



belconfect
SAFETY WORK- AND FOOTWEAR

Social Report 2017-2018

Reporting period : July 2017 – June 2018

This Social Report is written by Saartje Boutsen and approved by the management of Bel-Confect and by Fair Wear Foundation. Bel-Confect is an affiliate of Fair Wear Foundation since 2016.

The FWF is an independent multi-stakeholder organization cooperation with companies and factories worldwide to improve the working conditions in the textile and garment industry, especially in low-wage countries.

By becoming a member, we are committed to the FWF's strict Code of Labour Practices.



"We make a living by what we get, but we make a life by what we give"

(Winston Churchill)

Images used in this report:

All images in this report are made by staff members of Bel-Confect. They show real workers from factories Bel-Confect works with in Tunisia and Bangladesh.

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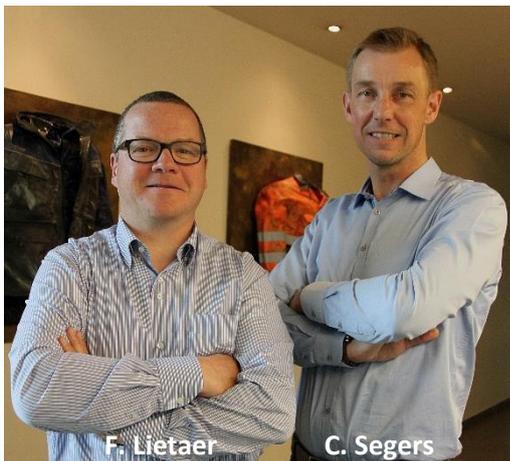
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1. Preface

“Bel-Confect wants to offer its customers high-quality safety work- and footwear, to assure a safe and comfortable work environment. That is what we also want to offer the textile workers in our supply chain: a safe working place where international social standards are respected. Since we became a member of Fair Wear Foundation, we are more aware of possible bottlenecks in our supply chain and we want to take up our ethical and sustainable commitment.”



Christ Segers
CEO



“During the next 5 years, we intend to continue our growth by increasing the number of key accounts for which we manufacture work- and safety garments from start to finish. In addition, we intend to grow in our Fair Wear engagement. Our commitment to sustainable supply chains affects our buying decisions, and it is an ongoing process that demands transparency and an innovative approach to our whole long-term business.”



Filip Lietaer
CEO

2. Summary

Bel-Confect designs and manufactures functional and qualitative work- and safety garments that meet the client's particular requirements. We also specialize in the distribution of various exclusive brands of safety footwear.

In a market that is stagnant yet competitive and replete with highly selective and demanding users of personal protective workwear and equipment – all wanting to be assured of reliable means to assure a safe and comfortable work environment – Bel-Confect profiles itself as the best possible partner.

Bel-Confect achieves this by investing in knowledge, design, production resources, logistical facilities and by offering innovative, flexible, and effective solutions in the areas of:

1. custom-made safety workwear
2. standard workwear
3. foot protection (safety shoes and accessories)

It means also that Bel-Confect attaches significant importance to improving the overall working conditions in the clothing industry, and we want to take an active role. Because improvement of working conditions is a complex issue, Bel-Confect is convinced that joint initiatives, cross-country and with all stakeholders involved, can give more energy and can accomplish things on a larger scale. Bel-Confect has therefore taken the decision to join the Fair Wear Foundation (FWF) since June 2016.

From July 2017 till June 2018, during our second year of membership, we focused on increasing transparency and communication with our suppliers on social standards and health & safety issues. Last year we increased significantly the number of social audits, and we invested in a close follow up of the audit results and Corrective Action Plans of our main suppliers. Regarding new suppliers, we invested in a more in depth due diligence process before going into business. In every new factory that started to produce for Bel-Confect, we made sure the FWF Code of Labor Practices and the complaints procedure are visible for all workers. We also became a member of the Bangladesh Accord on Fire and Building Safety. During factory visits and meetings with suppliers, CSR topics are on the agenda now.

