

APRIL 2024



SOCIAL REPORT

REPORTING PERIOD
JANUARY 2023 - APRIL 2024

Member of Fair Wear Foundation since 2017
B&C - BE INSPIRED

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01 ABOUT US

B&C is a brand of blank garments created and distributed by The Cotton Group SA (TCG). The primary aim of B&C is to provide customisable clothing for use in various areas, such as workwear, corporate events, promotional activities, and tourism.

At B&C, we are committed to sustainability efforts that improve the working conditions for the workers and reduce our environmental impact.

Every corporation has social and ecological responsibilities that must be fulfilled. We take a comprehensive approach where human rights, environmental protection, and business practices are all interconnected. We have a social and environmental role in creating a better future.

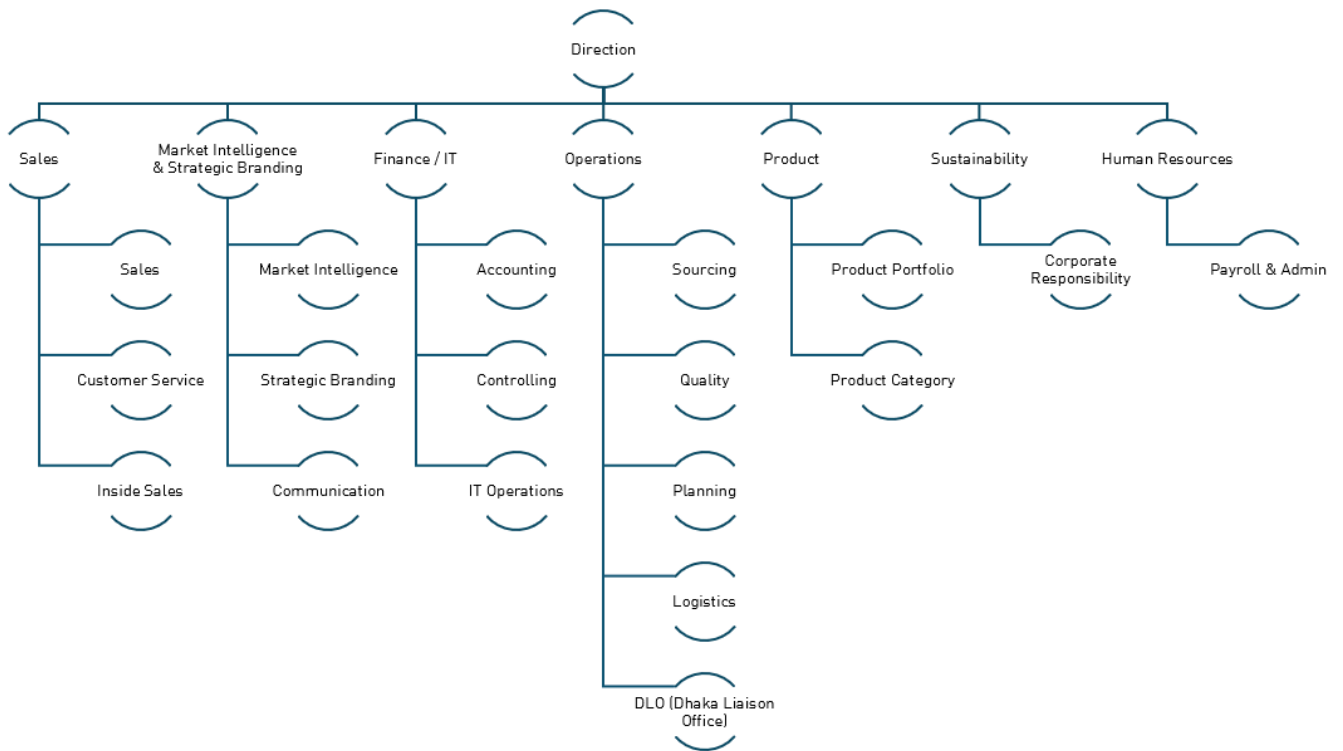
We are determined to positively impact our entire supply chain, from farm and factory to customer.

B&C follows the guidelines set out in the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence for Responsible Supply Chains in the Garment Industry. This framework aims to promote human rights, environmental sustainability, and ethical practices across all aspects of the company's operations and policies.

Therefore, we established an internal team dedicated to Sustainability and Compliance, consisting of four members, three of whom are based at the headquarters in Belgium and one in Dhaka. The team's responsibilities include implementing and maintaining labour standards outlined in our Code of Conduct, Fair Wear Foundation's Code of Labour Practices, and BSCI's Code of Conduct. We aim to ensure that all goods and products are responsibly sourced throughout the entire value chain. Furthermore, with the upcoming EU and local directives, the team has been dedicated to ensuring compliance with the requirements of those regulations.

To help you better understand our organisational structure, the following page contains an organisational chart of our headquarters and liaison office.

HEADQUARTER CHART



DHAKA LIAISON OFFICE CHART



In 2023, B&C has put sustainability at the centre of its strategy and redefined its mission to strengthen the concepts of respect for people and the planet:

HIGH-QUALITY MODERN APPAREL CRAFTED WITH CONSIDERATION FOR PEOPLE AND PLANET.

B&C greatly emphasises protecting and enhancing human rights across all value chain stages. We ensure that our factories improve and maintain the highest labour standards.

Environment protection is one of our strategy pillars. Therefore, all B&C projects are evaluated based on achieving the lowest environmental impact possible by using more sustainable materials.

RESPONSIBILITY SOURCE, ETHICALLY MADE is our new brand's signature.



OUR 2023 ACTIONS

At B&C Collection, we take a holistic approach centred on four fundamental pillars. Our aim is to create products (pillar 1) while upholding responsible and prosperous business (pillar 2) practices that respect both people (pillar 3) and the planet (pillar 4). Throughout the year, we take various actions that align with B&C's pillars, as we believe that concrete actions reflect our sustainability efforts and journey.

CHINESE & PAKISTANI FACTORIES VISIT

One of the main challenges that needed to be overcome during 2023 was to re-evaluate our historical Chinese factories, which have not been locally assessed since 2019. Indeed, due to pandemic-related travel restrictions in the past three years, B&C has not been able to visit its Chinese factories and has relied on risk assessment and third-party audits to monitor them.

Earlier in the year, B&C was informed of a potential **risk of Forced Labour** and poverty alleviation program suspected in the factory location area. B&C sustainability team decided to discuss this topic with Human Rights analyst to better understand the evidences behind this potential high-priority risk, and identify the appropriate measures. After a fruitful discussion, it has been decided to send our DLO Compliance Manager (former auditor) to China and **run internal audits** at all factories set-ups. It demonstrates how seriously B&C considered this risk. As a result, the company has taken measures by conducting an **on-site visit** to evaluate and implement necessary actions at the factory premises.

These visits allowed us to engage in comprehensive discussions with factory management and worker representatives. During the audit, we ensured compliance with all mandatory requirements outlined in our **Code of Conduct** and the **eight ILO standards**. We also checked for the presence of posters displaying our Code of Conduct. A comprehensive report detailing the profiles of all production sites has been written and will be followed up closely. No evidence of any violation of human rights principles has been found. However, it is important to note that even though no evidence was found, the **risk remains a main priority** in B&C's risk evaluation. Therefore, this risk requires a **high level of attention** and will be closely monitored.

In addition to the visits to the Chinese factories, our sustainability manager visited our Pakistani partner in April 2024. In alignment with our due diligence process, it is essential to have on-site visits and in-depth discussions with managers regarding their risk assessments and the progress of Corrective Action Plans. This visit confirmed the quality of our local partners, their overall compliance with our codes of conduct and local laws. We also appreciated their investment in effective social actions, such as a school financed by one of our suppliers in Lahore.



B&C HUMAN RIGHTS AND ENVIRONMENTAL DUE DILIGENCE TOOLKIT

In alignment with its **due diligence strategy**, rooted in the Human Rights and Environment Due Diligence directive, B&C took proactive steps to **inform the industry** about the forthcoming directive in the EU market. This initiative appeared through the launch of **B&C's HREDD toolkit**, which outlined the various requirements and recommendations from due diligence directive (CSDDD). The toolkit provides insights on the upcoming regulations and details the measures B&C has implemented over the past year to ensure compliance, emphasising its commitment to **transparency** and **responsible business practices**.

Human Rights and Environmental Due Diligence (HREDD) emphasises businesses' responsibility to be accountable for the impact of their **supply chains** on both people and the environment. This directive is particularly crucial for B&C's market, where larger companies and organisations purchase textiles for workwear, promotions, and merchandise and, therefore, have an obligation to ensure ethical and responsible production and provide evidence to support such claims.

