



SOCIAL REPORT

FINANCIAL YEAR - 2022

MEMBER OF **FAIR WEAR FOUNDATION** SINCE 2017

B&C COLLECTION

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ABOUT US

B&C is the brand name of the blank garments developed and sold by The Cotton Group SA (TCG), a subsidiary of The Cotton Group AB. The aim of B&C collection's products is to be decorated and/or customized to be used in various areas such as promotional, corporate, tourism, workwear, etc

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.

For this reason, at B&C, we believe in a holistic approach where human rights, environmental protection and business practices go together, and that we have a role to play for a better purpose socially and environmentally.

We are committed to making a positive impact throughout our entire value chain, from the farms and factories that supply us to our customers.

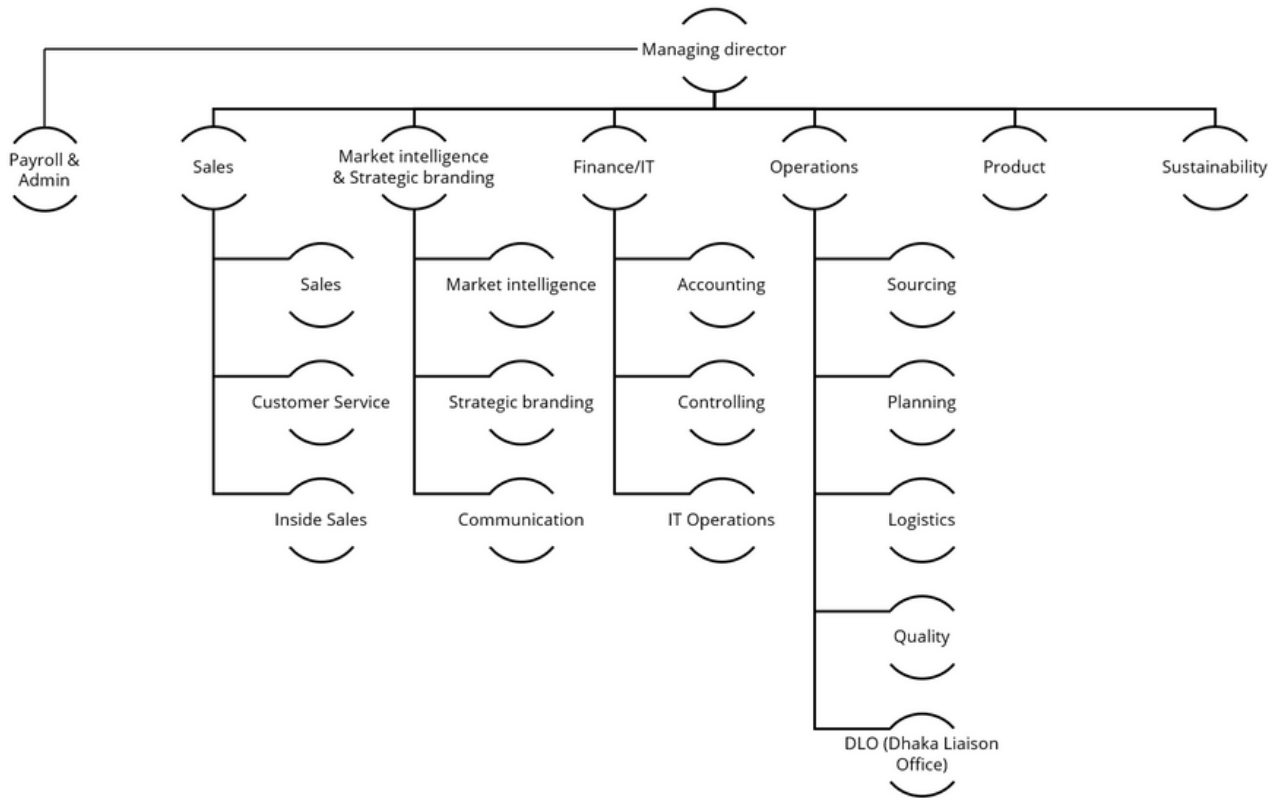
We strive to create products that are not only visually appealing and high-quality, but also ethically and sustainably produced. Our approach is comprehensive and responsible, covering all aspects of the process, from design and sourcing to manufacturing, quality control, logistics, and sales.

In 2021, B&C 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. Our goal is to ensure that all goods and products are sourced responsibly throughout the entire value chain. Since B&C internal team formation, all factories in Bangladesh have been internally audited by our local Corporate Responsibility Manager, and various issues such as late payments, maternity leave, wages, and overtime have been addressed.

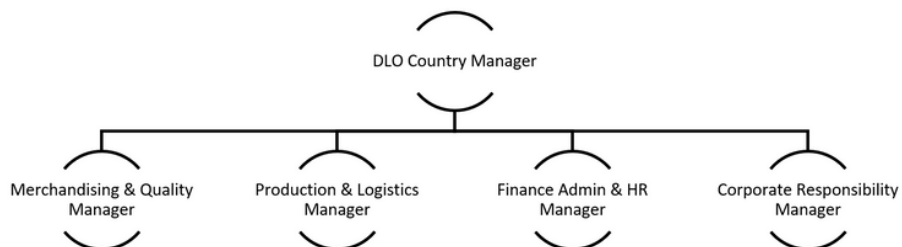
For a better understanding, an organizational chart of our headquarter and liaison office can be found in the following page.

ORGANIZATIONAL CHART

HEADQUARTER CHART



DHAKA LIAISON OFFICE CHART





OUR STRATEGY

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). Indeed, the seventeen SDG are a universal call to action to end poverty, protect the planet and ensure peace and prosperity to all people by 2030. The textile industry has found itself to have a significant impact on the global economy with negative environment and social impact. Therefore, we believe that it is our duty to act as responsible key players. By committing to the Sustainable Development Goals, we expect to have a positive impact in the economy and create a new normal in the textile industry.

Defining the areas where B&C can have the biggest impact and the one's that are the most relevant to the industry is a key step to adopt a coherent long-term strategy. B&C has defined seven key SDGs as a priority to focus on.



Additionally, to maximize our impact, we have also committed to a wide range of partnerships with organizations that include key players such as governments, NGOs, and other brands. Such as our memberships in Fair Wear Foundation and Business Social Compliance Initiative (amfori-BSCI), The Shift, Textile Exchange and Better Cotton. These partnerships allow strengthening our commitment to more responsible production and business practices. Being a member of associations has allowed us to strengthen our leverage due to cooperation with other member brands in prevention and remediation.

OUR COMMITMENT TO PEOPLE

B&C places a strong emphasis on protecting and enhancing human rights throughout all stages of our value chain. We work to ensure that the highest labour standards are upheld and protected in the factories we operate in.

At B&C we believe that working closely with our partners and monitoring every step along the value chain is key to embrace an ethical and respectful strategy dedicated to people. Plus, securing good working conditions allow us not only to help our partner factories but to empower them to be able to create value by themselves.

One of the foundations to our strategy is having our own offices and team in producing country (Bangladesh) where about 95% of our goods are sourced. Indeed, employees at our liaison office work closely with our business partners to establish positive relationships, evaluate their adherence to our Sustainability Commitment, and assist them in making improvements through various programs and initiatives. They have not only strong relationships with our partners, but also with non-governmental organizations, experts, stakeholders, and local governments, providing them with knowledge on the challenges and strategies to drive improvements within the local context. A further foundation to our strategy to ensure closeness and monitoring is our partnership

with the Fair Wear Foundation and BSCI that demonstrates our dedication to improving the working conditions of those who produce our garments. This includes supporting our partner factories in their efforts to be more socially responsible.

To ensure accuracy and transparency, our partner factories are audited by certified and approved independent third-party organizations. Additionally, we have implemented several internal procedures to guarantee fair working conditions in our partner factories on a daily basis. This includes our comprehensive Code of Conduct, Responsible Business Conduct Policy, Supplier Compliance Guidelines, and Restricted Substances List, as well as regular reports and frequent factory visits by our on-site team. All these measures reflect and reinforce our dedication and our commitment to people. Our suppliers have undergone audits by other organizations such as BSCI and RSC. While The Cotton Group is not officially affiliated with INTERNATIONAL ACCORD, the majority of our Bangladesh suppliers are part of the RSC remediation program, and the one that is not have undergone audits by independent third-party organizations.

We make sure that all new partnerships are under certification. B&C Collection places a high importance on finding partners who share our values for treating people and the environment with respect and are willing to collaborate with us to improve their practices.



