FAIR WEAR

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13/06/2022

HEIGTHENED HUMAN RIGHTS DUE DILIGENCE

This talk

Who is Fair Wear and what do we expect of brands?

As outdoor brand you are sourcing in a war zone. What should you do and what can you do?

- Ukraine
- Myanmar

Inspiration from some of our Fair Wear member brands

Who is Fair Wear?

Independent non-profit organisation

“We work with brands, garment workers and industry influencers and together we demonstrate that fair supply chains are possible.”

It all begins here

1. Employment is freely chosen
2. Freedom of association and the right to collective bargaining
3. No discrimination in employment
4. No exploitation of child labour
5. Payment of a living wage
6. Reasonable hours of work
7. Safe and healthy working conditions
8. A legally binding employment relationship

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Fair Wear is a multi-stakeholder initiative

FWF Approach

We think change is possible through step-by-step improvements

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This means that we expect Fair Wear member brands to “stay and pay” : together work on improvements, build on a good relationship with your supplier and between your suppliers, spend time, energy, and if needed money on improvement for the workers on the factory floor

Fair Wear activities with member brands

Local presence and
contact with local unions
and NGOs
Trainings
Complaint helpline

Local presence and
contact with local unions
Trainings
Audits
Complaint helpline

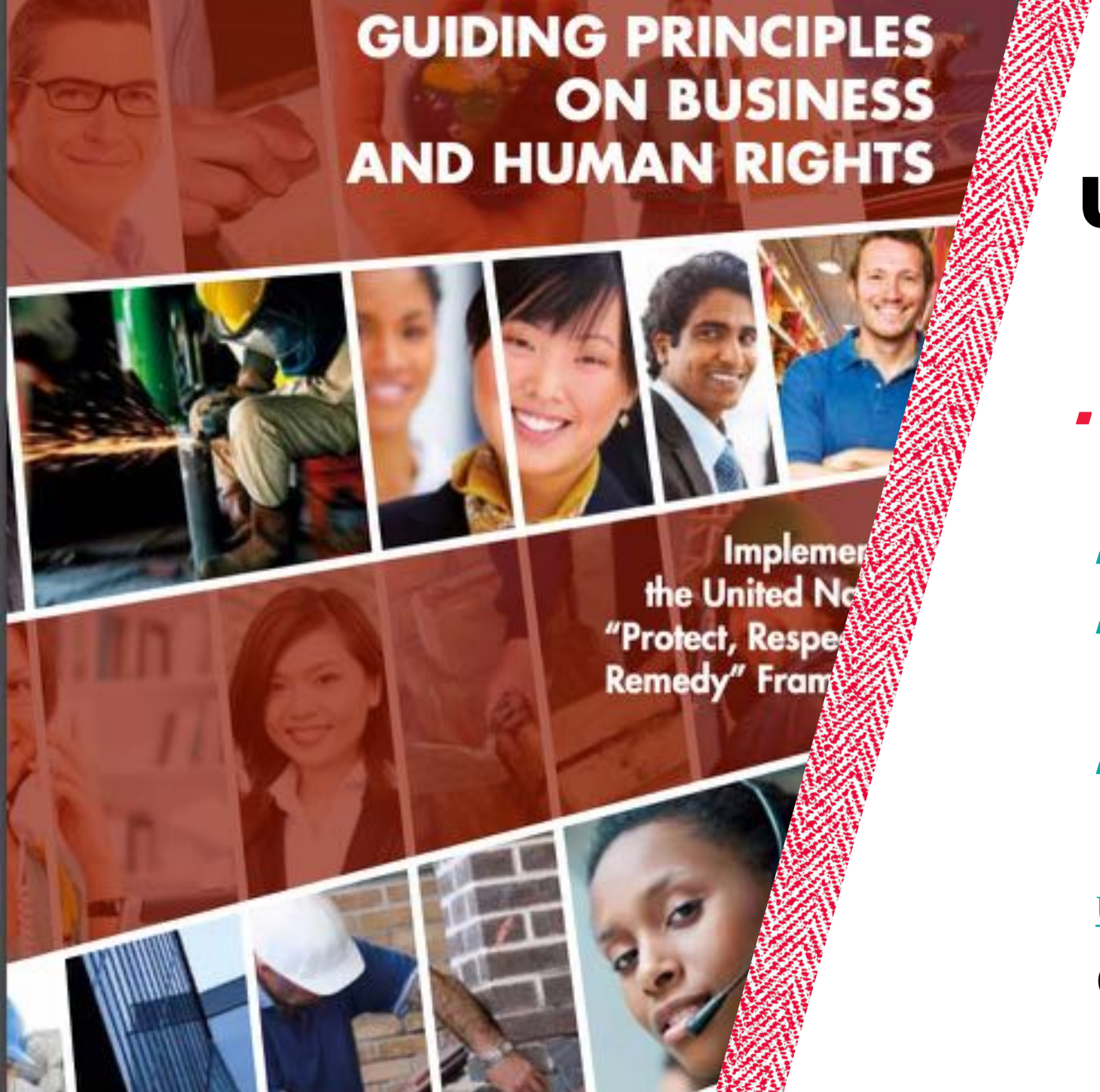
Platform for collaboration and inspiration
Brand learning programme
Continuous Brand guidance
Annual Brand performance check

What do we expect of brands?

