

NEW FRONTIER
F A S H I O N & S P O R T S W E A R

Event Report | 2022 & 2023

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This is the third annual report for New Frontier GmbH. As our organization did not publish a report in 2022, we are reviewing the previous two years in this document instead of just one. Accordingly in this event report we will provide an overview of the events and developments that are important to us for the years 2022 and 2023. As we already covered in great detail our risks regarding human life and the environment in our 2021 *Risk Report* and there has been no significant changes since then we will not be covering these risks again in this report.

1 Events at New Frontier

A lot has happened in the last two years. With the end of restrictions initiated because of the global pandemic, there has been a return to direct contact and face-to face meetings.

After an extended hiatus, we have been able to revive our tradition of an annual team-building excursion, starting in the summer of 2022. Instead of going into the office, the entire New Frontier team met in the nearby town of Bramsche. There, the team underwent a guided tour of the history of the textile industry at the local *Tuchmacher Museum* (Clothmaker/Weaving Museum), followed by a team get-together that went until late in the evening.

After approximately two and a half years of communicating with our colleagues and suppliers in Bangladesh and China exclusively through telephone and video conferences, we were able to travel to our production sites again in 2022. In October of that year the New Frontier CR team spent two weeks in Dhaka. In addition to visiting our manufacturers, part of our agenda was a joint workshop with our suppliers. Our first trips to China followed in the summer and fall of 2023, in which we were able to visit the production facilities of our partners in three provinces.

Additionally, many events switched back from online to offline. In the fall of 2022, the amfori network meeting took place in Duesseldorf, Germany, again. Here the upcoming environmental program of the *Business Environmental Performance Initiative 2.0* was presented and there was also an exchange regarding the German *Act on Due Diligence Obligations for the Prevention of Human Rights Violations in Supply Chains*, which was going to take effect the following year. In August of 2023, New Frontier also participated in the first meeting of the newly founded sustainability working group of the business association *GermanFashion*.

The end of the year marked the highpoint with the *amfori Annual Event* in November 2023, which this time took place in Berlin. In addition to panel discussions of diverse sustainability topics, the event also celebrated the 30th anniversary of the *Business Social Compliance Initiative*.

2 Events and Developments in our Supply Chain

We aim to establish long-term business relationships with our suppliers. Three quarters of our orders are manufactured by production facilities with whom we have been doing business for more than five years. Accordingly, we have had constant cooperation with our established production facilities in recent years.

Production Facilities				
Country	2020	2021	2022	2023
Bangladesh	10	12	12	12
China	11	11	10	11
India	1	0	0	0
Total	22	23	22	23

The last major change took place in 2020 which involved the discontinuation of production in India. Since that time, we have concentrated our sourcing in Bangladesh and China.

2.1 Development of the amfori BSCI audits

Every one of our production sites is inspected by independent auditors as part of the *amfori BSCI* program. In 2022 and 2023 a total of thirty of these such audits were conducted. These audits verify compliance with the *amfori BSCI Code of Conduct*. This code covers 13 Performance Areas such as working hours, payment of wages and worker involvement. One focus of the audit is the area of occupational safety. In this area the technical and organizational measures initiated by the factory to maintain a safe working environment are inspected.

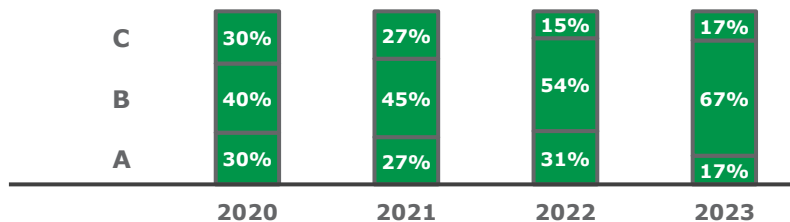
Any deficiencies identified in the audit can be assigned to one of the 13 Performance Areas. Depending on the severity and quantity of deficiencies found a Rating for each area is calculated. The individual assessments of the areas are then combined to form an overall rating of the company. The overall rating provides insight into the degree of quality and maturity of the implementation of the *BSCI* System in the audited production facility. The rating ranges from a top grade of "A" to the worst grade of "E". For critical risks such as child labour, danger to life and limb and/or forced labour, there is a special "Zero tolerance" rating. Further information about these critical risks and how we deal with them can be found in our *Risk Report* of 2021.