B&C SOCIAL ACTIONS

In 2023 and 2024, B&C initiated various social actions to strengthen relationships with factories and improve working conditions for workers. These initiatives have included the following:

- **Worker Basket distribution:** To thank our workers for their dedication and partnership throughout 2023, we provided grocery baskets containing various essential items to all workers at three of our production units.
- **Fair Price Shop:** We supported an additional production unit by opening a Fair Price shop, allowing workers to purchase necessities at discounted prices.
- **Women Empowerment and Harassment Prevention Theatre action:** To better educate workers on women empowerment and to prevent and mitigate harassment risks, we conducted theatre training sessions at two of our production units.

These actions have helped foster better relationships with our factories and contribute to providing better working conditions for the workers.





100% MORE RESPONSIBLE FIBRES SOURCING

B&C implemented several initiatives to align with our strategy of producing responsibly sourced and ethically made garments. Since July 2023, all our T-shirts, polo shirts, and sweatshirts have been made using **more sustainably sourced fibres**. We have achieved this by exclusively sourcing organic and organic in-conversion cotton, Better Cotton, and recycled polyester for all our cotton-based styles to significantly reduce our impact on the environment.

We have taken a significant step towards responsible sourcing by completely stopping the use of conventional cotton and switching to Better Cotton. Better Cotton develops comprehensive **support for farmers**, ensuring they have access to productive work that provides fair income and wages, security, social protection, equal opportunities, freedom to organise, express concerns, participate in decision-making, and negotiate dignified conditions of employment. This commitment encompasses the provision of fair wages and income, prioritizing health and safe working conditions, promoting gender equality, and opposing any form of forced or child labour. By adhering to these principles, Better Cotton actively contributes to creating a sustainable and ethical environment within the cotton industry. Furthermore, Better Cotton is aware of the crucial role of **women's empowerment** in global cotton production and has set ambitious targets to achieve by 2030. These targets include supporting one million women in cotton through programs and resources that promote equal decision-making, build climate resilience, and improve livelihoods. It also ensures that 25% of field staff are women with the ability to influence sustainable cotton production. Our commitment to responsible sourcing demonstrates our commitment to addressing the global challenge of women's empowerment in the cotton industry. Transitioning from sourcing conventional cotton to exclusively utilising more sustainable fibres, such as Better Cotton, marked a significant stride in B&C's due diligence process.

B&C has successfully **prevented** and **mitigated** social and environmental risks along its entire **value chain** by opting for Better Cotton over conventional cotton.

02 ETHICAL SOURCING STRATEGY

At B&C, we have always placed great importance on conducting business responsibly, respecting human rights and protecting the environment. In recent years, there has been an increased demand for companies to adopt ethical business practices, but this has always been part of our company's DNA.

B&C has taken significant steps to ensure its operations and supply chains are ethical and responsible. As mentioned previously, the company has developed a robust due diligence procedure that aligns with international standards and best practices. By following the requirements of the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence for Responsible Supply Chains, B&C has established a framework that helps to ensure that the company's practices and policies respect human rights, are environmentally sustainable, and promote ethical conduct. This commitment to due diligence reflects B&C's dedication to creating a more responsible and sustainable textile industry. Since 2022, we have embraced the HREDD directive as a guiding principle for our business strategy and daily operations.

The HREDD directive aims to ensure that businesses address the adverse impacts of their actions, including those within their value chains. The directive is based on six key steps, which we will discuss in the following section.

2.1 OUR HUMAN RIGHTS DUE DILIGENCE PROCESS

2.1.1 B&C Policies

B&C is committed to upholding the principles of the HREDD directive, recognising the role that due diligence plays in encouraging good business practices. As an initial step in aligning with this directive, B&C has established five essential policies outlining its business strategy.

The Due Diligence Policy is the cornerstone of these policies, providing B&C and its partners with clear guidelines governing daily operations. The B&C's Responsible Business Conduct Policy (RBC) and Code of Conduct (CoC) also include principles that guide our core business practices. The RBC policy has been established to ensure that the company operates ethically and responsibly. These policies serve as a compass, ensuring ethical standards are adhered to at every journey step. All our suppliers have signed those policies to ensure alignment with B&C expectations on social and environmental compliance with our partners. We have also fortified our commitment with specialised policies, such as the Forced Labour and Biodiversity Policy, which underscore our dedication to socially responsible and environmentally sustainable practices. Through this comprehensive approach, B&C seeks to meet and exceed the expectations set by the HREDD directive, fostering a business environment grounded in integrity and responsibility.



2.1.2 B&C Risk Analysis

As part of HREDD's second step, B&C conducts a comprehensive risk assessment that focuses on Environmental, Social, and Governance (ESG) principles. We aim to gain a broader understanding of our supply chain's sustainability by addressing these areas. We begin by analysing our production **countries**, including Bangladesh, Pakistan, and China, to identify human rights, environmental, and ethical risks. We recognise that each country presents unique challenges, so we tailor our risk assessment to develop a coherent sourcing strategy that aligns with ethical standards and minimises adverse effects on communities and the environment. Additionally, we recognise that risk likelihood and severity can vary by gender. Therefore, we include a gender lens for each risk identified at the country level.

We evaluate our **production facilities** to ensure they adhere to ethical labour practices, guided by our Code of Conduct, and minimise environmental impact. Our assessment covers various social standards, including Employment relationships, No forced Labour, No discrimination in employment, No child labour, Freedom of association and right to collective bargaining, Payment of decent wages, Working hours, Healthy working conditions, No harassment or abuse, and Fire and building safety.

We meticulously trace our **products'** risks, examining raw materials and manufacturing processes to mitigate risks at every stage of the product life cycle. This includes the usage of chemicals within products, the usage of dangerous technologies and cutting tools, and the availability of protective equipment within the factories.

We discuss our **sourcing strategy** to align with ethical standards and minimise adverse effects on communities and the environment. In the textile industry, a primary risk a company could face concerning its sourcing strategy would be the need for more significant control over the sourcing location.

Finally, we assess our overall **business model** and **value chain**, proactively addressing vulnerabilities and areas for improvement. The promotional industry can be challenging, so it's important to evaluate all risks related to social compliance, environmental sustainability, and ethical practices throughout the entire value chain.

It is important to note that B&C maintains a rigorous follow-up system to continually update this risk assessment, providing accurate and reliable information for informed decision-making throughout the company. The countries and factories risk assessment are weekly evaluated during our Sustainability / Sourcing calls.



2.1.3 B&C Prevention, mitigation and remediation tools

Based on the findings of this analysis, we have formulated targeted strategies to proactively prevent, mitigate, and remediate the identified risks, thereby fostering responsible and sustainable practices across our supply chain. We firmly believe that brands should be accountable for potential risks within their supply chains, prioritising prevention as the initial line of defence. To this end, we have established a comprehensive set of tools, including certifications, memberships, and our Dhaka Liaison office, to monitor our factory regularly.

Our approach involves rigorous mitigation and remediation efforts whenever possible when prevention proves challenging. We collaborate closely with our suppliers and stakeholders to implement these strategies effectively, ensuring our products are consistently responsibly and sustainably manufactured. As mentioned earlier, maintaining an intensive follow-up and monitoring process is essential for brands to enhance their business practices continually. The verification and monitoring procedures play a key role in identifying and prioritising crucial areas for improvement.

At B&C, we are committed to achieving higher performance standards, prompting us to conduct monthly evaluations of our improvement processes. This ongoing commitment to assessment and enhancement ensures that we stay responsive to evolving challenges and proactively work towards refining our practices for responsible business practices.

2.1.4 B&C Communication

B&C understands the importance of transparent and accurate communication regarding our due diligence process, as evidence of our commitment to responsible business practices. To facilitate this, we've developed various tools and reports to share our practices effectively within the industry. Moreover, we strongly believe in educating our stakeholders as a best practice. Therefore, we've created a comprehensive toolkit focusing on the Human Rights and Environmental Due Diligence Directive.

Additionally, we publish an annual Sustainability Report highlighting our strategies and actions. These resources not only address any doubts or queries from our clients but also provide them with essential information about our risk assessment and aligned actions. Furthermore, we regularly communicate with our clients through blogs, emails, and other channels, ensuring they are well-informed about our overall strategy and ethical business practices. This approach empowers our clients to make informed purchasing decisions.



2.2 SOURCING STRATEGY & PRICING

B&C has developed a sourcing strategy reflecting its commitment to ethical human rights and environmental standards. Over the years, the strategy has been adapted to incorporate inputs from the due diligence process and risk assessment. B&C has also developed a system that allows the sourcing department to source only from factories that have undergone necessary due diligence measures. We strongly focus on building and maintaining long-term partnerships with our suppliers to ensure this consistency. As of 2023, our core suppliers, with whom we have been doing business for over 20 years, account for 88% of our total production volume. Establishing this relationship allow us to collectively building a sourcing strategy.

B&C has established long-lasting partnerships with suppliers who share our values and commitment to responsible business practices. To ensure the successful implementation of these practices, we have decided to collaborate with only a select number of suppliers in 2023. It's important to note that most of B&C's production occurs in two main factories, which manufacture most of our styles. This approach allows for a more focused and efficient implementation of responsible practices throughout the entire supply chain. Our close relationships with our partners enable open and productive discussions between managers on both sides for mutual benefit.

