

# Teamdress Holding GmbH

## social report

Reporting period 2020

(Financial year: 01,2020 – 12,2020)



teamdress®



finest professional clothing

[WWW.TEAMDRESS.DE](http://WWW.TEAMDRESS.DE)

FAIR WEAR MEMBER SINCE [01,2019]

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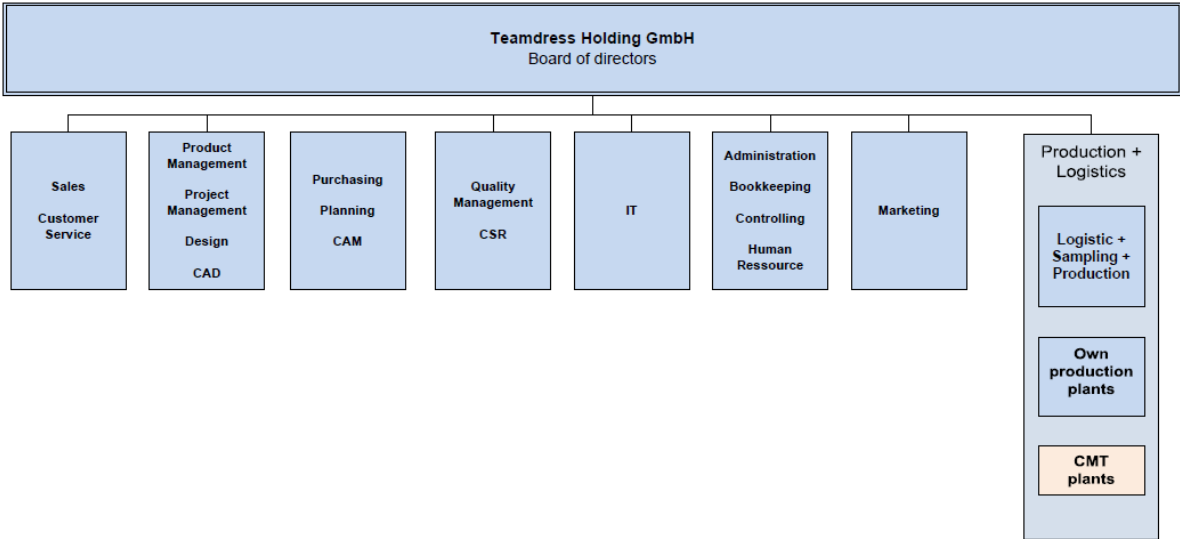
# **Teamdress Holding GmbH**

## **social report**

# Organisational chart

## Organisational chart Teamdress Holding GmbH

2020



## Summary: 2020 goals & achievements

Some structural changes in our procurement strategy were planned for 2020. The cooperation with the new production facility in Uzbekistan was to be consolidated and further expanded. In return, production capacity was to be reduced on a larger scale in Ukraine and Moldova.

This project, like so many others, was heavily influenced by the Covid 19 pandemic. The travel activities of our production supervisors, the quality manager and the management were severely restricted. As a result, the production capacity in Uzbekistan increased only very slowly. Which led to a complete re-planning for all other production sites, see point Production relations.

The quality manager was still able to personally conduct an audit in Moldova in February 2020. The other planned audits were replaced by a self-assessment of the production facilities.

We are particularly proud that the planned STeP by OEKO TEX certification of our own production plant in Ukraine by the Hohenstein Institute could be carried out very successfully despite all restrictions and in compliance with all regulations. This has given us the go-ahead to manufacture products with the "Grüner Knopf" label in this factory.

The search for further production partners in Uzbekistan was continued with the support of an advisor from the Uzbek Textile Association.

During active market research among the holding company's clientele, many customers indicated that sustainable products are becoming increasingly important and in greater demand, and that this aspect of procurement is becoming more important.

The most important cornerstones of our corporate policy are anchored in the Code of Conduct of Teamdress Holding. These include

- socially responsible corporate governance
- respect for and promotion of human rights
- a clear commitment to compliance with the ILO core labour standards
- protection of the environment
- bribery and corruption are not tolerated.

The other policy statement is the Teamdress Holding sustainability report published on the website.

