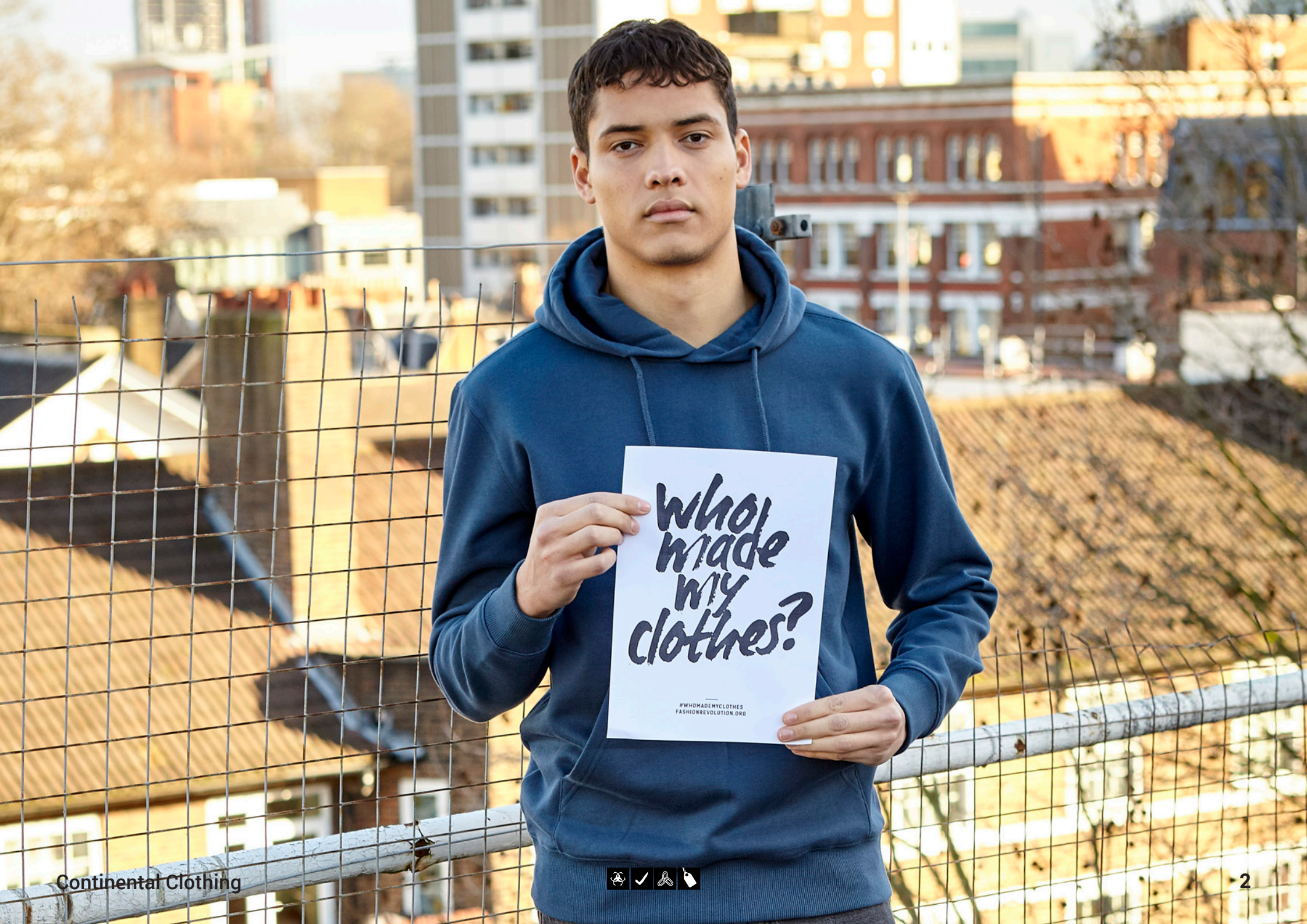


Continental Clothing social report 2020



Reporting period 1/1/2020 - 31/12/2020
Fair Wear member since October 2006
www.ContinentalClothing.com





Who
made
my
clothes?

#WHOMADEMYCLOTHES
FASHIONREVOLUTION.ORG

Important acknowledgments

Continental Clothing would like to acknowledge and thank all the hundreds of workers throughout the supply chain, including:

- the cotton farmers and their families
- the ginnerers, including those who look after the farm animals and the machinery
- the yarn spinners
- the knitters and weavers
- the dye house workers
- the fabric spreaders and cutters
- the tailors
- the printers and embroiderers
- the pressers
- the packers
- the checkers and quality controllers
- the storeroom supervisors, the multitude of drivers, fork lift operators
- loaders and security guards
- and the essential but often forgotten cleaners, sweepers and helpers

without whom none of us would have the luxury of wardrobes full of beautiful clothes made with love, devotion and sometimes with sacrifice.



Continental Clothing



About us

Continental Clothing Company Limited is a multi-award-winning manufacturer and direct wholesale distributor of ready-to-print T-shirts, sweatshirts, young fashion and childrenswear since 1994. It became incorporated in England and Wales in 1998.

