

### **COVID-19: OUR SUPPLY CHAIN AND WORKERS**

The ongoing effects of the Covid-19 pandemic have been overwhelming throughout the world. Tragically, with reports of over 6 million people losing their lives, it is impossible to even estimate how many have lost employment and their means of survival. Families and individuals alike, face extreme hardships including poverty and homelessness. Businesses and nations face massive challenges to survive, recover, and rebuild as quickly as possible in order to give hope and a future to their employees and citizens.

Our Global Textile and Apparel Industries employ vast numbers of workers with women making up a significant part of this valuable human resource who are all severely affected as legions lose employment or have had working hours dramatically cut due to a cascade of events including:

- Cities and centres of manufacturing across national and international Supply Chains locked down with citizens in isolation and factories ceasing to manufacture goods and maintain employment.
- Retailers forced to close doors or heavily reduce trading hours due to National and State isolation orders.
- The flow on effect of the above has resulted in retailers cancelling orders, reducing order quantities, or significantly delaying contracted delivery dates.
- Where isolation orders in some countries have ceased, factories have been unable to re-employ many stood down workers due to lack of production work caused by cancelled, reduced, or deferred orders.

### **PLAYING OUR PART**

The wellbeing, health and safety of all workers in our Supply Chain is of the utmost importance to all Hot Springs Brands management and team members, and this has been made a well-established and public priority and commitment. Together we have committed our efforts to endeavour to ensure that our Supply Chain workers continue to have adequate employment so that they can support themselves and their families through these ongoing troubled times.

### **ETHICAL TRADING INITIATIVE: ETI**

Our Supply Chain operations are global and for us to provide the best possible support for workers there is a need for our business to align with recognised World Leaders in the protection and advancement of these workers' lives. Subsequently, we passed all ETI requirements and reviews, and were elected as a Foundation Member in 2019. In July 2022, our progression and programs met with ETI Board approval and we effected with Full ETI Membership status.

[Home | Ethical Trading Initiative \(ethicaltrade.org\)](https://ethicaltrade.org) and we are working with them thru a number of programs, training programs and projects including Worker Grievance Reporting, Payment of

Living Wages, Worker Committee engagement and Responsible Buying practices which are supporting our Vision and Commitments.

With the onset of Covid-19, even greater challenges face our Supply Chain and workers, and in response, the ETI has moved forward with various programs and engaged organisations to best facilitate support and guidance to best care for and protect them. Most significantly is the current CALL TO ACTION endorsement [ETI endorses Covid 19 call to action to global garment industry, and urges A&T members to sign up | Ethical Trading Initiative \(ethicaltrade.org\)](#) of the International Labour Organisations “Call to Action” initiative which sets out five action priorities which can be viewed in the following link [Call to Action: COVID-19: Action in the Global Garment Industry \(ilo.org\)](#)

Hotspings Brands have moved forward and are registered with the International Organisation of Employers as supporters of this valuable collaborative program [Organizations endorsing the Call to Action in the garment industry \(ilo.org\)](#)

We are moving forward working with the ETI and its members with joint Covid-19 information webinars and joint surveys with access to members “think tank” forums and also benefit from the ETI engagements with Oxfam and other Global organisations and are able to better apply and focus our resources to meet our commitments.

## **SEDEX**

### [Sedex - Empowering Responsible Supply Chains](#)

To further support our Global Sourcing partners and workers, we joined with them and engaged with SEDEX who are world leaders in providing programs and initiatives that empower responsible sourcing chains with best practice Social and Ethical Supply Chain practices. Our Social and Ethical Compliance factory audit programs are coordinated via our SEDEX platform as are ongoing factory improvement projects and risk assessments with workers health and safety practices.

SEDEX provides members with Covid-19 Guidance Hubs and supporting webinars with further support for affected workers via the development of a direct worker reporting tool which is under current operational assessment and also provides a forum where members can collectively establish the impact on suppliers’ disruptions, protection of workers health and safety, protection of workers incomes and social security benefits, plus business continuity and resurgence programs.

## **DIRECT INITIATIVES**

With the resources, guidance and support of the ETI and SEDEX we are working with our Supply Chain partners to implement mutually agreed action plans aimed at reducing the negative impacts associated with the Covid-19 pandemic and business activities including greatly diminished production levels where stood down workers often have inadequate support at industry, regional and national levels.

These action plans included:

- Support for factories by redirecting cancelled retailers’ orders to our direct online customer platform operations where possible.
- Maintenance of initial order quantities where they have been reduced by retailers by redirection of stock to our online operations platform.

- Agreements to take up pre-purchased fabrics not taken into production due to order cancellations or quantity reductions.
- Uptake of mutually agreed extensions to payment terms and delivery programs where guarantees of worker protection are in place.
- Ongoing direct communication to ensure effective and open dialogues are in place to effectively remedy or minimise any negative impacts that may result from the effects of the Covid-19 pandemic.