



# **Brand Performance Check**

## **Teamdress Holding GmbH**

**Publication date: June 2023**

This report covers the evaluation period 01-01-2022 to 31-12-2022

## About the Brand Performance Check

Fair Wear Foundation (Fair Wear) believes that improving conditions for apparel product location workers requires change at many levels. Traditional efforts to improve conditions focus primarily on the product location. Fair Wear, however, believes that the management decisions of clothing brands have an enormous influence for good or ill on product location conditions.

Fair Wear's Brand Performance Check is a tool to evaluate and report on the activities of Fair Wear's member companies. The Checks examine how member company management systems support Fair Wear's Code of Labour Practices. They evaluate the parts of member company supply chains where clothing is assembled. This is the most labour intensive part of garment supply chains, and where brands can have the most influence over working conditions.

In most apparel supply chains, clothing brands do not own product locations, and most product locations work for many different brands. This means that in most cases Fair Wear member companies have influence, but not direct control, over working conditions. As a result, the Brand Performance Checks focus primarily on verifying the efforts of member companies. Outcomes at the product location level are assessed via audits and complaint reports, however the complexity of the supply chains means that even the best efforts of Fair Wear member companies cannot guarantee results.

Even if outcomes at the product location level cannot be guaranteed, the importance of good management practices by member companies cannot be understated. Even one concerned customer at a product location can have significant positive impacts on a range of issues like health and safety conditions or freedom of association. And if one customer at a product location can demonstrate that improvements are possible, other customers no longer have an excuse not to act. The development and sharing of these types of best practices has long been a core part of Fair Wear's work.

The Brand Performance Check system is designed to accommodate the range of structures and strengths that different companies have, and reflects the different ways that brands can support better working conditions.

This report is based on interviews with member company employees who play important roles in the management of supply chains, and a variety of documentation sources, financial records, supplier data. The findings from the Brand Performance Check are summarized and published at [www.fairwear.org](http://www.fairwear.org). The online [Brand Performance Check Guide](#) provides more information about the indicators.

# Scoring overview

Total score: 88

Possible score: 202

Benchmarking Score: 44

Performance Benchmarking Category: Good



Sourcing strategy

41%



Identifying continuous human rights risks

47%



Responsible purchasing practices

54%



Quality and coherence of prevention and remediation system

27%



Improvement and prevention

46%



Communication, transparency and evaluation

46%

## Summary:

Teamdress Holding GmbH (hereafter: Teamdress) has met most of Fair Wear's performance requirements. With a total benchmarking score of 44, the member brand is placed in the Good category.

Teamdress' sourcing strategy focuses on long-term relationships, high leverage, and collaboratively improving labour conditions. The member brand uses a supplier framework as an onboarding tool, including a clear commitment to the Code of Labour Practices. Teamdress is recommended to put its sourcing strategy in writing, ensuring better alignment with the OECD guidelines.

Scoping of country-specific risks is part of Teamdress' sourcing strategy. A colour code system indicates each risk as low, medium, or high. Factory-level risks are assessed on an ad-hoc basis. The concise supply base allows Teamdress to visit each factory frequently and to maintain contact by email to identify significant risks. Yet, applying it more systematically and linking it to sourcing decisions is recommended. Creating a follow-up plan is recommended to implement an improvement and prevention programme based on the brand's risk assessment outcome.

In 2022, Teamdress began collecting living wage data for its production locations in Moldova to understand the wage levels at its suppliers better. Fair Wear recommends continuing this process and systematically implementing financing approaches.

With the small supply base, intensive, longstanding business relationships, and frequent factory visits, Teamdress learns about issues on the ground throughout the year and follows up on ensuring that Corrective Action Plan (CAP) issues were done. Teamdress has a strong planning system, enabling proper responses to unforeseen crises, such as the Russian invasion of Ukraine. Three production locations are based in Ukraine, including one owned factory. Teamdress demonstrated a commitment to social compliance monitoring and supported its suppliers as much as possible to ensure their safety and that wages were properly paid.

In 2023, Fair Wear implemented a new performance check methodology aligned with the OECD guidelines on HRDD. This new methodology raises the bar and includes some new indicators, possibly resulting in a lower member score. Because this is a transition year, Fair Wear lowered the scoring threshold for this year only.