### **Extract of the sustainability report of Teamdress Holding**

**(available on the Teamdress website)**

## **Employees**

*We are fully aware of our social responsibility and pay attention to fair and safe working conditions along the entire production chain.*

*In our own production plants in other European countries, we have been ensuring for years that neither child labour is incurred, nor is there any restriction on the education of and participation in employee representation. Furthermore, we have established trusted representatives who act as contact persons in case of any problems. To date, no cases of discrimination or harassment have been reported to us.*

*We require the same from our contract manufacturers and check this continuously.*

*Without exception, we pay wages at least amounting to the legal minimum wage in our factories. We also help our employees to make their work area more effective by continuously optimising all work processes, thus reducing the workload. This optimisation process is ongoing.*

*A continuous provision of cut bundles enables the seamstresses to work effectively and at the same time with high quality. Bonus payments are possible through additional training.*

*Both the management of Teamdress own production facilities and contract manufacturers were banned from subcontracting production orders. This not only avoids making quality control more difficult but prevents the undermining of wage standards.*

*Our own production facilities as well as those of other companies are bound to the principles of the Fair Wear Foundation and the Green Button and are regularly subjected to social audits.*

## **Covid-19**

*As part of the Covid 19 crisis, we took a number of protective measures at all the group 's sites.*

- *In our sample sewing rooms in Poland, a sufficiently large number of mouth-nose protectors made of strong fabric were already produced at the beginning of March so that every employee could be equipped with at least two of them.*
- *Where it was technically feasible and possible in terms of work processes, home workplaces were created.*

- *For all office work, distance was prescribed. Meetings took place only via video conferencing. In addition to the provision of sufficient disinfectants, constant ventilation was ensured at all locations.*
- *All suspected cases were ordered to stay at home and asked to undergo a test.*
- *After suspicious cases arose in one of our plants in Moldova, we had tests carried out on the entire workforce at our own initiative and expense, as no action was taken by government agencies. Contact persons were identified and infected persons were sent to home quarantine.*
- *Partition walls were installed in the sewing rooms to provide increased protection against infection by separating them.*

*Our group of companies has also been severely affected by the economic crisis. However, thanks to very timely orders and additional safety stocks of fabrics and ingredients, we were able to maintain delivery reliability to our customers as far as possible.*

## **Sourcing strategy**

### **SOURCING STRATEGY & PRICING**

The procurement of finished goods is in a transitional phase, De Berkel still continued its long-standing business relationships with its suppliers in 2020. Teamdress Holding is responsible for its finished goods suppliers. Due to the low share of finished goods purchases with a total turnover of 8.3%, the focus was/is on CMT production, for which Teamdress Holding has complete responsibility.

Teamdress Holding works without agencies and intermediaries; contracts are concluded exclusively directly with the production companies.

The Managing Director (the Product Manager), the responsible Production Planner and the Quality Manager assess on criteria such as purchase prices, delivery times, delivery reliability, quality, and compliance with FWF's Code of Labour Practices the factories where the products are being manufactured.

The contracts specify, among other things, capacity and prices which get adjusted on regular basis to reflect both parties' requirements and needs.

Teamdress Holding ensures a continuous workflow for its partners through a continuous supply of raw materials, so that there are always enough orders/work for the seamstresses.

In order to be able to serve the demanding customers with innovative products, new models are constantly being designed by Teamdress Holding.

The models follow a modular system, which allows the seamstresses to achieve very good efficiency and thus better earnings.

Since 2014, production lines in the company's own factories have been converted to skill groups. This makes the factories better equipped to handle smaller order sizes and a variety of styles. Production workers specialise in specific, defined, and repetitive tasks, so that seamstresses can work more efficiently and receive better pay.

Teamdress Holding has also helped CMT partners implement the same methodology.

The decision as to whether a potential production company receives orders is linked to a defined process, see point "production relations".

An integral part of the contract between Teamdress Holding and the production companies is the Code of Conduct of Teamdress Holding and the recognition of the guidelines of the Fair Wear Foundation, as well as the willingness to have an OEKO-TEX STeP certification carried out at the site. See item "production relations".

The planned concentration on fewer production plants to streamline processes and increase the possibility of influence through a larger share of the production capacity of the individual plant was implemented.

In compliance with the contractually agreed deadline, the contracts with some production facilities were terminated in 2020.