OUR COMMITMENT TO ENVIRONMENT

Nowadays, climate change and global warming have become real challenges. As mentioned previously, environment protection is one of our strategy pillars. Therefore, all B&C projects are evaluated through the lens of achieving the "lowest environmental impact possible."

First, at B&C we wish to create a new normal where product can also be made with very little impact on the planet. For this very reason, we have launched various product with different properties.

The Cotton Group is an active member of Textile Exchange. The mission of Textile Exchange is to inspire and empower individuals and organisations to speed up sustainable practices throughout the textile value chain. They aim to minimize the negative impacts of the global textile industry and maximize its positive effects. Our commitment to a more sustainable garment industry led us to use cotton that is certified as Organic OCS, Organic In-Conversion, and recycled polyester that is certified as RCS. The Cotton group is also an active member of Better Cotton. Better Cotton (BC) is the world's largest program dedicated to promoting sustainable cotton farming practices. Being a member of Better Cotton (BC) shows our commitment to sourcing sustainable raw materials and supporting sustainable cotton farming practices. As cotton is a key raw material for our products, accounting for 95% of all the raw materials we use, BC is essential

for minimizing our environmental impact and demonstrating our commitment to sustainability to our customers and stakeholders.

Second, it is important to recognize that while B&C Collection plays a significant role in promoting environmental sustainability, it is essential to involve the entire supply chain in working towards a common goal.

Chemicals are frequently employed in textile production processes, and our industry is well known for its extensive use of hazardous substances. The utilization of this process is essential in ensuring top-quality results. However, to support our common objective, all our dyeing mills sites are equipped with efficient Effluent Treatment Plants (ETPs), which enable safe disposal of industrial and human wastewater without posing a risk to human health or the natural environment. Indeed, contaminated water can pose a significant risk to both people and the environment. However, by using effective wastewater treatment methods, all contaminants can be removed from the water, making it safe for either reuse or release back into nature without causing any harm.

Furthermore, to ensure the safety of our workers, the environment, and final users we require all our partners to hold OEKOTEX 100 certificates, which guarantee that no toxic substances are used or present at higher-than-authorized levels. By adhering to this standard, we can reduce the presence of harmful chemicals in our wastewater and minimize the risk of skin problems for our customers.



Carbon neutral
Company
ClimatePartner.com/17609-2206-1001

Third, we aim to promote a long term alternative to our main partner in our value chain.

The textile industry is a major energy consumer, with energy costs comprising a significant portion of overall production expenses. To address this, certain of our factories have adopted various energy-saving initiatives, such as utilizing renewable sources like solar panels. At B&C, we prioritize partnering with factories that share our commitment to sustainable and eco-friendly production practices, including the use of renewable energy sources.

Fourth, throughout our logistic, we aim to prioritize responsible practices toward people and the environment.

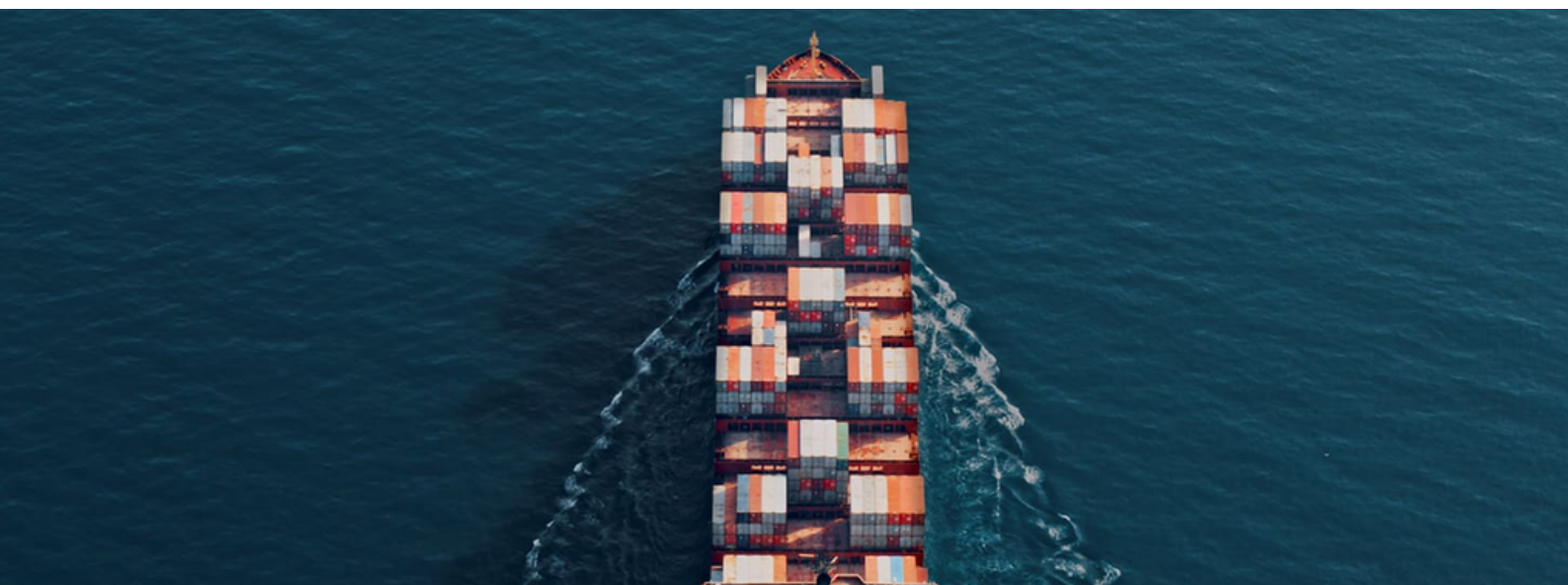
Indeed, at B&C it is essential to work and partner with entities that do share identical values about people and planet. Therefore, we selected H. Essers as our logistics partner, being a leader in ethical and responsible warehousing business practices. They have successfully reduced a considerable amount of CO₂ emissions annually through initiatives such as utilising windmills and solar panels as energy sources and utilising natural gas as a heating source.

Additionally, the garment industry faces a challenge related to transport. Transportation accounts for approximately 6% of the greenhouse gas emissions throughout a garment's lifecycle. B&C is well aware that by carefully selecting appropriate modes of transportation, we can decrease this impact significantly.

Three main actions have been undertaken to tackle this challenge:

- To minimise the environmental impact, we opt for sea freight instead of air freight to transport products from factories to the port in Antwerp and use barges instead of trucks to move them from the port to our warehouses.
- We proactively encourage the transport companies we work with to make more environmentally conscious decisions.
- To further decrease the impact of transportation on wholesalers' warehouses, we have strategically located our warehouse in a central location and in an area with minimal traffic congestion to minimize CO₂ emissions from truck transport.

Throughout these initiatives, we hope to embrace a more respectful and protective business for the environment.



OUR 2022 ACTIONS

At B&C Collection, we believe in a holistic approach centered around our four fundamental pillars. We are committed to upholding responsible **Prosper** Business practices that respect both **People** and the **Planet** in the creation of our **Products**. Throughout the year, we have undertaken various actions aligned with B&C's pillars, as we believe that concrete action is a reflection of our sustainability efforts and journey.

Over the years, we have implemented several initiatives relating to **People**.

For instance, B&C Collection has earned the distinction of becoming an official Fair Wear Foundation leader. Looking ahead to 2023, we are committed to maintaining this status by continually evaluating and enhancing our internal processes and supply chain, while consistently seeking opportunities to improve and advance our sustainability efforts

In 2022, B&C was honored to be recognized as a strategic partner of Médecins Sans Frontières. This partnership has enabled us to provide vital assistance and support for medical and humanitarian aid efforts across the globe.

Plus, B&C has partnered with one of our supplier factories to establish the first-ever fair price shop. This new venture was inaugurated on Saturday, December 17th 2022, in the presence of senior executives from our partner's

organization, as well as B&C's CEO, Murielle Degeest and representatives of BGMEA.

We have introduced several **Planet**-related initiatives over the year.

B&C has successfully conducted a comprehensive Carbon Footprint Assessment for the years 2019, 2020, and 2021, in collaboration with an officially certified third-party auditor, ClimatePartner, following the Greenhouse Gas Protocol guidelines. In addition to this, we remain steadfast in our commitment to curbing our carbon footprint by implementing effective reduction strategies, as well as offsetting any unavoidable emissions through our participation in carbon offset projects.

