

# ALSICO NV – 2018 Communication on Progress



## Index

1.	Statement of continued support by the Chief Executive Officer .....	2
2.	Description of actions.....	3
2.1.	Human Rights principles.....	3
2.1.1.	Assessment, policy and goals .....	3
2.1.2.	Implementation.....	4
2.1.3.	Measurement of outcomes.....	4
2.2.	Labour principles .....	5
2.2.1.	Assessment, policy and goals .....	5
2.2.2.	Implementation.....	6
2.2.3.	Measurement of outcomes.....	7
2.3.	Environmental principles.....	7
2.3.1.	Assessment, policy and goals .....	7
2.3.2.	Implementation.....	8
2.3.3.	Measurement of outcomes.....	8
2.4.	Anti-corruption principles .....	9
2.4.1.	Assessment, policy and goals .....	9
2.4.2.	Implementation.....	10
2.4.3.	Measurement of outcomes.....	10
3.	References.....	10

## 1. Statement of continued support by the Chief Executive Officer

### **STATEMENT OF CONTINUED SUPPORT UN GLOBAL COMPACT**

Ronse, 5th November 2018

To our stakeholders:

I am pleased to confirm that Alsico NV reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations.

We also commit to share this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Vincent Siau  
Managing Director

## 2. Description of actions

### 2.1. Human Rights principles

#### 2.1.1. Assessment, policy and goals

Alsico is a family company that is globally active. We design, produce and distribute quality workwear and protective clothing. Our work is based on mutual trust between partners, respect and real concern for the people whom we work with and an economic long-term vision. Now for more than 80 years.

The textile supply chain is exposed to several severe human rights risks. Among them sexual harassment, discrimination, bonded and child labour (Caldentey, 2018). Moreover 'textile supply chains are characterized by complex networks of subsidiaries and subcontractors in countries all over the world which can jeopardize traceability of human rights abuses back to the top of the supply chain. This makes it difficult to establish responsibility and liability for abuses and further illustrates the importance of brands monitoring their entire supply chains more effectively and engaging with suppliers regarding human rights' (Clean Clothes Campaign, 2017).

Conscious of this complexity we have adopted a very clear strategy: 1) **full product and production responsibility** and 2) **increasing supply chain transparency** in order to avoid complicity with any kind of human rights abuse .

- (1) We own our production units in order to have more effective control on working conditions. Staff consists of both Belgian and local managers.
- All our units are part of a social management system monitored by Amfori/BSCI. They are regularly audited on the 11 principles of BSCI's code of conduct (which derive from the UN Guiding Principles on Business and Human Rights).
- BSCI Audit reports are feeding continuous improvement – and they are open for consultation by stakeholders.
  
- (2) Following our commitment to the [Dutch Agreement on Sustainable Garments and Textiles](#) we have adopted due diligence approach. Based on information we had on our supply chain we mapped social and human rights risks.
- In addition we adopted a strong supplier code of conduct demanding our suppliers to comply with our CSR Guidelines on Human Rights, Working Conditions, Environment and Ethical Business Behavior as well as to cascade these guidelines through their supply chains.
- The suppliers code of conduct also mentions that we will categorize suppliers following the degree of transparency they show. Non-responding suppliers will be barred from tenders.

## **From our Supplier Code of Conduct:**

### *1. Human Rights*

#### *1.1. Respect for human rights*

*ALSICO Suppliers shall support and respect the protection of internationally proclaimed human rights; they shall comply with all applicable human rights laws including the European Convention on Human Rights.*

#### *1.2. Avoid complicity in abuse*

*ALSICO suppliers shall make sure that they are not complicit in human rights abuses. They shall ensure that their affiliates, representatives, agents, subcontractors, suppliers and employees comply with all applicable human rights laws including the European Convention on Human Rights.*

