



S-GARD SAFETY GARMENTS - Hubert Schmitz GmbH social report

Reporting period (Financial year: January 1st – December 31st, 2021)



COMPANY WEBSITE www.s-gard.de

FAIR WEAR MEMBER SINCE JANUARY 1ST 2016

Table of contents

Sourcing strategy	5
Sourcing strategy & pricing.....	5
Production cycle	6
Factory relations	6
Integration of monitoring activities and sourcing decisions.....	7
Coherent system for monitoring and remediation ...	8
Audit planning	8
External production	8
Complaints handling	9
Training and capacity building	10
Activities to inform staff members	10
Activities to inform agents.....	10
Activities to inform manufacturers and workers	10
Transparency & communication	12
Stakeholder engagement	12
Corporate Social Responsibility	12

S-GARD SAFETY GARMENTS - Hubert Schmitz GmbH social report

Summary: 2021 goals & achievements

GOAL	RESULT
Focus Tunisia: ABH & ABH Extension	Continued from 2020: 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: MMSB	In 2021 the MMSB management changed completely. In November the company was changed into Jolie confection, and it moved into a bigger building at the same city. S-GARD was associated with the process, and it was ensured that every worker was able to continue its work with the company. Apart from one retirement, all workers stayed with the company, and more were hired to increase capacity. A first Audit will be held in the following years.
Focus Tunisia: Nobel	Continued from 2020: Focus on training the staff at Nobel, the biggest Tunisian factory, producing exclusively for S-GARD. Unfortunately, due to Covid regulations the training sessions were still not possible
Improve the communication between the Tunisian	S-GARD has organized together with ABH the annual meet-up of all Tunisian factories to discuss their work and let them learn from

factories and implement a peer-learning strategy	each other. However, in 2021, 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.

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. Angelina Busch
- 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.

Social Report January 1st – December 31st, 2020

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 2021 Audits at Societe Nobel Confection and ABH Textile Service Extension were planned. Both audits had to be cancelled due to Covid restrictions.

All cancelled Audits will be rescheduled for 2022.

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 allways open for all three partys.

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.

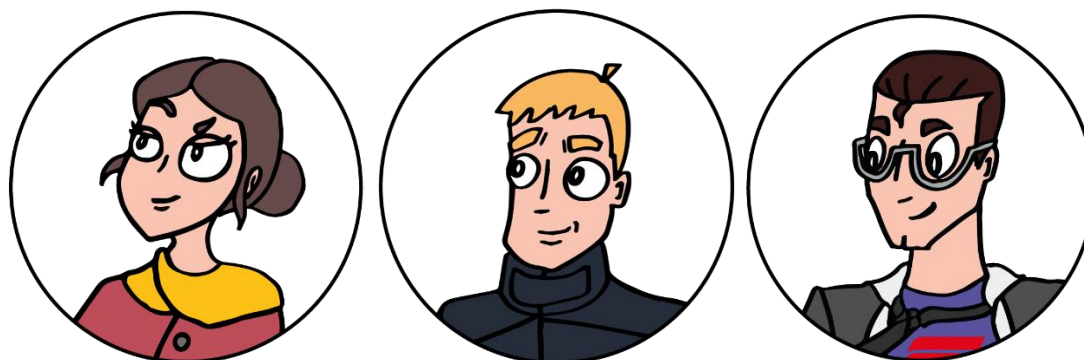
External complaints procedure:

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. Additionally, a presentation following a story-telling about S-GARDs work with Fairwear was developed to give a first, brief introduction to S-GARD staff and sales partners. It is built around the three characters Sarah, Thomas and Mr. S-GARD, representing workers, customers and the company itself.



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. Fair Wear has announced, that a document stating the member status is in development, which is especially helpful for communication in public procurement.

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.

Social Report January 1st – December 31st, 2020

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
- Hangtag on S-GARD products
- 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.

Stakeholder engagement

-

Corporate Social Responsibility

-