

Teamdress Holding GmbH

social report

Reporting period (Financial year: 01.2021 – 12.2021)



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Fair Wear member since [01,2019]

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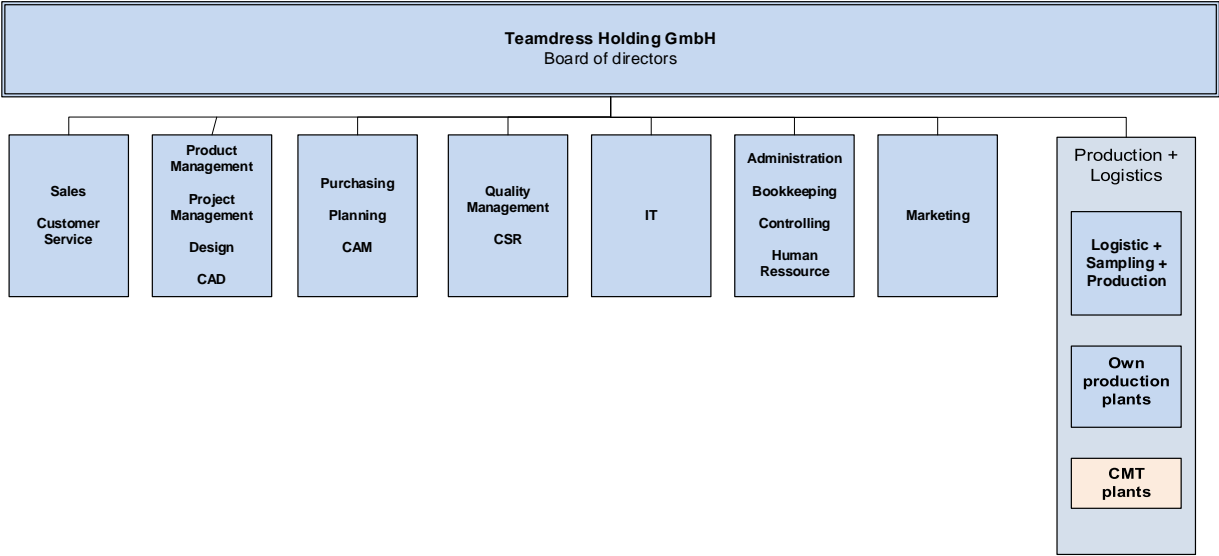
Teamdress Holding GmbH

social report

Organisational chart

Organisational chart Teamdress Holding GmbH

2021



Summary: 2021 goals & achievements

The concentration of production capacities in Uzbekistan planned for 2021 could not be fully implemented for various reasons, partly also due to corona-related restrictions. Another decisive point, however, is the non-publication of the worker info sheets at the two production sites.

As a result, the development at the two Uzbek CMT-factories led to a new orientation of our production planning in the course of 2021.

This includes the continuation of production at our long-standing production partners in Moldova as well as the resumption of production at a CMT plant in Ukraine, a CMT plant in Albania and the resumption, and in the other case a start of cooperation with 2 factories in Bosnia/Herzegovina in the fourth quarter of 2021. Contracts with a duration of several years were concluded with the partners with whom cooperation was resumed.

In November 2021, the OEKOTEX STeP certification process was launched for a CMT factory in Moldova.

In addition to the assumption of costs by Teamdress Holding, one of our employees also accompanies the CMT factory through the entire preparation phase and the on-site audit.

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 respect the ILO core labour standards
- Environmental protection
- Bribery and corruption are not tolerated

Another corporate policy statement is the sustainability report of Teamdress Holding, which is published on our website.

Sourcing strategy

SOURCING STRATEGY & PRICING

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 that enables the seamstresses to achieve very good efficiency and thus better earnings. Our own production facility is thus better able to produce smaller order sizes and a larger number of different models. The

production workers specialise in certain defined and repetitive tasks, so the seamstresses can work more efficiently and are paid better. Teamdress Holding also supports CMT partners in implementing this methodology.

Due to the low share of finished goods purchases in total turnover (9,8 %), our focus and emphasis in monitoring was and still is on the CMT production sites.

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

The managing director (the product manager), the responsible production planner and the quality manager assess the factories where the products are manufactured according to criteria such as purchase prices, delivery times, delivery reliability, quality, and compliance with the Teamdress Code of Conduct and the FWF Code of Labour Practices. The decision whether a potential production partner receives orders is linked to a defined process, see item "Production relationships".