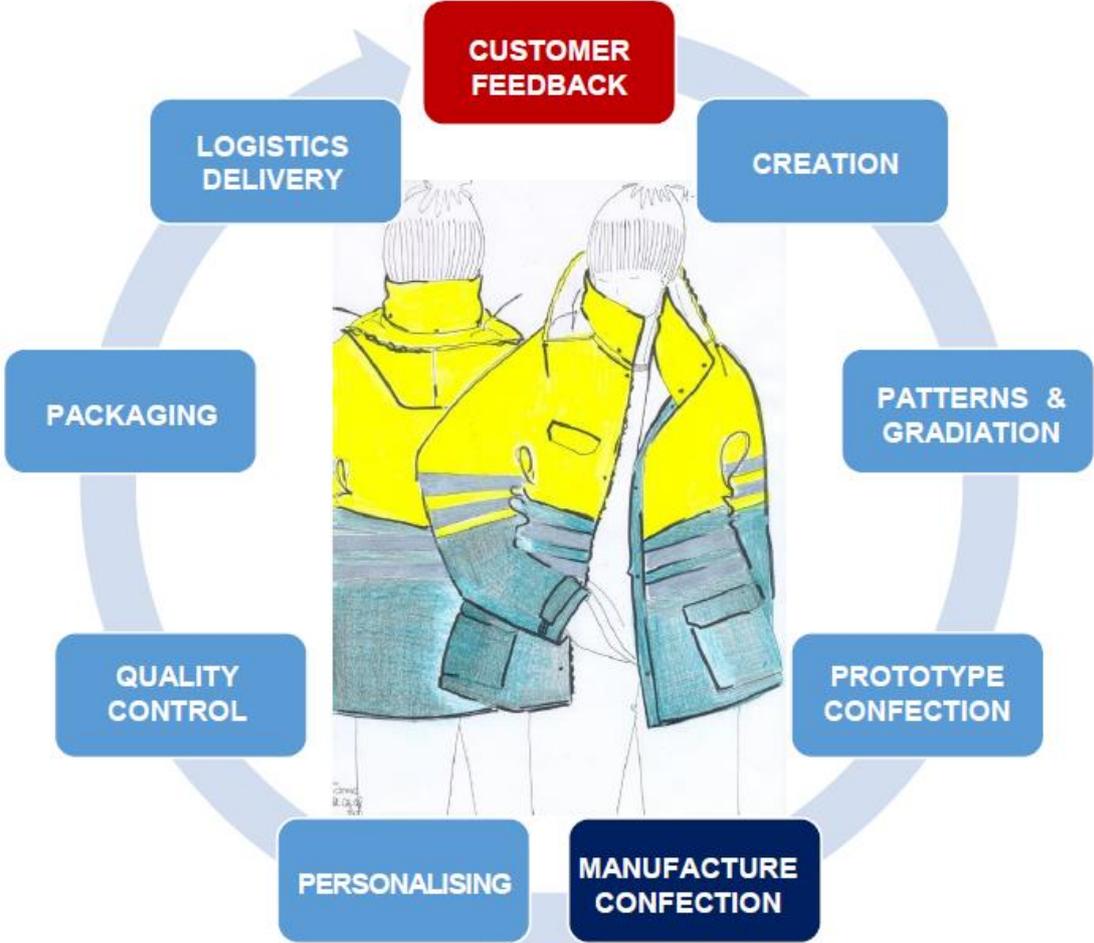
After having made these investments in the past year, we look to the realized improvements and we are proud to see that our main suppliers invest more in

social compliance and good health & safety measures for their workers. Knowing that our efforts are important and useful, stimulates to continue with ambition for the future. As FWF stands for a step-by-step approach, we want to get better results every year.

3. Our Sourcing Process

3.1 Sourcing strategy & pricing

For our professional clients, we undertake to guide the entire production process, from the design phase to production and delivery. In consultation with the client, models, colors, logos, technical aspects of fabrics and the desired functional characteristic are being worked out.