#### 2.1.2. Implementation

- (1) at company level (Ronse site + production units):
- Communicating Amfori/BSCI-guidelines to local staff and workers.
- On site visits (once per month Quality manager, all Tunisia-sites visited by CSR-manager end October 2018).
- All production units are part of valid BSCI-audit cycles.
- Only fabrics with Oeko-tex 100 standard are purchased – as part of our effort to eliminate toxic and health risks for both workers and wearers.
- Gender and discrimination policy discussed with local management as a material topic for our units (first step: mapping gender and age patterns, needs, risks. Next: installing backup grievance mechanism – in addition to existing channels such as ‘trusted persons’). **SDG5**
- (2) Along with the new supplier code of conduct an inquiry on supply chain transparency has been sent to all of our Tier one fabric suppliers (high risk supply chains). They were asked to give names and locations of their Tier 1 and 2 suppliers (yarns and fibers).
- Based on the information (signature of code/degree of transparency) we categorized our suppliers and asked them to discuss the topic in a regular meeting.
- Locations and names also serve to update our human rights due diligence and to establish new goals and actions in our Plan of Action (Dutch Agreement on Sustainable Garments and Textiles).

#### 2.1.3. Measurement of outcomes

- (1) All three production units (Tunisia) have BSCI-guidelines communicated in form of posters in the working space. Suggestions boxes installed. All three will need new BSCI audits in 2019.
- Our quality manager will continue to visit the sites on monthly basis in 2019. CSR is in close contact to monitor ongoing and new actions.
- The gender map will serve as a basis for future measurement (of training needs, protection of young workers).
- EcoVadis has rewarded us with Gold status in June 2018

- (2) at supply chain level: As much as 85% of our fabric suppliers have signed the new supplier code of conduct.
- 42% of suppliers have given information on yarn and fiber suppliers, counting for 60% of our fabric purchases.
- Face to face discussions with the suppliers aim to improve these numbers in the near future.

The CSR manager reports on both 1) and 2) directly to the general manager.

- No investigations, legal cases, rulings, fines and other relevant events related to Human Rights have been encountered in our production units. We cannot exclude such cases for the whole of our supply chain, since large parts of yarn and fiber producer remain uncovered.

## 2.2. Labour principles

### 2.2.1. Assessment, policy and goals

The same dual strategy applies to monitoring the labour principles established by the UN Global Compact and improving general working conditions.

- (1) **full product and production responsibility** in regard to working conditions
- (2) **increasing supply chain transparency** in order to avoid complicity with any kind of abuse or disregard of the labour principles.

### **From our Supplier Code of Conduct:**

#### *2. Working conditions*

##### *2.1 Freedom of Association and Collective Bargaining*

*ALSICO suppliers must recognize and respect any rights of workers to exercise lawful rights of free association, including joining or not joining any association. ALSICO suppliers also must respect any legal right of workers to engage in collective bargaining.*

##### *2.2. Fair remuneration*

*ALSICO strongly encourages its suppliers to pay workers a living wage instead of just the legal minimum wage.*

##### *2.3. Child Labour*

*ALSICO suppliers must categorically reject the employment of children. They, their affiliates, representatives, agents, subcontractors and suppliers must comply with all conventions or guidelines in relation to the prevention of child labour adopted by the International Labour Organisation (ILO), including the Minimum Age Convention.*

#### 2.4. Special Protection for Young Workers

*ALSICO suppliers must provide special protection to any workers who have reached the minimum age to work but who have not reached legal adult age.*

#### 2.5. No forced or compulsory labour

*ALSICO suppliers, their affiliates, representatives, agents, subcontractors and suppliers must not use any type of involuntary or forced labor, including indentured, bonded, prison or slave labor.*

#### 2.6. No discrimination

*ALSICO suppliers, their affiliates, representatives, agents, subcontractors and suppliers must reject all forms of discrimination (color of skin, gender, language, ethnic origin, religion) in respect of employment and occupation. They should strive to create working conditions free of sexual, psychological or verbal harassment.*

#### 2.7. Occupational Health and Safety

*ALSICO suppliers, their affiliates, representatives, agents, subcontractors and suppliers must ensure a healthy and safe working environment, assessing risk and taking all necessary measures to eliminate or reduce it.*

#### 2.8. Working hours

*While permitting flexibility in scheduling, suppliers should not exceed local working hours except for appropriately compensated overtime.*

#### 2.9. No precarious employment

*ALSICO suppliers must hire workers based on documented contracts according to the law.*