The contracts specify, among other things, capacity, and prices, which are regularly adjusted to the requirements and needs of both parties.

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

Another 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 conducted at the site. See also item "Factory relations".

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.

Teamdress Holding concludes a contract with each production company. In this contract, among other things, the agreed production capacity per week (e.g., 75,000 minutes/week) is fixed so that sustainable planning can be conducted accordingly. The raw material is delivered to the factories at intervals of 2 weeks each, e.g., orders for 150,000 production minutes in a truck. One weekly capacity is to be delivered 2 weeks later with the next export; the other weekly capacity is foreseen for delivery with the export after 4 weeks.

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

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

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

FACTORY RELATIONS

Teamdress Holding is certified according to the ISO 9001:2015 quality management system.

Our quality management documents specify, among other things, the procedure 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.

Based on 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 of FWF membership of Teamdress Holding.

All our producers and suppliers must confirm that their company policies comply with ILO standards and the FWF CoLP. This requirement is part of our contract with the production sites. Likewise, recognition of the Teamdress Holding Code of Conduct is an integral part of the contracts with the factories.

Translation of an extract from a contractual document:

1.10. 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. The teamdress holding company supervises the contractor and checks him through annual audits. Please also visit www.fairwear.org

The contractor undertakes to have an OEKO-TEX® STeP certification carried out by the Hohenstein testing institute as specified by the client. After obtaining the certification, the specified standards must be complied with. Please also visit <https://oeko-tex.hohenstein.de/de/>

The contractor shall confirm receipt and the content of the Code of Labour Practices by signature.

1.11. 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 signing it. The individual clauses may be reviewed by employees of the teamdress group and should be presented upon request.

The concentration of production capacities in Uzbekistan planned for 2021 could not be implemented as planned due to some fundamental problems in the cooperation. Another crucial point is that the managements of both production sites were not willing to make the worker information sheets available to all employees.

As a result, this led to the termination of the contract with one CMT factory by mutual agreement. Both sides agreed that the expectations that both contracting parties had of the cooperation could not be fulfilled despite great commitment and considerable efforts by both contracting parties. At the second CMT factory the production has been stopped and we are in negotiations about terminating the existing contracts.

We continued the production at our long-standing production partners in Ukraine and Moldova as well as we resumed our previous good business relationship with a CMT factory in Ukraine and a CMT factory in Albania. With these factories contracts with a duration of several years were concluded.

We started cooperation with 2 factories in Bosnia/Herzegovina in the fourth quarter of 2021. One factory we already knew the other factory is a new partner.

INTEGRATION OF MONITORING ACTIVITIES AND SOURCING DECISIONS

We have a manageable number of CMT factories so there is no need to implement a ranking system. Each factory has special features and qualifications and according to those we place our orders.

Due to the restrictions by the Corona pandemic no third-party-audits have been conducted in 2021, therefore this kind of monitoring is totally missing for 2021.

Our production supporters have visited some of the factories in Uzbekistan, Ukraine, and Bosnia/Herzegovina. They are “our eyes and ears” at the factories. They stay for several weeks at a factory and therefore they get in close contact to the employees. If they would get information about issues regarding a non-conformity with the CoLP or any other issue that requires an action by the Teamdress management, they would inform the CSR Manager or directly the CEO immediately.

In 2021 no important difficulties with CSR arose. The problems found were discussed and solved in cooperation with the management at the factories.

An exception was one factory at Uzbekistan. In the end, the difficulties encountered there in the cooperation between the production supporters and the management were a building block for the termination of the cooperation.

For our sourcing decision, the timetable has been described, see topic "Factory relations".

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

Coherent system for monitoring and remediation

The QM manager addresses all audit findings and improvement plans with the individual production plants.

Due to Covid 19, only one on-site audit was conducted in 2021.

- 1 audit (QM Teamdress Holding) in Poland, own production facility
- we started to accompany a CMT factory in Moldova through the STeP certification process.
- the deployment of our production supervisors on site (Uzbekistan, Ukraine, Bosnia/Herzegovina), was only possible to a limited extent

Teamdress Holding has also provided the CMT factories with the necessary sewing machines and other equipment as needed. All this to improve quality and enable the seamstresses to produce more efficiently and thus improve their salaries.

The CMT factories, as well as our own production facility, use our accumulated knowledge in the field of systematically calculated timekeeping and production routines for the models. This knowledge also serves as a control in production and opens the possibility for a clear, systematic remuneration system for the employees. Our production supporters guide the seamstresses and management in improving sewing processes and efficiency, which ultimately leads to better pay.

