

# **Van Heurck nv social report**

Reporting period (Financial year: February 2020 – January 2021)



YOUR WORKWEAR SPECIALIST

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FAIR WEAR MEMBER SINCE: JUNE 2019

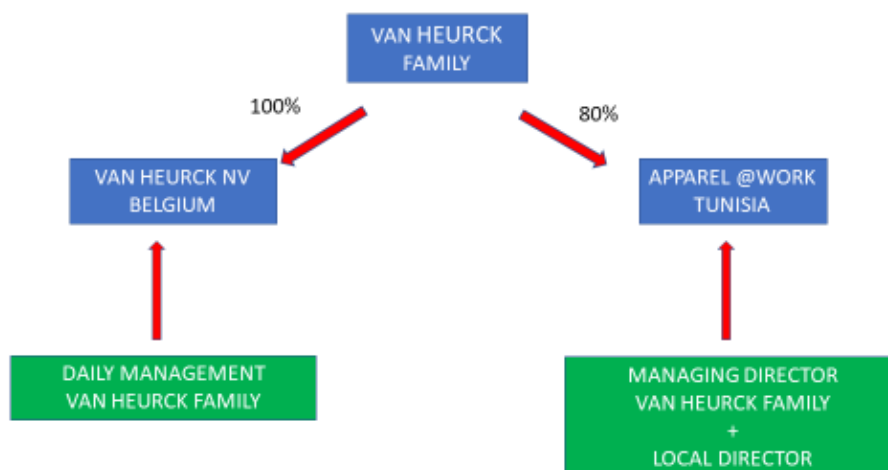
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# Van Heurck nv social report

## Organisational chart

### Ownership structure of Van Heurck nv & Apparel@Work (A@W)



## Summary: [2020] goals & achievements

Having been active in the textiles manufacturing industry since the start of the previous Century, Van Heurck nv decided to join the Fair Wear Foundation (FWF) in June 2019. This membership reflects management's strong belief in trying to improve working conditions throughout all garment production facilities and more importantly in its own the production facilities in Tunisia.

As management of Van Heurck nv, we are convinced that improving working conditions throughout every single step in the supply chain will, eventually, result in a product of much higher quality.

Given our recent membership to the Fair Wear Foundation, 2019 and 2020 have been very much a learning process. During this period, we focused explaining the values of FWF, including the CoLP, to the management, the staff at our Tunisian production facilities and our local suppliers. Furthermore,

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we ensured the CoLP was displayed at all 3 production facilities and that staff were informed about the existence of a complaints' procedure. Finally, within the space of 9 months, Van Heurck ensured 2/3 of A@W production facilities were audited FWF and that the resulting CAP's are being implemented.

Despite the Covid-19 crisis, Van Heurck nv was able to continue its operations throughout 2020 and hardly suffered disruptions. This was the result of the protective measures taken such as increased homework and partial work for some staff in Belgium. Our Tunisian activities only suffered minor production disruptions as the protocol of the Tunisian Authorities (including various protective measures) was immediately put in place.

## Sourcing strategy

### **SOURCING STRATEGY & PRICING**

Van Heurck nv sources all its production from A@W's 3 production units. These include A@W Detis (rainwear), A@W Drees (workwear) and A@W Tric (knitwear). A@W is over 80% owned by members of the Van Heurck family. A@W in turn relies on 3 different suppliers (subcontractors) for its embroideries.

Pricing is based on a "Bill of Materials" on which all items of the article are identified, including volumes and minutes of production time. As of 2021, A@W installed a bonus system which allows workers to earn a bonus if production and quality levels have been met. In this way, A@W strives to gradually close the gap with the living standard, as defined by local stakeholders and confirmed by Fair Wear Foundation. Working hours in excess of 48 hours /week are compensated at the standard hourly rate + 75%.

### **PRODUCTION CYCLE**

The production planning is made jointly by our staff in Belgium and Tunisia. In this way, we strive to respect reasonable working hours and limit the number of hours worked to maximum 48hrs/ week. Our Tunisian production facilities are open Monday – Friday from 07h00 to 15h00 and Saturday from 07h00-13h00. Factories are closed on Sunday's and public holidays. As stated above, the working week is set at 48 hours. Workers can work a maximum of 9 hours/ day. All hours in excess of 48 hours/ week are paid at the standard hourly rate + 75%

## **FACTORY RELATIONS**

Van Heurck nv has made no changes to its factory relations. The capacity, currently needed by Van Heurck nv is sufficiently covered by A@W 3 production facilities. This capacity already takes into account some future growth potential.