Human Rights Due Diligence

"Business enterprises should respect human rights. This means that they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved."

Art 11 – UN Guiding Principles on Business and Human Rights



UN Guiding Principles

- The ‘protect, respect and remedy’ framework
  - The state duty to **protect** human rights
  - The corporate responsibility to **respect human** rights
  - Access to **remedy**

UN Guiding Principles on business and human rights

(UNGP, 2011)

3 Pillars 'Protect, Respect and Remedy Framework' for Human Rights and Business

FAIR WEAR

PROTECT

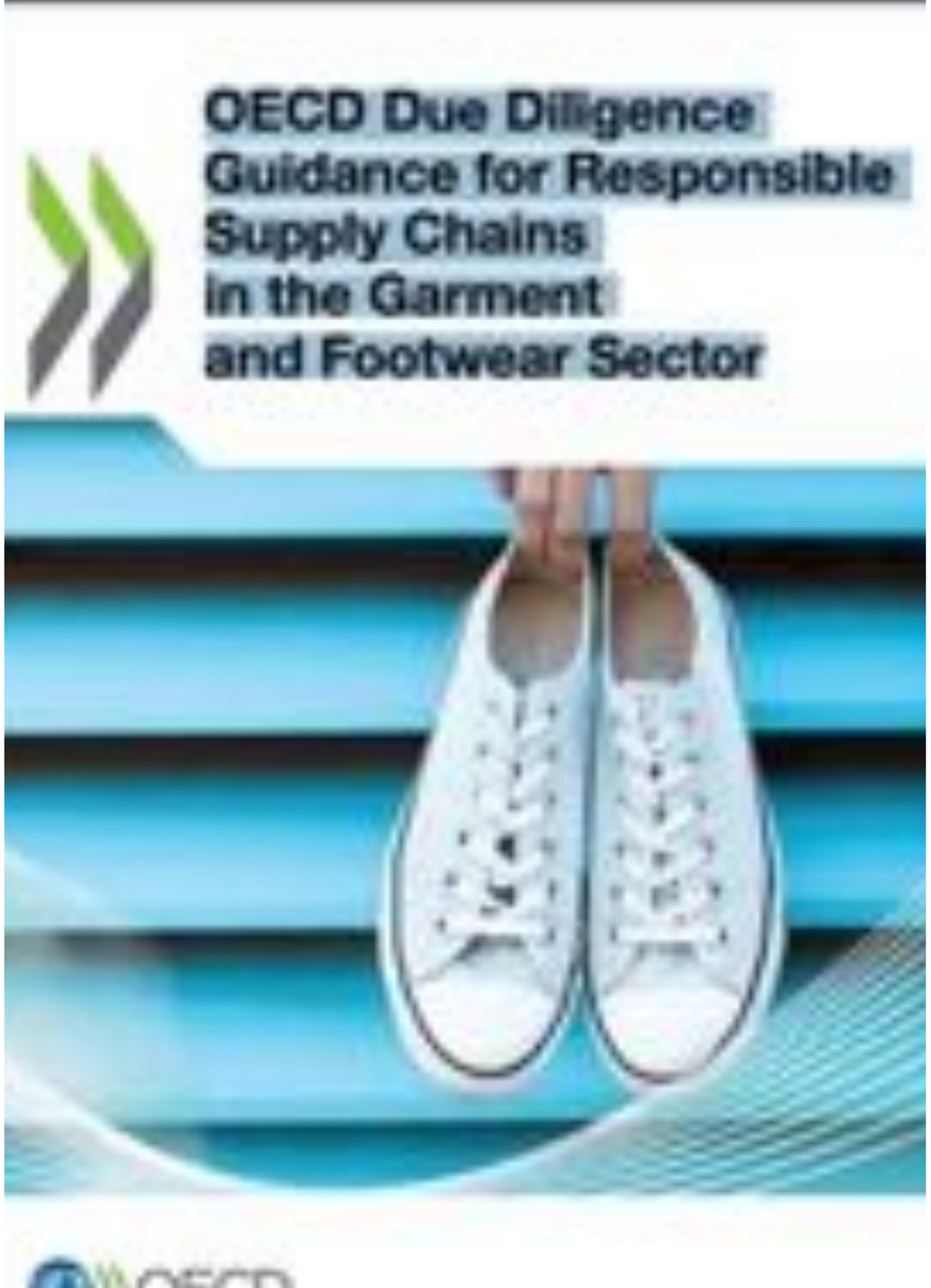
The state duty to protect human rights

RESPECT

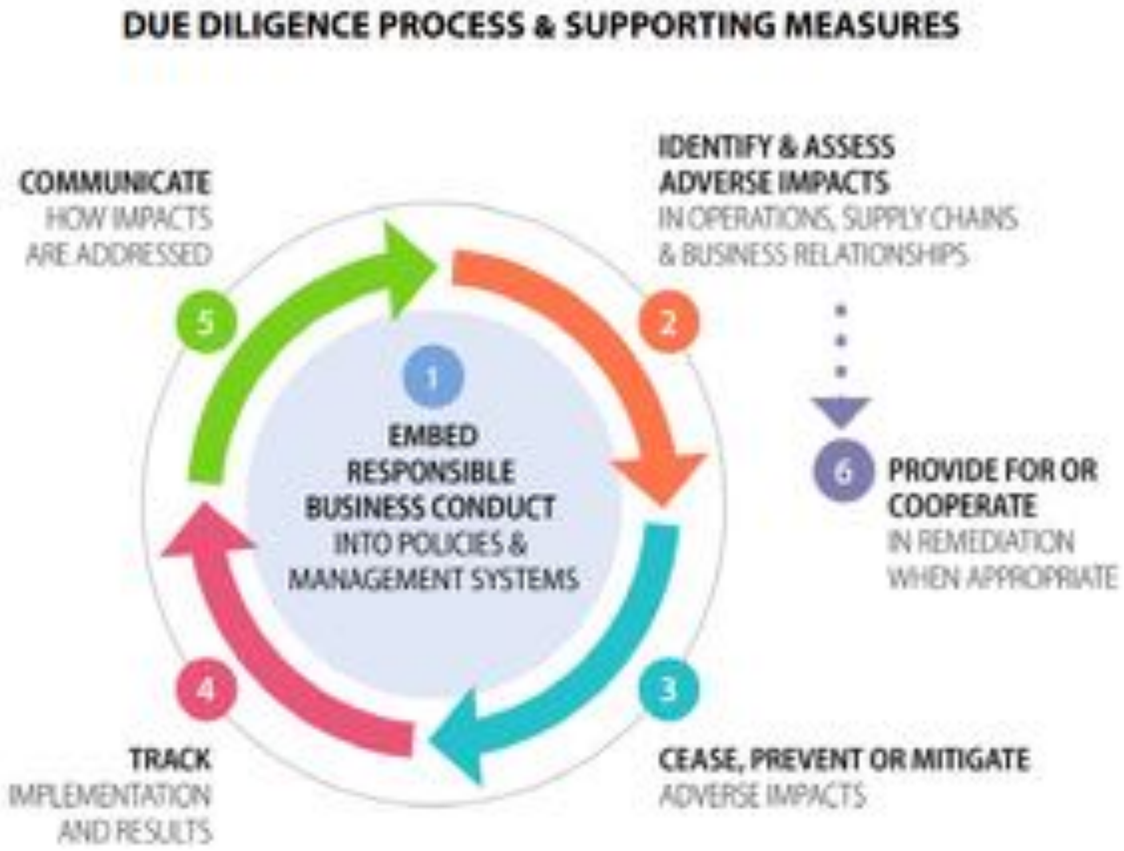
The corporate responsibility to respect human rights

