



# CONTENT

1.1 Introduction

European Clothing Company
1.2 Introduction
Fair Wear Foundation
2.1 Goals and achievements
Implement the Worker Information Sheet throughout the supply chain
2.2 Goals and achievements
Inform buying department about Fair Wear Foundation
2.3 Goals and achievements
Monitoring factories by visiting
3.1 Sourcing strategy
Sourcing strategy and pricing
3.2 Sourcing strategy
Organisation of the sourcing department
3.3 Sourcing strategy
Supplier relations
4.1 Coherent system for monitoring and remediation
Monitoring the supply chain
4.2 Coherent system for monitoring and remediation  China
4.3 Coherent system for monitoring and remediation
India
4.4 Coherent system for monitoring and remediation
Turkey
5.1 Transparency and communication
Online - external
5.2 Transparency and communication
Offline – internal
5.3 Transparency and communication
Offline – external
6.1 Cornerate Social Responsibility

# INTRODUCTION EUROPEAN CLOTHING GROUP

The European Clothing Group creates a range of complementary brands, each with its own distinctive target group and brand identity. Our know-how allows us to produce fashionable collections with honesty and authenticity, season after season. The overall ECG values of quality, combinability, feel-good and affordability are the common thread in all of our collections and this has been the foundation for our success over the years.

Since the 24th of May 2018 ECG is a member of the Fair Wear Foundation with their own brands

### **CLAUDE ARIELLE**

Is a brand where fashion and comfort meet each other

### DANSAERT BLACK

Is a formal collection that offer suiting for young and old men in a range of price classes

### DANSAERT BLUE

Is a traditional, comfortable collection for the family men

### **DEER ISLAND**

The Collections by Deer Island are made for the adventurous, easy going men who takes a casual, adventurous approach to life

### LIBERTY ISLAND

A wide range of basic items covering all womenswear brands

### **D'AUVRY**

Is a brand for women who are elegant, modern and sophisticated

### LIBELLE

Libelle is an actual, colourful and relaxed collection for the casual lady who loves to be nicely dressed in an easy way

### L'HISTOIRE DE LOUISE

The Louise woman is positive, playful and loves experimenting with her personal style

Jackets for every season, mood and look

### TRES ELLE

A stylish brand inspired by modern women with an active lifestyle



















# e5 in a nutshell

### the basics



Shops



Fashion retailer



Family company



first shop



Collection & Development



womenswear & menswear



Size 34-54



Trendv classic



Flemish & Walloon shops



Claude Arielle

### FAIR WEAR FOUNDATION

Fair Wear Foundation (FWF) is a non-profit organisation who wants to create a garment industry that is fair for everyone. The foundation works with garment brands, factories, trade unions, NGO's and governments to improve the working conditions for garment workers in 11 production countries across Asia, Europe and Africa.

The Code of Labour Practices forms the foundation between FWF and ECG. The core of this code is made up from eight labour standards derived from ILO Conventions and the United Nations Declaration on Human Rights.

### - EMPLOYMENT IS FREELY CHOSEN

There shall be no use of forced, including bonded or prison, labour (ILO Conventions 29 and 105). Today forced, or bonded labour, if it occurs, mostly appears as economic bondage: employees are not free to leave their jobs, for example, because they have insurmountable debts with the company or a labour contractor.

### - FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING

The right of all workers to form and join trade unions and bargain collectively shall be recognised (ILO Conventions 87 and 98). The company shall, in those situations in which the right to freedom of association and collective bargaining are restricted under law, facilitate parallel means of independent and free association and bargaining for all workers. Workers' representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to carry out their representation functions (ILO Convention 135 and Recommendation 143).

### - THERE IS NO DISCRIMINATION IN EMPLOYMENT

In recruitment, wage policy, admittance to training programmes, employee promotion policy, policies on employment termination, retirement, and any other aspect of employment, relationships shall be based on the principle of equal opportunities, regardless of race, colour, sex, religion, political affiliation, union membership, nationality, social origin, deficiencies, or handicaps (ILO Conventions 100 and 111).

