



blutsgeschwister

SOCIAL REPORT 2019

Reporting period 2019:
January – December




blutsg

FAIR
WEAR leader

Blutsgeschwister is a proud member
of Fair Wear and is committed towards
fair and ethical working conditions.

  
blutsgeschwister

Start date membership:
JUNE 2013

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“I am convinced that we reached a point where the request for fair working conditions is made from the core of our society. We are proud to be part of this movement all along. Despite these efforts less and less people are keen on working as a sewer in some garment-producing regions.

I wish that our engagement within the membership of Fair Wear Foundation will help to maintain these jobs and to dignify the skillfulness of each worker. “

Karin Ziegler, CEO & Head of design



SUMMARY: GOALS & ACHIEVEMENTS 2019

Blutsgeschwister stands for belief in individualism, love of creativity and steadfastness. We celebrate femininity and are committed to fair and sustainable development of products and business practices. Along with the 8 Code of Labour Practices adopted from Fair Wear as our ever-guiding principles and values for social responsibility, it is Blutsgeschwister's aim to make eco-friendly and long-lasting products.

In 2019....

- ♥ we started to implement more sustainable materials in our collections such as organic cotton, preferably certified by the Global Organic Textile Standard (GOTS), TENCEL® and ECOVERO® by Lenzing™, and recycled synthetic fibres, such as recycled polyester from reliable sources. We also monitored our packaging waste and decreased the amount of supply of polybags while making sure they can close the loop and be reused after transport.
- ♥ our products were sourced and manufactured in China, India and Portugal.
- ♥ we visited all our first-tier production locations and met with management and agents to conduct health and safety assessments of subcontracted sites.
- ♥ introduced Fair Wear's Worker information sheets and the complaint procedure to new suppliers.
- ♥ met with worker representatives of long-term suppliers.
- ♥ worked on corrective action plans and supported our suppliers in remediation.
- ♥ collected and evaluated third-party audit reports.
- ♥ organised trainings and audits.

the 8 elements of Fair Wear's code of labour practices



Fair Wear's Code of Labour Practices remain the mainstay of our social responsibility:

- | | |
|---|--|
| 1. employment is freely chosen
(ILO Conventions 29 and 105) | 5. payment of a living wage
(ILO Constitution and Declaration of Philadelphia, ILO Conventions 26 and 131 and the Universal Declaration on Human Rights) |
| 2. no discrimination in employment
(ILO Conventions 100 and 111) | 6. no excessive working hours
(ILO Convention 1) |
| 3. no exploitation of child labour
(ILO Conventions 138 and 182) | 7. safe and healthy working conditions
(ILO Convention 155) |
| 4. freedom of association and the right to collective bargaining
(ILO Conventions 87, 98, and 135 and ILO Recommendation 143) | 8. a legally-binding employment relationship |

The best way to mitigate risks is to have a plan.

In 2019 our plan was to gain transparency and traceability beyond the previous standards and beyond Tier 1 and support processes at subcontractors.

One major activity was to roll-out a detailed mapping approach of our complete supply chain. Blutsgeschwister's CSR manager and product developers worked closely together to identify production locations. This included understanding the outsourced workflow of our products in detail and involved business travels to visit production sites beyond Tier 1 level.

We received in-depth information about the complexity of our supply chain and deepened the trust level with our suppliers whilst learning from each other and support another. As a result, we connected one longterm supplier to a consultant that could help with implicating more effective production management. We on the other hand adjusted our internal management system and structures, optimized shared work sheets with suppliers and settled the exchange of supply chain information to the work routine of our product development team.

PAYMENT OF A LIVING WAGE

The labour standard payment of a living wage has been a main objective for Blutsgeschwister. Without channeling all our energy towards this topic we would not likely have gained so much insight within the year. We pushed our limits to go beyond ensuring minimum wages are paid at our production location and we could not have done it without the trustful cooperation of our longterm suppliers.

So, what is a living wage?

As defined by the Global Living Wage Coalition: *"The remuneration received for a standard work-week by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events."* (<https://www.globallivingwage.org/about/what-is-a-living-wage/>)

And as defined as Code of Labour Practice by Fair Wear: *"Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income. (ILO Conventions 26 and 131)"*

This is what challenges the industry, and it is what has challenged us. If it must be checked that wages are sufficient to meet basic needs we must ask how do we find out?

First off we needed to learn what the status quo was in each of our Tier 1 factories – engage with suppliers, convince them of our idea, get access to attendances, to compensation, to benefits, to wages. Set up records. Documentation. Compare the figures to what is defined as living wage. How much is a living wage? Define a benchmark. Decide if it was scalable. Do the math. Struggle with payment systems. Struggle with calculation methods. Gain knowledge on country-level. Streamline.

On the other hand, we compared whether our buying prices allow the payment of a living wage and whether our buying practices support these processes or whether they needed adjustment.

We learned...

- ♥ that in some cases the minimum wages as set by the government may not be sufficient to meet the basic needs for housing, food, electricity, education.
- ♥ about the connection between our buying prices and the workers wages and figured out how to fix costs.

We tried...

- ♥ to investigate whether we are paying living wages to all workers, but with some suppliers we need to work on building trust and transparency first.

We achieved...

- ♥ certainty that most workers (in %) receive wages beyond the legal minimum wages
- ♥ 50 % of workers wages that equal or exceed what is defined as living wage

We relied on...

