



# SOCIAL REPORT 2019



**THE OBERALP GROUP AND OUR BRANDS ..... 3**

**SUMMARY: GOALS & ACHIEVEMENTS 2019..... 4**

**FAIR WEAR FOUNDATION ..... 5**

**SOURCING**

SOURCING .....7

Integrated Monitoring Activities & Sourcing Decisions .....8

Supplier Relations .....9

Production Countries .....12

Production Cycle .....14

**OUR STANDARDS**

Code of Conduct .....15

Ensuring that our Code of Conduct is implemented .....16

**AUDITING PROGRESS**

Ongoing challenges .....20

Monitoring in 2019 .....21

A deeper look into the most pressing issues: overtime and wages .....30

**COMPLAINTS HANDLING**

The FWF complaints procedure .....36

**INTERNAL TRAINING & CAPACITY BUILDING**

Activities to Inform Staff Members .....38

Activities to Inform Manufacturers & Workers .....39

**TRANSPARENCY & COMMUNICATION ..... 42**

**2019 GOALS ..... 43**

**ANNEX – FULL FACTORY LIST ..... 44**

**1981** Oberalp Group Spa is founded



**1990** Oberalp acquires SALEWA; a multi-specialist for mountain & alpine sports



**2003** Oberalp acquires Dyanfit; the most important global brand for ski touring gear and equipment



**2011** Oberalp acquires Pomoca; The global leader in ski skin manufacturing



**2012** Oberalp acquires Wild Country; an insider brand for climbing apparel & equipment



**2013** Salewa, Dynafit & Wild Country become Fair Wear Foundation members



**2016** Salewa, Dynafit & Wild Country become Fair Wear Foundation **LEADERS**

**2019** Oberalp acquires Evolv; an American brand for climbing shoes



## Headquartered in the heart of the Dolomites

in Bolzano, Italy, the **Oberalp Group** is a leading provider of outdoor, technical apparel and equipment for mountain sport enthusiasts.

Today, it owns four brands, **SALEWA, Dynafit, Pomoca** and **Wild Country**, and also acts as EU distribution for other internationally recognised sports brands.

2019 was another exciting and challenging year.

Having been recognized for our prior work with the FWF Leadership status in 2016 was a prideful achievement, and one that at the same time signified an increased level of responsibility – one to not only maintain this prominent status, but to also continue our duty to progressive improvement in the factories.. Our priorities for this year were: to advance and deepen our level of audit Corrective Action Plans (CAP) follow up, with the development of a more systematic approach; strengthening our due diligence processes with a particular focus on the highest risk countries; and to continue our analysis of the root causes of excessive overtime and infringements on the payment of a living wage.

These efforts paid off, and helped us accomplish some of our greatest achievements for the year, with valuable 'side effects': our goal of establishing a more systematic approach to CAP follow up was further complemented with an enhanced collaborative approach to auditing and remediation, with almost 96% of our audited volume coming from audits shared with other brands. Second, our efforts to strengthen our due diligence processes were facilitated by the further consolidation of our supply chain (by 7%), and dialogue on difficult issues like overtime and wages, was made easier by the maintenance of longer term relationships with our suppliers (those 5 years or more), which made up 75% of our FOB volume. Initially taboo and the exclusive sphere of influence of the supplier and his factory management, we have now been able to have open dialogue with the supplier on these matters, to make sure that they are repeatedly and systematically taken into account upon planning and pricing. Internally, these efforts were only possible and further reinforced with the joint and cooperative work among our sourcing, QC, and Sustainability teams.

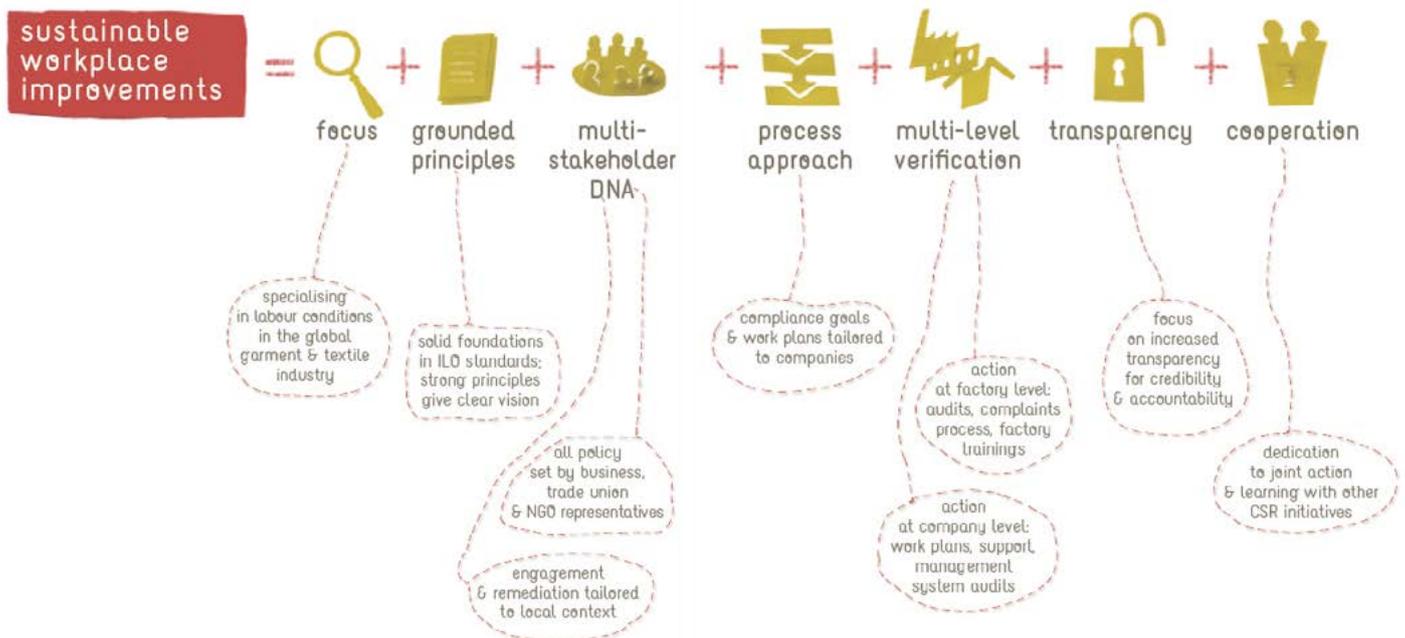
Challenging aspects of our work from this year continued to be the attempt of suppliers to allocate our production orders to unknown or not-yet approved factories right before order placement and the recurring use of double records, and/or non-transparent recording keeping of hours and wages. We checked our suppliers constantly and were quick in organizing audits from our QC teams to check the potential factories, so that, if reallocation was absolutely necessary, it took place in approved facilities. As for the lack of transparency in factory records, this greatly complicated our ability to establish the root causes of excessive overtime and payment of wages below living standards, and in some cases made it virtually impossible. It is our hope that the continued maintenance of long term relationships with our suppliers, along with efforts to participate in open dialogue built on mutual trust will help us ameliorate these issues.

**The FWF Leader status is a prideful achievement that signifies an increased responsibility to continue our duty to progressive improvement in our factories.**

Our most important partner in the improvement of workers' well-being in the factories is Fair Wear Foundation (FWF) Dedicated to transparency and improving working conditions in our supply chain, Salewa, Dynafit, and Wild Country have been members of FWF since 2013. Within the framework of the FWF system and the collaborative approach and the constant evaluation it entails, we have been able to make good progress. An important recognition of this came in in 2016, when FWF granted us the Leader status as a result of our concerted effort to support and integrate social compliance into our operations via ongoing due diligence, informed sourcing and purchasing practices, monitoring and remediation activities, internal and external training and capacity building, information management, and efforts towards greater transparency.

FWF is a non-profit organization that collaborates with brands, factories, trade unions, NGOs, and some- times governments to improve working conditions in supply chains where sewn goods are made. The scope of FWF focuses on the cut and sew processes related to the production of textile goods, as they believe this is where the greatest positive impact can be made. At present, the FWF concentrates its efforts in 11 apparel producing countries in Asia, Europe, and Africa – Bangladesh, Bulgaria, China, India, Indonesia, Macedonia, Myanmar, Romania, Tunisia, Turkey, and Vietnam.

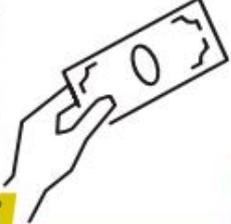
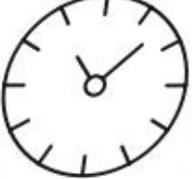
## The Fair Wear formula



Source: Fair Wear Foundation

Cooperation in the framework of our FWF membership entails the monitoring of all factories making our products in the implementation of the Code of Labour Practices:

**FAIR WEAR** *the 8 elements of Fair Wear's code of labour practices*

- **1** Employment is freely chosen
- **2** Freedom of association and the right to collective bargaining
- **3** No discrimination in employment
- **4** No exploitation of child labour
- **5** Payment of a living wage
- **6** Reasonable hours of work
- **7** Safe and healthy working conditions
- **8** A legally binding employment relationship

Source: Fair Wear Foundation



Photo – Factory 5843 in Bangladesh

## SOURCING

We do not own any factories and therefore, our products are manufactured at external facilities. Our broad product range for all brands is broken down into 2 key divisions: apparel, and a unit which concentrates footwear, equipment, and technical hardware, are all based in Italy and shared between offices located in the Dolomites and in Montebelluna. A small part of Dynafit Ski-touring bindings and equipment are managed from our German offices. The focus of this report, and of our Social Compliance efforts in the framework of our partnership with FWF, pertain to the factories where cut and sewn goods are produced.

Planning, sourcing, and purchasing activities are conducted independently by the different divisions. Each division has its own internal structure, sourcing strategies and partners; *however, common to all is the integration of due diligence and social compliance responsibilities throughout each of the respective teams, and with all suppliers, whether they be the factories directly, or agents who act as intermediaries between us and the factories.* In cooperation with the Sustainability team, sourcing and costing managers are regularly briefed about local living costs, potential hazards and risks, and actual working conditions so they are empowered to make informed decisions.

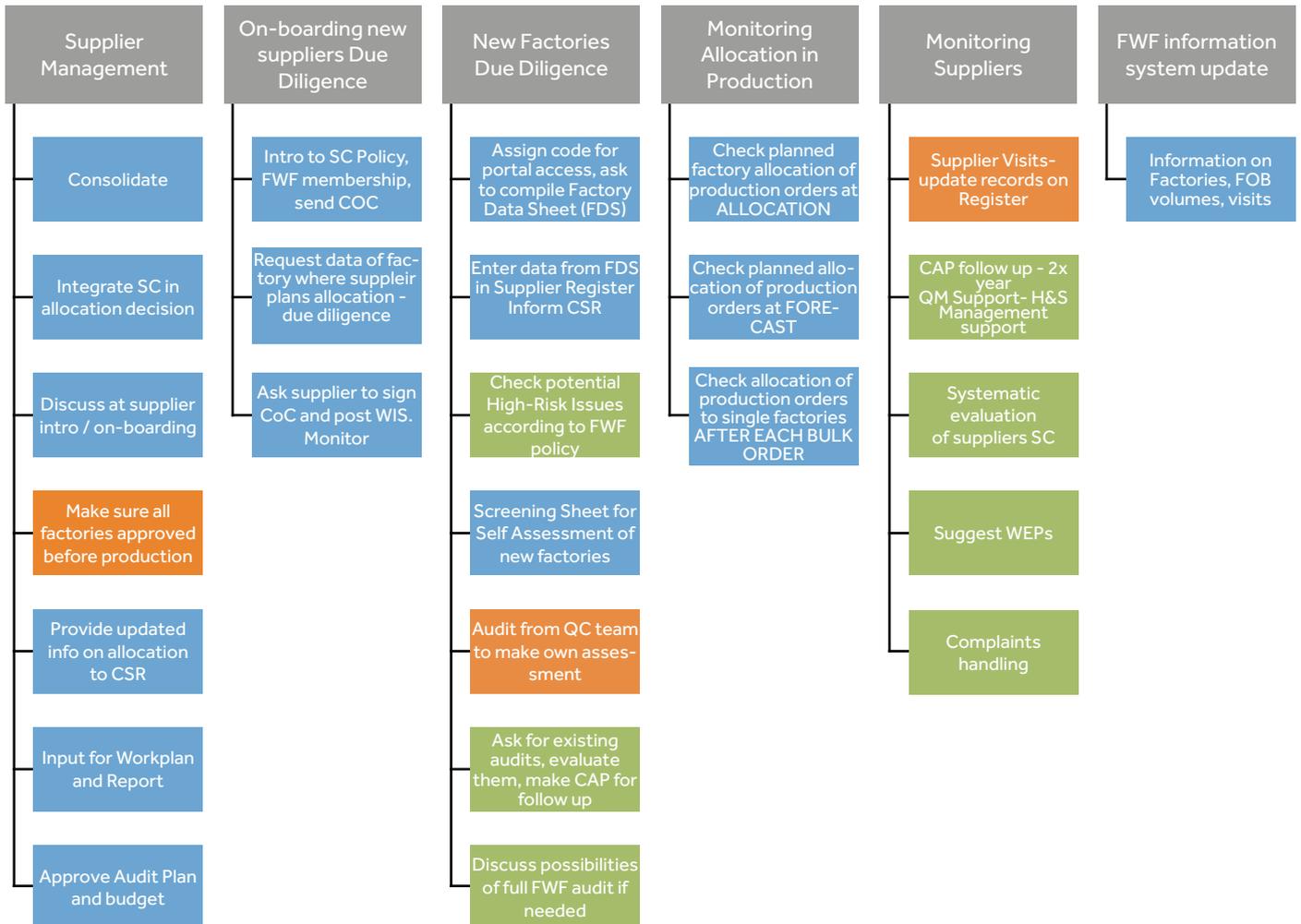
### Our 2 Key Divisions

**APPAREL** (menswear, women’s wear, accessories, denim, knitwear)

**FOOTWEAR, EQUIPMENT** (shoes and boots, tents, backpacks and bags,

sleeping bags) and **TECHNICAL HARDWARE** (cords, ropes, slings)