### - NO EXPLOITATION OF CHILD LABOUR

There shall be no use of child labour. The age for admission to employment shall not be less than the age of completion of compulsory schooling and, in any case, not less than 15 years, or 14 years in exceptional cases as specified in article 2.4 of the Minimum Age Convention (ILO Convention 138). There shall be no forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour. Children [in the age range 15-18] shall not perform work which, by its nature or the circumstances in which it is carried out, is likely to harm their health, safety or morals."

### - PAYMENT OF A LIVING WAGE

Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income (ILO Conventions 26 and 131). Deductions from wages for disciplinary measures shall not be permitted, nor shall any deductions from wages not provided for by national law be permitted. Deductions shall never constitute an amount that will lead the employee to receive less than the minimum wage. Employees shall be adequately and clearly informed about the specifications of their wages including wage rates and pay periods.

### - NO EXCESSIVE WORKING HOURS

Hours of work shall comply with applicable laws and industry standards. In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7-day period. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate (ILO Convention 1).

### - SAFE AND HEALTHY WORKING CONDITIONS

A safe and hygienic working environment shall be provided, and best occupational health and safety practice shall be promoted, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Appropriate attention shall be paid to occupational hazards specific to this branch of the industry and ensure that a safe and hygienic work environment is provided for. Effective regulations shall be implemented to prevent accidents and minimise health risks as much as possible (following ILO Convention 155). Physical abuse, threats of physical abuse, unusual punishments or discipline, sexual and other harassment, and intimidation by the employer are strictly prohibited.

### - LEGALLY-BINDING EMPLOYMENTRELATIONSHIP

Working relationships shall be legally binding, and all obligations to employees under labour or social security laws and regulations shall be respected.



## GOALS AND ACHIEVEMENTS

### IMPLEMENT THE WORKER INFORMATION SHEET THROUGHOUT THE SUPPLY CHAIN

As a new member of FWF, the start was to sort out suppliers and factories and to make them aware of our membership. ECG has developed a code system to distinguish factories from subcontractors and simultaneously see what their relationship is towards each other. This system makes it possible to contact factories efficiently. This system also makes it more evident to monitor the supply chain.

The Worker Information Sheet (WIS) covers two important tools for employees in the factories: the Code of Labour Practices and the hotline. Before start working with a new factory ECG requests that every factory, where production for ECG takes place, send proof that WIS is posted in local language in the factory. By posting these sheets, not only management of factory is informed, but more important, also the employees are informed about the Code of Labour Practices.

Furthermore the Code of Labour Practices in integrated in the questionnaire which is send to every factory; this document need to be returned signed by management of the factory. This is an extra confirmation from the factories that they are willing and committed to work, in collaboration with ECG, on improving working conditions in the garment industry.

Besides the Code of Labour Practices the Worker Information Sheet informs about the FWF hotline. This FWF complaint mechanism allows workers to confidentially and anonymously report any complaints. This complaint is received by an independent and local FWF representative. The Fair Wear Foundation communicates the complaint to ECG, and ECG's sourcing manager and the social compliance assistant are responsible to negotiate this complaint with the supplier in a discrete and respectful manner. This complaint mechanism is a safety net for workers in the factories. The hotline and Fair Wear complaint mechanism allows workers to report complaints in an anonymous and confidential way.

Next to the Worker Information Sheet, there are also the Worker Information Cards. These cards serve as a take-away flyer of the worker information sheet. To make workers in the factories even more aware about this complaint mechanism, ECG's sourcing manager personally handed out Worker Information Cards during her China trip to factory management in order to re-discuss the membership of FWF and our common goals.

The Fair Wear Foundation publishes the complaint and the corrective action plan on their website. In 2018 ECG, nor Fair Wear Foundation received a complaint from factories involved in ECG's supply chain.



欲瞭解詳情,或您認為自己未被適當的對待

1 如果可能,告知您的主管。
2 如果有員工委員會,請告知您的工人代表。
3 從您的工會或非營利組織取得建議。

如果這些方法都成效不彰,您可以打電話向公平成衣基金會投訴:



公平成衣基金會對每一通來電都予以保密。我們的員工將會以中文回覆您的問題。如果您想投訴,我 時間。如果您想投訴的問題也行調查。如果可能,我們會起助解決您提出的問題。公平成衣基金會是獨立且 陸利的組織。請擔訴網訟,www.fairwear.org 或來需 驗顧更多其情。

# INFORM BUYING DEPARTMENT ABOUT FAIR WEAR FOUNDATION

On Thursday 24th of May 2018 ECG organized, at their head office in Sint-Niklaas, a Fair Wear Foundation member kick-off day for all staff. During this day all employees of ECG where introduced to the Fair Wear Foundation and their work methods to improve working circumstances for employees in factories. During this day there was an interactive workshop informing about the first years as a fair wear member and how this will affect the working methods of all ECG employees.