## Performance Category Overview

**Leader:** This category is for member companies who are doing exceptionally well, and are operating at an advanced level. Leaders show best practices in complex areas such as living wages and freedom of association.

**Good:** It is Fair Wear's belief that member companies who are making a serious effort to implement the Code of Labour Practices—the vast majority of Fair Wear member companies—are 'doing good' and deserve to be recognized as such. They are also doing more than the average clothing company, and have allowed their internal processes to be examined and publicly reported on by an independent NGO. The majority of member companies will receive a 'Good' rating.

**Needs Improvement:** Member companies are most likely to find themselves in this category when major unexpected problems have arisen, or if they are unable or unwilling to seriously work towards CoLP implementation. Member companies may be in this category for one year only after which they should either move up to Good, or will be moved to suspended.

**Suspended:** Member companies who either fail to meet one of the Basic Requirements, have had major internal changes which means membership must be put on hold for a maximum of one year, or have been in Needs Improvement for more than one year. Member companies may remain in this category for one year maximum, after which termination proceedings will come into force.

Categories are calculated based on a combination of benchmarking score and the percentage of own production under monitoring. The specific requirements for each category are outlined in the Brand Performance Check Guide.

# Company Profile Teamdress Holding GmbH

## Member company information

Member since: 1 Jan 2019

Product types: Workwear

Percentage of CMT production versus support processes 100%

Percentage of FOB purchased through own or joint venture production 13.63%

Percentage of FOB purchased directly 100%

Percentage of FOB purchased through agents or intermediaries 32%

Percentage of turnover of external brands resold 7%

Are vertically integrated suppliers part of the supply chain? No

FLA Member No

Member of other MSI's Partnership for Sustainable Textiles, Grüner Knopf,

Number of complaints received last financial year 0

## Basic requirements

Definitive production location data has been submitted for the financial year under review? Yes

Work Plan and projected production location data have been submitted for the current financial year? Yes

## Production countries, including number of production locations and total production volume.

Production Country	Number of production locations	Percentage of production volume
Republic of Moldova	3	36
Ukraine	3	28
Bosnia and Herzegovina	2	16
Poland	1	9
Albania	1	7
North Macedonia	1	2
Uzbekistan	1	2

## Layer 1 Foundational system's criteria

1.1 Member company has a Responsible Business Conduct policy adopted by top management.: Yes

**Comment:** Teamdress has a Responsible Business Conduct Policy, but some elements, such as gender lens and risk assessment process, need improvement.

**Requirement:** Teamdress needs to improve its Responsible Business Conduct Policy, to ensure better alignment with the OECD guidelines.

1.2 All member company staff are made aware of Fair Wear's membership requirements.: Yes

1.3 All staff who have direct contact with suppliers are trained to support the implementation of Fair Wear requirements.: Yes

1.4 A specific staff person(s) is designated to follow up on problems identified by the monitoring system, including complaints handling. The staff person(s) must have the necessary competence, knowledge, experience, and resources.: Yes

1.5 Member company has a system in place to identify all production locations, including a policy for unauthorised subcontracting.: Yes

1.6 Member company discloses internally through Fair Wear's information management system, in line with Fair Wear's Transparency Policy.: No

**Comment:** Teamdress discloses 17% of production locations internally through Fair Wear's information management system. According to Fair Wear's transparency policy, at least 50% is required for 2022.

**Requirement:** Fair Wear requires Teamdress to disclose its production locations to other member brands through Fair Wear's information management system.



**1.7 Member company discloses externally on Fair Wear's transparency portal, in line with Fair Wear's Transparency Policy.: No**

**Comment:** Teamdress discloses 0% of production locations externally on Fair Wear's transparency portal.

**Requirement:** Fair Wear requires Teamdress to disclose its production locations on Fair Wear's transparency portal.

**1.8 Member complies with the basic requirements of Fair Wear's communication policy.: Yes**

## Layer 2 Human rights due diligence, including sourcing strategy and responsible purchasing practices.

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**Possible Points: 90**

**Earned Points: 42**

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### Indicators on Sourcing strategy

**Comment:** Teamdress' sourcing strategy focuses on high leverage and influencing labour conditions is made explicit by including risk assessments as a crucial step in the process. Teamdress keeps its supplier list short to monitor working conditions, and its vast majority of suppliers are based in Europe.