In the year 2022, B&C made a significant investment in a noble cause - Carbon Offset Projects. As a responsible corporate entity, we extended our support to the Clean Cookstove project in Bangladesh, where we operate. Through this project, we enabled families to access energy-efficient cooking systems that not only conserve energy but also safeguard their health. We are proud to have made a meaningful contribution towards creating a sustainable future for our planet.

Thanks to this initiative, B&C has achieved certification as a Carbon Neutral Company. We are immensely proud of this achievement, which reflects our unwavering commitment to sustainability, people, and the environment.





Throughout the years, we have put in place a single project that pertains to our **Product**.

B&C launches New 'Organic In-Conversion' Product collection. Organic In-Conversion cotton is the fiber produced by farmers during their transition from conventional to organic farming practices. At B&C, we are committed to supporting farmers as they move toward more sustainable agricultural practices that do not rely on chemicals or GMOs in their cultivation methods.

And finally, this year, we have implemented multiple programs and projects that relates to our **Prosper** Business practices. At B&C, we believe that transparency is key to maintaining a successful, long-term business strategy. That is why we are proud to announce the launch of our very first Sustainability Report for the year 2021. This report serves as a vital tool to communicate with our clients about our business practices, as well as highlight areas in which we can continue to improve and innovate.

We are committed to making sustainability a core part of our business, and this report is just one of the many ways we are striving to achieve that goal. Looking ahead, we are excited to continue this tradition of transparency and accountability by releasing our Sustainability Report for the year 2022 in 2023. We believe that by working together with our clients and partners, we can build a more sustainable future for all.

Plus, at B&C, we understand the importance of staying ahead of the game when it comes to sustainability and responsible practices. That is why we have taken steps to ensure that our company is fully prepared for the upcoming European Union (EU) and national legislations, including risk assessments and policy preparation.

As we have seen a growing push toward more sustainable and transparent practices over the past year, we recognize the need to be proactive in our approach. By staying up-to-date on the latest policies and guidelines, we can ensure that our operations are fully compliant with the most current standards.

Looking ahead to the year 2023, we are proud to announce that B&C has made itself fully HREDD compliant. This demonstrates our commitment to sustainable and responsible practices, and our ongoing efforts to create a more sustainable future for all. More information can be found in Sourcing Strategy - Due Diligence chapter.



SOURCING STRATEGY

HUMAN RIGHTS & ENVIRONMENT DUE DILIGENCE

The past few years have presented significant challenges for the textile industry, particularly when it comes to sustainability. As awareness of the environmental and social impacts of textile production has grown, many companies have been forced to reassess their practices and make changes to become more sustainable.

In many countries and regions, HREDD is becoming a legal requirement for companies, and failure to conduct due diligence on human rights risks can result in negative outcome. Therefore, it is increasingly important for companies to implement robust HREDD processes and integrate human rights, environment, and governance considerations into their core business practices.

Human rights and Environment due diligence (HREDD) is an important concept and practice that seeks to ensure that companies respect human rights in their operations and supply chains.

The process of HRDD involves identifying and assessing actual or potential human rights impacts, integrating those findings into decision-making processes, and taking action to prevent or mitigate those impacts.

B&C has taken significant steps to ensure that its operations and supply chains are ethical and responsible. In particular, 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 in the Garment and Footwear Sector, 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.

We have established comprehensive mechanisms to ensure compliance with the requirements of the EU Directive and local legislation.

OUR DUE DILIGENCE MECHANISM

At B&C, we understand the importance of adopting responsible business practices that respect human rights and protect the environment. As part of our commitment to these values, we have taken a proactive approach to managing our social and environmental impacts by implementing Human Rights and Environmental Due Diligence (HREDD) policies throughout our operations. Our HREDD policies are designed to identify and mitigate potential negative impacts on human rights and the environment that may arise from our own activities or those of our suppliers, and partners. Our policies cover five topics, including Responsible Business Conduct, Due Diligence, Code of Conduct, Forced Labour and Biodiversity.

We have also established a system for monitoring and reporting on our performance against these policies, and regularly engage with stakeholders to ensure that we are meeting their expectations.

As part of this commitment, we have conducted a comprehensive risk assessment analysis based on the principles of environmental, social, and governance (ESG) to evaluate the potential risks associated with our products, suppliers, and countries of suppliers. Our risk assessment analysis has enabled us to identify and prioritize key risks related to the environment, social issues, and governance that may arise throughout our supply chain. We have taken a holistic approach to this analysis, evaluating risks associated with each stage of the product life cycle, from raw materials sourcing to end-of-life disposal.

We have assessed the risk associated with each of our suppliers based on a range of ESG criteria, including labor standards, health and safety, environmental impact, and corporate governance.

In addition, we have evaluated the risks associated with each country of our suppliers based on factors such as political stability, human rights, and environmental regulations.

Based on the results of this analysis, we have developed targeted strategies to prevent, mitigate, and remediate the identified risks and promote responsible and sustainable practices throughout our supply chain. We work closely with our suppliers and stakeholders to implement these strategies and ensure that our products are produced in a responsible and sustainable manner.

At B&C, we understand that communication is key to promoting responsible business practices. We are committed to communicating the actions we undertake in relation to our Human Rights and Environmental Due Diligence (HREDD) process to our stakeholders. These communication tools include a Toolkit which is used to inform our clients regarding our compliance to HREDD.

We recognize that partnerships are key to achieving our sustainability objectives. We are proud to have established partnerships with several organizations that share our commitment to promoting responsible business practices. One of our key partnerships is with the Fair Wear Foundation (FWF). Through this partnership, we have gained access to expertise and tools that have helped us develop our HREDD process.

SOURCING STRATEGY AND PRICING

As previously stated, B&C caters to the European Imprint market, selling garments for promotional and corporate wear. It is important to note that this industry differs greatly from the traditional retail market. Indeed, in the promotional market the products and colors offered are designed to be classic and enduring, remaining part of the collection for multiple years. Ensuring consistency in quality and color is essential, and therefore, there is a need to produce large quantities of each style annually. For this reason, B&C places a strong emphasis on developing and maintaining long-term partnerships with our suppliers. As of 2022, most of our core suppliers, with whom we have been in business for over 5 years, accounted for 83% of our total production volume.

We prioritize building long-term relationships and believe that centralizing production is the best way to positively impact people and the environment. Our products are sourced exclusively from Asia, and the distribution of goods by country for 2022 can be found in the table below.

In addition to building long-term relationships, B&C is also open to new opportunities and seeking potential new suppliers. Before placing an order with a new supplier, we evaluate them based on their product, capacity, quality, price, and compliance with social, environmental, governance and fire and safety standards.

Bangladesh	95%
Pakistan	4%
China	1%

New Supplier process:

The selection process in place for new potential suppliers is as follow:

1. Initial contact with the supplier, followed by an evaluation of:
 - a. Their profile
 - b. Compatibility with B&C products
 - c. Pricing/payment terms.
2. The supplier must complete a self-assessment using a B&C format, including acknowledgement of the B&C Code of Conduct, FWF's CoLP, and BSCI's CoC.
3. The full factory profile is reviewed, including compliance, certifications, production capabilities, and skills.
4. The factory's core products are compared to B&C's sourcing need Operation manager, Sourcing manager, Corporate Responsibility manager, and Dhaka Liaison Office Country manager will conduct an initial visit.
5. A price review of selected B&C styles is conducted.
6. The Corporate Responsibility manager will conduct a sustainability assessment of the factory.
7. It's important to note that new potential suppliers are required to be audited by a qualified party or compliant with RSC.
8. If the sustainability assessment is positive, meaning no issues were raised, the following steps are taken:
 - a. Product development
 - b. Quality approval after a visit by the quality manager
 - c. Fabric/color/style development
 - d. Placement of a test order
 - e. Requests for external audits are launched at Fair Wear Foundation and / or amfori.
 - f. Potential full activation as a B&C supplier.

Additionally, when considering a new supplier partnership, a thorough process of preparation, review, and assessment is conducted. The results of this evaluation inform the final decision on sourcing. Potential suppliers must provide a comprehensive collection of CSR-related documents to the Corporate Responsibility Manager and headquarters, including a:

- Supplier Self-Assessment (SSA)
- Codes of Conduct
- Responsibility & Sustainability Policy
- Restricted Substances List
- Supplier CSR Guidelines.

Once the documents have been reviewed and approved, an on-site inspection will take place. Only after passing this examination, B&C can further establish the relationship and pursue potential developments and production.

