

B&C Collection social report

Reporting period (Financial year: 2021)



<https://bc-collection.eu/>

FAIR WEAR MEMBER SINCE 2017

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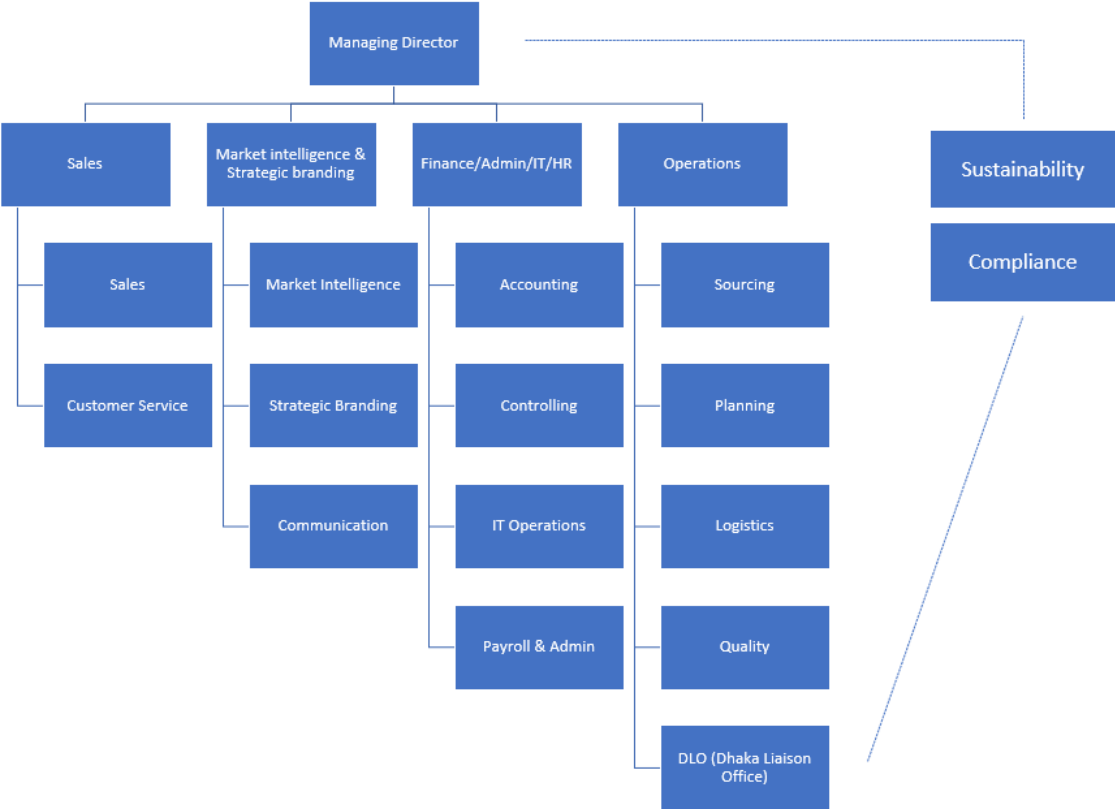
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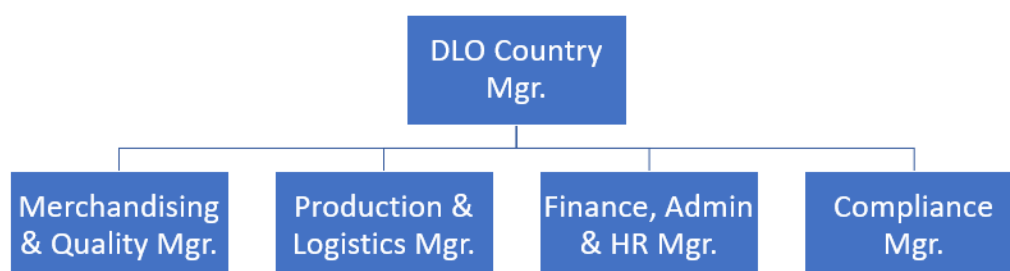
B&C Collection social report

NOTE: Under each question, please focus on the improvement that has been realised in the previous financial year. Given that the report will be published on the website, delete the parts where we explain the question/description.

Organisational chart

HQ CHART





Summary: 2021 goals & achievements

B&C is the brand name of the basic garments developed and sold by The Cotton Group SA(TCG), a subsidiary of The Cotton Group AB.

Our products are aimed at being decorated or customized and are being used in many different areas: promotion, hospitality, tourism, workwear etc.

At B&C, we believe that human rights, environmental protection, and business go together, and that we have a role to play in society both socially and environmentally.

The greatest reward of our efforts in terms of sustainability is to see a concrete upgrade of the working conditions of the people we work with, and a reduction of our environmental impacts.

We embrace the notion that all corporations have social and environmental responsibilities they must act upon. On fundamental human and environmental levels, we act because we care, and because we can.

As a cornerstone of our sustainability commitment, TCG is inspired by the UN Global Compact and its guiding principles for Corporate Responsibility on human rights, labour, environment, and anti-corruption. In addition, we are committed to the UN Sustainable Development Goals (SDGs).

The SDGs are the cornerstone of our strategy launched in 2021.

They are a universal call to action to fight against poverty and inequalities, protect the planet and tackle climate change by 2030. The textile industry has a major impact on the global economy and the environment, and we believe it is our duty to act as a responsible key player. This is why we have selected 7 ad-hoc SDGs out of the 17 existing which we believe are the most relevant to our industry, and we have committed to achieving linked goals.