## Integrated Monitoring Activities & Sourcing Decisions



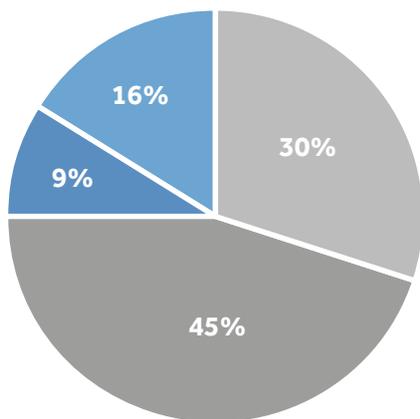
**Sourcing**  
**Planning**  
**Purchasing**  
**Quality Management**  
**Sustainability**

## Supplier Relations

**Long & stable Supplier Relationships** - One of our primary objectives in regards to supply chain management, is to establish long-lasting relationships with our suppliers, with the aim for the maximum mutual benefits. This year, 75% of our total FOB volume came from factories we've been working with for more than 5 years. In order to grow successfully as a company, it is important that we cooperate with partners who also continually strive to grow and improve.

Those that, like ourselves, aim to better their social and environmental standards in their own operations and beyond. We see it as our role to encourage and facilitate dialogue that seeks to align our own values and goals with those of our suppliers, internally and in their business relationships with their partners. This on-going process is central to our social compliance efforts, and demands our constant monitoring and evaluation.

### In 2019, $\frac{3}{4}$ of our total FOB volume came from factories where we hold long-term relationships



	2016	2017	2018	2019
More than 10 years	14%	31%	41%	30%
5 to 10 years	50%	42%	33%	45%
2 to 4 years	30%	22%	21%	9%
1 year or started in 2019	6%	5%	5%	16%

**Starting relationships with new suppliers** - There are occasions when it becomes necessary to start a business relationship with a new supplier. This decision generally occurs for a number of different reasons, or a combination of several factors. In some cases, it is motivated by our own quality or technical requirements, or in others, we have to replace a supplier who did not meet our standards. Existing suppliers are evaluated at least twice a year on all aspects of their performance including: results obtained in audits and monitoring, cooperation to observe corrective action plan remediation, the implementation of our CoC,

quality performance, and timeliness of deliveries.

Unfortunately, when actual working conditions do not meet basic health and safety standards, and/ or the supplier is unwilling or unable to demonstrate genuine change, it becomes imperative that we look for an alternative. The final decision to work with a new supplier is the result of an in-depth discussion between the division managers, the sourcing staff, costing and production managers, the quality department, production managers and developers, and the Sustainability team.

There are also instances where the decision to begin cooperation with a new supplier is not of our initiative, and this may happen for three reasons: our partners may shift their production by opening new factories, close down their facilities or end the business relationship with us.

In 2019, we started working with 11 new factories.

In 5 cases, it was our suppliers decision to allocate our production in other facilities. The most striking example concerned one of our Romanian long-term supplier, which made more than 14% of our FOB, that decided to reallocate the 70% of FOB volume in another of its facilities. The reasons for the start of the other business relations were the need for new technical partners, previous collaboration terminated, attempt to consolidate other factories' production and economical gains.

## All factories we on-boarded in 2019 fulfilled our due diligence requirements

When on-boarding any new supplier they must first complete the following **due diligence requirements**:

- Sign our CoC and commit to its implementation;
- Complete a self-assessment on CoC compliance, provide full supplier and factory data, with an overview of their structure and other factories they work with – whether owned or subcontracted.
- Provide past audits done by third party organizations;
- Pass a QC inspection from our staff before production starts;
- Post FWF's Worker Information Sheet (WIS) see point 1: a document containing the main 8 Labour Standards in local language for employees to view, and an address where workers can directly contact FWF to raise complaints which they deem they cannot solve in the factory;
- Bangladesh: show serious commitment to guaranteeing workers safety in the factory by agreeing to our 'Bangladesh sourcing policy'. Even if the Accord on Fire and Building Safety is no longer active, factories must keep working on the CAPs findings.

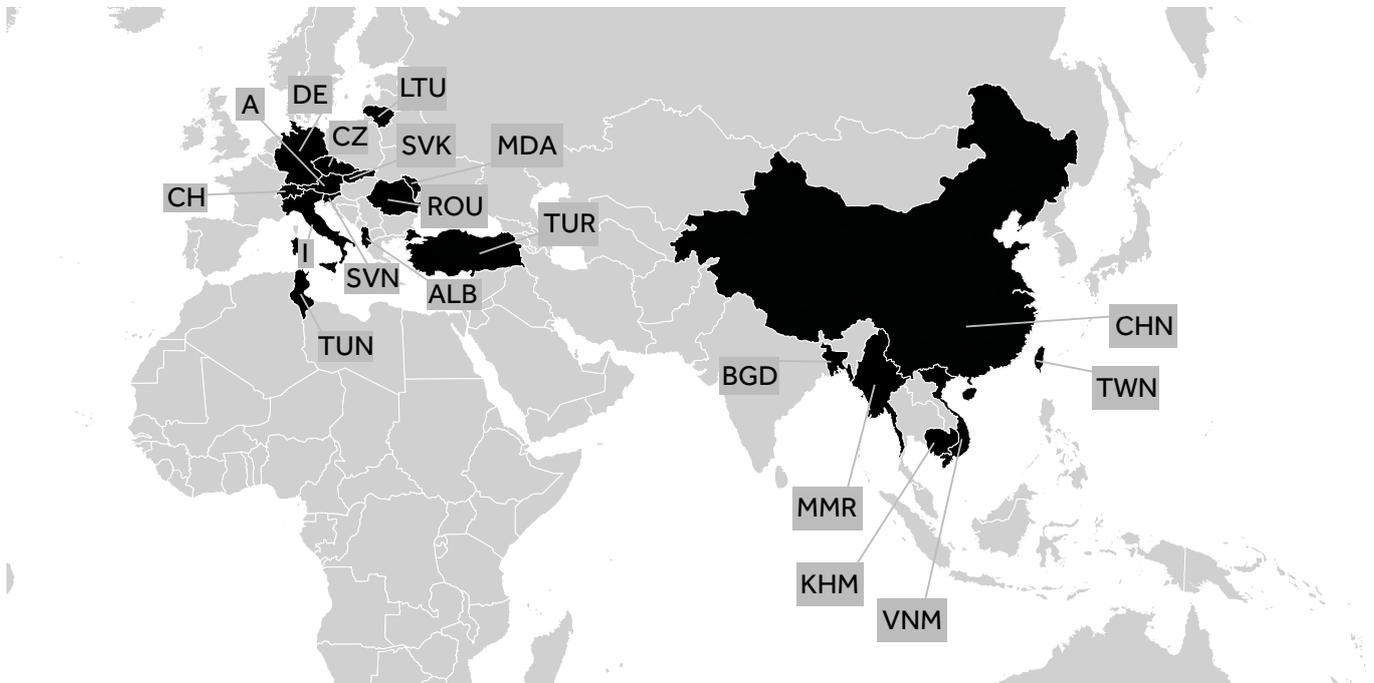
**Ending collaboration with suppliers** - Between 2018 and 2019, we ceased sourcing at 19 factories. In the majority of cases (13), the motive for having stopped the sourcing was our wish to consolidate the allocation of our products. In 11 factories, phase-out was in agreement with the supplier, advising our decision enough time in advance and making sure that our decision to move elsewhere did not have a notable negative impact on the workers. In another case, we strived to keep the collaboration, but after a long process, the only decision to take was to stop working with the factory. The remaining facility was a new supplier but the collaboration didn't work out, so it lasted less than a year.

There other 6 facilities were cases where it was the supplier's decision to allocate our production orders elsewhere or to terminate the business relationship.

**Consolidation** - Our supply chain consolidation remains central to our sourcing strategy. Having less suppliers enables us to achieve two key goals: improve the quality of our communication and follow-up in the factories, and an increase in our influence, leading to a greater chance of successfully making changes for good in the workplace.

Between 2018 and 2019 **we consolidated the number of factories by 7%, from 73 to 68.**

## Production Countries



In 2019, our production took place in **19 countries** across the globe.

*We maintain production partnerships around the world. FWF rates countries as being “high and low-risk” according an estimation of the occurrence or likelihood of workplace in regard to Social Compliance.*

**High risk:** Albania, Bangladesh, Cambodia, China, Moldova, Myanmar, Romania, Taiwan, Tunisia, Turkey, Vietnam

76% of our factories are located in these countries

81% of our production volume (FOB) comes from high-risk countries

**Low risk:** Austria, Czech Republic, Germany, Italy, Lithuania, Slovakia, Slovenia, Switzerland

24% of our factories are located in low-risk countries

19% of our production volume (FOB) comes from these countries

Our monitoring efforts in the factories where our products are made differ according to the countries where they are located. FWF performs research and has constant exchange with its local stakeholders to assess each context, according to economic and cultural factors, the legal framework and the available mechanisms in place to protect workers' rights in case of irregularities. The result of this assessment is the classification of sourcing countries as "low or high-risk", and the consequential guidelines for members on: the level of surveillance required, the issues to tackle with priority and, special measures of assurances needed to perform a due diligence.

In 2019 our products were made in the following countries:

### High Risk:

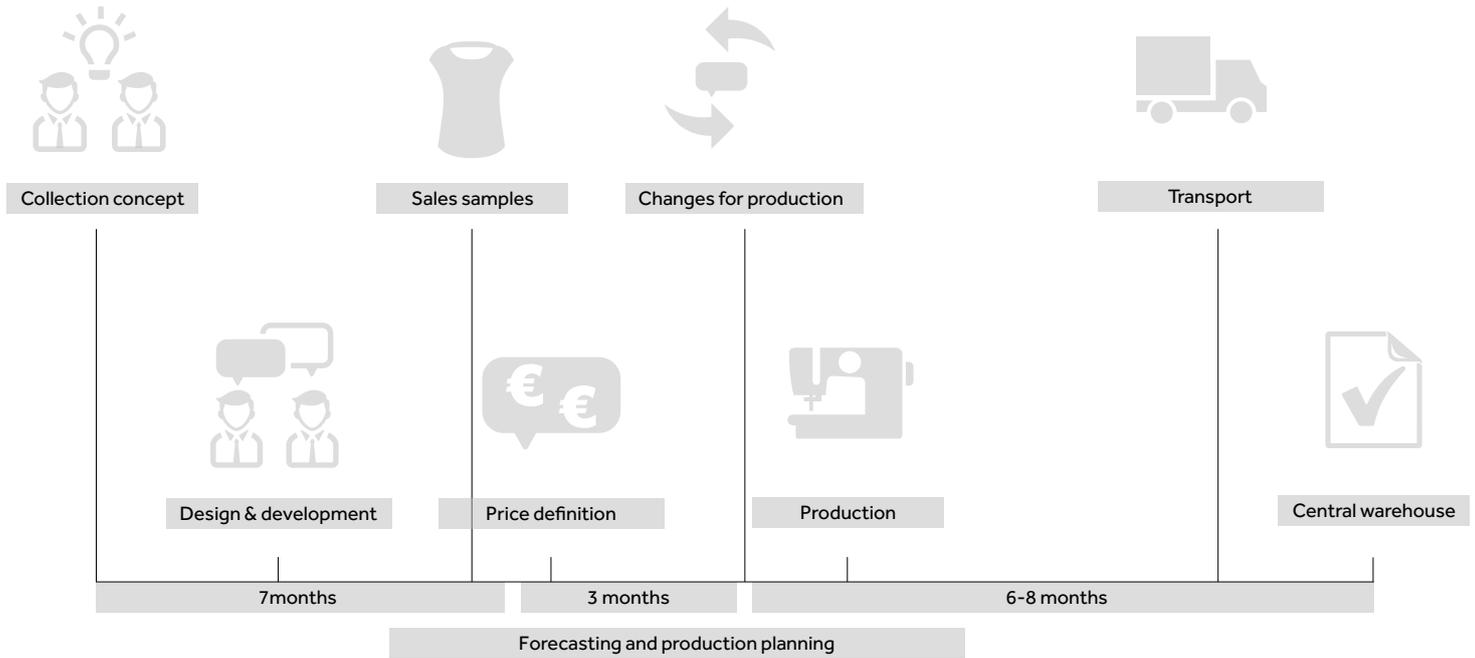
Factory country	Percentage of our total FOB	Number of factories
Albania	0,57%	2
Bangladesh	9,43%	4
Cambodia	0,43%	1
China	20,54%	27
Moldova	0,22%	1
Myanmar	0,19%	1
Romania	14,59%	3
Taiwan	0,14%	1
Tunisia	0,45%	1
Turkey	0,06%	1
Vietnam	34,08%	10
<b>TOTAL</b>	<b>80,68%</b>	<b>52</b>

### Low Risk:

Factory country	Percentage of our total FOB	Number of factories
Austria	0,03%	1
Czech Republic	0,69%	1
Germany	0,02%	1
Italy	13,83%	8
Lithuania	3,13%	2
Slovakia	0,15%	1
Slovenia	0,52%	1
Switzerland	0,95%	1
<b>TOTAL</b>	<b>19,32%</b>	<b>16</b>

## Production Cycle

Our production planning is informed by the **production capacity** of the factory, and is also based **according to style**. This allows for **substantial and flexible lead times** to avoid undue pressure to fulfill delivery dates. Furthermore, if / when the occasion arises we **accept delays** and **share the responsibility** if need be.