In July 2019 ECG conducted a training for all buyers. The training focused on health & safety issues, and how buyers can discuss these issues while visiting the factories. For ECG it is really valuable to inform especially the buyers about health & safety issues so they can react immediately when there are some problems or issues and discuss with management how to resolve them during their factory visits.

Every six month the Sourcing manager plans a meeting with all the buyers and the social compliance assistant to give an update on social compliance. Major issues are discussed directly with the buying manager and responsible buyer.



### MONITORING FACTORIES BY PROCESSING EXTERNAL AUDIT REPORTS.

From 49.24 % of our production value we have received external audit reports. 12.01% of our production value is produced in low risk countries as Portugal and Lithuania, which are visited regularly. This means ECG is able to monitor 61.25 % of all production in their first year as a Fair Wear member. To process these reports, ECG has created an audit assessment tool in Excel based on the Fair Wear Foundation tool. This assessment tool is divided in separate chapters with information about e.g. the factory, the auditors, social management system, health and safety, but most importantly the Code of Labour Practices are also intertwined in this tool. Based on to this tool, ECG will be able to create a monitoring system which gives an insight on how factories are evolving when it comes down to social compliance. This tool makes it able for ECG to set up Corrective Action Plans (CAPs) for the factories, and to screen the quality and value of the audit reports. ECG will systematically follow up on these CAPs, and the factory will report to ECG on their improvements within a set deadline.

8

## MONITORING FACTORIES BY VISITING

ECG's sourcing manager and the buyers regularly visit the factories. The social compliance employee of ECG will be kept updated which factories will be visited. The sourcing manager will plan an appointment with concerned buyer and with the social compliance assistant and will discuss the CAPs found from the audit reports. The buyers and sourcing manager can discuss them directly with management when they are visiting the locations. All visits will be documented by photos of the factories and the health & safety check of the Fair Wear Foundation will be filled out.

ECG has 2 local offices; one in China and one in Lithuania. ECG local offices ensure close contact with the suppliers, they coordinate e.g. quality control in the factories, health & safety issues and support on social compliance. ECG China has their own QC department, which are actively working inside the factories and report findings on quality, technical findings and health & safety at least once a month to head of QC in ECG Suzhou office. Head of QC ECG Suzhou office and ECG's sourcing manager have contact on a daily basis via Skype, telephone and email. ECG Kaunas, Lithuania office is located near the factories and are visited multiple times a month by ECG Kaunas sales manager. All findings are directly reported to ECG's sourcing manager.

# COMMON HEALTH & SAFETY PROBLEMS

# A GUIDE FOR DESIGNERS, BUYERS, AND OTHER FACTORY VISITORS

Every factory visit is an opportunity to check on some common and easy-to-spot health & safety issues:



1. TAKE THIS LIST WITH YOU TO THE FACTORY.



2. NOTE ANY POSSIBLE PROBLEMS YOUR SEE



3. TAKE PHOTOS

Give your list, notes and any photos to your brand's CSR manager and ask them to follow up on your comments.

	2
FACTORY NAME:	FAI
VISIT DATE:	rai
VISITOR NAME:	WEA
NUMBER OF WORKERS:	FOUNDAT

## SOURCING STRATEGY

### **SOURCING STRATEGY AND PRICING**

To optimize ECG's suppliers base ECG need to cut the 'tail end', and as explained in the chapter 'supplier relations' all new factories need to go through a process before we start the cooperation. ECG strives for a long-term relationship with suppliers, in order to build a relationship with common goals. To reduce overload, delays and overtime hours for factory workers, orders will be confirmed early to the supplier in the process. This leaves the production facility more time and flexibility to plan and run production. For production planning ECG's Sourcing manager coordinates the retro planning.