In the past financial year, Teamdress worked with 12 production locations, and at each of these locations, Teamdress bought more than 2% of its total FOB. The production volume sourced at suppliers where Teamdress has at least 10% leverage is 96%.

The sourcing strategy has yet to include active cooperation with other buyers to influence labour conditions. In addition, the sourcing strategy is not available in one written file but scattered throughout different documents.

**Recommendation:** Fair Wear recommends the member to put the sourcing strategy in writing and to include SMART goals. Teamdress could include in its sourcing strategy a plan to increase influence on suppliers by cooperating with other buyers.

**Comment:** Teamdress values long-term business relationships reflected in long-term contractual agreements with the suppliers. 64% of the total production volume comes from suppliers with whom Teamdress has had a business relationship for over five years. Due to unforeseen circumstances, such as the war in Ukraine and COVID-19, Teamdress has been forced to move out of several production locations. Therefore this percentage is lower than the previous financial year (76%).

Sourcing starts with an extensive check and trial process one year in advance, after which a contract with a forecast is signed for 12 or 18 months.

Committing to long-range (at least five years) contracts does not yet occur.

**Recommendation:** Teamdress is advised to embed long-term contracts in its sourcing strategy.

**Comment:** Before entering a new sourcing country, Teamdress carries out a risk assessment using external sources, which include but are not limited to, Human Rights Watch, ILO and OECD. The CSR manager keeps track of social developments within the sourcing countries and updates the risk assessment form when issues occur. This risk assessment form monitors the eight human rights and several ecological risks and prioritises topics for discussion during frequent visits to the production locations. In 2022, Teamdress specifically assessed the risk related to the Ukrainian war.

Scoping of human rights risks on the product level occurs through standard Personal Protective Equipment (PPE) monitoring, monitoring the use of specific chemicals and glues. Risk scoping on sector, business, and sourcing models does not yet occur. A gender lens is not applied, and the risks of sexual harassment and gender-based violence are not included.

To date, Teamdress' sourcing strategy does not mention a preference for countries where workers can freely form or join a trade union and/or bargain collectively. In practice, this risk is included in the scoping at the country and factory level, yet it is not made explicit in writing yet.

**Recommendation:** Fair Wear recommends Teamdress to include all risk factors in its risk scoping.

Fair Wear strongly recommends Teamdress to privilege countries where workers can freely form or join a trade union and/or bargain collectively and make this explicit in its sourcing strategy.

**Comment:** Teamdress has a standard process to inform new suppliers about Fair Wear membership by sharing the company's Code of Conduct, including Fair Wear's Code of Labour Practices (CoLP). This process was followed for both of the new suppliers in 2022. The supplier contract contains an explicit requirement to commit to the CoLP and is used as a basis to accept or decline a potential supplier. The CSR manager reports to the CEO and can veto a potential factory based on the company's code of conduct.

Teamdress has yet to engage in dialogue with factory management before finalising the first purchase order.

**Recommendation:** Fair Wear recommends that Teamdress engages in a dialogue with the supplier about Fair Wear requirements and how to cooperate in implementing these.

**Comment:** Teamdress collects human rights information through self-assessments and informal checks during factory visits before finalising the first purchase order. In 2022, questionnaires with the CoLP were collected and received. One potential supplier in Uzbekistan refused to commit to implementing the CoLP. Teamdress decided not to continue the onboarding process.

Conversations with other customers and stakeholders are not held before the first purchase order. Teamdress does not discuss grievance mechanisms and trade unions; the brand indicates this requires a steady business relationship first.

**Recommendation:** Fair Wear encourages the member to collect worker and stakeholder input before placing the first order.

**Comment:** Teamdress informs new suppliers about Fair Wear's CoLP and the complaints helpline within the first year of business as part of the onboarding process. The Worker Information Sheet (WIS) has been posted at the new supplier in North Macedonia.

All other production locations have a WIS posted on visible spots in the factories. Teamdress' suppliers have yet to be enrolled in Fair Wear's Workplace Education Programme (WEP). The CSR manager discussed training programme for production managers of its suppliers about the Fair Wear CoLP. Yet, specific training sessions still need to be rolled out.