During the inspection, the accuracy and validity of certifications such as WRAP, ETI, SA8000, BSCI, SEDEX, STANDARD 100 by OEKO-TEX®, ISO, etc. are verified, as well as the factory's involvement in CSR projects and efficiency of their Effluent Treatment Plant. Additionally, the presence of a vertical setup is assessed.

However, the ultimate decision on whether to source from a potential or new supplier rests with the Compliance Manager and the Head of Sustainability. Without their endorsement, sourcing from that particular supplier will not be possible.

Before partnering with a new supplier, potential factories undergo a rigorous due diligence process that determines whether we will proceed with a test order. We also conduct yearly updates of our Risk and Country assessment mapping to continuously monitor and mitigate potential human rights, environment & governance risks.



Planning strategy:

Concerning the order placement, B&C places them on a monthly basis, according to pre-booked capacities at negotiated prices. We strive to distribute capacity evenly across months, considering any constraints from suppliers. The quantity of orders placed with suppliers each month is calculated based on an 8-hour workday, 6 days a week, in order to avoid excessive overtime and the stress it can cause for workers. Suppliers are required to comply with national labor laws. Plus, B&C utilizes a long-term planning tool that is based on precise sales forecasts, which are generated using a combination of recurrent styles and a robust database of historical sales. This system helps factories avoid overtime. In the event of delays, the goal of B&C's Dhaka Liaison Office and Planning team is to resolve the issue without resorting to air shipment, excessive overtime, or subcontracting. It is important to know that subcontracting is never allowed and certainly not without preable notice.

Pricing strategy:

Regarding the pricing mechanism, the prices for B&C's products are determined once annually usually when the yearly catalog is released.

This approach provides factory management with a long-term perspective and enables them to pay workers promptly and appropriately. The prices are calculated using a comprehensive analysis of the factory's costs and expenses, including labor costs, fabric costs, financial costs such as local inflation, and more. The pricing process is based on open costing and is negotiated to ensure that factories are able to pay at least the legal wage to all workers, as verified through internal and external audits. In 2022, B&C used the FWF Price App with one supplier to share the same understanding of the price composition and ensure purchasing prices allows payment of all legal and deserved benefits to workers.

ORGANISATION OF THE SOURCING TEAM

The B&C Sourcing department is a part of the Operations department at the Waterloo Headquarters. The team, which is located in Belgium, works closely with the office in Dhaka, known as the Dhaka Liaison Office (DLO) and visit suppliers factories several times per year.





PRODUCTION CYCLE

Each year, B&C works with factories to establish monthly production capacities that are reserved for future orders. These pre-bookings are determined per facility, considering the factory's strengths, the number of workers, and the workers' skills. This approach makes the job of the planning team at B&C headquarter and at the factory easier, as they primarily have to manage any discrepancies between forecasts and business needs. This method of working is secure, predictable, and cost-effective.

Additionally, our business model, which is based on timeless products, helps to mitigate challenges associated with uneven production. Strong purchasing practices and supplier relationships also assist in addressing these challenges. In the event of delays, our planning department collaborates closely with the factory planning teams to prioritize and find fair solutions that minimize unnecessary pressure. Our sourcing policy does not include any penalty for late shipments as we work closely with factories management to avoid production delays.

For 98,53% of our products, we work with factories that are vertically integrated, meaning they handle everything from fabric production to garment manufacturing and final packaging and shipping. This approach gives us comprehensive monitoring of our Tier 1 and Tier 2 suppliers and helps to prevent factories from subcontracting.

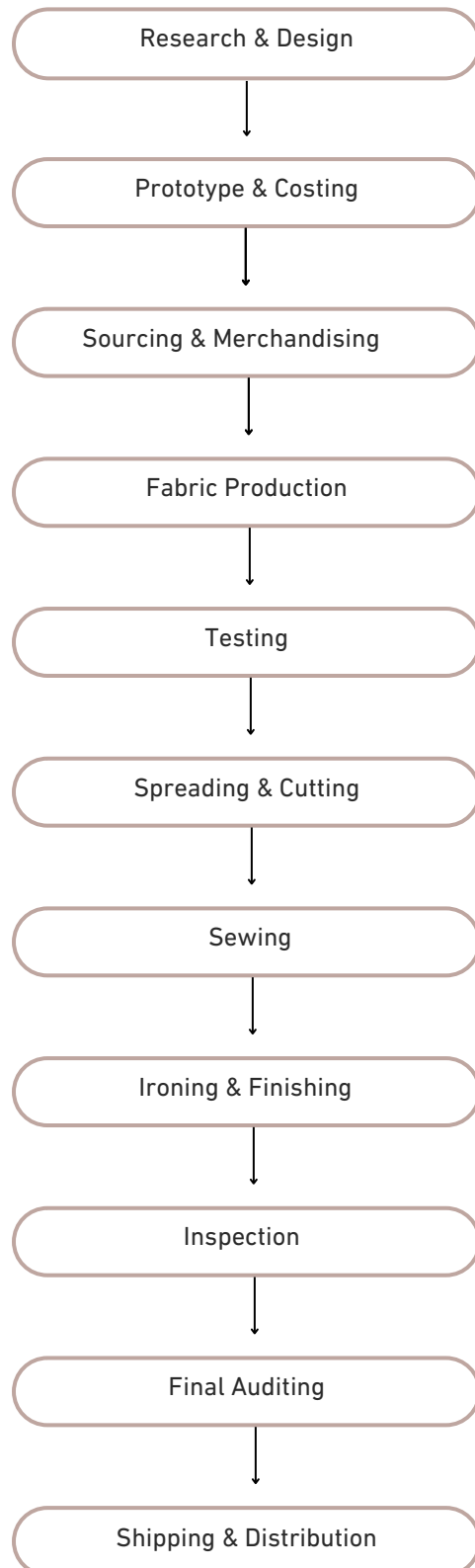
The planning and merchandising teams in Belgium and Bangladesh closely monitor the production of orders in collaboration with the factories. There is a daily follow-up of orders, including fabric production and garment manufacturing, which means B&C teams have a clear understanding of the status of specific orders at all times. This also allows us to anticipate any potential issues and ultimately avoid delays, overtime, quality issues, and labor rights issues.

At B&C, we believe that by implementing a proactive and well-organized planning process, we can minimize the risk of overtime, delayed wage payments, health and safety violations, and subcontracting. Additionally, it can help to promote a healthy work environment and maintain good conditions in the factories.

Our production cycle can be found on the following page.



PRODUCTION CYCLE



FACTORY RELATIONS

The selection and continuation of suppliers partnerships is a critical aspect of B&C's operations. Given the long-lasting nature of our products and the importance of consistency, we prioritize stability in our supplier relationships. This is why we value strong, long-standing partnerships with some suppliers whom we have been working with for over 20 years.

With the presence of our Dhaka Liaison Office (DLO) that boasts over 23 employees on-site, our suppliers are frequently assessed by a diverse team who must grant their approval within their respective areas of expertise, including the Country Manager, Sourcing Manager, Operations Manager, Merchandising Manager, Production Manager and Corporate Responsibility Manager.

In addition, they continually monitor and evaluate our suppliers' performance, addressing any potential risks and tracking the progress of Corrective Action Plans (CAPs) and follow-up audits. Our Corporate Responsibility Manager and employees at the Dhaka Liaison Office (DLO) are vigilant in monitoring each factory and provide weekly reports to the Belgian headquarters on all CSR projects, issues, and processes that we may encounter with our suppliers. Despite a successful test order, the relationship with a supplier may be re-evaluated due to Code of Conduct violations, non-conformities, or relationship concerns.



New Collaboration:

In 2022, B&C initiated a collaboration with a new factory in Bangladesh. We are always open to establishing new partnerships with factories when necessary. In response to requirements during the year 2022, B&C placed a one-time order with the new factory.

Prior to establishing this collaboration, various compliance actions were taken. The relevant documents were provided to the factory to be completed and signed. Our corporate responsibility manager conducted a thorough audit of the factory, taking into account the main risks associated with the supplier, including forced labour, gender discrimination, child labour, freedom of association and collective bargaining, payment of living wages, working hours, and decent working conditions. The audit report was shared with the factory manager, and a Corrective Action Plan (CAP) was implemented. In addition, sourcing and quality tests were conducted. Finally, the accuracy and validity of the relevant and required certifications were verified.

Once all departments had given their approval, B&C placed a one-time order with the factory in 2022.