- ♥ Global Living Wage Coalition for fundamental work in defining and setting benchmarks for living wages all over the world and in the regions where our factories are located
- ♥ Fair Wear's multi-stakeholder verification and involvement in our production countries to keep track of accountability of these figures and calculation

Our achievements of 2019 have paved the way for our goals of forthcoming business years. The pilot on the topic of living wages was just the kick-off for a new topic on our agenda of due diligence. It has led to an improved internal costing method, is stipulated in our contracts with suppliers, and will be integrated in our business practices.

on-going exchange about reasonable hours of work and overtime issues and how our lead times can help to avoid those. We know the peak and low seasons at our production locations and we shift delivery dates if necessary. E.g. Accessories are more flexible items to become available for purchase at retail locations or flagship stores, so our suppliers can add it to their production planning to favor continuous work at the production line and with a separate delivery date.

In the past financial year our sourcing strategy for selecting new business partners was followed by routine: we source for specific purposes such as launching new products that require special skills. Buying and designing are strongly linked in our company, so both tasks are performed in our product development team. We set great value to stipulate market-compliant and appropriate prices.

When onboarding new suppliers the CSR manager becomes active for introducing formally the Fair Wear membership and the Code of Labor Practices. If manageable, the onboarding process includes on-site visit by Blutsgeschwister representatives before the first order. The willingness to transparency and commitment to the code of conduct is key to start a cooperation. Once we receive proto samples, we send target prices to our suppliers. We build our targets based on experience and repetition of product groups and are exchanging pricing sheets with our suppliers. Based on that we start negotiations. If buying prices cannot meet our expectations, we are considering adjustments in design, pattern and material in accordance with supplier's proactive suggestions.

We have informed all our Tier 1 suppliers and their subcontractors of our Fair Wear membership by sending the FWF Code of Labor Practices and a supplier questionnaire. By signing, the suppliers agree to endorse all labor standards and are willing to be audited at any time. We are encouraging all suppliers to commit to have on-going business relations with subcontracted factories just as we have with them. Many of our subcontracted sites have been long-term partners with the Tier 1 supplier, but there are others where new subcontractors play a role for new styles and these new business relationships need to build up with time. During our visits every year the selection and use of subcontractors is an on-going topic and regular visits to these sites are a shared agenda between Tier 1 suppliers, agents and Blutsgeschwister CSR staff.

In the past financial year, we elaborated our purchasing strategy by establishing transparent costing with two of our long-standing suppliers in China and India to learn about the consistency of wages, material and labor minute costs. During our visits to the production countries the aim to include all our suppliers in the transparent costing scheme has been anticipated rather with hesitation. We agreed to taking small steps to achieve more transparency in costing on the long term. We would like to convince all our business partners of the benefits of more transparency by being consistent and reliable.

Blutsgeschwister collections are distinguished by its colourfulness and playfulness. All patterns and prints are designed and conceptualized by the team in Berlin, Germany. The styles in each collection contain extraordinary parts, elaborative cuts, mixed fabrics and many ingredients or details. To embellish the garments within each collection many different types of fabrics, embroideries, printings or washings are used. To find suitable suppliers for our collections we follow a responsible sourcing routine. The routine is carried out in a collaborative manner by the director of the product development, team members of the product development and the CSR manager.

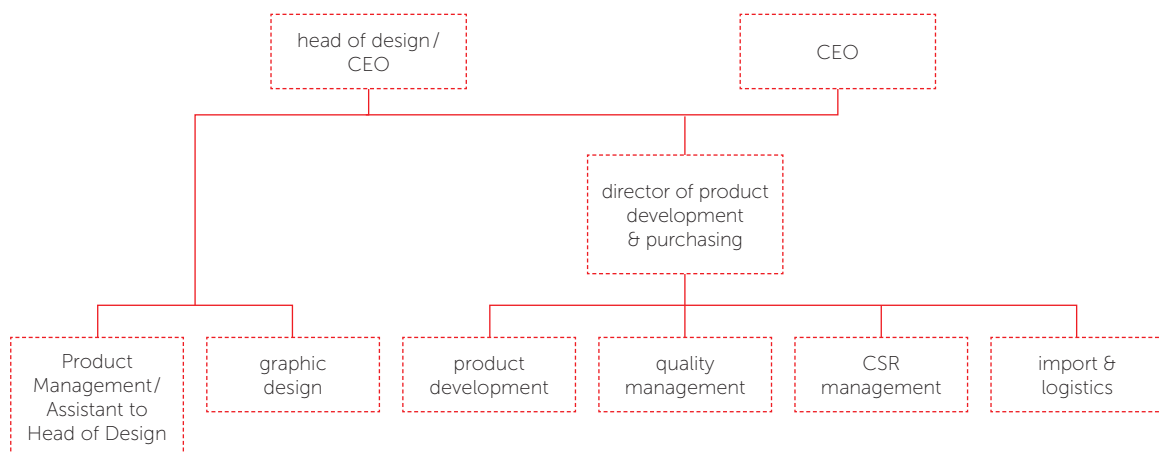
A proper risk assessment is carried out before starting any new business relationship. On the other hand, Blutsgeschwister aims to limit the number of suppliers and factories to achieve the benefits of a close and long-term business relationship. Minimizing risks and increasing control and reliability in all areas of social and environmental matters is important to us.

The mission remains to source as responsible and sustainable as possible. We expect our suppliers to comply with local regulations and national laws in all steps of the supply chain.

1.2. Organisation of the sourcing department

Our sourcing practices are carried out by our product development team. Our head of design and our director of product development are planning the collections and choose suitable suppliers for each group of styles, for each theme of collection. Every supplier has an expertise in a range of products and that is the basis for distribution of styles per supplier per season.

An estimation of production volume is done to make sure the bulk production is manageable for our business partners. Our objective is to strengthen the business relations with our existing suppliers and to reward them by gradually increasing their order volume. Our struggle is that our order volume is bound to customer demand.