For each factory, the sustainability department must have all relevant factory audits available permanently. Failure to comply with this requirement results in no order placement. All factories that B&C sources from must undergo various audits, including:

- Fair Wear Foundation audits (Bangladesh factories only)
- amfori BSCI audits
- RSC audits (Bangladesh factories only)
- Internal CSR audits
- Efficient ETP audits (Composite factories only).



This system has significantly reduced the risk of social and environmental issues at our factories. The mandatory requirements are well-known to our sourcing team. Plus, B&C has established a weekly meeting between the sustainability and sourcing teams and our Dhaka Liaison Office. This initiative ensures the consistent integration of ethical practices into the sourcing process, including constant updates and monitoring of the sourcing situation.

Regarding our factories, this open partnership has also facilitated discussions on critical topics such as gender equality, overtime, freedom of association, and wages. In order to establish a trusting relationship with our suppliers, sharing our production forecast transparently is crucial, providing them with a comprehensive overview for the upcoming year. B&C has strategically decided to share its production forecast with suppliers at the start of each year. This proactive measure enables our suppliers to adequately prepare and assess their business models for the year ahead, fostering a collaborative and informed partnership that benefits all parties involved. At B&C, we have treated wage discussions in our production countries with the utmost importance. To address this, we have selected one partner to make an in-depth cost analysis with the methodology of the Fair Price app tool developed by the Fair Wear Foundation. This tool enables brands to comprehend suppliers' various costs during production.

In response to the recent wage increase in Bangladesh from December 2023, B&C has partnered with its primary manufacturing facility to conduct a comprehensive costing exercise. This initiative empowers B&C to establish fact-based costing, promoting shared responsibility between buyers and suppliers to ensure prices adequately cover all labour expenses, even in the face of wage adjustments.

These actions highlight the close relationship that B&C has developed with its long-lasting partners. Despite these initiatives, close factory monitoring remains a priority to guarantee accurate payment for all workers. Our local Corporate Responsibility manager investigates payment sheets regularly to ensure strict compliance, particularly during local wage increases.

2.2.1 Organisation of the sourcing department

B&C Sourcing department operates as part of the Operations department at our Waterloo Headquarters, based in Belgium. Conducted by a sourcing manager with over 20 years of experience in the textile industry, the team collaborates closely with our Dhaka Liaison Office (DLO) in Bangladesh. This office is a valuable asset, providing extensive knowledge of our suppliers and our primary production country, Bangladesh.

At B&C, we prioritise direct relationships with our production partners, which is why we do not engage with agents. We firmly prohibit our factories from using third parties for production. It is important to know that subcontracting is not allowed except in particular circumstances (e.g., a broken boiler at a dyeing facility) if notified and agreed upon.



2.3 PRODUCTION CYCLE

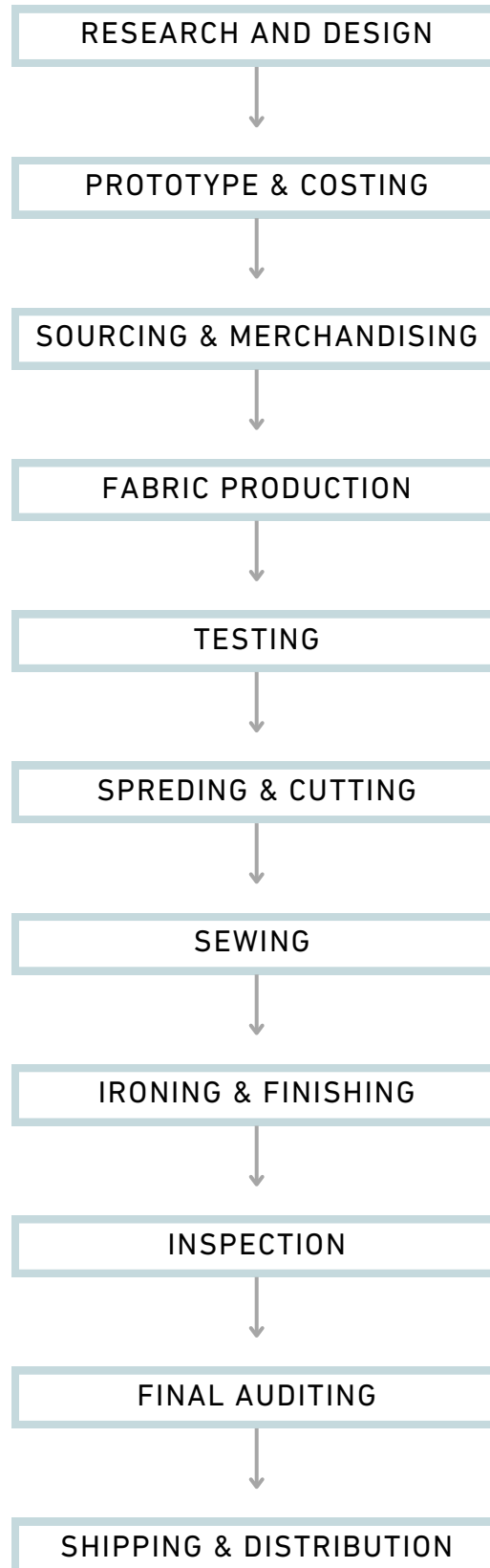
As mentioned earlier, B&C specialises in the European Imprint market, where we sell garments for promotional and corporate wear. This market is different from the traditional B2C retail market in many ways. We do not produce in seasonality and create garments that are made to be long-lasting in time. This business model allows us to have a stronger relationship with the workers of the factories that know our products, which do not vary over the years. In the promotional market, the products and colours offered are designed to be classic and long-lasting, remaining part of the collection for multiple years. Consistency in quality and colour is crucial in this market, so we produce large quantities of each style every year. This also emphasises our strategy of long-lasting partnerships with suppliers to ensure this consistency.

B&C places orders with suppliers based on pre-booked capacities and negotiated prices. We aim to distribute the capacity evenly across months while considering any constraints from suppliers. We calculate the monthly quantity of orders based on an 8-hour workday, six days a week, to ensure that workers are not subjected to excessive overtime (to be noted that local laws and ILO conventions authorise up to 10 hours of work per day, allowing workers to earn additional wages). Our suppliers are required to comply with national labour laws. If a factory encounters difficulties in delivering the ordered garments on time, B&C maintains a collaborative approach by refraining from imposing any penalties. Our philosophy is to establish a shared partnership with our suppliers, and adopting a penalty-oriented strategy does not align with our long-term vision. Moreover, our goal at the B&C's Dhaka Liaison Office and the Operation team is to resolve delays without resorting to air shipment, excessive overtime, or subcontracting.

Additionally, B&C collaborates with a warehouse in Belgium, enabling the maintenance of a substantial stock. This strategic partnership provides significant flexibility in adapting to suppliers' lead time requirements. Our lead times vary among suppliers and are calculated based on historical production data. Our stable relationships with suppliers contribute to our flexibility and provide an in-depth understanding of their production processes, allowing us to consider their interests in our evaluations. This level of familiarity supports efficient collaboration and improves the overall effectiveness of our supply chain management, taking all parties into account. Adopting this strategy, as mentioned earlier, allows us to share openly with our partners regarding our forecast production and keep our suppliers regularly updated on any changes occurring during the year.

The overall production cycle can be seen on the following page.

Production cycle



2.4 FACTORY RELATIONS

Given the long-lasting nature of our products and the importance of consistency, we prioritise stability in our supplier relationships. This is why we value strong, long-standing partnerships with some suppliers with whom we have been working for over 25 years. These relationships are valuable for improving workers' conditions, as we consider our suppliers genuine partners in our due diligence process.

In 2023, B&C initiated new partnerships with two additional unit from an existing historical partner as well as changed production unit from one existing partner. These three new partnerships allow us to regroup and centralise our production, simplifying our social and environmental compliance control.

The company has proactively established a systematic process for evaluating potential new suppliers that must be followed before initiating any business partnership. This comprehensive process involves collaboration among the sustainability, sourcing, and DLO (Dhaka Liaison Office) teams.

Under this process, the sourcing team must verify that the sustainability team has conducted a thorough country risk assessment for the origin country of any prospective new supplier. This systematic approach guarantees that the country's risk assessment is consistently integrated into all decision-making processes concerning B&C suppliers, reinforcing our commitment to responsible and informed supplier selection.

After completing the risk assessment, the relevant teams conduct a thorough examination of the factory profile. This review involves verifying all certifications' validity and conducting compliance checks. In line with B&C's due diligence process and as a measure to reduce risk, the decision has been made to collaborate exclusively with factories that have a valid RSC (RMG Sustainability Council) audit. Those audits include checks for structural integrity, electrical safety, and fire and life safety measures. This process ensures a proactive approach to addressing safety and health risks within the supply chain.

