



EXPRESSO

Fair Wear Foundation

member since 2004

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Expresso Fashion is a Dutch fashion brand founded in 1984 and taken over by the FNG Group in 2013. Expresso has its own clear signature and distinctive, feminine style. That is not surprising, because both the founder Tilly Garcia, as well as more than 80% of the Expresso team, are women. And who better than women know that fashion should make a woman feel good.

Mission

We design, develop, produce and distribute our collections to help women accentuate their strongest features, subtly camouflaging where necessary. In our collections the excellent cut is available from size 34 to 46 with the key words for each size being elegance, comfort, originality and individuality.

Vision

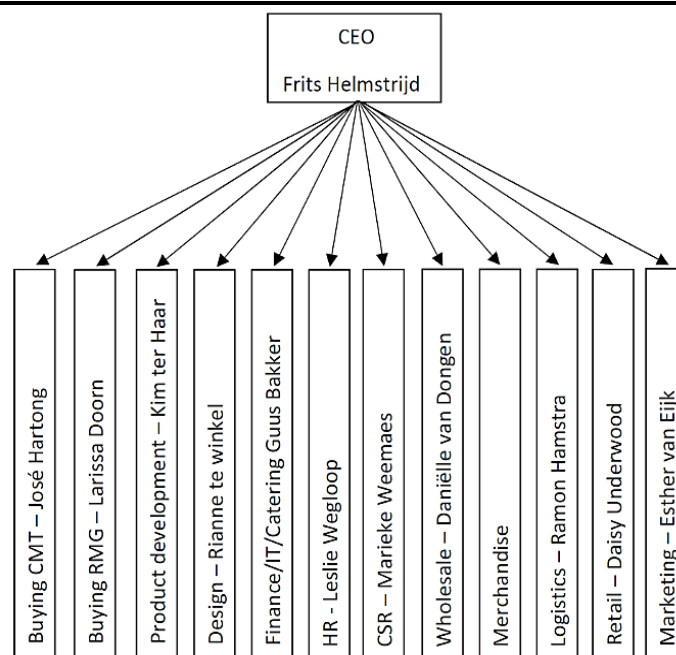
Regarding ethics and social responsibility, Expresso is very concerned about both people and the environment. This is also the reason why Expresso permanently supports the work of the Fair Wear Foundation. Yet, Expresso does not stop there. For the past years, a part of the collection has been produced from organic cotton and other environmentally-friendly materials. Plastic and paper is separated and plastic hangers are recycled. Read more about our vision at our website under 'vision'.

Collection

Expresso delivers four collections per year, based on different themes. Each theme has striking style items but also good basics and accompanying accessories. The contemporary designs emphasize femininity and character.

The team

From the Expresso Head Office in Diemen, a team of more than 70 employees works with enthusiasm on the design, development, production and delivery of collections for the Dutch, German and Belgian markets. Expresso has 31 own Expresso Stores in the Netherlands and Belgium and delivers to around 650 retailers within the Netherlands and abroad. The retailers have a turnover share of 40% of Expresso's turnover.



SUMMARY: GOALS & ACHIEVEMENTS 2017

Our ultimate goal is to have a positive impact on the circumstances of people working along the supply chain of our garments. Therefore we maintained regular contact with our suppliers on the importance of social compliancy and in order to implement the FWF Code of Labour Practices along our supply chain.

We expect changes and improvements according to the Corrective Action Plans at production locations. Five production locations have been audited this financial year of nine months by the Fair Wear Foundation audit teams. With our new colleagues in China, India and Turkey, and with the help of other third party audits, we achieved that we could monitor more than 90% (based on FOB values) of our production locations.

In the financial year 2017 we again started working with some new suppliers and new production locations. The CSR Team together with the responsible production manager actively inform them about our policy on social compliancy and that for us it is highly important to keep track of all production locations. Apart from only informing them, we created a new more bureaucratic, yet more transparent procedure for new production locations, as well as already existing production locations.