In agreement with our partners, we define a reasonable timeline including room for delayed fabric and accessory deliveries and considering important events and local holidays.

Holiday	Dates (2019)
ISPO fair	3 - 6 February
Chinese New Year (China, Vietnam)	4 - 10 February China; 2 - 10 February Vietnam
Easter	21 April
Burmese New Year	13 - 16 April
Golden Week (Japan)	29 April - 6 May
Dragon Boat Festival	7 June
Ramadan (Bangladesh)	4 - 6 June
Ramadan (Turkey)	5 - 7 June
Eidul Fitr (Bangladesh)	4 - 7 June
Eidul Adha (Bangladesh)	12 - 14 August
Eidul Adha (Turkey)	11 - 14 August

# Code of Conduct

Building on the most relevant International Human Rights Treaties, particularly the Core Conventions of the International Labour Organisation (ILO), and in line with FWF own Code of Labour Practices, our own Code of Conduct sets forth the guiding principles and backbone of our company and all of our business relationships. At its core are sustainability and compliance, as well as ethical behavior towards all workers at all stages of our business and supply chain. Moreover, it is an information tool for making all employees and suppliers aware of their rights and duties.

## Our Code of Conduct

- Child labor is not tolerated
- All employees must be treated with respect and dignity
- Employment must be based on ability and no discrimination is tolerated
- Employment must be freely chosen
- Payment of a living wage must be guaranteed
- Hours of work shall not be excessive and over-time duly paid
- Working conditions are decent and safe
- Freedom of association must be guaranteed
- The employment relationship is formally established by means of a written contract

Additionally, our suppliers should implement an effective program and a system to tackle environmental issues in the factory, taking a precautionary approach. They must also guarantee that their business practices are free from corruption, direct or indirect, including planned, attempted, requested or successful transfer of a benefit as a result of bribery or extortion.



Photo - Our CoC posted in factory 5843 in Bangladesh

## Ensuring that our Code of Conduct is implemented

Social compliance and participation within the framework of our partnership with FWF is one of the key focus areas for our Sustainability team. We maintain a dedicated staff to manage these activities and respond to complaints immediately when they arise. Likewise, members of our quality control team, who visit our factories often throughout the year, act as our 'eyes on the ground' and are tasked with observing working conditions and informing the Sustainability staff when our CoC and FWF's Code of Labour Practices are not being adhered to

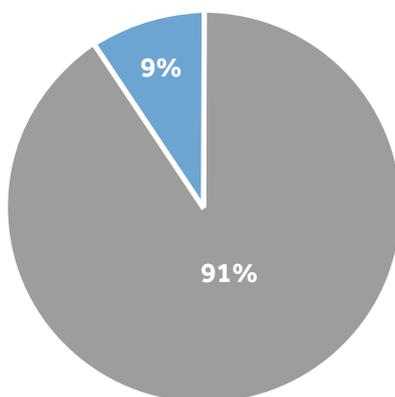
We monitor the implementation of our Code of Conduct (CoC) and FWF's Code of Labour Practices in all of our factories in four primary ways:

**We stay informed** - we collect, store, and maintain detailed information about each of our production sites, and factory sub-contractors.

**We cooperate with other brands** - operating with other brands in shared factories is a key part of our strategy to improve working conditions in our supply chain. Some of our partners are located in far-away places or are much larger than our Company, and therefore our chances of driving

change in the factories are small. Yet when we join forces with other brands sourcing in them, the positive effect is threefold: first, we *avoid audit duplication*, which in turn increases efficiency in three ways: by reducing costs, following up on one single corrective action plan and slimming the organization and 'paperwork' by having one single person on behalf of the sharing brands to lead the communication and progress with the factory. Second, as a single brand we often do not have much influence in a factory; but when we collaborate with others we are likely to amount to a more significant part of the production, which ultimately *enhances our bargaining power and the probabilities for positive outcomes*. A supplier will be more prone to making changes and investments to solve problems in the factories if it is an issue for more brands. And third, sharing best practices. Working with other brands allows us to see how others solve problems which come up in most factories, and thus create common methods and procedures.

In 2019, **91%** of our audited volume was covered with shared audits.



- Shared with other Brands or Institutions
- SALEWA, Dynafit and Wild Country only

**We maintain a dedicated framework for compliance in High Risk Countries** - we require serious commitment from our partners in countries where specific and considerable challenges exist regarding the implementation of ethical labour standards. Factories in these countries must :

- Sign our CoC
- Post FWF's Worker Information Sheet (WIS) in the local language, which includes the FWF's Code of Labour Practices with the 8 labour standards and com-plaint hotline contact information
- Be open to regular social audits, either by FWF or an external auditing body as requested by us
- Continue in a post-audit dialogue with the brand via Corrective Action Plan (i.e. CAP, with steps for remediation and timeline for action)
- Factory staff and employees must periodically participate in training sessions organized by FWF Worker Education Programs (WEPs) or trainings (valid for 3 years)

**The decision to audit a factory is based on the following criteria:**

Expired previous audit (audits are valid for 3 years)

Facilities that produce 2% or more of our FOB, with no valid (recent, full-covering all relevant issues, third-party) audit Facilities where we make up 10% or more of the production capacity, with no valid audit

Facilities in Myanmar or Bangladesh, with no valid audit

Facilities with recent complaints from workers or special challenges

Beyond auditing and corrective action plans, **worker trainings** aim to provide factory managers and workers with the tools they need to start an open dialogue about issues and opportunities in the workplace and about how to improve working conditions in the factory.

- We conducted 6 worker trainings in 2019 (see section Internal Training & Capacity Building)

- Since 2015 we have conducted 21 worker trainings in factories in Bangladesh, China, Ethiopia, Myanmar, Romania, and Vietnam

## A summary of our monitoring in factories in High Risk Countries

Country*	Number of Factories in the country	Number of facilities audited 2017-2019 and follow up through corrective action plan	Percentage of our volume in the country covered with audits
Vietnam	10	9	99,5%**
China	27	12	85,4%
Romania	3	2	99,9%
Bangladesh	4	4	100%
Albania	2	0	0%
Tunisia	1	0	0%
Cambodia	1	1	100%
Moldova	1	1	100%
Myanmar	1	1	100%
Taiwan	1	1	100%
Turkey	1	1	100%

A complete list of all our factories with the relative monitoring and remediation activities can be found in the annex at the end of this Report.

\*Production countries are in descending order according to their share of our production volume (see the “production countries” section above).

\*\*The data refers to third-party audits only. All the Vietnamese factories have been visited in 2019.

As showed in the Annex, this year we visited the Chinese factories that made more than 99% of the FOB volume created in the country.

Romania and Albania, although located in Europe, are not deemed “low-risk” by FWF and we have visited most factories in 2019. The two Albanians factories were audited by us as part of our due diligence, and we have made our own assessments of them.

The factory in Tunisia declared that had third-party audits. We never received the documents, but we have visited the factory.



Photo - Factory 3919 in Vietnam

**We source in Low Risk Countries where possible** - in countries with stable pre-existing local laws and social security in place that ensure a good basis for fair and ethical working conditions, our level of surveillance is lower. However, we still require that factories operating in these countries sign our CoC and post FWF's WIS in the local language to inform workers of their rights. We also visit the factories regularly and make informal audits to ensure compliance with our CoC and FWF's Code of Labour Practices.

In 2019, between **low risk and audited** factories we covered **96% of our FOB value.**



Photo: Factory 3919 in Vietnam

## Ongoing challenges

Over the last five years of our work with FWF we have seen considerable momentum, and while there have been notable improvements on all fronts, some pervasive issues still remain. We believe the real strength of our work lies in the progress made on increasing transparency in the dialogue with our factories, crucial for identifying issues and making the necessary improvements, yet this is an on-going and gradual process.

Another significant challenge continues to be a fragmented supply chain, where, for some lines, we produce in many locations and with relatively small volumes of production in regard to the factory's entire production capacity. This translates into having little negotiating power, it impacts our ability to effect positive change, and makes monitoring and remediation efforts increasingly complex. For this reason, we are continuing to put great emphasis into further consolidating our supply chain, which will remain in progress over the next few upcoming seasons.

As for the most pressing and persistent issues in our monitoring efforts, namely excessive overtime and achieving a living wage, even though we have invested much time and effort, effecting real change remains a challenge. While audits show that the prices we pay are certain to contribute to wages well above the legal minimum wage, efforts to reach a living wage remain on-going. The means of assessing a living wage is complicated and requires a comprehensive overview of the costs of living relative to each of our factory locations. Reliable data is difficult to obtain, among other factors because, understandably, workers have different needs and expenses according to their usual living standards and expectations. Additionally, development and economic conditions evolve and consequently data changes, making our analysis all the more difficult. Regarding our efforts to address excessive overtime, after delving into the core of our production planning to provide our factories forecasts.

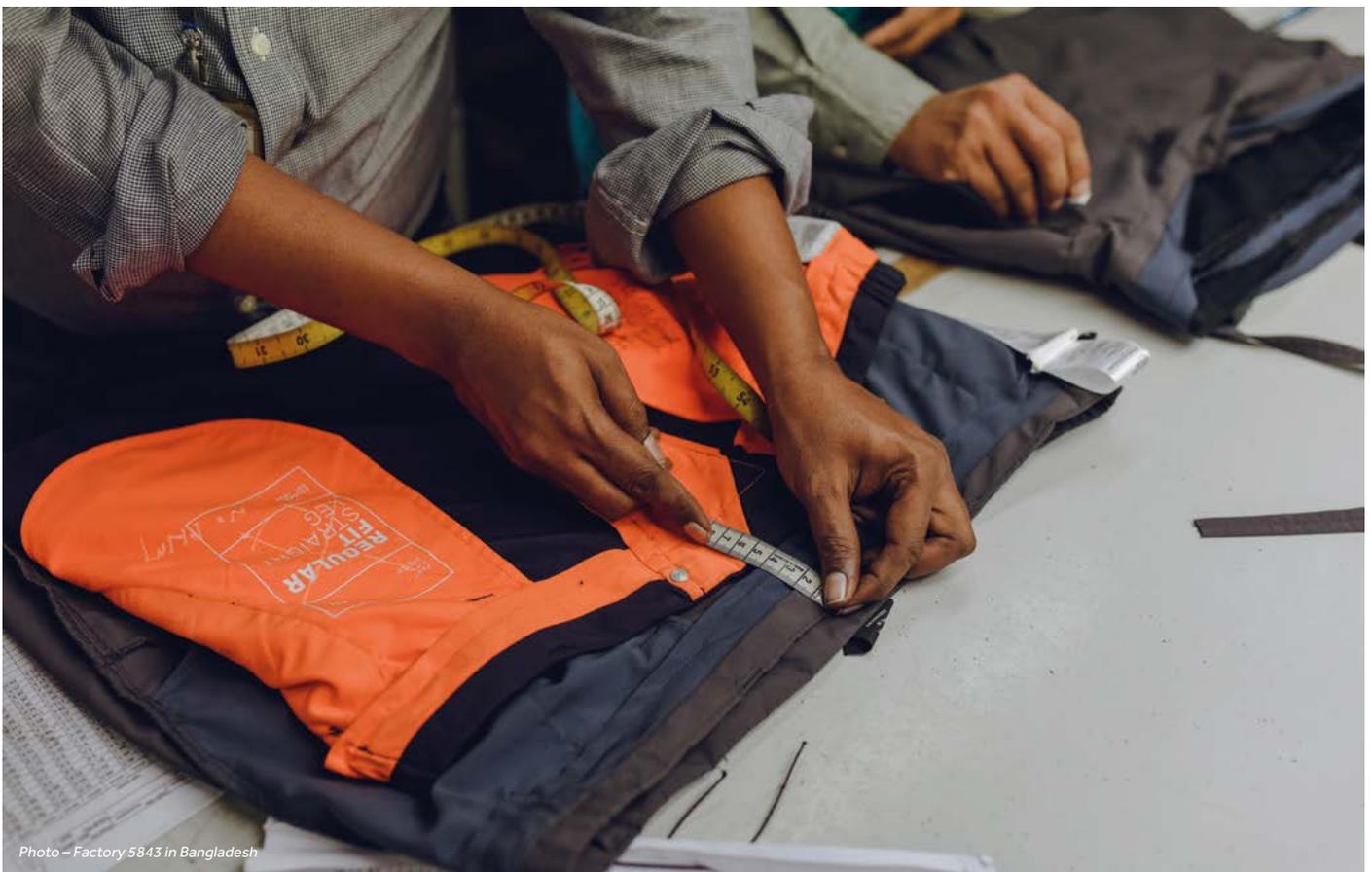


Photo – Factory 5843 in Bangladesh

## Monitoring in 2019 – new audits, progress on Corrective Action Plans and deeper analysis on the more pressing issues

Of our textile production, 81% is located in high-risk countries and therefore, under strict monitoring. In total, we produce in 19 countries around the globe and 11 of them are based in high-risk locations. We have valid audits in 9 of them: Albania, Bangladesh, Cambodia, China, Moldova, Myanmar, Romania, Taiwan, Turkey and Vietnam. In 2019, we covered 95% of this volume by auditing or following up on audits performed between 2017 and 2019.