### **ORGANISATION OF THE SOURCING & QUALITY DEPARTMENT**

Our sourcing & quality department consists a sourcing & quality manager, quality manager, sourcing and social compliance assistance, technical experts, head of QC ECG Suzhou office and QC team ECG Suzhou office.

### **SUPPLIER RELATIONS**

ECG strives for a long-term relationship with their suppliers, in order to build a relationship with common goals. Supplier gain a more complete understanding of the business they serve, and this allows them to meet their needs more efficiently, on the other hand ECG can participate to the factory due the mutual understanding. When issues in the ordering process do arise, the relationship which is built on respect and trust between ECG and the supplier, will make such issues easier to resolve. ECG buyers, sourcing manager and social compliance assistant have contact with the supplier on daily basis. This contact consist of mail contact, Skype, contact via telephone and factory visits.

These long-term relationships with ECG's suppliers offers a stability and trust which made it easier to discuss Corrective Action Plans, and to collaborate and make improvements together.

Before ECG start a new relationship with a supplier, buyers always consult the sourcing manager and social compliance assistant. Social compliance assistant will contact the supplier and start a file for this supplier.

This file consists the following:

- 1. The supplier agrees on collaborating on the Code of Labour Practices which is integrated in the questionnaire they need to completely fill out and sign and/or stamp this document.
- 2. Proof (e.g. pictures) that Worker Information Sheet is posted in local language in every factory where ECG production takes place. This WIS consist the Code of Labour Practices and the hotline the employees can call if they have complaints or need help. This need to be posted, where every employee can see it.
- 3. A recent and complete social compliance audit report of the factory.

NUMBER OF WORKERS: \_\_\_\_\_ FOUNDATION

Besides above information ECG have its own Code of Business Conduct, which sets the key principles under which ECG works. These key principles consists of:

#### Ethical standards

ECG will only do business with suppliers and agents who operate within a set of ethical standards compatible with the ECG Code of Business Conduct.

### Legal requirements

ECG will only do business with suppliers and agents that comply with the applicable laws and regulations of the jurisdictions in which they operate.

### - Transparency policy

ECG expects suppliers and agents to be completely transparent:

- On the ability to comply to our policies, processes and standards in relation to the ECG Code of Business Conduct.
- During audits and assessments: accessibility to complete and accurate business records and documentation relevant to the assessment.
- Social compliance principles
- Protection of the environment

This Code of Business Conduct needs to be signed by suppliers, to make clear that ECG expects that wherever their products are manufactured, this will be done in a manner compatible with ECG's standards.

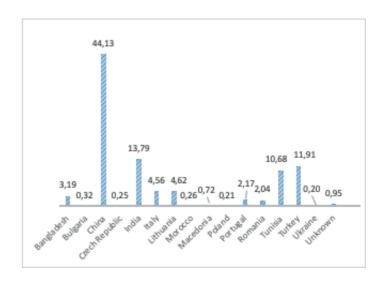
When social compliance employee has checked all information and read the audit report, and didn't notice any major issues, collaboration with new supplier can be start, after final approval of sourcing manager.



### **COHERENT SYSTEM FOR MONITORING AND REMEDIATION**

### MONITORING THE SUPPLY CHAIN

In collaboration with the Fair Wear Foundation, ECG monitors their supply chain. ECG shared their complete list of all known factories with contact details, address and production processes with the Fair Wear Foundation to monitor the supply chain in the most efficient way possible. Besides individual monitoring, monitoring on country level concerning social compliance is very important to get another perspective on certain issues and current affairs. ECG uses for these monitoring's, among other things, the country studies and seminars organized by the Fair Wear Foundation. For ECG it is a strategic sourcing decision not to source from the countries with FWF enhanced monitoring programme (Myanmar and Bangladesh). ECG works confirm the FWF exit strategy.



### CHINA

China, officially the People's Republic of China (PRC), is a country in East Asia and the world's most populous country, with a population of around 1.404 billion. China has the maximum number of neighbours touching its border. The 14 countries are: India, Pakistan, Afghanistan, Tajikistan, Kyrgyzstan, Kazakhstan, Mongolia, Russia, North Korea, Vietnam, Laos, Myanmar, Bhutan and Nepal.

ECG's most important production country is China, responsible for 44.13% of the total production of ECG.