1.3. Production cycle

We as Blutsgeschwister design and develop two collections per year – Spring/Summer and Fall/Winter. For our suppliers the development and actual production is carried out in three delivery dates per collection. The production cycle and delivery dates of the supplier and the actual delivery dates to our customers diverge.

Our director of product development sets up the production cycle as a shared forecasting system with the suppliers. Country-specific festivities such as Chinese New Year and Diwali Festival are considered when planning the production cycle for the whole year to avoid excessive overtime and to guarantee consistent lead times.

For theme 0 and theme 1 we have a shorter lead time compared to all other themes, but we guarantee a minimum of 12 weeks for all delivery dates. We work with a pre-order system, so the production quantities are related to the pre-ordered quantities. Our order period for sales

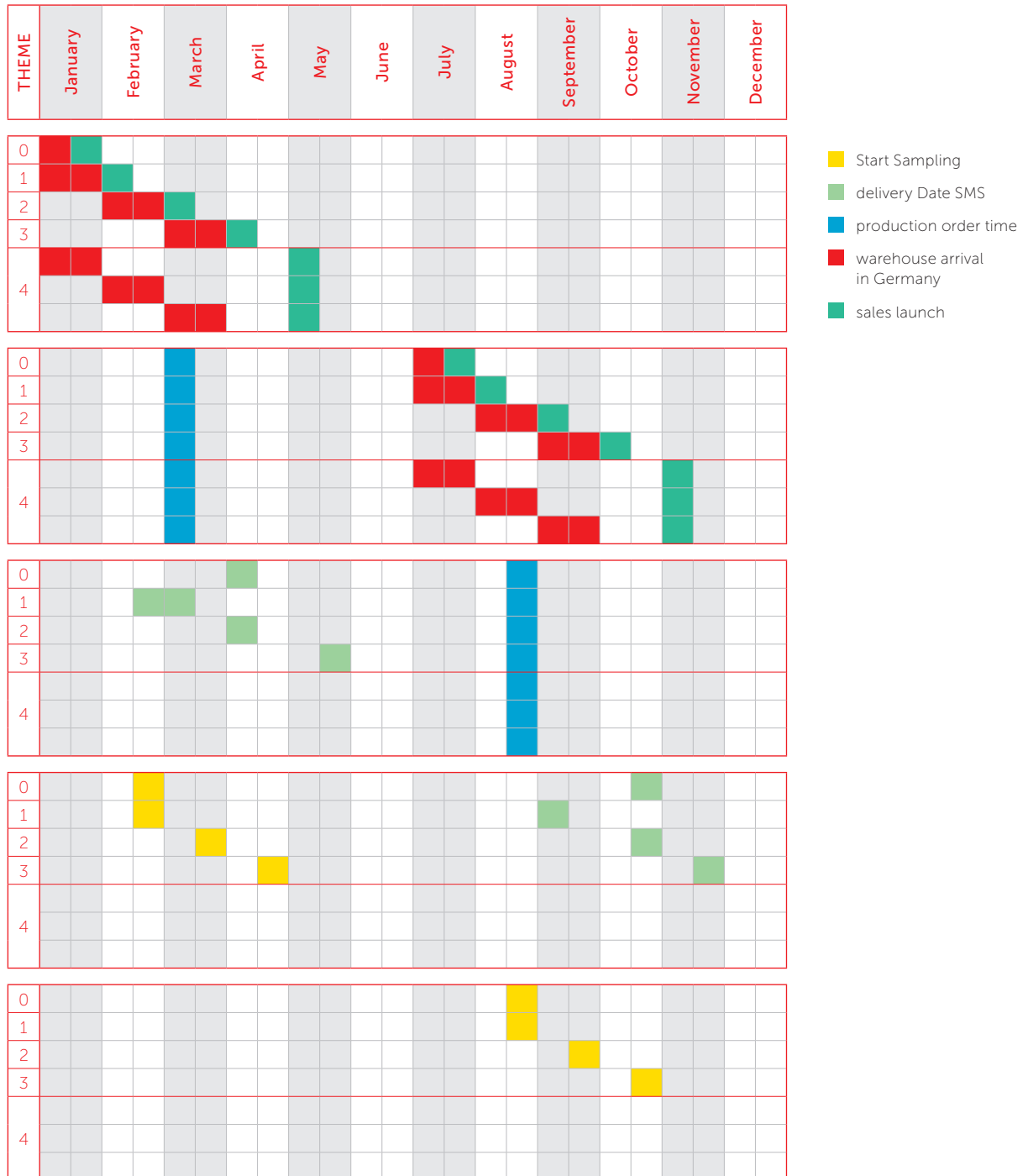
agents and retailers is seven weeks starting from mid-January for collection fall/winter and beginning of July for collection spring/summer. Our director of product development forecasts the delivery dates and the shipping method with our import & logistic manager and the suppliers confirm or suggest alternate dates after receiving the breakdown of production order. Sometimes suppliers are concerned about tightness of delivery schedule at an early stage, so we can reschedule the delivery date or plan to split the delivery to provide them with the needed production lead time. We prefer to ship all our deliveries by sea, but if the production time is too tight, we have the possibility to switch from train to sea/air to allow for longer lead times.

We have been optimizing our placement of minimum order quantities and date of order release so our suppliers can rely on it. This way our company tries to ensure that our production planning system supports reasonable hours of work.