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Out of the 17 UN SDGs, B&C has selected 7 priority SDGs to focus on, based on the ones where we can have the biggest impact and that are the most relevant for our industry (« imprint brand within the textile sector »). The selected SDGs are the following ones:

- SDG 1: No poverty
- SDG 3: Good health and well being
- SDG 5: Gender equality
- SDG 8: Decent work and economic growth
- SDG 12: Responsible consumption and production
- SDG 13: Climate action
- SDG 17: Partnerships for the goals

To maximize our impact, we have also committed to a wide range of partnerships with organisations that include key players such as governments, NGOs, other brands: Our memberships in Fair Wear Foundation and Business Social Compliance Initiative (amfori-BSCI), The Shift, Textile Exchange and Better Cotton strengthen our commitment to more responsible and sustainable production practices.

By being a member of associations, we also strengthen our leverage thanks to cooperation with other member brands in risk prevention and remediation.

For 12 years now, The Cotton Group is member of FWF (historically through Fristad-Kansas).

Besides FWF, all our suppliers have received, acknowledged and embraced our code of conduct that has been updated in 2021 to strengthen our standards with regards to labour, environmental, anti-corruption and animal welfare standards.

Our suppliers have also been audited by other organizations, as BSCI and Accord. Although The Cotton Group has not signed for Accord, the majority of our suppliers are part of the Accord remediation (and the one which is not part of it has been audited by third-party).

In 2021, we have revised all our policies and guidelines to update them to the highest standards. Among these, we have reviewed our Code of Conduct, our Sourcing and planning policy and our supplier handbook. Also, we have created our Responsible business conduct policy, which is complementary to our Code of Conduct, which states our position on various topics including labour conditions, and expresses our goals and commitments linked to them.

Thanks to lighter Covid restrictions, in contrary to 2020, our monitoring practices were made much more efficient due to a more regular presence of our team at our suppliers' premises.

In 2021, B&C's risk mapping and country assessment launched in 2020 and based on the MVO¹ tracker was reviewed. These mappings allow us to follow up closely with likelihood and impacts of identified risks in each of the country where we operate. They are both updated regularly by the sourcing and sustainability teams, and they are part of our due diligence process.

¹ <https://www.mvorisicochecker.nl/en>

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The selection process for new suppliers consists out of below mentioned steps:

1. Contact the new supplier by e-mail
 - a. Review of their profile
 - b. Review of their existing suppliers
 - c. Review on B&C products
 - d. Prices & payment terms
2. The supplier has to complete a self-assessment using a B&C format and acknowledges our Code of Conduct (CoC), as well as FWF's CoLP and BSCI's CoC
3. Review the full factory profile (compliance*, existing valid certifications, production integration, machines, capacities, skills, ...)
4. Review of B&C Sourcing needs versus the factories' core products
5. First visits by Operation manager, Sourcing manager, Compliance manager and Dhaka Liaison Office Country manager.
6. Spot selected B&C styles for price review and check if prices are workable
7. Compliance manager to visit the factory for first Sustainability assessment

**It is important to stress out that, when screening new potential suppliers, we request from them to be audited by a qualified party, and/or to be compliant with Alliance/accord/RSC.*

8. In case the Sustainability assessment is positive, meaning that no issues are raised, the following steps are taken:
 - a. Product development process
 - b. Quality approval process after visit by Quality manager
 - c. Fabric/Color/Style development can start
 - d. Once everything is approved, a test order is placed
 - e. If test order is successful, the supplier can be considered as fully active for B&C

2021 also marked the creation of B&C's internal Sustainability and Compliance team of 4 people, 3 based at HQ in Belgium and 1 based in Dhaka. This team's scope of work includes, among other fields, implementing and maintaining labour standards as settled in our CoC, FWF's CoLP and BSCI's CoC. This team's responsibility is to make sure that all goods and products are the result of a responsible sourcing, and this through the whole value chain. Since its creation, all factories have been audited by our local Compliance Manager, and many non-conformities have been addressed (late payments, maternity leave, wages issues, overtime etc).

This new team creation enabled us to elaborate and launch B&C's sustainability strategy and Action Plans for end 2021 and 2022.

What new to expect in terms of compliance for 2022?

2022 will be the first year with full impact of the new sustainability team, which is empowered by top management to improve working conditions in the supply chain and to assess B&C's carbon footprint. Its actions can cover recommendation on new fibres selection, factories selection, monthly

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follow-up of Corrective Action Plans, support to factories to organise relevant trainings and improve workers awareness about their rights. But also internal in-depth trainings about Sustainability in general.

End 2021 we completed the first B&C exhaustive Sustainability Report, that will be officially published in 2022, including the sustainability strategy, the main achievements, in order to share with our customers and stakeholders our vision for a better and inspired tomorrow_°

Sourcing strategy

SOURCING STRATEGY & PRICING

As previously mentioned, B&C is selling garments to the European Imprint market. The promotional wear business is quite different compared to retail business:

- Products and colors are timeless and are part of the collection for several years. Consistency in quality and shade is key, and annual production volumes per style are often big.
- Prices are fixed once per year, when releasing the yearly catalogue. This gives factory management a long-term view and allows them to pay workers timely and properly.
- The prices are set based upon a detailed breakdown of all factory's costs and expenses: labor cost, fabric cost, financial costs as local inflation costs, ... Prices are negotiated and based upon an open costing. Objective is to allow factories to pay at least the legal wage to all workers, what is confirmed by internal and external audits.
- B&C places order monthly, according to pre-booked capacities at the negotiated prices. We manage to fill capacities evenly over months (whenever possible), considering all suppliers constraints.
- B&C is working based on a Long-Term planning tool, based on very accurate sales forecast (thanks to our recurrent styles and our strong database of historical sales per style). This system helps factories to avoid overtime. In case of delays, our goal (Dhaka Liaison Office and Planning team) is to solve the issue without Air shipment, excessive overtime or subcontracting.
- The quantity of orders placed monthly with the suppliers is calculated and based on 8 hours of work per day 6 days per week. This to avoid excessive overtime and the stress for workers to have to work overtime. Suppliers must comply with the national law.
- Products are sourced in Asia only. Below the list of sourcing-countries and their respective relative amount of goods sourced in 2021:
 - o Bangladesh: 95%
 - o Pakistan: 4%
 - o China: 1%

B&C has built and maintain long-term business-relationships with its suppliers. B&C main (core) suppliers that have been partners for more than 5 years represented 83.16% of total volumes in 2021.

Besides long-term relationship, B&C is also looking for new opportunities and potential new suppliers.

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New potential suppliers are evaluated before we place our first order on product, capacity, quality, price, and on their social compliance, environmental compliance and fire and safety certifications.

1.1. Organization of the sourcing department

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

This team, based in Belgium, is cooperating in close relationship with the office in Dhaka, called the DLO.

PRODUCTION CYCLE



Annually, we define with factories monthly capacities that are booked for future B&C orders. These pre-bookings are defined per facility, according to their competencies, number of workers, workers skills.... During the year, it makes the job of the planning team at B&C and in each factory easier. They mainly have to manage potential discrepancies between the forecasts and the business needs. This way of working is safe, predictable, and cost-efficient.

Also, our business model based on timeless products avoids challenges related to uneven production. Good purchasing practices and supplier relationships help to address the challenges related to uneven production. In case of delays, our planning department works hand in hand with the factory planning to prioritise and find fair solutions avoiding unnecessary pressure.

For 97% of our products, we work with vertically integrated factories (from fabric to garment). These factories are producing the fabrics (knitted and woven, dyed and finished), followed by own garment-manufacturing, until finished garments are packed and shipped. This gives us a full monitoring on Tier 1 and Tier 2 and prevent factories from sub-contracting.

The planning and merchandising teams in Belgium and Bangladesh follow up the production of orders closely together with the factories. There is a daily follow-up of orders (as well fabric-production as garment-manufacturing). This means that B&C teams know exactly at which stage of production specific orders are. It allows also to anticipate any problem in order to, finally, avoid:

- Delays
- Overtime
- Quality issues

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- Labour rights issues

We believe that ad-hoc planning practices reduce the risk of overtime, late wage payments, health, safety violations and subcontracting. It also helps to create a healthy work environment and good conditions in the factories.

FACTORY RELATIONS

In 2021, we started working with 1 new supplier that is located in Bangladesh.

Ahead of working with a new supplier, factories we consider have to pass through a very strict due diligence process that will determine whether we will consider placing a test order or not.

On a yearly basis, we follow up on Human Rights Due Diligence by updating our Risk and Country assessment mapping that allows us to prevent and -if needed- mitigate potential risks or their likelihood.

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**It is important to stress out that, when screening new potential suppliers, we request from them to be audited by a qualified party, and/or to be compliant with Alliance/Accord/RSC.*
- 8) In case the Sustainability assessment is positive, meaning that no issues are raised, the following steps are taken:
 - a) Product development process
 - b) Quality approval process after visit by Quality manager
 - c) Fabric/Color/Style development can start

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- d) Once everything is approved, a test order is placed
- e) If test order is successful, the supplier can be considered as fully active for B&C

Thanks to our Dhaka Liaison Office (DLO) which counts 22+ employees on site, suppliers are regularly visited by different people who must give their approval for each of their specific area:

- Country manager
- Sourcing manager
- Operations manager
- Compliance manager

Among other things, they monitor and evaluate the performance of our suppliers regarding potential risks, remediation of CAPs and follow up audits.

Decisions to start with a supplier and/or to terminate with a supplier have a big impact on the B&C operations.

The nature of our products (long lifetime and need for consistency) does not leave room for frequent changes and switch of suppliers each year. We believe and rely on strong relationships with our suppliers, some of which we have been working with for 20+ years.

Termination with suppliers for 2021:

- 1 supplier in Bangladesh (concentration of a small-volume style at one location only)

In general, it could happen that after a successful test order we should re-consider the relationship with the potential new supplier because of CoC violations, non-conformities, or relationship concerns. Our compliance manager and other employees at the DLO are monitoring each factory on a regular basis. They report to the Belgian HQ on a weekly basis on all CSR project/issues/processes we may face with our suppliers.

At B&C, only direct sourcing is used. This enables us to guarantee transparency and traceability in our supply chain.

INTEGRATION OF MONITORING ACTIVITIES AND SOURCING DECISIONS

We believe it is crucial to monitor our activities and that this is a key criterion to establish a continuous relationship with our suppliers.

Thanks to our organizational structure that includes a Liaison Office in Dhaka (DLO), and to the multiple visits of our operation and sourcing managers from HQ, we make sure our suppliers are followed up and monitored efficiently.

All factories are regularly visited by the HQ-teams (including the MD) and DLO teams. As part of the DLO team, a compliance manager who was a former auditor has been hired mid-2021 to ensure a full CSR related relationship with the suppliers.