This process was supported by more visits by us and our local colleagues in China, Turkey and India. Together we visited more than 80% of all production locations this year.

Expresso organised a presentation about Health and Safety in factories for the production managers in 2015, which has been followed up and actively executed in 2017.

In order to increase their level of awareness and knowledge, due to the fact that they visit the production locations, they were given an overview of important safety facilities in factories (fire and electrical safety, chemical and equipment safety and general work environment) to take these safety standards into consideration.

We consolidated our supplier base and ended the business relation with 32% of the total amount of production location that worked for us in 2017. That decreased the amount of production locations with an production share of less than 2% (the tail) from 32% to 23%. Unfortunately, it also leaded to the fact that we had to stop working with bigger suppliers, which decreased the amount of factories where we had a leverage bigger than 10% from 75% to 65%.

1. SOURCING STRATEGY

1.1. Sourcing strategy & Pricing

One of our sourcing norms is that suppliers subscribe the Code of Labour Practices of Fair Wear Foundation. The production manager or CSR Team ask the supplier for a company profile, the policy regarding labour conditions and previous audit reports.

Expresso informs suppliers about corporate social responsibility and explains them the need of an open approach towards the policy of Fair Wear Foundation. In case a supplier does not want to cooperate, we cannot start the business relationship.

The pricing of the items is majorly influenced by previous collection prices, current wage circumstances and labour intensity of the style.

1.2. Organisation of the sourcing department

The responsible persons for sourcing are the Product Development Manager in combination with the Production Manager of CMT, the Production Manager of RMG and the Styling Team. All of them are in direct contact with our CSR Manager and our CEO directs our sourcing policy.

1.3. Production cycle

The Styling department creates four main collections per year, two flash collections and one Never-Out-Of-Stock collection.

Expresso's styling and production departments are divided in two parts: a Ready Made Garment (RMG) team and a Cut Make Trim (CMT) team.

The **RMG collection** is produced by suppliers in Bulgaria, Turkey, China, Italy, India, Tunisia, Netherlands and Morocco.

The lead time for RMG is around three months, which is due to the time-consuming arrangement of yarns/fabrics, patterns and trimmings and long shipping times.

The **CMT collection** is made by suppliers in Macedonia, Turkey, Tunisia China and Bulgaria. The lead time for CMT varies between 6 and 16 weeks, 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 Expresso.

1.4. Supplier relations

We are proud to say that the business relations between our production teams and more than 65% of our suppliers are long term relations. When a new supplier is needed, our production teams try to find the best suiting suppliers in terms of quality, lead-time, margin and compliance with the CSR standards equally.

We deliberately do not leave suppliers when they don't completely comply with FWF requirements. Instead, we strive for continuous development and improvement through training and support.

Never out of stock (NOOS) collection and our Flash collection were established in 2015. Both collections give our suppliers work in times of rather quietness.

The production managers carefully discussed this establishment with our suppliers before, as we wanted to make sure the factories will be able to handle more production. Some of them agreed on more production, others did not. A Macedonian supplier, for example, informed us that they will not be able to produce more, as their workers need to have holidays.

