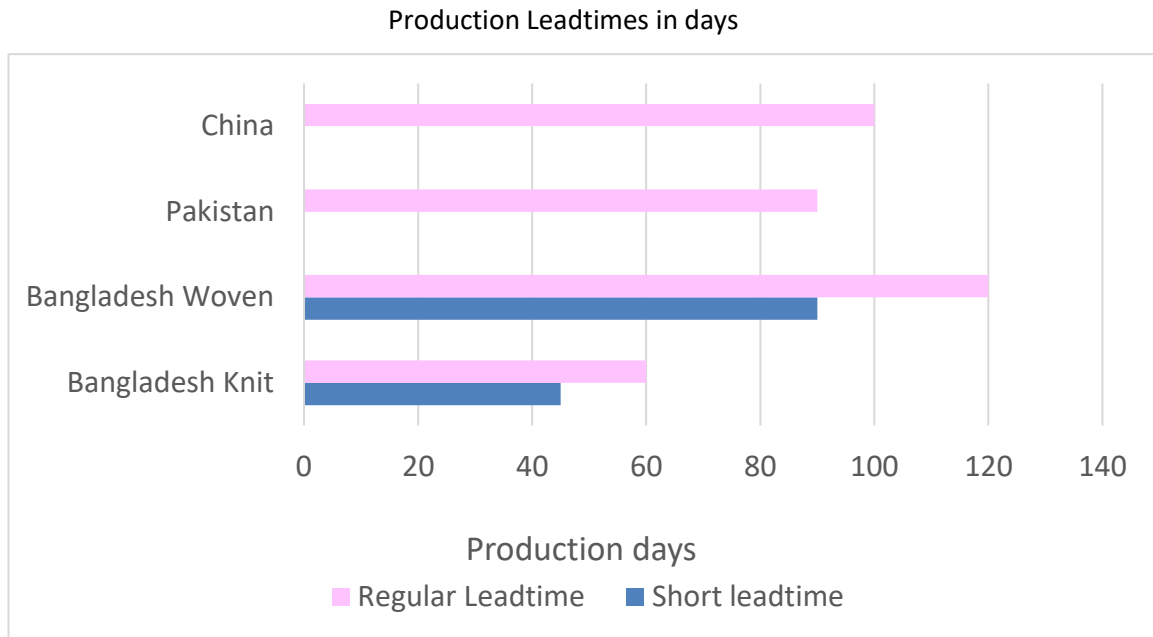
B&C places orders on a monthly basis. Planning and Sourcing department are working hand to hand during the order placement to allocate the quantities to suppliers with whom we have booked capacities and/or negotiated prices within a specific time frame.

### **1.3. Production cycle**

As mentioned above, B&C styles are sold over a quite long-time frame. Our best-selling products have been in the market for several years. The shortest life cycle of a product would be 3 to 4 years depending on sales performance.

Our product Managers are in charge of analyzing the market and spot styles/colors/sizes to be launched for the years to come.

Our active suppliers produce the same Fabric/Color/Styles every month and we thrive to provide them some forecast and/or book capacities to them to keep the production flow smoothly.



#### **1.4. Supplier Relations**

As mentioned, B&C can't start working with a factory if it does not comply with CSR practices and our Code of Conduct.

At sourcing stage, we ask prospective factories to provide us and our Regional Compliance Manager in Dhaka all CSR audits available (BSCI, WRAP, SEDEX, etc) together with running CAP's.

We also ask for ACCORD audit status together with all ongoing remediation points.

#### **1.5. Integration monitoring activities and sourcing decisions**

To become a B&C supplier, factories must comply with our requirements in terms of CSR, quality standards and price. If any of those 3 parameters fail we do not start any developments. What is the B&C sourcing procedure?

- Contact new factories by email (found by recommendation, factory approach or pure sourcing)
- Review full factory profile (compliance, production integration, machines, capacities, skills)
- Review of B&C sourcing needs versus factory core products.
- Spot selected B&C styles for price review and check if prices are workable.
- Group Regional Compliance Manager to visit the factory for first CSR assessment. (Complete assessment process can be found in chapter 2)
- If CSR assessment is positive, the Sourcing Manager & DLO will visit the factory.
  - Review of their profile.
  - Review of their existing buyers.
  - Review on B&C Process.
  - Product development process.
  - Quality approval process.
  - Prices & payment terms.