Halt of collaboration:

Furthermore, as a result of changes in our product collection, B&C had to temporarily halt a factory collaboration. Nonetheless, B&C remains in close communication with the factory based in Bangladesh. It is noteworthy that there were no compliance issues discovered at this factory.

Consequently, changes occur in our product collection, we have every intention of resuming our collaboration if circumstances permit.



INTEGRATION OF MONITORING ACTIVITIES AND SOURCING DECISIONS

At B&C, we believe it is of utmost importance that we closely observe our actions, as it serves as a fundamental aspect in building and maintaining a sustained partnership with our suppliers. Through the implementation of our organizational structure, including the establishment of a liaison office in Dhaka since 1999, and regular visits from our operational and sourcing managers from our headquarters, we are able to effectively monitor and keep track of our suppliers performance in Bangladesh.

In Bangladesh, our factories are frequently visited by teams from both headquarters and the liaison office in Dhaka, including the managing director. In addition, a Corporate Responsibility manager, who previously worked as an auditor, was hired in mid-2021 to be part of the DLO team, to guarantee a comprehensive and responsible relationship with our suppliers. Our eight factories located in Bangladesh were visited 65 times and 20 internal audits were conducted during the year 2022. Additionally, two "sustainability audits" were conducted which are in depth audits done by our Corporate Representative. The team conducts systematic evaluations to confirm adherence to our Code of Conduct and to ensure compliance with our standards. During the Corporate Responsibility manager's visits, in-depth conversations are held with factory management to discuss the implementation of our Code of Conduct, including B&C, FWF, and BSCI standards. The management is required to sign off on corrective action plans, and they must also explain how they intend to maintain positive working conditions within the factory.

If non-compliance is discovered at an existing factory during monitoring (usually through an audit conducted by a qualified external organization), a corrective action plan (CAP) will be developed in collaboration with the factory to address and rectify the non-compliance issues. Any outstanding non-compliance issues that require attention will be outlined in the Corrective Action Plan (CAP), and the Corporate Responsibility manager will closely monitor their resolution. In addition to sourcing and Corporate Responsibility manager, employees at B&C are educated and understand the significance of CSR-related topics and actively work to ensure our suppliers uphold high labor standards. For example, Quality Controllers, who are frequently on-site at factories, primarily focus on quality and planning, but also act as B&C's representatives to identify potential social compliance issues.

In Pakistan and China, our factories cannot be visited on a regulatory basis. Firstly, we do not have a local B&C representative in either of these two countries. Secondly, due to external circumstances such as COVID-19 constraints, visits to our factories are not always possible. Therefore, B&C has committed to auditing 100% of its factories through third parties. Our Corporate Responsibility manager communicates on a regular basis with factory management to discuss the implementation of our Code of Conduct, which includes both B&C and BSCI standards and the Fair Wear Code of Labour Practice. The management is expected to explain how they maintain the highest and positive working conditions. As a result, we have developed a different type of trust relationship with our factories located in China and Pakistan. We expect them to work independently in maintaining good practices towards people and the planet.

COHERENT SYSTEM FOR MONITORING AND REMEDIATION

In this section of the report, the details of the monitoring and remediation system will be outlined.

To begin, a country-by-country analysis of the three countries in which B&C operates has been conducted. Following this, the results of the audits conducted by amfori-BSCI on each supplier will be presented and explained. Indeed, we are also a member of amfori in addition to our close relationship and membership with FWF, to have the benefit of a second perspective.

Each factory will be assigned a grade based on the 13 criteria deemed most relevant for evaluating a factory on environmental, social and governance risk related. For a better understanding of the grading system, please refer to the table provided.

The results for consecutive years is display in the following pages.

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 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

In the financial year 2022, eight out of eleven of our suppliers were still located in Bangladesh, where we also have a dedicated local team that ensures ongoing monitoring.

B&C Collection has made a deliberate decision to locate most of its production in Bangladesh, which is highly experienced and technologically advanced in producing high quality circular knit garments at scale. As we mentioned earlier, we believe in creating long-term relationships with our suppliers. Additionally, through the DLO, we have a significant impact on the labour and social standards in these factories.

To guarantee that audits and verifications were conducted, all factories were monitored by third-party organizations, resulting in 100% monitoring coverage for our suppliers in Bangladesh.

Audit reports and Corrective Action Plans (CAPs) were crucial in identifying and remedying non-compliance issues. Additionally, the Fair Wear Foundation Complaints Hotline was a valuable resource for us to understand the conditions of the workers at our factories, as non-compliance practices were brought to our attention through workers complaints.

At B&C, we understand the importance of working with foreign countries. However, we have also carefully examined the risks involved in compliance with the upcoming HREDD directive related to Human Rights, the Environment, and Governance. Furthermore, we have subjected each of our suppliers and products from Bangladesh to the same risk assessment process to ensure the highest ethical standards throughout our supply chain.

Some of the risks identified by B&C Collection for Bangladesh are:

Environment -

- Water pollution
- Air pollution
- Soil pollution
- Waste Disposal

Human Rights -

- Health Issues
- Salary Disparity
- Workers Rights Protection
- Low Wage
- Child Labour
- Excessive Overtime
- Education

Governance -

- Bribery
- Shirking custom duties
- Political and Economic instability
- Legal Wages



BANGLADESH

	FTY		FACTORY 1 (UNIT 1)		FACTORY 1 (UNIT 2)	
	COUNTRY		BD		BD	
	YEAR		2020	2022	2021	2022*
	PA1	SOCIAL MANAGEMENT SYSTEM AND CASCADE EFFECT	B	C	B	NA
Rating per Performance Area	PA2	WORKERS INVOLVEMENT AND PROTECTION	A	B	B	NA
	PA3	THE RIGHTS OF FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	A	A	A	NA
	PA4	NO DISCRIMINATION	A	A	A	NA
	PA5	FAIR REMUNERATION	A	A	A	NA
	PA6	DECENT WORKING HOURS	A	A	A	NA
	PA7	OCCUPATIONAL HEALTH AND SAFETY	A	A	A	NA
	PA8	NO CHILD LABOUR	A	A	A	NA
	PA9	SPECIAL PROTECTION FOR YOUNG WORKERS	A	A	A	NA
	PA10	NO PRECARIOUS EMPLOYMENT	A	A	A	NA
	PA11	NO BONDED LABOUR	A	A	A	NA
	PA12	PROTECTION OF THE ENVIRONMENT	A	A	A	NA
	PA13	ETHICAL BUSINESS BEHAVIOUR	A	A	A	NA
	TOTAL		A	B	A	

These two units have been visited 13 times by our local Corporate Responsibility Manager during the year 2022. Additionally, two audits and one social dialogue were carried out.

	FTY		FACTORY 2				
	COUNTRY		BD				
	YEAR		2018	2019	2020	2021	2022
	PA1	SOCIAL MANAGEMENT SYSTEM AND CASCADE EFFECT	E	C	B	B	B
Rating per Performance Area	PA2	WORKERS INVOLVEMENT AND PROTECTION	D	C	B	B	D
	PA3	THE RIGHTS OF FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	B	B	A	A	A
	PA4	NO DISCRIMINATION	C	A	C	C	C
	PA5	FAIR REMUNERATION	B	C	D	B	B
	PA6	DECENT WORKING HOURS	E	C	A	A	A
	PA7	OCCUPATIONAL HEALTH AND SAFETY	E	D	D	D	D
	PA8	NO CHILD LABOUR	A	A	A	A	A
	PA9	SPECIAL PROTECTION FOR YOUNG WORKERS	A	A	A	A	A
	PA10	NO PRECARIOUS EMPLOYMENT	B	B	B	B	A
	PA11	NO BONDED LABOUR	A	A	A	A	A
	PA12	PROTECTION OF THE ENVIRONMENT	A	A	B	A	A
	PA13	ETHICAL BUSINESS BEHAVIOUR	B	A	A	A	A
	TOTAL		C	C	C	C	C

This factory has been visited 9 times by our Corporate Responsibility Manager during the year 2022. Additionally, three audits and one social dialogue have been carried out.

*Factories with grades of B and above are audited every two years.

