

# **Human Rights**

# **Due Diligence Report**

Reporting period (Financial year: January 2022 – December 2022)

**OLYMP**

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# About this report

This report relates primarily to OLYMP Bezner KG, which is the central organisation in the “OLYMP Group”. If individual items within the report include other business units in addition to OLYMP Bezner KG, this is highlighted accordingly. The business activities of OLYMP Bezner KG include design, product development and procurement for its OLYMP, OLYMP SIGNATURE and MARVELIS brands and the OLYMP Corporate Fashion range as well as various private labels. It also takes care of all administrative and logistical tasks centrally. OLYMP Bezner KG is therefore the central organisation within the “OLYMP Group”. With OLYMP Retail KG and its subsidiaries, OLYMP has also operated as a clothing retailer since the end of the 1990’s. Other important sales units are OLYMP Digital KG and MARVELIS KG.

The Group is made up of several independent companies that are connected to each other primarily through their close business relationships and their ownership structures.

This report relates to the financial year corresponding to the calendar year and covers the period from 1 January 2022 to 31 December 2022.

For more information on our sustainability management as well as our sourcing strategy & pricing, production cycle and sourcing decisions, etc., please refer to our 2022 Sustainability Report. This report will focus on our Human Rights Due Diligence, our social monitoring as well as the implementation of Fair Wear Code of Labour Practices.

## Summary: 2022 goals & achievements

After several challenging years caused by the covid pandemic, OLYMP Bezner KG recovered in 2022. OLYMP was able to increase its turnover in the last financial year 2022 by almost 40 percent compared to the previous year, despite persistently difficult trading conditions. As a result, the revenues generated by shirts, knitwear, sweatwear and accessories amounted to 227 million euros as of 31 December 2022. In 2021, it was still 161 million euros. At the same time, the OLYMP Group's workforce increased by 57 people to 887 employees in Germany and Austria.

With regard to social compliance, the growth of the business is pleasant news also for our production partners, but our efforts to implement the Fair Wear Code of Labour Practices and to conduct human rights due diligence were never slowed down. On the contrary, with 2022 being our first year during which we had a Fair Wear Brand Performance Check, many projects were initiated or continued.

In the financial year 2022, we achieved the following:

### Responsible business conduct

- OLYMP's first Brand Performance Check was conducted in May 2022. All results are published on our website as well as on our member profile on the Fair Wear Website. We received a score of 65 points and were placed in the category "good". OLYMP showed progress and met most of Fair Wear's performance requirements in its first year of membership. The report highlights that OLYMP monitored 100% of its suppliers. The Check reviews seven performance areas and evaluates a member's performance against standard criteria. This gives OLYMP the opportunity to identify areas with an acceptable performance as well as areas with potential for improvement. The latter was shown to be the large field that is purchasing practices. Therefore, many of our activities and projects were placed in this field. Since Fair Wear is adapting its Brand Performance Check and general methodology for 2023 to anticipate human rights due diligence legislation, this was another area where projects originated.
- Although OLYMP is not directly affected by the German Supply Chain Due Diligence Law (Lieferkettensorgfaltspflichtengesetz LKSG), we strive to comply with it. To this end, we have set up a working group consisting of our legal department, Supply Chain Director and two representatives from the Corporate Responsibility department. The working group LKSG is responsible for the human rights due diligence and risk management at OLYMP. This includes, but is not limited to, setting up a Responsible Business Conduct Policy, an OLYMP Code of Conduct, improving supplier contracts, reviewing our social monitoring system, optimizing

complaints mechanisms and conducting the risk analysis as well as offering internal training courses.

- As part of our Responsible Business Conduct and joint work package of our LKSG Working Group, we drafted and published our Responsible Business Conduct Policy (“Grundsatzerklärung”). The Policy can be accessed [here](#).
- The project plan for the LKSG Working Group contains several work packages that were not yet completed in 2022 but are scheduled to be completed in 2023: A comprehensive Code of Conduct that will include the Fair Wear principles as well as aspects regarding environmental due diligence. Furthermore, the working group will also draft a new framework for supplier contracts.
- In autumn of 2022 we joined the “Learning and Implementation Community” (LIC), organised by the “MSI Working Group of the Common Framework for Responsible Purchasing Practices” (CFRPP). Over the next two years, we will improve our purchasing practices to enable an improvement in industry working conditions and enable an environment in which workers have improved access to their rights. Thereby, we collate and share best practices with 36 clothing brands. More on the Common Framework for Responsible Purchasing Practices can be found [here](#).
- We set up an internal policy for responsible exit that encompasses all aspects that Fair Wear recommends in their Responsible Exit Strategy Guidelines and lays out specific steps and questions that need to be followed when the cooperation with a supplier is terminated.

## **Risk analysis**

- In 2019, OLYMP carried out a comprehensive risk analysis for the entire supply chain – from raw material production, material production and manufacturing to transport, use and the end of the product life cycle. In 2022, we updated and modified our risk analysis for the assembling stage. The most relevant results for specific risks in relevant countries are published as part of this report. This analysis is an important tool that will be updated on a regular basis. However, we understand that it is an ongoing process to further strengthen our human rights due diligence by linking the different elements of our product and country-specific risk assessments more strongly. The aim of complete integration will ensure an on-going and continuous risk assessment that is actively shared with and updated by different departments. As a first step, we have set up regular meetings with the Purchasing Department to discuss the status of each supplier. Further, we are communicating with other departments to set up a supplier evaluation.

## **Social monitoring and preventive measures**

- The pilot phase of our social audit scheme “iMPACT Programme”, that we initiated jointly with the corporate wear provider HAKRO, was successfully concluded by the end of 2021. Step by step we are converting all SA8000® certifications and the audits previously carried out via amfori BSCI to this new standard. The iMPACT Programme is now an integral part of our social monitoring system and all factories we work with will be monitored by iMPACT Programme audits. The audit tool itself is under constant development to keep up with new risks and focal issues. In 2023, we will make the audit system stronger with regards to wages, gender and freedom of association.
- As the travel restrictions after the Covid-19 pandemic were lifted, we resumed our travel activities. The OLYMP Corporate Responsibility Team visited 14 production facilities (including one support process) in four different countries in 2022. We have set up calls with other factories to discuss audit results, remediation measures and other topical issues.
- Identifying risks requires not only theoretical but also practical knowledge. Therefore, we conducted – together with eight other brands, a two-day training course for auditing skills in September 2022.
- Early in 2022 we updated our cotton ban to exclude the sourcing of cotton from the Chinese region Xinjiang. We had already excluded cotton from Uzbekistan and Turkmenistan. This is an integral part of our sourcing strategy. The challenges relating to human rights issues such as forced and compulsory labour can, however, not be fully resolved by contractual agreements. Companies are therefore required to obtain an exact and individual picture of the situation for their supply chains. On this basis, it is important to take tailored and appropriate measures that conform to the required human rights due diligence and our own standards. Besides that, we have stopped the on-boarding of new suppliers in China in general.
- As part of risk management, we have formalized our onboarding process and created an exhaustive Onboarding Document for potential suppliers. The document contains a list of all relevant requirements and monitoring activities applicable for the entire supply chain (including all upstream facilities). A risk screening of the potential country and supplier is now an integral part of the process.