The merchandising team will evaluate the factory's compliance with sourcing requirements. Three key aspects are thoroughly assessed: production capacity, skills and price.

If the factory profile is approved by all departments involved, B&C will arrange an initial visit to the factory. This visit includes the participation of the sourcing team from the headquarters, the merchandising team, and the country manager from the Dhaka Liaison Office. During this visit, an initial quality check is performed for B&C products to ensure that the factory meets the necessary standards and the company's expectations.

After the first visit, our Corporate Responsibility manager in Dhaka conducts a thorough audit. This audit assesses all aspects of sustainability, including social, environmental, and governance compliance. During the audit, workers' labour Rights are carefully monitored. This monitoring includes no forced Labour, no discrimination, correct wage payment, no excessive overtime, and healthy and safe working conditions for the workers. Furthermore, an initial risk assessment is conducted based on the sustainability audit outcomes. This assessment enables the sustainability team to evaluate the factory's compliance with B&C's standards and commitment to responsible sourcing before starting any business relationship. The audit report and Corrective Action Plan are shared with all departments involved in order to evaluate the factory commonly.

Potential suppliers are required to sign CSR-related documents and provide them to the Corporate Responsibility Manager and the headquarter. These documents include the B&C Code of Conduct, the B&C Forced Labour Policy, the FWF Code of Labour Practices, and the BSCI Code of Conduct. Once all these documents are signed, B&C will consider the supplier.

Apart from these documents, the factory is also expected to complete and familiarise itself with several guidelines provided by B&C. These guidelines include a Suppliers Self-Assessment (SSA), a Restricted Substance List, and Supplier CSR Guidelines. Finally, the factory is required to prove the efficiency of its Effluent Treatment Plant.

After completing the evaluation process, the sustainability team must provide approval before initiating business with the factory.



2.4.1 On hold factories

Even if B&C prioritises establishing lasting relationships with its partners, in response to external factors (lower sales) and shifts in the industry landscape, three factories have been temporarily put "on hold" for B&C products. Indeed, B&C decided to concentrate most of its purchase orders on historical partners and reduce end-tail factories. A letter from the top management has been sent to the affected factories, informing them about the temporary suspension of the partnership for the first six months of 2024. This proactive communication gives the factories sufficient time to adjust and plan for the upcoming year.

B&C believes in transparency in its collaboration with factories, providing them with comprehensive information to help them manage their businesses. B&C will maintain continuous communication with these three factories and share additional information regarding the second half of 2024. This collaborative and informed approach will guide changes within our partnerships.

It is important to emphasise that the factories currently on hold are still regarded as partners and continue to be evaluated for social and environmental compliance. Our Corporate Responsibility manager in Dhaka maintains a close relationship with the workers and addresses any Fair Wear Foundation complaints that may arise.

Furthermore, B&C has communicated to one specific product factories that the forecast for the year 2024 will be equivalent to zero. These factories produce particular products that do not necessitate constant production throughout the year. Despite this, B&C continues conducting audits and visits at these this factory, reinforcing the company's commitment to maintaining standards and relationships even in reduced or zero production forecasts.

B&C has established a specific social and environmental compliance standard, ensuring a consistent evaluation across all factories. Regular visits contribute to continuously assessing factories' compliance levels and ethical business practices. Therefore, while expecting our new suppliers to meet this established compliance standard, we also strive to ensure that every factory placed on hold maintains this level of compliance in its operations and treatment of workers.

In 2024, B&C planned to resume business with one of its on-hold factories. Our Corporate Responsibility manager conducted a thorough audit before placing any initial order. The audit revealed several issues regarding wages and service benefits not being provided to the workers as required by law. Following a "no go" decision from the sustainability department, the sourcing department decided to cancel the order, highlighting the importance of social compliance across all departments at B&C.

2.5 INTEGRATION OF MONITORING ACTIVITIES AND SOURCING DECISIONS

B&C has made regular monitoring of our factories an integral part of our business model. One of the key implementations we have made is establishing a Liaison office in Dhaka, the capital of our primary production country. The Dhaka Liaison Office (DLO) is comprised of 23 full-time staff members who are dedicated to managing relationships with factories and controlling B&C production. The managing director, chief of operations and sourcing managers also visit the office and factories regularly to foster collaborative relationships with factory owners and managers. Additionally, the headquarters sustainability team travels annually to Bangladesh to visit the factories and challenge any non-compliance in production locations.

In 2023, nine out of ten factories were visited 53 times, and 21 internal audits were conducted. Additionally, three sustainability audits, led by our Corporate Representative, was carried out at our new production locations.

Our internal audits involve full-day assessments to verify social and environmental compliance with our established policies, including our Code of Conduct, forced labour policy, Fair Wear Foundation Code of Labour Practice, and BSCI Code of Conduct. Regular audits lead to close monitoring of non-compliance issues identified in internal, Fair Wear, and BSCI audits, followed by thorough discussions with management and compliance managers to address any issues effectively. This proactive approach ensures that our factories uphold our ethical standards and comply with international regulations. Non-compliance issues identified in audits are categorised as low, medium, or high priority, allowing us to prioritise necessary actions at the factory. High-priority issues are closely monitored, and management must sign all Corrective Action Plans (CAPs) while outlining how they intend to maintain positive working conditions within the factory.

Our corporate responsibility manager monitors our Chinese and Pakistani factories, ensuring that factory managers consider and carefully evaluate BSCI audit CAPs.

In 2023, B&C sent our Corporate Responsibility Manager to China to thoroughly audit the two Chinese partners. Additionally, all risks identified during our country and factory risk assessments were closely observed and evaluated, leading to closer collaboration with our Chinese partners and positively impacting worker well-being. Unfortunately, B&C was unable to visit its Pakistani factory in 2023. Therefore, the Sustainability Manager from Brussels went to Pakistan early in 2024. Given that the factory is owned by a Belgian family, one of the owners has been invited to the HQ to discuss all risks identified during the risk assessment. No major issue were identified. Additionally, all non-compliance issues highlighted in the BSCI audit have been discussed and evaluated.

Annually, the sustainability team from our headquarters visits Bangladesh to talk to factory owners and compliance managers. Throughout the journey, the sustainability team is joined by the DLO's country manager and the corporate responsibility manager. These meetings are a chance to discuss important issues, such as non-compliance identified in Corrective Action Plans (CAPs). Our Corporate Responsibility Manager conducts regular monthly visits to also discuss the follow-up on CAPs. Additionally, the team conducts a thorough inspection of all factories, which helps to better understand the suppliers and identify potential risks that need to be prevented, mitigated, or remedied. Apart from meeting with factory directors, a brand needs to engage with workers' representatives and listen to their feedback. This practice helps prioritise actions and ensures workers' perspectives are included in the risk assessment process. Therefore, all worker representatives from the visited factories have been interviewed by the sustainability team.

In addition to our risk assessment, we have implemented a factory scorecard that is regularly updated and shared with our sourcing department. This scorecard enables us to evaluate and grade factories on sustainability topics and relevant aspects for the sourcing team. Furthermore, the scorecard is directly shared with our suppliers, providing them with a clear overview of significant areas for improvement and fostering transparency in our partnerships. This approach ensures that our suppliers are aware of our expectations and encourages continuous improvement. It is important to emphasise that B&C strives to maintain a consistent standard of compliance across all its factories. As a result, they all have similar average scores on our scorecards.

03 COHERENT SYSTEM FOR MONITORING AND REMEDIATION

Over the years, B&C has developed a robust monitoring system to effectively address any risks and non-compliance within its supply chain. Establishing our liaison office in Dhaka has enhanced our monitoring efforts. With a local presence, we are able to conduct monthly factory visits, enabling in-depth and constantly updated social and environmental compliance monitoring. In addition, our memberships with Fair Wear Foundation and amfori BSCI provide us with third-party audits to assess and uncover issues at our factories. Integrating due diligence into our daily operations ensures that monitoring is embedded across all departments, not exclusively within sustainability. For instance, our Quality Controllers (QC), who are regularly on-site at factories, primarily focus on quality and planning but also act as B&C's representatives to identify potential social compliance issues. The corporate responsibility manager is informed if the QC identifies a risk. During the following factory visit, a summary of the primary requirements from B&C and Fair Wear Foundation is provided, and the factories are reminded of the B&C Code of Conduct.

First, as a key step in our remediation strategy, B&C has chosen to collaborate with a limited number of factories. This approach facilitates better compliance control and allows for greater leverage at the factories, thereby amplifying our impact on improving labour conditions for workers. The leverage B&C has with its factories allows for solid relationships with owners and directors. Additionally, we prioritise working with vertically integrated factories, providing us with greater oversight of our entire production process up to tier 2. Moreover, as B&C does not allow subcontracting, partnering with vertically integrated factories ensures tighter control over production activities.