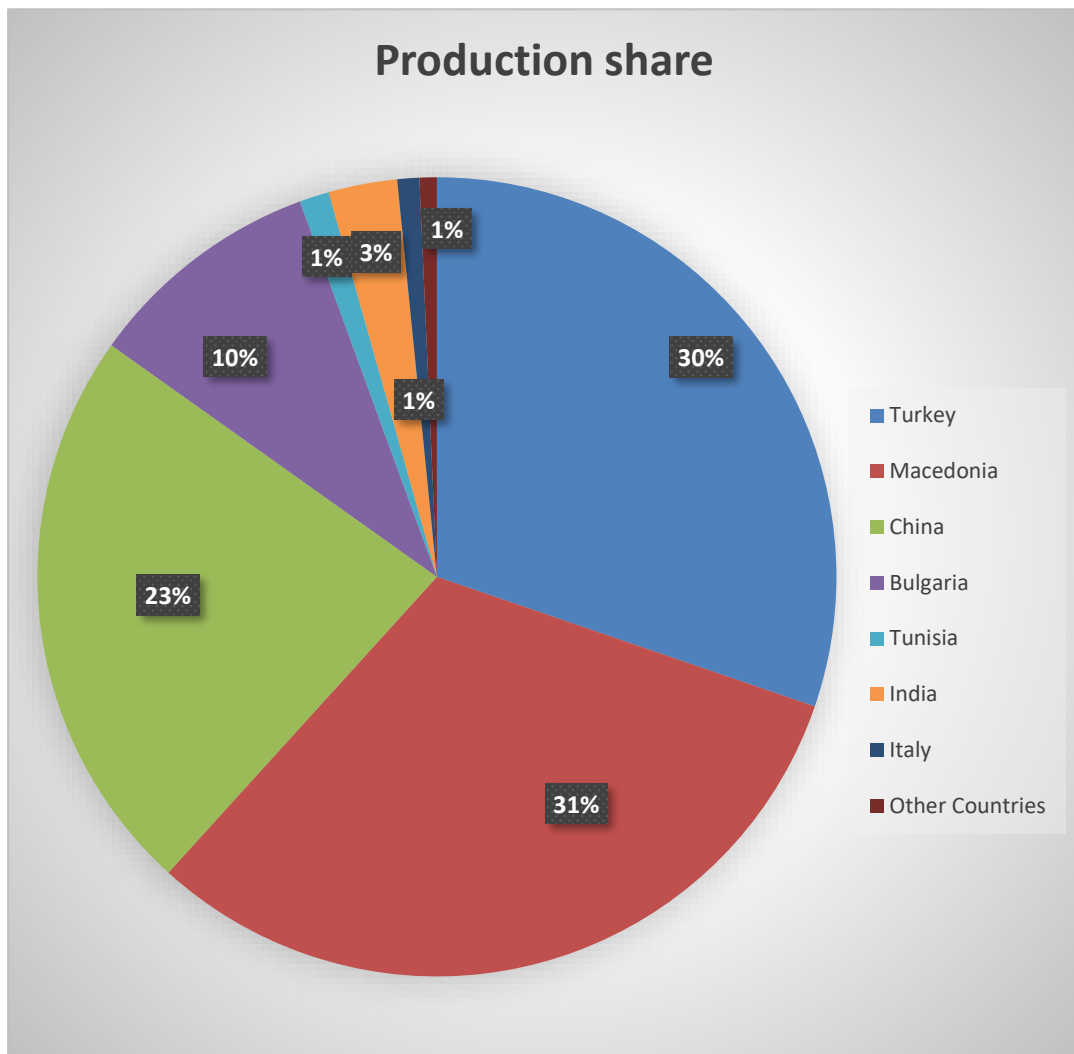
1.5. Integration monitoring activities and sourcing decisions

We have implemented a supplier rating system in 2017 in order to develop a system to include various criteria when selecting and continuing business relationship with suppliers. In order to always be updated about all ongoing monitoring, the CSR Team sits together with the CMT production team and is in close contact with the RMG production team. There is a constant exchange of information about the suppliers, which is helpful for the CSR team, as well as very necessary for the production teams.



2. COHERENT SYSTEM FOR MONITORING AND REMEDiation

Production divided per country



The production shares are based on the FOB.

2.1. Turkey (31,22%)

In 2017 Expresso had 24 production locations in Istanbul, Izmir and Aksaray, which includes the main suppliers as well as their subcontractors. What we specially had to focus on, again, in Turkey in 2017 was child work and legal contracts with refugees who came to Turkey and also to make sure that the increase in minimum wage was integrated in the factories.