## **Transparency & communication**

- At OLYMP, we place great value on a transparent supply chain. This allows us to demonstrate that we act responsibly when sourcing our products and to support our customers' desire to purchase our products with a clear conscience. Therefore, we update the supplier list on our website regularly. The supplier list can be accessed [here](#).
- In June 2022, we published our first sustainability report on the financial year 2021 in which we describe how we are living up to our responsibility at OLYMP. We renewed our commitment to report annually on our human rights due diligence process and provide further information on key risks and measures. The Human Rights Due Diligence Report will soon be published and will contain in-depth information on our efforts regarding implementing human and labour rights.
- After successful completion of our first Brand Performance Check, the final report was then published on the OLYMP website. The report can be accessed [here](#).
- Since 2022, we publish our active supplier list on the OLYMP website. We update this information regularly.

## **Miscellaneous**

- As a member of Fair Wear, we have committed to implement living wages. As a starting point, we have provided guidance to a master's thesis about "Recommendations for introducing living wages at OLYMP". Currently, we gather a lot of wage data but we are missing action. The paper provides groundwork on the next steps.
- The management of sustainability data is getting more and more important and the need for efficient handling of those efforts is continuously increasing. Therefore, we are cooperating with the platform provider retraced.com as our sustainability data management system, to engage further in our transparency commitment and digitalize our sustainability efforts. More information on the retraced platform can be found [here](#).

# OLYMP system for monitoring and remediation

Prior to entering in a business relationship with OLYMP, business partners and production facilities commit to the following requirements:

## **1. Transparency**

Transparency promotes accountability and is a crucial step towards a systemic change. Sharing relevant information enhances the efficiency and effectiveness of corporate responsibility and is hence the starting point in the business relationship with OLYMP.

### **a. Internal transparency**

For all direct business partners, the disclosure of the supply chain from spinning to finishing is mandatory. Production facilities must be pre-approved by OLYMP prior to production and of sample processes.

### **b. External transparency**

OLYMP discloses all production facilities of the assembling stage at OLYMP's website [here](#).

### **c. Unauthorized subcontracting**

If a direct business partner transfers production processes, without informing and awaiting the approval of OLYMP, it is considered as "unauthorized subcontracting" because the subcontracted production facilities and workplaces are not formally part of our supply chain. Unauthorized subcontracting may lead in the worst case to the end of business relationship.

## **2. Social Monitoring**

### **a. Fair Wear Code of Labour Practices**

The Code of Labour Practices (CoLP) is the foundation for all work between factories and brands, and the first step in developing a commitment to improvement. This code contains a set of internationally accepted labour standards.

### **b. OLYMP iMPACT Programme Audit**



Production Facilities (CMT/assembling) are required to undergo a periodic monitoring to assess and ensure compliance with the Fair Wear Code of Labour Practices. We use our own audit system which is accepted by the Fair Wear iMPACT Programme.

OLYMP already sets the bar very high for its social monitoring. Our approaches and efforts to date have ensured a high and fundamentally stable level of social standards in our factories. Based on our rigorous monitoring system of audits, factory visits and local quality controllers as well as our long-standing partnerships, we have a comprehensive overview of the risks and challenges in our operations.

In essence, each production facility is given the chance to improve:

After an audit or visit has taken place, we share the audit report and remediation plans in a timely manner. After we have shared the report, the factory is requested to respond and propose improvement timelines, after which this is discussed with us. Worker representatives are invited to participate in closing meetings concerning the audit, but do not yet receive the audit reports and are not yet included in the follow up.

In 2023, we will share the onsite CAP of the audit in the local language to include worker representatives more in the remediation process.

### **c. International Accord**

OLYMP has participated in the Accord on Fire and Building Safety in Bangladesh and in all subsequent accord agreements since 2013 and has signed the International Accord for Health and Safety in the Textile and Garment Industry since 2021. The accidents in Pakistan and Bangladesh in 2012 and 2013 laid bare the structural problems in some production countries in the textile industry in a tragic way – especially with regard to deficiencies in building safety. As a reaction, the Accord on Fire and Building Safety in Bangladesh was initiated in May 2013. This has set itself the goal of effectively improving the safety of people working in Bangladesh's clothing industry. To this end, the Accord has set up a safety programme that primarily takes into account the interest of workers. Since it was first signed in November 2013, OLYMP has also been involved in enforcing safe working conditions on the ground.

**Production facilities in Bangladesh** must undergo the safety inspections by the RSC and participate in the training courses and complaints mechanism. For factories that have not undergone any safety inspection by the RSC yet, OLYMP will initiate the inspection and training courses. For the progress made, please refer to the respective section.

**Production Facilities in Pakistan:** OLYMP is no longer active in Pakistan, therefore we have not signed the Pakistan Accord.

## **SUPPLIER POOL 2022**

### **Countries**

In 2022, OLYMP was sourcing from the following countries:

Albania, Bangladesh, China, Hungary, Indonesia, India, Italy, North Macedonia, Pakistan, Portugal, Spain, Tunisia, Turkey, Ukraine, Vietnam.

### **Changes**

- We ended our business relationship with four active suppliers.
- In 2022, eight factories started the onboarding process, out of them two factories have not been included in the OLYMP supplier pool in 2022 yet. For two other factories the onboarding was not successful and they will not become part of the pool in 2023.
- Following our due diligence approach for China, a supplier in China was rejected from onboarding in 2022.
- Furthermore, two cases of unauthorized subcontracting were detected. The factories concerned are no longer part of the OLYMP supply chain.

### **Other**

OLYMP does not maintain "external production". This means that OLYMP does not resell any other brand except its own OLYMP, OLYMP SIGNATURE and MARVELIS brands.

## **RISK ANALYSIS**

In the following sections, we will summarize the outcomes of our social risk analysis per country from which we are sourcing from. We will elaborate on the potential country risks and the actual risks that we have identified based on audit reports and visits, and we will describe what we do in order to mitigate or prevent those risks.

We based our potential risk analysis on various external sources such as – but not limited to – the Fair Wear country studies<sup>1</sup>, CSR Risk Check by MVO<sup>2</sup> and sources from the ILO such as country statistics, country programmes, etc <sup>3</sup>.

To identify actual risks, we focussed on a mix of audit results such as the iMPACT Programme, amfori BSCI and others but also on our own factory visits and discussions with factories and their management teams.

The social risk analysis covers the following risks:

- Working hours
- (Living) wages
- Gender-based violence & sexual harassment
- Freedom of association & right to collective bargaining
- Occupational health & safety
- Discrimination
- Child labour & special protection of young workers
- Exploiting employment relationships incl. forced labour & all forms of slavery
- Unauthorized subcontracting
- Home work
- Corruption
- World governance indicators & transparency

### **Transnational risks**

We have identified four risks that are prevalent in almost all of the countries where we are active. Therefore, we will give an insight on these risks at this point instead of repeating them in each country section:

- **Working hours**

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<sup>1</sup> <https://www.fairwear.org/programmes/countries>

<sup>2</sup> <https://www.mvorisicochecker.nl/en>

<sup>3</sup> [www.ilo.org](http://www.ilo.org)

According to ILO Convention 1, ‘workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every seven-day period. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate’. However, the legal framework differs from country to country. Whereas the legally allowed working time in China is comparatively low, with a regular working week of 40 hours and in exceptional cases three overtime hours per day, thereby not exceeding 36 overtime hours per month. The regular working week in the Bangladesh textile industry is 48 hours and four overtime hours per day with no legal limit for monthly overtime.

