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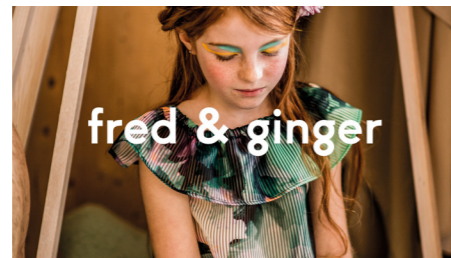


**SUSTAINABILITY
REPORT
2017**

BRAND PORTFOLIO



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MESSAGE FROM THE FOUNDER



As mother of 5 wonderful children, I try to give them a bright future.
I try to tell them how precious all life is and as a humble part of nature we should take care of it with great respect.
I explain to them that being gifted turns into happiness if you learn how to give.
I hope when they grow up, they will realise they live in prosperous circumstances, a quite unique position.

As founders of a great company, we try to give our people a bright future.
I don't have to tell them how precious life is, they know.
They show respect in the way they take care of each other.
They have strong opinions on sustainability and we can only encourage that.
They share and grow their talents beyond company borders.
We realise we build our story in prosperous circumstances, a quite unique position.

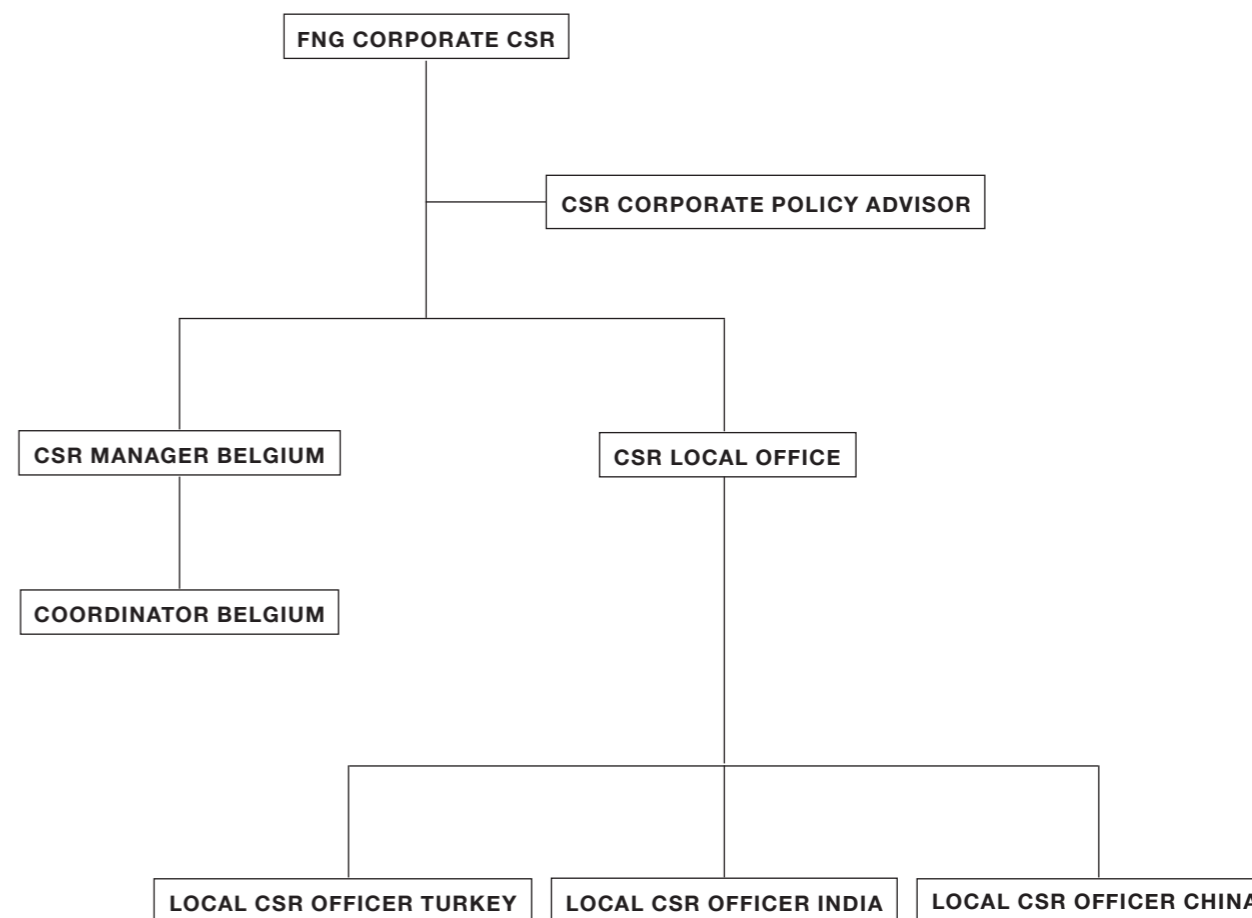
As directors of a complex production chain, we feel responsible for all people involved.
We're determined to improve the lives of our suppliers' employees.
We make great effort to diminish our footprint, conserving the earth's resources for generations to come.
I dream about prosperous circumstances for all and that starts with ourselves.
In every act, in every choice lies the possibility of change. A unique position?