BANGLADESH

Rating per Performance Area	FTY		FACTORY 3				
	COUNTRY		BD				
	YEAR		2018	2019	2020	2021	2022 *
	PA1	SOCIAL MANAGEMENT SYSTEM AND CASCADE EFFECT	D	D	D	C	NA
Rating per Performance Area	PA2	WORKERS INVOLVEMENT AND PROTECTION	B	C	C	C	NA
	PA3	THE RIGHTS OF FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	A	A	A	A	NA
	PA4	NO DISCRIMINATION	A	B	B	C	NA
	PA5	FAIR REMUNERATION	A	B	B	B	NA
	PA6	DECENT WORKING HOURS	D	A	A	A	NA
	PA7	OCCUPATIONAL HEALTH AND SAFETY	A	B	A	B	NA
	PA8	NO CHILD LABOUR	A	A	A	A	NA
	PA9	SPECIAL PROTECTION FOR YOUNG WORKERS	A	A	A	A	NA
	PA10	NO PRECARIOUS EMPLOYMENT	A	A	A	A	NA
	PA11	NO BONDED LABOUR	A	A	A	A	NA
	PA12	PROTECTION OF THE ENVIRONMENT	A	B	B	B	NA
	PA13	ETHICAL BUSINESS BEHAVIOUR	B	A	A	A	NA
	TOTAL		C	C	C	B	

This factory has been visited 1 times by our Corporate Responsibility Manager during year 2022 due to the factory location. Additionally, two audits have been carried.

Rating per Performance Area	FTY		FACTORY 4				
	COUNTRY		BD				
	YEAR		2018	2019	2020	2021	2022 *
	PA1	SOCIAL MANAGEMENT SYSTEM AND CASCADE EFFECT	D	D	D	C	NA
Rating per Performance Area	PA2	WORKERS INVOLVEMENT AND PROTECTION	A	A	A	A	NA
	PA3	THE RIGHTS OF FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	A	A	A	A	NA
	PA4	NO DISCRIMINATION	A	A	A	A	NA
	PA5	FAIR REMUNERATION	B	B	A	A	NA
	PA6	DECENT WORKING HOURS	D	C	C	C	NA
	PA7	OCCUPATIONAL HEALTH AND SAFETY	A	A	A	A	NA
	PA8	NO CHILD LABOUR	A	A	A	A	NA
	PA9	SPECIAL PROTECTION FOR YOUNG WORKERS	A	A	A	A	NA
	PA10	NO PRECARIOUS EMPLOYMENT	A	A	A	A	NA
	PA11	NO BONDED LABOUR	A	A	A	A	NA
	PA12	PROTECTION OF THE ENVIRONMENT	A	A	A	A	NA
	PA13	ETHICAL BUSINESS BEHAVIOUR	A	A	A	A	NA
	TOTAL		C	C	C	B	

This factory has been visited 8 times by our Corporate Responsibility Manager during the year 2022. Additionally, two audits and one training have been carried out.

*Factories with grades of B and above are audited every two years.

BANGLADESH

Rating per Performance Area	FTY		FACTORY 5			
	COUNTRY		BD			
	YEAR		2018	2019	2020	2022
	PA1	SOCIAL MANAGEMENT SYSTEM AND CASCADE EFFECT	D	D	B	B
	PA2	WORKERS INVOLVEMENT AND PROTECTION	B	A	C	C
	PA3	THE RIGHTS OF FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	A	A	A	A
	PA4	NO DISCRIMINATION	A	A	A	A
	PA5	FAIR REMUNERATION	C	A	B	B
	PA6	DECENT WORKING HOURS	C	D	A	A
	PA7	OCCUPATIONAL HEALTH AND SAFETY	B	A	A	A
	PA8	NO CHILD LABOUR	A	A	A	A
	PA9	SPECIAL PROTECTION FOR YOUNG WORKERS	A	A	A	A
	PA10	NO PRECARIOUS EMPLOYMENT	A	A	A	A
	PA11	NO BONDED LABOUR	A	A	A	A
	PA12	PROTECTION OF THE ENVIRONMENT	B	A	B	A
	PA13	ETHICAL BUSINESS BEHAVIOUR	A	A	A	A
	TOTAL		C	C	B	B

This factory has been visited 15 times by our Corporate Responsibility Manager during the year 2022. Additionally, four audits and one social dialogue have been carried out.

Rating per Performance Area	FTY		FACTORY 6			
	COUNTRY		BD			
	YEAR		2019	2020	2021	2022
	PA1	SOCIAL MANAGEMENT SYSTEM AND CASCADE EFFECT	C	C	C	C
	PA2	WORKERS INVOLVEMENT AND PROTECTION	C	C	C	B
	PA3	THE RIGHTS OF FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	B	B	B	B
	PA4	NO DISCRIMINATION	A	A	A	A
	PA5	FAIR REMUNERATION	B	A	C	A
	PA6	DECENT WORKING HOURS	A	A	A	A
	PA7	OCCUPATIONAL HEALTH AND SAFETY	D	D	D	D
	PA8	NO CHILD LABOUR	A	A	A	A
	PA9	SPECIAL PROTECTION FOR YOUNG WORKERS	A	A	A	A
	PA10	NO PRECARIOUS EMPLOYMENT	A	A	A	A
	PA11	NO BONDED LABOUR	A	A	A	A
	PA12	PROTECTION OF THE ENVIRONMENT	A	A	C	C
	PA13	ETHICAL BUSINESS BEHAVIOUR	A	A	A	A
	TOTAL		C	C	C	C

This factory has been visited once by our Corporate Responsibility Manager during the year 2022, due to the factory's location. Additionally, two audits have been carried out

BANGLADESH

Rating per Performance Area	FTY		FACTORY 7			
	COUNTRY		BD			
	YEAR		2017	2019	2020	2022
	PA1	SOCIAL MANAGEMENT SYSTEM AND CASCADE EFFECT	D	D	C	C
Rating per Performance Area	PA2	WORKERS INVOLVEMENT AND PROTECTION	D	B	B	C
	PA3	THE RIGHTS OF FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	A	A	A	A
	PA4	NO DISCRIMINATION	C	C	C	C
	PA5	FAIR REMUNERATION	B	A	A	A
	PA6	DECENT WORKING HOURS	D	C	A	A
	PA7	OCCUPATIONAL HEALTH AND SAFETY	E	D	A	B
	PA8	NO CHILD LABOUR	A	A	A	A
	PA9	SPECIAL PROTECTION FOR YOUNG WORKERS	A	A	A	A
	PA10	NO PRECARIOUS EMPLOYMENT	A	A	A	A
	PA11	NO BONDED LABOUR	A	A	A	A
	PA12	PROTECTION OF THE ENVIRONMENT	C	C	B	A
	PA13	ETHICAL BUSINESS BEHAVIOUR	A	A	A	A
	TOTAL		D	C	B	B

This factory has been visited 13 times by our Corporate Responsibility Manager during the year 2022. Additionally, three audits, one social dialogue and three trainings have been carried out.

Rating per Performance Area	FTY		FACTORY 8			
	COUNTRY		BD			
	YEAR		2018	2019	2021	2022
	PA1	SOCIAL MANAGEMENT SYSTEM AND CASCADE EFFECT	C	C	C	C
Rating per Performance Area	PA2	WORKERS INVOLVEMENT AND PROTECTION	D	B	D	D
	PA3	THE RIGHTS OF FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	A	A	A	A
	PA4	NO DISCRIMINATION	B	C	C	C
	PA5	FAIR REMUNERATION	B	A	A	B
	PA6	DECENT WORKING HOURS	A	A	A	C
	PA7	OCCUPATIONAL HEALTH AND SAFETY	A	A	A	D
	PA8	NO CHILD LABOUR	A	A	A	A
	PA9	SPECIAL PROTECTION FOR YOUNG WORKERS	A	A	A	A
	PA10	NO PRECARIOUS EMPLOYMENT	B	A	A	A
	PA11	NO BONDED LABOUR	A	A	A	A
	PA12	PROTECTION OF THE ENVIRONMENT	C	A	C	B
	PA13	ETHICAL BUSINESS BEHAVIOUR	A	A	A	A
	TOTAL		C	B	C	C

This factory has been visited 5 times by our Corporate Responsibility Manager during the year 2022. Additionally, two audits have been carried out.

PAKISTAN

The Cotton Group SA values its commitment to ethical and sustainable business practices, which is why we have established a long-term and strategic partnership with a supplier based in Pakistan, which is owned by a Belgian family. However, as part of our continuous efforts to ensure that our suppliers maintain the highest ethical standards, we have implemented third-party audits through the Business Social Compliance Initiative (BSCI).