Regardless of the legal framework, excessive overtime is a structural and prevalent risk in most of our production countries. And, excessive overtime does not only violate the right to decent working hours itself, but also denies workers’ rights to a safe and healthy workplace. The more excessive overtime hours are worked, the higher the chance of accidents in the workplace. Fatigue will lead to other health and wellbeing related issues. It also negatively impacts worker performance and productivity.

On the other hand, workers are often in favour of working (excessive) overtime to earn a higher income, as their base wages fall below most living wage benchmarks. In some countries there may also be a cultural dimension to overtime. For example, migrant workers prefer to work overtime hours to be able to send as much money home as possible. As overtime shall be paid with a premium rate, this gives even more incentive to work overtime.

There are many more root causes for overtime reaching from planning issues to a lack of organizational capacities to the legal framework accompanying a business relationship. Sometimes suppliers overbook capacities or do not reserve the capacities as per the forecast. Sometimes there are unrealistic delivery requests from customers, or late approvals/order placements.

For many years we have been discussing root causes with our production facilities. Here, factories report unauthorized absenteeism of workers resulting in a lack of workforce, malfunctioning of machinery and bad infrastructure as main reasons for excessive overtime. Furthermore, it is also reported that workers demand overtime to some extent, so that overtime hours are included in the planning system and lead to excessive overtime if actual overtime is needed.

Remediation thus takes a lot of time and, considering the various stakeholders it includes, the overtime findings cannot be resolved by a single brand alone.

What we do: In the past audits have been the major tool in the industry to monitor production facilities. For many brands the aim was an easy result. Production facilities that had excessive overtime, received a bad mark in the audit, and brands delisted those facilities out of their supplier pool. This in turn led to the fact that many production facilities started to hide their actual working hours during audits instead of being honest with customers on challenges caused by different circumstances.

We want to change this with the approach of our iMPACT Programme. The ultimate goal is sustainable improvement. Knowing the actual situation at the production site is key when identifying suitable improvement measures. To that end, facilities are encouraged to be fully transparent and discuss problems openly. Auditors also assess the transparency of the factory because only if we know the real working hours can we verify its correct payment. Where we have hints of non-transparency, we go into dialogue with the factories. Here we have already made good progress in the last year. Yet, for many production facilities this transparency approach is new, so in a first step we try to create trust in us to be transparent in reporting overtime. To be able to (re-)mediate excessive overtime, a detailed root cause analysis per factory is required. This is a long-term project and can only be resolved when working on wages as well.

To get a detailed insight into the working hours of a whole factory, our shirt production facilities report their overtime hours on a monthly basis and per each department. These reports show that excessive overtime occurs but is mostly not widespread. In particular, the finishing (packing) department is prone to do overtime but even then, only few workers are affected rather than all.

Furthermore, individual production lines are permanently and exclusively blocked for OLYMP production solemnly in every shirt factory. As a concession to the business partner, production facilities have benefitted from far - sighted production planning, and as far as possible, from homogeneous capacity utilization in order to avoid excessive above - capacity and below - capacity employment phases.

- **Payment of living wage, freedom of association & the right to collective bargaining**

The UN Economic, Social and Cultural Rights Covenant states that workers' wages should deliver 'a decent living for themselves and their families', while the UN's Universal Declaration of Human Rights calls for wages that ensure 'an existence worthy of human dignity.'

There is a high risk of non-payment of a living wage in all production countries.

But living wages are also linked to other risks. In some of our production countries, freedom of association and the right to bargain collectively is limited by law or in practice, or both. Garment workers' wage levels are rarely set by way of collective bargaining. Yet, without credible wage negotiations, wages rarely meet workers' basic needs.

Over the last years, the payment of the minimum wage throughout the production facilities was not a high risk. Yet, the pandemic laid bare weaknesses in the globalised world. The textile industry with its international supply chains was particularly affected. As a result of the pandemic, demand and therefore the order volume for textiles collapsed worldwide, even leading to the complete cancellation of orders by manufacturing companies and lowering of wages. At OLYMP, we did not withdraw any orders or withhold any payments during the pandemic. But at some production facilities we are one of the few remaining customers. This challenging situation increases the risk for breaching minimum wages, incorrect maternity benefit calculation, etc.

Moreover, legal gender-based discrimination, unequal wage rates and job segregation based on gender have combined to create deep-seated practices that have resulted in women being paid less than men for the same and comparable work, or work of equal value, and in women's confinement to lower paid jobs with fewer opportunities for promotion.

What we do: the iMPACT Programme incorporates a wage ladder that allows for a comparison of facility wages against legal minimum wages. Furthermore, it contains an evaluation if a facility has started its own living wage programme, including initial stocktaking of wage levels as well as an analysis of wage information for main job categories. This includes also a gender assessment regarding wages and job categories. Furthermore, the iMPACT Programme contains an in-depth analysis of existing union structures and union election processes, a detailed overview of collective bargaining agreements in place at facilities and an evaluation of implementation of the FWF Grievance Mechanism.

As a starting point, we provided guidance to a master's thesis about "Recommendations for introducing living wages at OLYMP". As we currently gather a lot of data but are missing action, the paper provides groundwork on the next steps.

- **Safe and healthy working conditions**

The strength of a thorough social audit lies in evaluating management systems and assessing the implementation of labour rights within a production facility. Serious audits reveal business structures (including relevant business partners and subcontracted support processes) and allow inspections of all records (including accurate and complete payroll and timecard records, production documents, etc.).

These audits provide access to workers for confidential and candid onsite interviews and our anonymous Worker Sentiment Survey provides supplementary data points by highlighting risks and high priority issues from workers' perspective.

Most social audits can identify visible and easily correctable aspects such as missing fire extinguishers, blocked escape routes, lack of air circulation, insufficient light, etc.

However, due the limited time onsite and especially the particular expertise required, a social audit will not be able to cover the health and safety topics in depth.

Due to our longstanding engagement with the Bangladesh and International Accord, we have gained a lot of experience regarding safe and healthy working conditions. We have used this knowledge when visiting production facilities in other countries and assessed their safety level as well. Thereby, we observed that the four focus areas of the International Accord are not only major risks in Bangladesh but across all our production countries:

- **Building safety**

This risk is especially crucial if production buildings have more than one floor and/or if steel buildings are onsite. Preventive and remedial actions in this area are very complex and costly.

- **Electrical safety**

Taking action in this area means taking preventive measures regarding fire safety as 70 % of fires originate from lacking electrical safety. Generally, preventive and remedial actions in this area are comparatively simple and cost-efficient. Still, a high expertise of electrical engineering is required to detect electrical risks and to maintain electrical safety within a production facility.

- **Fire safety**



Textile and garment factories are prone to fires as there are many combustible materials stored in proximity. Preventive and remedial actions in this area are very complex and costly.

- Boiler safety

Boilers that have not been produced, installed and maintained to international boiler standards constitute a potential life and property hazard. Preventive and remedial actions in this area are very complex and costly.

All these risks have a very high severity as many people may be affected and an accident may lead in the worst case to a loss of lives as the Rana Plaza collapse and fire at Ali Enterprise have shown.

To identify the actual risks and remediate or even prevent these risks, the engagement and expertise of studied engineers is required. The Bangladesh Accord has demonstrated this in 2018 when the [...] Accord on Fire and Building Safety in Bangladesh commenced a pilot programme to conduct 35 boiler safety inspections at 17 Accord-covered RMG factories. Contracted, international boiler inspectors from TUV-SUD (Germany) were dispatched for inspections [...]. A group of 5 Accord engineers were trained by and shadowed the TUV-SUD engineers during the inspections as part of an Accord engineers' training programme.<sup>4</sup>

What we do at OLYMP: At OLYMP we support industry initiatives such as the International Accord and its expansion to other production countries. Unfortunately, the international expansion precedes slowly for various reasons. Therefore, we are currently considering ways of setting up our own prevention programme with regard to Electrical Safety.