Anja Maes | Founder & Head CSR



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OUR STRUCTURE



OUR CODE OF CONDUCT

We are aware of the potential impact of the apparel supply chain on society and the environment. This is what aspires us to bring articles to the market which are produced in a fair, honest and environmental-friendly manner; with respect for the people who work hard and commit their time and effort to creating them.

Following all legal requirements

No forced labour

Legal work contracts

Freedom to join a union

No child labour

No discrimination

Fair treatment of employees

A safe and healthy workplace

A fair remuneration policy

Environmental and product safety

Animal welfare

OUR STAKEHOLDERS

On our sustainability path, we walk next to our stakeholders. Together with them we make choices and define our goals.

LEARNING FROM EXPERTS

We take pride in being a member of Fair Wear Foundation and MODINT.

We have chosen Fair Wear Foundation as a partner in our people-oriented approach. Together with this non-profit organisation we work on improving workplace conditions in our production countries. We have agreed to adopt the Fair Wear Foundation Code of Labour Practices and respect it with all our suppliers.

Being a member of MODINT, opens up numerous possibilities for us to always learn more about sustainable materials. MODINT regularly informs us on sustainable innovations in the fashion industry and guides us in finding better alternatives.

Through an honest dialogue, our partners hand us over their knowledge and expertise. We are thankful to them for actively supporting our sustainable development and always keeping us motivated to step forward towards a better fashion.

STANDING CLOSE TO OUR CUSTOMERS

Always having sustainability in mind, we try to provide our customers with what fits their needs the best. We listen to them and we choose solutions they seek for: sustainable fashion that surpasses trends. We create our clothes with a purpose of giving them a long life - with a proper care, they can last a lifetime. This is why it is our mission to constantly

keep our customers informed about their responsibilities when it comes to garment care. In 2018, this information will also be shared on our care labels.

Every three months, we invite all our shop employees to the head office for an update on our CSR policy and activities. This way we coach them to face any question on the workfloor. All our colleagues can always communicate to our CSR Coordinator regarding any dilemmas they might have.

We always like hearing our customers' voice, this is why we encourage them to contact us via our mail mvo@fng.eu with any question. We are happy to notice that our customers have also become more critical when it comes to sustainable fashion, as lately we have been receiving more questions and ideas than one year ago.

BUILDING LONG-LASTING PARTNERSHIPS

We strongly believe in social dialogue, transparency, mutual respect and cooperation. These are the values we always seek in our suppliers as well - which leads to building steady and long-lasting partnerships. By close collaboration of our local CSR Officers, our CSR team in our headquarters and our buying teams, we aim to tackle the most crucial aspects of human rights and health & safety issues in the first place. Maintaining reliable relationships with our suppliers is a very important element in this process.



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SOURCING STRATEGY & MONITORING

SOURCING STRATEGY & PRICING

We aspire to build strong & long-lasting partnerships, relying on trust and transparency. There are various important pillars determining the sourcing strategy of our brands. In quest of optimizing supply chain to be more cost-effective, of increasing speed to market with the best product quality, we do give strong emphasis on sustainability. Our suppliers undergo continuous screening on social requirements.