In 2019, we commissioned audits to FWF in Bangladesh, China, Romania and Vietnam, covering 34,28% of our production volume for the year. The percentage reaches 35,15% when external parties audits are considered. The following is a summary of the findings of these audits in the particular context of each country. This will be followed by an overview of the progress of Corrective Action Plans from previous years' audits in the other "high risk" countries where our products are made.

Last, we will provide a deeper analysis on the two central issues in our verification in 2019: working hours and wages.

### 2019 Audits Bangladesh

Garment production is one of the most significant industries fueling economic growth in Bangladesh, equaling 80% of the export value. The estimated number of garment factories in the country is around 4800. This year our own production in the country raised to 9,43% of our FOB and was spread into 4 factories. This is a 6% increase in the volume we produced, but instead of looking for new factories, we broadened the collaboration with existing ones and actually diminished the number of facilities we source from. Most big garment retailers produce in Bangladesh, and their relative weight in the local economy is large compared to ours. Nevertheless, we take responsibility for our part and invest substantial resources in strengthening our bonds with the factories, transferring knowhow and technology, and also in terms of our due diligence and social compliance work: for while garment production



Photo – Factory 12454 in Bangladesh

is such a relevant part of its economy, this sector continues to be one of the most at risk for workers in terms of health and safety in the workplace, harassment, excessive overtime, low wages, unauthorized sub-contracting, and the lack of mechanisms for collective organization and healthy social dialogue.

We take our monitoring and remediation in Bangladesh very seriously, and our audits (new or continued from past years) cover 100% of the facilities where our products are made.

We commissioned FWF to perform an audit in one factory and 29 issues were found. Ever since we received the report of the two-day audit, we started discussing and collaborating with the factory to solve the findings. We are glad to say that we were able to close 10 of them in short term and that we are working on the others. The main issues to solve that remain are concerning living wage, overtime and health and safety. This last is reflected on several points such as lack of protection equipment, missing records of accidents and disease, blocked exits, absence of ergonomic working stations and trained personnel.

A point not strictly related to the audits conducted in Bangladesh, but related to Due Diligence, concerns the Accord on Fire and Building Safety. It was a legally binding agreement design to build safer working places which was launched by trade unions and brands in May 2013 after the Rana Plaza factory building collapse. In April 2018, the High Court in Bangladesh issued a restraining order on the Transition Accord, resulting to a ceasing of operations. During our due Diligence process, we found that our partners in Bangladesh continued to work on the outstanding issues of the CAPs to exclude issues of structural risk. Even if the Accord is no more active in the country, it maintains its importance in guiding factories towards greater attention to safety.

At the beginning of this year, in Bangladesh, strikes and clashes with the police were escalating and the reasons for these protests were manifold. In that period, a new minimum wage was set but the adjustment was much below what workers expected (8,000 BDT vs 16,000BDT). In addition, a sense of discrimination raised among workers since basic wages for the higher grades did not go up proportionally to the increase in the lowest ones. Finally, after the modification of the minimum wage, the part consisting of benefits increased and the remaining share of the basic wage resulted to be lower than before. Since the basic is the basis for overtime premium remuneration, some workers earned less, even if they were working the same amount of overtime.

The situation was quite tense, especially in Dhaka, and we tried to provide support. We asked our suppliers to pay the new minimum wages, non-statutory elements and overtime remuneration on time and regularly as per law, not to lower the workers' grade levels, not to raise production targets to avoid payment of productivity bonuses, and not to dismiss workers because of their participation to strikes. Since protests may occur because of lack and unclear information, we thought that explaining to workers how their wages are calculated could be helpful.

Collaborating with our Bangladesh team and FWF, we designed an explanation card. It was a simple way of listing the elements of the basic wages – we didn't include the bonuses and benefits since they are different in all factories – and make the factories distributing them to workers alongside with the next wages. We were glad to see how our partners reacted positively to this initiative even if some areas were not at the centre of the strikes.



## আমার ন্যূন্যতম মজুরী কিভাবে গণনা করা হয়?



গ্রেড-১

মজুরীর উপকরণ	পরিমাণ (৳)
মূল মজুরী	১১,২৫৮
পুলী ভাতা (মূল মজুরীর ৫০%)	৫,৬২৯
জিনিসপত্র ভাতা	৩০০
পরিবহন	৩৫০
খাদ্য	৩০০
মোট মজুরী	১৮,২৩৭
ওভারটাইম মজুরী (১০৫.১%) প্রতি ঘন্টা	
বার্ষিক পুঁজি (বেসিক মজুরীর ৫%) বাৎসর মেয়াদের উপর ভিত্তি করে	
মোট মজুরী + ওভারটাইম + বার্ষিক পুঁজি	

## China

China remains the largest garment exporter in the world today, followed by Bangladesh. In 2019, it also remained our largest sourcing country in terms of number of factories we worked with, which totaled 25 and made up 21% of our FOB.

Dynamics in the Chinese garment sector have gone through rapid and dramatic changes lately due to government policy aimed at diversifying the economy and the improvement of living standards of workers. This has resulted in growth of manufacturing expertise contrasted by the closing of many garment factories, the general improvement in wages, employment laws and overall working conditions. However, despite these positive changes, Chinese factories are often in the spotlight when it comes to the labor conditions of workers.

Since it is also one of our key objectives to guarantee that the workers who make our products can work in decent conditions and earn fair wages, we have increased our efforts towards monitoring and following up corrective measures in the factories. In our audits in 2019, like in previous years, we found that issues with excessive overtime and insufficient wages (further aggravated with double-record keeping and a lack of transparency from the factories), freedom of association and collective bargaining prevailed.

A direct consequence of this changing scenario is the fragmentation of our supply chain, where our production is spread across many factories, some of them quite small: 21% of the volume split into 25 factories means the average FOB we had per facility was 0,84% and this is a challenge for the quality of our communication with the supplier and consequently, our monitoring and remediation efforts. Our long-term sourcing strategy to consolidate the supplier network and relocation to a more stable economic environment for our products remains in progress, which will surely help to ameliorate these issues.

After sourcing in 73 factories in China in 2015, we reduced the number of facilities to 51 in 2016, then further down to 38 in 2017 and in 2018 we concentrated our production in 32 factories. In 2019, we produced in 25 facilities, thus leading to a further 22% reduction.

Even though we continue to make progress in shrinking our supplier base, at 25 it is still quite large, and our efforts continue. A particular challenge here is to carry out consistent monitoring in the smallest factories: subcontracted by our business partners (i.e.

we have no direct relationship with them) on an on- and-off basis, with anywhere from 18-40 employees, where we have very small volumes but make up a considerable portion of the production capacity, an official or full audit is neither feasible in the short term nor practical in the long-term. This was the case for 13 factories which together made up a total 3% of our FOB. In agreement with FWF, our QC team conducted 'Basic Health and Safety' checks with FWF's or with our internal auditing system, and we made a close follow-up of the findings we encountered. (see "Tail-End" in the monitoring overview per country at the end of this report).

This year we commissioned three verifications in China to FWF, covering more than 26% of our total production in the country and making up for 8% of our total FOB.

Three of the factories had already been audited by FWF: one in 2013 and 2016, one in 2014 the other one in 2016.

The first audit was conducted in March and 14 issues were found. They concerned mainly awareness of the FWF system and workers rights on freedom of association, payment of living wage, reasonable hours of work, formal contracts, and safe and healthy working conditions. On the face of these

findings we decided to engage the factory in training sessions (Worker Education Programme) to inform workers of their rights and of the tools they have to make them effective. Details of this training are provided in the chapter dedicated to Internal Training & Capacity Building) We are still discussing the other findings with the factory in order to find a solution.

The second audit was made in April, and the discussion with the factory began straightaway. Being a re-audit, the 21 findings are a combination of new, not improved and partially solved findings of past audits. We managed to solve almost 40% of all problems encountered: 4 of them are completely closed and the remaining ones are considered closed by the factory and only pending verification by our local team. As for the remaining 60%, we are working closely with the supplier on the outstanding issues, which regard wages, working hours, safety at the workplace, communication of the FWF Code of Labour Practices, and keeping written track of complaints. The remaining audit was performed in June, and unfortunately only 2 of the total 15 findings were solved in 2019. Even if the volume produced by the facility is quite small, 0,55% of our total FOB, we are continuously discussing with the factory to make all improvements deemed necessary by the audit team.

This year's three audits follow the trends of past years: on wages, the impact of benefits on income stands at 10%-20% of the total earnings and overtime has a bigger share on wage calculation.

Like in the past, in 2019 we found excessive overtime, complicated by inconsistent internal record-keeping and inconsistent tracking of working hours. This lack of transparency makes our follow up of both issues difficult, but our efforts to have dialogue with the factory and find joint corrective measures continues.

Like in previous years, in 2019 we insisted on the importance of trust and openness, non-discriminatory practices and providing equal benefits to all employees, with all suppliers and members of factory management.

Audit findings also indicated a general unawareness among employees of the FWF Code of Labour Practices, rights to collective bargaining and freedom of association. Additionally, a number of general health and safety issues are found across all facilities audited, including: lack of ergonomic work stations, missing protective equipment, some potential maintenance issues, potential fire safety hazards, and lack of legally required certificates. We are following up on the completion of the remediation measures required.



Photo – Factory 5472 in China



## Romania

After Turkey, Romania's garment industry is the most important in Central and Eastern Europe and it also plays an important role in Romania's economy.

In 2016 we sourced in three factories counting for 6% of our FOB, in 2017 we increased this percentage, reaching 16%.

In 2018 we stopped producing garments in this country, and since then, have only one partner who owns two factories and produces footwear for us. Nonetheless, we increased our production volume to 18% of our total value, an increase of almost 15%, by bringing some items that were previously made in Asia, "closer to home". In 2019, we purchased almost 5% in this facility and another 10% was moved by the supplier in another of its factories.

Our products amount to 90% of the this last factory's total production capacity, we are one of the biggest client of the supplier. This evolution and the long-term partnership have meant that we have been able to work more closely with the factory to improve working conditions.

Since the beginning of our collaboration, it has been audited by FWF three times, namely in 2013, 2015 and 2018. According to the latest update, the factory fulfilled all recommendations previously requested by the auditors.

Due to the growth in volumes of our production, the supplier opened another facility, close to the one we had audited in 2018 with FWF. They share the same procedures, and some of the management and quality control staff. We requested FWF to make an audit, and it took place in December 2019. The audit results were communicated to us in late January 2020, the follow up of the corrective action plan will take place in the following year.

Some irregularities regarding H&S were found, such as issues with fire safety, improper chemical recording, lack of ergonomic work stations and protective equipment. Overtime does not have big impact on workers' wages since it is rarely performed. Instead, workers showed little awareness on FWF and freedom of association.

We are in constant and open dialogue with the factory and are confident that they will be soon solved.

## Vietnam

In recent years, Vietnam has become an important country for the production of outdoor apparel, particularly for footwear. In terms of our own supply chain, it is where the majority of our FOB comes from.

In 2019, 30% of our total FOB was made in 3 Vietnamese factories. Over the last few years, we have managed to cover 99,5% of all the volume in the factories in the country in our monitoring. We are currently relying, almost entirely, on FWF reports which cover 96,72% of our audited volume in the country.

Among them, three were conducted in 2019, covering almost half of the volume we produced in the country.

The first factory had previously been audited in 2013 and 2016, and the 2019 audit was conducted in March. The auditors found in total 30 issues, ranging from policy communication, freedom of association & collective bargaining, compensation, contracts, health & safety and overtime.

Workers showed lack of awareness on FWF, CoLP and complaints mechanisms, even though we had organized a workers' training programme (WEP) in 2018. Another important issue reported concerned the lack of an independent union of workers. As a matter of fact, the current Union Chairperson is also a compliance officer of the company and part of the management.

Another issue found was the lack of payment of leave and benefits according to legal requirements, which appears to occur whenever workers are considered to illegally terminate their contract, or when members of the fire team participate in training.