## **INTEGRATION OF MONITORING ACTIVITIES AND SOURCING DECISIONS**

Van Heurck' s sourcing strategy was broadly outlined in the mid-1980's and focused on Tunisia. The strategy was defined on the back of price, quality and time-to-market. As such Van Heurck opened A@W's 1<sup>st</sup> production facility in Tunisia (Teboulba) in 1985. Today, A@W is operating 3 production facilities (explained below) and employs some 600 staff.

## **Coherent system for monitoring and remediation**

Given the limited size of our supply chain (1 company with 3 production facilities in the same country/ region) and the ownership structure of the company, there is no real need for large monitoring and remediation systems.

Our multiple daily contacts in combination with regular site visits give us ample opportunity to monitor and remediate where needed. Our reactivity in taking measures to limit the Covid-19 pandemic provides a good example of our internal monitoring and remediation system.

At the first signs of the Covid-19 outbreak in the region, Van Heurck and A@W immediately initiated the protocol as issued by the Tunisian Authorities. This protocol included educational sessions on the risks and the prevention in each of the production facilities. Furthermore, workers were submitted to temperature checks before entering the production facilities, disinfection tunnels and regular disinfection of the production facilities, distribution of facial masks, etc. It is worthwhile noting that only limited production time was lost. Furthermore, A&W organized for advanced payments and micro-loans to its most needy staff, to compensate for the loss of income.

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## **A@W DETIS / TUNISIA**

Van Heurck nv sources 100% of its production from its Tunisian production facilities. However, the production of Van Heurck nv only represents approximately 75%-80% of the production of A@W Detis., A@W Droes and A@W Tric. The information described below refers to all of A@W's production facilities. The audit reports of each individual production facility can be found below

Given more normal sanitary circumstances all of the production facilities A@W Detis, A@W Droes and A@W Tric are visited at least once every month by a either a of the management of Van Heurck nv, a member of staff of Van Heurck nv' s or by a combination of the two. The most recent physical visits date back to January 2020 (pre-Covid 19). Currently, these visits are being replaced by skype/ Teams' meetings and daily calls with the local management.

When visiting the production units, (currently Skype/ Teams meetings), the various items that are being discussed include: production planning, CoLP, local issues, investment plans, upcoming audits, results of past audits, CAP's ... etc.

Having become a member of Fair Wear in June 2019, Van Heurck nv insisted on a full audit on 2/3 of its production facilities by February 2020 and a regular follow up on the resulting CAP's. A@W TRIC, our 3<sup>rd</sup> production facility has been audited in January 2021 by the team which audited A@W Detis and A@w Droes.

To this date neither Van Heurck nv nor any other of the A@W's customers (e.g. HAVEP) have received or filed any complaints on any of the issues that relate to the Fair Wear Foundation. The most important outcomes of the factory audits and CAP' s can be found below.

It is also worthwhile nothing that A@W is an active participant on the "Global compact local network" since December 2017. A@W communicates annually on progress made to all its stakeholders. The latest report was published on December 15<sup>th</sup>, 2020. Furthermore, A@W subscribes to Ecovadis CSR Survey and Rating since June 2018 (date of the latest survey is 31 July 2020, overall score is 59/100; a silver medal rewarded)

**AUDIT REPORT DETIS - 2020**

| <i>Fair Wear labour standard</i>                              | <i>Status</i> | <i>Finding, Details and Corrective action</i>   |
|---|---------------|---|
| Employment is freely chosen                                   | Compliant     | 64 % of workers are permanent workers   |
| There is no discrimination in employment                      | Compliant     |   |
| No exploitation of child labour                               | Not compliant | Factory do not keep specific register for Juvenile workers as stipulated by local law.<br><br>→ The register was prepared, checked and updated on a regular basis.  |
| Freedom of association and the right to collective bargaining | Compliant     | 100% of employees covered by CBA.<br>Presence of an elected CE (comité consultatif d'entreprise) making connection between direction and workers.   |
| Payment of a living wage                                      | Not compliant | According to factory management, the prices of the member do not support the payment of living wages<br><br>→ Add more bonuses to workers wage in function of their presence, efficiency and quality results.   |
| Payment of a living wage                                      | Not compliant | Workers do not understand how wages are calculated.<br><br>→ Wage calculation, especially end of year bonus, was explained to CE committee, and details of calculation was displayed on a large format poster to workers.   |
| No excessive working hours                                    | Compliant     |   |
| Safe and healthy working conditions                           | Not compliant | Specific recommendations in H&S: improve health and safety committee communication, more training for H&S responsible and workers, lack of protection equipment on some machines, lack of "tapis anti-fatigue" for standing workers, insulting mat for electric cupboard.<br><br>→ Those recommendation were integrated in the H&S program in order to be realized progressively. |
| Legally-binding employment relationship                       | Compliant     | 36% of workers linked with renewable short-term contracts (mostly 6 months contract)  |