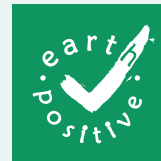
The Company was the innovator of the fitted T-shirt for the European music industry, and from those roots it continues to lead the way in terms of innovation and design. The focus has always been and will continue to be on creating high quality, expertly styled garments for markets such as fashion retail, music merchandise, leisure and corporate promotions.

The Company owns four unique brands – Continental®, EarthPositive®, Salvage® and Fair Share™ - that are among the most up-to-date wholesale blank T-shirt brands in the world. The Company strives to provide the consumer with stylish, quality and value products that are fit for purpose.

Over the last 15 years, Continental Clothing has acquired a reputation for its pioneering work in the field of sustainable clothing manufacture, covering the work on traceability, advocating the banning of child labour in the Uzbekistan cotton fields, supporting organic cotton farming, reducing the carbon footprint of its products by 90%, developing a state-of-the-art clothing factory in India and others.



Continental® is our longest running range of premium fashion-orientated T-shirts, jersey tops, sweatshirts and headwear. The original superior clothing ready-to-print, Continental® is the favourite choice for artists, designers and screen printers since 1998. It is the signature brand in our product stable. Renown for top spec designs in advanced modern fabrics, delivering quality, fashion and true value.



EarthPositive® is produced exclusively from organic cotton wholly sourced from India. The entire production process is controlled and certified in accordance with Global Organic Textile Standard (GOTS). We have reduced the carbon footprint of EarthPositive® products by around 90% through innovative product design, low impact agriculture, efficiency in manufacturing, and by the use of renewable energy throughout. Having taken the greenhouse gas emissions to pre-industrial levels, all the EarthPositive® products carry the registered mark "Climate Neutral".



Salvage® is a capsule collection of key products manufactured from 100% recycled materials, including cotton and polyester. The range is certified under the Global Recycle Standard (GRS) and the Organic Content Standard (OCS). For all Salvage® products, we take the off-cuts from our organic cotton production, shred them and turn them back into soft cotton fibres. We add fibres made from locally recycled plastic bottles to obtain the perfect cotton and polyester blend.



The Fair Share™ collection was launched at the Ethical Fashion Show in Berlin in July 2016. It is an extension of the EarthPositive® range, produced within the same supply chain but using Fairtrade organic cotton. The branding of Fair Share™ products is designed to communicate and draw attention to the payment of a Living Wage. Adding as little as 10p to the price of a T-shirt results in a 50% increase in the wages of the poorest workers at our factory in India.



Continental Clothing



Our philosophy

We all have a right to a safe and healthy work environment, a living wage, a legally binding contract. We all have a right to be free from discrimination and harassment, to join - or not to join - a labour union, to choose our work freely. We all have a right to fair and reasonable working hours. And our children have a right to go to school.

Continental Clothing Co. has been running a pro-active social responsibility programme as a member of Fair Wear Foundation (Fair Wear) since 2006.

Our social standards apply to each supplier, regardless of the sourcing country. Each manufacturing facility is regularly audited for social compliance in accordance with the eight core labour standards advocated by the International Labour Organisation (ILO) and the UN's Declaration on Human Rights.

Slavery, servitude, forced labour and human trafficking (modern slavery) are issues of increasing global concern, affecting all sectors, regions and economies.

Modern slavery is fundamentally unacceptable within our business and supply chains, and is an important element in our overall approach to business and human rights. Continental Clothing Co. is not legally required under current legislation to produce the modern slavery statement. However, we are committed to respecting, protecting and championing the human rights of all those who come into contact with our operations, including employees, stock and non-stock supply chain workers, customers and local communities.

We believe that the key to real progress is collaboration - across industries, and with NGOs, state and trade union partners. This statement is an expression of our commitment to further collaboration with all the actors in order to deliver a world free of slavery.



Year in review

2020 was a year like no other. The corona virus pandemic shook the foundations of our lives in every aspect. The speed and magnitude of the onset of the crisis tested our true character, instincts and resolve to the limit.

Being a responsible business, we took quick and decisive actions to protect our own employees and customers, and equally our suppliers and their workers.

As the year unfolded and we settled into new work models, we continued consolidating our systems for managing the supply chains, exchanging crucial information with the factory management, monitoring the adherence to labour standards and controlling the progress of corrective actions.

COVID-19 PANDEMIC

We became aware of and very concerned with the potentially detrimental impacts of the corona virus pandemic on our suppliers and their workforce in early March 2020.

In response, we formulated a robust company policy with the aim of minimising any negative impacts, especially for the workers and their families, to protect their incomes and their employment.

Our long-standing and close relationships with the factories brought benefits through working together on deciding what steps to take and how to plan for the future within the context of the current risks and the anticipated trading realities. We maintained a regular contact, often daily, with the factories by phone, video and email, to enable real cooperation and decisionmaking by mutual agreement at every stage until now.

We paid all invoices immediately, even for goods that were still in transit, and advanced cash to help factories keep up payments to the workers. We did not cancel any orders with the factories. We made small adjustments to some orders that had not yet gone into production but we kept the same volumes.