REMEDY

Greater access to effective remedy for victims

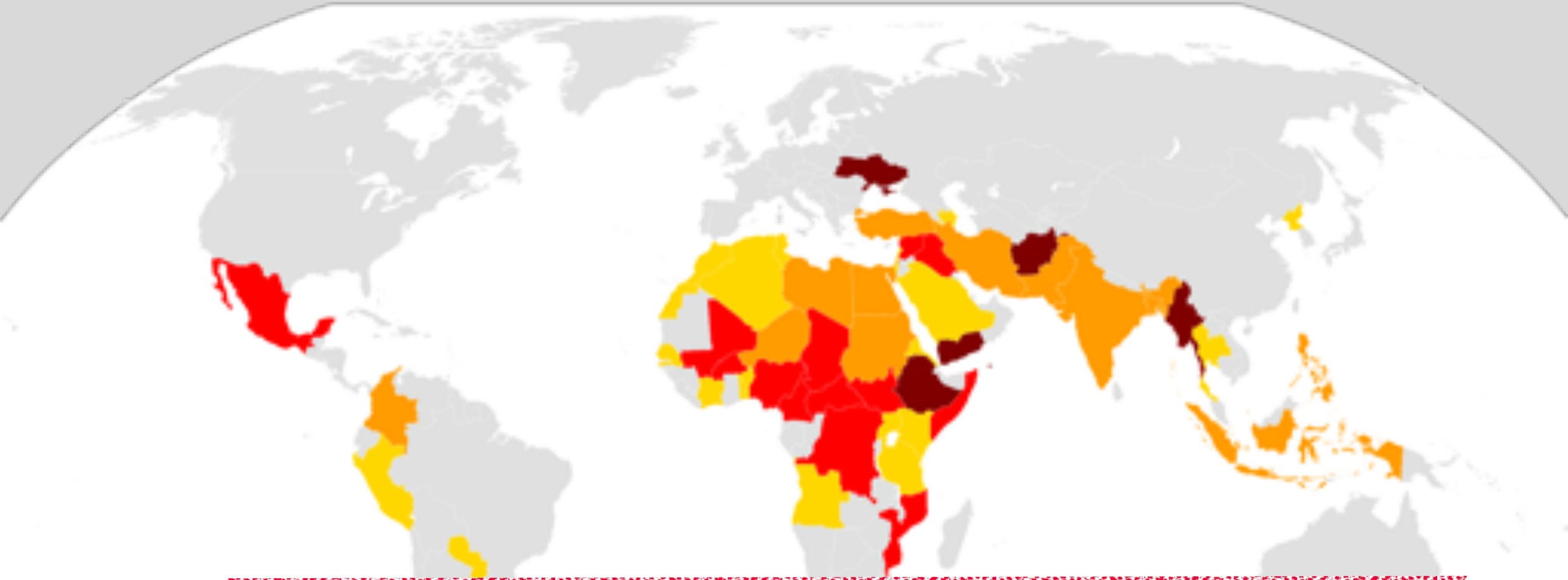


OECD guidance



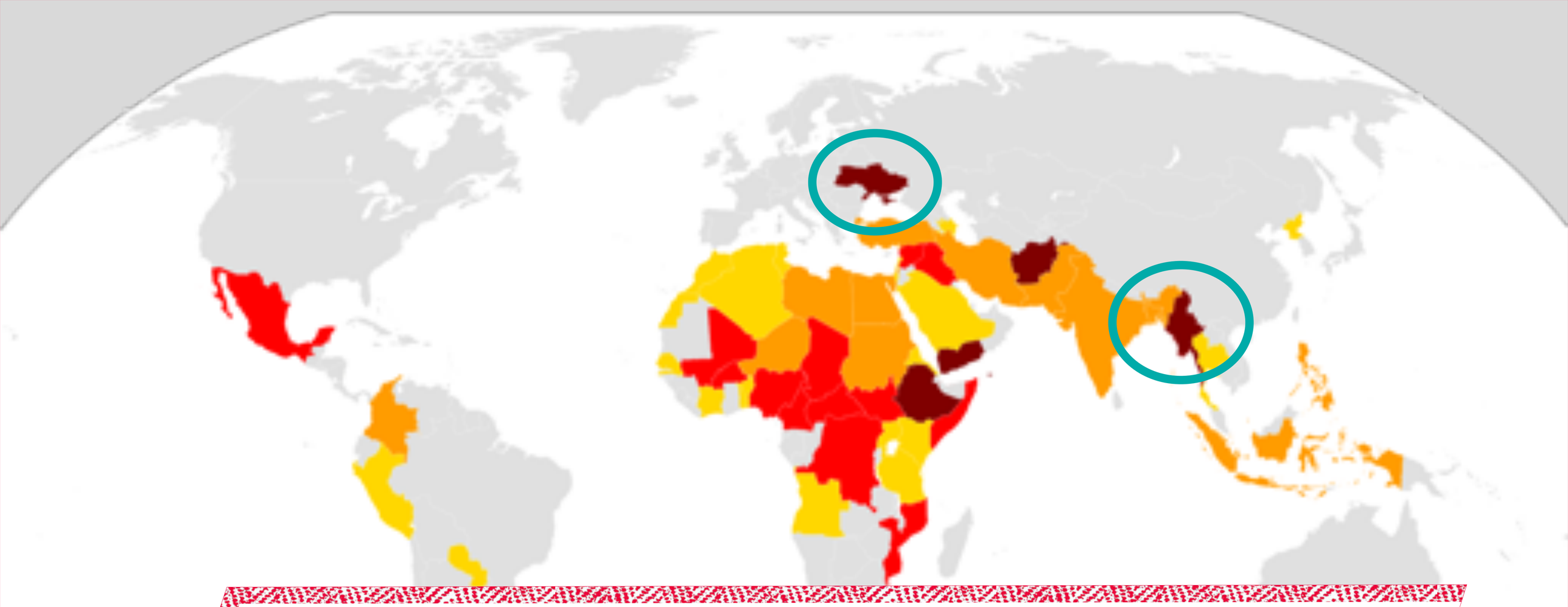
As outdoor brand you are sourcing in a conflict area:

- **What should you do?**
- **What can you do?**



Map of ongoing armed conflicts

Source Wikipedia June 9



Category of Major Wars defined as 10.000+ combat related deaths.