Sourcing Market Know-how on which countries and regions are specialised in which product, gives us opportunity to optimise pricing. Both the sourcing teams in our headquarters and our local FNG buying offices are aware of the components building up the product cost.

Besides contractual agreements, our suppliers need to agree on respecting our Code of Conduct and the Fair Wear Foundation Code of Labour Practices, our Restricted Substances List and our Corporate Product Policy.

Vendor set-up procedure allows visibility to all departments as a new supplier needs to be audited on quality assurance

systems, financial stability and compliance with social requirements. Before the production takes place, FNG local CSR officers who are specialised in local law & legislation go to production locations for an initial audit.

ORGANISATION OF THE SOURCING DEPARTMENT

Sourcing department in HQ comprises of buyers, product development team, styling & administrative production planning support who are dedicated per brand.

Buyers are responsible for selecting the right manufacturers for the right product/ the right price/ the right time in store.

Product development sets the fitting right and evaluate each garment on technical way.

Our local buying offices in Turkey & Asia ensure the close contact with suppliers & buyers. They coordinate the production planning, quality control in factories and provide cost analysis as support to buying teams in HQ.

PRODUCTION CYCLE & PLANNING

In general terms, there are two main seasonal collections with three to four delivery schedules. Lead times differ from 8 to 16 weeks depending on the country being sourced and product complexity. Seasonal calendars and critical path are shared with suppliers as well as the projected number of styles. This allows our suppliers to study their own deadlines/ capacity and procurement to ensure all goods are shipped in the right time.

INTEGRATION MONITORING ACTIVITIES AND SOURCING DECISIONS

As a part of sustainable sourcing strategy, it is important to consider social & environmental elements when taking business decisions. Every season, suppliers are being evaluated with a scorecard which takes quality, on time delivery, product capabilities and CSR into account.

Our policy supports encouraging suppliers to bring improvements on these parameters. There is close communication between sourcing (buyers & local merchandisers) and CSR coordination team. All updates on audit reports are shared real time along with corrective action plans. Buyers take these points in their agenda during meetings with suppliers.

In 2017, we had to terminate business relationship with few suppliers in different countries due to lack of commitment & transparency in sharing information. If a supplying partner is willing to take steps towards improvement, even though the action plan list is long, our policy is to support them by giving guidance & time. We believe that this is the most efficient way to create positive change, even more, we feel this support is our responsibility as a brand.



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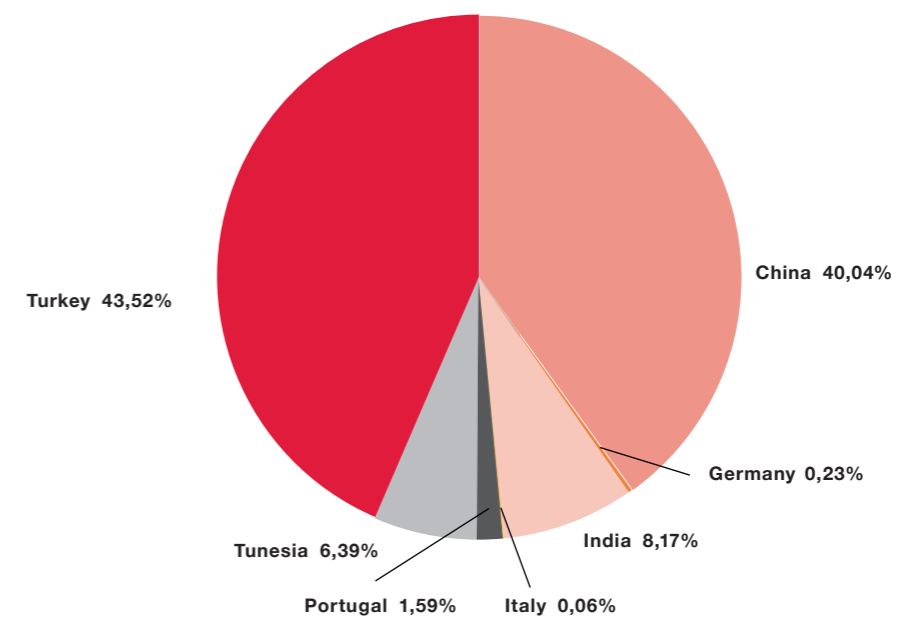
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PRODUCTION COUNTRIES