The biggest problems pertain to general workplace health and safety: lack of ergonomic working stations, some hygiene issues, insufficient first aid boxes, chemical safety records. In addition, auditors found a lack of accuracy in recording and investigating minor work-related accidents. The factory doesn't have the legally required number of OSH officers and the collaborator network is not fully trained. Other problems on health and safety concern not properly installed and maintained dangerous machines and equipment, together with missing PPE. Last, it was found that the facility does not comply with the monthly and yearly overtime limits. Unfortunately, communication with the factory has been quite difficult and we have not been able to receive feedback on the improvements made so far.

The second factory was audited in 2016 and in April 2019.

The report followed the same tendency of the other audit conducted. The issues found regarded health & safety, living wages, overtime, freedom of association and contracts.

We found the same situation in the last factory we audited in August 2019, previously visited by the FWF team in 2014 and 2017. In the following months, we managed to close 4 issues of safety & health concerning first aid kits, fire extinguishers, safety signs and protection measures. For other 7, we are waiting for a final verification from our local quality team to declare them closed as well. We were not able to solve the other issues about freedom of association, factory communication, health and safety, living wages and overtime. This last topic has been confirmed as one of the most pressing and important ones as shown by a worker's complaint we received and dealt with in the course of the year (more details in the chapter Complaints Handling).

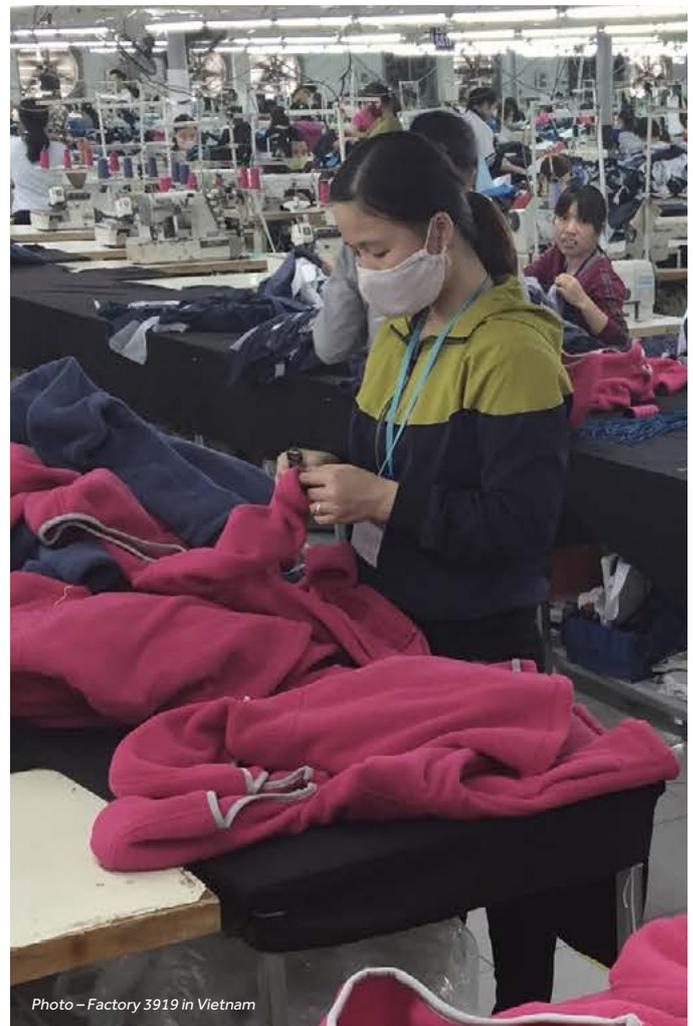


Photo – Factory 3919 in Vietnam

## Corrective action plans of previous audits

### Analysis per country

After each factory audit, a corrective action plan (CAP) is made and shared with management, and a timeline for improvements is set. CAPs are useful for monitoring the progress on issues affecting working conditions after the date of the official audit. Our final goal is to solve all the findings recorded, thus we constantly work on CAP follow-ups.

Some issues may be solved in relatively short timelines, but others, requiring management or company cultural changes, require

deeper analysis, longer planning and extra time for implementation. Therefore, we follow on audits up to 3 years on, after which a new audit is done to look at the whole picture again.

In the last year, we have actively followed-up on 18 audits done prior to 2019, covering the 41% of our total FOB. The following per-country analysis is a summary of the findings status of the audits conducted in the countries where FWF teams haven't visited any of our factories.

## Cambodia

One of our partners has a factory in Cambodia, where 0,43% of our volume is produced.. Our supplier is committed to implementing our CoC and FWF's Code of Labour Practices.

In 2018, the factory was audited and many issues regarding working conditions was found.

*Most of the management practices and health and safety issues were solved in a short time, as well as compensation and potential child labour problems.*

Some findings regarding freedom of association, working hours, and forced labour are still pending. In 2019, we strived to collect more information and follow-up but have encountered some problem in the collaboration with the factory.

### Findings

FWF code	%FOB	Audit	Closed	Pending verification	In progress	To be discussed
7218	0,43%	EXT SUM 2018	21	-	10	-

## Myanmar

Up until 2012, production in Myanmar was strictly prohibited by FWF. Today, even though the country has been democratized it remains an area of high concern and FWF members are required to follow a strict due diligence protocol. Garment workers in Myanmar often endure low wages, long working hours, denial of freedom of association and collective bargaining rights, and incidents of verbal and sometimes physical abuse. There is also a high risk of child labour. Like in previous years, our presence in Myanmar was not really significant: we sourced at only one factory and the production volume made up a mere 0,19% of our total FOB. Furthermore, in December 2017, upon request from one of our supplier, we agreed to stop sourcing with the factory, after the delivery of our summer 2018 orders.

*We stayed in good terms with the supplier, and having invested heavily in the partnership, we followed-up on the issues recorded in the 2017 audit.*

The reasons for this were that we had made great progress until then and wanted to see how much further they would advance, but also because we do not exclude that we will source in Myanmar in the future, and wanted to stay connected to the country in some way. Fortunately, our time and efforts paid off. Even if we were no longer collaborating with the previous supplier, we have started working with another one. The facility has been audited in January 2019 and the general situation was not worrying. Only three findings on social management and health and safety have been recorder and soon solved.

Moreover, in November 2019, one of the planned supplier for 2020 production attended a seminar organized by FWF. The focus was on implementing robust system for child labour and age verification policies. When we first reached the factory for proposing this seminar, they gladly accepted this opportunity to know more about this important part of social compliance. After the training day, they stated that it was quite useful to go in details on child labour law and age verification system.

### Findings

FWF code	%FOB	Audit	Closed	Pending verification	In progress	To be discussed
14381	0,19%	EXT BSCI 2019	3	-	-	-

## Taiwan

For cut and sewn goods we produced only in 1 factory in Taiwan in 2019, which made up 0,14% of our total FOB.

One of the key issues found was overtime and the lack of an effective work schedule. Another important finding was a recruitment fee applied to migrant workers which was later confirmed to be borne by the employer, and not the workers. Also a handful of workplace safety issues were identified. Some of the minor issues included missing or blocked safety signage, and extension cords lying about in the walkways.

Some more critical issues included workstations partially blocked with work-in-progress materials, blocked fire extinguishers, emergency exits that opened inward (opposite of the flow of travel), machinery missing the safety cover plate for electrical wiring, and one locked emergency exit. *However, upon their identification factory management was very responsive and addressed all these potential hazards, fixing most issues immediately.*

In 2019, we already started planning new actions to take next year to better monitor working conditions in Taiwan.

### Findings

FWF code	%FOB	Audit	Closed	Pending verification	In progress	To be discussed
2997	0,14%	Feng Yi 2017	8	-	3	-

## Turkey

Turkey is one of the biggest textile and apparel manufacturing countries and it is ranked as the 3rd largest supplier to the EU. In 2019, we produced in 1 factories making up 0.06% of our total FOB. Even if the volume is quite small, this facility has been audited in 2019.

We are glad to state that parts of the findings recorded in the previous audit in 2017 were officially closed. Some others were still found in this last visit, such as issues on payment of wages and social insurance. This means that our work with the factory is not complete yet.

### Findings

FWF code	%FOB	Audit	Closed	Pending verification	In progress	To be discussed
12460	0,06%	EXT BSCI 2019	-	-	-	5

## A deeper look into the most pressing issues: overtime and wages

### Working hours

According to laws and international standards, reflected in our CoC and the FWF's Code of Labour practices, workers should have at least one day off for every seven-day period and worked time must not exceed 48 hours per week. If overtime is necessary it must be voluntary, not occur on a regular basis and may not exceed 12 hours per week, so maximum working hours must remain within 60 per week. Excessive overtime is one of the most prominent workers' rights violations in garment factories. It is a complex issue and difficult to deal with because of two reasons: first, the difficulty in tackling this matter with factories which are not owned by us, form a distance, including transparency and reliability of working hour records. And secondly, the multiplicity of its causes, that range from the "natural" peaks in the production due to seasonal orders, to the fact that the phenomenon might be occasional and therefore hard to track, or "already happened", and the influx of the behavior of other brands and buyers in their purchasing practices. A factory may resort to overtime for a number of reasons, like weak production planning, bottle necks in the production phase, insufficient training of operators, and delays in receiving trims, to name a few. But these are only the causes related to suppliers, and when looking at overtime it is important to analyse first and foremost, if we are a part of the problem in our product development or in our production planning, i.e. too tight delivery times, late product confirmation, last-minute changes, urgent orders, none or unreliable forecasting, insufficient planning.

So back in 2016, when we began to tackle this issue in a systematic manner, the first step was to find out the root causes of the problem by asking all suppliers to give us feedback on the possible trigger. We didn't obtain many answers, and those we collected were vague or are not exhaustive for understanding the potential issues causing excessive overtime, or the factories said it was due to other brands' poor planning. In these cases we were not able to effectively tackle the issue. Only one factory explained the reasons behind the problem and this allowed us to work on preventive actions. The supplier suggested a possible cause for overtime could be in our product development being too slow for the leadtimes we requested. So we piloted a comprehensive questionnaire with the

factory to find out the tight spots between our product development, production planning and orders, and shared the Feedback given by the factory with our product managers to try to improve for future seasons.

We are satisfied of the results of working with this questionnaire and after 3 years of follow up, it has become the main tool to assess our possible responsibility in cases of overtime and the measures to better collaborate with the supplier and prevent its recurrence (see below factory 5421).

For the remaining factories, where feedback did not take us much further, we had to set a series of corrective and preventive actions in order to tackle this issue, based solely on audit documentation and findings, as part of our corrective action plan follow-up.

But we were not able to work more systematically. It is impossible to do so, if factories are not able to provide the information on their planning policies, or suggest improvements on our purchasing practices. We know there are problems of overtime in garment factories, and our goal is to detect, assess and prevent overtime, but we have not been able to establish measures within our control to ameliorate the situation. So we decided to go a step back and conduct a comprehensive study for analyzing the current working hours situation in the factories audited by FWF and other third-party auditing companies. This deeper analysis is part of the Evaluation Tool developed in 2018 which assess the suppliers' compliance with our Code of Conduct. With this method we can standardize audit findings, systematically measure the weight and the urgency of the issues and integrate auditing systems and results from various initiatives, using all available data and avoiding audit fatigue at suppliers. This tool helps us monitor and rate the evolution and improvements of factories. We can understand the most recurring findings and establish country or working standard based patterns.

In the first comprehensive study on overtime that we conducted, we chose to focus only on 2018 reports, since they provided the most updated information and could more easily be used as a starting point to make improvements.



Photo – Factory 5843 in Bangladesh

Our goal was to be able to analyze the situation per factory and per country, based on the CAP of the audited factories in relation to the following possible findings:

- Overtime is not voluntary
- Hours could not be verified due to inconsistent or incomplete records
- Company does not have a regulated or functional working hour registration
- Isolated inconsistencies between payroll records, payslips and other records (poor record keeping)
- No clear policy on overtime hours and/or policy has not been communicated to/or understood by workers
- Overtime is not announced in advance and/or imposed without consent given by workers
- Total working hours exceed 60 hours a week
- Total working hours regularly exceed 48 hours (or local law when lower) to 60 hours a week
- Workers do not receive 1 day off after 6 days of consecutive work

Out of the 13 audits conducted in 2018, only 11 had complete information about hours of work (5 in China, 3 in Bangladesh, 1 in Vietnam, 1 in Romania and 1 in Cambodia) and this corresponds to ca. 32% of the FOB 2018 produced in high-risk countries. In 2019, we worked on the remediation of the issues found in the audits,

with some limitations: only 8 of these facilities continued to make our products, and 4 of these had already scored “excellent” in our assessment of the issues listed above. As for the 4 remaining factories, despite months of close collaboration with the factories to tackle overtime, we haven’t been able to advance much. In 2 cases we haven’t received any answers to our questions and in the other 2 we have made some progress: these factories have stated that they have now changed their production planning to minimize the risk of overtime, and we will check their time records before treating these issues as “solved”.

We conducted the same analysis with the 13 audits conducted in 2019. Fortunately, all of them provided enough information to allow for a comprehensive overview, covering all the criteria set out on the “list of possible findings on overtime” above.