Furthermore, we maintain a permanent stock of more than 80.000 articles of standard work- and safety wear for welding, assembly operations, high-visibility, rain- & winter clothing, etc. Our clients are also given the opportunity to select

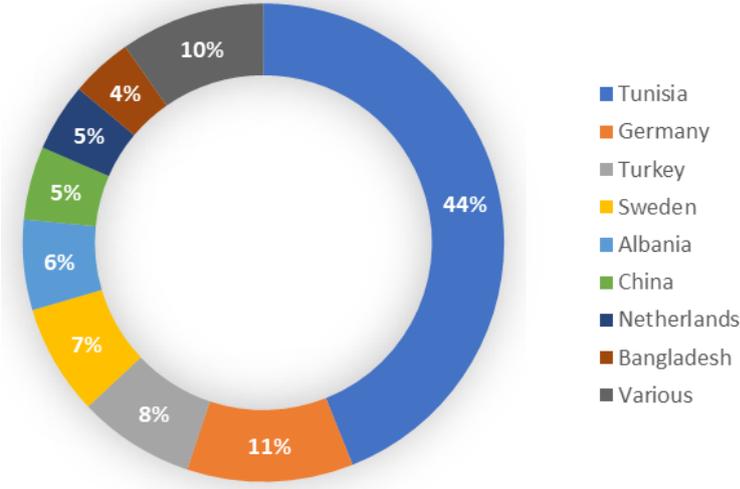
from an inventory that contains more than 15.000 pairs of safety footwear items including accessories for use in the most divergent applications.

D-FORCE is a private label developed by Bel-Confect. It comprises a collection of casual workwear and safety footwear, for immediate delivery out of our permanent stock.

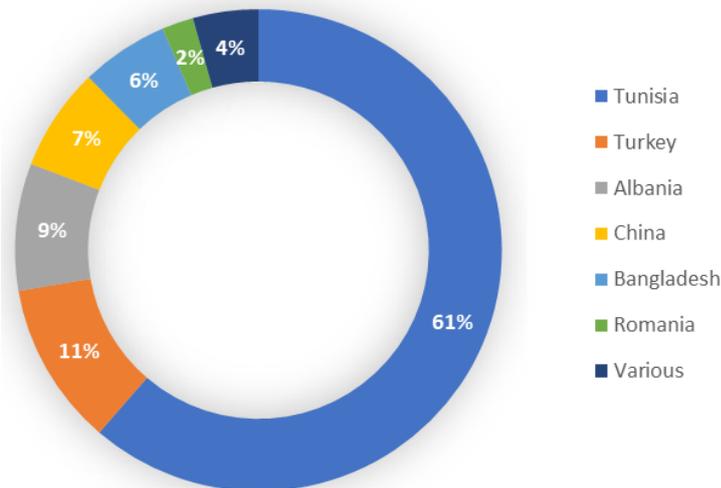
Bel-Confect also delivers standard and client-specific image clothing such as T-shirts, polo shirts, fleece vests, sweaters and pullovers, soft shell jackets, parkas, ... These provide for diverse print-on possibilities such as silk-screen printing, transfer prints and embroidery.

To produce our Bel-Confect branded workwear, we worked in 2017-2018 together with suppliers in **Tunisia, Turkey, Albania, China, Bangladesh, Pakistan Hungary, Romania** and **Portugal**. Three countries (Tunisia, Turkey and Albania) represent 81% of our CMT volume.

% per country own brand CMT and external productions



% per country own brand CMT



With our suppliers in Tunisia and Europe, we have a very regular direct contact and we have developed cooperative long-standing business relations. For production in Asian countries, we work with a limited number of agents. Also with these agents, we have open and cooperative long-standing business relations. For the safety shoes, we collaborate with some external producers, like for example Arbesko (Sweden) and Puma Safety (Germany).

Persons involved in sourcing decisions are the CEO, the procurement manager, the project manager, and the CSR advisor. **Criteria for selecting a supplier** are quality and workmanship, compliance with our fair wear policy, the capability of the supplier to produce the product, availability of required technologies & machines, and price. A good price-quality ratio is our objective and must go hand in hand with a fair wear engagement of the supplier. The procurement manager can select new suppliers, but only after a positive feedback of the CSR adviser, orders can be placed.

In 2017, Bel-Confect started to order in Bangladesh as a new production country, because of the interesting price-quality ratio. Off course this needs to go hand in hand with good and safe working conditions for workers, so **Bel-Confect became a member of the Bangladesh Accord on Fire and Building Safety**. This means that all our factories will be inspected on fire, electricity and building safety and remediation before a deadline will be required by the Accord. Factories that are not open for inspections by the Accord inspectors, or factories that do not show considerable progress in remediation, are listed as ‘terminated factories’ by the Bangladesh Accord. This commitment affects significantly our sourcing decisions in Bangladesh.