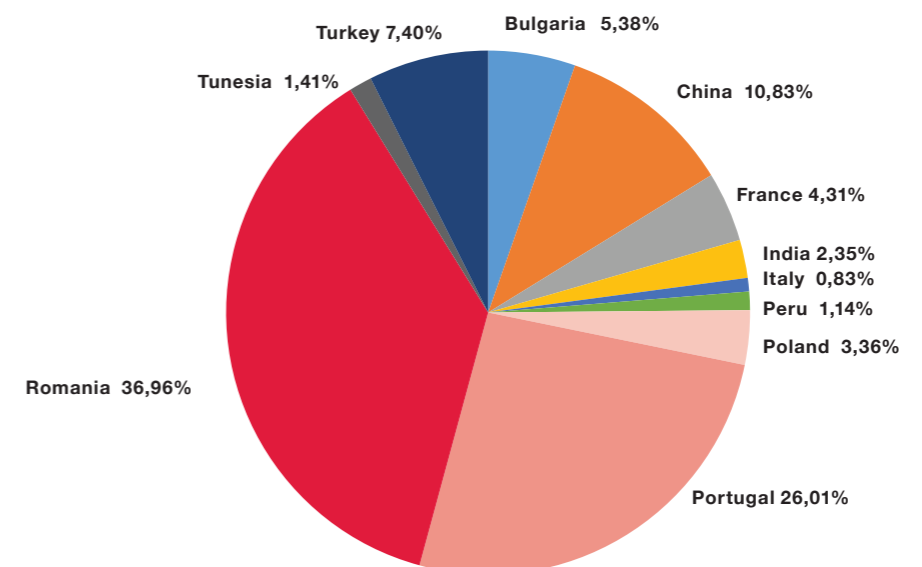
The production of our articles is fully outsourced to our partnering factories around the globe. In order to monitor our supply chain in the most efficient way, we have shared

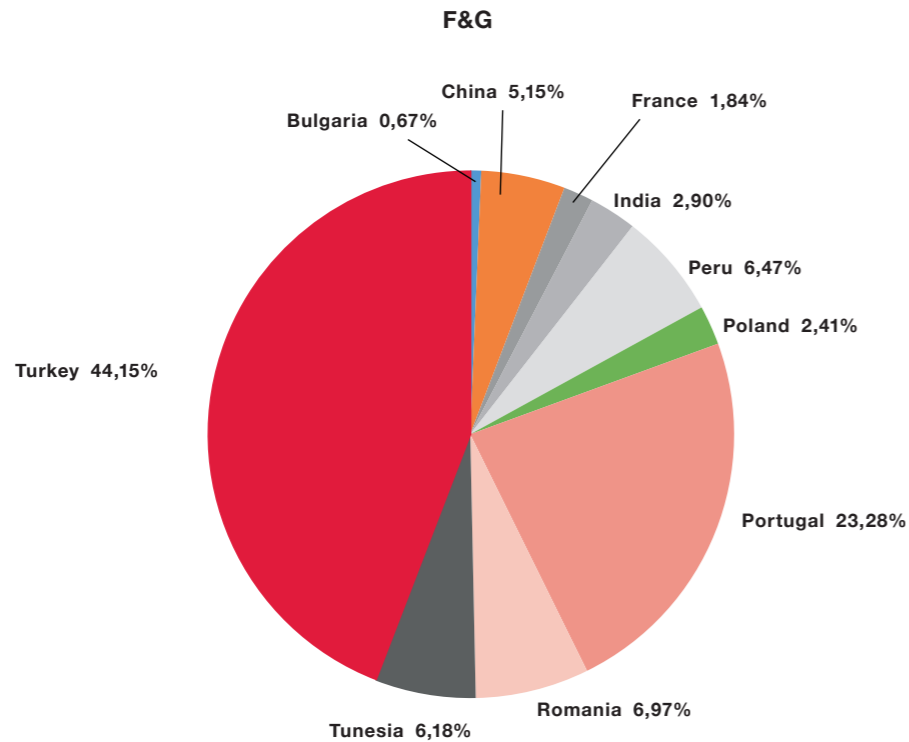
the complete list of all known production locations, with the name, address and the production processes details with the Fair Wear Foundation.