Each production cycle starts with a proto sample and after release of comments from our product development team the supplier sends Salesman samples that our Sales agents use for pre-orders and our marketing team uses for photoshootings. Since Salesman samples (SMS) resemble the final

product only few amendments are done after receipt of SMS. Our product development arranges the final release of size set comments before or at the day of the production order breakdown to our suppliers to assure forecasted lead times can be kept.

Production cycle 2019



1.4. Supplier relations

We focus on long-term business relationships with our suppliers because they pave the way to long-term success. We have known most of our business partners for over ten years and have been working with most of our Tier 1 suppliers for more than five years. We understand that honesty, respect and liability are the pillars of a trustful cooperation.

As a strategic decision, we started sourcing in Europe two years ago, conducting due diligence in countries like Italy, Portugal, Poland, Turkey. We have become aware of country-specific risks and conduct a risk assessment before starting a new collaboration. Precaution measures for sourcing and monitoring are based on country studies, CSR and other stakeholder consultancies within the new region or country.

In 2019 sourcing decisions have been made towards a selection of new suppliers in Portugal. Blutsgeschwister representatives have visited the production location, met with agents and factory management, whilst assessing health and safety risks, checking existing audit reports and pre-assessing subcontracted production locations.

A supplier questionnaire has been filled out and signed, and worker information sheets have been posted in the workshops. Other outcomes of our risk assessment and due diligence have led us to make sourcing decisions against another European country: after travelling to the country, looking at production facilities and having many business meetings with the agency we decided to withdraw from sourcing in Italy due to mismatch of many important aspects for a cooperation.

The general management, the director of product development and the CSR manager of Blutsgeschwister work together closely for sourcing decisions.



1.5. Integration monitoring activities and sourcing decisions

In general, monitoring activities and sourcing decisions are connected, but may not have immediate influence on our sourcing strategy unless there is serious reason for the termination of a business relationship.

For termination we follow an exit routine that constitutes either abrupt termination or successive withdrawal. In 2019 there was no incident that led to either way of exiting.

As tool of monitoring our supplier rating system is used on a seasonal basis and the outcome is shared with the supplier. In return the supplier shares his opinion and gives feedback in return. The process is part of a routine integrated in the workflow of the product development team.

Some monitoring activities in 2019 have led to comparison between two long-term suppliers of similar product supply but on a different country level. We started an investigation of the production workflow during on-site visits and started to document and compare our findings.

Both suppliers were very open to give insight in their workflow, but also into their costs and fabric consumption. As a result of the monitoring activities we found out that fabric consumption and lack of efficiency in production were a huge cost driver at one production site. We decided to work together with a local consultant agency for a total work inspection and findings report. Our supplier later confirmed what he decided to implement some of the findings and we offered help for remediation.

Some tensions arose when asking all Tier-1 suppliers for full transparency in costing. After long on-going discussions and business meetings, we decided to adjust our contracts, supplier manual and make an official statement for the change of course in doing business.



2. COHERENT SYSTEM FOR MONITORING AND REMEDIATION

Developing and sustaining a coherent monitoring system is a main task in social responsibility. It includes for all sourcing partners – direct and subcontracted – to fill out and sign a Supplier Questionnaire, to disclose information of production locations involved in the making of our products, posting worker information sheets and to agree to monitoring activities such as audits, regular visits and trainings and progress in implementing the labour standards as defined in the Code of Labour Practices.

Our scope of monitoring revolves around manufacturing locations and locations with support processes in the making of our products. In 2019 we have extended our scope with the aim to be able to trace back our entire supply chain.

Every year we visit our production sites and include as many subcontracted sites as possible to

successively get the full picture of supply origin. By mapping our entire supply chain, we deepen our knowledge about the sourcing activities outside of our company and can foresee potential risks, delays, and special efforts made by design choices.

In 2019 we have been sourcing from China, India and Portugal.

In China and India we rely on Fair Wear for social audits resulting in corrective action plans that we follow up on together with agents and production managers. In Portugal we rely on existing audit reports of our suppliers and their established standards and evaluate the results of these existing audit reports. We follow-up on validity and corrective actions where applicable.

Overview of monitoring activities in 2019

country	supplier	supplier questionnaire	Worker Information sheets	Health and safety check	last audit date	Corrective action plan	FWF Training received	incoming complaint	last visit by Bluts-geschwister	% production volume
China	A	signed	posted	yes	2018	active	2017	no	2019	18,60 %
	B	signed	posted	yes	2017	active	2018	no	2019	6,30 %
	C	signed	posted	yes	2018	active	2019	no	2019	2,20 %
	D	signed	posted	yes	2019	active	2019	no	2019	0,40 %
	E	signed	posted	yes	2017	active	2019	no	2019	28,80 %
	F	signed	posted	yes	2017	active	2019	no	2019	9,70 %
	G	signed	posted	yes	n/a	n/a	n/a	no	2019	0,50 %
India	A	signed	posted	yes	2017	active	own training	no	2019	22,30 %
	B	signed	posted	yes	2018	active	2019	no	2019	10,80 %
Portugal	A	signed	posted	yes	2019	n/a	n/a	no	2019	0,30 %
	B	signed	posted	yes	2019	n/a	n/a	no	2019	0,10 %



2.1. Factory A – G, CHINA

Factory A, Jiangsu, China

*last audited by Fair Wear in 2018
last trained by Fair Wear in 2017
subcontractors for support processes: 1
business relationship since: 2008*

The business relationship with the owner of the factory reaches far back to 2008 when we placed our first order. Under the same name he runs a agency and his team of merchandisers – supplies and connects Blutsgeschwister with other production locations under our monitoring and with his support as intermediary.