- Fabric/Color/Style development can start.
- Once everything is approved we place a test order.
- If test order is successful, we can consider the supplier as fully active for B&C.

It could happen that after a successful test order we should re-consider the relationship with a supplier because of CSR malpractices. Our Dhaka office and Regional Compliance Manager for CSR are monitoring each factory on a regular base. They report to the Belgian HQ on a monthly basis on all CSR project/issues/processes we may face with our suppliers.

## 2. Coherent system for monitoring and remediation

All factories are regularly visited by the head Office teams and Dhaka office. They systematically review if there is any non-compliance with our Code of Conduct. Remarks refer, for example, to child labour, health and safety standard on the factory floors, such as blocked fire exits and further. Any deviation is immediately reported to the Group CSR team and if needed an escalation process will be executed.

Depending on the purpose of the visit, compliance is reviewed. Remaining Non Compliance issues that have to be remediation will be detailed in an agreed frame. (CAP)

Compliance auditor's visits always include in-depth discussions with the management regarding Code of Conduct implementation, corrective action plans that the management has to sign off, and how the factory management intends to maintain good working conditions in the factory.

As Red graded issues are prioritized and must be addressed immediately, a Code Red process has been implemented this year involving sourcing/ product development/ supply chain reporting even up to CEO and board level.

New suppliers submit all CSR related documents to the Group Regional Compliance Manager and HQ. After review and positive result, an inspection visit will follow. Only after being Green rated, B&C can continue to build relationship and start up potential developments and production.

- We check other certifications (WRAP, BSCI, SEDEX, OEKOTEX, GOTS, ISO etc.)
- Are factories involved with any type of CSR related projects?
- Do factories have a vertical (preferred) set up?
- Are factories working with or engaged with NGO's or working on environmental projects? (O discharge, ETP)
- Factories with green project plans or already implementing these plans will have priority.

### **2.1. Bangladesh**

The majority of factories are based in Bangladesh (94% of the production). We believe in continuous monitoring processes to achieve immediate and lasting improvements.

#### **Monitoring process is the same for all factories.**

- Monthly review of factory remediation and progress with supplier's management through "Factory Follow-up" chart prepared for the group.
- To identify the non-compliant issues as per Company Code Of Conduct, physical visits to factories, 3<sup>rd</sup> party audit (BSCI, SEDEX etc.) and implement remediation action.
- Conduct periodic internal reviews or audits to ensure that compliance procedures are followed.
- Collaboration between B&C management and supplier's management to ensure the implementation of consistent disciplinary action strategies in case of compliance standard violations.
- Develop and implement improvements on communication, monitoring, or enforcement of compliance standards.
- If required we do our internal audit as per our Code Of Conduct (new supplier start up, extra follow up)
- Escalation implementation with supplier's management in case of non-remediation.

#### **Results of monitoring are various. A summary of general common outcomes**

- Social Management System => Training is provided to create awareness about law, policies, health & safety.
- Working hour=> Control excessive working hour.
- Occupational Health and Safety => PPE's provided but training of use to be given.
- Grievance Mechanism => Create more awareness about this process.
- Environmental Part => Keep creating awareness to protect our environment and to reduce pollution.

#### **Positive improvements on continuous monitoring:**

- We are getting continued progress from the factories regarding social compliance.
- Factory workers are much more aware about their rights and benefits.
- Factories have improved in areas of health & hygiene, building safety, electric safety, fire safety.
- Workers are becoming educated about labor law, policies, safety issues.
- Factory work places are improving continuously.
- Improvements on environmental and sustainability areas.



**Corrective action plan we follow:**

- Review of the audit report.
- Follow up meeting with factories about remediation plan through the FWF, BSCI and ACCORD platforms.
- Detailed follow up meeting with factory management regarding audit finding and solution as per given timeline on corrective action plan.
- Conduct monthly psychical visits by compliance team each month to check upon correction on CAP's.
- After completion of the correction on CAP's organize follow up audit.
- Besides social compliance audit follow-up, we follow up ACCORD CAP's on monthly basis and attend ACCORD meeting regarding improvement and remediation of supplier's factory.

