



S-GARD SAFETY GARMENTS - Hubert Schmitz GmbH social report

Reporting period (Financial year: January 1st – December 31st, 2020)



COMPANY WEBSITE www.s-gard.de

FAIR WEAR MEMBER SINCE JANUARY 1ST 2016

Table of contents

Sourcing strategy	4
Sourcing strategy & pricing.....	4
Production cycle	5
Factory relations	6
Integration of monitoring activities and sourcing decisions.....	6
Coherent system for monitoring and remediation ...	7
Audit planning	7
External production	10
Complaints handling.....	11
Training and capacity building	11
Activities to inform staff members	11
Activities to inform agents.....	12
Activities to inform manufacturers and workers	12
Transparency & communication.....	12
Stakeholder engagement	13
Corporate Social Responsibility	13

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Summary: 2020 goals & achievements

GOAL	RESULT
Focus Tunisia: ABH & ABH Extension	Continued from 2019: Close cooperation with ABH & ABH Extension to build up a role model for other factories and extend deeper knowledge in production. Detailed wage data of workers were provided, to work out how S-GARD prices do affect worker wages. Due to the global pandemic, working on this topic was slowed down extremely, facing new challenges every week to keep the daily business running did use up a lot of resources.
Focus Tunisia: MRM	Follow-up FWF audit at one of our small Tunisian factories, which does exclusively produce for S-GARD. The Audit was held in November.
Focus Tunisia: MMSB	First FWF audit at one of our small Tunisian factories, which does exclusively produce for S-GARD. The Audit had to be cancelled due to Covid restrictions.
Focus Tunisia: Nobel	Continued from 2019: Focus on training the staff at Nobel, the biggest Tunisian factory, producing exclusively for S-GARD. Unfortunately, the planned training had to be canceled, after several postponements, because of Covid regulations.
Improve the communication between the Tunisian factories and implement a peer-learning strategy	S-GARD has organized together with ABH the annual meet-up of all Tunisian factories to discuss their work and let them learn from each other. However, in 2020, it was not possible to hold the meet-up in person.

Implement FWF action plan	All urgent points (e.g. measures of safety and health) have been eliminated. Issues of documentation have been fixed wherever possible.
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Sourcing strategy

SOURCING STRATEGY & PRICING

Type of product: PPE- personal protective equipment (clothing only).

Process and facilities: the entire process of development purchase logistics and quality control is conducted from Heinsberg in close cooperation with its own platform organization (organizes production, supervision, cutting, material allocation, etc.) called ABH with direct connection to 5 different sewing-factories in Tunisia. Basically, all firefighter products are produced in Tunisia. Furthermore, there is a smaller production facility in Poland for small orders/ urgent orders / repair service.

Persons involved:

- Strategic planning and company leadership: Mr. Bruno Schmitz, Mr. Hubert Schmitz
- Production: Mr. Hubert Schmitz, Mrs. Lea Schmitz
- Purchase: Mrs. Sandra Nolke
- Customs: Mrs. Julia Voss
- Development: Mr. Jonas Kuschnir, Mrs. Vera Bongard

Supplier relations: averaging 10+ years (Tunisia). There are frequent visits per year conducted e.g. project handover's, production inspections, quality controls, introduction of new manufacturing techniques etc.

Pricing strategy: Mr. Hubert Schmitz and Mrs. Vera Bongard negotiate working times and payment per order with Mr. Atef Bennani in an open process. If a product is being modified, the manufacturers price level can be adapted as often as necessary.

Furthermore, prices directly depend on order quantity and complexity of the models. This is constantly negotiated in an open dialogue with Mr. Atef Bennani. There are no fix prices at all.

Sewing minutes are neither consequently captured nor the decisive basis for price discussions.

Organization of the sourcing department

Mr. Hubert Schmitz, Technical Director at S-GARD, is responsible for order and stock management.

Mrs. Lea Schmitz supports him as Head of Production.

S-GARD employs two specialists- one of them responsible for all purchase activities and the second person affected with customs handling.

PRODUCTION CYCLE

S-GARD is producing a mixed portfolio from standard articles and client specific-individually designed- items. Total production quantity per year is approximately 200.000 pieces of garments. Standard lead-time is between 6-12 weeks, depending on complexity and urgency of the orders, but can exceptionally stretch to 16 weeks.

Seasonal variations appear from September to March (increasing demand, high season) and April-August (decreasing demand, low season). There is no forecast process possible since production is a running procedure. Working times and capacities are carefully and closely coordinated at S-GARD. The annual low season is mostly used to refill the stock with standard items and to run special projects.

Planning is done together with the suppliers. Mr. Atef Bennani is permanently corresponding with the S-GARD headquarter and the sewing factories to arrange smooth processes. Planning/ordering is weekly procedure.

Specific lines are not reserved, all partners (except Hanitex) work exclusively for S-GARD with 100% of their possible performance.