**Recommendation:** Teamdress is recommended to organise onboarding sessions specifically focusing on the CoLP and the complaints mechanism within the first year of business.

## **Indicators on Identifying continuous human rights risks**

**Comment:** To monitor human rights risks in its supply chain, Teamdress uses a predesigned format for risk analysis on the country level.

For risk assessment per factory, Teamdress uses a checklist with basic information such as production capacity and production processes and also includes health and safety indicators. This checklist is used during factory visits to gather information and crosscheck with relevant documents. Teamdress has yet to include input from workers, suppliers and stakeholders.

Monitoring the factory level is done more on a case-by-case basis. Risks are flagged using a factory checklist created by Teamdress for visits, and follow-up actions are defined. In the country risk analysis, Freedom of Association (FoA) is mentioned for Albania and Bosnia as a medium risk, yet this needs to be covered in the monitoring on the factory level.

Teamdress has read ETI and Fair Wear's heightened due diligence guidance concerning production in Ukraine during the Russian invasion. Teamdress works with three Ukrainian production locations (the member brand owns one of the locations). All three locations are outside the war zones, and production could continue throughout the year. Teamdress has been in close contact with each supplier, scoping risks and checking needs. In a few cases, Teamdress has made prepayments and provided loans to relieve possible financial pressure. Prices have been increased to cover the raised energy costs. Delays caused by power cuts, for example, have all been accepted.

At the end of 2022, Teamdress noticed a rise in COVID-19 infections among workers at production locations in Eastern Europe. Teamdress supplied tests and other health and safety measures to cover these extra costs.

Even though the CSR manager keeps track of the status and has a clear social compliance overview of each factory, a systematic process needs to be included. According to Teamdress, the WeTrace technology will be used as a structured monitoring tool in 2023 once the implementation process is finalized.

**Recommendation:** Fair Wear recommends Teamdress to approach monitoring systematically, identifying the appropriate monitoring tool and frequency depending on the outcome of the risk scoping and risk assessment.

**Comment:** Teamdress has mapped the risks to Freedom of Association for each production country through its countrywide risk analysis. Teamdress could show a basic understanding of Freedom of Association per country. Teamdress addresses the topic during meetings with factory management, and with the help of a local consultant, the situation is checked via informal conversations with workers.

**Recommendation:** Teamdress is strongly recommended to deepen its understanding of risks to FoA in its supply chain. Teamdress is recommended to use the Supplier Questionnaire from Fair Wear's FoA Guide to assess and understand the risk regarding violation of FoA at its suppliers.

**Comment:** Teamdress' risk assessment does not yet include a gender analysis.

**Requirement:** Teamdress must include gender in its risk scoping and assessment.

**Recommendation:** Fair Wear recommends the member to collect country-level gender risks for each Code of Labour Practices.

**Comment:** Human rights performance is occasionally included in purchasing decisions. Monitoring is done, and corrective actions are followed up, yet human rights performance throughout the years or seasons is not considered systematically. Teamdress focuses on a continuous, trouble-free production process, which according to Teamdress, leads to an improvement in the situation of the workers and considers this performance in its purchasing decisions.

In 2022, Teamdress ended its business relationship with one of its suppliers in Uzbekistan (not the same as the one described under indicator 2.5) due to social compliance issues. The supplier refused to put up the Worker Information Sheet. There were repeated issues with the quality of the products, and factory management was reluctant to cooperate with improving working conditions.

**Recommendation:** Fair Wear encourages Teamdress to develop an evaluation/grading system for suppliers where compliance with labour standards is a criterion for future order placement. Part of the system can be to create an incentive for rewarding suppliers for realised improvements in working conditions.

**Comment:** Teamdress has demonstrated considerable efforts to identify all production locations. In its supplier contracts, Teamdress has included a clause which forbids subcontracting unless written permission is acquired beforehand. Secondly, Teamdress has created a document showing information from suppliers, such as production capacity and production processes, which is used as a check to ensure that Teamdress' orders can be produced at the location of the supplier. Teamdress double-checks this during factory visits. Finally, Teamdress' orders are based on weekly production capacity in minutes available at each supplier and orders are increased or decreased based on the supplier's needs. This is discussed during weekly production planning calls.

There is no evidence of missing first-tier production locations in the database.