Before we can work with a production facility, said facility must have achieved a rating of at least "C". This minimum rating of "C" is specified by most customers, which is why producers equate the "C" rating with "pass". Although, it should be noted that the *BSCI* system does not provide for "passing" an audit, rather it is about continuous improvement, especially in the case of poor ratings.

Even when the rating is a good indicator, there are sometimes large differences between factories that have achieved a “C”. That is why we check every report for anomalies before initiating business with new manufacturers and filter out “C” factories if the deficiencies indicate poor management practices.

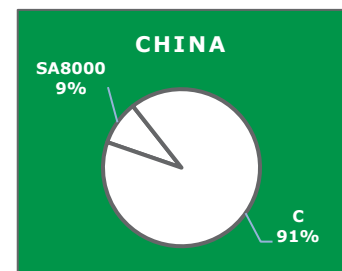
The majority of our production sites have been part of the *BSCI* system, in fact some have been involved for over a decade. This is also reflected in the results. In particular, Bangladesh has more and more production facilities receiving an “A” or “B” rating. In the last four years the proportion of production facilities that have only received a “C” rating has almost halved.

BSCI Results in Bangladesh



One reason for the improvement in supplier ratings is that our partner factories in Bangladesh are of a size that allows to employ trained specialists who can take care of the implementation of various standards required by customers. *BSCI* is a very widespread industry standard, but other certifications such as the *Global Organic Textile Standard* or *OEKO-TEX® STeP* are also included.

In China the situation is different. Here we also work with manufacturers who have been audited by the *BSCI* system for many years. However, the results of the audits have not yet shown any trend that indicates an improvement. Apart from one *SA8000*-certified production facility, all others continue to only achieve a “C” result.



One of the reasons for this is, that most manufacturers in China are small to medium-sized enterprises, which often only employ around a hundred people. It is much more difficult for these SME’s to maintain the specialist staff required to fully implement the standard specifications.

What are the benefits of the audits? Despite the criticism of *BSCI* and the fundamental gaps in the auditing systems, the overall situation has improved. Factories that focus on the international market and regularly must undergo *BSCI* or comparable audits have a

significantly higher occupational safety standard than companies that are not audited and focus on the local or Asian market.

2.1.1 Continuous Improvement

Starting in 2023 we began systematically tracking the corrective measures taken by factories to rectify any deficiencies identified by the *BSCI* audit reports. This includes the creation of a corrective action plan that corresponds to the *amfori* concept. This concept employs root cause analysis, sustainability targets and measures to remedy any deficiencies.

In July 2023 we invited the managers of our production facilities in Bangladesh to a workshop in our office in Dhaka, to better explain our new requirements, and to make the new *amfori* concept of *Sustainability Impacts* easier to understand.

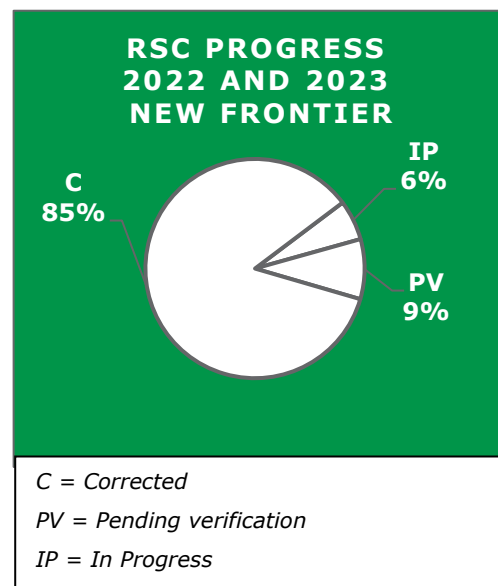
For all *BSCI* audits which took place in 2022 and 2023, we have received the plans and evidence for all corrective actions taken to date:

Year	Audits	Findings	Corrective Measures
2022	16	188	186
2023	14	161	155

It is not yet clear to what extent this new approach will have a lasting impact on improving compliance with the *BSCI Code of Conduct*. In the next one to two years, we will have a clearer picture based on feedback from follow-up audits. It would then be possible to evaluate the effectiveness of the individual measures.