- **Ukraine (36,000–80,718 fatalities in 2022, Russian-Ukrainian war since 2014)**
- **Myanmar(9.689 fatalities in 2022, internal conflict since 1948)**

Source Wikipedia June 9, 2022

Conflict & the 'Protect, Respect and Remedy Framework' for Human Rights and Business

PROTECT

RESPECT

The corporate responsibility to respect human rights

REMEDY

Greater access to effective remedy for victims

Conflict & the 'Protect, Respect and Remedy Framework' for Human Rights and Business

Conflict & the 'Protect, Respect and Remedy Framework' for Human Rights and Business

Heightened HRDD (UNGPs)

- **Proportionality:** Risk of human rights abuses is heightened in conflict-affected areas → action by States and due diligence by business should be heightened
- **Scope** of the corporate responsibility to respect → broader in conflict-affected contexts, including as standards of International Humanitarian Law (IHL)
- **Corporate complicity**: harm commited by others, including governments →Due diligence can help avoid complicity
- Recommendation to treat the risk of causing or contributing to gross human rights abuses as a **legal compliance issue**.

https://www.fairwear.org/stories/latest-updates-on-ukraine-heightened-due-diligence

waschbaer.de/shop/ueber-uns/unternehmen/unsere-werte#statement-ukraine

Waschbär

Damen Herren Kinder Haushalt Wohnen Beauty & Wellness Garten Inspirationen SALE

Wäche blick darauf, was um uns herum passiert.

Stellungnahme von Waschbär zur Situation in der Ukraine

Der Krieg in der Ukraine mit seinen leidvollen Auswirkungen auf die Menschen macht uns betroffen. Auch wir stehen dieser dramatischen politischen Entwicklung ohnmächtig gegenüber. Umso mehr fühlen wir uns dem Waschbär-Leitbild verpflichtet, wonach wir uns für eine ökologischere, sozialere und fairere Gesellschaft und Wirtschaft sowie für Respekt und Achtung im Miteinander einsetzen. Waschbär ist eine Werte- und Sinngemeinschaft. Wir sind davon überzeugt, dass Wirtschaft und Politik keinen Selbstzweck haben, sondern immer den Menschen dienen müssen.

Wir empfinden für alle Menschen in der Ukraine Mitgefühl und eine besondere

Member Brand inspiration:
Ukraine statement Waschbaer
in different local languages on website

Seit Beginn des Krieges stehen wir mit unseren Lieferantenpartnern, die Konfektionsbetriebe in der Ukraine haben, in Verbindung, um zu erfahren, wie die Situation vor Ort ist. Die Nähereien unserer Partner befinden sich in der Westukraine. In den Städten Lwiw und Ivano Frankivsk arbeiten an die 500 Menschen, die Damen-, Herren- und Kinderbekleidung für unser Sortiment fertigen.

Wir haben von unseren Partnern erfahren, dass die Lage für die Menschen vor Ort sehr belastend ist, aber viele trotzdem arbeiten wollen. Anfänglich hatten die Nähereien geschlossen. Dann aber haben sich die Belegschaften dafür eingesetzt, dass die Betriebe wieder öffnen, solange es die Umstände zulassen. Die Arbeit bedeutet für die Menschen ein Stück Normalität in diesen schweren Zeiten. Unsere Partner haben uns versichert, dass Schutzräume bereitstehen, sollte es während der Arbeit Fliegeralarm geben. Und es gibt auch Trainings für eine schnelle Evakuierung für den Fall, dass es Angriffe geben sollte. Der Schutz der Menschen hat oberste Priorität. Niemand ist verpflichtet zur Arbeit zu gehen; die Gehälter werden für alle weiterhin bezahlt. Auch wenn es erst so aussah, dass es in der Westukraine ruhiger als in anderen Teilen des Landes ist, gibt es nun leider auch immer wieder Angriffe in der Region von Lwiw. Glücklicherweise melden uns unsere Lieferantenpartner, dass keine Mitarbeitenden verletzt wurden. An beiden Standorten läuft der Betrieb weitestgehend normal und solange es die Situation zulässt.

„Keiner von uns kann sich wirklich vorstellen, wie es aktuell vor Ort in der Ukraine ist. Aber wir stehen in Kontakt mit unseren Lieferantenpartnern und versuchen unseren Beitrag zu leisten. Selbstverständlich halten wir unseren Partnern die Treue und helfen so, dass die Belegschaft der Nähereien und deren Familien auch weiterhin ihren Lebensunterhalt bestreiten können. Unsere Partner haben uns gesagt, dass dies derzeit die sinnvollste Form der Unterstützung ist. Was wir darüber hinaus noch beisteuern können, um die Not der Menschen vor Ort zu lindern, werden die nächsten Tage oder Wochen zeigen", so Martina Becker vom Waschbär-Lieferantenmanagement.

Lwiw ist die Partnerstadt von Freiburg, wo sich der Waschbär-Firmensitz befindet. Die Stadt Freiburg hat eine Ukraine-Hilfe für ihre Partnerstadt ins Leben gerufen und unterstützt geflüchtete Menschen aus der Ukraine, die Zuflucht in Freiburg suchen. Waschbär leistet einen Beitrag zu dieser Ukraine-Hilfe. Wir stehen in direktem Kontakt mit der Stadt Freiburg, um je nach Bedarf Sach- und Geldspenden zur Verfügung zu stellen.