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They systematically review if there is any non-compliance with our Code of Conduct.

Compliance manager's visits always include in-depth discussions with the management regarding Code of Conduct implementation (both B&C's, FWF's and BSCI's), corrective action plans that the management has to sign off, and how the factory management intends to maintain good working conditions in the factory.

Remaining non-compliance issues that need remediation will be detailed in an agreed frame (CAP), and the compliance manager follows up closely on their achievement.

On top of sourcing and compliance managers, most employees at B&C are trained and well aware of CSR related topics' importance and are involved in making sure our suppliers maintain high labour standards. For instance, Quality Controller who are daily in factories set-ups, have as first assignment quality and planning topics, but they are as well the B&C eyes for social compliance potential issues.

The decision by the compliance manager and the Head of Sustainability will determine whether sourcing from a potential/new supplier can take place. Without the approval and consent from the compliance manager, no sourcing can take place from that specific supplier.

In case of findings of non-compliance at existing factories during the monitoring process (most of the time as a result of an audit by a qualified external organization), a remediation plan in form of CAP's will be set and together with the factory to improve and correct the non-compliant findings.

In 2021, despite a continued covid year, all our monitoring practices were held. All DLO team members were fully paid for the whole COVID period even if the workload was far below average. Follow-up of audit-reports and related CAP's continued to be done. All B&C's factories active for 2021 were in possession of a valid audit-report by FWF or BSCI.

Apart from that, it is important to remind here what our due diligence process is:

When selecting and deciding to cooperate with new suppliers, a process of preparation, reviewing and assessment takes place as described before under 1.4. Results of monitoring are considered when taking sourcing decisions.

New potential suppliers submit all CSR related documents to the Compliance Manager and HQ. These documents include:

- Supplier Self-Assessment (SSA)
- Codes of Conduct (COC) (B&C/FWF/BSCI)
- Responsibility & Sustainability Policy
- Restricted Substances List (RSL)
- Supplier CSR Guidelines

After review and positive result, an inspection visit will follow.

Only after being accepted, B&C can continue to build relationship and start up potential developments and production.

- We verify all other certifications' accuracy and validity (WRAP, BSCI, SEDEX, STANDARD 100 by OEKO-TEX®, ISO, ...)
- We verify whether factories are involved with any type of CSR related projects or no

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- We verify if factories have a vertical (preferred) set up
- We verify if the factories have efficient ETPs (Effluent Treatment Plant)

Coherent system for monitoring and remediation

Following pages show audit-results from BSCI audits. We have listed, by factory, the results:

- The number of non-conformities found for each performance area
- The “grade” or score for each performance area (*)

And these results are shown for consecutive years. Improvements are indicated in green colour, areas for which a reduced score is found in the following-year are indicated in red. These are the areas of concern to be addressed.

(*) Grades:

Grade	Meaning	Consequence
A	Very Good	The auditee has the level of maturity to maintain its improvement process without the need for a follow-up audit
B	Good	The auditee has the level of maturity to maintain its improvement process without the need for a follow-up audit.
C	Acceptable	The auditee needs follow up to support its progress. Following the completion of the audit, the auditee develops a Remediation Plan within 60 days
D	Insufficient	The auditee needs follow-up to support its progress. Following the completion of the audit, the auditee develops a Remediation Plan within 60 days
E	Unacceptable	Amfori BSCI Participants shall closely oversee the auditee's progress as the producer may represent a higher risk than other business partners
Zero Tolerance	A Zero Tolerance issue was identified	Immediate actions are required. The amfori BSCI Zero Tolerance Protocol is to be followed.

BANGLADESH

For financial year 2021, the majority of our suppliers were in Bangladesh, where we also have a local team with dedicated people, guaranteeing a continue monitoring of the suppliers.

Thanks to lighter Covid restrictions, all monitoring activities were not only maintained but were more closely followed-up.

All factories were monitored by making sure audits and verification could take place by 3rd party organizations. This resulted in a 100% monitoring threshold for our suppliers in Bangladesh.

Audit reports and proposed CAP's were the most important tools for identification of non-compliance and remediation of these.

The Fair Wear Foundation Complaints Hotline was also an important tool for us to understand the situation of workers at our factories. Non-compliance practices were brought to light by workers using the complaint line.

# POINTS OF IMPROVEMENT	PA	BD Factory 2				Rating per Performance Area	PA	BD Factory 2			
		2018	2019	2020	2021			2018	2019	2020	2021
	SOCIAL MANAGEMENT SYSTEM AND CASCADE EFFECT	4	2	1	1		E	C	B	B	
	WORKERS INVOLVEMENT AND PROTECTION	5	2	2	2		D	C	B	B	
	THE RIGHTS OF FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	2	2	0	0		B	B	A	A	
	NO DISCRIMINATION	2	0	2	2		C	A	C	C	
	FAIR REMUNERATION	3	2	4	2		B	C	D	B	
	DECENT WORKING HOURS	3	1	0	0		E	C	A	A	
	OCCUPATIONAL HEALTH AND SAFETY	15	5	11	9		E	D	D	D	
	NO CHILD LABOUR	1	0	0	0		A	A	A	A	
	SPECIAL PROTECTION FOR YOUNG WORKERS	0	0	0	0		A	A	A	A	
	NO PRECARIOUS EMPLOYMENT	2	1	2	2		B	B	B	B	
	NO BONDED LABOUR	1	1	1	1		A	A	A	A	
	PROTECTION OF THE ENVIRONMENT	1	0	2	1		A	A	B	A	
	ETHICAL BUSINESS BEHAVIOUR	2	1	1	1		B	A	A	A	
	TOTAL	41	17	26	21		C	C	C	C	