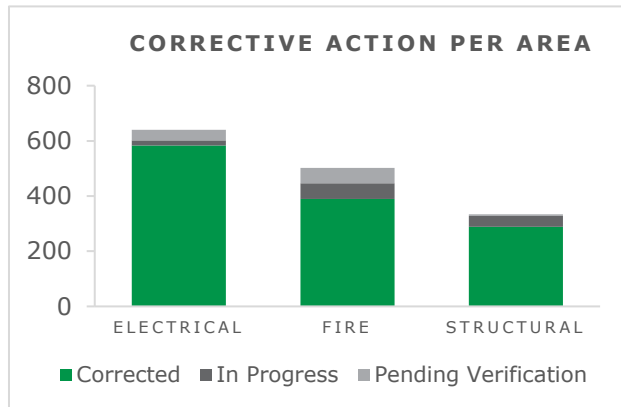
2.2 Events in fire protection and building safety in Bangladesh

The *Ready Made Garment Sustainability Council (RSC)* in Bangladesh has started expanding its area of operation. In 2022 the systematic inspection of boilers was included in addition to existing structural safety, fire protection and electrical safety inspections. The boilers are in every factory to supply clothes irons with steam. Unlike the existing inspections, the inspection of boilers is spread out over several different dates. In addition to documentation and visual inspections, there are functional and pressure resistance tests, which are carried out on different days.



In 2022 the first visual and documentation inspections took place. The first functional tests are scheduled to follow in 2024. The final inspection reports will only be published once both tests have been completed, as such we do not have a full report, yet.

The existing inspection programs have been continued. Although the total number of findings has ultimately increased, this has been caused by additional *initial inspections* of



new buildings. In the *follow-up* inspections of the existing buildings only few new findings have been identified. The new approach of the *RSC* to significantly increase the training of the responsible staff of both the factories and the responsible consultant companies, to improve the know how, is showing signs success.

In addition to inspections, the *RSC* is also responsible for following up on incidents such as fires. In the spring of 2022 at a new supplier, three fires broke out in separate storage rooms for bulk fabric. Owing to the existing fire protection measures in place, none of the fires were able to spread and were quickly brought under control by the local fire department. It is also thanks to these measures that only material damage was caused, and nobody was injured. The *RSC* experts have assessed the damage in all cases and are supervising the necessary repair measures. However, in these cases the causes of the fires could not be conclusively determined.

To gain access to the services of the *RSC* we are a signatory of the *Accord*. However, the *International Accord for Health and Safety in the Textile and Garment Industry* which has been in place since 2021 reached the end of its term in October 2023. At this time, the representatives for brands and trade unions began negotiating a successor agreement. Unlike its predecessor, this agreement was negotiated over several meetings in Geneva instead of online video conference. For all contentious issues, viable compromises were found during these meetings, as such this new fourth Accord is the longest agreement to date with a term of six years.

For us it is very important to be part of this successful system which ensures safety in the factories in Bangladesh. For this reason, we are also a signatory to this new agreement.

2.3 Development of the New Frontier Social Environmental Audits

The audits conducted by New Frontier help complete the picture that we gain from *BSCI* and *RSC* reports of our production facilities.