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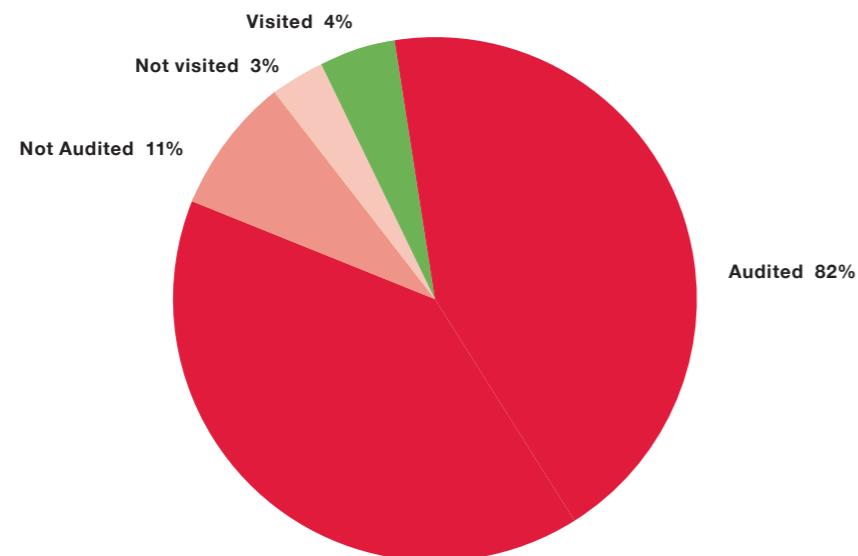
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In our three largest production countries - Turkey, India and China, we get support from our local buying offices. Close collaboration between our headquarters and the local offices leads to smoother communication with our suppliers. This also ensures frequent visibility & presence on the workforce. In 2017, we have invested in a dedicated local team of CSR Officers in these three countries, who

are specialised in social & environmental aspects and experienced in factory auditing. Our CSR Officers are responsible for verifying whether our Code of Conduct is being respected and applied. They are the ambassadors of our vision and spread it by training the workers, creating awareness and partner with the factory management teams to implement the remediation plans.



In 2017, our main focus was monitoring the production locations in the high-risk countries. Taking into consideration the fact that our biggest partners operate here, we needed our local CSR Officers on the field doing full initial factory audits, as well as following up on the progress of the Corrective Action Plans. Herewith we have also been supported by the Fair Wear Foundation local auditing teams. They have audited nine of our factories in total - five in Turkey and four in China.

Besides the full factory audits which have been done in our most important partnering factories in the high-risk countries, our buyers and our CSR Coordinator from the headquarters have also visited our most important suppliers in low-risk European countries, such as Portugal and Italy. These suppliers are in general much smaller, and thus also taking noticeably less orders.

Among the suppliers in the low-risk countries, we have set our focus primarily to our clothing suppliers. In the near future, we plan visiting all the accessories suppliers as well.

From our experience so far, we notice that our suppliers are becoming appreciably more familiar with the corporate social responsibility. On the other side, due to the brands' low order quantities and, therefore, low leverage in the factories, we sometimes face difficulties in implementing the changes. We do, however, fondly believe that our strategic approach and mutual understanding will bring good results.

COUNTRY-RELATED RISK MATRIX

In order to better address the potential problems in our supply chain, we have developed a Country-related Risk Matrix. This tool is based on different country studies and takes as its starting point all the commonly known problems on a production country level. Our local CSR Officers have personalized our Matrix by adding their own audit findings. This helps us better define and quantify

difficulties at the partnering factories, as well as determine the urgency to act.

TURKEY

Being our most important production country, Turkey has been one of our main focuses in the year 2017. Our local CSR Officer has visited all our production locations in the country, conducted full initial factory audits and has been closely following up on the improvements from the Corrective Action Plans. We have also asked for support of the Fair Wear Foundation auditing team, which has conducted five initial audits and will be conducting a verification audit in the year 2018.