# POINTS OF IMPROVEMENT	PA	BD Factory 3				Rating per Performance Area	PA	BD Factory 3			
		2018	2019	2020	2021			2018	2019	2020	2021
	SOCIAL MANAGEMENT SYSTEM AND CASCADE EFFECT	3	3	3	2		D	D	D	C	
	WORKERS INVOLVEMENT AND PROTECTION	2	3	3	3		B	C	C	C	
	THE RIGHTS OF FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	0	0	0	0		A	A	A	A	
	NO DISCRIMINATION	0	1	1	2		A	B	B	C	
	FAIR REMUNERATION	1	2	1	2		A	B	B	B	
	DECENT WORKING HOURS	2	0	0	0		D	A	A	A	
	OCCUPATIONAL HEALTH AND SAFETY	6	9	5	10		A	B	A	B	
	NO CHILD LABOUR	0	0	0	0		A	A	A	A	
	SPECIAL PROTECTION FOR YOUNG WORKERS	0	0	0	0		A	A	A	A	
	NO PRECARIOUS EMPLOYMENT	1	0	0	0		A	A	A	A	
	NO BONDED LABOUR	0	0	0	1		A	A	A	A	
	PROTECTION OF THE ENVIRONMENT	2	2	2	2		A	B	B	B	
	ETHICAL BUSINESS BEHAVIOUR	1	1	1	1		B	A	A	A	
	TOTAL	18	21	16	23		C	C	C	B	

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# POINTS OF IMPROVEMENT	PA	BD Factory 4				Rating per Performance Area	PA	BD Factory 4			
		2017	2019	2020	2021			2017	2019	2020	2021
	SOCIAL MANAGEMENT SYSTEM AND CASCADE EFFECT	3	2	2	FwF audit		D	D	C	FwF audit	
	WORKERS INVOLVEMENT AND PROTECTION	3	2	2	FwF audit		D	B	B	FwF audit	
	THE RIGHTS OF FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	0	1	0	FwF audit		A	A	A	FwF audit	
	NO DISCRIMINATION	2	1	1	FwF audit		C	C	C	FwF audit	
	FAIR REMUNERATION	3	1	1	FwF audit		B	A	A	FwF audit	
	DECENT WORKING HOURS	2	1	0	FwF audit		D	C	A	FwF audit	
	OCCUPATIONAL HEALTH AND SAFETY	17	8	7	FwF audit		E	D	A	FwF audit	
	NO CHILD LABOUR	0	0	0	FwF audit		A	A	A	FwF audit	
	SPECIAL PROTECTION FOR YOUNG WORKERS	0	0	0	FwF audit		A	A	A	FwF audit	
	NO PRECARIOUS EMPLOYMENT	0	1	1	FwF audit		A	A	A	FwF audit	
	NO BONDED LABOUR	0	1	0	FwF audit		A	A	A	FwF audit	
	PROTECTION OF THE ENVIRONMENT	4	3	2	FwF audit		C	C	B	FwF audit	
	ETHICAL BUSINESS BEHAVIOUR	1	0	1	FwF audit		A	A	A	FwF audit	
	TOTAL	35	21	17	FwF audit		D	C	B	FwF audit	

# POINTS OF IMPROVEMENT	PA	BD Factory 7				Rating per Performance Area	PA	BD Factory 7			
		2018	2019	2020	2021			2018	2019	2020	2021
	SOCIAL MANAGEMENT SYSTEM AND CASCADE EFFECT	2	2	2	2		D	D	D	C	
	WORKERS INVOLVEMENT AND PROTECTION	0	0	0	0		A	A	A	A	
	THE RIGHTS OF FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	0	0	0	0		A	A	A	A	
	NO DISCRIMINATION	0	0	0	0		A	A	A	A	
	FAIR REMUNERATION	2	2	0	0		B	B	A	A	
	DECENT WORKING HOURS	2	1	1	1		D	C	C	C	
	OCCUPATIONAL HEALTH AND SAFETY	6	6	4	6		A	A	A	A	
	NO CHILD LABOUR	0	0	0	0		A	A	A	A	
	SPECIAL PROTECTION FOR YOUNG WORKERS	0	0	0	0		A	A	A	A	
	NO PRECARIOUS EMPLOYMENT	1	1	1	0		A	A	A	A	
	NO BONDED LABOUR	0	0	0	0		A	A	A	A	
	PROTECTION OF THE ENVIRONMENT	0	0	0	0		A	A	A	A	
	ETHICAL BUSINESS BEHAVIOUR	0	0	0	0		A	A	A	A	
	TOTAL	13	12	8	9		C	C	C	B	

# POINTS OF IMPROVEMENT	PA	BD Factory 14				Rating per Performance Area	PA	BD Factory 14			
		2019 (1)	2020 (1)					2019 (1)	2020 (1)		
	SOCIAL MANAGEMENT SYSTEM AND CASCADE EFFECT	1	1				B	B			
	WORKERS INVOLVEMENT AND PROTECTION	1	1				A	A			
	THE RIGHTS OF FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	0	0				A	A			
	NO DISCRIMINATION	0	0				A	A			
	FAIR REMUNERATION	0	0				A	A			
	DECENT WORKING HOURS	0	0				A	A			
	OCCUPATIONAL HEALTH AND SAFETY	2	2				A	A			
	NO CHILD LABOUR	0	0				A	A			
	SPECIAL PROTECTION FOR YOUNG WORKERS	0	0				A	A			
	NO PRECARIOUS EMPLOYMENT	1	1				A	A			
	NO BONDED LABOUR	0	0				A	A			
	PROTECTION OF THE ENVIRONMENT	0	0				A	A			
	ETHICAL BUSINESS BEHAVIOUR	0	0				A	A			
	TOTAL	5	5				A	A			