Year	Number of New Frontier Social Audits	All New Frontier CR Team factory visits (Including Social Audits)
2022	43	116
2023	50	107

In most cases, there were no notable findings. However, during the audit of a production facility during the summer of 2022, we discovered a non-functional emergency exit, which had not been noticed in the previous *BSCI* audit. The door was blocked by mud from the outside. Behind the door was also a ditch that would be full of water during the rainy season. A safe evacuation would not have been possible through this door. After ongoing discussions with the factory owner, we were able to work towards removing the blockage and fitting a steel bridge over the ditch. The measures made it possible to restore the functionality of the emergency exit.

2.4 Training Courses with our Partners in Asia

In June of 2022, the associations *EURATEX* and *AMFEP* jointly published a guideline on the safe use of enzymes in the textile and garment industry. Enzymes are an important tool, e.g. to help change the handfeel of a fabric. The advantage of enzymes over other chemical treatments is their low environmental impact. Which is why they are classified as green chemistry.

However, as enzymes are proteins, there is a risk of allergic or asthmatic reaction if they are handled incorrectly. To help increase risk awareness and prevent improper handling we have shared the recommendation handout with our production facilities that utilize wet processes. We also organized a workshop regarding this topic at our office in Dhaka for the staff responsible for chemical management at our production partners with wet processes.

2.5 Supply chain projects

For several years we have been mapping the material suppliers for all our orders. On average, each of our production partner has seven direct suppliers in his direct supply chain, which manufacture the material (fabrics, yarns, accessories, etc.) required for our production.

In 2023 we also began requesting evidence of existing due diligence measures taking place in our supply chain. This includes certificates and social audit reports in accordance with *BSCI* or comparable standards. As we do not have a direct business relationship with the material suppliers, we collected these so through our production partners.

Proof is not always available. In cases in which there is no proof available, and as such the material supplier has not been rechecked by a 3rd Party yet, we request that a *BCSI* audit to be conducted. Discussions are currently underway between our production partners and their material suppliers to have an initial *BCSI* audit being conducted. We expect the first audits to take place in 2024.

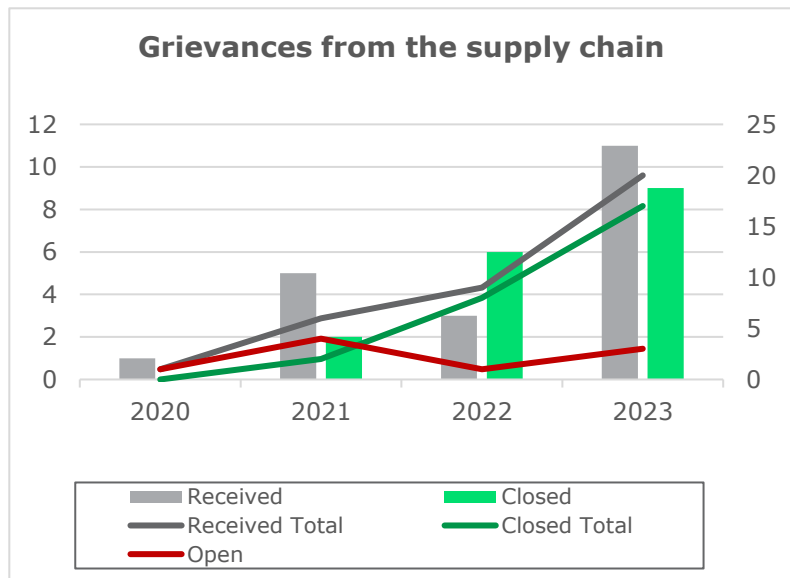
3 Development of the complaint & whistleblower system

Although through our membership with *Accord*, we have been involved in an external whistleblowing system for the workers at our production sites in Bangladesh for almost a decade, there has been no such specific channel for our own employees. At the beginning of 2022, we changed this and commissioned the law firm *bleu&orange* as an ombudsman service for New Frontier. Here our employees from Germany and Bangladesh can submit reports, if they discover violations or misconduct in their working environment. External parties can also contact the ombudsman’s office using the contact details on our website in either German or English.