TURKEY FACTORY A

This supplier, located in Aksaray, is a blouse producer of Expresso since 2011, produced 13,86% of Expresso's collections in the last financial year and was audited in May 2016. As this supplier is our biggest supplier, our CMT production team visit the production location regularly.

Due to a minimum wage increase in Turkey in 2016 and 2017, we agreed by then on increasing our purchasing prices and their price per working minute.

Other issues that came up during the audit, just as excessive working hours, as well as their records and mainly Health and Safety issues, were improved. Every week they are checked by an external organisation for health & safety issues. Every worker gets pay slips, they receive trainings and they stopped production on Saturdays and improved their planning.



TURKEY FACTORY B

This supplier produces denim for Expresso in Istanbul since 2007, but only does the sampling for Expresso nowadays. They were last audited in 2015, had a Workplace Education Program (WEP) Training in 2015 and were visited also by a production manager in 2015 and in the beginning of 2017. This supplier worked with a subcontractor for Expresso in 2016.

The supplier improved in placing labels on all the liquids (chemicals) that are in the factory and they provided a training for stain removing staff. The management removed and changed different articles in the employment contract that were not according to the legal requirements and made sure that important documents are filled out properly already in 2015. In 2016 they increased the wages, all workers had to do a health test and there is an MSDS for all chemicals now.

Expresso and the supplier still need to cooperate on developing a structure of how to implement a better calculation system of the wages and the relation with the (purchasing) prices.

Together with the supplier we need to make sure that there are proven elevator inspections, as well as improvements regarding electrical installations.

TURKEY FACTORY B – Subcontractor

Turkey factory B started to produce for Espresso in 2016. The denim production location, also situated in Istanbul, had a production share of 5,35% in 2017, was audited in December 2016 and we visited them several times in 2017.

Our local CSR manager went to the company to do a follow up of their improvements and consult them in issues regarding Health & Safety, work permit and contracts, social legal payment requirements, proper records of working hours, age verification and worker awareness.



TURKEY FACTORY C

This supplier, which is shared with another FWF member, is an Istanbul based knitwear producer of Espresso since 2012 and produced 2,07% of our collections in the last financial year. They had a WEP Training in October 2015 and were visited in 2017.

They had an audit in November 2016. Due to various former audits from other audit organizations they had already improved on Health & Safety issues.



TURKEY FACTORY D

This supplier from Istanbul is a Jersey producer of Espresso since 2005 and only does the sampling process for Espresso. They were last audited in 2016 and the two of the 6 subcontractors attended a WEP Training in August 2014. In cooperation with another FWF affiliate we are cooperating on the follow up of the monitoring activities.

They improved in arranging a training to deal with the fire extinguishers and fire drill and agreed on a policy to make sure that exit doors are always open and accessible. The main supplier visited all subcontractors and bought various needed things like exit signs and fire extinguishers. Plus, they have updated the files with worker contracts according to law regulations.

However, the factory still has to improve in various topics on Health & Safety.

TURKEY FACTORY D - Subcontractor

This subcontractor, also located in Istanbul, was audited in January 2016, produced 2,51% of our collections last year and improved their system of filing their documents like copy of worker, identity cards.

They still need to improve their disciplinary policy, Health & Safety conditions and reasonable hours of work.



TURKEY FACTORY E

We also have a supplier in Izmir. They produce Denim for Expresso since 2012 and were visited several times in 2017. They had an audit in June 2017 and their production share for Expresso in 2017 was 2,76%.

Through the audit July we discovered that two styles were produced in two different production locations. Unfortunately, we weren't informed about this fact earlier. We still don't know whether former items were produced there.

The audit unleashed quite a commotion. Until today we still try to find out what happened during the audit and what was the situation in the factory before. Former third-party audits and follow Ups were quite satisfying and our CSR manager also visited the factory in the beginning of 2017, so we really did not expect anything like the situation that we find ourselves in at the moment, which includes a huge complaint from several workers and FWF stating that they actually found a lot of inconsistencies.