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# POINTS OF IMPROVEMENT	PA	BD Factory 16				Rating per Performance Area	PA	BD Factory 16			
		2019 (t)	2020 (t)	2021 (t)				2019 (t)	2020 (t)	2021 (t)	
	SOCIAL MANAGEMENT SYSTEM AND CASCADE EFFECT	2	2	2			C	C	C		
	WORKERS INVOLVEMENT AND PROTECTION	3	2	2			C	C	C		
	THE RIGHTS OF FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	1	1	1			B	B	B		
	NO DISCRIMINATION	1	0	0			A	A	A		
	FAIR REMUNERATION	2	1	2			B	A	C		
	DECENT WORKING HOURS	0	0	0			A	A	A		
	OCCUPATIONAL HEALTH AND SAFETY	7	6	6			D	D	D		
	NO CHILD LABOUR	1	0	0			A	A	A		
	SPECIAL PROTECTION FOR YOUNG WORKERS	0	0	0			A	A	A		
	NO PRECARIOUS EMPLOYMENT	1	1	1			A	A	A		
	NO BONDED LABOUR	0	0	0			A	A	A		
	PROTECTION OF THE ENVIRONMENT	1	1	2			A	A	C		
	ETHICAL BUSINESS BEHAVIOUR	1	1	1			A	A	A		
	TOTAL	20	15	17			C	C	C		

# POINTS OF IMPROVEMENT	PA	BD Factory 17				Rating per Performance Area	PA	BD Factory 17			
		2020						2020			
	SOCIAL MANAGEMENT SYSTEM AND CASCADE EFFECT	1					B				
	WORKERS INVOLVEMENT AND PROTECTION	2					C				
	THE RIGHTS OF FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	0					A				
	NO DISCRIMINATION	0					A				
	FAIR REMUNERATION	2					B				
	DECENT WORKING HOURS	0					A				
	OCCUPATIONAL HEALTH AND SAFETY	7					A				
	NO CHILD LABOUR	0					A				
	SPECIAL PROTECTION FOR YOUNG WORKERS	0					A				
	NO PRECARIOUS EMPLOYMENT	1					A				
	NO BONDED LABOUR	0					A				
	PROTECTION OF THE ENVIRONMENT	2					B				
	ETHICAL BUSINESS BEHAVIOUR	0					A				
	TOTAL	15	0	0			B				

PAKISTAN

The Cotton Group SA has one long-term and strategic supplier in Pakistan owned by a Belgian family. By means of 3rd party audits (BSCI) and resulting reports and CAPs, we are monitoring the situation in this factory.

This resulted in a 100% monitoring threshold of our supplier in Pakistan.

# POINTS OF IMPROVEMENT	PA	PK Factory 1				Rating per Performance Area	PA	PK Factory 1			
		2018	2019	2020	2021			2018	2019	2020	2021
	SOCIAL MANAGEMENT SYSTEM AND CASCADE EFFECT	1	1	1	1		B	B	B	B	
	WORKERS INVOLVEMENT AND PROTECTION	2	2	2	1		C	C	D	A	
	THE RIGHTS OF FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	0	0	0	0		A	A	A	A	
	NO DISCRIMINATION	0	0	0	0		A	A	A	A	
	FAIR REMUNERATION	1	1	1	0		A	A	A	A	
	DECENT WORKING HOURS	0	0	0	0		A	A	A	A	
	OCCUPATIONAL HEALTH AND SAFETY	3	3	3	5		A	A	A	A	
	NO CHILD LABOUR	0	0	0	0		A	A	A	A	
	SPECIAL PROTECTION FOR YOUNG WORKERS	0	0	0	0		A	A	A	A	
	NO PRECARIOUS EMPLOYMENT	0	0	1	0		A	A	A	A	
	NO BONDED LABOUR	0	0	0	0		A	A	A	A	
	PROTECTION OF THE ENVIRONMENT	0	0	0	0		A	A	A	A	
	ETHICAL BUSINESS BEHAVIOUR	0	0	0	1		A	A	A	A	
	TOTAL	7	7	8	8		B	B	C	A	

CHINA

In 2021, 2 suppliers based in China were active for B&C Collection. By means of 3rd party audits (BSCI) and resulting reports and CAPs, we are monitoring the situation in these factories, where unfortunately no visit could be organized these last two years due to the Covid travel restrictions.

This resulted in a 100% monitoring threshold of our supplier in China.