ECG has their own office in Suzhou, with merchandisers and a QC team who are responsible for health & safety checks in factories. The QC's are actively working inside the factories and report findings on quality, technical findings and health & safety at least once a month to head of QC in ECG Suzhou office.

The buyers and ECG's sourcing manager are visiting most of the factories at least two times a year. The social compliance assistant will periodically evaluate the situation at the factory by requesting for an audit. Audit reports will be read and Corrective Action Plans will be set up, and followed up regularly by mail. A large part of preparing the trips of the buyers is to discuss these CAPs with the social compliance assistant and to evaluate what needs to be discussed with factory management during the visit.

ECG's main focus points in China are related to overtime hours, due a labour shortage in China. ECG's sourcing manager developed a retro planning to avoid excessive overtime hours.

13

### INDIA

India, also known as the Republic of India, is a country in South Asia. It is the second-most populous country in the world. Bounded by the Indian Ocean on the south, the Arabian Sea on the southwest, and the Bay of Bengal on the southeast, it shares land borders with Pakistan to the west, China, Nepal and Bhutan to the northeast; and Bangladesh and Myanmar to the east.

India is the second most important production country for ECG in which 13.97% of production took place. To identify likely risks in the garment industry in India, ECG has read the country study provided by the Fair Wear Foundation. While reading audit reports from factories from India, this country studies will always kept in mind while CAPs will be set up.

ECG's main focus point in India is related to gender-based inequality. In response to this focus points, ECG put extra efforts to informing about the Fair Wear Foundation hotline which is communicated through posting the Worker Information Sheet. This hotline is a way employees can anonymously address complaints or problems of any kind.

We are particulary happy that e5 mode did take this step. International solidarity is an essential part

of good trade union work. The stuggle for good working conditions and a living wage does not stop

The social compliance assistant will periodically evaluate the situations in factories by requesting an audit report. These reports will be read and corrective action plans will be set up, and followed up regularly by mail. Preparation of trips of the buyers is discuss remaining CAPs and evaluate which CAPs needs to be discussed with factory management during the trip. This process is the same for every country ECG produces, except for the focus of the CAPs.

TURKEY

Turkey, officially the Republic of Turkey is a transcontinental country located mainly in Western Asia. Turkey is bordered by Greece and Bulgaria to its northwest; Georgia to its northeast; Armenia and Iran to the east; And Iraq and Syria to the south. Istanbul is the largest city, but Ankara is the capital.

Turkey is listed as 3rd production country, after India & China, for ECG in which 11.91% of production took place.

The monitoring system previous described at India and China is the similar for every country ECG produces, except for the focus of the CAPs will be totally different, there are other risks and points of improvement you need to pay attention to. To keep up with the risks, ECG's social compliance assistance reads for example the country studies the Fair Wear Foundation provides. The Fair Wear Foundation is active in Turkey since 2002. At the end of 2016 the Fair Wear Foundation started in Turkey a human rights protection programme for Syrian refugee garment workers. A Workplace Education Programme for Syrian refugees has been developed, and FWF staff is available to give guidance to ECG.

ECG's main focus point in Turkey is related to protection of the Syrian refugees in the Turkish garment industry. To extra monitor the risks in Turkey an CAP-tool is developed, this tool helps

ECG to really give an insight on most important risks in Turkey and will communicate about these risks through the CAPs.

Furthermore, also all production locations in Turkey are annually visited by the sourcing manager according to the fair wear policy.

During visits the CAPS will be discussed as well as the current situation in Turkey especially concerning the contemporary country risks.

As per FWF Code of Labour Practices, ECG pays

extra attention to the legally binding employment relationship, since there are a lot of undocumented Syrian refugees working in the Turkish garment industry.

In the near future Fair Wear Foundation organizes a

training on this topic, ECG will cooperate in this training.

Ons Recht – W. Parmentier LBC-NVK trade union respresantatives e5

at our national borders.

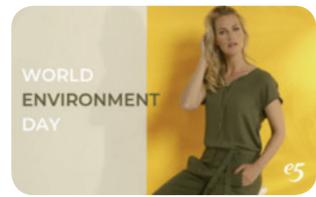
# TRANSPARENCY AND COMMUNICATION

### **ONLINE - EXTERNAL**

On the E5 website there is a separate page about corporate social responsibility. Where information about the Fair Wear Foundation membership, the Fair Wear Foundation Code of Labour Practices and a link to the Fair Wear Foundation website is posted. Besides these information important milestones will be updated on this page as well. In this way customers can follow ECG's journey.