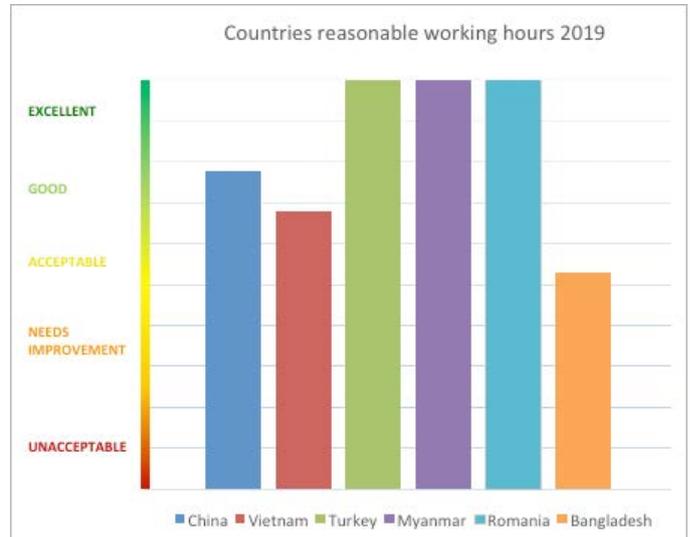
It is important to clarify that the label name on the evaluation and in the graphs below is not a judgment on the overall quality of the working conditions. This is particularly true for the area acceptable. Factories falling under this category have some important issues to deal with, which don’t make their working conditions actually ‘acceptable’, but due to the numeric allocation and relative weight of findings, they land in that category.

The 1st analysis was conducted on a factory level.



As we can see, the majority of factories reaches the good and excellent level. In 3 of them, no overtime problem is found and they have top scores. No factory was in a worrying situation and only one (12454) was rated acceptable. The reason behind this poorer mark is can be attributed to the occurrence of three critical issues: the overtime records shows that during April 2019 the sewing/ cutting and finishing departments worked excessive overtime in the measure of 50%-60% above the legal limit. The day off was often missed and the management of the factory did not consult the workers before planning overtime. As a result, they knew they were required to perform more hours “on the day”. These last two findings have been largely corrected, now the factory announces the need for overtime one week in advance, and only in special cases the same morning. Performing more hours of work is voluntary and the management has made a production planning that ensures a day off as per law. We are still in conducting some checks in order to consider these as closed findings, but we are glad of the good collaboration and communication we could start with the factory. In one facility (5421), a worker filed a complaint on overtime using FWF’s helpline, (more details in the chapter on Complaints handling). We are still in the preliminary phase, where the facts and circumstances are clarified, and we asked the supplier directly if the alleged overtime was caused by us in any way – late product development, sudden orders, not allowing enough time for production. Even though the factory has stated that we did not cause this OT we have readjusted the questionnaire used in 2016 to make it an even more specific tool to understand how our brand and other customers may have an impact the creation of overtime at a factory.

The 2nd analysis was made on a country level:



China is almost in the “excellent” category, but none of the audited facilities comply with the monthly overtime limit of 30 hours and three of them have also some issues concerning missing day off after 6 consecutive days of work.

Vietnam is much more far from the top since all the factories audited in 2019 occasionally or regularly performed more overtime than legally acceptable and two of them did not provide a day off. Additionally, one of the facilities had also inconsistent records.

In Romania, Myanmar and Turkey, no problems connected with working hours were found since overtime is performed rarely. We weren’t surprised of finding this situation in Romania, since the same supplier owns another factory nearby, which we audited in 2018 and there were no problems of overtime in it either.

Bangladesh is represented only by the previously described factory, for this reason its score is low.

## Living wage

A living wage is the compensation necessary for a worker to meet his or her basic needs and provide some discretionary income. It should be earned during regular working hours and must not include overtime pay or incentive bonuses.

Workers in the garment industry often earn poverty-level wages and fair compensation is therefore one of the challenges we face.

Through auditing and communication with our suppliers, we have been able to ascertain that in all the factories we collaborate with, the basic requirement of paying the minimum wage established by Law is met, but we also know that this amount of money is not enough to enable the workers to achieve good living conditions.

The key to obtaining significant improvements on the payment of a living wage is through setting a reliable and strong process.

Studies in Living Wage and advice provided by our stakeholders in this matter (Clean Clothes Campaign, Fair Wear Foundation), say that in order to do this, a Company must have:

- Living wage commitment
- Clear benchmarks for a minimum living wage
- Purchasing practices that make living wages possible
- Transparency
- A clear roadmap for implementing a living wage for all workers

## Complexity

Being committed is not enough, it is not just a matter of allocating the resources. There are many risks that have to be taken into account in making a case, and setting the process for a Living Wage. We began to build this process more than 5 years ago, and have faced many questions and challenges. Like any other project in a Company, a case has to be built for dedicating resources, human and financial, into assessing the situation and, if a problem were to be found (i.e. lack of payment of living wages) and the need to solve it arose (making sure that workers in the factories making our products receive living wages), reserve the financial resources required. Some of the questions or problems we needed to solve:

- Is there resistance from the Purchasing department to address the issue with supplier for fear of higher quotations or termination of relationship?
- If working with an intermediary, is he willing to cooperate and involve the factory in the discussion?
- Is a long-term relationship or an important one at risk, if we address this with the supplier? Will this damage the dialogue and the

trust, rather than strengthening the bonds with the Company?

- Are suppliers willing to disclose the wage structure of the factory?
- Are suppliers willing to implement or disclose minute costs within labour costs?
- Would the Purchasing department be able to reduce margin or is it bound to targets imposed by the Company?
- Would the Company be willing to allocate budget to cover extra costs of wage surplus in the factories?
- Is it really worth it, i.e. what is the impact, if we have such low leverage (we purchase small volumes) in the factories?
- Are other brands willing to participate in the joint financing of Living Wages (to counter the lack of leverage in factories where there are no other FWF members sourcing)?
- Lack of reliable sources for determining the target wages, i.e. what constitutes a living wage in each country and region where our products are made.
- Additional payments not arriving to the workers.

## The process

Before delving into the Living Wage scenario, we made a “SWOT” analysis of the status quo and position of our Company:

### Strengths

- Consolidated suppliers and factories base
- Committed staff
- Good relations with most suppliers
- Open Costing
- High volume of audited factories - suppliers disclosed information

### Weaknesses

- Low leverage at most suppliers
- Low reliability of information provided
- No experience in living wages
- No reliable information in living costs in locations
- High pressure for keeping the margin and low cost
- Complex price structure (open costing but some items are paid per piece and “labour costs” are a closed amount, not transparent and with no “ppm”)

### Opportunities

- Make real steps in living wage and improving workers’ lives
- Getting an overview of cost structures in the company

## Threats

- Losing suppliers
- Low or no impact – workers for the manufacture of our products change, it is difficult to ensure that the extra sums reach them

## The beginning – and the end

FWF's motto reads "Start paying higher wages. Now. Analyse what worked and what didn't. And then keep going".

FWF's position on living wage payment is much broader and more complex. The process is made of little achievements and "measuring wages doesn't always give a picture about the brands measures and steps taken already. It is key to also measure the steps that are taken in between. Let's not forget that many steps must come before brands are able to tackle wage improvements with their suppliers"(FWF).

Recommendations from NGOs on Living Wage studies and reports repeat continuously that brands must pay higher salaries. However, why should we assume that brands are not paying wages which are high enough? Why should we assume that factories do not pay living wages to workers? What happens if a brand makes sure to be paying wages which are high enough, but cannot make sure that they reach the workers?

It is important to be aware that, even though our commitment to ensure the payment of living wages is set in our Code of Conduct, incorporated in our price dealings and reminded to our suppliers on a regular basis, factories have the ultimate responsibility in ensuring the effectiveness of this: we pay for a finished product and must rely on our partners fulfilling their part i.e. effectively transferring the sum that we set out for covering fair wages, to the workers. And if factories assure us that they do pay living wages, but do not disclose wage details because of the confidential character of the information or for any other commercial reason, should we or do we have the right to assume the contrary? Not really. We should and will continue to work with our suppliers to gather the information to check IF they are already paying living wages, and make sure that we can jointly find solutions for those who are not. We need to involve them in this endeavor, because it is a common project. It is for the better of the workers, of the factories and of our products.

## The long journey

In the last 5 years we have gone through different scenarios for deciding how to best tackle living wages and have encountered a series of hurdles along the way. We have reported this in our past Social

Reports quite broadly, without going into detail, because we would rather give results and solid data, and during all these years, despite deep and constant work, we have been able to make slow progress. So in our last reports, we restated our goal of making sure that living wages were paid in the factories, enounced some of the difficulties in obtaining information, and reiterated our will to continue the road we had commenced years back for:

- Calculating a reliable living wage benchmark to measure workers' pay against
- Having more transparent information from all producing factories
- Investigating potential solution, and our share in the relative costs

Thanks to our dialogue with Clean Clothes Campaign, we realized that some stakeholders out there were genuinely interested in following our progress, not just our success. So this year we decided to dedicate a couple of pages to let you have a deeper insight into what we have found – or are still striving to find.

In 2019 we continued to follow the steps we had set in the previous years:

1. Setting a reliable benchmark or "target wage"
2. Getting wage data
3. Getting suppliers to confirm the target wage
4. Assessing the gap

**1. Setting benchmark** is a very complex task. There is no single indicator for the amount that should constitute a living wage, and each country, each culture and even each person might have different parameters for what should fulfill a decent standard or for determining an acceptable amount of "disposable income".

At the time when we began to approach this matter, our intention was to make a pilot project with one of our long-term suppliers in China.

So we studied the possibilities of discussing the benchmark suggested by FWF for China, the Asia Floor Wage (AFW). AFW establishes a benchmark of 4547 RMB for the whole country. However, China is divided into 32 regions, and each one is again split in 2 or more "wage" zones, for a total of 116 zones and 51 different minimum wages, according to the living costs of each area. They range from 1000 to 2420 RMB and applying a unique benchmark, as the Asia Floor Wage, would not be accurate. As far as our factory base, facilities are located in 14 cities with 8 different minimum wages ranging from 1380 to 2200 RMB. This is why one of the most important tasks we gave ourselves was to determine a target wage per area, against which we could compare the factory wages.

Even very accurate studies by specialized organizations, international bodies and NGOs, do not provide a single answer which can be applied overall.

Some indicators given by excellent studies, like the work of the Global Living Wage Coalition are excellent but do not cover all the countries where we are active, and with the rapid changes occurring in the world, and inside the factories, can quickly become outdated: the GLWC report we decided to use for Bangladesh is from 2016.

**2. Gathering wage data** to be aware of the current situation and understanding which are the actions to take to ensure a living wage for all workers is quite complex.

One important matter in our work so far, is that up until now, we have focused on the factories located in “high risk” countries, and left those located in “low-risk” contexts out, following the distinction made by Fair Wear Foundation: based on the assumption that the first set are bound to have rules and regulations in place be able to guarantee the upholding of the 8 labour standards, which includes the payment of a living wage, FWF sets a tough monitoring system for countries which fall under “high risk”, where this might not be the case.

We collect data on the wages paid by the factory and we collaborate with our suppliers in order to have an overall picture. We do this through third party auditing mostly with Fair Wear Foundation, who has experts in each country that provide full wage analyses, and constant dialogue with our suppliers. Then, we classify the total salaries into regular, benefit and overtime incomes for lower-paid and mode workers. The gathered information is the beating heart of the in-depth analysis conducted on the factories based in high-risk countries. Evaluating living wage requires high quality data, thus we can only process the feedback from facilities that provide precise and reliable information, which in 2019 amounted to 85% of our FOB (high-risk only).

Sometimes we also face an additional hurdle connected with the type of payment. Analyzing wages in China, we have found that 32% of factories pay wages on piece rate, thus the salary amount is based on production output.

This is further complicated by the fact that workers may produce different items, with varying degrees of difficulty, in the same month, resulting in “output” that is not easy to compare. Therefore, our due diligence regarding overtime and wages calls for checking that in factories where workers are paid “per-item”, prices negotiated with our suppliers allow for reasonable working times and wages.

**3. Getting a confirmation from our suppliers on the accuracy of the “target wage”** reflects the judgments of various organizations and suppliers. This data plays a fundamental role in the wages evaluation of the in-depth analysis.

In 2018, we defined a set of potential benchmarks to use in our analysis and in 2019 we put a lot of efforts in asking our suppliers if the living wages suggested were aligned with their experience. Unfortunately, this turned out to be a blind alley and we had to change course, yet again.

Our priority was not to lose the progress made so far and to continue to work consistently on this challenge. We therefore decided to try the strategy of a fellow brand who is also FWF member and thus committed to improving working conditions: taking the legal minimum wage increased by 20% as a benchmark, a good compromise between precision and ease of calculation.

**4. Assessing the gap** is the last step of the process.

We applied the new benchmark to the 13 audits conducted in 2019, to ensure that we were using the most updated data.. In two of them, the information provided was are not enough to enable a good level of analysis. In two others, the degree of detail of the data is limited, but it allowed us to obtain information about lower paid workers. The goal is to pay the target wage to each worker, so despite the scarcity of the data we could calculate the gap for the most disadvantaged category, i.e. the lowest-paid workers. The other 9 audits allowed us to go deeper, i.e. to understand the impact of benefits and overtime payments for the different categories of workers.