These audits enable us to closely monitor the operations of our supplier in Pakistan and to identify any areas where improvements can be made. Through the comprehensive audit reports and corrective action plans (CAPs) that are generated as a result of these audits, we are able to work collaboratively with our supplier to address any issues that are identified and to implement sustainable improvements that benefit both our company and the workers in the factory.

As a result of these efforts, we are proud to say that our supplier in Pakistan has achieved a 100% monitoring threshold, which is a testament to the commitment of both our company and our supplier to maintain the highest ethical and sustainability standards throughout our supply chain.

B&C recognizes the significance of collaborating with foreign countries. However, we have conducted a thorough evaluation of the potential risks associated with complying with the upcoming HREDD regulations, with particular emphasis on human rights, environmental impact, and governance. Furthermore, we have applied the same risk assessment process to each of our suppliers and products from Pakistan to ensure that we uphold the highest ethical standards throughout our supply chain.

Some of the risks identified by B&C Collection for Pakistan are:

Environment -

- Water pollution
- Air pollution
- Soil pollution
- Solid waste
- Natural resource depletion
- Impact on biodiversity
- Regulations

Human Rights -

- Health Issues
- Salary Discrepancy
- Low Wage
- Child Labour
- Excessive Overtime
- Discrimination and exploitations of religious minorities.

Governance -

- Bribery
- Shirking custom duties
- Political and Economic instability
- Poor energy system management
- Lack of new investment



PAKISTAN

Rating per Performance Area	FTY		FACTORY 1			
	COUNTRY		PK			
	YEAR		2018	2019	2021	2022*
	PA1	SOCIAL MANAGEMENT SYSTEM AND CASCADE EFFECT	B	B	B	NA
	PA2	WORKERS INVOLVEMENT AND PROTECTION	C	C	A	NA
	PA3	THE RIGHTS OF FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	A	A	A	NA
	PA4	NO DISCRIMINATION	A	A	A	NA
	PA5	FAIR REMUNERATION	A	A	A	NA
	PA6	DECENT WORKING HOURS	A	A	A	NA
	PA7	OCCUPATIONAL HEALTH AND SAFETY	A	A	A	NA
	PA8	NO CHILD LABOUR	A	A	A	NA
	PA9	SPECIAL PROTECTION FOR YOUNG WORKERS	A	A	A	NA
	PA10	NO PRECARIOUS EMPLOYMENT	A	A	A	NA
	PA11	NO BONDED LABOUR	A	A	A	NA
	PA12	PROTECTION OF THE ENVIRONMENT	A	A	A	NA
	PA13	ETHICAL BUSINESS BEHAVIOUR	A	A	A	NA
	TOTAL		B	B	A	

*Factories with grades of B and above are audited every two years.

CHINA

In 2022, B&C Collection collaborated with two suppliers based in China to meet the growing demand for our products. We take our commitment to ethical and sustainable business practices very seriously, which is why we have implemented third-party audits through amfori BSCI to monitor the operations of these factories.

Through these audits and the resulting reports and corrective action plans (CAPs), we can ensure that the working conditions in our suppliers' factories meet our high ethical standards. Unfortunately, due to travel restrictions imposed as a result of the COVID-19 pandemic, we have not been able to conduct any on-site visits to these factories over the past three years. However, we have maintained close contact with our suppliers and conducted virtual inspections to monitor their compliance with our ethical standards.

Despite these challenges, we are pleased to report that our supplier in China has achieved a 100% monitoring threshold. This success is a testament to our ongoing commitment to uphold the highest ethical and sustainability standards in our supply chain, even in the face of challenging circumstances.

B&C understands the importance of working with other countries, but we have carefully assessed the risks that may arise following the new HREDD regulations, in terms of human rights, environmental impact, and governance. We have also used the same evaluation process for all our suppliers and products from China to guarantee that we maintain ethical standards throughout our supply chain.

Some of the risks identified by B&C Collection for China are:

Environment -

- Water pollution
- Air pollution
- Soil pollution
- Solid waste
- Natural resource depletion
- Biodiversity

Human Rights -

- Health Issues
- Salary Disparity
- Workers Rights Protection
- Low Wage
- Child Labour
- Excessive Overtime
- Migration

Governance -

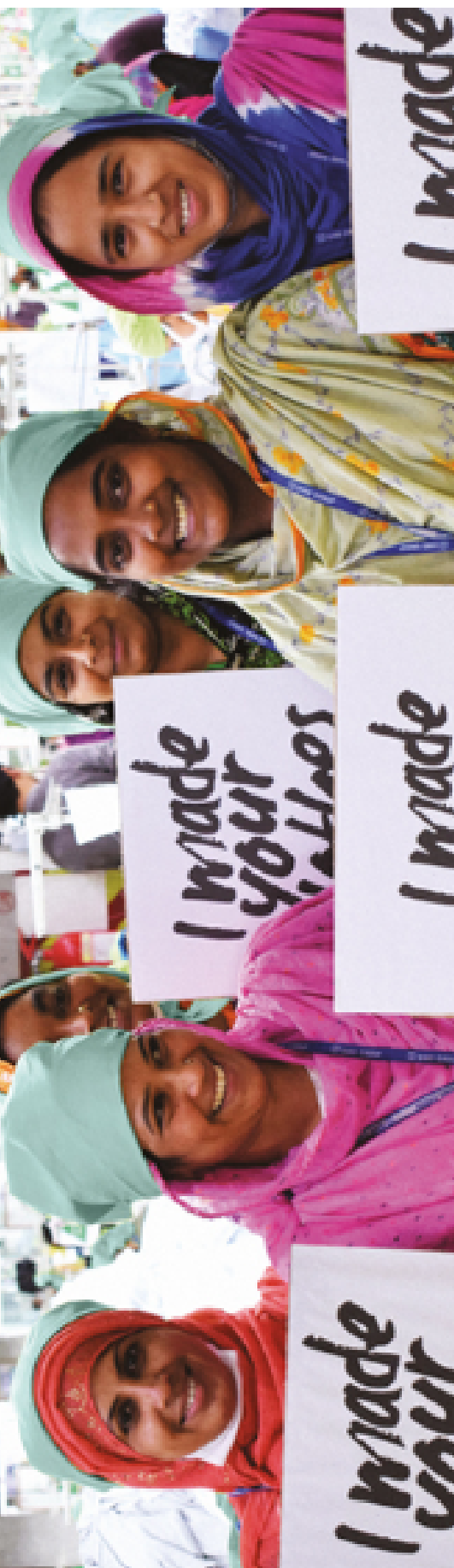
- Bribery
- Poverty alleviation programs
- Contracts and human resources



CHINA

Rating per Performance Area	FTY		FACTORY 1				
	COUNTRY		CN				
	YEAR		2018	2019	2020	2021	2022
	PA1	SOCIAL MANAGEMENT SYSTEM AND CASCADE EFFECT	C	C	D	D	C
Rating per Performance Area	PA2	WORKERS INVOLVEMENT AND PROTECTION	B	B	B	B	B
	PA3	THE RIGHTS OF FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	A	A	A	A	A
	PA4	NO DISCRIMINATION	A	A	A	A	A
	PA5	FAIR REMUNERATION	A	B	B	B	B
	PA6	DECENT WORKING HOURS	D	D	D	D	D
	PA7	OCCUPATIONAL HEALTH AND SAFETY	A	A	A	A	A
	PA8	NO CHILD LABOUR	A	A	A	A	A
	PA9	SPECIAL PROTECTION FOR YOUNG WORKERS	A	A	A	A	A
	PA10	NO PRECARIOUS EMPLOYMENT	A	A	A	A	A
	PA11	NO BONDED LABOUR	A	A	A	A	A
	PA12	PROTECTION OF THE ENVIRONMENT	A	A	A	A	A
	PA13	ETHICAL BUSINESS BEHAVIOUR	A	A	A	B	A
	TOTAL		C	C	C	C	C

Rating per Performance Area	FTY		FACTORY 2	
	COUNTRY		CN	
	YEAR		2018	2022
	PA1	SOCIAL MANAGEMENT SYSTEM AND CASCADE EFFECT	C	C
Rating per Performance Area	PA2	WORKERS INVOLVEMENT AND PROTECTION	C	C
	PA3	THE RIGHTS OF FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	A	A
	PA4	NO DISCRIMINATION	A	A
	PA5	FAIR REMUNERATION	A	B
	PA6	DECENT WORKING HOURS	D	D
	PA7	OCCUPATIONAL HEALTH AND SAFETY	D	A
	PA8	NO CHILD LABOUR	A	A
	PA9	SPECIAL PROTECTION FOR YOUNG WORKERS	A	A
	PA10	NO PRECARIOUS EMPLOYMENT	A	A
	PA11	NO BONDED LABOUR	A	A
	PA12	PROTECTION OF THE ENVIRONMENT	B	A
	PA13	ETHICAL BUSINESS BEHAVIOUR	A	A
	TOTAL		C	C



COMPLAINT PROCEDURE

At both our headquarters and local offices, we consider complaint handling to be a crucial aspect of our operations, and we approach it with the utmost seriousness.