Early on, we started planning production for post-lockdown to secure continuity of employment for the workers ahead of the reopening of the production facilities, so that action plans could be put in place in good time before work resumed.

As a result of our decisive actions, no workers lost their jobs or pay in consequence of the pandemic outbreak.

Once the lockdown was lifted and production could resume, the safeguarding of the working conditions became the first priority. Through discussion with the factory management and workers' representatives, we agreed on protective and hygiene measures that had to be put in place before anyone could return to work. Those were implemented and tested ahead of reopening.

The return to work process was gradual. Meetings were organised with groups of returning workers to explain the new routines and set up, and to answer questions. Some valuable input was received from the workers in the course of the first few days.

By the end of the year, production output returned to around 75% of pre-pandemic levels. Social distancing measures, personal protection and hygiene rules remain firmly in place. Because of the reduced capacity and restrictions on public transport, some factories were still operating a revolving furlough scheme.

LIVING WAGE

This was the fourth year of running our Fair Share living wage programme. We increased our direct voluntary contribution towards the workers' living wage threefold, compared to the year in which it commenced. The number of workers benefiting financially from the Fair Share scheme increased from the initial 260 to 800 in year 2020.

Through our Fair Share living wage programme, we pay a premium of 25 Indian rupees to every worker for every basic shift they work, regardless of their skill level or pay grade. It represents a substantial increase to the lowest pay grades.

PERIOD POVERTY

For the third year running, we've been providing free sanitary towels to all female workers in our principal factory in India.

Personal hygiene products are frequently considered a luxury, which means many women are confined to their homes during their menstrual cycles, unable to go to work thus losing important income.

This year we have handed out over 75 thousand disposable pads so the women don't miss out on work and can enjoy good health and dignity.



Our sourcing practices

We choose our manufacturing partners very carefully.
We look for a meeting of minds, common ideas about technical excellence and ethical business conduct.
When we find them, we stick together for a long time.

From the outset, the sourcing strategy of Continental Clothing has been characterised by establishing and developing long-term partnerships with a select number of suppliers.

We ensure that both sides are able to acquire knowledge, gain understanding and genuine trust, based on common values, and commit to mutual long-term planning, in order to evolve and grow together.

The sourcing decision-making rests with three senior managers within the Company.

Daily product development and production management is led by two people, each responsible for two factories, but the overall control is carried out collectively. Five staff members deal with orders, technical, quality, CSR, logistic and financial matters.

The Company does not engage any sourcing intermediaries.

Current factories

We are proud of our partnerships with the current supplier base in Asia. We have worked with only five factories for many years; the length of the relationships ranging from 7 to 22 years.

Over the years, they have not only proven themselves reliable but also highly conscientious, progressive and readily willing to make a change wherever it was needed.

Their openness to new challenges enabled us to push the boundaries on sustainable and responsible manufacturing practices, alleviating impacts on the environment and improving the livelihoods and working conditions of the people who work for us.

We are all intensely aware of the evolving realities of the world and the various risks being posed, and so the work continues relentlessly.

New factory

The existing production base was proven sufficient and effective for our current needs and the immediate future growth of our product range, however, in 2019 we decided to add a new type of product - headwear, which meant we had to look for a new partner with the specialist technical expertise.

We chose the new partner after a lengthy search and a careful consideration, following our Responsible Sourcing Policy.

We were lucky in that the factory had already been audited by Fair Wear for other member brands, who readily shared the audit reports and corrective actions, as well as their valuable comments. Equally, the factory also responded in an exemplary way to our requests for information relating to their environmental and social compliance policies.

We very much hope it's a beginning of a long and mutually successful relationship.



Our production cycle & planning

We understand that production planning can have a significant impact on the working conditions and excessive overtime at the factory.

We maintain a steady, continuous production output throughout the year at the four principal factories and produce 3-4 times a year at the two supplementary factories.

We agree with the factory the production timelines and delivery dates for each production batch based on a standard working week without any overtime.

The Company recognises that unrealistic demands for short delivery lead times without advance planning is the main root cause of excessive overtime in the garment industry, and consequently the pre-planned output capacity, without the need for overtime, is strictly adhered to.

We don't place or change orders at short notice, and do not ask for quicker deliveries than pre-planned.

The main annual collection was finalised in the autumn of the previous year and put into production in time to achieve initial deliveries in the first quarter of 2020. Repeat and continuity orders, and mid-season additions were manufactured on an on-going basis throughout the year as allowed by the changed circumstances.

Lead times varied at different factories and depending on styles - between 6 and 20 weeks. However, we accept delayed deliveries without imposing any form of penalties.

Production planning (capacity planning) in 2020 was done, as always, through discussions with the suppliers early in the annual cycle.

Further detailed discussions and adjustments were necessitated after the onset of the pandemic, and continued throughout the year.

There were very slight variations in the daily production output throughout the year but overall the daily volumes remained constant at the main sites as forecast.