This concerns the closure of a site of our own factory in Moldova and the termination of cooperation with a CMT factory in Ukraine at the end of 2020, as well as the termination of cooperation with 1 CMT factory in Albania (February 2021).

New, fixed-term contracts (end of March 2021) were concluded with our own factory in Moldova and 2 CMT factories in Moldova. Due to the current situation, these are currently to be extended until the end of June 2021.



## **PRODUCTION CYCLE**

As a workwear manufacturer, our collections are not dependent on the seasons. Our collections are designed for specific occupational groups and fields of activity. We create new collections and update existing collections, but these changes do not affect the planning of production capacity.

The Teamdress Holding represented by our logistic centre in Poland, Teamdress Drawa Spolka z. o. o, concludes a contract with each production facility. In this contract the agreed production capacity per week (e.g. 75.000 minutes/week) is fixed among others, so that sustainable planning can be conducted accordingly.

The raw material is delivered to the factories at 2 weeks intervals, e.g. 150.000 minutes in one truck. One-week capacity should be delivered 2 weeks later with the next export, the other weekly capacity is planned to deliver with the export after 4 weeks.

The planning department and the production facility closely coordinate the weekly output of the production and agree the delivery dates of the orders accordingly.

As a result, factories never run out of orders unless they are scheduled for summer holidays, for example. As a result, factories are almost never asked to work overtime.

On the other hand, we always try to help if a factory needs more minutes in a certain period because other customers who also produce in the same factory have not delivered the agreed amount of raw material.

## **PRODUCTION RELATIONS**

The Teamdress Holding is certified for the ISO 9001:2015 Quality Management System. Our quality management documents define, among others, the process for selecting a new manufacturer.

The first step to a new possible production site is to answer some Critical Questions (QM document). If we decide that this factory could be a new supplier for us, we ask the factory to fill in our checklist for a production company.

On basis of this information, the managing director, in consultation with his team, decides whether to conclude a contract with the factory and place a trial order.

Together with the draft contract for the planned cooperation, the contractual partner receives the Code of Conduct of Teamdress Holding and the information on FWF membership.

All our producers and suppliers must confirm that their company policy complies with the ILO standards and the FWF CoLP. This requirement is part of our contract with the production

sites. Likewise, the recognition of the Code of Conduct of Teamdress Holding is an integral part of the contracts with the factories.

Translation of an extract from a contractual document:

*"1.9 The teamdress group is a member of the Fair Wear Foundation and produces according to its guidelines. The contractor accepts the guidelines / rules of the Fair Wear Foundation and actively works to improve working conditions and labour practices. Teamdress Holding supervises the contractor and verifies it through annual audits. Please also visit [www.fairwear.org](http://www.fairwear.org)*

*The contractor undertakes to have an OEKO-TEX STeP certification carried out by the Hohenstein testing institute upon the client's request. After obtaining the certification, compliance with the specified standards is mandatory. Please also visit <https://oeko-tex.hohenstein.de/>*

*The contractor confirms the receipt as well as the content of the Code of Labour Practices by signature.*

*1.10. The Code of Conduct of the teamdress Group is an integral and non-negotiable part of this contract and is attached as an appendix to this contract. The Contractor acknowledges receipt as well as the content of the Code of Conduct by signature. The individual clauses may be reviewed by employees of the teamdress Group and should be presented upon request."*

In 2020 we did not search for new capacities and therefore no contracts with new manufacturers had been signed.

We have had to streamline the production structure as follows:

- Termination of cooperation with one CMT factory, Ukraine.

Reasons:

- Production facility with the highest price per minute, price pressure due to loss of sales conditioned by the Corona situation.
- due to the continuous increase of the minimum wage in Ukraine, an increase of the price per minute was to be expected

- Closure of one factory of our own production Starline in Anenii Noi, Moldova.

Reasons:

- Expiry of the rental contract, no agreement on a new contractual relationship at economically acceptable conditions for Teamdress Holding.
  - despite enormous efforts of the local management (with the support of Teamdress Holding) it was not possible to find new employees in sufficient numbers to achieve the necessary increase in production capacity.
- Termination of the cooperation with the CMT factory, Albania.

Reason:

- Economically unacceptable transport costs, as it was not possible to significantly increase the production capacity of the plant and no further production partners could be found on site either

## **INTEGRATION OF MONITORING ACTIVITIES AND SOURCING DECISIONS**

As we have built up a good relationship of trust with many producers due to our many years of cooperation, there are no problems that need to be described in this topic.