Production cycle:

1. Purchase of all raw material and trimmings from Heinsberg, first incoming goods quality inspection and raw material stock keeping. No local sourcing is allowed by the rules of ISO 9001 and the European PPE guideline.
2. Overnight (truck and ferry) shipping from Heinsberg to Tunisia via Italy within 2-3 days.
3. Delivery to the Tunisian platform ABH. At ABH: order collection and allocation to the three different sewing facilities. Then fabric cutting process, entire handling and manufacturing process, readymade garments quality control.
4. Onward transport to S-GARDS exclusive sewing partners Hanitex, MRM, MMSB, ABH Extension and Nobel, here: sewing, seam sealing, etc.
5. Backward transport to ABH, incoming goods 1st quality check, then export to Germany.
6. At Heinsberg: 2nd quality examination of the ready garments before delivery.

FACTORY RELATIONS

In general: as addressed previously S-GARD is running long-term cooperations, in some cases with more than ten years, and only carefully and well-prepared changes the supplier structure; following the principle of trust and confidence.

In case of new production sites, S-GARD firstly evaluates the three most important performance indicators: production capacity, price level and quality by the use of trial orders.

After passing these three significant factors successfully S-GARD considers communication skills, transport (location, etc.).

After that we focus on transparent social (including safety at work, payment, working times/ shifts, etc.) and distinctive environmental standards.

Unlike the years before decisions are no longer been taken only on the basis of personal contact, individual impressions and feelings but instead of this with an evaluation checklist, containing both social factors and all other relevant factors as addressed before.

The final decision regarding the selection of new suppliers is up to Mr. Bruno Schmitz, Mr. Hubert Schmitz and Mr. Atef Bennani.

S-GARD has worked out a code of conduct paper, which is distributed among the suppliers for countersigning (prevention of sub-contracting, preservation of human rights, etc.) and a comparison chart to evaluate a) the social compliance and b) social related factors including safety and health of all producers. This tool will be extended by a wage and bonus chapter and allow for more transparency in the payment situation in the upcoming years.

INTEGRATION OF MONITORING ACTIVITIES AND SOURCING DECISIONS

Since S-GARD did not source from any new factories in the past year, the influence of monitoring activities on sourcing decisions is not reliably perceivable.

Coherent system for monitoring and remediation

Negative findings influence the sourcing strategy, mainly in the long run, S-GARD requests a partner-like and fair cooperation and can efficiently take influence on the partners business e.g. through order volumes etc. Short-term actions can be taken as well.

Despite of that we know most suppliers for many years or strive to build reliable partnerships. This is what makes us sure that they cooperate in an efficient way with us since both sides are in reciprocal dependency.

AUDIT PLANNING

In 2020 a first Audit was planned at Societe M.M.S.B Confection and a follow-up Audit at MRM Confection. The Audit at MRM Confection had to be cancelled due to Covid restrictions.

1. Audit at Societe M.M.S.B Confection, November 05-06, 2020
 - a. % of production at supplier: 3%
 - b. Factory visits: Mrs. Lea Schmitz in January, Mr. Bruno Schmitz in February and Mr. Hubert Schmitz in February
 - c. During all visits FWF and all issues around the membership, COLP, etc. have either been introduced or discussed.
 - d. Complaints: no complaints
 - e. Cooperation with other clients: the factory produces exclusively for S-GARD.
 - f. Prior social audits: First audit at the factory
 - g. Major audit findings and corrective actions

Category	Detailed finding	Corrective Action Plan	Current Status
Member sourcing	1) According to factory management, the prices of the member do not support the payment of living wages. The manager did not do an estimation of labour minutes for each model	S-GARD did start a living wage analysis program with ABH. The gained knowledge out of this programm will be used to set up programs with other suppliers in the future.	In Progress

	<p>and there is no costing sheet that is shared with FWF members and clients.</p> <p>2) The manager stated that the number of orders decreased because of COVID 19 and that has affected the financial situation of the factory. The manager hopes that the brand resumes the order level as it was before COVID19 in order to improve factory revenues and its financial resources.</p>	<p>The factory management is currently changing and will be restructured with the help of ABH to adress financial difficulties.</p>	
No discrimination	<p>There is no formal performance review system of workers which increases the risk of discrimination</p>	<p>The manager and workers representative will discuss how to formalize the review system to gain more transparency.</p>	In Progress
Living Wage	<p>Workers are paid below living wage as estimated by local stakeholders</p>	<p>S-GARD did start a living wage analysis program with ABH. The gained knowledge out of this program will be used to set up programs with other suppliers in the future.</p>	In Progress
Living Wage	<p>Wages are paid later than legally required.</p>	<p>The delayed payment was inflicted by to the shut-down of Tunisian factories due to Covid-19 measures. The factory management is currently changing and will be restructured with the help of ABH to address financial difficulties. The wages are now paid and will be paid timely in the future.</p>	Done Closed