Da sich die Lage jederzeit ändern kann, stellen diese Informationen nur die uns zu diesem Zeitpunkt bekannte Situation dar. Über die weitere Entwicklung halten wir unsere Kundinnen und Kunden und das Waschbär-Team auf dem Laufenden.

Fair Wear and ETI Ukraine Heigthened HRDD: requirements

1. Stay in contact, know where your suppliers are, including subcons, the status of your production and what happens to the workers
2. Continue with responsible purchasing practices and support suppliers as much as possible. Good communication is essential, ask for their needs
3. Continue assessing the impact on workers, for instance worker turnover, job, and wage loss, access to remedy. Include on sight considerations: – check on safe spaces, emergency preparedness and procedures to protect workers and physical assets.
4. Anticipate changes or delays in production and be flexible about delivery dates, payment terms, and financial liability. Do not cancel orders that are (almost) ready to be shipped, that are already in production or for which fabric is already bought and/or cut.

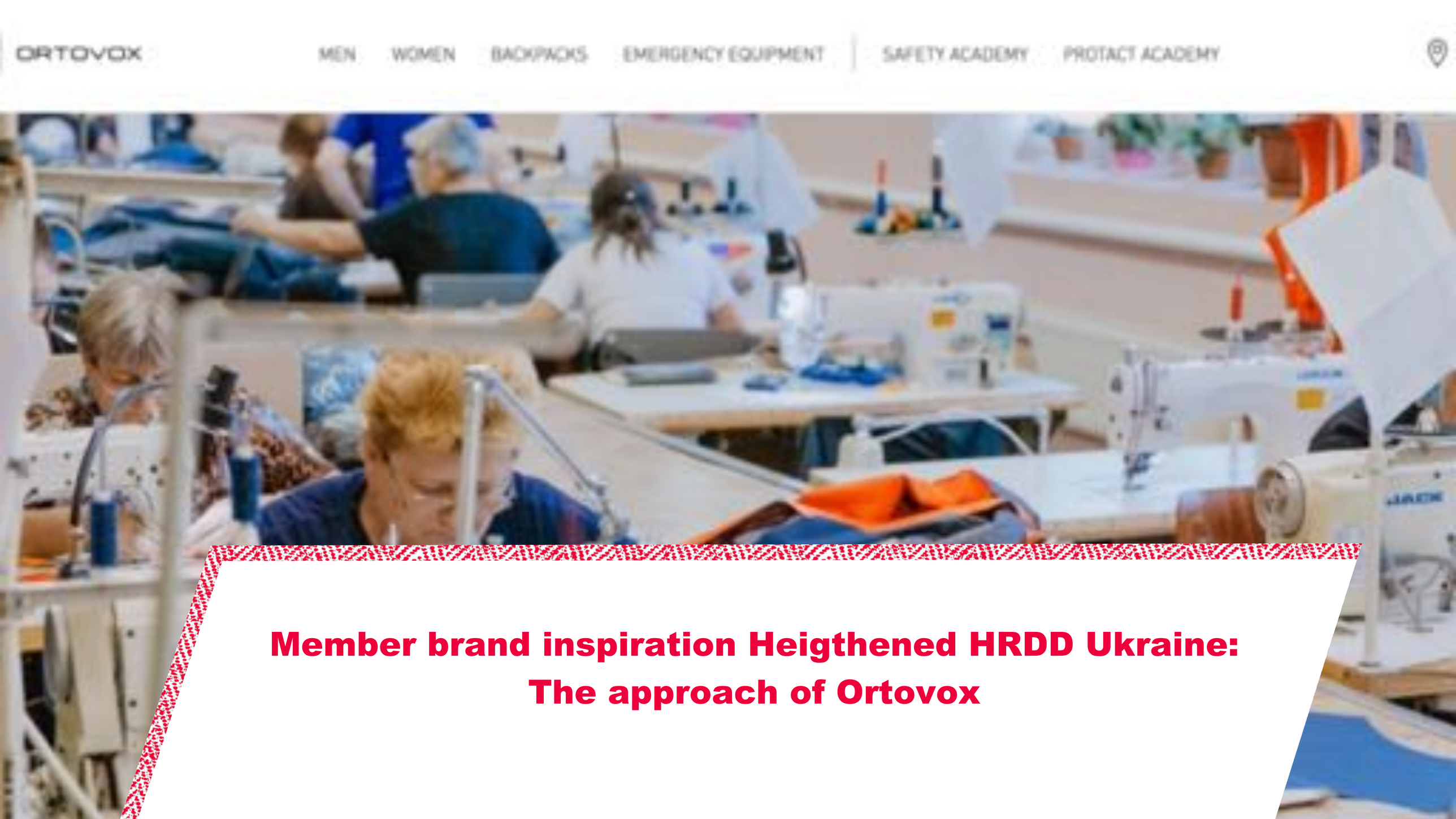
Fair Wear and ETI Ukraine Heigthened HRDD: requirements

5. If production is no longer viable: a responsible exit needs to be prepared with planning done in dialogue with the supplier and other stakeholders such as trade unions or worker representatives. Whenever deciding to stop, decrease or pause sourcing, the utmost care must be taken to assess the impact on workers. Workers' rights need to be respected and, in case of lay-offs, workers need to receive their legal entitlements, including severance pay. The timeline for exiting a factory should be proportional to the percentage volume the brand has within the factory.