The ombudsman’s office guarantees the anonymity of the whistleblower with its legal duty of confidentiality. To better communicate the special protections of whistleblowers very clearly, we have adjusted our policy statement on sustainability accordingly. To date, no reports have been received via the ombudsman’s office.

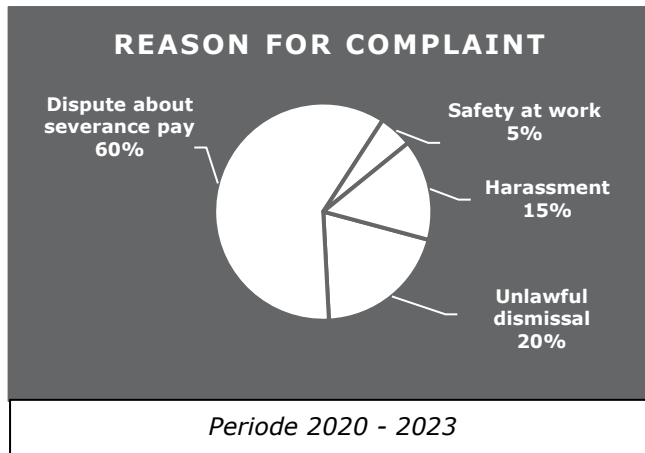
3.1 RSC grievance mechanism in Bangladesh

Since our last annual report, 14 new complaints have been received via the *RSC* complaints mechanism. After three new complaints in 2022, we have reached a temporary peak with eleven new complaints in 2023. This is also in line with the *RSC*’s figures which also showed an increase in the number of complaints received in 2023 after a slight decline in 2022.



Most complaints are submitted in connection with terminations or resignations. This concerns both disputes regarding severance pay and/or complaints about the legitimacy of terminations. Here the *RSC*’s external complaints mechanism makes up for the inadequacy of local labour tribunals. These would be the standard designated place to clarify such

issues but are difficult to access for all workers and employees. Due to his easy access,



the RSC complaints mechanism provides a remedy in these cases. With some specific exceptions, complaints about dismissals and severance pay are not dealt with directly by the RSC, rather they are forwarded to New Frontier and other customers of the factory concerned. In these cases, we work directly with the factory and the complainant to reach a resolution.

As highlighted in our 2021 *Risk Report*, harassment in the workplace is a human rights risk that often remains hidden. These risks are regularly mentioned in interviews conducted by non-governmental organizations (NGO's) with workers, but they are virtually absent from social audits. In 2023, three complaints were received at a newly added factory regarding the coercion of workers by supervisors. In all cases, the RSC sent an investigation team to investigate the cases. In two cases, the investigators confirmed the information from the complaint. In the third case the allegations were determined to be unfounded.

This resulted in consequences under the labour law for the supervisors, as well as mandatory anti-discrimination and harassment training for all managers in the company. The workers have confirmed to the RSC that the working environment and working conditions have improved significantly after the intervention of the RSC.

This above example highlights that external and independent grievance mechanisms have a positive influence and can therefore lead to long-term improvements in production facilities.

We were particularly involved in a complaint from 2022, where severance payments have not been made. The circumstances that lead this situation could no longer be fully clarified as the dismissal of the worker already happened in 2020. During our onsite research, we were able to identify that this case was also pending before the labour court in Dhaka for some time. However, the pandemic has delayed the legal proceedings significantly. Six months after the complaint was received, the proceedings had still not been concluded and there was a risk that this would not change for the better. The complainant had not appeared in court, and this stalled the proceedings. To achieve a solution that is in the interests of the complainant, we convinced our production facility to actively approach her. The contact was ultimately successful and both parties appeared in court together, where the missing settlement was ultimately paid out.

In addition to these examples, we processed a total of 18 complaints in 2022 & 2023.