The factory, on the other hand, states that FWF is not as independent as they should be and that they influenced workers and they created the commotion.



2.2. Macedonia (27,29%)

Also in Macedonia the minimum wage, again, has increased during the last year, so we had to make sure this is paid. The five production locations that produce for Expresso are located in Kocani, Probistip, Stip, Prilep and Bitola. At all of the four following production location our leverage is bigger than 10% and with two of the production locations Expresso's relation is longer than 5 years. The fifth production location is new since 2017.



MACEDONIA FACTORY A

This supplier is Expresso's biggest supplier with 11,73% production share. They produce (mostly) blazers for Expresso since 2011 and are located in Prilep. They were visited several times by our Production Managers in 2017. They also have been audited in June 2016.

Many Health & Safety issues have been improved, as well as issues in overtime recording.



MACEDONIA FACTORY B

This supplier is a trousers producer of Expresso since 2012, located in Kocani and produced 8,51% of the collections in the last financial year. In 2015 they have been audited and they were visited by Production Managers several times in 2017.

In summer of 2017 they moved to their new factory, which has directly been audited by another third party. Generally there are no big improvement points and together with this factory we are working on the Living Wage Project.



MACEDONIA FACTORY C

This supplier is a blouse producer of Expresso since 2010. Since 2013 they have two production location producing for Expresso. One factory in Shtip produced 3,27% of our collections in the last financial year. This one has been visited several times in 2017 and was audited in June 2017 for and both locations were visited several times in 2017 by Production Managers.

Findings regarding Health and Safety and reasonable working hours were discussed by our production managers with the factory.

MACEDONIA FACTORY D - Subcontractor

The other production location is located in Probishtip and they had a production share of 6,36% and have been audited in December 2016.

The findings from the audit were discussed with our production manager in the factory. There were some Health and Safety issues that needed to be improved urgently. When our production manager went the next time, improvements were obvious. We are now working on further improving other findings.



2.3. China (16,99%)

Expresso worked with 16 production locations in Huizhou, Dongguan, Shanghai, Jianxing, Hangzhou, Huang Mei, Pinghu, Jiashan, Haining, Jinhua, Zhejiang and Sozhou. At one locations our leverage is bigger than 10% and with three of the production locations we already work longer than 5 years. In China our focus is on overtime and legally required payments of leave and insurances.



CHINA FACTORY A

This supplier is a Knitwear producer of Expresso since 2008 and had a production share of 10,009% of our collections in the last financial year. They were audited in September 2017. We cooperate with another FWF affiliate, as well as with another non-FWF member brand on the monitoring activities.

Our local CSR manager met the supplier to go through the CAP and they are now working on improvements in worker awareness, overtime issues, minor issues regarding Health and Safety issues and legally required social payments.



CHINA FACTORY B

This is a new production location for us since 2017 and they produced 2,91% of our collection for us. They were audited in June 2017 and we are now working on improvements with them on worker awareness, payments of leave benefits and overtime premium, as well as generally overtime and some minor issues regarding Health and Safety issues.



CHINA FACTORY C

This supplier is located in Dongguan and is a Knitting supplier of Expresso since 2000. They produced 2,45% of the collections in the last financial year. They had a WEP Training in October 2014, were visited by a production manager in 2015 and had an audit in September 2016. We cooperated with another FWF affiliate on the monitoring activities. 2017 was the last year of the business relation between Expresso and this factory.

2.4. Bulgaria (12,21%)

In total there were 8 production locations producing for Expresso in Sandanski, Rakovski, Plovdiv and Gabravo in 2017.

At four out of the eight production locations Expresso has a bigger leverage than 10% and four production location are producing for Expresso also longer than 5 years.