**Comment:** Teamdress has identified no homeworkers in their production lines and processes. Through the capacity checks described under 2.11, Teamdress showed it has a solid policy for this.

## Indicators on Responsible purchasing practices

**Comment:** Teamdress could show a signed framework agreement with its manufacturers, which forms the basis of all orders. Payment agreements are made separately as a contract amendment. Teamdress' Code of Conduct accompanies the framework agreement, and an explicit reference is made to the CoLP. Yet, there are only clear definitions of expectations regarding payment terms. Overall, these contracts do not support human rights due diligence because an unequal burden is placed on the suppliers by for example a penalty of 30.000 euros in case of unauthorized subcontracting and liability is not defined in the documents.

Agreements on individual orders are made separately in a term sheet, which also states the payment terms. The framework agreements state a payment term of 14 days after receipt of the goods.

**Requirement:** Teamdress should evaluate its contracts to ensure that it does not place an unequal burden on its suppliers or include terms that limit the possibility of implementing the Code of Conduct.

**Recommendation:** Teamdress is advised to review its contracts with suppliers against the principles mentioned in the Common Framework of Responsible Purchasing Practices (CFRPP).

**Comment:** Teamdress is a small company with short communication lines. Relevant information is available through the internal database for all staff involved. Important CSR information is shared before visiting a factory via the weekly meetings with the production team and CSR manager and during the day-to-day contact. Critical audit findings are shared with top management whenever relevant and close dialogue on responsible business practices exists between CSR, production and the CEO.

**Recommendation:** Teamdress could adopt KPIs that support good sourcing and pricing strategies within its sourcing, purchasing and design departments.

**Comment:** Teamdress is in direct contact with suppliers about production planning. The member company has a good insight into capacity per production location, which is contractually agreed upon by both parties. Given its suppliers' high leverage, Teamdress can make an accurate production plan. All products are defined in sewing minutes, and orders are placed based on the available production capacity at each factory. A total of 2,000 production minutes per week (the equivalent of some 33 hours) per sewing worker is taken as a basis for planning, which supports reasonable working hours and ensures suppliers a steady supply of work. A space of 20% capacity is built into the plan in case of rush orders. Teamdress can also control the flow of orders through its stock program, reducing the risk of overtime. The CEO of Teamdress must approve any request for overtime at its suppliers before it is forwarded to the factories.

Teamdress has fabric in stock at its warehouse in Poland, enabling accommodation of any possible fabric delay. When orders suddenly need to be increased because of customer demands, Teamdress tries to find a solution that doesn't affect working hours, such as splitting orders. It is contractually agreed that changes are not made in running orders. Future orders are negotiated.

Since the Russian invasion of Ukraine (February 2022), Teamdress acted responsibly. The member brand accepted delays immediately and frequently contacted its three production locations in Ukraine to check needs and issues. Some orders already placed were moved to other countries in close dialogue with the factories. The raw material was transported to those locations at the member brand's risk. Also, Teamdress provided loans and raised prices to cover additional costs and avoid any extra pressure on the factories in these stressful times.

**Comment:** Teamdress works with standard minutes, and contracts with suppliers are based on minutes instead of pieces. Calculations for pricing per minute are based on sampling done at Teamdress' location in Poland. Teamdress has insights into how these standard minute prices relate to wages paid to workers at its owned factories but not at its CMT suppliers. Furthermore, when legal minimum wages are increased in the production countries, Teamdress sees this reflected in the price. In the contract, it is agreed that prices are negotiated annually if necessary, for example, related to inflation, legal minimum wage or expenses due to disasters. In Ukraine, wages were increased due to the increased cost of living as a direct consequence of the war. The price per minute of production was raised by an average of 13% for 73% of the production capacity in 2022. This was done to cover currency fluctuations, inflation and other influencing factors in the production plants. Teamdress covered this significant increase by accepting and increasing its prices accordingly.

**Recommendation:** Teamdress is recommended to investigate wage levels in production countries and at its suppliers. This forms the basis for ensuring enough is paid to cover at least minimum wage and for making steps towards living wages.

**Comment:** In 2022, Teamdress worked with one intermediary for its production location in North Macedonia. This intermediary was informed about the requirements of the CoLP, and this information was shared with the supplier. Active support of the intermediary to CoLP implementation could not be shown.