Secondly, all Corrective Action Plans (CAPs) undergo close monitoring, guided by our Corporate Responsibility manager's standard operating procedure (SOP). For CAPs related to amfori BSCI and Fair Wear Foundation audits, a report is sent to factory compliance managers, who are then requested to provide evidence of implementation. Similarly, our Corporate Responsibility manager shares the report and requests a signature from factory directors for internal audits, ensuring mutual accountability for required improvements.



To ensure consistency in the improvement process, our Corporate Responsibility manager conducts monthly follow-up visits to the factories once they are made aware of B&C's requirements. In cases where major risks are identified during an audit, and the factory struggles to remediate them, the country manager intervenes by visiting the factory to discuss the issues directly with the director. For instance, in 2023, a factory was found to have significant issues with Payment of Benefits, and the factory management was delaying the resolution of non-compliance, requiring the visit of the Country Manager. The country manager reinforced B&C's expectations regarding social compliance during the visit.

In 2023, B&C collaborated with another Fair Wear Foundation member brand by sharing an audit report. This partnership enabled the brands to exert greater leverage on the factory, thereby enhancing its ability to improve working conditions for workers. We strongly believe that by combining efforts, brands can have a bigger impact on workers' well-being. Additionally, during the year, B&C contacted two other member brands that share the same factory to address a complaint received through the FWF platform affecting workers' activities outside working hours. We will provide more details about this complaint in the Complaint Procedure chapter. Over the years, our Corporate Responsibility manager has built a trusting relationship with the workers and workers representatives. Therefore, workers feel comfortable contacting her directly to report any issues or seek clarification on their rights. This open line of communication emphasises our commitment to addressing workers' concerns. Our Corporate Responsibility Manager maintains records of all internal complaints to ensure proper follow-up and re-evaluation of risk assessments.

The sustainability department tracks progress on the various Corrective Action Plans (CAPs) and the identified complaints. During the annual visit, the sustainability team from headquarters conducts thorough assessments of all factories, focusing on improvement follow-ups. Significant progress in addressing CAPs is acknowledged and encouraged, while any remaining issues are actively challenged and addressed during the factory visits. This proactive approach ensures that factories progress towards compliance and sustainability goals.

Below, we will provide a detailed analysis of our factories to offer a comprehensive overview of their improvements. We will present and analyse the results of audits conducted by amfori-BSCI on each supplier. As previously mentioned, our membership with amfori complements our close relationship and membership with FWF to benefit from a second perspective. Each factory will receive a grade based on 13 criteria for assessing social risk. Please refer to the table provided to understand the grading system better.

Grade	Meaning	Implications
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 the 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.

3.1 BANGLADESH

In the financial year 2023, most of our suppliers—seven out of ten—remained in Bangladesh, where we maintain a dedicated local team for ongoing monitoring. This deliberate choice reflects B&C's commitment to long-term relationships with our suppliers, particularly in Bangladesh, known for its expertise and technological advancements in producing high-quality circular knit garments at scale.

Through our Dhaka Liaison Office (DLO), we significantly influence labour and social standards within these factories. To ensure accountability and compliance, all factories undergo monitoring by third-party organizations, resulting in 100% coverage by the Fair Wear Foundation for our suppliers in Bangladesh. Audit reports and Corrective Action Plans (CAPs) are crucial in identifying and rectifying non-compliance issues.

In our Fair Wear country risk assessment, Bangladesh received higher risk scores for issues related to living wages, excessive overtime, and safe working conditions. Given the rapid growth of the garment industry in the country, strengthened attention to these challenges is important. At B&C, we thoroughly examine all risks following our Human Rights and Environmental Due Diligence (HREDD) process, ensuring they are factored into our sourcing team's decision-making processes.



BD - BC0133 - Unit 1

Percentage of total FOB	1.14%
Estimated leverage	2.08%
Last visit date	April 2024 - HQ & Local Sustainability team
Last visit discussion	Main risk identified / Fair Price Shop opening
Last audit date	Dec 2021 - FWF Jul 2023 - Internal audit Jan 2024 - BSCI
Complaints received in 2023	1 (Solved)

Since 1997, this factory has been a longstanding partner of B&C, with production operations temporarily paused and then resumed in 2023. This stable partnership has fostered a strong relationship built on trust. It has enabled us to engage in open dialogue with the factory, both for identifying risks and collaboratively developing solutions for prevention, mitigation, and remediation. This factory is shared by two additional member brand from Fair Wear Foundation.

This partnership has also proven valuable in addressing complaints effectively. In 2023, we received one complaint at the factory concerning workers being wrongfully mandate to participate. In order to address this high risk at the factory, the factory undertook a theatre action training to better inform workers toward their rights and gender equality in general organised by B&C.

In the past, the factory faced challenges related to unreasonable and overtime not always being voluntary, as well as issues with timely payment of overtime and service benefits as per law. However, significant improvements have been observed. All bonuses and benefits are now disbursed promptly and in compliance with legal requirements, and overtime is no longer a primary area of non-compliance at the factory.

Moreover, the factory has made notable strides in enhancing the well-being of its workers by collaborating with B&C to establish a Fair Price Shop. This initiative aims to increase the purchasing power of workers for essential utilities, further contributing to their overall welfare.

BD - BC0133 - Unit 2

Percentage of total FOB	3.23%
Estimated leverage	26.68%
Last visit date	April 2024 - HQ & Local Sustainability team
Last visit discussion	Main risk identified / Basket Distribution / Wages situation
Last audit date	Dec 2021 - FWF Jun 2023 - Internal audit Jan 2024 - BSCI
Complaints received in 2023	0

Since 2013, B&C has partnered with this factory, which, like the previously mentioned unit, has enabled us to develop a relationship of trust with both the management and the workers' representatives.

The primary risks identified in this factory pertain to overtime practices, which are not consistently reasonable but compensate at the premium rate mainly for security guards. Additionally, the factory has encountered challenges related to fulfilling mandatory requirements for bonuses and statutory leave payments. Compliance with legal obligations concerning worker dismissals, particularly in providing adequate notice information, has also been inconsistent. To address the issues with security guards, the factory has decided to directly hire security personnel and add them to its payroll, rather than relying on third-party security services.

Addressing these persistent risks has proven challenging over the years, pressing us to intensify our focus on monitoring key areas such as freely chosen employment, freedom of association, employment contracts, reasonable working hours, and living wage compliance. Additionally, our Corporate Responsibility manager frequently engages in social dialogue with worker representatives to ensure compliance with labour rights.

As a mitigation measure, we collaborated with the factory management to implement a basket distribution initiative. This action aimed to express our appreciation for the workers' dedication and hard work by providing them with baskets filled with essential utilities.

BD - BC0133 - Unit 3

Percentage of total FOB	0.37%
Estimated leverage	6.88%
Last visit date	April 2024 - HQ & Local Sustainability team
Last visit discussion	Main risk identified / Basket Distribution / Wages situation
Last audit date	Jan 2024 - FWF Jan 2024 - BSCI May 2024 - Internal audit
Complaints received in 2023	0

The collaboration with this factory commenced in 2023, following B&C's decision to consolidate its production with its longstanding partners, including the two other units of the factory group.

Throughout the year, the factory indicated significant non-compliance issues, particularly concerning the punctuality of allowances, bonuses, and social security contributions sometimes not being paid on time. Moreover, examples of overtime exceeding 48 hours per week were observed, and few workers were not provided with their mandatory day off every seven days.

To address and prevent such issues, our Corporate Responsibility manager conducts monthly visits to the factory, randomly checking sufficient pay records to ensure the proper respect of workers' human rights. Additionally, wage payments are meticulously verified to ensure correctness and timeliness.

Furthermore, B&C organised a basket distribution event at this factory to express gratitude to the workers for their dedication and hard work. Each worker received a basket along with an offered paid day off, generously provided by the factory owner to enable them to participate in the event and celebrate the collaborative efforts of the past year.

BD - BC0099 - Unit 1

Percentage of total FOB	68.70%
Estimated leverage	91.39%
Last visit date	April 2024 - HQ & Local Sustainability team
Last visit discussion	Main risk identified / Basket Distribution / RSC audit
Last audit date	Nov 2021 - FWF Dec 2022 - BSCI Jun 2023 - Internal audit
Complaints received in 2023	0

This factory has been a partner of B&C since 1997, establishing a strong and enduring relationship built on trust. Over the years, this partnership has provided B&C with significant influence at the factory, enabling significant improvements in the well-being and working conditions of the workers. Additionally, our Corporate Responsibility team has fostered a trustworthy relationship with the workers' representatives.

While this factory has shown notable improvement, there are still areas where further enhancements are needed, particularly concerning overtime practices and chemical storage good practices. Overtime has been observed at the factory, sometimes without voluntary consent from the workers. Additionally, there were concerns regarding the arrangement and the location of the chemical storage.

Significant efforts have been made to improve the chemical storage area and address issues identified in the RSC audit. To ensure safe working conditions for the workers, the factory decided to build a separate building for chemical storage. Plus, the factory has made notable progress in tracking overtime, allowing for closer monitoring of weekly working hours per worker.