Nr.	Year	Status	Commentary
2	2021	Closed 22	Severance payments were made.
3	2021	Closed 22	the RSC's investigation revealed that the core of the complaint was not true. As the complainant could no longer be contacted, the case was closed.
4	2021	Closed 22	Severance payments were made.
6	2021	Closed 22	Damage repaired
7	2022	Closed 23	Severance payments were made.
8	2022	Closed 22	Severance payments were made.
9	2022	Closed 22	Severance payments were made.
10	2023	Closed 23	Labour Court
11	2023	Closed 23	Labour Court
12	2023	Closed 23	Reinstated
13	2023	Closed 23	Consequences under labor law; Mandatory training of all managers on harassment & discrimination by a reputable consulting firm
14	2023	Closed 23	Resolved according to BGMEA complaints procedure
15	2023	Closed 23	Consequences according to labour law
16	2023	Closed 23	Reinstated
17	2023	Open	Under review
18	2023	Closed 23	The RSC's investigation revealed that the core of the complaint was not true. As the complainant could no longer be contacted, the case was closed.
19	2023	Open	Under review
20	2023	Open	Under review

Of the 20 complaints received between 2020 and 2023, the RSC handled and ultimately resolved nine directly. Eleven complaints were passed on to the factories' associated clients. Of these eleven complaints, three have not yet been resolved. We are still in discussions with the parties involved to facilitate a solution. In some cases, we have also contacted the complainants directly as part of the process.

3.2 [amfori Speak for Change](#)

Following a successful pilot project in Vietnam, the *amfori Speak for Change* whistleblowing system operated by amfori in collaboration with ULULA was successfully rolled out in Bangladesh in the fourth quarter of 2023. In this capacity it functions as a complementary system to the RSC and is also intended to be collaborative in the future via the Access to Remedy Platform. The system ultimately covers all complaints, which report a violation of the *BSCI Code of Conduct*.

Owing to the complexity of setting up a whistleblowing system with local structures, it will not be available in all *BSCI* countries at the same time but will be rolled out, country by country over several years. The majority of the amfori *BSCI* system's production sites

are currently located in China. Here amfori is still in negotiations with the responsible authorities in order to be allowed to operate a complaints mechanism.

3.3 Whistleblower systems and the German Supply Chain Due Diligence Act

Since 01.01.2023, the German *Act on Due Diligence Obligations for the Prevention of Human Rights Violations in Supply Chains* has been in force in Germany for companies with at least 3,000 employees. One of the requirements of the Act is the provision of grievance mechanisms in supplier companies in accordance with the *OECD Guidelines*.

Since New Frontier, as a traditional SME, is not directly affected by the requirements of the law, we are not obliged to maintain such a system.

However, we have customers for whom the law applies. One of our long-standing customers has therefore extended its existing whistleblower system to the supply chain. Access on his website has been translated into all relevant languages, including Chinese. However, it is not enough to simply provide access, it must also be communicated locally. For these reasons, our customer has created information posters in the relevant languages which also include a QR code in for easy access of the website.

On our trip through China in October, during which we visited our manufacturers from Yiwu to Wuhan, we took these posters with us. On site, we personally handed them over to the respective factory managements and explained the background to them. Since then, the posters have been displayed at each production site in a central location that is accessible to all employees. It was important here that the location is not monitored, for example by security personnel or surveillance cameras. We had this checked afterwards by our CR team in China and in individual cases, had the poster's location changed.

As a partner to our customers, we are responsible for supporting them as best we can in their due diligence obligations. In addition to the regular exchange of information, active cooperation in customer programs is important for us as well.

4 Further development and outlook

It is not only our manufacturers who have to undergo regular audits and inspections. We are also regularly inspected by external auditors. In addition to the certification audits to label products with the *GOTS*, *OCS*, *GRS*, *RCS*, *RWS* and *OEKO-TEX® Standard 100* seals, we also passed the *Grüner Knopf* Audit (Green Button Audit) Version 1.0 in 2021. The first surveillance audit in 2022 was also successful, meaning that the third and final audit for the certification period of three years should have taken place in March 2023.