# POINTS OF IMPROVEMENT	PA	CN Factory 1			Rating per Performance Area	PA	CN Factory 1			
		2018					2018			
	SOCIAL MANAGEMENT SYSTEM AND CASCADE EFFECT	1				SOCIAL MANAGEMENT SYSTEM AND CASCADE EFFECT	C			
	WORKERS INVOLVEMENT AND PROTECTION	2				WORKERS INVOLVEMENT AND PROTECTION	C			
	THE RIGHTS OF FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	0				THE RIGHTS OF FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	A			
	NO DISCRIMINATION	0				NO DISCRIMINATION	A			
	FAIR REMUNERATION	1				FAIR REMUNERATION	A			
	DECENT WORKING HOURS	1				DECENT WORKING HOURS	D			
	OCCUPATIONAL HEALTH AND SAFETY	11				OCCUPATIONAL HEALTH AND SAFETY	D			
	NO CHILD LABOUR	0				NO CHILD LABOUR	A			
	SPECIAL PROTECTION FOR YOUNG WORKERS	0				SPECIAL PROTECTION FOR YOUNG WORKERS	A			
	NO PRECARIOUS EMPLOYMENT	0				NO PRECARIOUS EMPLOYMENT	A			
	NO BONDED LABOUR	0				NO BONDED LABOUR	A			
	PROTECTION OF THE ENVIRONMENT	2				PROTECTION OF THE ENVIRONMENT	B			
	ETHICAL BUSINESS BEHAVIOUR	0				ETHICAL BUSINESS BEHAVIOUR	A			
	TOTAL	18				TOTAL	C			

# POINTS OF IMPROVEMENT	PA	CN Factory 2				Rating per Performance Area	PA	CN Factory 2			
		2018	2019	2020	2021			2018	2019	2020	2021
	SOCIAL MANAGEMENT SYSTEM AND CASCADE EFFECT	1	1	2	2		SOCIAL MANAGEMENT SYSTEM AND CASCADE EFFECT	C	C	D	D
	WORKERS INVOLVEMENT AND PROTECTION	2	2	2	1		WORKERS INVOLVEMENT AND PROTECTION	B	B	B	B
	THE RIGHTS OF FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	0	0	0	0		THE RIGHTS OF FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	A	A	A	A
	NO DISCRIMINATION	0	0	0	0		NO DISCRIMINATION	A	A	A	A
	FAIR REMUNERATION	0	1	1	1		FAIR REMUNERATION	A	B	B	B
	DECENT WORKING HOURS	1	1	1	1		DECENT WORKING HOURS	D	D	D	D
	OCCUPATIONAL HEALTH AND SAFETY	3	6	5	2		OCCUPATIONAL HEALTH AND SAFETY	A	A	A	A
	NO CHILD LABOUR	0	0	0	0		NO CHILD LABOUR	A	A	A	A
	SPECIAL PROTECTION FOR YOUNG WORKERS	0	0	0	0		SPECIAL PROTECTION FOR YOUNG WORKERS	A	A	A	A
	NO PRECARIOUS EMPLOYMENT	0	0	0	0		NO PRECARIOUS EMPLOYMENT	A	A	A	A
	NO BONDED LABOUR	0	0	0	0		NO BONDED LABOUR	A	A	A	A
	PROTECTION OF THE ENVIRONMENT	0	0	0	0		PROTECTION OF THE ENVIRONMENT	A	A	A	A
	ETHICAL BUSINESS BEHAVIOUR	1	1	1	1		ETHICAL BUSINESS BEHAVIOUR	A	A	A	B
	TOTAL	8	12	12	8		TOTAL	C	C	C	C

# POINTS OF IMPROVEMENT	PA	CN Factory 3			Rating per Performance Area	PA	CN Factory 3			
		2019					2019			
	SOCIAL MANAGEMENT SYSTEM AND CASCADE EFFECT	2				SOCIAL MANAGEMENT SYSTEM AND CASCADE EFFECT	D			
	WORKERS INVOLVEMENT AND PROTECTION	2				WORKERS INVOLVEMENT AND PROTECTION	B			
	THE RIGHTS OF FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	0				THE RIGHTS OF FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	A			
	NO DISCRIMINATION	0				NO DISCRIMINATION	A			
	FAIR REMUNERATION	2				FAIR REMUNERATION	B			
	DECENT WORKING HOURS	1				DECENT WORKING HOURS	D			
	OCCUPATIONAL HEALTH AND SAFETY	6				OCCUPATIONAL HEALTH AND SAFETY	E			
	NO CHILD LABOUR	0				NO CHILD LABOUR	A			
	SPECIAL PROTECTION FOR YOUNG WORKERS	0				SPECIAL PROTECTION FOR YOUNG WORKERS	A			
	NO PRECARIOUS EMPLOYMENT	0				NO PRECARIOUS EMPLOYMENT	A			
	NO BONDED LABOUR	0				NO BONDED LABOUR	A			
	PROTECTION OF THE ENVIRONMENT	1				PROTECTION OF THE ENVIRONMENT	B			
	ETHICAL BUSINESS BEHAVIOUR	0				ETHICAL BUSINESS BEHAVIOUR	A			
	TOTAL	14				TOTAL	D			

EXTERNAL PRODUCTION

Not Applicable

Complaints handling

In 2021, we were involved in 3 'official' complaints only. We believe that the regular internal audits and the CAP follow-up by our new hired compliance Manager in Dakha has contributed to this low figure. Indeed, many raising issues have been treated and solved during monthly meetings, before reaching the official complaint system of FWF.

Complaint handling is something very important to us, that we take seriously both here at HQ and at the DLO where our local colleagues are easily able to engage discussion with supplier's management if needed.

Indeed, we insist on involving the supplier's management in the issue-solving, and we require from them full collaboration and transparency.

If a complaint is issued from a worker in factory where other FWF members also are, we always cooperate and communicate with them for the best interest of the issue solving.