One of the most common difficulties we face in Turkey has been the lack of the Age verification system at the production locations. Many factories do not have a developed employment structure, which means the factory management does not undergo a thorough screening of a potential employee's background before officially hiring them. Our CSR Officer has reacted to these findings immediately, primarily by informing the factory management of potential risks this may cause, but also suggesting and leading the management towards solutions. This problem occurs very frequently in Turkish factories, but it is luckily very easily solvable - we advised our partnering factories on collecting a copy of an identification document prior to hiring any new workers in the future. Health & Safety issues are another point our CSR Officer often notices at the production locations in Turkey. However, we believe this kind of problems are not difficult to solve - with the right support to the factory. Another frequent issue is an often presence of Syrian immigrants working in the factory without complete immigrant documentation. Since this was an urgent matter, seeking for efficiency, we started collaborating with a Turkish NGO which dedicates itself to the integration of the Syrian refugees in Turkey. We acted immediately on this matter, firstly by educating factory management and the workers about the issue and the possible solutions,

then by bringing them in contact with the NGO. The factory managements reacted positively to these actions, which proved once more that patience and sharing information and knowledge is the most efficient way to implement the Corrective Action Plan at a production location.

INDIA

When it comes to India, most common problems are related to gender discrimination, putting the female factory workers in difficult situations. Being a woman herself, our local CSR Officer in India works on a closer approach and pays special attention to this kind of possible difficulties in the factory's communication and operations. During the audits, our CSR Officer never misses the chance to inform the factory employees of the Fair Wear Foundation hotline, which serves to address problems of any kind. This is a very important element of every factory audit, which also targets the questions such as freedom of speech and grievance mechanism in the factory. By contacting this hot-line, factory workers can anonymously make complaints in case their human rights are being affected in any way. Other familiar problems in India are in regard to the factory documentation follow up, where we learned about the administration not always being as transparent as it should be, or we faced some inconsistencies in working and payment records. This is a very common problem, which has our full attention. Step by step, we are going towards mutually beneficial solutions - through an open dialogue, we encourage our partners to be more transparent, while in the same time we look together for solutions in production management.

CHINA

Our second most important production country has been widely known for issues around excessive working hours. This problem occurs mostly as a result of a labour shortage. Our local CSR Officer in China has made this matter one of his main working points, and is actively developing our country-related approach around it. During the factory audits, our CSR Officer investigates the reasons

which could possibly lead to excessive working hours, in order to find the best solution. When it seems that the problem occurs more than only occasionally during the peak-seasons, in dialogue with our suppliers, we search for the best solutions. Encouraging the factories managements towards more transparency of all the records is always on the top of the agenda of the factory follow up audits. From our experience we have learned that the most important element of the process is staying honest with our supplier and not demanding change or turning our back to them, but working together on realising it. Other problems we have faced in China are some Health & Safety issues, which we believe are easily solvable with enough of mutual support and determination to implement the Corrective Action Plan. We have also learned that reasons for irregularities at the production locations often exist due to the lack of information and insufficient knowledge on the topic. Our local CSR Officer's mission is, therefore to educate both the factory management and the workers through regular factory visits, sharing with them his experience and expertise in the field of sustainability.

TRANSPORT OF GOODS

Our constant seek for possibilities of reducing the CO2 emissions, naturally brings to our attention also the transportation of our goods. Some of the transportation is our own responsibility, some other is carried out by our suppliers. In both cases, when it comes to our non-European orders, we agree with our suppliers on taking transportation by boat as the main choice. Only due to very late shipments, we occasionally chose for the air transportation. Our products made on the European continent and in Turkey are nearly always shipped using the road transportation.



BAKER BRIDGE

TRAINING AND CAPACITY

HEADQUARTERS

In February 2017 we have officially become a member of Fair Wear Foundation. Two months prior to this event, when our work plan was accepted by Fair Wear Foundation, we have organised a big info-moment for all the employees in our headquarters. The founders of our company started the presentation, sharing their vision of sustainable fashion business. Together with the CSR team, our strategic plan and next steps were explained to all our colleagues and our Fair Wear Foundation membership was announced.