BULGARIA FACTORY A

This is a Greek agent Expresso works with since 2008. All of the locations are located in Sandanski and produce Jersey items for Expresso.

BULGARIA FACTORY A

This production location produced 2,48% of the collection in the last financial year. They produce for Expresso since 2008, were audited in April 2017 and visited at the beginning of 2017 by two production managers.

The supplier implemented a written policy regarding discrimination, and has had regular health and safety inspections. They also improved ergonomics.

They need to solve the issue of paying below the living wage in some cases and should report overtime hours. They are now going step by step towards a new system.

They have made improvements in critical Health and Safety issues, but still need improvements in reasonable working hours and the payment system of overtime.

BULGARIA FACTORY B

This production location had a production share of 2,62% of our collections in the last financial year. They have been audited in September 2015 and visited at the beginning of 2017. They have to solve issues regarding wage and they need an overtime register system. Also, they need to improve ergonomic and Health and Safety issues, hold Health and Safety training, do H&S checks and solve hygienic issues.

2.5. Other countries

Expresso had more suppliers producing a small production share in other countries. 2,78% was produced by 8 different production locations in India, 1,20% was produced by one production location in Tunisia, 0,89% was produced by 2 production locations in Italy, 0,42% was produced by one production location in Romania, 0,18% was produced by one production location in Morocco and 0,11% was produced by one production location in the Netherlands.

2.6. External production

Expresso works with one supplier as an external producer. It is a Dutch brand that produces shape wear with its production locations in Italy and China.

3. COMPLAINTS HANDLING

With the help of the Worker Information Sheet (CoLP) posted in every production location where Espresso items are produced, workers are asked to call a local number or send an Email in case they want to complain about working conditions.

In 2017 we received two complaints.

1. Complaint

This factory also produces for another FWF member, so we shared the follow up of this complaint.

The situation was that the factory had a new owner and the worker had to either be transferred to the new factory with all their rights, or they have to finish the employment relationship. However, the old owner stated that he wouldn't have the money to pay the severance and notice payments, which he would have to pay in the case of finishing the employment relationship.

The issue of the complaint was, thus, that a group of workers didn't receive the severance and notice payments that they deserved.

After some investigations we believe to have found out that actually a lot of workers stayed at the factory and all other workers received what they had to receive.

The complaint also is against the old owner of the factory, as it is his responsibility to pay his workers.

2. Complaint

This complaint is a sum of multiple complaints that we receive within the 20th and the 31st of July.

We want to clearly state that the following is a summary of the complaint written by FWF.

A group of workers had a meeting with the management to discuss their problems and demands, but the management didn't react the way they expected them to react and got in touch with a trade union. After the meeting, some workers were allegedly dismissed for no proper reason, as they claim. The workers claim that one of other things that happened was that the management has also been threatening them with termination if they organised themselves a union.

Investigation has been done from our side and from FWF. A meeting with the dismissed workers was organised and several concerns regarding working conditions were shared. Both sides have a different view on this case.

As these differences, unfortunately, could not have been solved, this case is now taken to court.

For us it is very difficult to understand what happened and how the conditions were and are in order to do a good follow up on the improvements.



4. TRAINING AND CAPACITY BUILDING

4.1. Activities to inform staff members

New staff at the head office got an introduction about the activities for the membership of Fair Wear Foundation. The CSR Team has regular meetings with the production managers, the CEO and the holding to update everyone about the ongoing process. Also, Expresso implemented CSR newsletter (MVO Courant) for the whole company (headquarter + shops). The CSR team wants to make sure that the whole company joins its forces towards our sustainable goals. Moreover, our CSR Team joined the collection presentations for the entire shop staff to inform them about our efforts, difficulties and to update them about the latest news.

The introduction presentation includes general information about FWF and the 8 FWF Labour Standards, information about the country studies from FWF in order to have a better knowledge about the risks in the countries we produce in and also information about how to follow up on specific issues in the corrective action plans (CAP).