Some new products were developed with a long lead time for sampling prototypes, colour lab dips, and approvals, before being put into production within the pre-planned schedule.

Overtime was voluntary for those workers who specifically requested extra hours, and was always limited to the number of extra hours allowed by law, maintaining the provision for adequate periods of rests between shifts and a weekly day off work.

Continental Clothing Co. does not use any external production or intermediaries.



Our pricing approach

The overriding principle guarding the setting of prices is to ensure that all parties are content with the contracted price, and that the profit margins allow for stable and sustained growth throughout the supply chain reflecting the real costs of materials and allowing the payment of negotiated wages.

We have done extensive work in the last few years on calculating the cost of labour that goes into the making of every product. This is to ensure that there is never a squeeze on the cost price that could result in pressure on workers' wages.

The cost of labour for every product is fixed and non-negotiable.

When developing new products, their price points and commercial viability are controlled by the design and construction of the product, the choice of materials and any refining of finishing techniques. If the resulting development is deemed too expensive for the market, it is re-worked or abandoned.

We do not sell on price. We never put orders out to tender.

Forward purchasing of raw materials in bulk ensures the stability of prices and allows planning of required production capacity; this results in optimised and controlled production costs while maintaining commercial viability of the products.

We do not use agents or intermediaries.

We monitor the wages that are actually being paid to workers by requesting sight of the factories actual monthly payroll. The wage levels are also checked during Fair Wear audits, and the findings are presented within the wage ladder graphs. Those are produced to ensure the effective payment of at least the legal minimum wage, however in the vast majority of cases the wages comply with the garment industry rates that are negotiated periodically between the employers' organisations and workers' unions, and are significantly higher than the national legal minimum.

A living wage is a human right.

Even though our factory workers are paid at least the negotiated minimum wages, we are well aware that in many cases they do not meet the levels that would afford a decent standard of living as defined by international standards. Since 2016 we have been taking steps to improve the earnings of workers by initiating a living wage programme and voluntarily adding a price premium that goes directly to the pay packets. However, the financing of such an initiative is not easy, and there are many complexities, and so we still have some way to go before all the workers reach the full living wage benchmark levels.



Continental Clothing



Our monitoring systems

We actively engage with our suppliers on a regular basis to ensure that social standards are implemented and monitored. We achieve this through: communicating these standards to our partners, conducting regular audits, providing training sessions and seminars, and implementing the Fair Wear Code of Labour Practices (CoLP) and the complaints procedure in order to continuously improve the working conditions.

Communication

Our suppliers are well versed in our social standards having worked with most of them for many years. Each site has received a Fair Wear Worker Information Sheet which is posted in the factory in well-visible areas in the native languages. This sheet contains our social standards but also the Fair Wear hotline for complaints. We ensure this is visible to the workers through site visits or request photographic evidence.

Non-compliance

Continental Clothing has established long-term partnerships with its supply base and has not had to end any of these relationships. We believe our success is a result of our investment into our suppliers by building trust, establishing guidelines and encouraging training. This allows for better production output and more stable quality levels, higher transparency and improved working conditions.

If a supplier is found to be non-compliant during our monitoring activities, we do not cease trading with them. Instead we use our business relationship with the supplier to improve conditions and provide support in remediating the violation.

We would only terminate a contract with a supplier if: they had shown structural unwillingness to cooperate; we had exhausted all options for improvement; demonstrated to Fair Wear that we had actively tried to resolve the non-compliance and there were no other options; and we had Fair Wear's approval to end the business relationship.

Audits

Our production sites are regularly audited by the Fair Wear which is able to identify key risks or issues on our behalf. The audits usually involve several parts. Firstly, interviews with management about working conditions and management systems on-site, as well as off-site interviews with workers. Secondly, a health and safety inspection assessing fire safety, first aid measures etc. Thirdly, a review of employment contracts and other documentation relating to the payment of wages, working hours, annual leave and overtime records, purchasing and any third party audits and inspections.

Corrective Action Plans

Once the audit is complete, a Corrective Action Plan (CAP) is finalised between the auditor and the factory management highlighting the areas that need improvement. Implementing recommendations and requirements that come out of a Corrective Action Plan are continuously in process.

We work closely with the factory management and workers' representatives to assist with implementing the corrective actions. We regularly request from our suppliers to report on their status within the agreed time frame. Follow-up inspections during factory visits or photographic/documentary evidence is requested to validate improvements.



Our factories

Factory [Fair Wear code]	[5825]	[2385]	[2386]	[5601]	[2388]	[11301]
Country	India	Turkey	China	Bangladesh	India	China
Location	Tirupur	Denizli	Ningbo	Habiganji	Tirupur	Jiangsu
Relationship since	2008	1998	2006	2013	2007	2019
Other Fair Wear members	1	0	0	0	0	7
Total workforce	1334	150	206	4180	662	1206
Female workers	64%	77%	85%	45%	48%	86%
Share of annual production	9.05%	9.86%	13.36%	15.98%	51.68%	0.07%
No. of visits in 2020	1	0	0	1	1	0
Most recent audit	July 2019	April 2019	Nov 2020	Dec 2020	March 2019	June 2020
Leverage*	11.6%	22.6%	24.6%	5.4%	74.6%	0.01%



Factory: 2388, Tirupur, India

Fair Wear code: 2388

Relationship since: 2007

Share of annual production: 51.68%

Workforce: 662

Female workers: 48.2%

Leverage: 74.6%

Last Fair Wear audit: 3/2019

This is our principal manufacturing facility, fully vertically integrated, making the EarthPositive® range of Climate Neutral organic certified products, and the Fair Share™ range in organic Fairtrade cotton since 2007 and 2015 respectively.