In sum, we were able to conduct more accurate analysis on eleven audits. Cross-referencing the salary data obtained by the lowest paid workers with the target wage (legal minimum wage + 20%) we found that the target was reached for nearly 60% of the FOB and with sufficient information. Considering the mode workers, i.e. the majority of the laborers of each factory, the percentage increases to 68,49%.

In last year’s Social Report we wrote that the road was still long. In 2019, we were able to see the first results of years of efforts: we were able to accomplish the first target, setting the benchmark, and advance in the second one, getting better quality wage data. We need to keep up the good work done so far.

## The FWF complaints procedure

FWF gives brands the opportunity to provide direct support to workers in their supply chains. Workers or worker representatives file a formal complaint against their employer via the FWF complaints hotline; then FWF forwards the complaint to the brand, and the brand must notify the factory immediately and try to solve it as soon as possible. Once the facts are verified and the factory commits to carry out the required remediation measures, we make suggestion on preventive actions, to avoid the repetition of the situation. Once this process is completed, we notify FWF and they publish the complaint on their website. We take complaints very

seriously and have a person who is specifically working to respond to these incidents as soon as they arise.

In 2019, we dealt with 3 formal complaints made via the FWF hotline. The issues that workers complained about were their contractual rights, the payment of a wages, discrimination, and working hours.

The short descriptions below provide an overview of the complaints, how they were handled, their ultimate resolution, and the preventive measures that we agreed on with the suppliers.

### Complaint #1

#### Factory 5421: Vietnam

24 March 2019

The complainant was a helper/unskilled worker on a one-month probation period. Two weeks before the end of the trial period, the factory gave her a one-year contract that she didn't signed. At the end of the probation month, she applied a resignation letter and the factory refused to pay the wages she was entitled to for 9.5 working days and 8.5 hours of overtime. She filed the complaint, which was declared to be admissible and considered to be violating the FWF's Code of Labour Practices #8 'Legally binding employment relation' and #5 'Payment of a living wage'. When she asked for her salary, the HR officer gave her an envelope containing her wages and pay slips, but then took it back immediately and postponed the meeting to the following day. When the complainant tried to resolve the pending issue, the HR officer replied that she owed half of her salary to the factory since she had quit her job.

After having investigated deeper into the case, it appeared that it was a misunderstanding of the HR department.

The worker didn't need to resign officially before the ending of the probation period. The complaint was soon closed with the payment of the remaining dues to the worker.

### Complaint #2

#### Factory 12454: Bangladesh

21 July 2019

The complainant was an operator who had been working at the factory for three years. She was four months pregnant with her third child. According to the worker, the management suggested she should resign so they wouldn't have to pay her maternity benefit. She refused to do so but was anyway obliged to sign the resignation letter. Since she was entitled to receive both maternity leaves and benefits, the complaint was judged admissible falling under FWF's Code of Labour Practices #8 '*Legally binding employment relation*', #5 '*Payment of a living wage*' and #2 '*No discrimination*'. We contacted the factory and after few days the floor administrative person & welfare officer admitted having suggested her to resign if she felt it was a problem to work, but not forcing her to do so. After this declaration, the HR & Compliance team assured us that they had not made her sign any resignation letter. Thus, the worker could keep her job, have the maternity leave, but no financial benefits since she was not entitled to them according to Bangladeshi law. The complaint was closed and, for avoiding these types of situations from happening again, the factory included an Anti-Harassment Committee (AHC: internal group that ensures a harassment-free environment for all workers) and a specific focus on the activities in its introduction training to new employees, assured that AHC meetings are conducted on a regular interval and periodical awareness courses for mid-management, AHC & Participation Committee representatives are organized.

## Complaint #3

### Factory 5421: Vietnam

8 August 2019

Two issues were pointed out on the complaint: poor meals and excessive overtime. The complainant stated that since January he worked up to 70-80 overtime hours per month. Moreover, he had to work on some Sundays in June and July. The complainant didn't contact the internal grievance system first because he was afraid he would be fired.

The first part of the complaint concerned the quality and the quantity of the meals provided. The factory explained that catering is outsourced in order to guarantee better quality and menus include meat, vegetable, soup and an unlimited quantity of rice, and that the meals served are aligned with the standard level of other factories. Our European Quality Control Specialist, normally eats at the same canteen and he never noticed this lack of quality and quantity.

We are still not sure whether this part of the complaint is well-founded or not.

As for the second part of the claim, FWF considered it admissible as a violation of FWF's Code of Labour Practices #6 'Reasonable hours of work'. Overtime is a difficult issue to tackle. The factory stated that they are adjusting their production planning to avoid overtime and Sunday work. While discussing shipping and order planning, it was found that the reason for the overtime was mainly due to delays in the supply chain. Even if the complaint was caused by external events, to prevent the occurrence of overtime in the future, we developed a tool for gathering precise data with a double purpose: helping the factory to identify potential bottlenecks in the production, and understanding the brands' role in generating and possibly preventing excessive overtime.



Photo – Factory 3919 in Vietnam

## Activities to Inform Staff Members

Our social compliance work also includes internal initiatives. Our pledge towards transparency and social justice in our supply chain is something we are very proud of. We believe that all members of the company should act as ambassadors of these achievements, and why we work to inform all employees about our work. For example, at our company-wide Employee Meetings our CEO or Manager describes both our environmental and social compliance activities. This includes details about our on-going work, the challenges faced, and the milestones achieved. We also believe this is an important moment where annually we restate our greater value as a company, and a reminder of our dedication to improving the everyday lives of those working to make our products - no matter where they are in the world. For the first year, during the two Oberalp Conventions, a specific corner was dedicated to sustainability. In the lounge, we had the chance to speak with our colleagues, dealers and clients about our social compliance and sustainability work. Likewise, it was integral to the training of our retail staff. The Retail Academy is a bi-annual session with members of our retail staff to educate them about products, the company mission and values, and Sustainability activities. Social compliance and our partnership with FWF make up a big part of how we internally communicate and educate staff not only on our Sustainability work, but also on our greater mission and values. This year we held sessions with Italian, German, Swiss and Austrian retail teams, and they were very pleased with the results we have been able to achieve. In 2019, we also conducted sustainability trainings in 11 of our retail shops in Italy, Switzerland, Austria, Spain. The objective of these trainings was to share in-depth information on our work and recent achievements and give the staff the adequate knowledge and background to be able to share this information with our final consumers. For all new Oberalp employees, an introduction to the importance of Social Compliance for the company has been organized to ensure that they know how the factories in which we produce are selected and monitored. For three new employees, the induction phase was more thorough. The new Quality Assurance & Production Manager of the Apparel division was given full training on the topic and the new

Operations and R&D Director of the Footwear and Equipment division was also provided with a specific focus on the management of Social Compliance issues in his team. At last, the new member of the Sustainability team, who will be mainly in charge of Social Compliance, has been deeply and constantly trained on the topic. In September, during the first Salewa Athletes and Influencer Summit, we organized a training session for our ambassadors to give them more details to share with their followers about sustainability and social compliance. We were glad to see that some of them were genuinely interested in the monitoring phase and improvement of working conditions; we are thinking about engaging them more in communicating this topics to our consumers.

Finally, we ensure all of our production partners -- whether they are agents, intermediaries, or factories -- are aware of and committed to our CoC, and FWF's Code of Labour Practices. In the cases where we do not have direct contact with a factory, but instead communicate via an agent or intermediary it is the agent's or intermediary's responsibility to ensure compliance to our social standards.

Our local Quality Control teams carry our audits in new factories as part of our due diligence. As a condition for on-boarding new partners, we make an assessment on the social standards of prospective facilities, to measure compliance with our own standards, and management practices together with commitment to improvement of problems. We have been doing this for a long time, before we became members of FWF and therefore we were practically evaluating factories with these two standards. This was not efficient, so we decided to adapt our assessment forms to those used by FWF audits. This enables us to evaluate our suppliers in a more consistent manner. To better analyze also the smallest factories ("Tail End") we are working with, we have updated our Factory Assessment Form in collaboration with our Quality Control Specialist, the company's eyes in the factories. This form allows her and the other colleagues in charge of checking the quality of products to conduct better assessments of factories and screenings procedures when on-boarding new ones. This year, we also have included our Vietnamese Quality Controller of Equipment in

the internal training design of one of the largest factories (5645) with the integration of Fair Wear content. Last year she had already been involved in resolving and remedying the complaint at another factory. At the beginning of the year we had a series of meetings with an expert safety consultant in Bangladesh, who also works with FWF, to train our staff on how to follow the Accord's CAPs. The intention was not to train them as auditors or to validate the completion of the corrective actions but to give them training to understand the priorities of the CAPs and identify acute risk situations in factories in view of the uncertainty that the Accord would follow in the country. After the first meetings, however, our Senior QC in Bangladesh resigned and the process stopped.

In 2018, we engaged a member of our local Chinese team in FWF audits carried out in two factories, as a form of training. There, she had the chance to take part in professional auditing, interviewing of workers, document verification, questioning of factory staff and general dialogue regarding social compliance in the factory.

This helped her to gain confidence in her own auditing tasks and improve dialogue on these matters with the factories.

After this positive experience, we offered the same to our Licensee manager, who is in charge of aligning our license partners with our Social Compliance standards. In essence, licensees may independently develop and sell collections, in exchange for royalties on the use of our logo on the products. Even though we are not involved in their internal procedures, our License contract foresees minimum requirements on Social Compliance, as part of our Company policy. Licensees have therefore adhered to our CoC and committed to its implementation in the factories where they make their products. In 2019 we also offered training to our Licensee manager, by letting her join a FWF audit at one of the factories where we produce. This enabled her to understand how the monitoring and verification system works, and will help us to set a system to advise licensees on these issues.

## Activities to Inform Manufacturers & Workers

In addition to auditing, Workplace Education Programmes (WEP) and trainings make up a big part of our work with factories. These programmes aim to enhance awareness of workers' rights, foster social dialogue and the resolution of issues through open communication, and to help factories find out how they can improve the well-being of workers in the factories. FWF and other institutions offer both general and country-specific modules.

They cover topics such as: FWF's Introduction to workplace awareness, complaints hotline and grievance mechanisms; Violence prevention capacity (India, Bangladesh); Risks facing Syrian refugees (Turkey); Worker-management communications or dialogue (Indonesia, Myanmar, Vietnam, and Turkey).

This year, we organized 6 different types of trainings for our suppliers.



Photo – Factory 5645 in Vietnam

## WEP #1

5-7 April 2019

### Factory 5645: Vietnam

#### Type of training: FWF overview

In recent years, Vietnam has become an important country for the production of outdoor apparel, especially for footwear. It is also particularly important in terms of our own supply chain. In 2019, we produced in 10 factories which made up more than 1/3 of our FOB volume (34,08%). The production volume in this country has increased by almost 10% compared to last year, which motivated us to augment our monitoring and training efforts.

We began the plans to make a WEP in this factory in 2018 and asked FWF to train the workforce on FWF's Code of Labour Practices, the complaints hotline, and the importance of grievance mechanisms. Since this facility employs a large number of workers, organization entailed the involvement of a significant number of people, and the factory needed to establish a schedule to avoid excessively disrupting the production activities. During the preparation stage, an important fact emerged: the factory already conducted worker trainings with very high standards, and we could cooperate in the integration of the contents relevant to workers' rights that are in FWF's and our Code of Conduct, and the factory would follow its planned schedule. It was an ideal match that allowed us to combine the learning needs of workers and management, without interfering with the normal course of the factory's activities, internal trainings have been organized.

It was an interesting experiment, full of learnings, and an excellent example of collaboration between the factory management, FWF, our Quality Control Specialist and our Quality Controller in Vietnam. While the goal of it was making sure the internal trainings complied with FWF requirements and Vietnam Labor Laws, the ultimate result was great: a new tool that will hopefully help to bring factory management closer to its workers and increase awareness on trade union benefits, insurance, internal labor regulations and OSH, grievance mechanism and CoC implementation, not only in 2019 but also for trainings to come.

## WEP #2

30 April 2019

### Factory 8326: Vietnam

#### Type of training: FWF overview

The aim of the training was to raise awareness on the role of FWF, its complaints mechanism, and the Code of Labour Practices as well as some key information on Chinese labour law. This learning day focused on what a decent and productive workplace should look like and identifying possibilities for the factory's self-improvement, such as introducing communication tools and setting up an effective internal grievance mechanism.

86% of the management staff was trained with a formal lesson as well as a learning-by-doing phase. Before the training, the instructor took a tour of the factory with the management and identified some issues that could harm or endanger the H&S of workers. During the session, the management was asked to share their opinions on specific issues in order to increase their ability to recognize potential risk. The results of the training evaluation show that the staff internalized the teachings, learned the importance of constantly checking the premises for potential risks to workers and it was ready to make the necessary changes to eliminate the risks identified.

While introducing the FWF-relevant topics, workers showed they knew about basic labour rights and regulations, such as minimum wage standards and overtime wage calculation. On the contrary, they had very limited awareness of the legal resignation procedure, occupational health examination and usage of the protective equipment. The awareness of the work of FWF was not high before the training session, which was conducted with 21% of the total workforce. The post-training evaluation indicates that participants walked away with a true understanding of the topics covered.