With the iMPACT Programme we also put an additional focus on safety risks by gathering various information on building set ups, electrical maintenance status, etc.

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<sup>4</sup> <https://bangladeshaccord.org/updates/2019/03/18/boiler-safety-pilot-program-results> ; last access: 03/2023

## COUNTRY & FACTORY RISKS

### Albania

We have been sourcing from one factory in Albania since 2018:

Factory Name	Factory Type	Product Type	Entity supplied	Business Relationship since	Active in 2023	Total Workers	Last audit
Eco Fab Ltd.	CMT	Shirts	OLYMP Bezner	2016	Yes	1,700	07.11.2021 iIMPACT Programme

### RISK ANALYSIS

Our risk analysis has shown that Albania is one of the top 10 risk countries in our supply chain scoring 3.4 on a scale of 1-5 (1 being the lowest).

The major risks identified are the transnational risks "Payment of a living wage" as well as "Safe and healthy working conditions" as described in the previous chapter.

It does not mean that there is no risk for the other labour standards but there is either less severity, or no actual risk has been identified yet.

### MONITORING ACTIVITIES

The factory is one who still had a valid amfori BSCI audit. The audit had expired in December 2022. As other customers of the factory do require a new BSCI audit, the factory has undergone another BSCI audit with the result A-Outstanding. We are currently in the process of scheduling an iIMPACT Programme Audit.

In 2022, we did not visit the factory. The reason is that the actual risk is comparatively low in the country, the audit results have always been very good and there were no complaints from this factory so far.



## Bangladesh

In Bangladesh we sourced from six different factories in 2022:

Factory Name	Factory Type	Product Type	Entity supplied	Business Relations hip since	Active in 2023	Total Workers	Last audit
Eco Fab Ltd.	CMT	Shirts	OLYMP Bezner	2016	Yes	1,700	07.11.2021 iMPACT Programme
Interfab Shirt Mfg. Ltd.	CMT	Shirts	OLYMP Bezner	2010	Yes	3,300	06.02.2022 iMPACT Programme
Dekko Garments Ltd.	CMT	Shirts	OLYMP Bezner	2022	No	5,000	04.12.2022 iMPACT Programme
Viyellatex Limited	CMT	Jersey	OLYMP Bezner	2021	Yes	5,000	29.01.2023 iMPACT Programme
Best Wool Sweaters Ltd.	CMT	Knit	OLYMP Bezner	2013	Yes	3,000	other audit
Blue Planet	CMT	Underwear	OLYMP Bezner	2021	Yes	1,200	08.01.2023 iMPACT Programme

## RISK ANALYSIS

Our risk analysis has shown that Bangladesh is one of the top 5 risk countries in our supply chain scoring 3.9 on a scale of 1-5 (1 being the lowest):

- **Freedom of association and the right to collective bargaining**

Trade unions are hardly allowed in the garment sector in Bangladesh. There is a suspension of trade union rights under the state of emergency, inhibiting legal provisions, there is a bureaucratic process to form unions, and employers' uncooperative attitudes are responsible for lower level of participation of trade unions in this sector.

Risks identified: There are no trade unions active in our factories. However, all of them do have democratically elected worker representation and have set up an internal grievance mechanism.

What we do: As all factories are covered by the International Accord/RSC, the Creation of a complaints mechanism is an essential part of the International Accord. Employees and their representatives have the right to refuse to work under dangerous conditions and to make a complaint about safety in the workplace through the Accord's complaints

mechanism. There has been one complaint via the Accord/RSC complaint mechanism. Please refer to the section Complaints Handling for more information.

Furthermore, training for the workforces and establishment of a safety committee in the factories have been fostered. Joint safety committees of employees and employers have been set up.

- **No discrimination in employment**

Almost 80 % of the workers in the Bangladesh textile and garment industry are women. Due to the socio-cultural characteristics of the country, discrimination cannot be ruled out and represents a high risk, especially for women. Women are especially underrepresented in leadership positions.

Risks identified: In Bangladesh 53 % of our factories' workforce is female but only 2 % are female leaders or in supervisor positions.

Furthermore, worker sentiment surveys have shown a high risk for verbal abuse.

What we do: Two factories are running a leadership programme to increase and promote female leadership.

All factories have an Anti-Harassment Committee established, and we will talk with these committees during our visits in 2023 to enquire about remediation and preventive actions regarding verbal abuse.

- **Payment of a living wage**

Risks identified: The minimum wage depends on the designation (skill level) of a worker. It occurred that workers did not have the right designation and in some cases the maternity benefit calculation was wrong.

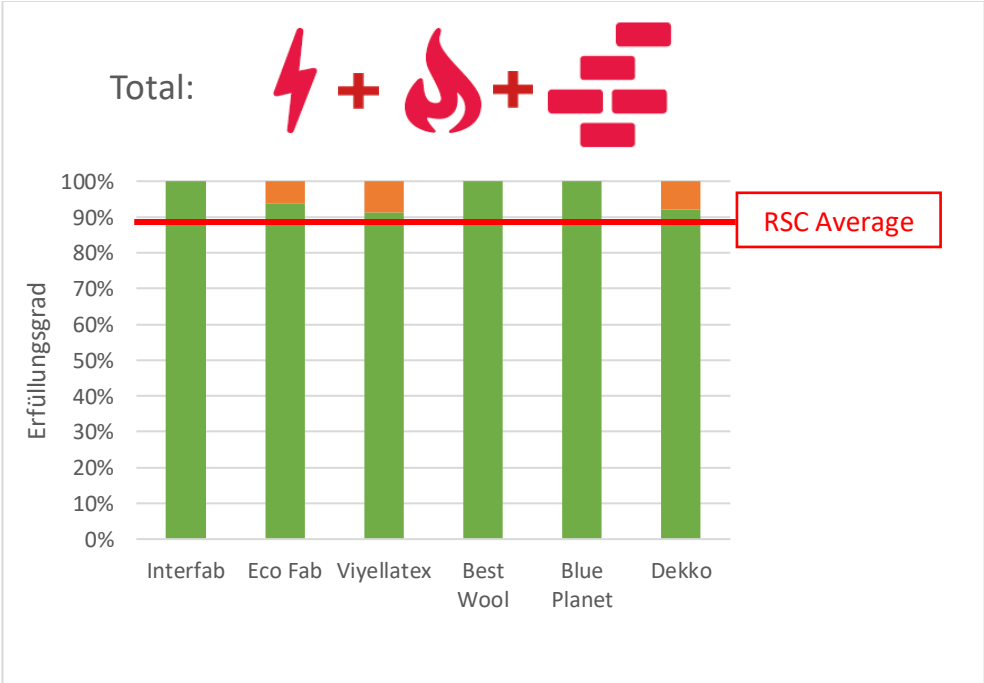
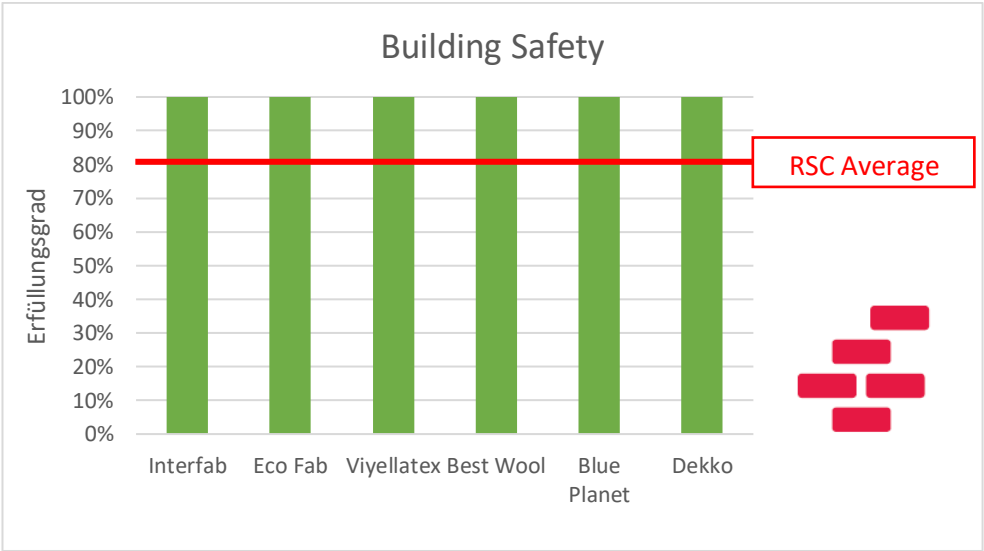
What we do: We have rectified the wrong designations and the maternity calculation together with the respective factories.