Respective production location supplies Blutsgeschwister with women's outerwear and is a shared location with another Fair Wear member brand who is in lead of the communication. That means as shared responsibility the nominated brand is leading the follow-up of corrective actions during the business year. During several brand meetings, challenges and remediation are shared and commonly discussed. In 2019 CSR manager and product development staff from Blutsgeschwister visited the production location including subcontracted locations. Part of the meeting were discussions about enhanced transparency of supply chain and products, leading to decisions about open cost structures, sharing of attendance records and annual payments to assess the relation between workers wages, the costs of our products and estimated living wage benchmarks. The next Fair Wear audit for this factory is planned for 2021.

Factory B, Jiangyin, China

*last audited by Fair Wear in 2017
last trained by Fair Wear in 2018
subcontractors for support processes: 0
business relationship since: 2014*

Blutsgeschwister has an indirect business relationship via agency and owner of factory A. The business owners of factory A and B and their staff have a close relation. Since 2014 the factory and its worker provide extra capacity for our orders at factory A. During our visit in 2019 merchandisers from the agency and factory A, as well as production management joined for a factory tour, health and safety assessment and discussions about the progress on the Corrective Action Plan. The factory is also shared production location with another Fair Wear member brand. Blutsgeschwister has the lead in the communication. The next social audit by Fair Wear is planned for 2020.



Factory C, Jiangxi, China

*last audited by Fair Wear in 2018
last trained by Fair Wear in 2019
subcontractors for support processes: 0
business relationship since: 2017*

Blutsgeschwister has also has an indirect business relationship with factory C via same agency and owner of factory A. The production location is specialised in the manufacturing of one type of product in our collection and our orders are placed season-based, once per year. In 2019, staff from the agency and management along with Blutsgeschwister CSR manager and product developer joint for a factory visit and discussions about the progress of the implementation of the Corrective Action Plan. Being in a very rural area, the state of the art at this factory is very informal which makes following up of documents harder. Since the last audit we made decisions to set up a proper documentation system and internal management system to keep better track of working hours, absenteeism, overtime. With a bit of lead time to adjust and the expression of willingness to improve by the factory management, we are expecting the next audit in 2020 to show results of change and progress. In May of 2019 the factory received a Workplace Education training by Fair Wear. In total, 25% of the workers and 50 % of management were trained. Fokus of the training is to make all workers aware of the Code of Labour Practices and the worker helpline, showing them ways to adress violations of labour conditions. The management is taught ways to better implement the Code of Labour Practices. According to the audit team, the training was well received by both management and workers and the atmosphere and interaction was good.



Factory D, Shenzhen, China

*last audited by Fair Wear in 2019
last trained by Fair Wear in 2019
subcontractors for support processes: 0
business relationship since: 2019*

With a small order volume this factory has been visited for the first time in 2019 by Blutsgeschwister CSR manager and product developer. The business relationship is indirect and has been suggested by the agency and owner of factory A knowing our type of supply and compliance requirements. The small factory employs ten fixterm employees, being relatives or friends with the owner. Most workers are also working mothers with child care responsibility after work, and they enjoy relatively flexible working hours at factory.

In 2019 they received their first social compliance audit conducted by Fair Wear. In total, 50 % of the workers were trained, and 100 % of management. The responsible person for CSR matters of the buying agency was also participating. According to the audit team they met with good co-operation from the management, workers and all other consulted persons and organisations. All information requested by the audit team was provided.

As a result working hours recorded by the factory did not accurately reflect the actual situation on hours worked by the workers, therefore the team was not able to make conclusions on working hours nor wages. There is no trade union or independent workers committee or representatives at factory.



The most pressing issue found during this audit were inaccurate attendance records. It is very important to ensure that workers clock in and clock out all working hours including the overtime hours on their own, but in this case the managing director was helping the workers to do it for them. The implementation of the improvement is our collective agreement with the factory and another Fair Wear member brand that we share the production location with. As the business relationship is longer and the production volume higher all parties agreed for the other member brand to take the lead in the communication of remediation.

As the workers were not trained on the labour standards or the Fair Wear Code of Labour Practices and only relied on the Worker Information Sheet posted by the management, we organised a Workplace Education Training by Fair Wear for management and workers in the end of last year.

Factory E, Ningbo, China

last audited by Fair Wear: 2017
last trained by Fair Wear: 2019
subcontractors for support processes: 2
business relationship since: 2007

Blutsgeschwister CSR manager and product developer visited the owner and business partner at the production location. Together, supplying fabric mills and subcontracted production locations for support processes printing and embroidery have been visited.

In the factory itself, the focus of this year's visit was to trace every single production step to understand the efficiency and productiveness of the system. The supplier works with a modern hanger system to strengthen line efficiency.

During our discussions of the implementation progress of the Corrective Action Plan we discussed transparency and verification living wages, agreeing on investigating the status quo of the factory and comparing it to the estimated benchmarks for living wages.

As our business meeting was shortly after a Workplace Education training by Fair Wear, we met with one male worker representative who attended the training. His responsibility is to address workers complaints and solve them. In total, 60 % of the workers were trained, and 22 % of management. Workers and management were trained separately and updated their knowledge on FWF standards and communications system, and more explanation was given on health and safety. The worker representatives meet once per month on an informal basis, so far they do not keep minutes of their meeting.



Factory F, Dongguan, China

*last audited by Fair Wear In 2017
last trained by Fair Wear in 2019
subcontractors for support processes: 0
business relationship since: 2016*

The business relation between the factory and Blutsgeschwister has been established in 2016 by an agent who has been working with Blutsgeschwister for more than a decade. Since then the factory has been visited every year and received already two audits and two trainings by Fair Wear. During our business meeting in 2019, the CSR manager and product developer of Blutsgeschwister, the agent and the production manager of the factory discussed how to implement pending corrective actions within the year as planned.