Beginning of February 2017, the director of the Fair Wear Foundation visited our headquarters together with our case manager and the Foundation's communication responsible. Once again we have organised an info-moment for all our colleagues, where one of our founders - the head of our CSR team, signed the Fair Wear Code of Labour Practices together with the director. The same day we organised two workshops for our colleagues: a general one where we shared more details about our cooperation with the Fair Wear Foundation, and a more specific workshop for our CSR team. In the latter one, each side explained their expectations and we discussed our cooperation more in detail.

In the spring of 2017, we have organised a one-day workshop with MODINT, specially adapted for our buying and styling departments. MODINT's sustainability experts visited our headquarters that day, sharing their expertise around sustainable materials with our colleagues. This was a very important step, since our styling and buying departments have a wide influence in our creation process. The workshop was very interactive and the feedback we received from our colleagues was beyond positive.

In the meantime, our CSR team has agreed on giving regular semi-annual updates to our styling department regarding sustainable materials innovations. Therefore, we organised a follow up workshop for all our buyers, stylists

and product developers. Main focus of the workshop was learning to recognise the positive and negative aspects of the materials we use, as well finding more sustainable solutions. We are very happy to notice that since then, our colleagues come to us for advice on material choice much more often.

Four times per year - usually with each new collection presentation - our CSR team organises a short training for our shop employees, giving a detailed update of our recent activities and our future strategy and steps. On the other side, this serves as a great opportunity to hear from the first hand which questions often come up in our shops. This valuable feedback guides our further communication to the customers.

LOCAL BUYING OFFICES

Our local buying offices receive regular trainings around our CSR policy, too. Our local CSR Officers make sure our colleagues are always up to date on our actions, and they have also organised an apart training around our Fair Wear Foundation Membership. It is a crucial matter that all our sourcing teams in direct contact with the suppliers are aware of our policy and way of implementing it in our supply chain.

In the meanwhile, our CSR Coordinator from our headquarters is actively following and taking part in workshops, seminars and educational projects around sustainability and sustainable innovations. We have been present in several local events, a Fair Wear Foundation member seminar in Amsterdam, Inspirational Day organised by the Clean Clothes Campaign in Belgium, and a three-day seminar on implementing sustainability - organised by CSR Flanders.

AGENTS

Our supply chain does not contain many intermediary agents. All our business relationships are direct with the suppliers, some straight from our headquarters and others from our local buying offices. We only work with a couple of agents in Europe and our relationship with them has lasted for years now. During factory visits in Europe, our buyers always try to transfer our policy and values to our agents and factory managements. In addition, our CSR Coordinator has travelled to Portugal, our most important European sourcing country, and organised a training for our agent and the management of partnering production locations.



TRANSPARENCY AND COMMUNICATION

In our head office, the CSR Coordinator writes our CSR Newsletter and sends it out to all our head office employees. Here we share important news from our CSR teams, announce upcoming activities and give useful tips to our colleagues on how to work and live in a more sustainable way.

Our regional managers share afterwards the highlights of these Newsletters with our shop employees. In addition, we have created a detailed Questions & Answers list for our shop employees around our sustainability policy - with a purpose of serving our customers better on the shop floor.

Our CSR team also has regular meetings with the buying and sourcing team, in order to exchange updates on each other activities and share ideas for future steps.

Regular meetings within the complete CSR team are being held at least twice per month. Here we discuss our future strategies, decide next steps and update on operational work of the teams members.

On our website we share our sustainable story with the public. We try updating it with any important news, but we also rely on our customers or third parties on contacting us via mail (mvo@fng.eu) for additional explanations.

WE GO A STEP FURTHER

WE SHARE WHAT WE HAVE WITH THOSE WHO HAVE LESS

By providing clothing, footwear and financial donations, we help various social initiatives. In doing so we give our contribution to fighting poverty. To serve this cause better, we have chosen to partner up with the Wereld Missie Hulp - a worldwide relief organization. This way we ensure our clothes don't end up in a landfill, but are reused by the people who actually need it or are being recycled. Wereld Missie Hulp offers us a possibility to support good causes with financial donations as well. In 2017, we supported a local Congolese community in realising an educational project for vulnerable women.