Due to our manageable number of production sites, we constantly have a good overview of the production situation, both in terms of capacity and quality and any difficulties that may arise in CSR.

We therefore do not use a ranking system for the factories.

All issues we found have been discussed with the responsible staff at the factories. Together we found a solution and the problems could be solved.

For our sourcing decision, the schedule has been described, see topic “production relations”.

Nevertheless, we are aware that continuous monitoring is the only way to control and manage problems that arise.

## Coherent system for monitoring and remediation

The QM-Manager is addressing all audit findings and improvement plans with the individual production companies.

Due to Covid 19, only a few on-site audits were carried out in the factories in 2020.

- 1 audit (QM Teamdress Holding) in Moldova
- Self-assessments by 2 production plants in Ukraine
- 1 STeP certification by the Hohenstein Institute in Teamdress Holding own production plant in Ukraine
- the deployment of our production supervisors on site (Uzbekistan), was only possible to a limited extent

The Teamdress Holding audits and self-assessments of the production companies did not reveal any facts that required measures regarding general working conditions or compliance with the Code of Labour Practices.

The implementation of the obligations arose from the STeP certification of the Debetex company is accompanied and monitored by Teamdress Holding via an action plan. This includes, among other things, extended labelling of escape plans, routes, and doors.

The group further supplied the CMT factories with required sewing machines and other equipment where needed. All this to improve the quality and to offer the seamstresses the possibility to produce more efficiently and thereby improve their salary.

The CMT factories, as well as our own production sites, make use of our accumulated knowledge in the field of systematically calculated time registrations, production routings for the models, skill group production control as well as clear systematic reward systems for the personnel. We use instructors / production supporters who guide the seamstresses and management towards improving sewing processes and efficiency, which ultimately results in better salary levels.

With our production site in Poland we are continuously in touch by visits of staff members of Teamdress Holding and Poland has the status of a 'low-risk' country.

## UKRAINE

Due to our risk assessment, HRW (Human rights watch) has identified a homophobia risk in Ukraine. To date, we have no information about incidents of homophobia at our production sites. This serious point is raised in discussions with local management.

### own factory

Percentage of total production: 8,1%

Third-party audit by the German Hohenstein Institute has been conducted to get an OEKO-TEX STeP-certification in December 2020. Although the Teamdress Holding staff could only support the very complex previous assessment process by e-mail and by phone the factory achieved a very good result.

The score is 61 % over all subject areas (chemical management, environmental management, environmental performance, quality management, social responsibility, and safety).

The scoring in social responsibility was 81 % and in safety 61 % of possible 100%. After this successful pass of the audit the factory is now home of the production with the new seal "Grüner Knopf".

The defined CAPs are monitored by Teamdress Holding as well as by Hohenstein Institute.

### CMT factory 1

Percentage of total production: 7,4%

The cooperation has been terminated at the end of December 2020.

The reasons can be found under the item "production relations".

### CMT factory 2

Percentage of total production: 7,5%

Instead of an audit at the factory site by Teamdress Holding staff the management of the factory has conducted a self-assessment according to the QM-documents of Teamdress Holding including the Health and Safety check (FWF).

## MOLDOVA

Due to our risk assessment HRW (Human rights watch) has identified a homophobia risk in Moldova. To date, we have no information about incidents of homophobia at our production sites. This serious point is raised in discussions with local management.

### **own factory 1**

Percentage of total production: 4,3%

An audit has been conducted by representatives of FWF in July 2018. The necessary measures mentioned in the CAP are in progress.

With the new contract, the minute factor was adjusted to the CMT - factories in Moldova.

### **own factory 2**

Percentage of total production: 5,9%

The production facility was closed at the end of December 2020.

### **CMT factory 1**

Percentage of total production: 12,4%

The QM manager of Teamdress Holding has visited the factory and has conducted an audit on site including the Health and Safety check (FWF).

### **CMT factory 2**

Percentage of total production: 19,1%

Normal course of production. A visit to the factory was not possible due to the Covid 19 pandemic.

## **ALBANIA**

### **CMT factory**

Percentage of total production: 13,6%

Normal course of production. The factory was informed in time about the decision to terminate the cooperation at end of February 2021.