6. Check with suppliers whether they follow martial law (if this still applies). Under martial law, Ukrainian men aged 18-60 have mandatory military service. When men get drafted for the war, it is important that their jobs and income are protected. This is also required by law: Compliance with the law is required, but leniency towards workers beyond the legal requirements is recommended as well.

Fair Wear and ETI Ukraine Heigthened HRDD: recommendations

- **Investigate and stay updated on the situation**: work more closely with other brands and stakeholders
- **Provide advance payment to suppliers:** Suppliers may be making advance payments of wages to workers which may put more pressure on their own financial liquidity. By providing advance payments to your supplier in Ukraine this pressure may be relieved and the continuation of payment of wages is ensured.
- **Provide financial support**: If a factory is forced to close or is struggling to pay its workers, assess whether it is possible to support your supplier financially to help pay wages, especially if you take up a high percentage of their production capacity or if you own the factory.



Member brand inspiration Heigthened HRDD Ukraine: The approach of Ortovox

Heightened HRDD Ukraine

1. Constant contact suppliers
2. Continue responsible purchasing practices
3. Continue assessing impact on workers
4. Anticipate changes, delays and be flexible
5. If production is no longer viable, responsible exit
6. Suppliers follow Marshall law

- Investigate and stay updated
- Provide advance payment
- Provide financial support

Ortovox statement

IN SOLIDARITY WITH UKRAINE

Since the invasion of Russia in spring 2022, our management has been in close contact with our production partners.

"The current events in Eastern Europe are incomprehensible and leave me speechless. No matter which words I choose, they cannot describe what is going on ther right now. That makes it all the more important to remain calm and not to be let by fear. Fear: No. Caution, prudence, support, helpfulness, empathy: Yes!"

CHRISTIAN SCHNEIDERMEIER, CEO ORTOVOX

Despite the continuing Russian invasion, we are working closely with our producers and sticking to our production in Ukraine. One thing is clear: The safety and well-being of the people comes first and foremost - as a company, we are not making any demands here. Our producers are showing their commitment and trying to ensure a safe workplace for the employees, supporting them, for example, by providing SIM cards, food, and safety training and the monitoring of the factory building to preserve their workplace.

Besides donations in kind, we also support the non-profit organization The "Danube-Carpathian Programme", which has redirected its focus for the duration of the Russian invasion – from nature-based to humanitarian. Therefore, we have decided that for every package that is not returned, we will donate €3 toward humanitarian aid and helping our partners in Ukraine on a monthly basis. The donation amount already raised for the Narcissi Valley will remain untouched but frozen for the time being.

Fair Wear heigthened HRDD Myanmar requirements

- Refrain from buying any goods and services from companies linked to the military services.
- Refrain from sourcing from factories in the three Special Economic Zones Dawei, Kyauk Phyu and Thilawa (no adequate protection of workers' rights)
- No start of (new) production in Myanmar
- Conduct heightened HRDD and carefully weigh all relevant aspects before placing new orders.
- No longer possible to harness your leverage to remediate labour violations, consider responsible disengagement.
  - Assess the impact on workers. Workers' rights need to be respected and, in case of lay-offs, workers need to receive their legal entitlements, including severance pay.
  - Intentions to exit clearly and timely communicated
  - The timeline for exiting proportional to % volume the brand has within the factory.

Fair Wear heigthened HRDD Myanmar requirements

- Constant contact with your suppliers
  - Distribution Worker information Cards
  - Virtual assessment Pilot
  - Monitoring visits
- Anticipate changes, delays and be flexible
- Continue assessing impact on workers
  - List with questions for HRDD (50-60 questions you can use to collect information from suppliers)
  - When the answer to these questions identifies certain red flags, issues for which there must be **zero-tolerance**
- Pausing/withdrawing when timely remediation/improvement are not possible

Red flags & the ‘Protect, Respect and Remedy Framework’ for Human Rights and Business

Fair Wear heigthened HRDD Myanmar requirements – red flags

1. Factory engaging with the military or entities who are on the US, EU sanction list
2. Ties between the factory and the military.
3. If the factory, or its mother company, is owned by members of the junta, senior military leadership or their families
4. Taking advantage of the current political instability, the factory has suppressed the union in a way of violation of the Township Conciliation Agreement or Violations of previous bipartite agreements negotiated in the past. Former collective agreement between unions and employers that were unilaterally abolished by employer.

Fair Wear heigthened HRDD Myanmar requirements – red flags

5. Workers and trade unionists that are punished for participating in protests and strikes against the coup.
6. Significant lack of trust between buyer and factory management that prevents brands from monitoring the situation. For example, no communication possibilities or no access to information to conduct human rights due diligence.
7. Significant deterioration of working conditions possibly affecting several labour standards.
8. No possibility to address problems collectively for workers.
9. No proper access to a grievance mechanism for workers that addresses their issues.