| <i>Others</i>         | <i>Status</i> | <i>Finding, Details and Corrective action</i>   |
|-----------------------|---------------|---|
| Factory communication | To improve    | <p>Management has not actively informed workers about the FWF Code of Labour Practices and/or relevant national or local legislation</p> <p>→ Information meeting, group of workers with direction member to explain FWF labour standards.</p>                |
| Factory communication | To improve    | <p>Most workers are not aware of the FWF complaints mechanism and/or Code of Labour Practices</p> <p>→ During those meeting, manager ensured to workers that they are free to use FWF complaint mechanism, and that there will be no pursuit for workers.</p> |



## A@W DROES – TUNISIA

| <i>Fair Wear labour standard</i>                              | <i>Status</i> | <i>Finding, Details and Corrective action</i>   |
|---|---------------|---|
| Employment is freely chosen                                   | Compliant     | 68 % of workers are permanent workers   |
| There is no discrimination in employment                      | Not compliant | Written policies and procedures regarding discrimination are displayed, but workers aren't aware about it.<br>→ Explain discrimination procedure during workers and manger meeting.   |
| No exploitation of child labour                               | Compliant     |   |
| Freedom of association and the right to collective bargaining | Compliant     | 100% of employees covered by CBA.<br>Presence of an elected CE (comité consultatif d'entreprise) making connection between direction and workers.   |
| Payment of a living wage                                      | Not compliant | According to factory management, the prices of the member do not support the payment of living wages<br>→ Add more bonuses to workers wage in function of their presence, efficiency and quality results.   |
| Payment of a living wage                                      | Not compliant | Workers do not understand how wages are calculated.<br>→ Wage calculation, especially end of year bonus, was explained to CE committee, and details of calculation was displayed on a large format poster to workers.   |
| Payment of a living wage                                      | Not compliant | Workers are not paid during work stoppages<br>→ Improve factory planning to avoid workers stoppage.   |
| No excessive working hours                                    | Compliant     |   |
| Safe and healthy working conditions                           | Not compliant | Specific recommendations in H&S: improve health and safety committee communication, more training for H&S responsible and workers, lack of protection equipment on some machines, lack of "tapis anti-fatigue" for standing workers, insulting mat for electric cupboard. |

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|   |               |   |
|---|---------------|---|
|   |               | <p>→ Those recommendation were integrated in the H&amp;S program in order to be realized progressively.</p>   |
| Legally-binding employment relationship | Compliant     | 32% of workers linked with renewable short-term contracts (mostly 6 months contract)  |
| <b>Others</b>                           | <b>Status</b> | <b>Finding, Details and Corrective action</b>   |
| Factory communication                   | To improve    | <p>Management has not actively informed workers about the FWF Code of Labour Practices and/or relevant national or local legislation</p> <p>→ Information meeting, group of workers with direction member to explain FWF labour standards.</p>                |
| Factory communication                   | To improve    | <p>Most workers are not aware of the FWF complaints mechanism and/or Code of Labour Practices</p> <p>→ During those meeting, manager ensured to workers that they are free to use FWF complaint mechanism, and that there will be no pursuit for workers.</p> |
| Factory communication                   | To improve    | <p>The factory's policies and procedures are not communicated to workers</p> <p>→ Explain factory policies and procedures to workers during information meeting.</p>  |