In 2024, B&C initiated two social initiatives at this factory. First, a basket distribution event was held to express gratitude to the workers for their dedication. Second, a theatre training session was conducted to raise awareness among workers about gender discrimination and their overall human rights.

BD - BC0206 - Unit 1

Percentage of total FOB	9.77%
Estimated leverage	4.72%
Last visit date	April 2024 - HQ & Local Sustainability team
Last visit discussion	Issues on harassment / Risk assessment
Last audit date	Oct 2021 - FWF May 2023 - Internal audit Oct 2023 - BSCI
Complaints received in 2023	0

B&C has been relying on this factory for the past four years for specific products. However, unfortunately, the factory was placed inactive during 2023. Despite this, we believe it is crucial to uphold a certain level of social compliance for both active and inactive past partners. Therefore, we maintained a close follow-up of the audit improvement areas during this period.

In 2023, evidence surfaced regarding issues related to excessive overtime, sometimes exceeding 48 hours per week, a common challenge observed in factories in Bangladesh. To mitigate this risk, our Corporate Responsibility manager conducted regular visits to the factory and meticulously verified salary slips to maintain accurate records of excessive overtime.

Additionally, evidence revealed issues related to harassment and mistreatment of women in the workplace environment. To address and prevent such risks, the factory was enrolled in a Fair Wear Workplace Education Program (WEP) focusing on violence and harassment prevention. Over time, the factory has shown notable improvement in this area.

BD- BC0193 - Unit 1

Percentage of total FOB	0.2%
Estimated leverage	0.27%
Last visit date	Dec 2022 - Local Sustainability team
Last visit discussion	Risk Assessment / CAP Follow up
Last audit date	Dec 2022 - Internal audit Mar 2023 - BSCI Aug 2023 - FWF
Complaints received in 2023	0

This factory has been producing very specific products for B&C since 2015. Located in Chittagong, the factory is more challenging to access for regular monthly visits. Over the years, the factory has demonstrated a strong commitment to social and environmental compliance. For the past four years, it has consistently received a 'B' grade in the amfori BSCI audit.

However, during the Fair Wear audit, the factory indicated risks of non-compliance with labour practices, such as exceeding the 48-hour workweek limit and not always providing certain legally mandated leave to workers.

To assist the factory in improving its working practices, our local Corporate Responsibility manager regularly contacts the factory's compliance manager. Despite our low leverage, the most significant non-compliances have been adequately addressed over the years, showcasing the factory's dedication to continuous improvement.

BD - BC0208 - Unit 1

Percentage of total FOB	3.04%
Estimated leverage	12.52%
Last visit date	June 2023 - HQ & Local Sustainability team
Last visit discussion	Risk Assessment / Training feedback
Last audit date	Dec 2021 - FWF Jul 2022 - BSCI May 2023 - Internal audit
Complaints received in 2023	0

The partnership with this factory began in 1997 and was temporarily paused before resuming in 2020. Over the years, B&C has established a longstanding relationship with this factory, maintaining regular contact with the factory directors and owners. This type of relationship has allowed us to have better leverage in improving the workers' working conditions and overall well-being.

During various audits at the factory, issues such as limited worker involvement in factory practices were observed. Additionally, overtime was sometimes found to be unreasonable and exceeding the legally allowed time limit.

The factory has shown great willingness to improve these areas. During monthly visits, our local Corporate Responsibility manager frequently engages in discussions with the workers' representatives to identify areas for improvement regarding labour practices. Additionally, payslips are regularly and randomly verified to ensure that overtime is not excessive and, when necessary, is always paid at a premium rate.

BD - BC0208 - Unit 2

Percentage of total FOB	1.87%
Estimated leverage	1.81%
Last visit date	June 2023 - HQ & Local Sustainability team
Last visit discussion	Risk Assessment / Fair Price Shop feedback
Last audit date	Nov 2022 - FWF May 2023 - Internal audit Dec 2023 - BSCI
Complaints received in 2023	0

Similar to the previous factory, our strong relationship with this facility has enabled us to improve working conditions and create a positive environment for the workers. This factory has consistently achieved an A grade in the amfori BSCI audit over the past four years.

However, both external and internal audits have identified issues such as excessive overtime, often exceeding the legal limits, and the failure of management to provide few workers with a mandatory weekly day off every seven days.

Our local Corporate Responsibility manager regularly visits the factory to verify paychecks, ensuring that excessive overtime is identified and correctly compensated at premium rates, and to check the provision of weekly days off. Additionally, social dialogues with workers' representatives are conducted to monitor and assess areas for improvement.

In 2022, we supported the factory in opening a fair price shop, allowing workers to purchase essential utilities at reduced prices, further enhancing their well-being.

Despite the high dedication of our Corporate Responsibility manager, the factory management failed to improve the working conditions and continued to have significant non-compliance issues, particularly regarding final settlements, salary, and benefits. Therefore, we have decided to interrupted our partnership with this factory.

BD - BC0209 - Unit 1

Percentage of total FOB	0.16%
Estimated leverage	1.17%
Last visit date	June 2023 - HQ & Local Sustainability team
Last visit discussion	Risk Assessment / Main CAP non compliance
Last audit date	Mar 2022 - Internal audit Jun 2022 - BSCI Sep 2023 - FWF
Complaints received in 2023	0

The partnership with this supplier started in 2020, however, the production was moved to a new factory unit in 2023. This partner is currently handling very specific products for B&C. Also, by being located in Chittagong and having a leverage of about one percent, our Corporate Responsibility manager visits this partner only once a year.

This unit offers better electrical, fire and building safety. However, during the Fair Wear audit, it appears that some fire equipment was not functional and exit marks were not properly displayed as required.

To mitigate these risks and enhance safety within the factory, B&C mandated that the facility undergo an RSC audit. This ensures a comprehensive and accurate assessment of safety conditions for the workers. Our local responsibility manager ensures close follow-up on the CAP for the RSC audit. Accordingly, their RSC audit has been showing a very positive progress rate.

BD - BC0210 - Unit 1

Percentage of total FOB	1.07%
Estimated leverage	5.22%
Last visit date	June 2023 - HQ & Local Sustainability team
Last visit discussion	Risk Assessment / Main CAP non compliance
Last audit date	Sep 2022 - FWF Oct 2022 - BSCI Sep 2023 - Internal audit
Complaints received in 2023	3 (Solved)

This factory is one of those where the partnership was interrupted during 2023. After three years of collaboration, the factory has been put on hold for 2024. However, during our partnership, we established a close relationship with the factory directors, positively impacting the workers' well-being.

Throughout the year, we received three complaints from this factory, all related to legal service benefits not being provided when workers resigned. Additionally, audits revealed that workers were exceeding the legally allowed working hours per week.

Our local responsibility manager initiated regular visits to discuss these issues with the management and find mutually agreeable solutions. Additionally, we decided to initiate the open costing exercise provided by Fair Wear with this factory to better understand the main costs and monetary requirements.

3.2 CHINA

We have two factories in China that are responsible for meeting specific product demands. As we do not have a local presence in China, we rely on third-party audits to assess and evaluate our factories. We depend on amfori BSCI audits to ensure our Chinese partners comply with our standards.

Due to pandemic restrictions in recent years, we have been unable to visit our partners personally. However, in 2023, we decided to send our Corporate Responsibility manager, who is a former auditor. Our CR manager meticulously inspected each unit of our factories. Additionally, meetings with worker representatives were arranged, and social dialogues were conducted.

This visit gave us a deeper understanding of the situation at our factory locations, enabling us to gather additional information to conduct our country risk assessment in line with our due diligence strategy.



CN - BC0025 - Unit 1

Percentage of total FOB	0.86%
Estimated leverage	26.77%
Last visit date	Dec 2023 - DLO Sustainability team
Last visit discussion	Risk Assessment / China issues + Country risk assesment
Last audit date	Jul 2023 - BSCI Dec 2023 - Internal audit
Complaints received in 2023	0

This factory has been producing B&C products since 2002. With this very long-lasting partnership, we have managed to create a relationship of trust with the factory managers, giving us better leverage to improve workers' working conditions. This factory currently employs 34 workers, with 7 leadership positions, 5 of which are currently occupied by women.

During the internal audit, issues such as insurance provision, communication of policies and procedures to workers, and excessive overtime were identified.

We have investigated and required the management to provide all workers with mandatory insurance as per the law. This topic will be addressed by our Corporate Responsibility manager during the next social dialogue with the workers' representatives. Additionally, during the social dialogue, it became evident that workers were not sufficiently aware of their rights. Finally, excessive overtime is also a significant issue at the factory.

Our Corporate Responsibility manager has built a strong relationship with the factory's compliance team, putting us in a better position to initiate actions that increase workers' knowledge about their rights.