Whenever we receive a complaint, we systematically apply the following process:

1. Contact the concerned factory when the complaint is received
2. Contact the concerned employee/manager
3. Keep track and record of the complaint
4. Take acknowledgment from the complaint owner and investigate about the origin of the complaint
5. Follow up on the investigation and act as per necessity
6. When the results are available, we take action as per necessity
7. Follow up on the resolution and close the complaint

In 2021, only 3 complaints were received from 2 different factories:

Factory A: 2 complaints for reasons of:

- Employment freely chosen
- Legally binding employment relationship
- Living wage

Factory B: 1 complaint for reasons of:

- Reasonable working hours
- Healthy working conditions

Complaints' resolution took place, 1 complaint has been resolved and the 2 others are still in process and at the time we are writing this report. The 2 complaints that are still in process came from a factory we no longer worked with in 2021. Our leverage to get the issue solved is subsequently zero.

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But we decided to take action on the complains solving because the factory remain in our backup suppliers portfolio and we might start working again together in the future.

In addition to resolving single and individual complaints, we cooperate with the factory to understand and find the root cause for the complaint. Root cause analysis will result in corrective actions to be taken by the factory.

If factories do not respond in expected manner, sourcing teams are informed and company purchasing decisions are revised.

We require the factory management to bring awareness about FWF complaint mechanism to the factory workers by taking following steps:

- Providing guidance to the factory on the process of remediation.
- Providing necessary training to the workers about FWF complaint mechanism (FWF WIS with the local complaint handlers contact number is also distributed by B&C as well as FWF helpline number).
- We communicate with the concerned person at FWF.
- We are seriously taking follow up requirements from FWF concerned person regarding the status of complaints.

Training and capacity building

ACTIVITIES TO INFORM STAFF MEMBERS

We believe it is important to have everyone on board both internally and externally to achieve our goal of social standards. To do so, we ensure the following actions are taken to inform and train our staff about FWF membership:

- In person training at HQ and local office: each new arriving colleague goes through an induction process during which there is a meeting with the Sustainability team at B&C, and in which all useful information is shared on the B&C Sustainability and Social compliance program. Different certificates, initiatives and memberships are explained. The B&C membership to FWF and the FWF Code of Labour Practice (CoLP) are explained, as well as our own Code of Conduct that is partially based on FWF CoLP.
- Through meetings: regular meetings involving different departments and teams (compliance, quality, sourcing, operations, communication, ... both at HQ and DLO) keep all of these involved and up-to-date related to the B&C FWF membership.
- By using of FWF logo
- By providing FWF website address
- By providing FWF brochure etc.

ACTIVITIES TO INFORM AGENTS

Not Applicable (we exclusively work directly with our suppliers)

ACTIVITIES TO INFORM MANUFACTURERS AND WORKERS

To introduce about FWF with the factory workers we usually asked to the factory management to take below steps:

- Provide relevant training to workers: In 2021, two of our suppliers took the WEP Violent and Harassment prevention training, and in 2022 two additional sessions will take place.
- Provide FWF leaflet and sticker.
- Organize training through FWF for the worker's representatives to make awareness about FWF roles and responsibilities.

FWF training programs can also take place on-site. Some of the main outcomes of FWF training are listed below:

- Training gave us opportunities to know about FWF roles and responsibilities very clearly.
- Got clear knowledge about complaint process and procedure and how to handle it.
- Brings more awareness about anti-harassment procedures.
- Received some good ideas about social dialogue with a workplace.
- Got big network as lot of people attended in that training from various NGO's & factories.
- Knowledge sharing about so many areas (workers' rights, environmental challenges...) which very vital part in our society.
- Training gives courage to raise the voice against some major violations.

In addition to those, and in respect of strategy and scope of efforts to strengthen capacity of management, workers and other staff to improve in social performance, we advise factory managements to take and implement below initiatives:

- To work on workplace safety improvement project.
- To do internal workshop in factory.
- To support workers' representative committees' creation and election
- Organize Awareness Training of Maternity workers for to decrease the risk while working.
- To make Periodical visit to the factory to review capacity building from brand.
- Living wages analysis.
- Review maternity benefits.
- Awareness training on environmentally sustainable practices.
- Factory internal audit and so on.

Information management

In order to keep track of the progress of the implementation of the code of labor practices in our own database we ensure the following steps are taken:

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- Information is shared from suppliers to the DLO Compliance Manager which then shares the information with compliance manager at HQ
- Every progress on implementation or CAP's will be updated in a shared documentation file

When it comes to monitoring our production location:

First of all, it is important to highlight the fact that we work with **a few suppliers**, with which we have a strong and steady relationship. Our presence in Bangladesh allows us to have a daily relationship with them, which ensures relationships built on trust and transparency.

We know 100% of our Tier 1 and Tier 2 suppliers and we started in 2021 to try to map the Tier 3 and Tier 4 as much as possible.

To monitor all our production locations, 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
- Track unauthorized Subcontracts: While subcontracting is strictly prohibited by our Code of Conduct, we are aware that the risk shall be prevented at all time. In Bangladesh, the DLO has quality controllers working in factories and checking in production which reduce risks of production taking place somewhere else.

Transparency & communication

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

Stakeholder engagement

Complementary to our FWF membership, B&C is also a proud member of amfori-BSCI, Textile - Exchange, Better Cotton, The Shift (the Belgian representative of the UN SDG's) and specific products are certified by Oeko-Tex, OCS, RCS and PETA. B&C is also starting a carbon footprint assessment together with a Germany based consulting partner.

B&C is sourcing for many years from the same three countries (Bangladesh, Pakistan and China). FWF resources together with other database and analysis are feeding our permanent countries risk assessment methodology.