The factory is certified under the Global Organic Textile Standard (GOTS), Organic Content Standard (OCS), Oeko-Tex 100 Class 1 Standard, BSCI, SA8000 and ISO9001, and is registered by the Fairtrade Labelling Organisation (FLO).

We successfully implemented a living wage project at this factory, with living wage premium payments to all the workers starting in January 2016. In September 2017 Continental Clothing trialed a project involving the free distribution of sanitary products to female workers in order to tackle the problems of female health, dignity and absenteeism. There was a noticeable difference even after a few months, with female workers no longer being forced to take unwanted leave every month. In addition, signs of improvements in general health as well as self-esteem among the female workers were observed. The cost of the scheme was funded solely by Continental Clothing. In 2019, in partnership with Eco Femme, a local initiative for empowerment of women, we initiated a trial of reusable washable sanitary pads and menstrual cups.

A Fair Wear audit was carried out in March 2019, with a Corrective Action Plan established and agreed between the auditors, management, workers representatives and ourselves. Issues raised at the factory mostly related to improvements in documentation and record keeping of overtime work, induction and training of new employees during probation period, updating worker information sheets, etc. The outstanding requirements have been resolved and verified during a factory visit and by photographic and documentary evidence.

The factory was visited in February 2020.

Factory: 5825, Tirupur, India

Fair Wear code: 5825

Relationship since: 2008

Share of annual production: 9.05%

Workforce: 1334

Female workers: 63.8%

Leverage: 11.6%

Last Fair Wear audit: 7/2019

This is our second factory in India for certified sustainable products, mostly organic cotton and recycled fibres. In 2013, we developed with the factory, and put into bulk production, a new product range under the brand name Salvage® – made from 60% pre-consumer recycled organic cotton and 40% post-consumer recycled polyester.

The factory is certified under the Global Organic Textile Standard (GOTS), Organic Content Standard (OCS), Global Recycle Standard (GRS), Oeko-Tex 100 Class 1 Standard, BSCI, and is registered by the Fairtrade Labelling Organisation (FLO).

This is a fully vertically integrated factory with four production sites including two factories, a dye house and a spinning mill.

Continental Clothing shares sourcing responsibility for this factory alongside one other Fair Wear member - Nudie Jeans. Together we split the responsibility of managing social audits and implementing the Corrective Action Plan.

All production sites were audited by Fair Wear, with the most recent audit in July 2019. Key areas for improvement were around educating the workforce on Fair Wear's CoLP, their rights and their pay structure as well as ensuring health and safety standards are enforced.

The factory was visited in February 2020.

Factory: 2385, Denizli, Turkey

Fair Wear code: 2385

Relationship since: 1998

Share of annual production: 9.86%

Workforce: 150

Female workers: 77%

Leverage: 22.6%

Last Fair Wear audit: 4/2019

Our suppliers in south-west Turkey have produced our signature Continental® collection since 1998, however a majority of the production was moved to Bangladesh in 2013.

The factory has been certified under the Global Organic Textile Standard (GOTS), Organic Content Standard (OCS) and Oeko-Tex 100 Class 1 Standard for over 12 years.

Most recent audit was in April 2019. Issues highlighted in the report related to non-disclosure of sub-contractors, health and safety conditions as well as technical faults with the time reporting system.

A majority of the outstanding Corrective Action Plan recommendations had been resolved and conditions had been improved. New time-keeping equipment has been installed to ensure accurate records. Areas that continued to be monitored relate to overtime and severance pay calculations.

A monitoring audit was planned for November 2020 but had to be postponed. It is now scheduled for May 2021.

Because of the Covid pandemic, no visits to the factory were possible in 2020.

Factory: 5601, Habiganji, Bangladesh

Fair Wear code: 5601

Relationship since: 2013

Share of annual production: 15.98%

Workforce: 4180

Female workers: 45%

Leverage: 5.5%

Last Fair Wear audit: 12/2020

Located in the Sylhet district of Bangladesh, our suppliers have been the principal manufacturing facility for the Continental® collection since 2013.

The factory has been built to the highest design specification, receiving a Social and Environmental Excellence Award for the best factory in health & safety, and a Silver LEED award for Green Factory Building from the U.S. Green Building Council. In 2019 the award was upgraded to Platinum.

The most recent full Fair Wear audit in December 2020 found several areas for improvement, including trainee workers not receiving minimum wage, overtime rate was not paid to electricians, smoke detectors were not installed in chemical store, chemical storage permits were missing for two substances, some passageways were obstructed, men's dormitory had insufficient fire-fighting equipment and inadequate electrical wiring.