- **Safe & healthy working conditions**

All six OLYMP producers have implemented the Accord's measures. They have completed the training programmes, have a well-trained safety committee with employee participation and a complaints mechanism. The results of the Accord's audits of the factories producing on our behalf were largely positive. In all three areas, the requirements were met to at least 90 percent, and in the best case even to 100 percent. This is measured by the deficiencies identified during the initial inspections, which have

since been reported as rectified or verified. In the areas of electrical safety and building safety, all OLYMP factories are 100 percent compliant and are therefore above the Accord average. However, in the area of fire protection three of the factories are still below it. Levels achieved by OLYMP production partners in Bangladesh during implementation of the Accord:





**MONITORING ACTIVITIES**

In the last year, OLYMP CR travelled to Bangladesh three times. All of the factories listed here have been visited by CR at least once, some of them even three times.

In addition, we have a local quality team consisting of 13 people onsite and our travel technicians spend almost 50 % of their time in the factories. For this reason, we can exclude major risks such as child labour, unauthorized subcontracting, etc.





## China

Since 2005 we are sourcing from factories in China. In 2022 eight factories were active in this country:

Factory Name	Factory Type	Product Type	Entity supplied	Business Relationship since	Active in 2023	Total Workers	Last audit
Lu Thai Textile. Co., Ltd.	CMT	Shirts	OLYMP Bezner	2005	Yes	8,500	19.04.2021 SA8000 certification
Exquisite Knitters (Guangzhou) Ltd.	CMT	Jersey	OLYMP Bezner	2005	Yes	300	30.03.2021 iMPACT Programme
Neo-Concept Fashion (Zhongshan) Co., Ltd.	CMT	Jersey	OLYMP Bezner	2018	Yes	500	15.10.2021 iMPACT Programme
Neo-Concept (Jiaxing) Co., Ltd.	CMT	Knit	OLYMP Bezner	2019	Yes	150	01.11.2021 iMPACT Programme
Dongguan Bacui Knitwear Co., Ltd.	CMT	Knit	OLYMP Bezner	2013	Yes	1,000	22.04.2021 iMPACT Programme
Zhejiang Babei Necktie Weaving Co., Ltd.	CMT	Accessories	OLYMP Bezner	2006	Yes	60	28.05.2021 iMPACT Programme
Dongguan Quijun Ribbons Co., Ltd.	CMT	Accessories	OLYMP Bezner	2018	Yes	20	27.07.2022 iMPACT Programme
Shengzhou Jialan Garments & Apparel Co., Ltd.	CMT	Accessories	OLYMP Retail	2017	Yes	140	26.05.2022 amfori BSCI audit

## RISK ANALYSIS

Our risk analysis has shown that China is a high-risk country and one of the top five risk countries in our supply chain, scoring 3.9 on a scale of 1-5 (1 being the lowest).

Almost all eight Fair Wear labour standards are at risk in the country and their remediation is quite difficult. This is owing to the fact that in China the government often regulates breaches of labour and human rights violations, whereas in other countries the factory management may be the perpetrator. Where there is the interference of any government, brands have only little leverage to remediate labour and human rights violations.

- **Employment is freely chosen**

Stakeholders see a risk for forced labour which steadily increased over the past years, especially for minority groups.

Risk identified: There has been no indication for a breach of this labour standard. However, there is no guarantee, as identifying forced labour is not only very difficult but a very sensitive issue.

What we do: We work with stakeholders to enquire on this labour standard further but it requires particular sensitivity due to the political framework and, above all, it must ensure the protection of the stakeholders involved.

The ban of cotton from the Chinese regions of Xinjiang, Uzbekistan and Turkmenistan is an integral part of our sourcing strategy. Besides that we have stopped the onboarding of new suppliers in China in general.

From 2023 onwards, we will also ban any production in the Xinjiang region. Furthermore, we are working on a traceability project to verify compliance with our requirements.

- **Freedom of association and the right to collective bargaining**

The ACFTU is the sole trade union body recognised in China and it is part of the government hierarchy. There is no comprehensive national law on collective bargaining procedures but rather a plethora of regulations, paraphrased as ‘collective contracts’. The right to strike is highly limited.

Risks identified: All factories do have a democratically elected worker representation. Some do have trade union activities and collective bargaining agreements and all have a complaints mechanism in place.

However, due to the above-mentioned legal set up, the functionality of all these activities is uncertain. In addition, some grievance mechanisms do not have a single complaint, which makes their functionality equally doubtful.

What we do: We have not addressed this issue yet.

- **No discrimination in employment**

According to stakeholders, there is a high gender bias in the country. Even though women are often well educated there is a high gender pay gap.

Risks identified: N/A

- **A legally binding employment relationship**

see employment is freely chosen

- **Payment of a living wage**

Risks identified: Social compliance audits in China have regular findings regarding social security benefit payments. From discussions with our business partners, it became obvious that social security is a very challenging and difficult issue.

What we do: we have set up a guideline for our factories regarding social security. In it, we explain the regulation and recommend awareness raising training courses (incl. Chinese video recommendation) for the workers.

## **MONITORING ACTIVITIES**

In the financial year 2022, one iMPACT Programme and two amfori BSCI audits have taken place. For the next year, we are planning two iMPACT Programme Audits as the current audit validity will expire.

Due to the strict travel restrictions in China and the risk of Covid-19 in the country, none of the factories were visited by CR in 2022.

We are currently considering a travel plan for China in 2023.

## Hungary

In Hungary we source from one factory:

Factory Name	Factory Type	Product Type	Entity supplied	Business Relationship since	Active in 2023	Total Workers	Last audit
März Fashion Kft.	CMT	Knit	OLYMP Bezner	2010	Yes	300	Low risk

## RISK ANALYSIS

Hungary is one of the countries with lower risks, scoring 2.6 on a scale of 1-5 (1 being the lowest). Besides the transnational risks, one additional labour standard that might be at stake:

- **Freedom of association & the right to collective bargaining**

While the legislation is pro-worker participation, stakeholders recognize serious efforts by the government and/or companies to suppress the collective voice of workers.