Workers wages and attendance were compared and analyzed, and different measures were taken to investigate the living standard of the workers. All wages are slightly above the minimum wage requirements of the local government yet at the point of discussion we were unable to link our buying prices to the worker wages. The suggestion to survey the workers was turned down, but we agreed to kickstart an open costing project with the factory to add transparency to our costs and to be able to isolate the value of the labour costs for the workers. The project was rolled out in the end of 2019.

Factory G, Shenzhen, China

*last audited by BSCI: 2019
last training: n/a
subcontractor: 0
business relationship since: 2014*

For many years this factory manufactured one product type for the Blutsgeschwister accessories line. Due to low production volume this factory has never been audited or trained by Fair Wear. Our monitoring activities were limited to receiving the Supplier Questionnaire, posting Worker Information Sheets, evaluating existing audit reports by BSCI and regular visits by Blutsgeschwister representatives from product development or CSR management.

A representative from a local agency and staff from the production location has last welcomed Blutsgeschwister's CSR manager and product developer in 2019. Despite a productive meeting and a friendly relation among all parties, a few months later Blutsgeschwister decided to narrow its product range. As a result, we decided to slowly end the business relationship after the last production without placing a new order.



2.2. Factory H – I, INDIA

India is classified as a high-risk country with reference to potential of violations of the Code of Labour Practices. Fair Wear is an active partner for our monitoring activities, which include all basic activities and are enhanced by risk assessments along the entire supply chain and include specific trainings for country-based risks. We have gained experience and knowledge in the past 10 years sourcing from this countries and engage personally with all our suppliers, subcontractors and mills during visits. With the help of Fair Wear and other stakeholders we engage in social dialogue and promote all activities to fight and prevent gender-based violence at the workplace.

Factory H, Tirupur, India

*Last audited by Fair Wear in 2017
last training by Fair Wear received in 2015
subcontractor: 2
business relationship since: 2011*

Set up with a small team of 35 employees, this factory has formed and established a functional Internal Complaint Committee (ICC) consisting of 5 members having monthly meetings. The external member from local NGO SAVE joins every three months to train and educate the committee on risk, law and behavior. Some topics are discussed with the top management. Protocols of the meetings and attendance are kept and shared with Blutsgeschwister. The ICC has been formed with legal reference to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013 after a series of trainings carried out by Fair Wear and SAVE in 2017.

The factory management attended a supplier seminar in Coimbatore, Tamil Nadu on Labour Minute Costing and Pricing. The aim of the seminar

was to bring together factories supplying to Fair Wear member brands and to provide a platform to learn from peers, share challenges as well as good practices on improving working conditions.

The seminar enhances our own activities of implementing transparent costing and price negotiations with our Indian partners.

In 2019, the factory was visited twice by our staff from product development and CSR and the factory management visited us in our head quarters in Berlin to discuss effectiveness and efficiency of future production workflow. Blutsgeschwister initiated to contact a local consultancy within the area of the factory to build the formation for a potential transformation. After the inspection from the external consultancy the supplier decided to join a 12-month-program of implementing a leaner management at the production site.

The area of optimization includes fabric inspection and wastage, cutting, planning, storing and production line efficiency.



Factory I, Haryana, India

Last audited by Fair Wear in 2018

last trained by Fair Wear in 2019

subcontractors for support processes: 1

business relation ship since: 2018

Blutsgeschwister has been working with a private export agency for more than seven years. When the relationship between the agency and the former factory broke in early 2018 the time was against us in finding a new factory as it happened just before the start of the production phase. However, after being fully integrated in all matters related to the Fair Wear membership and after we visited and assessed the factory as Blutsgeschwister we started to work with this factory in Haryana. The same year a social audit by Fair Wear was placed and this year we met at the factory to discuss implementation of the corrective action as suggested by the Fair Wear audit team.

Among the discussions was to increase transparency, e.g. to agree on open costing as a first step towards implementing living wages, and strong discussions about the wage situation at the factory which is well above the legal minimum wages, and below the trade union request of that area. The factory has a strong workforce and works with modern technology for many processes like layering and cutting. Special machinery and high effectiveness of the set up of work areas, a nurse and a CSR team is part of the portfolio. The factory has a works committee and an Internal Complaint

Committee (ICC), but to ensure its functioning we decided to organise a 2-day training held by Fair Wear in cooperation with local NGO MARG. Subject of the training was an introduction to Fair Wear and its function, the Code of Labour Practices and complaint mechanism and the importance of good communication. Special emphasis was laid on the topic Gender & Gender based Violence, the Sexual Harassment ACT, 2013 (PPR) and the formation of Internal Committees and its benefits. As a result of the training, the factory had to do necessary changes to their existing ICC by re-electing its members and by reviewing and adjusting its internal Anti-Harassment Policy which was accomplished in the upcoming weeks after the training.

The wife of our agent accompanied by CSR staff from the factory attended a supplier seminar in Delhi in November where the importance of social dialogue in the garment industry was discussed. Solution approaches how factories can engage with trade unions and led to active discussions among the participants of the seminar.



2.3. Factory J - K, PORTUGAL

Portugal is classified as a low-risk country with reference to potential of violations of the Code of Labour Practices. Fair Wear is not an active partner for monitoring activities. In 2019 we finalised our long-planned on-boarding process with two suppliers enhancing our product range for Ladies and started the first production. After initialising first contact, informing about our scope of responsibilities evolving around the code of labour practices we visited the production locations several times and monitored the first production to identify all involved subcontracted locations. As a standard both selected new production locations are monitored by other organisations like Global Organic Textile Standard and recently conducted audit reports and results have been shared. Supplier questionnaires and health and safety checks have been conducted during the visits.