**Recommendation:** Fair Wear recommends Teamdress to enable its intermediaries to support CoLP implementation actively.



## Layer 3 Remediation and impact

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**Possible Points: 86**

**Earned Points: 34**

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### Indicators on Quality and coherence of prevention and remediation system

**Comment:** As described under layer 2, Teamdress understands country-level risks well but has yet to identify factory-specific risks systematically. Teamdress showed prioritisation and a follow-up plan matching the risk scoping for one factory. Two of the member's production locations were in the exit process, so plans could not be discussed. Teamdress follows a more case-by-case approach for the remaining production locations, with informal checks during factory visits.

**Recommendation:** Fair Wear recommends Teamdress to ensure more factories have a follow-up plan that matches their risk profile.

**Comment:** Teamdress has not yet started to collect gender data per factory; therefore, improvement and prevention programmes do not include a gender lens.

**Requirement:** Teamdress must start including a gender lens in the implementation of improvement or prevention actions.

**Comment:** Teamdress must still include steps to encourage FoA and effective social dialogue in its improvement or prevention actions.

**Requirement:** Members must include steps to promote FoA and social dialogue in its improvement or prevention actions. This should be linked with its assessment of risks to FoA and social dialogue as part of its human rights monitoring (see indicator 2.8). Examples of steps that could be included can be found in Fair Wears brand guide on FoA and collective bargaining.

**Comment:** Teamdress supports internal grievance mechanisms at its long-term suppliers. During factory visits, Teamdress addresses the importance of grievance mechanisms and has conversations with workers to understand more about the internal grievance mechanism. Teamdress highlights the difficulty in monitoring the effectiveness of the tools, as no grievances have been filed at any of the production locations.

Monitoring the effectiveness of internal grievance mechanisms is yet to be done.

**Recommendation:** Fair Wear recommends Teamdress to always involve suppliers and worker representatives in the assessment of the internal grievance mechanism, and to share and discuss the outcome of the assessment with the above stakeholders, who should be encouraged to lead a discussion on how the mechanisms can be improved.

**Comment:** Teamdress does not have any shared suppliers at the moment. Teamdress works together with other customers of the production locations to respond to findings. In 2022, Teamdress collaborated with a non-Fair Wear brand to provide a power generator at a factory in Ukraine after the war started.

Teamdress has yet to start cooperation on taking preventive measures.

**Recommendation:** We recommend Teamdress to also work together on preventing human rights violations.

## Indicators on Improvement and prevention

**Comment:** In the past financial year, Teamdress received one audit report as part of the STeP (Sustainable Textile and Leather Production) by Hohenstein- certification at a supplier in Moldova. One other external audit was planned in 2022 at a Ukrainian supplier but had to be postponed due to the war. At several other production locations, the CSR manager of Teamdress conducted informal audits.

During the performance check, Teamdress could demonstrate with a sample that up to two third of the CAP issues requiring improvement actions have been followed up. Teamdress collects documentation and factory feedback, which is filed and followed up during factory visits. With a small supply base, intensive, longstanding business relationships, and frequent visits, Teamdress learns about issues on the ground throughout the year. These issues are addressed immediately; advance payments (in the case of Ukraine), factory investment through qualification by external audit parties, and health and safety-related matters.

The remaining corrective actions from audits and risk assessments are more complex and structural and need more time to remediate (e.g. worker representation, FoA and violence and harassment).

**Comment:** Teamdress has identified some root causes of the CAP issues and discussed these with its suppliers. Teamdress concluded that the main root causes were a shortage of workers in the branches and poor performance of factory management. Concrete preventive actions have yet to be defined to address these root causes.

**Requirement:** Teamdress should identify root causes of CAP issues and discuss these with its suppliers. The member needs to start developing preventive actions to address these root causes.

**Recommendation:** Fair Wear recommends Teamdress to translate its root cause analysis into concrete preventive actions as part of the risk profiles.

**Comment:** Teamdress is in regular contact with its suppliers - the majority is in Europe - and developments regarding human rights are discussed by email and during annual factory visits. Worker representatives and local unions are not included in these discussions.