**We support factories on remediation as per below:**

- Factory capacity building activities according to audit rating and classification. As an example we can help our suppliers to pre-finance investments that are needed to build the needed capacity.
- Factory incentive to participate to BSCI workshops and e-learning sessions.
- Factory audit schedule (fully/ semi and un announced).

**2.2. Other countries (China and Pakistan)**

Besides Bangladesh B&C has production in China and Pakistan. The above mentioned exercise (2.1 Bangladesh) is similar to China and Pakistan.

### **3. Complaints handling**

All complaints will be taken serious and will be delt with immediately. Actions will be taken from the Dhaka office with support of HQ. In 2017 we did not receive any complaints.

- Start communication with the relevant factory.
- Communicate with the relevant worker.
- We keep record of the complaint.
- We take acknowledgement from the complaint owner.
- Investigate the complaint, if necessary with an NGO/3<sup>rd</sup> party.
- Follow up on the investigation and act when needed.
- Resolve the complaint, find solution.
- Follow up and finalize.

In 2017 we started to advised the factory management on our appointed FWF auditing list to raise awareness about FWF and it's complaint mechanism to the factory workers :

- Providing guidance to the factory on the process of remediation.
- Providing necessary training to the workers about FWF complaint mechanism.
- FWF sticker with the local complaint handlers contact number is also distributed by us.
- FWF helpline number is provided.
- We communicate and follow op with FWF representative regarding the status of the submitted complaint.

- Complaint forms are present at factories to submit a complaint (complaint box, register, etc)

## 4. FWF Training

### ***4.1. Activities to inform staff members about FWF***

We developed activities to inform and to train our staff about FWF membership:

- In person training through department meetings.
- Providing FWF website address.
- Providing FWF brochure.
- Fair Wear Foundation is also visible on our website and in the catalogue.

### ***4.2. Activities to inform agents about FWF***

Below initiatives are taken to inform and train our agents:

- Provide our agents the FWF COC, Code of Labor Practice and other documents received from FWF.
- Provide internal training from the brand to the agent to introduce FWF.
- Invite our agents to the training organized by FWF for B&C suppliers.

### ***4.3. Activities to inform manufacturers and workers***

To introduce FWF to factory workers we have asked the factory management to take below steps:

- Provide training to the workers by the factory management.
- Provide FWF leaflet and stickers.
- Organize training through FWF for the worker's representatives to create awareness about FWF's roles and responsibilities.

### **Future initiatives:**

- Work on workplace safety improvement project.
- Attend various training by NGO's or social organization regarding labour law and other relevant area.
- Give internal workshop in factory.
- Give labour rights training.
- Organize Awareness Training for Pregnant workers and review maternity benefits.
- Review capacity of factories.
- Living wages analysis.
- Awareness training on environmental part.

## 5. Information management

We keep track on the progress of implementing the code of labour practice in our own database.

- Information will be shared from suppliers to the Group Regional Compliance Manager.
- Every progress on implementation or CAP's will be updated.
- Information will be shared with stakeholders on Monthly base.

To monitor all our production locations (incl. Subcontractors) we keep our own tracking system.

- We collect all necessary compliance certifications to be sure about production location's compliancy.
- Our supply chain maintains all required information and keep track in our database.
- We collect all necessary information before the production.
- We review and keep all audit report properly.
- We do risk assessment as per our internal process.
- For sub-contractors we visit them prior to production. We also make assessment and provide them remediation plan for corrective action (if needed). Beside this we closely monitor with the mother company of the sub-contractor to ensure they apply an internal audit.

## 6. Transparency & communication

The general public is informed about The Cotton's Group FWF membership via our website as well as FWF's website. We also communicate on FWF to customers in our catalogue and during customer visits and meetings.

Our Compliance Manager and Quality Manager communicate throughout the year with our suppliers and our customers (through customer service and sales team) about compliance, social responsibility, sustainability and FWF.

## 7. Stakeholders Engagement

2017 stakeholders involved in our CSR activities:

- Local Dhaka Liaison Office of The Cotton Group in Bangladesh.
- CSR Group Manager of the holding Fristads Kansas Group based in Hong Kong.
- FWF staff. (main source of information on specific countries laws and regulations)