## A@W TRIC - TUNISIA

| <i>Fair Wear labour standard</i>                              | <i>Status</i> | <i>Finding, Details and Corrective action</i>   |
|---|---------------|---|
| Employment is freely chosen                                   | Compliant     | 28 % of workers are permanent workers (Production facility opened in May 2016)  |
| There is no discrimination in employment                      | Compliant     |   |
| No exploitation of child labour                               | Compliant     |   |
| Freedom of association and the right to collective bargaining | Compliant     | 100% of employees covered by CBA.<br>Presence of an elected CE (comité consultatif d'entreprise) making connection between direction and workers.   |
| Payment of a living wage                                      | Not compliant | Workers are paid below living wage as estimated by local stakeholders<br><br>→ Add more bonuses to workers wage in function of their presence, efficiency and quality results.  |
| No excessive working hours                                    | Compliant     |   |
| Safe and healthy working conditions                           | Not compliant | Specific recommendations in H&S: improve health and safety committee communication, more training for H&S responsible and workers, lack of protection equipment on some machines, emergency exits are not equipped with anti-panic doors, add protection for luminaires in storage area<br><br>Those recommendation were integrated in the H&S program in order to be realized progressively. |
| Legally-binding employment relationship                       | Compliant     | 72% of workers linked with renewable short-term contracts (mostly 6 months contract)<br><br>At the end of 4 years contract, worker status changes and become permanent.   |
| <i>Others</i>   | <i>Status</i> | <i>Finding, Details and Corrective action</i>   |

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|                       |            |  |
|-----------------------|------------|--|
| Factory communication | To improve | <p>Management has not actively informed workers about the FWF Code of Labour Practices despite information meeting.</p> <p>→ <a href="#">Plan WEP training for workers by FWF team</a></p> |
| Factory communication | To improve | <p>Most workers are not aware of the FWF complaints mechanism and/or Code of Labour Practices</p> <p>→ <a href="#">Plan WEP training for workers by FWF team</a></p>                       |

## **EXTERNAL PRODUCTION**

Van Heurck nv has no external production. As stated above 100% of our products are sourced from A@W 3 production facilities.

A@W only outsources its embroideries to 3 different embroidery units. These so-called subcontractors are aware of our Fair Wear Membership and the level of importance we attach to respecting working conditions and the CoLP.

## **Complaints' handling**

Since our membership, in June 2019, Van Heurck nv has not been informed of meaningful complaints at any of its production units. Complaints, if any, will be immediately handled by Van Heurck nv in combination with the local management.

All staff at A@W's 3 plants are aware of Van Heurck's Fair Wear Membership and its aim to adhere and respect its CoLP. Banners, visually describing the CoLP and contact numbers for complaints are on display in each of the factories.

## **Training and capacity building**

### **ACTIVITIES TO INFORM STAFF MEMBERS**

Once a year, as part of the ISO9001:2015 requirements, Van Heurck nv hosts a meeting for all its staff. During this meeting management addresses various issues that concern the past and the future of the organization. Given our Fair Wear membership is a cornerstone pillar of our strategy we inform our employees in-depth of all issues relating to Fair Wear and more importantly to the CoLP.

### **ACTIVITIES TO INFORM AGENTS**

Van Heurck does not work with agents.

### **ACTIVITIES TO INFORM MANUFACTURERS AND WORKERS**

As stated above, Van Heurck has no independent manufacturers and only uses the manufacturing capacity of A@W.

## Information management

The management of Van Heurck nv has a full overview of its entire supply chain. This is due to the fact the Van Heurck nv owns its production facilities and knows that unauthorized subcontracting is not taking place.

## Transparency & communication

Reference to Fair Wear is made in all internal and external communication, on our website and in our corporate brochures. Furthermore, we refer to our Fair Wear membership and the CoLP in all our communication with the public - private institutions and NGO's such as Clean Clothes Campaign.

## Stakeholder engagement

In terms of stakeholder engagement, Van Heurck nv is in close contact with CCC. A@W, has an internal 'Commission Consultative' which discusses items such as working hours, salaries, bonuses, Healthcare, measures to limit spread of Covid-19 etc.

## Corporate Social Responsibility

At the request of the client Van Heurck nv will develop products containing materials, as an alternative to the standard polyester, cotton etc. We launched a workwear collection using recycled polyester in combination with Lyocell (as a Polyester/ cotton-alternative).

Furthermore, we have agreements with some of our clients to collect and recycle some of their used workwear. Van Heurck is also a member of FBT, Care4Safe and promotes liquid CO<sub>2</sub> cleaning. Being ISO-9001:2015 certified also guarantees a certain degree of CSR. By the end of 2021 Van Heurck nv is expected to have been issued a CO<sub>2</sub> Neutral label (PAS2060 Standard).