Every year we try providing our help equally to as many people and organisations as possible - this is why once per year our CSR Coordinator structurally screens and chooses new charity projects.

Upon the end of every season, we donate the remains of our shop uniforms to the organisation Moeders voor Moeders (Mothers for Mothers), which specifically addresses mothers with young children. The aim of this organisation is to provide material help to mothers with small children, and help them bridge critical situations.

WE CARE ABOUT OUR MATERIALS

The products released to the market with our label on it, need to fulfil the requirements of the REACH legislation; this law forbids the use of harmful chemicals in products that are sold in Europe. All applicable chemicals are specified in the our Restricted Substances List (RSL). This list is continuously adjusted and updated to meet the stipulations of the latest legislation. We agree with all our suppliers on following these rules. Every season, we also perform random tests on the products as part of the commitment to the REACH Legislation. Our RSL has been uploaded to our Corporate website and is available for the public.

We are not only committed to avoiding negative effects which may come as a result of the production of its articles. We are also decisive on going a step further and focusing on making a positive social and ecological impact and leading towards a cleaner textile industry. As such, we have developed our Corporate Product Policy in which our guidelines, demands and preferences for the ethical purchase of (sustainable) materials are described. Our Corporate Product Policy has been uploaded to our Corporate website and is available for the public.

COMPANY OPERATIONS

Both the production as well as the shipping of our articles, the work of our shops and our head office demand significant amounts of energy. Furthermore, production requires enormous water usage and there is unavoidable waste created in the process. This is why we have put our focus on the Energy & Climate, Water, and Waste management.

Recycle In our headquarters and all our stores cardboard, glass, plastics, metals and textile materials are separated for recycling. Also clothing hangers and boxes are being reused.

Sustainable building Our head office has been built in the year 2015, using most sustainable materials and energy. Its position has been chosen strategically - just a couple of minutes walk from the train station and right next to the Cycle Highway. Naturally, we actively support using the public transportation and provide a 100% refund for our employees.

Our head office and all our shops use LED lighting. Even more, our head office has installed motion sensors - so the last one to leave never forgets to switch off the lights. We have developed a system for rainwater recuperation, while in order to help preventing the declining of honey bees, on our green rooftop we have installed several beehives.

We own a couple of company bicycles, which stand at disposal to our colleagues at any time. We provide facilities for bikers, such as parking space, showers and dressing rooms.

Minimise waste We always look for new ways of wise waste management. In our head office and all our shops, we use ecological glass water bottles. We strictly avoid single-use materials - both in our headquarters as in our shops, the kitchens are sustainably equipped with long-lasting necessities.

After our photoshoots or shop redecorations, we always try finding a second home for the materials used. These are mostly donated to charity organisations or second hand shops.

FEEL GOOD IN OUR HEADQUARTERS

Our company's policy is to always strive for the good atmosphere among our employees: do what you love and feel good about it. We are aware of the impact our jobs may have on us - we work in a fast-changing surrounding, which sometimes leads to stressful situations. This is why two times per year we organise self-coaching sessions for our employees. During these sessions we learn to handle our tensions, remember how to think in a creative and positive way, reduce time pressure, restore our energy balance, achieve our goals, guide ourselves even better and get a healthy sleep.

We are a proud partner of YOUCA (Youth for Change and Action, former Zuidag) - who we offer workplaces for one day in a year. This organisation addresses young people and is also run by young people. They encourage the youth to work together towards a sustainable and honest society. They achieve this goal by making young people aware of important social themes, as well as by supporting them in their engagement.

Our company actively leads up interns in almost every department.

WE SAY NO TO PLASTICS

The year 2017 was an important year for our sustainable development in many ways. One of the reasons was also the starting of our project "Chic met plastic" (Chic with plastic) - we have organised a clean up campaign at the Belgian seaside. Together with the founders of our company, our colleagues and our children, we spent one day cleaning a beach from plastic waste. We have fulfilled this in cooperation with the local municipality of De Haan aan Zee. The municipality supported our action by lending us all the cleaning material. Our goal for the coming years is to further strategically develop this campaign and make it our traditional sustainable team building.



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