Bangladesh: fire door, clean production atelier, first aid responsible

More than 60% of our workwear production is made in Tunisia. We fully equip our production locations in Tunisia, and we guarantee a stable income in a long-term relationship. Bel-Confect delivers the fabrics and furniture of the garments – from which we know the prices – to our Tunisian production locations. So, the price we pay them is the cost for sewing the garments. We also receive a 'grille de salaire' from our suppliers. This means we have a quite clear idea on how prices are built, and we can link this to our pricing strategy and our engagement to pay living wages.

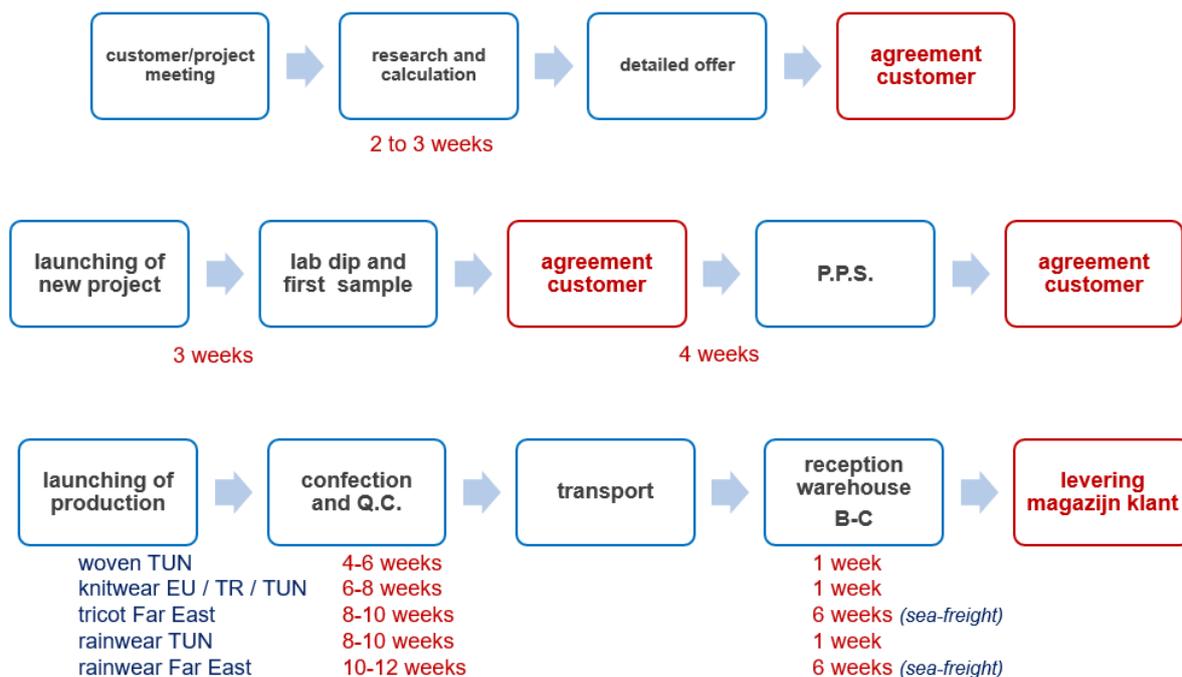


Tunisia: production atelier, fire extinguisher and pictograms, infirmary

In other countries, we buy ready-made garments and we work with a piece price. As we choose to build up long term relations, and as quality is an important criterium, price is important but not the only key factor.

3.2 Production cycle in sourcing

Bel-Confect works custom made and project based. So we place an order only after full agreement on the product by the customer. Sometimes this process can take several months. Then we need to buy the fabrics, the dyeing process can take 6 weeks. Then the production process follows, which will take 4 some 6 weeks. We always preview also 2 weeks extra, is case this is needed. We communicate always very clearly with the supplier on the needed production time, without an absolute deadline. In contrary to fashion business, we do not have seasonal deadlines. It is an advantage that our production locations do not need to work under pressure.