Risks Identified: N/A

What we do: We do not have a hint of any grievances here.

## MONITORING ACTIVITIES

We have not visited the factory this year. The reason is that there is comparatively little risk in the country and there were no complaints from this factory.

## Indonesia

Factory Name	Factory Type	Product Type	Entity supplied	Business Relationship since	Active in 2023	Total Workers	Last audit
PT. Metro Garmin	CMT	Shirt	OLYMP Bezner	1989	Yes	2,600	02.03.2021 iMAPCT Programme

## RISK ANALYSIS

Our risk analysis has shown that Indonesia is one of the top 10 risk countries in our supply chain scoring 3.4 on a scale of 1-5 (1 being the lowest). Besides the transnational risks, the following labour standards are at risk:

- **Freedom of association & the right to collective bargaining**

Trade Unions are generally widespread in the country but especially in the textile industry the access for workers is limited. There are only a few collective bargaining agreements and stakeholders consider especially the quality of those agreements as poor.

Risks identified: N/A

What we do: N/A

- **Payment of a living wage**

The minimum wage is determined by the regional governor of the respective district. However, due to impact of the pandemic, the government allows special arrangements regarding the minimum wage. This means that it is accepted by law that labour-intensive industries that are economically affected by the pandemic are allowed to make adjustments on the minimum wage according to a mutual agreement between the company and a trade union.

Risks identified: The order quantity of all customers in the factory is almost half of the normal capacity compared to the normal before the pandemic. Many customers have not returned to the factory, so that two factory units are still closed. OLYMP is until now one of the few remaining customers at the factory. Under these circumstances the factory management and the labour union agreed to apply the minimum wage which is approx. 5 % less than the minimum wage declared by the governor.

What we do: We are in constant dialogue with the factory to assess the situation. We evaluate the agreement between the factory and the labour union. The agreement is registered and signed by the head of the concerned labour department.

- **Gender-based violence & sexual harassment**

Stakeholder data shows that up to 40 % of Indonesian women have already suffered from sexual, physical, mental or economic violence.

Risks identified: N/A

What we do: N/A

## **MONITORING ACTIVITIES**

The iMPACT Programme Audit has been conducted in March 2021. Since then we are working together with the factory on the remediation. Although, the factory has not been visited by CR this year, we have been in constant communication via email and video calls.

## India

In 2022 we sourced from five factories in India. With two factories, the cooperation has not been continued in 2023.

Factory Name	Factory Type	Product Type	Entity supplied	Business Relationship since	Active in 2023	Total Workers	Last audit
<b>SABS Exports (C 103-105, Sector 63)</b>	CMT	Jersey	OLYMP Bezner	2012	Yes	500	04.05.2021 iIMPACT Programme
<b>Warsaw International</b>	CMT	Jersey	OLYMP Bezner	2020	Yes	80	04.01.2022 iIMPACT Programme
<b>Growmore International Ltd.</b>	CMT	Accessories	OLYMP Retail	2017	Yes	170	15.04.2021 SA8000 certificate

## RISK ANALYSIS

Our risk analysis has shown that India is one of the top 5 risk countries in our supply chain scoring 4 on a scale of 1-5 (1 being the lowest).

Besides the transnational risks, the following labour standards are at risk:

- Grievance Mechanism

Every production facility is required to establish or participate in an effective operational-level grievance mechanism (=factory level) for individuals and communities who may be adversely impacted, and maintain accurate records.

Risks identified: All factories have set up an internal grievance mechanism and processes. Yet, the Worker Sentiment Surveys show that a majority of workers are not willing to speak up or do not trust the existing grievance channels.

What we do: As a member of Fair Wear, we participate in Fair Wear's complaints system. It does not replace a factory's own internal grievance mechanism, but rather acts as a safety net when all other options fail or are not trusted by workers. Fair Wear provides worker information sheets containing the Code of Labour Practices for distribution to suppliers. We distribute those information sheets to workers during iIMPACT Programme Audits and during our visits.

Furthermore, together with another brand we initiated a training course on Violence & Harassment Prevention in 2022. The course covered, among other topics, communication

and effective internal grievance mechanisms as well as Fair Wear's complaint mechanism. In the course of the training, the factory set up an Internal Complaints Committee which now meets regularly.



## MONITORING ACTIVITIES

Due to the strict travel restrictions in India, none of the factories were visited in 2022. We are currently considering the travel plan for India.

### Italy

Factory Name	Factory Type	Product Type	Entity supplied	Business Relationship since	Active in 2023	Total Workers	Last audit
Canepa	CMT	Accessories	OLYMP Bezner	2020	Yes	290	Low risk

## RISK ANALYSIS

The country is one of the countries with lower risk, scoring 2.7 on a scale of 1-5 (1 being the lowest). Our risk analysis has shown that there is a risk for breaching labour laws if there is a Chinese-owned factory or if migrant workers are employed.

Both risk factors do not apply for our Italian supplier.

In 2022, we have not visited the factory. The reason is that there is comparatively less risk in the country and there were no complaints from this factory.

### North Macedonia

Factory Name	Factory Type	Product Type	Entity supplied	Business Relationship since	Active in 2023	Total Workers	Last audit
Drushtvo za proizvodstvo i trgovija Noel Eksport-Import Doel	CMT	Shirts	OLYMP Bezner	1997	No	320	19.07.2022 iIMPACT Programme

## RISK ANALYSIS

The risk analysis has shown that North Macedonia is a country with lower risks, scoring 2.6 on a scale of 1-5 (1 being the lowest). There has been no actual risk identified during audits, certifications and CR visits.

Risks identified: The overarching risk may be health and safety working conditions as explained in the previous section.

What we do: see transnational risks

## MONITORING ACTIVITIES

The factory was visited by one CR staff member.

Besides the iMPACT Programme Audit, the factory has undergone a STeP by Oeko-tex-certification in 2022.

### Pakistan

Factory Name	Factory Type	Product Type	Entity supplied	Business Relationship since	Active in 2023	Total Workers	Last audit
Diamonds	CMT	Trousers	OLYMP Retail	2021	No	5000	07.01.2023 amfori BSCI

## RISK ANALYSIS

As we will not continue the business relationship with this supplier in 2023, we have not conducted any risk analysis for this country.

## MONITORING ACTIVITIES

The factory had a valid SA8000 certificate. The factory has not been visited so far.

### Portugal

Factory Name	Factory Type	Product Type	Entity supplied	Business Relationship since	Active in 2023	Total Workers	Last audit
EuroRalex SA	CMT	Jackets	OLYMP Bezner	2022	Yes	230	Low risk

## RISK ANALYSIS

Our risk analysis has shown that there is only a small risk in the country scoring 2.2 on a scale of 1-5 (1 being the lowest). As an EU-member state, the countries fulfils already a high legal standard. However, the transnational risks like living wage and health and safety may be at risk.

## MONITORING ACTIVITIES

There was one amfori BSCI audit conducted in 2022 with the result A-Outstanding.

We have not visited the factory this year as there is comparatively less risk in the country, the audit results have always been very good and there were no complaints from this factory.