Factory J, Vila nova de famalicão, Portugal

*Certificates and audits with validity in 2019: GOTS, GRS
Subcontractors for support processes: 1
Business relationship since: 2019*

With about 40 employees the company employs mostly women – some of them have been working there for decades, whose daughters follow their foots steps, their tradion and their art of sewing.

Blutsgeschwister's director of product development and purchasing initialised the on-boarding process with the factory in close cooperation with the team of product development, quality assurance and CSR. After many personal meetings in Portugal and Germany and the finalization of the responsible on-boarding process, the Blutsgeschwister team of product development was present at the factory and subcontracted locations to closely monitor the first production of goods.

Factory K, Braga, Portugal

*Certificates received with validity in 2019: SA 8000, OEKO-TEX, ISO 9001, ISO 14001, ISO 45001, GOTS, GRS
Subcontractor for support processes: 0
Business relationship since: 2019*

Founded in 1985, the company is dedicated to the design, production and commercialization of knitted items and self-acclaims as one of the most modern companies in the world through the use of the most up-to-date manufacturing equipment and the use of the most advanced technologies throughout the logistics of the entire production/ marketing chain including the use of robots in many of the processes and tasks.

All achieved standards are certified with continued validity and demonstrate the high level achieved by the company in the various areas of company management. The factory is a shared production location with other Fair Wear member brands. During and after our responsible on-boarding process with the factory the Blutsgeschwister quality assurance manager was present at the factory during our first production of goods.



2.4. External production

We take responsibility in the products we sell and require the same mindset from the brands we resell. Before we consider purchasing goods from an external brand we seek information about the origin of products, the sources and procurement of material. We introduce our Fair Wear Membership and framework conditions. We ask for production location data, environmental and social standards

to foresee risks in the supply chain with the intention of creating a like-minded foundation of cooperation.

Currently we are not working with any external brand.



ALERT



MOBILE PHONE

3. COMPLAINTS HANDLING

The Fair Wear complaints procedure allows workers, their representatives and other parties to file complaints about working conditions and the way the Code of Labor Practices are implemented in factories producing for Blutsgeschwister.

The phone number of the complaint helpline is posted in the local language on the Worker Information Sheets, mandatory to be posted in the workshops and available in the local language of each production country that Fair Wear is active in.

The Fair Wear complaints procedure is intended as a safety net: ideally, the factory has its own procedure for grievance handling in place. In case it has not or if the existing complaints procedure does not function properly, workers or their representatives are entitled to use the Fair Wear procedure. Establishing a proper grievance handling mechanism at the factory level will in that case be a central element of the Corrective Action Plan that results from the remediation of the complaint.

There is a clear understanding of how the complaint procedure works and it starts with the local complaint handler who receives the complaint first. Fair Wear affiliates then review the complaint and investigate while informing the member brand about the complaint. Our responsibility is to help solving the complaint while Fair Wear staff

offers guidance and advice. The brand, the management at the factory, the complainant, the complaint handler and other involved stakeholders decide on the corrective action and its implementation is monitored by the member brand. Fair Wear verifies and publicises the steps undertaken to solve the complaint.

Admissible complaints are published on the Fair Wear website. Intermediary reports are published depending on the complexity throughout the investigation, remediation and verification process. A final report is created when the complaint is either 'resolved' or 'closed'.

In 2019, no complaint has been issued.



4. TRAINING AND CAPACITY BUILDING

4.1. Activities to inform staff members

Every person at Blutgeschwister is continuously trained and aware of our Fair Wear membership. While the product development team, as well as buying and logistic staff is updated monthly on all areas regarding social responsibility, regular

meetings and presentations are held for all staff from other departments on current events and to provide information and knowledge. This includes all internal staff including retailers and third-party sellers.

4.2. Activities to inform agents

All our business relationships- regardless of new or long-existing-include full transparency of production location. If agents are involved as intermediary between our company and the production location, the agent has the function of intermediary in every aspect of our cooperation. This includes all onboarding process with the factory, all visits, all business negotiations, all actions

taken towards the implementation of the code of labour practices. Agents are either all in or all out and take full responsibility in their role to keep track of working conditions on site, help with mediation at the factory or with sourcing suitable production partners being a great help in finding partner that fit the profile.

4.3. Activities to inform manufacturers and workers

Transparency is first communicated in the onboarding process with suppliers and since last year we have stipulated a certain degree of transparency in our contracts with suppliers, including willingness to disclosure of information of supply chain and cost structure as well as commitment to improvements at the production site. Based on this fundament manufacturers receive regular training offers on different topics and the option to attend selected supplier seminar organised by different organisations such as Fair Wear.

Suppliers are repeatedly audited and trained in a time window of three-years, depending on factory and worker turnover, as well as compliance level.

One factory in China received an audit in 2019.

Workplace Education Trainings to workers were carried out at four different production locations in China, informing the workers and management about the 8 code of labour practices and its implementation.

In India, a specific training was carried out at one production location focussing on the prevention and protection of gender-based violence and the establishment of internal complaint committees to strengthen internal dialogue and grievance mechanism.



5. INFORMATION MANAGEMENT

We are in close contact with our suppliers – every day. The most common form of communication is by e-mail, or telephone. At least once per year we visit each other in person. Our internal management system is constantly overthought and adjusted to become more effective in documentation of progress on the implementation of the Code of Labour Practices.