Production Lead Times

3.3 Supplier relations

Bel-Confect has a very regular direct contact with all our suppliers and has developed cooperative long-standing business relations with most of its suppliers.

More than 60 percent of the total order volume in 2017-2018 was produced by our **supplier factories in Tunisia, they are visited every month** by our Procurement Manager. Also both CEO's Christ Segers and Filip Lietaer have direct contact with all Tunisian suppliers and he visits on a regular base the factories. Also our suppliers in Europe are visited regularly or vice versa.

For our production in Asian countries, we work through several agents, so not all factories were visited yet. For example, suppliers in Pakistan were not yet visited, due to the travel advise for Pakistan. As Bangladesh is a new production country for Bel-Confect, we visited in end of April 2018 several factories in Dhaka, to get acquainted with their way of working and with working conditions for workers.

In 2018 we introduced a formal procedure to accept new suppliers. New suppliers always need to sign the FWF Code of Labor Practice and to fill in the FWF questionnaire on production location information. They must display the

Code of Labor practices at the work floor in the local language, at a visible, private place for employees, where they can read it privately (so not where a camera or the management team is watching them). We ask also for a performed audit report, which needs to have a positive evaluation. If they are not compliant with crucial issues - like respect for legal minimum wages, reasonable overtime, no child labor,... - we will not start with this factory. For Bangladeshi partners, we inform them on our role as signatory of the 'Accord on Fire and Building Safety in Bangladesh'. We can only enter a partnership if also the supplier is a partner of the Accord and is open for inspections and remediation. New suppliers will not be registered in our buying system and orders cannot be placed, before we have received all this info.

In the meanwhile, this 'new supplier procedure' is internalized in our buying department and resulted in some clear decisions: some factories in Bangladesh, proposed by agents, were refused as a new supplier based on unsatisfactory audit reports or because the factories did not want to produce in spirit of the Bangladesh Accord.

From **our external producers**, from who we purchase mainly safety shoes but also textiles, we expect quality, but also trust, respecting commitments and CSR engagement. They are asked to fill our the FWF questionnaire for external producers. In this way we know which initiatives they take to monitor labor conditions in their supply chains. Some of them are also member of Fair Wear Foundation.

3.4 Integration monitoring activities and sourcing decisions

Each new supplier needs to sign the FWF Code of Labor Practice and to fill in the questionnaire on production location data. A "due diligence check" will be done, based on performed audit reports. If a new supplier refuses to sign or to post the Code of Labor Practices, or if he is not transparent on the production locations, we will not work with this supplier.

For other suppliers, if key issues are found during an audit or serious issues are reported within the complaint procedure, our company will immediately start an open discussion with the supplier to see how it can be solved, and which immediate actions are possible. A plan of action will be set up together with the supplier and followed very closely by Bel-Confect.

In 2018, we received a negative audit report for one of our Tunisian suppliers. We are in dialogue with the factory manager to improve the topics mentioned by the auditors, and we will not increase orders before improvements will be made.

During the due diligence process we did for Bangladesh, we discovered that four factories were not willing to comply with the standards of the Bangladesh Accord on Fire and Building Safety. As Bel-Confect signed the new Bangladesh Accord that started in May 2018, we could not work with these suppliers anymore.

Our company will stop placing orders in case of unwillingness to improve, unwillingness to negotiate and set up a corrective action plan, or in case of refusal to take actions.

Furthermore, our CSR advisor informs the CEO and buyers on possible risks, for example on the changed context in Turkey. As millions of Syrian refugees live and work in Turkey now, there is an **increased risk for illegal Syrian workers and child labor in the Turkish garment sector**. Bel-Confect discussed this topic with its Turkish suppliers and received sufficient guarantees that they are not working with illegal Syrian workers.

4. Coherent system for monitoring and remediation

In 2018, Bel-Confect started up a coherent monitoring program, which includes factory audits, the follow-up of corrective action plans, informing agents, manufacturers and their employees about the Code of Labor Practices, questionnaires, a complaints procedure for workers, and factory visits.

4.1 FWF Code of Labor Practices

All our current manufacturers have received a **letter and a questionnaire** to inform them about the FWF Code of Labor Practices, which implies international labor standards including human rights, labor rights, child labor, forced labor, working time, wages and compensation, working safety including health and safety.