Living Wage	Allowances, bonuses, or benefits are not paid as legally required	The bonuses will be paid as required.	Done Closed
Working hours	The working hour schedule is posted but not approved by the labour inspection. The manager signed an agreement with workers to have only half an hour for lunch instead of 1 hour.	The posted work schedule will be updated and approved by the labour inspection.	Done Closed
Safety & Health	Since workers take the break at the same time, they fail to adhere to the policy of wearing face mask and maintain safety distance of 1m.	The communication regarding Covid safety measures will be improved.	Done Closed
Safety & Health	There is an infirmary, not well equipped. There are only one desk and an examination table.	Required equipment for the infirmary will be bought.	Done Closed
Safety & Health	The company provides two working aprons but no shoes and no bonus for the purchase of shoes. Only the maintenance technician and the cleaner received safety shoes.	Shoes/shoe bonus will be paid.	Done Closed
Safety & Health	There are two toilets for women. They are not well maintained nor well ventilated. It requires better hygiene.	Toilets will be better maintained.	Done Closed
Safety & Health	The changing room is also used as a canteen. It is well maintained but was empty. It was not equipped with lockers and refrigerator.	The factory management is negotiating to use rooms of the neighbours building. If that is possible, a separate canteen and changing room will be equipped.	In Progress
Safety & Health	The majority of the chairs are not ergonomic.	Workers in sitting positions will be provided with chairs with back support.	Done Closed

Legal	Social security contribution of 2020 has not been paid yet because of Covid 19 crisis and the financial problems. According to the manager, he applied for a payment schedule after receiving a social taxation.	Social security contribution will be paid as required.	Done Closed
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ROLE OF STAFF AND AGENTS/INTERMEDIARIES/CONTRACTORS

Tunisian and Polish production sites: no third parties involved. Turkish production site: our German contact partner is Cint GmbH, Albstadt. The manager, Mr. Zafer Cint, is intermediary for S-GARD and Dekorteks. Until today, S-GARD has no direct business with Dekorteks, but is in touch the factory management on how to improve social compliance. To avoid suspiciousness and increase transparency, the communication regarding social compliance between S-GARD, Mr. Cint and Dekorteks is always open for all three parties.

EXECUTION OF CORRECTIVE ACTION PLANS

S-GARD is supporting manufacturers with the execution of corrective action plans directly by personally attendance and accessibility at any time. Common discussion among the management and optionally in attendance with the workers will be held if necessary. CAP's will be controlled internally by a simple Excel-sheet showing problems, status, possible solution, etc.

EXTERNAL PRODUCTION

No external production is carried out.

Complaints handling

S-GARD complaints procedure:

Mr. Atef Bannani is primarily responsible in case of complaints but this only with direct S-GARD consultation. After the reception of a complaint the problem will be discussed between the two affected or, if needed, with all three parties.

A possible solution shall be found during this agreement process. In that context, it is S-GARD to check whether it is a single/individual or general issue, in order to start appropriate corrective actions for the future. Measures and arrangements will then be taken.

In the context of implementation, FWF's CoLP workers are extensively educated how to cope with complaints.

Complaints: no complaints received.

External complaints procedure:

The external complaints procedure via FWF / complaints handler remains untouched from the before mentioned procedure and is definitely always open for all employees feeling the need to go beyond the internal procedure.

Training and capacity building

ACTIVITIES TO INFORM STAFF MEMBERS

German staff, inclusive of the externally operating sales team, have verbally been informed about the Fairwear membership, the CoLP, first audits and their consequences. We repeat that from time to time. The status of the work with FWF is

The executive has prepared a document containing the basics of S-GARD's CSR activities – under the use of the membership statement from Erica van Doorn. This letter of information is used for public relations in general, clients, and public procurers.

By having taken these steps, we enable all colleagues to give fundamental answers in terms of Fairwear and the CoLP towards third persons and parties.

The Fairwear membership is a fixed point in our two-weekly development meeting.

ACTIVITIES TO INFORM AGENTS

We are with our agency, Cint Stickdesign, in a permanent discourse about all relevant social issues.

ACTIVITIES TO INFORM MANUFACTURERS AND WORKERS

First of all, the FWF CoLP and related documents have been published in all manufacturing structures on well-visible and easy-accessible places.

The S-GARD management, the ABH management and the local managements carried out introduction lessons in each factory to publish, discuss and implement the CoLP's before- and because of some negative voices- again after the audits.

Thus, we hope to get all stuff principally aware of his/her personal rights and obligations on the job and what to do/how to behave in case of violations, problems, etc.

S-GARD commits itself to redo that whenever it's necessary, e.g. in case of new labour- or- in case of renewed negative interrogation results by the auditors.

To support this process, S-GARD is committed to arrange at least one WEP at one of the factories per year since 2018.

In 2019 a WEP at Nobel was held with good results and feedback. Since the training only allowed the participation of 22,5% of the workers, and additional training will be held in 2020.

Transparency & communication

These publishing activities have been taken:

- FWF logo placed on www.s-gard.com and www.s-gard.de
- FWF logo placed in general areas of product brochures and PDF's
- Written statement drafted for clients and public procurers with a short explanation of Fairwear and its main concerns
- Fairwear and the CoLP added to the tender documents
- Fairwear mentioned on our social media channels (Facebook, Instagram, Blog)
- Our planned product catalogue will have a page about Fairwear and our membership.

In discussion / not decided yet:

- Display S-GARD foyer, Roll-ups for events, posters, etc.

Stakeholder engagement

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Corporate Social Responsibility

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