During the closing meeting, the management was receptive and showed commitment to take corrective and preventive actions.

The factory was visited in February 2020. During the visit, it was noted that considerable steps had been taken to address to implement improvements. A new worker appraisal system to allow equal opportunities for advancement for female workers had been put in place. Continental Clothing is closely monitoring the progress of the factory and the implementation of the Corrective Action Plan.

Factory: 2386, Ningbo, China

Fair Wear code: 2386

Relationship since: 2006

Share of annual production: 13.36%

Workforce: 206

Female workers: 85%

Leverage: 24.6%

Last Fair Wear audit: 11/2020

Our partners in Ningbo, south-east China, have supplied us since 2006. They provide supplementary styles for the Continental® range of sweatshirts.

Following the completion of the Fair Wear monitoring audit in November 2020, a number of issues were identified. The working hours were not recorded completely; workers only punched time cards at the beginning and end of the day without recording lunch and dinner break hours. If overtime work took place on Sunday, some only clocked in once and some did not clock at all. The most serious issue relates to the excessive overtime. The working hours for most workers are 68-82 hours per week, often without a day off. There were some new findings related to fire and machine safety. Several findings from the previous audit had been remediated. The factory no longer requires workers to pay for the company share of the social security during periods when workers are on leave.

The audit team met with a good cooperation from the management. The factory is not unionised; there are 2 workers representatives democratically elected by the workforce.

There is also some good practice, including a bonus for the Chinese festivals, free meals and fruit, and free dormitory.

The factory cooperates well with Continental Clothing in following up on remediation of corrective actions arising from the audit findings.

Because of the Covid pandemic, no visits to the factory were possible in 2020.

Factory: 11301, Jiangsu, China

Fair Wear code: 11301

Relationship since: 2019

Share of annual production: 0.07%

Workforce: 1206

Female workers: 86%

Leverage: 0.01%

Last Fair Wear audit: 6/2020

This factory is the latest addition to our supplier base. The factory specialises in technically sophisticated products, which allow us to extend our Continental® range with new lines in organic cotton.

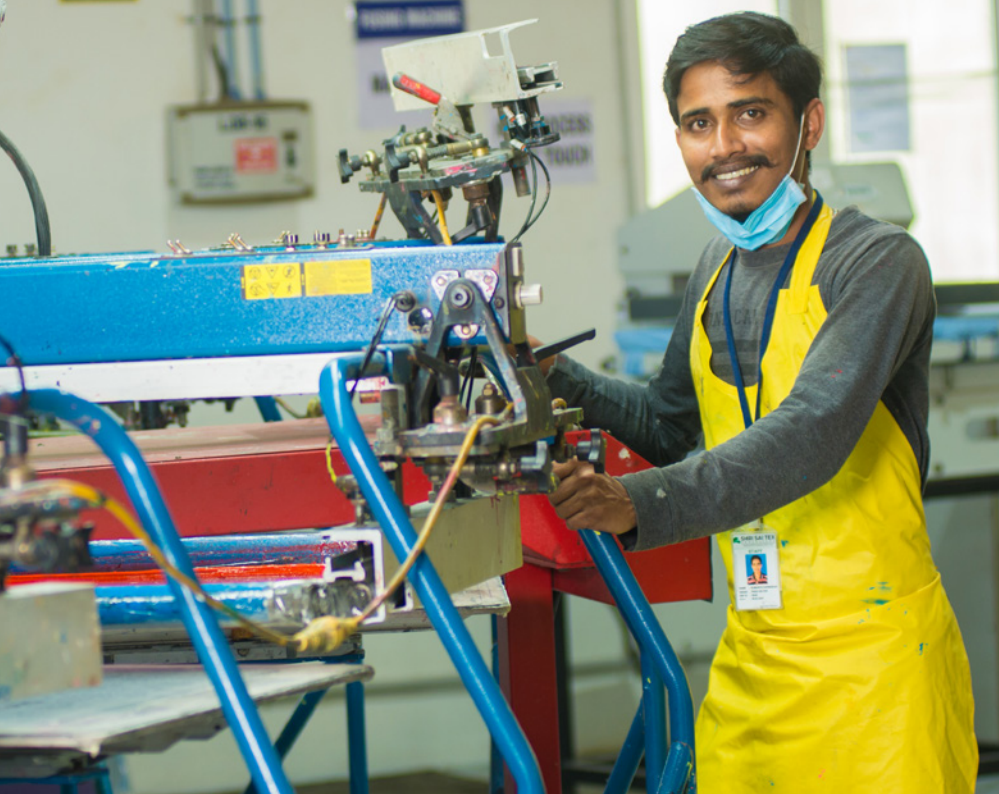
The onboarding process was carried out in line with our Responsible Sourcing Policy. The factory was last audited by Fair Wear on behalf of other member brands (Engelbert Strauss) in June 2020. The factory is unionised, and the union chairman, committee members and 114 worker representatives were democratically elected by the workforce. Normal working hours were 60 hours per week with one day off per week.