THE 8 LABOUR STANDARDS (www.fairwear.org)



By filling out and signing the questionnaire, they endorse the labor standards of the Code of Labor Practices. All current manufacturers must display the Code of Labor Practices at the work floor in the local language, at a visible, private place for employees, where they can read it privately. During audits and during visits by Bel-Confect staff, this is verified and followed up.

CSR became a standard topic during all factory visits in 2017-2018. We also started to use a **Health & Safety Checklist** during factory visits. This is a useful tool to have a Health & Safety overview, and if there are points for improvement, these are quickly detected, named, and resolved.

4.2 Audits

Audits are based on the FWF Code of Labor Practices. In 2017-2018, we increased significantly the number of social audits. **Bel-Confect can ensure the thresholds of 60% of the production being audited** during the second year of membership.

Beginning 2018, three important audits took place in our main production locations in Tunisia (three factories that produce almost 100% for Bel-Confect and that produce together almost 50% of our FOB production). The audits were done by Wethica, an independent audit company that is familiar to audit according to the high level FWF standards (www.wethica.com). It was the first

time that these factories were subject to a social audit, so we had to introduce the factory managers to the objectives and the methodology of the audit process.

Several important follow up issues came out of the audits: health & safety issues, need for improvements regarding fire security, time registration, hygiene, missing pay slips, no worker representation, ...

A positive outcome was that excessive overtime – which is a very common bottleneck in textile industry – was shown to be no real issue in our production locations in Tunisia. In comparison with fast fashion companies, we do not have strict deadlines for the production units. We work project based, and we communicate always very clearly with the supplier on the production time that is needed, without an absolute deadline. It is an advantage that our production locations do not need to work under pressure.

For smaller suppliers, who are not yet audited by FWF or Wethica, we always ask for other available audit reports. In this case, most factories send us a BSCI or Sedex audit report. In 2017-2018, we used the **Audit Quality Assessment Tool** of Fair Wear Foundation to screen the quality and value of these audit reports.

Audit reports executed by FWF or Wethica are always send to the CEO and CSR adviser. After receiving an audit report, Bel-Confect discusses the results with the supplier. In case of the Tunisian audits in 2018, the CEO and Procurement Manager travelled to Tunisia to discuss the results directly with the suppliers. For suppliers in other countries, follow up was done by email conversations.

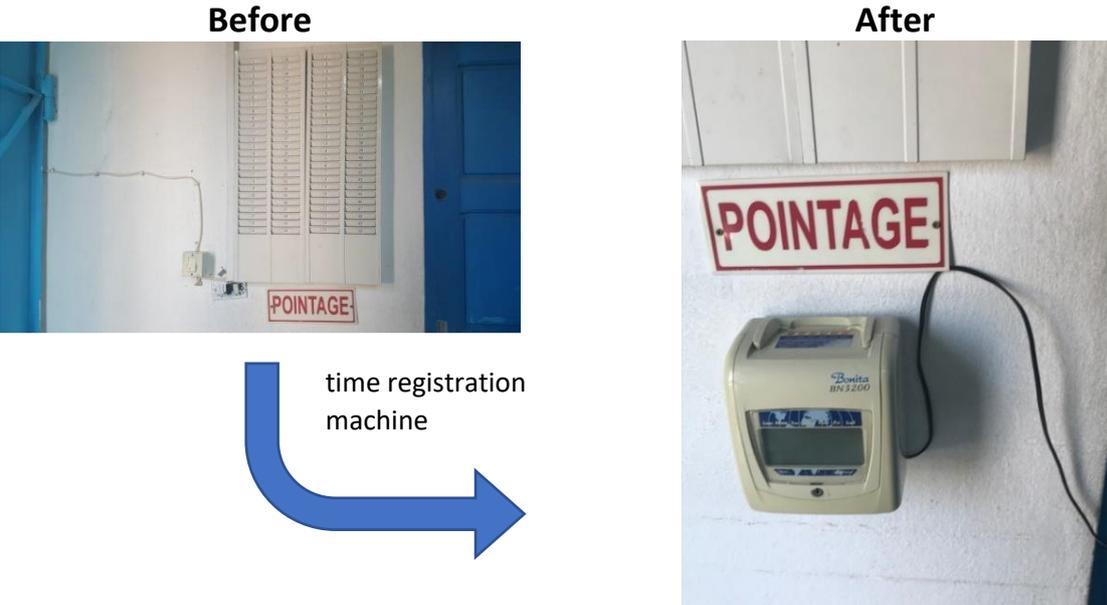
4.3 Corrective Action Plans

As member of FWF, we started to take up the responsibility to follow up the audits and to improve bottlenecks that come out of audits.