However, this year the standard has switched to version 2.0. The new requirements include a commitment create an enforceable action plan for the payment of living wages in our supply chain in Asia. For our production country Bangladesh, we do not consider this to be realistically feasible at present. The main hurdles lie in a politically determined

wage model that we as a client cannot influence. We have therefore decided to terminate the contract for the time being and to end certification in summer 23.

The *Green Button* has greatly helped us to professionalize our CSR structures and align them with the *UN Guiding Principles*. The regular external review was an opportunity to constantly scrutinize our process to help our organization further develop. We want to continue this external control in the future. Therefore, we are aiming for a company certification under the *OEKO-TEX® Responsible Business Standard*. This new standard, published in 2023, has similar requirements to the *Green Button*, though focuses on the cascading of due diligence obligations in the supply chain.

In this report you read a great deal about inspections and audits. Although these internal and external monitoring tools give us access to extensive information about our production facilities, they only provide us with a very limited picture of the workers and their actual living conditions.

We want to set a new focus here in future and gain a better insight via our own CR teams. In addition to our internal measures, we are also planning an exchange with *amfori*. In the long term, we hope to gain a better picture of the actual situation of workers on the ground and, with *amfori's* support, to be able to advocate for improvements.

5 Glossary

Accord	The International Accord for Health and Safety in the Textile and Garment Industry is a multi-stakeholder initiative with the aim of making garment and textile factories safer. The initiative is active in Bangladesh and Pakistan. The International Accord emerged from the Accord for Health and Safety in the Textile and Garment Industry in Bangladesh.
AMFEP	AMFEP is the umbrella organization of European enzyme manufacturers.
amfori	amfori is a business association that promotes sustainable trade.
amfori BEPI	The Business Environmental Performance Initiative is a collection of tools to measure and improve the environmental performance of factories.
amfori BSCI	The Business Social Compliance Initiative is amfori's social audit program.
amfori Speak for Change	The Speak for Change Programme is a grievance mechanism for supply chains.
CR	Corporate Responsibility is the comprehensive concept of corporate responsibility for every impact that a company's activities have on society and the environment.
EURATEX	EURATEX is the umbrella organization of European textile and clothing companies.
GermanFashion	GermanFashion is a German business association based in Cologne for apparel and garment businesses.
GOTS	The Global Organic Textile Standard is a product certification for the use of fibers grown according to organic standards (e.g. cotton). The standard also includes very detailed requirements for all stages of the supply chain.
GRS	The Global Recycled Content Standard is a product certification for the use of material obtained from recycling. The standard includes additional requirements for all stages of the supply chain.
Green Button	The Green Button is a product certification for compliance with due diligence obligations in the production and procurement of textiles and clothing.
LkSG	The Supply Chain Due Diligence Act is based on the UN Guiding Principles and has applied to large companies in Germany since 01.01.2023.
Nassprozesse	The term wet process covers all production steps that generate wastewater. This includes dyeing and washing as well as certain types of printing.
NGO	Non-governmental organization
OCS	The Organic Content Standard is a product certification for the use of fibers grown according to organic standards (e.g. cotton, linen, wool).
OECD	Organization for Economic Cooperation and Development
OECD-Due Diligence Guidance	The OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Industry
OEKO-TEX® Responsible Business	The OEKO-TEX® Responsible Business Standard is a company certification. The standard contains requirements for a company's due diligence obligations.
OEKO-TEX® Standard 100	The OEKO-TEX® Standard 100 is a product certification to ensure chemical limit values.
OEKO-TEX® STeP	The OEKO-TEX® STeP Standard is a company certification for textile and clothing producers. The standard includes both social and environmental requirements.
RCS	The Recycled Claim Standard is a product certification for the use of recycled materials.
RSC	The Ready Made Garment Sustainability Council is a non-profit limited company in Bangladesh. The RSC is responsible for implementing the requirements of the Accord.
RWS	The Responsible Wool Standard is a product certification for compliance with animal welfare criteria in sheep farming.
UN-Guiding Principles	The United Nations Guiding Principles on Business and Human Rights is a global standard adopted in 2011 to prevent and remedy human rights violations in connection with business activities.

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