CN - BC0004 - Unit 1

Percentage of total FOB	0.33%
Estimated leverage	4.90%
Last visit date	Dec 2023 - DLO Sustainability team
Last visit discussion	Risk Assessment / China issues + Country risk assesment
Last audit date	Dec 2023 - Internal audit Fev 2024 - BSCI
Complaints received in 2023	0

This production unit has been a partner since 2021. It is important to note however that the relationship with the owner has started in 2004. Despite not having a local office in China, our Sourcing Manager maintains an excellent relationship with the factory owners. Additionally, the factory is relatively small, employing only 77 workers, which allows us to have a better understanding of each worker’s well-being.

This year, we have been able to send our Corporate Responsibility manager to investigate Fair Wear allegations regarding forced labour in China. We took this risk very seriously and conducted a thorough internal audit to verify any non-compliance issues.

It was observed that the factory lacks an internal grievance mechanism for workers to express improvement points and that there were issues with excessive overtime based on legal requirements. In China, overtime should not exceed 36 hours per month, which is stricter than the ILO requirements.

During the visit, our Corporate Responsibility manager decided to randomly check workers’ payslips to ensure better compliance with local laws and ILO standards.

This visit to the factory has strengthened our partnership with the CSR manager of the unit. We expect to have a greater impact on the workers’ well-being following our trip to China.

CN - BC0004 - Unit 2

Percentage of total FOB	0.31%
Estimated leverage	10.79%
Last visit date	Dec 2023 - DLO Sustainability team
Last visit discussion	Risk Assessment / China issues + Country risk assesment
Last audit date	Aug 2023 - BSCI Dec 2023 - Internal audit
Complaints received in 2023	0

Similar to the previous unit, our partnership with this factory was initiated in 2019. It is important to note however that the relationship with the owner has started in 2004. The factory employs a total of 47 workers, which allows us to have a more personalised impact on each individual. We were pleasantly surprised to note that out of the seven leadership positions in the factory, five are held by women.

This year, our Corporate Responsibility manager also visited this factory and conducted a thorough internal audit to assess potential risks.

During the audit, issues such as excessive overtime, lack of a weekly day off, and the absence of a proper grievance mechanism were observed. According to Chinese law, workers are not allowed to work more than 36 hours of overtime per month, which is stricter than the ILO requirements. Additionally, all workers should be provided with a weekly day off as per the International Labour Organisation standards. However, the factory does not have a grievance mechanism in place to allow workers to report any incidents.

During the visit, our Corporate Responsibility manager randomly checked payslips to ensure better compliance with local laws and ILO standards.

3.3 PAKISTAN

B&C has a longstanding partnership with a factory in Pakistan. To assess and monitor this factory, we rely on third-party audits, more specifically amfori BSCI audits, to ensure compliance with our Code of Conduct and Fair Wear standards.

The factory is owned by a Belgian family with whom B&C maintain close contact. In 2023, the factory owner was invited to B&C's headquarters to discuss the amfori BSCI Corrective Action Plan (CAP) and the risk assessment for both the country and the factory. Additionally, the factory owner presented a comprehensive overview of the factory's initiatives for social compliance.

In early 2024, our sustainability manager travelled to Pakistan to conduct a thorough visit of the factory premises. This visit has strengthened our partnership, enhanced our due diligence strategy and improved the workers' working conditions.



PK - BC0156 - Unit 1

Percentage of total FOB	8.94%
Estimated leverage	26.84%
Last visit date	April 2024 - HQ Sustainability team
Last visit discussion	Risk Assessment / Main CAP non compliance
Last audit date	Dec 2023 - BSCI
Complaints received in 2023	0

This factory has been a long-standing partner for B&C products and is owned by a Belgian family. Our Operations Director and Sourcing Manager maintain an excellent relationship with the factory directors.

This year, our Sustainability Manager from the HQ decided to visit the factory to directly assess any risks identified during our due diligence process.

During the amfori BSCI audit and our internal visit, issues such as the absence of a grievance mechanism and limited involvement of workers' representatives in factory improvement topics were observed. The factory has not implemented an internal grievance mechanism for workers to discuss unit-related issues. Additionally, the factory does not involve workers' representatives in matters such as the health and safety risk assessment.

Since B&C has been working with this factory since 2007, we have established a strong relationship with the factory management. Therefore, we expect the management to implement more actions towards improving labour practices, particularly in the area of Freedom of Association.

04 COMPLAINTS HANDLING

At our headquarters and local offices, we take complaint handling very seriously. We involve the supplier's management in the resolution process to ensure that complaints are effectively addressed and expect full collaboration and openness from them. Moreover, when a worker at a factory shared by other Fair Wear Foundation members raises a complaint, we work closely with them to find the best solution for everyone involved. When we receive a complaint, we follow a strict and systematic procedure. First, we notify the relevant factory immediately. Then, we reach out to the concerned employee or manager and document the complaint thoroughly. We obtain the complaint owner's acknowledgement and investigate its origins. If necessary, we collaborate with other FWF member brands working with the same factory. We continuously monitor the investigation and take necessary action. Upon completion of the investigation, we implement corrective measures as appropriate. Finally, we track the resolution process and close the complaint once resolved.

We work closely with factories to address any complaints and identify the underlying causes. Using root cause analysis, the factory takes appropriate corrective actions to prevent similar issues from arising again in the future. At B&C Collection, we not only offer support to the factories but also empower them to effectively resolve future issues independently and equip them with the necessary tools to prevent non-compliance recurrence.

First, as a key step in our remediation strategy, B&C has chosen to collaborate with a limited number of factories. This approach facilitates better compliance control and allows for greater leverage at the factories, thereby amplifying our impact on improving labour conditions for workers. The leverage B&C has with its factories allows for solid relationships with owners and directors. Additionally, we prioritise working with vertically integrated factories, providing us with greater oversight of our entire production process up to tier 2. Moreover, as B&C does not allow subcontracting, partnering with vertically integrated factories ensures tighter control over production activities.



Secondly, all Corrective Action Plans (CAPs) undergo close monitoring, guided by our Corporate Responsibility manager's standard operating procedure (SOP). For CAPs related to amfori BSCI and Fair Wear Foundation audits, a report is sent to factory compliance managers, who are then requested to provide evidence of implementation. Similarly, our Corporate Responsibility manager shares the report and requests a signature from factory directors for internal audits, ensuring mutual accountability for required improvements.

If the factory fails to respond adequately, our sourcing teams are notified, and our company's purchasing decisions are reassessed. To ensure that all factory workers are aware of the Fair Wear Foundation (FWF) complaint mechanism, poster all over the factory have been displayed. Those poster are first, to ensure workers at any time can call the FWF hotline number and second a reminder of worker's rights. Additionally, the management is required to take the following steps:

1. Prevention: Train workers on the FWF complaint mechanism (B&C and FWF distribute the FWF WIS along with the contact information for local complaint handlers and the FWF helpline number).
2. Prevention: Communicate with the relevant FWF representative.
3. Mitigation: Take the follow-up requirements from the FWF representative seriously and track the status of complaints.
4. Remediation: Offer guidance on the remediation process.

Overall, we believe it is important to constantly remind workers of their rights and provide information about the complaint mechanism. Therefore, posters of the Code of Conduct are also displayed within the factory.

B&C understands the importance of providing a fair and accessible channel for workers to voice their concerns about factory management. That's why we have set up a robust grievance mechanism that offers a transparent framework for dealing with complaints related to the recruitment process and workplace matters. In all our factories, the factory installed complaint boxes in private areas, usually in the restroom. This allows workers to submit written complaints anonymously, which are regularly reviewed by both management and worker representatives. Moreover, workers can express their grievances verbally to the welfare officer or directly to management.

Regardless of the mode of complaint, management is required to record each complaint in a register. In cases involving serious allegations, such as sexual harassment, the anti-harassment committee promptly assembles a team to thoroughly investigate the matter and take appropriate action.

In 2023, we decided to enhance our system for communicating the complaint system to the workers. We opted to conduct theatre activities in our two main production locations, with the script focusing on the harassment complaint system. Through this initiative, we aimed to empower women to better understand their rights and how to address delicate situations by filing complaints. This theatre action took place in 2024 and was successful.



In 2023, B&C received four complaints through the Fair Wear complaint mechanism. Three of these complaints originated from a single factory and were all related to the non-provision of service benefits and earned leave encashment for three different workers. To effectively handle these complaints, we developed a systematic process for categorising them into two grades: those necessitating immediate actions and those requiring long term monitoring.

As these three complaints were received through the Fair Wear platform, additional verification from the workers' side was carried out directly by FWF. Our local corporate responsibility manager contacted the factory management and sent an email summarising the complaints. The initial communication aimed to identify the root causes of the complaints and request the implementation of new processes by the factory to prevent and mitigate the recurrence in the future. Afterwards, management was requested to submit all proofs and documentation within a commonly defined timeline.