As it was the first time that most of our production units in Tunisia got a social audit, and given the fact that over 50% of our production is made in Tunisia in factories that produce almost 100% of their production for Bel-Confect, **we focused in 2018 on the follow up of the Corrective Action Plans of our main suppliers in Tunisia.**

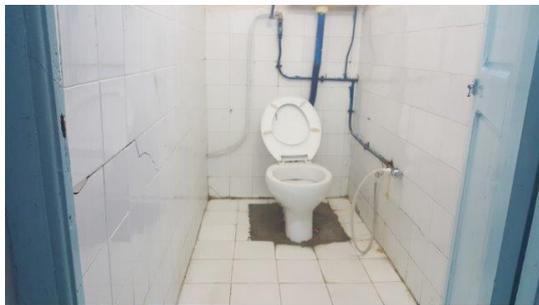
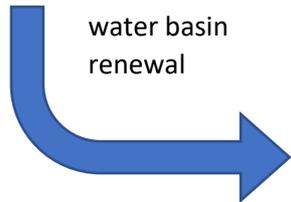
We travelled to Tunisia to discuss the audit results with the factory managers of the three units. One of our most important production units received a compliance level score 'unsatisfactory', so we invested most time in follow up of this audit. Together with the factory management, we analyzed the audit results and the proposal of Corrective Action Plan. Together we went through salary slips, internal documents and social security documents. We discussed the investments that were needed in fire safety, installation of a time registration machine, repair of toilets, hygienic needs, appointment of worker representatives, ... We agreed on a timing to complete the corrective action plan. **Bel-Confect also decided to co-invest in the remediation costs:** 70% financed by Bel-Confect's Tunisian service platform, 30% by the supplier. We will pay in tranches every time new remediations are implemented.

Thanks to a close follow up of the Corrective Action Plan, and due to constructive dialogue with and willingness from the supplier, in four months' time this supplier made **an important leap forwards:** a time registration machine is installed, a fire alarm and fire extinguishers are present now, toilets got renewed and toilet doors were repaired, emergency exits are brought in line with legal requirements, payment slips are distributed, a worker representative is appointed, etc. This production unit can probably start an extra production line for Bel-Confect.





water basin
renewal



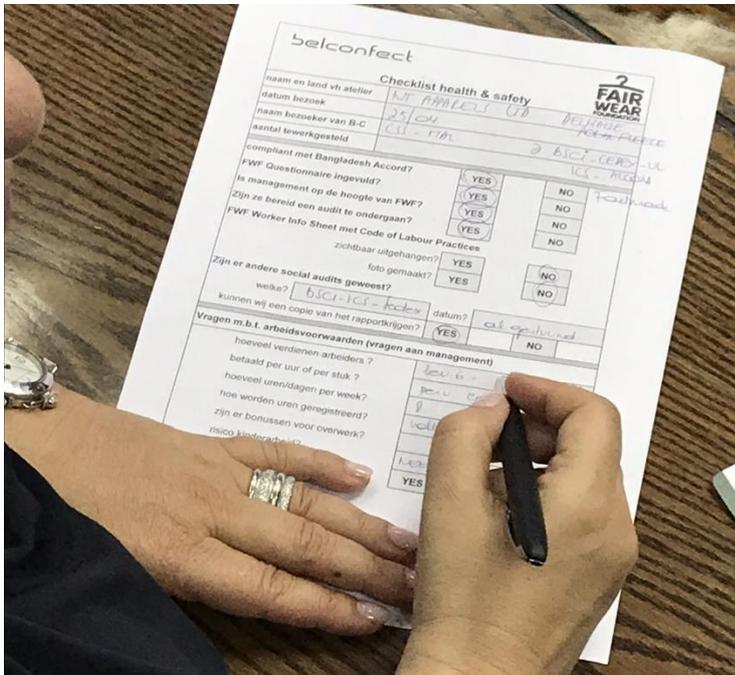
ladies toilet
renewal



We gave a clear signal to our Tunisian suppliers that social compliance is an important requirement for Bel-Confect, and by rewarding this production unit, we also want to stimulate the other units to perform outstanding regarding social, health & safety issues.