## **UZBEKISTAN**

Our risk analysis has revealed the following main topics, which must be subject to special monitoring:

corruption, discrimination, restriction of the right to independent workers' representation and collective wage agreements.

The management of all our factories and CMT-partners is obliged by contract to comply with the CoC of the TDH and the FWF labour guidelines. This also includes the possibility of an on-site inspection by independent third parties, e.g. an audit for OEKO-TEX STeP certification.

### **CMT factory**

Percentage of total production: 2,2%

Visited by our production supporters as far as possible and visited by the shareholder of Teamdress Holding.

### **POLAND**

Poland has the status of a 'low-risk' country. The factory's authorised signatory is an employee of TDH. He visits the factory several times a year, always staying for several days, so that he has a deep insight into the actual processes on site.

### **own factory and logistic centre**

Percentage of total production: 17,3%

Regular visits as far as possible and monitoring that FWF's Code of Labour Practices is adhered to.

### **LITHUANIA**

Lithuania has the status of a 'low-risk' country.

### **CMT factory**

Percentage of total production: 2,0%

The cooperation has been terminated by the factory to end of December 2020 due to a change in the product portfolio that the factory has decided to make.

### **EXTERNAL PRODUCTION**

As mentioned above the proportion of the external producers FOB is about 8,3% so we focused our activities on our own and the CMT factories.

All information regarding the sent and received questionnaires is entered in the online tool FAIRFORCE. Some external producers have their own Code of Conduct in line with the core labour standards of the ILO.

## Complaints handling

The QM Manager, Mrs. Annegret Dyck is responsible for monitoring complaints. The QM has the authority from the GM to take the decisions about the need for an investigation, to discuss the complaint with the management of the production companies and to reach agreement on improvement plans. The employees report is provided in writing to the Managing Director or the QM-Manager. If an oral explanation is desired, an opportunity is provided to do so.

### Complaints in 2020

No complaints were submitted in 2020.

## Training and capacity building

### ACTIVITIES TO INFORM STAFF MEMBERS

The employees of Teamdress Holding as well as the employees of the production sites have been informed about the FWF Code of Labour Practices (it is displayed on the general notice board in every factory). The implementation of the FWF Code of Labour Practices is standard in day-to-day business at Teamdress Holding as well as at all production sites.

The Quality Manager has conducted a training with the production supervisors who are visiting the production sites. The topics covered were the social responsibility of Teamdress Holding, of which we are aware, but also the increasing importance of this issue among our customers and in the market. The beginnings and the reasons for the emergence of an organisation like the Fair Wear Foundation were discussed and all participants were aware of the terrible disaster "Rana Plaza".

The production supervisors were sensitised to all relevant issues, but also advised never to put themselves in a dangerous situation, but always to choose the way to inform Teamdress Holding.

The meaning of CSR for the Teamdress Holding, the Code of Conduct of Teamdress Holding, the membership in FWF, the certification of OEKO-TEX STeP and the seal "Grüner Knopf". The FWF Code of Labour practices was discussed step by step as well as the FWF Health and Safety check.



The sales manager and the general manager conducted several sales meetings during the year. The topic CSR has been discussed in detail, as well as the complete sales staff was informed about the different seals, certifications, and memberships of the Teamdress Holding.

## **ACTIVITIES TO INFORM MANUFACTURERS AND WORKERS**

FWF does not conduct training in the countries where Teamdress Holding's production takes place.

The plan was to conduct trainings of the production managers of the different factories based on the training of the production supervisors that took place in January 2020.

Due to Covid 19, no training by Teamdress Holding employees was possible in the factories in 2020.

## **Information management**

Our production supervisors, who are with the producers whenever possible, act as representatives (eyes and ears) of Teamdress Holding to the employees.

Different departments have daily contact with the factories and any fundamental problems are brought to the attention of the management.

Teamdress Holding has a very limited number of suppliers and with most of them there is a long-standing cooperation.

Cornerstones:

- The contract with the factories prohibits the subcontracting of work without prior approval from Teamdress Holding.
- Through weekly capacity reconciliation with scheduling, a sudden increase in production capacity would be immediately visible and questioned
- Due to the continuous reconciliation of production capacities, there is neither the need for overtime nor the risk of subcontracting

## Transparency & communication

Customers regularly inquire whether our clothing has been produced in a socially responsible manner.