Via social media ECG is active on LinkedIn, Facebook and Instagram. Posts about ECG's membership to the Fair Wear Foundation, on world environmental day, world fair trade day and the collaboration with Oxfam are communicated through different social media channels.





### **OFFLINE - INTERNAL**

The topics as seen in the Code of Labour Practice from Fair Wear is not only important to the workers in the factories, but also to employees working at ECG Belgium. Regularly an ECG trade union LBC-NVK publishes an internal newspaper to keep employees in the head-office up to date about topics as e.g. ECG's membership to the Fair Wear Foundation, a new remuneration-tool and explanation about different contracts.

In the warehouse is a notice board, where developments according ECG's membership to the Fair Wear Foundation can be found. This information is updated monthly.

ECG's CEO, Alexander Talpe, is updated by the sourcing manager every 3 months. Reporting on issues and the Fair Wear membership are discussed during these meetings.

### **OFFLINE - EXTERNAL**

In e5-shops, where ECG brands are sold, customers are informed about ECG's membership to the Fair Wear Foundation. There are stickers posted on the windows and information boards can be found on the counter at the cash register.

At ECG's head office at the entrance the signed Code of Labour Practices is posted. Employees, but also suppliers, can directly see that ECG is a member of the Fair Wear Foundation.

## CORPORATE SOCIAL RESPONSIBILITY

'It has been a wish for already a couple of years to join FWF', said Alexander Talpe. 'We believe we, as ECG, need to take responsibility, not only towards our customers and own employees, but also towards the people who make our products, the environment and the communities in which we operate.' – Alexander Talpe, CEO ECG

ECG takes responsibility concerning corporate social responsibility by being a member of the Fair Wear Foundation, but also with other collaborations and initiatives.

ECG believes it is important to take good care of their people, on a weekly basis there are sport activities as yoga, Pilates and dance work-outs organized in the head office.

At ECG coffee is fair trade coffee from Oxfam, ECG thinks it is important that everyone has a fair income.

During 'De Warmste Week' ECG collected via diverse activities € 26.000,- to the benefit of 'Stop Darmkanker'. An organization with a mission to detect intestine cancer in an early stage.

To reduce ECG's stock surplus the planning is constantly optimized, this automatically means ECG needs less transport. The warehouse also groups the deliveries to the stores (materials and clothes). This means the driver gets the maximum out of their trips and there are no unnecessary kilometres.

For web shop deliveries ECG works with DPD, they regularly measure their co2 emissions. Their goal is to delivery packages in a co2 neutral way.

ECG tries to reduce their packaging materials and reduce as much waste as possible. This process starts with packing instructions ECG provides to their suppliers. The remaining waste will be recycled or sorted out. For example all broken clothing hangers will be recycled into new ones, plastics and papers are separated and wastewater is self-purified with own installations. All transport occurs as much as possible hanging, so ECG avoid as much carton boxes as possible. All broken electrics, that cannot be fixed anymore, such as broken lights will be collected in special boxes, when these boxes are full, they will be picked up by a specialized firm.

In the e5 shops the lights are replaced by led lights, these are 35% more energy efficient comparing to the TL-lights, even all outside light at the stores is also led light. In the head office the lights in the hallways and warehouse work with sensors, so they are never unnecessarily using energy.

ECG head office, in Sint-Niklaas, is partly reconstructed. In this reconstructed area we heat with a completely CO2 neutral system. The lights in the hallways are working with sensors, this saves a lot of energy.

In 2017-2018 ECG was selected to be part of a CSR- project of Flanders DC. During this year specialists introduced ECG to circular economy. A circular economy is the total opposite of a disposable economy.

The result of this project is the Libelle home wear collection, a collection completely designed circular. This means this collection is made of materials you can recycle without down cycling the product. To make a circular collection your garments need to be made of sustainable materials, for example organic cotton, or a combination of organic cotton and modal. ECG sees this project as an important test to make our collections more sustainable in the future.