Schöffel

SUSTAINABILITY REPORT 2021

Brand inspiration:
Heigthened HRDD Myanmar Schöffel

RESPONSIBLE PRODUCTION IN MYANMAR

Myanmar has become an important production country for the clothing industry in recent years.

A statutory minimum wage was introduced in 2015 and increased in March 2018 following an increase in trade union activity. As the result of the changed political conditions in the country, since February 2021 the Fair Wear Foundation (FWF) has stipulated stricter production requirements for the social framework. Schöffel has been producing in Myanmar since the end of 2017, currently at three different locations. The company supports the FW's requirements for the country, and has taken numerous measures to comply with it in full. They include:

Ban on cooperating with factories directly related to the military

The factories that Schöffel works with are not associated with the military at all, as they are 100% owned by investors from Taiwan and South Korea.

Publication of the names and addresses of the factories

Since 2017, we have already published our factories and addresses on FW.

Presentation of the reasons for production in Myanmar to FW in advance

Schöffel only decided on Myanmar as a production country after intensive consideration and dialogue with FW for economic and strategic reasons and with the help of its own onboarding process.

Information on the impact of the production start-up in Myanmar on procurement in other countries

Schöffel's purchasing volume in Myanmar for all the factories is 30.50%. The start of production in Myanmar is effective against capacity bottlenecks with two current producers in Vietnam, and was also undertaken with a view to sustainable overtime management.

Promoting social dialogue in production facilities to strengthen existing trade unions and employee representations

In 2019, Schöffel organised a Workplace Education Program (WEP) Basic Training by FW at North Shore NSC II. In a WEP, workers and management are asked about the eight labour standards, such as the freedom of association, and the FW complaints system. WEP Communication Training started at Kido Yangon in 2019. This training focuses on improving communications between management and the workforce through the advancement of communication skills, and runs for one year. Further training sessions were also planned for 2020 and 2021, although Fair Wear was unable to run them because of the COVID-19 pandemic and the current travel restrictions.

Implementation of concrete measures to improve the eight labour standards

We constantly check and improve FW's eight labour standards with training and regular personal visits and audits by Schöffel. Since we opened our own office in Hanoi in 2018, Schöffel has trained its own local staff in CR topics. Schöffel has appointed its own local technician in Myanmar for this purpose. This means that there is a local contact to provide assistance with social matters and concerns.

Publication of the salaries at all factories

Detailed information on the salary structures at the factories can be found below.

There are regular audits in the factories in Myanmar with subsequent improvement measures. In 2019 there were audits in all the production facilities: North Shore NSC II, North Shore (Canal) NSC I and Kido Yangon. In the next step, the necessary measures for improvement are identified together with the producers and recorded in a correction plan. The CR team and the local Schöffel technician will support its implementation in the course of an intensive exchange with the respective factory management. Due to the COVID-19 pandemic, the current travel restrictions and the military coup, the audits planned for 2020 and 2021 could not be carried out by Fair Wear or other third parties. Our local technician visits the factories and carries out regular health and occupational safety checks. She also regularly informs Schöffel of the current situation in the factories and in the country. The local technicians play a significant part in ensuring the implementation of the duty of care in the production facilities as they are regularly in the factories, speak the local language, and know and understand the local conditions. This meant that due diligence was implemented locally and the appropriate measures were taken during COVID-19 despite the travel restrictions. The technicians are our extended arm on the spot.

The military coup of 1 February 2021 in Myanmar destroyed the democratic and economic progress and achievements of recent years in many areas. The production companies in the country have tremendous experience and expertise in production, and have proven themselves to be reliable partners to the industry. So Schöffel is following the further political events in Myanmar with great concern. From the economic point of view, Schöffel is being challenged by the massive restrictions in its ability to plan and, with that, by the noticeable effects on its profitability. At the same time, Schöffel is aware of its responsibilities as an employer. An immediate withdrawal with the aim of reducing the risk to the company would not be in the interest of the workers, who are hoping for a secure future both politically and economically. So Schöffel is guided by current statements from the Fair Wear Foundation. Schöffel is in in-depth and regular contact with its production partners in Myanmar, and we ensure that our activities do not violate human rights in any way and are not linked to the military. Our principles and values also include freedom of expression, the freedom of association and the right to strike, as well as the permanent improvement of working and production conditions for people. In addition to the regular COVID-19 queries, the situation is discussed on-site in regular online meetings with the production partners. So far there have been no complaints in connection with the political situation on the affected production sites. Details of the complaints that were reported and processed and have largely been resolved this year can be found on page 54 .

Heightened HRDD – where to find further information

Ukraine: https://www.fairwear.org/stories/latest-updates-on-ukraine-heightened-due-diligence

Myanmar: https://www.fairwear.org/programmes/countries/myanmar

Questions and contact

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