After receiving the audit reports and the Corrective Action Plan, we contacted two of the member brands for their opinion about the factory's openness and willingness to cooperate and improve in matters relating to the labour standards and worker welfare. Following the appraisal, we decided to begin production trials.

The factory will be evaluated in 2021 after the initial bulk orders, and a decision will be reached whether to establish a long-term relationship.

We are grateful to the other member brands for their readiness to cooperate in the initial evaluation of the factory's suitability.

Because of the Covid pandemic, no visits to the factory were possible in 2020.



Continental Clothing



Complaints & remediation

We encourage workers to make use of the internal complaints system to report on any incidents or grievances. We ensure that information on how to report is displayed in the native language and with a freephone number to local complaint handlers appointed by Fair Wear.

If we do receive a complaint, we take immediate action, working with Fair Wear representatives, members of the complains team and the factory management to resolve the issue. We will then follow up with our suppliers with continued correspondence and factory visits, until the matter is satisfactorily resolved.

In 2020 we received one new complaint, which was satisfactorily resolved.

Complaint Fair Wear ID: 902

Factory: 2386, Ningbo, China

Date received: 6 June 2020

Filing party: Worker

Against: Factory management

Status: Resolved 22 January 2021

The Complaint

The complainant claimed that the factory told workers that their wage slips could not be printed out temporarily due to system issues and therefore payslips would not be distributed. However, the complainant claimed that all workers except for the sewing department did receive their payslips.

Due to the pandemic, the factory adjusted the overtime premium and piece prices in March 2020. The original overtime subsidy was 8 RMB per night if workers worked night overtime until 20:00. However, the premium was reduced to around 5 RMB, but the exact amount was still unknown. The complainant claims that the overtime hours increased, but their wages were lower. The workers wanted the factory to issue clear payslips, so that they could know how to calculate their wages and how much they could earn in a month.

The complainant wished for the factory to distribute clear payslips and to communicate the new piece prices and overtime premiums.

Investigation

Factory responded to this complaint with the following solutions :

1. The factory apologised to their employees, since some of the financial staff came back late due to the corona crisis, so workers did not receive their wage slip of March on time. However, the factory confirmed that they will print them before 20 June and give them to the workers. They will provide the brand with pictures of this.
2. Factory mentioned that the pay slip has been explained to the workers before, but thought that some of the new workers might not understand them. They promised to explain the wage slips again in their publicity column before 20 June and will provide the brand with pictures of this.
3. Due to the situation with the corona virus, the factory is facing difficult times. The delivery of orders has delayed by two or more weeks. In order to bridge this period of time, the factory adjusted the nightly overtime rate from 8 RMB to 5 RMB. The factory confirmed that they will adjust the amount again after this period and hoped workers can understand and get through it together.

We requested a copy of the payslip with the attendance records with overtime, so the payslip and breakdown are clear for the worker.

1. The wage of May 2020 was paid on the 30 of June 2020, which is within the legal requirement. Payslips were distributed and the workers understood how to calculate wages. Nevertheless, we required that the current piece price (including overtime subsidy) will be published for the workers before production starts.

2. The evening overtime subsidy is 8 RMB per night, which had not been changed.

3. The complainant said the piece price has been reduced in comparison with before the COVID-19, but they could understand as it is difficult for factory to deal with the COVID-19 crisis.

We recommended to give the payslip to workers when receiving their salary and explain their piece rate before production starts.

During the Investigation, the response from the factory supported the claim of the complainant. The complaint was found grounded.

Remediation / Resolution

The complaint handler reached out to the complainant and was updated that workers are explained and understand how wages and overtime subsidies are calculated. Moreover, the factory has been distributing wage slip to workers detailing the specific wage components.

1. Currently, they work 3 to 4 overtime hours/day for 3 days in a week (it also depends on workers themselves if they want to end the nightshift of overtime earlier). The complainant informed she/he has 2 to 3 days off in a month and works around 70 hours/week which are acceptable for him/her.
2. The night overtime subsidy is clear to them now; if they work night overtime after 22:00, they are able to get 5 RMB/night as night overtime subsidy.

This complaint is resolved.

Follow up action

Following the resolution of the complaint, we have put in place a system of a monthly review of the payslips by a random selection of five different employees each month. This is to ensure there's no repeat of the problem.

We are grateful to the complaint handlers for their assistance in resolving the complaint.



Training & capacity building

Our Staff

We recognise the importance of keeping our staff fully informed about our social standards. Staff members are made aware of the eight core labour standards on joining Continental Clothing. In addition, the merits of the Company's membership of Fair Wear are communicated through the Company's Employee's Manual and during regular staff briefings.

Those members of staff that are in contact with our suppliers such as our Quality Control Supervisor are provided with additional training. This is to help support their monitoring activities during site visits and ability to follow up on corrective actions.

Our Suppliers

The management and workers of the manufacturing facilities are informed about our membership with Fair Wear and the Code of Conduct through model letters, original leaflets, questionnaires in their native languages, and direct contact.