## Spain

Factory Name	Factory Type	Product Type	Entity supplied	Business Relationship since	Active in 2023	Total Workers	Last audit
<b>FUS Balear Diseny S.L.</b>	CMT	Accessories	OLYMP Retail	2019	Yes	3	Low risk

### RISK ANALYSIS

Our risk analysis has shown that there is a quite small risk in the country, scoring 1.7 on a scale of 1-5 (1 being the lowest). As an EU-member state, the country already fulfils a high legal standard. However, the transnational risks like living wage and health and safety may be at risk.

### MONITORING ACTIVITIES

We have not visited the factory this year as there is comparatively less risk in the country and there were no complaints from this factory so far.

## Tunesia

In 2022, we sourced from two factories in Tunisia:

Factory Name	Factory Type	Product Type	Entity supplied	Business Relationship since	Active in 2023	Total Workers	Last audit
<b>Janssen Tunesie SARL</b>	CMT	Trousers	OLYMP Retail	2004	Yes	450	08.09.2020 ERSA
<b>GARTEX SARL</b>	CMT	Trousers	OLYMP Retail	2004	Yes	880	10.11.2020 ERSA

### RISK ANALYSIS

There is good and progressive legislation in many areas which reduces the potential risk in the country. The countries scores 2.8 on a risk scale 1-5 (1 being the lowest).

Risks identified: Most risks identified were regarding “Safe and Healthy Working Conditions”. Furthermore, the management was missing basic management systems. There were no policies available.

What we do: We have been in constant communication with the factory to remediate the health and safety risks. The factory has further improved its management systems and

policies. In 2023, we will conduct an iMPACT Programme Audit to verify the progress of the facilities onsite.

## MONITORING ACTIVITIES

We are in constant communication with the factory. The factories were visited in 2022.

### Turkey

Factory Name	Factory Type	Product Type	Entity supplied	Business Relationship since	Active in 2023	Total Workers	Last audit
Bilsar Tekstil	CMT	Shirt	OLYMP Bezner	2022	Yes	680	25.05.2022 SLCP
TRN Moda Tekstil San. Ve Tic. Ltd. Şti.	CMT	Overshirt	OLYMP Bezner	2021	Yes	320	24.05.2022 iMPACT Programme Audit
Guzin Textile and Trade Joint Stock Company	CMT	Jackets	OLYMP Bezner	2021		80	22.05.2022 other audit
Özçelik Örmecilik Sanayi ve Ticaret A.Ş.	CMT	Knit	OLYMP Bezner	2021	Yes	100	04.01.2021 Fair Wear Audit
Imren Deri Mamulleri San. Ve Tic. Ltd. Sti.	CMT	Accessories	OLYMP Retail	2019	Yes	50	08.02.2021 amfori BSCI

## RISK ANALYSIS

The risk analysis has classified Turkey as one of the top three risk countries scoring 4 on a scale 1-5 (1 being the lowest). Besides the transnational risks, the following risks have been identified:

### Risks identified:

- Payment of a living wage

Due to the high inflation in the country, many companies do not pay their social insurance correctly. This means, the total payment amounts were not registered to the Social Security Foundation completely. The part of the wages other than the minimum wage are paid unofficially, by cash.

- Freedom of association and the right to collective bargaining

One factory has assigned the worker representative instead of conducting a democratic election.

- Grievance mechanism

All factories do have an existing grievance mechanism, however, the worker sentiment survey shows that a majority of workers do not think that their suggestion or complaint will be treated seriously.

#### What we do:

We are in constant communication with the factories to remediate the findings from audits and visits. We have visited the factories to discuss the issues onsite but we are still in the process of remediating and finding practical solutions.

However, there has been a new democratic election for the worker representation.

Turkey is a quite new sourcing country for OLYMP. Therefore, we are still trying to find suitable measures and ways to cope with typical risks and findings at Turkish factories. Thereby, we are making use of Fair Wear's expertise and cooperate wherever possible with other brands.

### **MONITORING ACTIVITIES**

In 2022, we have conducted one iMPACT Programme Audit.

In addition, CR has visited the following production facilities: TRN Moda Tekstil, Guzin Textile and Trade and Joint Stock Company, Özcelik Örme Sanayi ve Ticaret A.S. as well as one more production facility<sup>5</sup>.

We are currently considering a travel plan for Turkey.

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<sup>5</sup> The business partner has ended this business relationship due to our high sustainability requirements.

## Ukraine

We have been sourcing from a factory in Ukraine since 2017:

Factory Name	Factory Type	Product Type	Entity supplied	Business Relationship since	Active in 2023	Total Workers	Last audit
Berezhnyanka LLC	CMT	Trousers	OLYMP Retail	2017	Yes	300	12.01.2021 amfori BSCI

## RISK ANALYSIS

The country scores the highest risk with 4.4 a scale 1-5 (1 being the lowest).

Risks identified: The conflict in Ukraine escalated on 24 February 2022 when the Russian military entered the country and invaded Ukraine. Since then, heavy fighting has been reported throughout the country, across bigger cities in the east, south, and north part of Ukraine. Fighting is resulting in civilian casualties and has caused significant damage to infrastructure and buildings.

### What we do:

Since the beginning of the war, we have been in contact with our intermediary and the factory about the situation. Thereby, we follow the joint Ethical Trade Initiative (ETI) and Fair Wear guidance “Ukraine Heightened Due Diligence”.

- The concerned factory is located in the Western part of Ukraine, near the Polish border. The factory has not been directly affected by fighting activities which are taking place more than 1,000 km away. In the event that fighting activities come closer, the factory has a bomb shelter for all employees in the basement.
- The factory does not make use of any subcontractor.
- We at OLYMP did not cancel or postpone any order. We have asked several times for an informal update on the situation. Later on, we formalized this communication, which is still ongoing.
- We are trying to assess the impact on workers, for instance worker turnover, job, and wage loss, and exploring means for accessing remedies. However, communication is often hampered, which makes our desktop assessment difficult. The amfori BSCI audit expired in January 2023 but due to the circumstances there has been no chance to conduct any new audit yet.

- As we are working via an intermediary with the factory, we have shared the joint Ethical Trade Initiative (ETI) and Fair Wear guidance “Ukraine Heightened Due Diligence” and called on their due diligence and responsible purchasing as well.

## MONITORING ACTIVITIES

In 2022 there was no visit by OLYMP, nor was there an external audit conducted. We are staying in contact with the factory as regularly as possible.

### Vietnam

Factory Name	Factory Type	Product Type	Entity supplied	Business Relationship since	Active in 2023	Total Workers	Last audit
Protrade Garment Co., Ltd.	CMT	Shirt	OLYMP Bezner	2007	Yes	2,000	20.05.2020 SA8000 certificate
KY Manufacturing Co. Ltd.	CMT	Accessories	OLYMP Bezner	2003	Yes	100	30.08.2022 iMPACT Programme

## RISK ANALYSIS

Vietnam is one of the top ten risk countries, scoring 3.6 on a scale 1-5 (1 being the lowest). A major issue is regarding Freedom of Association and the Right to Collective Bargaining. As there is only one national trade union organisation in Vietnam—the Vietnam General Confederation of Labour (VGCL) —statistics on unionised workers and factories do not represent applicable representation of freedom of association. According to recent empirical studies on social dialogue in the manufacturing sector, genuine labour-management dialogue and effective grievance handling are rare. While collective bargaining often results in more favourable terms and conditions for workers, implementation of the resulting agreements remains problematic in many factories.

Risks Identified: We have mainly identified the transnational risks Payment of a Living Wage and Safe and Healthy Working Conditions.

What we do: Please refer to the previous section for the transnational risks.