4.2. Activities to inform manufacturers and workers

All our new suppliers get the FWF Code of Labour Practices (the worker information sheet), and have to post it at all production locations. In addition, when production managers visit the production locations, the production managers also fill out the Health & Safety checklist, from FWF. Most of the times, the factory managers walk along with the production manager in order to have a better understanding of the checklist and the things that might be needed to improve.

In any case, we asked all our suppliers to fill out the checklist and make a picture of the posted CoLP.

In the event that the outcome of the audit stated the workers were not aware of the Code of Labour Practices, we asked the suppliers to organise a (canteen) meeting to inform their workers about the FWF Code of Labour Practices.

In 2017 we did not do any Worker Education Training.

5. INFORMATION MANAGEMENT

Our CSR Team is in direct contact with all our direct suppliers and the agents.

We ask the suppliers for an update about their production locations more or less four times a year. We divided our suppliers in different categories in order to follow up on the activities. If we just start working with a new supplier and new production locations, we start with the social compliancy questionnaire and posting the Code of Labour Practices. In phase 2, we look at current auditing reports and we ask them to inform us about improvements as a follow up on these audits. Phase 3 we follow up on the corrective actions as suggested by FWF and other third party audit organisations.

Due to our growing demand of transparency in the supply chain, we noticed a growing number of subcontractors at our suppliers. This is not only the case with the number of sewing locations but also of the number of 'wet processing' locations.

If suppliers work with subcontractors, we need to be informed about this prior of production. And they not only have to inform us, our suppliers are also required to inform the subcontractors and (in case needed, help them) to fill out the questionnaire and post the CoLP.

6. TRANSPARENCY & COMMUNICATION

We proactively informed our customer service department with FAQ regarding different topics. FWF concerning topics as working conditions at our production locations, our FWF Membership and the 8 labour norms and child labour, topics about our environmental care in terms of sustainable production processes and what materials we use, our transparency, Espresso Foundation, product waste and how consumers can take action as well.

Espresso values sustainability highly as we want to grow our business and create beautiful products, whose production process respects people and the environment. We are certainly transparent about our sustainability efforts, but we communicate about this very carefully to both consumers, b2b relations and the press.

We recognize the need for increased transparency as a result from the growing consumer desire to know which brands produce more sustainable. 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 to our customers and the press are our website, our magazine, social media and the sustainability brochure.

In 2017, we actively informed our wholesale customers about the sustainability activities. We use the sustainability brochure to further inform them about the content. We also ask them to place our sustainability brochure close to the place where they sell our collections. The Social Report and the results of our Brand Performance Check is published on our own website as well as the Fair Wear Foundation website.

We are happy to provide our customers with a sustainability page in our magazine, due to the fact we need to pro-actively work on the right way how to communicate. A very good step that we made in 2017 is that we published a world map, where we show the countries where we produce and we added as an extra information where the item has been produced to our web shop. For the Dutch Day of sustainability we made a blog post, where we go behind the scenes of one of our suppliers in Tunisia. Still, the 'sustainability story' keeps being very hard to communicate in an attractive way.



7. STAKEHOLDER ENGAGEMENT

Our customers as stakeholders:

We have an email address specifically for sustainability related inquiries (mvo@expressofashion.com).

Het Convenant

In 2016 Expresso and other Dutch Textile brands signed Het Convenant. Het Convenant is a coalition of brands, trade unions, social organisations and the Dutch government that concentrates their forces and international responsibility in the textile and clothing industry. The goal is to improve working conditions, reduce environmental pollution caused by this industry and strengthen animal welfare.

Stakeholders in the production countries

We use the country studies from Fair Wear Foundation. The next step will be to implement it through a provide the production managers with a summary so they know what to take into account when they are visiting our production locations and indirectly included in the FWF audit reports. The CSR team use these recommendations to follow up on the CAPs.