In accordance with Fair Wear procedures, information sheets for workers, including the Code, complaints procedures and contact details of the complaints' handlers, are posted in English and native languages in appropriate locations within communal areas.

Since 2012, our suppliers have participated in Fair Wear's Workplace Education Programme (WEP) which aims to increase awareness of social standards. These training sessions are performed by Fair Wear's qualified trainers throughout the year and can range from understanding the Fair Wear complaints procedure to how to improve labour standards in the workplace or increase worker participation and representation.

Additional Training

In addition to WEP sessions, our suppliers organise training for their workers and management using their own in-house teams experienced in social standards. These training days will cover topics such as grievance handling, anti-harassment, worker awareness and mid-level management. This will be performed in the local language to ensure better understanding and avoid any miscommunication.

At our factory in Bangladesh, training sessions on social issues occur every month alongside other health and safety topics and environmental protection policies. These sessions are led by several trainers depending on the number of participants and cover a wide scope of subject, such as code of conduct including Fair Wear code of labour practices, grievance procedures and helpline, labour laws, overtime, anti harassment and gender-based violence, wages, deduction from pay slips, bonuses and final settlements, occupational health, electrical, mechanical and fire safety. There is an effective performance appraisal programme, which includes a supervisor training for women.

At the principal factory in India, there were 9 training programmes organised in 2020. These included awareness on Fair Wear and its CoLP, general induction training, health & safety at work, social and environmental policies, workers' rights as well as SAVE training on internal worker committees. Furthermore, training was provided on women's rights and gender harassment, grievance procedures, maternity benefits and the use of the creche facilities.

The Turkish factory also carried out a series of in-house training sessions for workers at monthly intervals, covering labour rights and standards, grievance procedures, workers' benefits and health and safety as well as potential risks relating to the influx of war refugees.

However, in order to comply with Fair Wear requirements for validation of the quality of training, we are putting in place a programme of specialist training for the in-house instructors, so all future training will be carried out by independently accredited members of staff with approved course content.



Information management

We know where and how our products are manufactured, without exception. We have a full visibility of our supply chains, and we keep records of all the production units involved.

Through our management system we ensure there are no unauthorised subcontractors used in the supply chain.

This is vital for us to be able to assess human rights risks and support improvements.

In-house system

During 2019 we have introduced a new system of managing all aspects of handling information and records keeping in relation to our supply chains. The aim was to bring together all the various strands of information and records of activities, and provide an easy overview with the ability to drill into each one in depth.

The system encompasses company policy documents, suppliers register, audit reports, corrective action plans and their progress reports, complaints, training records, work plans, social reports and performance checks.

Fairforce

We welcomed the introduction of the Fair Wear Fairforce platform as a place to consolidate all records and documents essential for the responsible management of a supply chain.



Transparency & communication

Communication

Although we do not sell directly to the consumer, we do recognise that B2B customers and in turn their customers may be interested in learning about our responsible sourcing activities, and where and how the products are manufactured. Thus, we actively promote our membership of Fair Wear through our website in our social responsibility section.

Marketing materials and website

Full information about Fair Wear, its code of conduct and activities is prominently presented within dedicated pages of the product catalogues, websites, and other publications. Links to the Fair Wear website and other third-party sources are included wherever appropriate.

Furthermore, the Fair Wear logo is prominently displayed, as and when appropriate, on marketing and communication materials, on displays at trade fairs, product catalogues, websites and garment labels.

References and links to this social report will be provided for all customers and the general public.

Social media

Fair Wear's information booklets, videos and other materials are made available through different channels including the Company's Facebook pages, Instagram, LinkedIn groups and Twitter.

Communication of Fair Wear membership by third parties

While we very much encourage our B2B customers to communicate the fact their products come from a Fair Wear member's audited supply chains, we have become very strict in monitoring and ensuring there's no misleading communication that implies that products, factories or brands are 'certified' or 'fair', or references to 'Fair Wear-audited' factories implying certification or any references to Fair Wear that might be interpreted as relating to non-member products or non-member brands.

B2B customers are made to understand that the use of Fair Wear logo without the statement 'Continental Clothing is a member of Fair Wear' that can be found prominently on the website and without a link to the website or the text 'www.fairwear.org' is not permitted.

Campaigns

We actively engage in matters of sustainability and social responsibility with NGOs, parliamentary groups and governmental departments, including:

- International Working Group on the Global Organic Textile Standards
- Sustainable Clothing Action Plan
- Fashion Revolution

Fashion Revolution Week

The 6th anniversary of the 2013 Rana Plaza disastrous factory collapse was remembered by a week long campaign hosted by Fashion Revolution in April 2020. We support and participate in the work of Fashion Revolution and used the occasion to reiterate our own commitment to providing safe working conditions and driving positive change in the garment industry.

We participated in the #whomademyclothes campaign by asking our factory workers to volunteer to be photographed with the slogan in order to bring the faces of those behind the products to the consumers, thus connecting the producer and the user in a personalised way. We have published these images on our website, in social media, specialist publications.

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