## MONITORING ACTIVITIES



In 2022, both factories were visited by CR. At KY an iMPACT Programme Audit was conducted. The results and remediation measures were discussed with the production facility onsite.

# Complaints handling

There are various complaints channels for suppliers and stakeholders:

## **1. Complaint mechanism within the framework of the Fair Wear Foundation**

When garment workers feel that their rights are being violated or when others see this happen, they can file a complaint via the Fair Wear complaint mechanism. This is done through a complaints handler. The complaints handler speaks the local language, which allows workers to comfortably and effectively voice their concerns. When a complaint is filed, Fair Wear immediately informs the member brand(s) and launches an investigation. If the investigation shows that the complaint is grounded — i.e. evidence was found in support of the complaint — Fair Wear requires the member brand to work together with the factory to fix the problem.

During iMPACT Programme Audits and factory visits we distribute Worker Information Cards to workers to inform them about the Fair Wear complaints mechanism.

### **a. Complaints via the Fair Wear complaints mechanism**

In 2022, one complaint was filed via the Fair Wear complaints mechanism in Turkey. The complainant stated that the payments, working hours and overtime practices are in accordance with local laws, however they have difficulties with several issues. Although they raised these problems via grievance boxes, no steps were taken by the management. The problems raised by the workers were as follows: effectiveness of grievance boxes, food, hygiene, management conduct during audits and migrant workers. There was consultation with the Management on each topic.

- Management agrees that the factory is an old building, but that there are systems in place to keep the factory maintained and clean. There were systems installed to ensure better hygiene.
- The factory does not agree with the finding that workers are coached for interviews. In their opinion there is a high risk of workers stating that they have been briefed and the result of such is seen as a high risk. They only tell workers that they are being called to an interview at the time of the audit when the auditors have decided on whom they would wish to interview.
- At the time of the complaint, there were 10 migrant workers working at the factory. 9 of the 10 had a valid work permit and received their wage officially via bank account

including social security. 1 of the 10 was in the application process at that time. All had a full-time job with respective contracts.

For the remediation of the findings, we have been working together with other Fair Wear member brands and the respective factory on the complaint. Some brands visited the factory and we followed up jointly on the CAP and verified the remediation progress. In view of the above, we consider the complaint resolved.

## **2. Creation of a complaints mechanism within the framework of the International Accord**

Employees and their representatives have the right to refuse to work under dangerous conditions and to make a complaint about safety in the workplace through the Accord's complaints mechanism.

The RSC team trains the workers regularly on this complaint mechanism on a regular basis.

### **a. Complaints via the International Accord complaint mechanism**

There has been one complaint under this channel directly to the Accord. The complainant alleged that on 24 December 2022, factory management forced the worker to resign after the worker had been absent from work without authorisation for six days. The complainant claimed that the worker was sick. The RSC dispatched two members of the RSC Occupational Safety and Health Complaints Mechanism to conduct an unannounced investigation at the factory on 03 January 2023.

During the factory investigation, factory management:

- Agreed to reinstate the worker to his previous position as an existing employee.
- The RSC confirmed with the complainant that on 4 January 2023 he was reinstated to his previous position at the factory.

In view of the above, the RSC hereby considers the complaint closed.

## **3. Complaints via the email address [responsibility@olymp.com](mailto:responsibility@olymp.com)**

We provide information on our website and in our Responsible Business Conduct Policy about the complaints mechanism. There were no complaints in 2022 via this channel.

# Training and capacity building

## ACTIVITIES TO INFORM STAFF MEMBERS

In general, all new colleagues receive an introduction to OLYMP's sustainability efforts. Based on their future job roles, they will get specialized training on our social and environmental monitoring as well as our Green Choice strategy. In the social monitoring sessions, these colleagues are provided with information on the Fair Wear membership, our social monitoring activities and requirements for production facilities.

Furthermore, we have set up regular meetings with the purchasing departments to discuss about suppliers individually.

If there are new developments that need to be addressed, we send information letters or set up calls – depending on the urgency and complexity.

Identifying risks requires not only theoretical but also practical knowledge. Therefore, we have organized and conducted – together with eight other brands – a two-day training course for auditing skills.

The training covered the following topics:

- Understanding communication challenges with audits
- Identifying red flags
- Opening & closing meetings
- First encounters and investigating issues
- Interview techniques
- Findings and getting corrections

During the training we conducted, in addition, several role plays. The role plays demonstrated the exemplary assessing of typical findings such as Freedom of Association, Unpaid Wages, etc.

It was two intense days, but it was worthwhile for all participants.

## ACTIVITIES TO INFORM AGENTS

In 2022, we onboarded all OLYMP Retail KG suppliers to the Fair Wear system. To this end, we had a series of information letters about the new social monitoring system for

the agents and the production facilities. Everyone was invited to make use of the Fair Wear Factory Guide.

In cases where we visited the factories, we discussed the new social monitoring system onsite.

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

Please refer to the respective countries.

## **Stakeholder engagement**

We interact with other social groups for example via our membership of trade associations, currently Südwesttextil e. V., GermanFashion Modeverband Deutschland e. V. and Außenhandelsvereinigung des Deutschen Einzelhandels e. V. (AVE). As a member of the Fair Wear Foundation, we can rely on a great network of national and international stakeholders and their knowledge. Especially the Fair Wear country studies and webinars build an important basis for our risk assessments.

### **The case Orljava d.o.o. (Croatia)**

In 2021, our business relationship with our long-term business partner Orljava d.o.o. ended after more than 50 years. In this time, OLYMP was always a fair and reliable partner. We ensured reliable planning, continued capacity utilization as well as fair and reliable payment. Deliveries have never been paid incompletely or late once in all the years of cooperation, but on the contrary, were regularly pre-financed throughout the years of cooperation.

The Croatian state as owner of Orljava started discussions on the privatization of Orljava and this status went on for years. However, a buyer could not be found and from our perspective a suitable prospect was actively rejected for reasons unknown to us. The business's continued existence was regularly questioned by the management and the Croatian state as owner. Owing to this state of uncertainty, long overdue investments were constantly postponed and urgently needed innovations failed to materialise. Offers by OLYMP to increase efficiency or to optimise production processes were not accepted

to the required extent, which is why reliable annual and production planning could no longer be guaranteed.

After years of inconclusive dialogue, OLYMP finally took the inevitable decision to end the business relationship in compliance with the contractually stipulated notice period and in a transparent exchange. OLYMP did not make this decision lightheartedly. Even after the official end of business relations, we stayed in contact and tried to find solutions to continue or re-establish cooperation. We engaged in a dialogue with unions, the workers council and NGOs but unfortunately those meetings were not constructive.

OLYMP was no party in the insolvency proceedings. Yet, as part of our duty of care we were trying to follow up on the insolvency procedure of the factory as closely as possible. We were in dialogue with the state appointed insolvency administrator and commissioned an examination of the court documents through a Croatian law firm. We have also been in contact with the trade unions Novi Sindikat TOKG and industriALL Europe as well as the Croatian government and Clean Clothes Campaign.

Finally, on March 2nd 2023, the Government of the Republic of Croatia adopted a decision whereby the state will take over the established outstanding claims of the employees of the textile company Orjava in bankruptcy, as they are bankruptcy creditors of the first higher payment order, up to a maximum amount of 491.1 thousand euros.

The application of this decision entered into force on the day of its publication and was carried out by the state ownership body - Centre for Privatisation and Restructuring (CERP).