The fourth complaint occurred in the unit of one of our long-term partners, which is currently shared with two other member brands from Fair Wear Foundation. To address this issue, the brands collaborated to find a common ground that would respect workers' fundamental rights and the management's concerns. A video call between the three brands was organised, and together, we concluded that a new audit would be an appropriate solution to prevent, mitigate, and address potential risks.

If the factory fails to resolve the complaints, regardless of their grade, our local CR manager will visit and organise a social dialogue directly with the factory. In certain cases, the Bangladesh country manager may also be requested to attend the meeting.

Over the years, our local corporate responsibility manager has developed a relationship of trust with the workers. This relationship of trust results from our strategy to establish long-term partnerships with our factories. Workers are familiar with the brand and are confident that we can support them in upholding their fundamental rights. Some workers directly contact our CR manager to raise complaints, often involving high-priority issues. This year, we received five complaints concerning wages, harassment, and gender discrimination – all of which are considered of utmost importance to B&C.

Upon receiving these complaints, we immediately contacted the management for thorough discussions. Fortunately, the management has already resolved two of the issues without requiring additional assistance from B&C, thanks to the preventive measures we had previously implemented. However, these topics necessitate long-term monitoring and follow-up from our local team. Despite receiving proof of complaint resolution and conducting a careful root cause analysis, our local CR manager has organised meetings with the head of compliance to discuss these topics further.

Furthermore, a social dialogue was conducted with the workers' representatives, including the anti-harassment committee. Our CR manager continues to address these issues during monthly visits to the factory, ensuring that they remain a focal point of discussion and action. All complaints received through Fair Wear Foundation platform and internally have been resolved.

All internal complaints have already been solved.

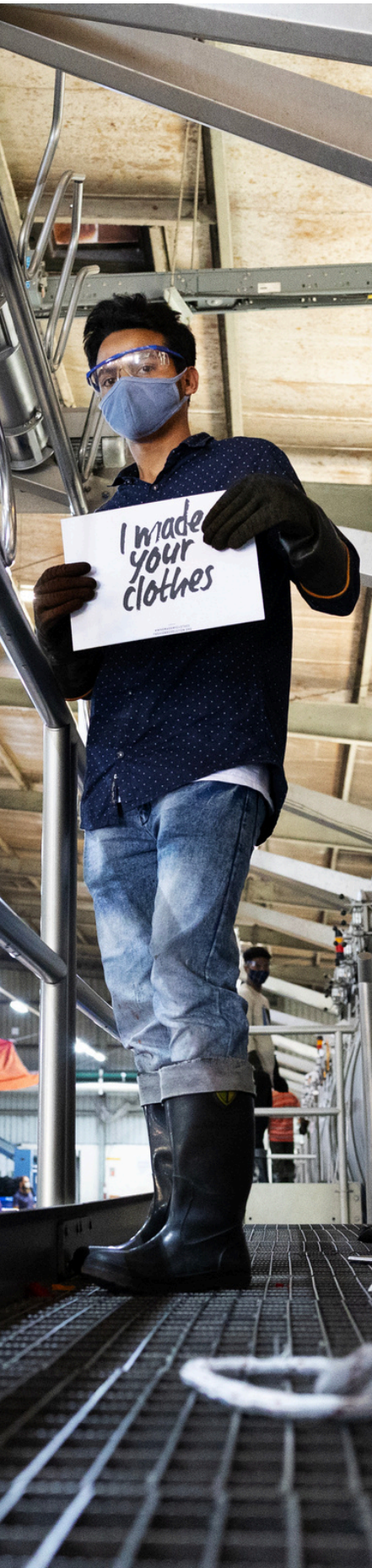
05 TRAINING AND CAPACITY BUILDING

5.1 ACTIVITIES TO INFORM OUR STAFF MEMBERS

Social compliance and environmental awareness have become central pillars of B&C's overall strategy. Involving all stakeholders internally and externally is crucial to achieve a more significant impact. Therefore, all collaborators must be aware of our Fair Wear membership. To ensure this, we have taken multiple actions throughout the year:

- 1. Induction Process:** Every new colleague undergoes an induction process during which the overall social and environmental compliance program is explained. Our Code of Conduct and Fair Wear Labour Practices policies are discussed. As part of our social strategy, newcomers receive extended information on our Fair Wear membership.
- 2. Annual Presentation:** Annually, we conduct an in-depth presentation on Fair Wear memberships and all requirements from the organization for us to be considered a leader in the industry.
- 3. Sustainability Lunches:** In 2023, we launched sustainability lunches. These lunches allow all departments to request additional information on any of B&C's certifications or memberships, including Fair Wear Foundation.
- 4. Sustainability forum:** Three sustainability forums were held, providing valuable opportunities to educate employees on key sustainability topics in 2023. One of these forums was explicitly focused on Labour practices and Fair Wear Foundation.
- 5. Dedicated Chapters:** Additionally, we have dedicated chapters on Fair Wear in our Sustainability Report, blog, and brochure. These resources further educate our stakeholders on the importance of Fair Wear membership and our commitment to social compliance and environmental awareness.
- 6. External and Internal presentation:** We occasionally present to our customers about our Fair Wear Membership and also share and explain this information to our internal sales team.

To inform the workers and the management of the factories, we have established various actions.



5.2 ACTIVITIES TO INFORM MANUFACTURERS AND WORKERS

5.2.1 The workers:

Our corporate responsibility manager conducts a social dialogue session with the workers' committee. In these sessions, we educate them about Fair Wear Foundation, the FWF complaint handling process, the duties of worker representatives, safety committee members, and anti-harassment committee members, and provide training on their legal entitlements and the grievance mechanism available to them.

There are several training programs available that can be held on-site, and they can have many beneficial outcomes. For example, these programs can provide valuable ideas for social dialogue in the workplace, and they can help to build a large network by bringing together people from various NGOs and factories. Additionally, these programs can facilitate the sharing of knowledge on important topics such as workers' rights and environmental challenges. Finally, these programs can empower workers to speak out against major violations.

Factory management plays a pivotal role in familiarising workers with Fair Wear Foundation (FWF). They provide relevant information through training sessions, distribute FWF leaflets and stickers to workers. B&C organises FWF-led training programs, such as the Workplace Education Program on Prevention of Violence and Harassment (WEPVH), which the factory management must support. Additionally, factory managers must regularly remind workers of their rights.

As previously mentioned, in 2023, B&C decided to implement a training program in two of its primary factories. A social theatre performance was organized in these factories to enhance workers' awareness of their rights and the working conditions they are entitled to. The script for the performance was developed in 2023, and ensured that all crucial topics, such as gender discrimination, harassment, and women empowerment, were addressed and clarified. The performance is scheduled to take place at the beginning of 2024.

Furthermore, to enhance the social performance of management, workers, and staff, we recommend that factory management implement the following initiatives:

- Workplace safety improvement projects.
- Internal workshops within the factory.
- Supporting the creation and election of workers' representative committees.
- Awareness training for maternity workers to reduce the risk of injury on the job.
- Periodic visits from the brand to review capacity building.
- Analysis of living wages.
- Review of maternity benefits.
- Awareness training on environmentally sustainable practices.
- Internal factory audits, among others.



5.2.2 The management:

Regular meetings are scheduled with factory management to reinforce B&C's values and principles. It is essential for the brand to consistently emphasise the policies that all partners must adhere to, which include the B&C Code of Conduct, B&C Forced Labour Policy, Fair Wear Foundation Code of Labour Practice, and amfori BSCI Code of Conduct.

Furthermore, it is crucial to keep the management informed about any upcoming regulatory changes in the EU market. During the annual visits of the sustainability team, managers and directors receive a comprehensive presentation on the Due Diligence Directive and the mandatory requirements for brands. Establishing a trusting relationship with suppliers involves empowering them in their Corporate Social Responsibility initiatives.

06 TRANSPARENCY & COMMUNICATION

The public is well-informed about B&C's membership in the Fair Wear Foundation through various channels. Our membership is displayed on our website and Fair Wear Foundation's platform. We also communicate our FWF membership to customers through our catalogues, mailings, social media platforms, blog posts, and during customer visits, fairs, and meetings. Additionally, we openly publish our FWF Social report and Brand Performance Check on our website's sustainability page, which is dedicated to all sustainability-related topics.

Additionally, all our suppliers are publicly disclosed on the Fair Wear platform.

07 STAKEHOLDERS ENGAGEMENT

In addition to our membership with FWF, we are proud members of several other organisations, including amfori-BSCI, Textile Exchange, Better Cotton, and The Shift (the Belgian representative for UN Sustainable Development Goals). Moreover, some of our products carry certifications from organisations such as Oeko-Tex, OCS, RCS, and PETA. Over the years, we have sourced from Bangladesh, Pakistan, and China, continuously evaluating the risk associated with these countries through a combination of FWF resources, other databases, and thorough analysis.

APRIL 2024



THANK YOU

REPORTING PERIOD
JANUARY 2023 - APRIL 2024

Member of Fair Wear Foundation since 2017
B&C - BE INSPIRED