The sales team is guiding the customer to FWF's website [www.fairwear.org](http://www.fairwear.org) as well as to the website of the German "Grüner Knopf" [www.gruener-knopf.de/](http://www.gruener-knopf.de/)

Further we use the following routes of communication to illustrate our association with FWF:

- On our website
- On our stationery
- On our promotional material
- The Annual Social Report will be published on FWF's website

## Stakeholder engagement

Most of the countries where TDH produces have strong labour legislation, protecting workers rights, wages and working conditions. The governments in these countries ensure that this legislation is properly applied.

The by APIUS (Initiative of the Moldovan Employers' Association of Light Industry) planned audits for ISO 9001:2015 and ISO 45001: 2018 certification were conducted in August 2020 and the both production facilities were successful.

Our risk assessment is regularly updated using a wide range of information sources from stakeholders, including Human Rights Watch (HRW), International Labour Organization (ILO), Organisation for Economic Co-operation and Development (OECD), Federal Ministry for Economic Cooperation and Development (BMZ, Germany), Independent Institute for Environmental Issues (UFU, Germany), MVO (Nederland) Risk-Check, etc.

## Corporate Social Responsibility

Our social responsibility is clearly laid down in the Code of Conduct of Teamdress Holding. All employees are familiar with this document, which is handed out to new employees when they join our company.

Compliance with our Code of Conduct is also an integral part of concluding contracts with production partners.

This responsibility is lived out in day-to-day business and is defined and strengthened through various certifications and memberships.

### ISO-9001 quality management system

The Teamdress Holding is certified for the ISO 9001:2015 Quality Management System. With this Quality Management System, we are committed to a continual improvement based on evaluation of data and information and a risk-based thinking for all our processes.

### ISO-14001 environmental management system

De Berkel B.V. is a certificate holder and complies with the laws and regulations. We are committed to continuous improvement of our environmental performance and control of environmental risks.

### Standard 100 by OEKO-TEX

The OEKO - TEX Standard 100 is a testing and certification system for textiles and accessories. The standard focuses on limiting the use of harmful substances in relation to the health of the end consumer/wearer.

Teamdress Holding requires all its suppliers of textiles and accessories to have all their products certified according to this standard. This is also an expression of our social responsibility as our products contribute to environmental sustainability.

### STeP by OEKO-TEX

Teamdress Holding has its Ukrainian production unit “STeP by OEKOTEX” certified to be able to produce goods with the seal “Grüner Knopf”.

STeP by OEKO TEX certification covers a wide range of different requirements in the areas of chemicals management, environmental performance, environmental management, social responsibility, quality management and safety.

### **Grüner Knopf**

The „Grüner Knopf“ label is a government-run certification label for sustainable textiles. Everyone who aims to purchase socially, and environmentally sustainable clothes should look out for the “Grüner Knopf” label.

The label demands that mandatory standards are met to protect people and the environment. A total of 46 stringent social and environmental criteria must be met, covering a wide spectrum from wastewater to forced labour.

More information can be found at [www.Gruener-Knopf.de](http://www.Gruener-Knopf.de)

### **MVO**

De Berkel B.V. is a member of MVO Nederland (Corporate Social Responsibility of the Netherlands). More information about this organisation can be found at [www.mvonderland.nl](http://www.mvonderland.nl).

### **Fair Wear Foundation**

Teamdress Holding is a member of the Fair Wear Foundation. FWF organisation aims to promote and monitor good and fair working conditions in the garment industry worldwide. We have committed ourselves to compliance with the Code of Labour Practices and to gradually implementing compliance with the Code of Labour Practices in our production facilities as well.

This includes that all our production sites must agree that audits can be carried out by independent third parties at their premises.

More information can be found at [www.fairwear.org](http://www.fairwear.org) .

### **Supporting Mother Teresa Foundation**

The Mother Teresa Foundation offers help to the most impoverished people in Eastern Europe. This without distinction by origin, religion, gender, and age. They generate funds through sponsorship and the sale of new clothing in the Netherlands and new and used clothing in Romania. The proceeds are used to support many projects. De Berkel B.V. supports the Mother Teresa Foundation financially and by sending excess stock clothing to Romania.