Teamdress keeps itself informed on risk developments per country by consulting relevant resources such as MVO and ILO and closely following local news (in the case of Ukraine and Moldova's Transnistria developments, for example). The brand could not yet show regular contact with worker representatives or local unions to discuss possible human rights risks.

**Recommendation:** Teamdress is recommended to ensure worker representation/local unions (when appropriate) are included in discussions with factory management on possible human rights risks.

**Comment:** In the previous year, no audit reports show excessive overtime as a finding in the production countries. In addition, Teamdress' production planning system mitigates the risk of excessive overtime even further. Each of the suppliers is transparent about working hours. During the production delays at the Ukrainian suppliers since the start of the war, Teamdress avoided putting pressure on the factories by accepting longer lead times, splitting orders, moving raw materials to other countries for CMT, and prepayments/provision of loans. Teamdress maintained close contact with the factories to check capacity, risks and needs.

**Comment:** Failure to pay legal minimum wage was not a problem reported in the audit conducted in 2022. At almost all of Teamdress' factories, workers receive a fixed salary during the first three months of employment. This fixed salary is based on the legal minimum wage. After three months, when the worker has achieved higher productivity, the worker receives a piece rate payment. The piece rates for workers allow 60% efficiency to earn at least legal minimum wages. The legal minimum wage is guaranteed for workers below 60% efficiency.

With the start of the war in Ukraine, no legal minimum wage issues were identified by Teamdress through dialogue with its suppliers. Teamdress has high leverage at all its suppliers in Ukraine and did not cancel any orders. Orders are based on the factories' available production capacity, and Teamdress increases or decreases these according to the factories' needs. Through local contact persons, Teamdress checks whether workers received wages. During informal audits, this is occasionally verified in conversations with workers, yet not specifically on the level of wage components.

To account for increased legal minimum wages, currency fluctuations, inflation and other influencing factors in the production plants, the price per minute of production was raised by an average of 13% for 73% of the total production capacity in 2022.

**Recommendation:** Fair Wear strongly recommends Teamdress to verify whether legal minimum wage have been paid. Teamdress could hire a local consultant or plan a monitoring visit of one of Fair Wear's auditors to check payslips.

**Comment:** In 2022, Teamdress started to access relevant living wage benchmarks through the Wageindicator, to get an overview of living wages in Moldova, where 35% of the total production volume comes from. General wage levels in Moldova are discussed, and Teamdress has an overview of wages paid in those factories. Yet, no discussions have been held about wages below living wages with factory management, neither were factors affecting wages assessed. Teamdress visited the Moldovan factories in 2022. However, this was before the first steps were taken on wage data collection. Conversations about living wage will be held in person during the next factory visit in 2023.

**Recommendation:** Fair Wear recommends Teamdress to enrol in the Living Wage programme on Fair Wear's learning platform.

**Comment:** As mentioned under indicator 3.11, Teamdress has started to address the topic of living wage internally by collecting wage data for Moldova through WageIndicator.org and calculating the wage levels for each supplier in Moldova. The wage gap is not yet known, as conversations with the suppliers will be held in person in the next financial year. Strategy on how to address this how to finance wage increase is yet to be created. This topic is led by the CSR manager of Teamdress, with the support of the CEO.

**Requirement:** Teamdress should analyse what is needed to increase wages and develop a strategy to finance the costs of wage increases.

**Recommendation:** Fair Wear recommends Teamdress to enrol in the Living Wage programme on Fair Wear's learning platform. In determining what is needed and how wages should be increased, it is recommended to involve worker representation.

**Comment:** Teamdress uses fact-based costing to ensure its prices support the payment of a living wage estimate at suppliers producing 36% of Teamdress' FOB. Calculations of the WageIndicator are compared with the wage levels at the Moldovan production locations, showing the wage levels meet Living Wage for a standard family. Nevertheless, the wages paid to the workers were not verified through either pay slip inspection or covering it in a third party audit.

**Requirement:** Teamdress is expected to begin setting a target wage for its production locations.

**Recommendation:** We encourage Teamdress to show that discussions and plans for wage increases have resulted in the payment of a target wage.

**Comment:** Teamdress received no complaints in the past financial year through Fair Wear's helpline.

**Comment:** In the previous performance check, Teamdress was recommended to implement training programmes that support factory-level transformation, such as establishing functional internal grievance mechanisms, improving worker-management dialogue and communication skills or addressing gender-based violence. In 2022, Teamdress has not yet done so.