FACTORIES

Ukraine own factory

Share of total production: 7.5%

The defined GAPs from the STeP certification 2020 are monitored by both Teamdress Holding and the Hohenstein Institute.

The responsible Teamdress Holding employee is in close contact with the production facility.

The STeP certification was a prerequisite for a production facility to be allowed to produce articles labelled with the "Green Button" seal.

Ukraine CMT factory 1

Percentage share of total production: 9.8%

The cooperation, which ended at the end of 2020, was very successfully resumed in May 2021.

Ukraine CMT factory 2

Percentage share of total production: 8.8%

A 10% increase in the price per minute was applied in 2021.

Moldova CMT factory 1

Percentage share of total production: 15.6%

The cooperation that has existed since 1998 was successfully continued.

Normal course of production.

In November 2021, the OEKOTEX STeP certification process was launched for this CMT factory in Moldova.

In addition to the assumption of costs by Teamdress Holding, one of our employees also accompanies the CMT factory through the entire preparation phase and the on-site audit.

We know from previous certification processes about the organisational and personnel effort involved in filling out the online evaluation form and about the difficulties in understanding due to a foreign language and a different economic and cultural area.

A STeP certification covers both social and ecological topics and is an important component of our corporate policy in terms of sustainability. The audit in the areas of social responsibility and occupational safety meet the requirements that FWF sets for audits by external partners.

Moldova CMT factory 2

Percentage of total production: 17.0%

The cooperation that has existed since 1998 was successfully continued.

Normal course of production. A tour of the factory was not possible because of the Covid 19 pandemic.

Moldova CMT factory 3

Percentage share of total production: 9.3%

The former Teamdress-owned production site was taken over in its entirety by the Moldovan management and continued with all employees previously working there and the existing machinery.

However, due to this change of name, the FAIRFORCE tool shows a business relationship from 2021 on. We continued the close relationship with the employees and the management which has been build up since 2014.

In December 2021 the factory was (again) certified according to ISO9001:2015, ISO14001:2015 and ISO45001:2018.

The initial audits were conducted in December 2020 under the previous company name (Starline).

Albania CMT factory

Percentage share of total production: 4.2%

The cooperation, which ended in February 2021, was successfully resumed in September 2021 and a multi-year contract was concluded between the parties. An increase of 10% in the price per minute was agreed.

Uzbekistan CMT factory 1

Share of total production: 8.4%

The cooperation is currently on hold.

Uzbekistan CMT factory 2

Share of total production: 2.9%

The cooperation was terminated.

Bosnia-Herzegovina CMT factory 1

Share of total production: 2.4%

The first orders were produced in September 2021.

Bosnia-Herzegovina CMT factory 2

Share of total production: 4.0%

The first orders were placed in August 2021.

Poland Own factory and logistics centre

Percentage share of total production: 8.3%

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

Regular visits, where possible, and monitoring of compliance with the FWF Code of Labour Practices.

Portugal

Share of total production: 1,6%

Portugal has the status of a "low risk" country.

EXTERNAL PRODUCTION

As mentioned above the proportion of the external producers FOB is about 9,8% so we focused our activities on our own factory 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.

No complaints were submitted in 2021.

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

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

As already mentioned above, when concluding a contract with a new supplier, an integral part of the contract document is:

- the TDH Code of Conduct
- the reference to the TDH's membership in the FWF and the associated acceptance and implementation of the CoLP

The CSR officer monitors the receipt of the signed questionnaire as well as the photo documentation of the publication of the WIS in the factory.

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 2021.

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 as well as to the website of the German "Grüner Knopf" 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 confirmation audits were conducted in December 2021.

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.

In 2021 we started together with one of our longstanding CMT partners in Moldova the next project of a STeP by OEKO TEX certification.

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

Partnership of Sustainable Textiles

Since 2019 the Teamdress Holding is member of the partnership of Sustainable Textiles.

The multi-stakeholder initiative brings together members from the industry (companies and associations), non-governmental organisations (NGOs), trade unions, standards organisations, and the German Federal Government. The Partnership strives to improve conditions in global textile supply networks — from the production of raw materials to the disposal of textiles. The Partnerships' approach toward this goal is based on OECD due diligence guidance.

More information can be found at www.textilbuendnis.com

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.mvonederland.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 .

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.