### 2.2.2. Implementation

- (1) Both Ronse site (B) and our own production units comply with legal standards in regards with working conditions (collective bargaining and freedom of association, legal working hours, minimum wage, healthy and safe working environment). We can ensure that no child labour, nor bonded labour is taking place at our production sites.
- Employees have filled in an inquiry on the satisfaction with working conditions **SDG8**
- Ronse site has given special attention to health and wellbeing of its employees with a Fitbee-programme (game-like improvement of physical condition) and collective sports on Thursdays. **SDG3**
- (2) at supply chain level: Based on information from our Tier one fabric suppliers we have conducted a due diligence on labour rights. For each known location we have listed potential risks. Since information is incomplete – especially further down the chain – complicity with labour rights abuse cannot be excluded at this stage.

- A new due diligence is being conducted, based on information we gathered from a recent inquiry among our Tier one fabric suppliers.
- The above mentioned Supplier Code of Conduct has been presented to Tier one fabric suppliers for signing.
- All known Tier one (fabric), two (yarn) and three (fiber) will be screened by Ecovadis in 2019.

### 2.2.3. Measurement of outcomes

- (1) at company level (Ronse site + production units): No investigations, legal cases, rulings, fines and other relevant events related to Labour Rights have been encountered in our production units.
- 83 employees out of 120 have filled in the questionnaire on working conditions (69%), general satisfaction is at 3,87/5, while satisfaction with working condition is at 3,33/5.
- 86 employees out of 120 have participated in the Fitbee-programme (72%)
- EcoVadis has rewarded us with Gold status in June 2018
- (2) at supply chain level: Assessment of labour-related risks in our supply chain (countries of all known T1,T2 and 3) has been conducted, pointing at gender discrimination and living wage as the two most relevant labour rights risks.

## 2.3. Environmental principles

### 2.3.1. Assessment, policy and goals

The same dual strategy applies to monitoring the environmental principles established by the UN Global Compact. Aim = limiting negative environmental impact and increasing positive impact of our activity.

- (1) **full product and production responsibility** in regard to environmental impact
- (2) **increasing supply chain transparency** in order to avoid negative environmental impacts further down the chain and increase awareness and positive impacts
- The short term goals we have set regarding environmental principles (2018):
  - raising awareness among workers in regard to environmental impacts
  - reducing CO2-footprint pro garment with 10% **SDG13**
  - integrate full circular workwear in our offerings **SDG12**
- The long term goals we have set regarding environmental principles (2021):
  - reducing overall CO2 footprint by 30%

### 2.3.2. Implementation

- (1) at company level (Ronse site + production units): all direct impacts are controlled and improved through our ISO14001 environmental management system (Ronse site)
- A series of workshops on sustainability and environmental impact in the textile industry have been given (May/June 2018)
- One of these workshops has built on the results of the 2017 measuring of our Carbon Footprint: a focus group was created, followed by a series of meetings that resulted in concrete CO2-actions: 1) increase sustainable fabrics in our offerings, 2) standard offer for collection and recycling of used clothing, 3) sustainable paper boxes, 4) review of transport trajectories and suppliers, 5) mobility scan, 6) new print and copy policy, 7) energy savings @your desk 8) new packaging instructions.
- Action 1) is part of a larger effort that includes offering of full circular workwear (100% recyclable fabrics, collection and recycling to fibers/fabrics).
- Alsico will compensate its CO2 footprint (all production related areas, minus raw materials) through a tree-planting project in Madagascar. We will offer our clients to do the same by compensating the raw materials (fabrics) they choose.
- New CO2-neutral warehouse is being build
- (2) at supply chain level: all our suppliers were asked to subscribe the following environmental principles in the supplier code of conduct:

### *3. Environment*

#### *3.1. Non-toxicity of production process, products and services*

*Suppliers take all necessary steps in order to make sure that processes, products and services are safe for human beings and compliant with all European regulations as well as the local laws of the country and region in which they operate. They should encourage their business partners to take the same precautionary approach to environmental challenges;*

*3.2. Circular approach to raw materials and energy Suppliers are expected to pursue effective environmental protection throughout the supply chain in order to reduce the environmental footprint of our products through-out their life-cycle. This comprehensive approach includes but is not limited to: reducing energy, water consumption, CO2- emissions, waste, increasing use of renewable materials and energies, sourcing locally, training people, invest in environmentally friendly technologies.*