**Recommendation:** Teamdress is recommended to implement training for all factories where this is part of their improvement and/or prevention programme.

**Comment:** Teamdress did not implement training at its suppliers (NA).

**Comment:** Teamdress' human rights risk monitoring includes a responsible exit strategy, defined in the business contract and Code of Conduct. This procedure is shared through the business contract with all suppliers. If any issues are encountered with a supplier, Teamdress tries to solve these issues; for example, in the case of quality issues at a supplier in Uzbekistan, Teamdress has sent production supervisors to the supplier to help improve the quality of the products. Ending a contract is seen as a last resort when no solutions are possible. In 2022, the business relationship with three suppliers was ended; two in Uzbekistan and one in Portugal. The responsible steps were followed for all three, and a mutual agreement was shown for all during the performance check.

**Comment:** Teamdress does not undertake activities related to human rights that go beyond Fair Wear's scope.

## Layer 4 External communication, outreach, learning, and evaluation

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**Possible Points: 26**

**Earned Points: 12**

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### Indicators on Communication, transparency and evaluation

**Comment:** Teamdress communicates accurately about Fair Wear membership on its website. The information on the website is updated yearly. The member does not yet actively engage with its customers and stakeholders.

**Recommendation:** Teamdress could develop materials about Fair Wear membership to share with clients.

**Comment:** Teamdress has collected basic information about the human rights due diligence of its external brands. The majority of the brands (8 out of 10) signed the questionnaire for external producers. Two brands are member of Fair Wear, accountable for 38% of the total volume of external brands. The information that Teamdress collects does not influence decision-making on which brands it sells.

**Recommendation:** Teamdress is recommended to collect more information about the human rights due diligence system of its external brands and to use the information in the decision-making on which brands to sell.

**Comment:** Teamdress has submitted its social report, which Fair Wear approved. The social report has not been published on the company's website.

**Recommendation:** A social report is an important tool for member companies to share their efforts with stakeholders transparently. Therefore, Fair Wear strongly recommends that Teamdress publishes the social report on its website.

**Comment:** Teamdress does not report on factory-level data and remediation results.

**Requirement:** Teamdress should report on factory-level data and remediation results. Good reporting by members helps to ensure the transparency of the member and Fair Wear's work.

**Recommendation:** Teamdress is recommended to include more factory-level data in its reporting and ensure suppliers consent with data sharing.

**Comment:** Teamdress has a system to track progress, using the work plan as a tool. Top management is involved through frequent meetings, often weekly.

More generally, an annual management review of implementation and results is done in October by the CEO, shareholders and CSR manager. The CSR manager is in charge of the agenda, and the results of the Brand Performance Check are discussed to set priorities and goals for the following year.

Input from external stakeholders and feedback from workers and suppliers is yet to be included in the evaluation system.

**Recommendation:** The member is advised to include feedback from workers and suppliers in its evaluation system.

**Comment:** In the previous performance check, the following requirements were included:

- Fair Wear requires to disclose production locations
- progress should be made on the required changes
- all (new) production locations are required to sign and return the questionnaire
- member must assess the root causes of wages that are lower than a living wage
- member should analyze what is needed to increase wages and finance wage increases
- expected to begin setting a target wage

Teamdress followed up on at least half of the requirements.

**Recommendation:** Teamdress is strongly recommended to address the requirements that are still outstanding.

## 5 Appreciation chapter

5.1 Member company publicly responded to problems/allegations raised by consumers, the media, or NGOs.: [Not applicable](#)

5.2 Member company actively participated in lobby and advocacy efforts to facilitate an enabling environment in production clusters.: [Not applicable](#)

5.3 Member company actively contributed to industry outreach, visibility, and learning in its main selling markets.: [Not applicable](#)



## Recommendations to Fair Wear

- Teamdress highly appreciates the new Fairforce dashboard, as all information and guidance are now accessible on one platform.

# Brand Performance Check details

Date of Brand Performance Check: **11-05-2023**

Conducted by: **Hendrine Stelwagen**

Interviews with: **Annegret Dyck - Quality Management & CSR Management**

**Sasa Glumac - Planning, Logistics and Planning**

**Corinna Horndahl - CEO**