To ensure that complaints are effectively addressed, we involve the supplier's management in the resolution process, and expect their full collaboration and openness. Furthermore, in instances where the complaint is raised by a worker at a factory shared by other Fair Wear Foundation members, we work closely and communicate with them to find the best solution for all parties involved.

Upon receipt of a complaint, we strictly adhere to the following systematic procedure:

1. Notify the relevant factory immediately
2. Reach out to the concerned employee or manager
3. Document the complaint thoroughly
4. Obtain the complaint owner's acknowledgment and initiate an investigation into its origins
5. If necessary, we will collaborate with other FWF member brands who are also working with the same factory.
6. Continuously monitor the investigation and take necessary action
7. Implement corrective measures as appropriate upon completion of the investigation
8. Track the resolution process and close the complaint once resolved.

In addition to addressing individual complaints, we collaborate with the factory to identify and address the underlying cause. Through root cause analysis, the factory will take appropriate corrective actions to prevent similar complaints from arising in the future. At B&C Collection, we believe that it is not only our duty to offer support to the factories, but also to empower them to effectively resolve future issues independently. And equip them with the necessary tools to prevent recurrence of non-compliance. In instances where 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, the factory management is required to take the following steps:

1. Offer guidance on the remediation process.
2. Provide training to 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).
3. Communicate with the relevant FWF representative.
4. Take the follow-up requirements from the FWF representative seriously and track the status of complaints.



OUR GRIEVANCE MECHANISM

At B&C, we understand the importance of providing workers with a fair way of communicating their complaints regarding the management of the factories. Therefore, we have put in place a concrete grievance mechanism that provides a clear and transparent framework for addressing grievances related to the recruitment process and workplace issues.

All of our factories have complaint boxes in confidential areas, usually located in the toilets. Workers can write their complaints and put them in the boxes. The management and worker representatives open the boxes regularly. Additionally, workers can verbally complain to the welfare officer or the management.

Regardless of whether the complaint is made verbally or in writing, the management must record it in a register. If the complaint is a serious allegation such as sexual harassment, the anti-harassment committee will form a team to investigate the issue.

If the person is found guilty, the management will send a letter to them asking why they committed the act. The person will then send a letter to the management providing an explanation.

Afterward, the management, in conjunction with the anti-harassment committee, will decide on the appropriate punishment. The complaint and decision will be communicated to the workers.

It is important to note that two of our factories have their own hotline numbers. This allows workers to communicate directly over the phone.

Fair Wear Foundation

Complaints:

In 2022, we received only four "official" complaints, which we attribute to the diligent efforts of our Corporate Responsibility Manager in Dhaka. This impressive result is due to the manager's regular internal audits and close follow-up on corrective action plans (CAPs).

Two out of the four complaints were related to the non-provision of service benefits and earned leave encashment for two different workers in two different factories. We have taken identical corrective actions in response to these complaints by communicating with the Human Resources and Compliance Manager to pay the complainants, following up on the complaints to ensure that all workers are receiving legal benefits, and conducting a meeting with the management to make them aware of legal requirements. B&C has also decided to partner up with another **FWF brand member** during the management meeting to ensure that all benefits will be paid on time in the future.

The third complaint was related to the non-provision of maternity benefits to the complainant's wife, who works in the factory.

B&C communicated with the compliance department to pay the complainant's wife and informed the management about the legal requirement and the need to prioritize it. A follow-up on the complaint was conducted to ensure that all workers are receiving legal benefits.

The fourth complaint involved a worker who was forced to resign without a proper explanation for the reasons and without receiving service benefits and earned leave encashment. B&C communicated with the Human Resources and Compliance Manager to pay the complainant and collected all records for disciplinary action taken against the worker. Finally, we asked the management to ensure that legal payments are made where applicable.

Through these measures, many potential issues were proactively addressed and resolved during monthly meetings before they could escalate to the level of an official complaint filed with FWF. Additionally, our local corporate responsibility manager received three complaints directly, which were resolved internally.



TRAINING AND CAPACITY BUILDING

ACTIONS TO INFORM STAFF MEMBERS

We recognize the importance of involving all stakeholders, both internally and externally, in achieving our goal of maintaining social standards. To ensure that our staff is fully informed and trained on our Fair Wear Foundation (FWF) membership, we take the following actions:

- In-person training at HQ and local office: All new colleagues undergo an induction process during which they meet with the B&C Sustainability team and receive information on the B&C Sustainability and Social Compliance program, including the explanation of different certificates, initiatives, and memberships. The B&C FWF membership and the FWF Code of Labour Practice (CoLP) are thoroughly explained, along with our own Code of Conduct, which is partially based on the FWF CoLP.
- In 2022 an induction presentation was given to all existing employees to refresh their memories and update them with the latest news.
- Internal communication memo concerning the Fair Wear Leader Status.
- Regular interdepartmental meetings: Regular meetings between various departments and teams (compliance, quality, sourcing, operations, communication, etc.) at both HQ and DLO keep everyone involved and up to date on our B&C FWF membership.
- Use of the FWF logo
- Provision of the FWF website address
- Distribution of the FWF brochure, etc
- Chapters in the Sustainability Report
- Chapters on the B&C Blog
- Chapters on the B&C Website
- Chapters in the B&C Lookbook & Brochure

ACTIONS TO INFORM AGENTS

We only work directly with our suppliers; therefore, this section is not applicable.



ACTIONS TO INFORM MANUFACTURERS AND WORKERS

To familiarize the factory workers with the Fair Wear Foundation (FWF), we request that the factory management undertake different measures. Firstly, the management is required to provide the necessary information through relevant trainings. They are expected to distribute FWF leaflets and stickers to workers, and arrange FWF-led training sessions called Workplace Education Program on Prevention of Violence and Harassment (WEPVH) which allows to raise awareness about FWF's roles and responsibilities, as well as the hotline number among the workers and the workers' representative.

Additionally, every quarter, our corporate responsibility manager holds a social dialogue session with the workers' committee, during which we inform them about the Fair Wear Foundation, our FWF complaint handling process, the roles and responsibilities of worker's representatives, safety committee, and anti-harassment committee, and provide training on their statutory benefits and grievance mechanism.

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.

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.



INFORMATION MANAGEMENT

To keep track of the code of labor practices implementation progress, the following steps are taken:

- Information is shared from suppliers to the DLO Corporate Responsibility Manager, who then shares it with the Sustainability Manager and Corporate Responsibility Officer at HQ.
- Updates on implementation or CAPs are recorded in a shared documentation file.

As mentioned previously, to monitor our production locations, we have established strong relationships with a few key suppliers and maintain daily contact with them for trust and transparency. We know all our Tier 1 and Tier 2 suppliers and are working to map Tier 3 and Tier 4 as much as possible. Our tracking system includes collecting necessary compliance certifications, maintaining all required information in our database, collecting information before production, reviewing and keeping all audit reports, conducting risk assessments, tracking unauthorized subcontracts, and having quality controllers in factories to reduce risks of off-site production.

TRANSPARENCY AND COMMUNICATION

The general public is informed about B&C Collection's FWF membership through our website as well as FWF's website. We also communicate about FWF to customers in our catalogues, mailings, social media, blog and during customer visits fairs and meetings.

Additionally, we publish openly our FWF Social report and Brand Performance Check available via this link: [B&C Collection BPC](#)





STAKEHOLDER ENGAGEMENT

In addition to being a member of FWF, B&C is also a proud member of various other organizations such as amfori-BSCI, Textile-Exchange, Better Cotton, and The Shift (the Belgian representative for UN SDGs). Some of our products are also certified by organizations such as Oeko-Tex, OCS, RCS, and PETA. The company has been sourcing from Bangladesh, Pakistan, and China for many years and continually assesses the risk of these countries through a combination of FWF resources, other databases, and analysis.

amfori  BSCI

 Textile Exchange

 better cotton™

THE SHIFT



THANK YOU

FINANCIAL YEAR - 2022