Whilst working on strong integration of monitoring suppliers during the design and development progress, many approaches have been tried out in the past years to involve the team of product development early on. The result is a combination

of joint forces between product development and CSR to detect production locations in the early stages of development on one hand, and to verify these at a later stage. This way a wide and detailed mapping of the supply chain can be achieved. The visualization of the supply chain will help to make monitoring easier throughout the product development and extends the work tasks by these activities. A more wholesome responsibility for the product may be the result as it leads to design decision-making beyond the aspects of the products itself, taking other stages before manufacturing into consideration.



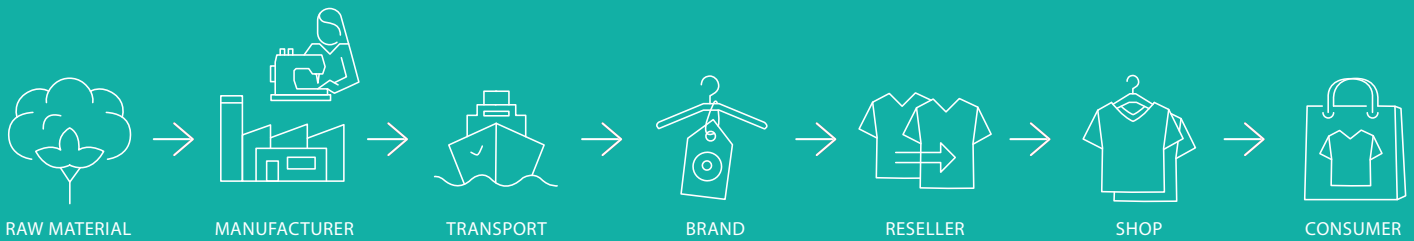
6. TRANSPARENCY & COMMUNICATION

Without transparency there is no sustainability! Being transparent and communicative about all actions in the field of our work is crucial. In the recent years we have established internal and external communication about our activities undertaken within our membership with Fair Wear and the progress made in the implementation of the Fair Wear Code of Labour Practices.

We communicate our activities on social media to campaign women's rights; such as International Women's Day, "16-Days-of-activism-against-gender-based-violence"-campaign, and we participate like in other global movements such as Fashion Revolution week. On-garment communication of our membership is provided via Hangtag and ad-

ditional care label layer. On our website we added a section for social responsibility for updates and information linked directly to Fair Wear. Twice a year we release our "Magalog" as print media plus online and integrate stories about our activities.

supply chain



7. STAKEHOLDER ENGAGEMENT

Blutsgeschwister sees value in engaging with different stakeholders from employees, to retailers, customers to suppliers and we stay in close exchange with all of them.

As a member of the German Fashion e.V. we have access to many services provided within the textile industry to promote learning, dialogue and exchange. By joining a Multi-Stakeholder Initiative like Fair Wear we have granted access to various stakeholders and we benefit from a wide range of country studies, webinars, stakeholder meetings. During 2019 we attended several events to network and exchange knowledge and ideas with other stakeholders as well as other brands or businesses.

Fair Wear...

♥ has shared their work on living wage and labour minute costing in the workshop to enable suppliers to arrive at living wage cost per minute. Better insight in their costing structure enables suppliers to better ensure that the labour costs they incur can be satisfactorily covered in the cost price negotiations with their buyers. Isolating the labour cost of the product price with an agreed method should support suppliers in the cost price negotiations with their buyers and providing suppliers with strong and transparent arguments. Organised events like supplier seminars who find place in a local or national environment help to boost mutual understanding and knowledge as supplier and brand are working almost simultaneously on the same topics without losing time.

Our business partners in India...

♥ attended supplier seminars in Coimbatore, Tamil Nadu and Delhi, Gurgaon to learn about Labour Minute Costing and how to work on freedom of association without fear of trade unions and initiated strikes.

Our business partners in China...

♥ Had the opportunity to join a supplier seminar on how to build effective sourcing practices to improve working conditions. Hosted by Fair Wear, several suppliers and agents joined the workshop. The top management and associates for costing were informed about how to do the costing of the labour to meet statutory requirements, how to determine the time to make specific requirements, and how to approach the issue of line efficiency in their costing practices, which are all relevant indicators for the shared costing sheets with Blutsgeschwister.

We as Blutsgeschwister engaged with...



German Fashion Modeverband

- ♥ for insight, support
an expertise in
the textile sector

www.germanfashion.net



Fair Wear

- ♥ by taking active part as
a speaker in a Peer-to-
Peer learning workshop
for member brands on
how to tackle the issue
of GBV in production
countries
- ♥ by attending webinars
about transparency,
living wages and other
learning activities

www.fairwear.org



Global Organic Textile Standard

- ♥ for our initiative to
source from GOTS
certified suppliers

www.global-standard.org



Global living wage coalition

- ♥ for insight on the topic
and benchmarks of
living wages

www.globallivingwage.org



Lenzing

- ♥ for our initiative to
integrate bio-based
degradable fibers into
our collections

www.lenzing.com



SAVE Social Awareness and Voluntary Education

- ♥ for insight and coopera-
tion on country-level
in South India

www.savengo.org



8. CORPORATE SOCIAL RESPONSIBILITY

Blutsgeschwister commit to careful use of resources and fair labor conditions since 2001. We value lust for life, freedom, drive, honesty and celebrate femininity. We are what we stand for and together with Fair Wear we want to create better working conditions in the textile industry. We stand up against gender-based violence and discrimination against women in the workplace and promote social dialogue by organizing trainings or participation in workshops and events.

♥ For more information about our work and goals in the field of corporate social responsibility, go to our website:
www.blutsgeschwister.de



Do you have any questions?

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