In the upcoming year, we will continue to invest in the close follow up of the CAP as part of every regular contact with suppliers, in Tunisia and in other production countries. The CEO and procurement manager are always involved, supported by our CSR advisor. On-site visits are planned on a regular basis (in Tunisia at least ten times per year), and the CAP is now always an important topic on the agenda.

Furthermore, we made a **Health & Safety check questionnaire for staff visiting factories**, to keep the supplier also attentive on these issues between audits, and to react immediately if there are incompliances.



Bel-Confect production manager filling in the health & safety checklist during a production unit visit in Bangladesh

Between on-site visits, we communicate by email with our suppliers or agents to get updates on the CAPs and to ask for updated pictures. If they come up with updates, we give them feedback and we encourage them to continue.

5. Complaints procedure

We use the FWF helpline and complaints procedure offered to FWF members. All current factories have send us pictures to prove that the FWF Code of Labor Practices (that includes the complaints number) was displayed at the work floor in the local language and available to all employees. This is checked during audits and by Bel-Confect staff when visiting the factories. This is also a requirement for new suppliers, since 2018 an order can only be possible after we receive a picture of the Code posted in the factory.

Our CEO, in consultation with our CSR Advisor, is responsible for dealing with complaints from workers or their representatives against their employer within the supply chain of Bel-Confect. We want to do everything within our power to

resolve a complaint in a timely manner, in close cooperation with FWF. We will always guarantee anonymity of the worker or representative during the complaints procedure. We will also further invest in making the complaint procedure better known to workers.

In 2017-2018 neither Bel-Confect nor FWF’s country contact persons received complaints from factory workers or management involved in our supply chain.



display of CoLP in Bangladesh



display of CoLP in Tunisia

6. Training & capacity building

Since 2017, **new suppliers** are informed by Bel-Confect on FWF membership through the questionnaire and explaining our FWF membership and the Code of Labor Practices during meetings and through information by email. The code and the contact details of the complaints handler are posted in the factory in the local language. This is monitored in the audits and during factory visits.

As a follow up of the audits done in 2018 in our production units in Tunisia, early 2019 we will conduct basic training sessions as part of FWF’s Workplace Education Program (WEP) in at least two factories, to train manufacturers and workers on the Code of Labor Practices.

In 2017-2018, we invested in training and communication with our **agents** who are in control of our Far East production. We informed them on the Code of Labor Practices, the due diligence procedure that we introduced for new suppliers, CAP monitoring, ... For an effective follow up and remediation process, it is important that also our agents are familiar with Bel-Confect's fair wear engagements, as we expect them to discuss CAP issues with our suppliers in China, Bangladesh and Pakistan.

7. Transparency & communication

We believe in an open and transparent communication with our suppliers. There are several ways through which the Code of Labor Practices is communicated to manufacturers and workers: distribution of questionnaire and lead letter, visits to suppliers to explain Bel-Confect's decision to become a FWF affiliate,... As our number of suppliers is limited, we prefer discussions on CSR matters during face-to-face **discussions in a constructive dialogue**.

Towards our customers, we communicate on our FWF membership through our website (where also the Brand Performance Check Report is published), in our brochures, and during company powerpoint presentations.

8. Social and environmental engagements

Bel-Confect wants to support fair trade throughout our own supply chain, but also in our head office in Dottignies/Dottenijs. We recently joined **Fair trade @ work**, an initiative of Fairtrade Belgium that stimulates the consumption of more fair trade products on the work floor.

In collaboration with company Vanheede, Bel-Confect developed the end-of-life **Revitex** concept to recycle garments to pellets that are used as non-fossil fuels in the concrete industry. The residues of this combustion are also transformed into concrete.

...please do not hesitate to contact us
if you have any questions or queries:

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