### 2.3.3. Measurement of outcomes

- (1) at company level (Ronse site + production units): ISO 14001 (and ISO9001) have been reconfirmed by follow up audit (October 2018)
- Our CO2 focus group counts 11 – voluntary – members (out of a 115 workforce)
- 8 CO2-projects have been launched, counting for 1,8 tons of CO reduction after year 1



- 550 ton of clothing have been recycled (to insulation materials) or 37% of all raw materials (fabric) we buy
- 166 ton of production waste (100% of all rest fabrics) are recycled to cushion fillings
- 54 412 trees will be planted in Madagascar, compensating all the CO<sub>2</sub>-emissions from our production activity
- (2) at supply chain level: 85% of our suppliers has signed the code of conduct
- All fabric suppliers have sent valid Oekotex 100 certificates for the fabrics the deliver

## 2.4. Anti-corruption principles

### 2.4.1. Assessment, policy and goals

The same dual strategy applies to monitoring the anti-corruption principles established by the UN Global Compact. Aim = excluding corruption at any level of our activity. Although corruption is not among the high risk factors in textile industry (Caldentey, 2018), we consider anti-corruption policy of the highest importance.

- (1) **full product and production responsibility** in regard to anti-corruption
- (2) **increasing supply chain transparency** in order to avoid corruption further down the chain and increase awareness
- (1) at company level (Ronse site + production units) there is zero tolerance regarding corruption/bribery/conflicts of interest, that is reflected in our workers contracts.
- (2) at supply chain level we have adopted a similar zero tolerance approach, reflected in our supplier code of conduct.

#### 4. Ethical business behavior

*4.1. Alsico NV does not tolerate any acts of corruption, extortion, embezzlement or bribery in the Supplier's facilities nor in its supply chain. Suppliers, their affiliates, representatives, agents, sub-contractors, suppliers and employees shall comply with all applicable anti-bribery laws and regulations, including the US Foreign Corrupt Practices Act and the UK Bribery Act 2010. Suppliers are expected to operate honestly and equitably throughout the supply chain in accordance with local laws pertaining to:*

- *Business Integrity - Anti-Corruption rules*
- *Disclosure of Information to stakeholders*
- *Protection of Intellectual Property*
- *Responsible Sourcing*
- *Respect of Company and Personal Data: compliance to GDPR*
- *Conflicts of interest*

*4.2. ALSICO suppliers warrant that they shall not (they shall ensure that their affiliates, representatives, agents, sub-contractors, suppliers and employees shall not) give, offer or pay (either directly or through a third party) the payment of any financial or other advantage to any*

*third parties, which would cause us, our affiliates or any group companies or agents to be in violation of any applicable anticorruption laws, including the US Foreign Corrupt Practices Act and the UK Bribery Act 2010.*

*4.3. ALSICO suppliers shall disclose to us all payments they (and/or their affiliates, representatives, agents, sub-contractors, suppliers and employees) have made, are obligated to make or intend to make to any agents, brokers, intermediaries or other third parties in connection with the awarding of any Orders.*

#### 2.4.2. Implementation

- (1) anti-corruption policy is communicated to workers through the official labour rules (Arbeidsreglement), containing a paragraph on anti-corruption. Breaching this paragraph is a reason for immediate ending of the contract
- (2) code of conduct has been presented for signing to our suppliers
- A new framework for suppliers – stipulating all legal commitments for both parties – is to be sent
- Due diligence – based on the inquiry of our T1 fabric suppliers – will be carried out as well for anti-corruption risks

#### 2.4.3. Measurement of outcomes

- (1) all workers have become a copy of the labour rules
- (2) 85% of suppliers have signed the code of conduct (October 2018)

### 3. References

Caldentey, L. S. (2018). *“European textile industry and human rights due diligence: Key developments, human rights allegations & best practices.”* Brussels. Retrieved from [https://www.business-humanrights.org/sites/default/files/EU\\_Textile\\_Briefing\\_Final.pdf](https://www.business-humanrights.org/sites/default/files/EU_Textile_Briefing_Final.pdf)

Campaign, C. C. (2017). *Follow the thread. The need for supply chain transparency in the garment and footwear industry.*