## WEP #3

24 October 2019

Factory 11333: Vietnam

Type of training: Communication

We believe that effective workplace cooperation and communication are essential for ensuring harmonious relations between workers and management. Thus, together with ILO Better Work, we organized a country-specific module on these topics.

The trained workers are employed in different divisions and groups: Human Resources and CSR, Trade Union Committee, Supervisor team, Quality Assurance, Production team, the technician and the line leader. During the training they learned new tools and approaches to improve relations among workers and management. The focus was on exploring the various communication styles used in modern garment factories and examining how to overcome common misunderstandings and barriers in communication. The goal was to develop a systematic approach towards workplace cooperation. For doing so, different activities were planned, such as discussion, case studies and role plays, Q&A, and games.

At the end of the training, the workers were very satisfied with the outcome and they stated that it was useful for acquiring new communication techniques and improving cooperation.

## WEP #5

7 December 2019

Factory 3919: Vietnam

Type of training: Communication

Before the end of the year, a training programme to support transformative processes related to human rights, focusing mainly on communication, was organized at the facility. The programme will be completed in 2020, thus we are expecting to receive the report next year.

## WEP #4

20 December 2019

Factory 5472: China

Type of training: FWF overview

This training was very useful for workers and management staff. It was the first time some of them participated in such a course.

The aim of the training was to explain both FWF's and Brands' responsibilities as well as the 8 labour standards, worker management, internal and external grievance mechanisms, the FWF complaints mechanism and Code of Labour Practices, and relevant laws on labour rights.

Both management staff and workers were aware of many working rights and local minimum wage. The instructor focused on the freedom of association and the possibility of electing workers representatives, which were rights the workers barely knew about.

At the end of the sessions, both the factory staff (50% of the total) and workers (20% of the labor force) thought their awareness on the FWF's Code of Labour Practices, grievance mechanism and complaints hotline had increased.

## WEP #6

28 September 2019

Factory 9321: Vietnam

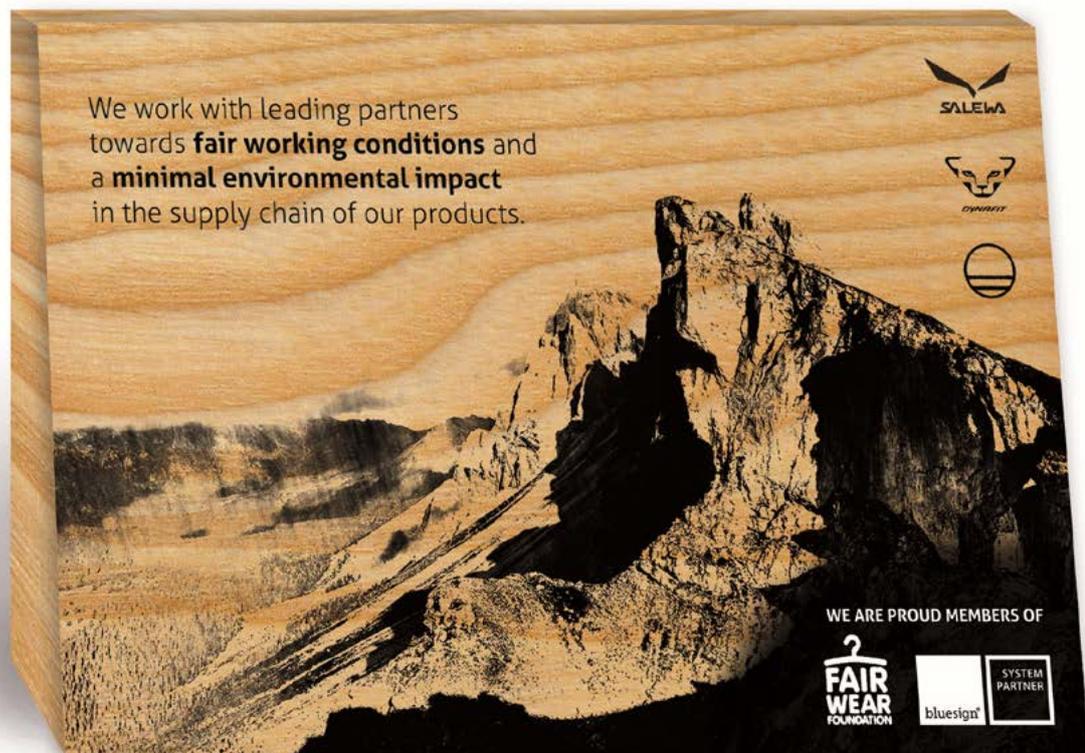
Type of training: FWF overview

At the end of September, a training on the FWF's Code of Labour Practice, complaints hotline, basic rights and grievance mechanisms was conducted. We haven't received the WEP report so far.

## We are proud of the work we are doing, and we want people to know

It is a continual process, as every year we want to share more and more, and so communication and transparency about our social compliance work comes as a given. One of our primary ways to inform customers, employees, and others about our work is the publishing of our annual Social Report (the one you are reading right now), and the year's Brand Performance Check results. These are made available on the websites of each of our brands, as well as on the Oberalp Group website. The Social Report is a way for us to highlight our accomplishments and challenges from the previous year in a way that is useful for a general audience. Similarly, our group wide sustainability report will also act as another channel to communicate our social compliance efforts and FWF work.

Additionally, there are a number of in-store opportunities for customers and employees to learn more about FWF, and what we are doing as a company to address human rights issues in our supply chain. There are plaques at cash registers, and FWF logos on shopping bags as a means to communicate our commitment to fair working conditions. Furthermore, we provide brochures about FWF, in the local language, at all of our retail stores



## In the **forthcoming** year we want to keep up the **momentum**

that we have generated over the previous years. During the end of last year, and at the beginning of this we have experienced a lot of staff changes. This means building new internal alliances to ensure we can continue our systematic and integrated approach to our social compliance work. Likewise, we aim to take the opportunity of our 5 year anniversary as FWF members to benchmark our work and progress, while also creating an internal system to regularly measure and evaluate this progress.

Building off of that, another goal for this year is to take that systematic and integrated approach and apply it address living wages in our supply chain. The complexity of establishing the value a living wage cannot be understated. For this reason we will continue to establish the root causes for non-payment of living wages. One part of this analysis will require working with the supplier to understand how labor costs are allocated in our Bill of Material, and then to verify that the worker salaries correspond to labor costs. This will remain an ongoing and in depth work, but it is important to us that we achieve substantial progress on this issue this year. Lastly, it has been agreed with our new Sourcing department that further consolidating our supply chain will remain a priority. We believe, this is one of the best ways to establish meaningful relationships with our suppliers, and to foster real and lasting change.



# ANNEX – FULL FACTORY LIST

SOCIAL REPORT 2019  
SALEWA – DYNAFIT – WILD COUNTRY

(In alphabetical order)

## Albania

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2019	Audit / Year	WEP/Training
13689	2018	apparel	Dynafit	0,36%	✓		
14380	2019	apparel	Salewa Wild Country	0,21%	✓		

## Austria

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2019	Audit / Year	WEP/Training
4570	2007	apparel	Salewa	0,03%	x		

## Bangladesh

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2019	Audit / Year	WEP/Training
5766	2014	apparel	Dynafit	0,09%	✓	BSCI 2018	
5843	2014	apparel	Salewa Dynafit	8,37%	✓	FWF 2017	2017
12454	2018	apparel	Salewa Dynafit	0,63%	✓	FWF 2019	
14382	2019	apparel	Salewa	0,34%	✓	SMETA 2018	

## Cambodia

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2019	Audit / Year	WEP/Training
7218	2015	footwear equipment	Salewa	0,43%	✓	SUM 2018	

## China

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2019	Audit / Year	WEP/Training
3267	2002	footwear equipment	Salewa	0,55%	✓	FWF 2019	
3834	2009	apparel	Salewa	0,09%	✓		
5023	2014	footwear equipment	Salewa	2,01%	✓	SMETA 2017	
5438	2010	apparel	Salewa	0,48%	✓	FWF 2018	
5448	2009	apparel	Salewa	0,07%	✓		
5450	2014	apparel	Salewa Dynafit Wild Country	0,35%	✓	BSCI 2019	
5472	2011	apparel	Salewa Dynafit	4,88 %	✓	FWF 2019	2019
5510	2012	apparel	Salewa	0,02%	x	BSCI 2019	
5610	2010	apparel	Salewa	0,03%	✓		
6115	2015	apparel	Dynafit	0,20%	✓	FWF 2018	

# ANNEX – FULL FACTORY LIST

SOCIAL REPORT 2019  
SALEWA – DYNAFIT – WILD COUNTRY

(In alphabetical order)

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2019	Audit / Year	WEP/Training
7823	2012	apparel	Salewa Dynafit	5,11%	✓	SMETA 2017	
8326	2015	technical hardware	Salewa	0,38%	✓		2019
9725	2015	apparel	Salewa Dynafit	2,60%	✓	FWF 2019	
9876	2016	apparel	Salewa	0,09%	x	BSCI 2017	
9880	2015	apparel	Salewa Dynafit	0,02%	✓		
11699	2011	apparel	Salewa	0,05%	✓	FWF 2017	
12093	2016	apparel	Salewa	0,39%	✓		
12117	2017	apparel	Salewa Dynafit Wild Country	0,03%	x		
12119	2016	apparel	Salewa	1,21%	✓	FWF 2018	
12403	2018	apparel	Salewa Dynafit	0,51%	✓		
12404	2018	apparel	Salewa Dynafit	0,26%	✓		
13690	2018	apparel	Salewa Dynafit	0,13%	✓		
14531	2019	apparel	Salewa	0,44%	✓		
14383	2019	apparel	Salewa	0,02%	✓		
14385	2019	apparel	Salewa	0,64%	✓		

## Czech Republic

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2019	Audit / Year	WEP/Training
12059	2017	technical hardware	Salewa	0,69%	✓		

## Germany

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2019	Audit / Year	WEP/Training
10427	2016	apparel	Salewa	0,02%	x		

## Italy

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2019	Audit / Year	WEP/Training
5058	2015	apparel	Salewa	0,05%	x		
5416	2005	footwear equipment	Dynafit	10,59%	✓		
5451	2010	apparel	Salewa Wild Country	0,22%	x		
5459	2005	apparel	Salewa Dynafit	0,74%	✓		

# ANNEX – FULL FACTORY LIST

SOCIAL REPORT 2019  
SALEWA – DYNAFIT – WILD COUNTRY

(In alphabetical order)

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2019	Audit / Year	WEP/Training
9682	2015	apparel	Salewa	1,76%	✓		
9728	2012	apparel	Salewa Dynafit	0,15%	x		
9729	2015	apparel	Salewa Dynafit	0,09%	x		
14388	2019	apparel	Salewa	0,24%	✓		

## Lithuania

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2019	Audit / Year	WEP/Training
3854	2011	apparel	Salewa Dynafit	1,98%	x		
5435	2011	apparel	Salewa Dynafit	1,15%	x		

## Myanmar

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2019	Audit / Year	WEP/Training
14381	2019	apparel	Salewa	7,96%	✓	BSCI 2019	

## Republic of Moldova

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2019	Audit / Year	WEP/Training
12452	2017	apparel	Dynafit	9,16%	x		

## Romania

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2019	Audit / Year	WEP/Training
2708	2008	footwear equipment	Salewa	4,58%	✓	FWF 2018	
8996	2019	footwear equipment	Salewa	10,00%	✓	FWF 2019	
12121	2017	apparel	Salewa	0,02%	x		

## Slovakia

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2019	Audit / Year	WEP/Training
9829	2014	technical hardware	Salewa	0,015%	x		

# ANNEX – FULL FACTORY LIST

SOCIAL REPORT 2019  
SALEWA – DYNAFIT – WILD COUNTRY

(In alphabetical order)

## Slovenia

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2019	Audit / Year	WEP/Training
2959	2009	apparel	Salewa Dynaft	0,52%	x		

## Switzerland

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2019	Audit / Year	WEP/Training
5417	2007	skins	Dynaft	0,95%	✓		

## Taiwan

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2019	Audit / Year	WEP/Training
2997	2008	footwear equipment	Salewa	0,14%	x	Feng Yi 2017	

## Tunisia

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2019	Audit / Year	WEP/Training
14377	2019	apparel	Salewa Dynaft Wild Country	0,45%	✓		

## Turkey

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2019	Audit / Year	WEP/Training
12460	2017	apparel	Dynaft	0,06%	x	BSCI 2019	

## Vietnam

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2019	Audit / Year	WEP/Training
3919	2009	apparel	Salewa Dynaft	6,60%	✓	FWF 2017	2019
4568	2013	apparel	Salewa Dynaft	0,25%	✓	SUMATIONS 2019	2017
5414	2007	footwear equipment	Salewa Dynaft	12,64%	✓	FWF 2019	2018
5421	2013	footwear equipment technical hardware	Salewa Dynaft	2,50%	✓	FWF 2019	
5645	2012	footwear equipment	Salewa Dynaft	8,68%	✓	FWF 2017	2019
9321	2018	apparel	Salewa Dynaft	0,48%	✓	FWF 2019	2019

## ANNEX – FULL FACTORY LIST

(In alphabetical order)

**SOCIAL REPORT 2019**  
SALEWA – DYNAFIT – WILD COUNTRY

<b>FWF factory code</b>	<b>Partner since</b>	<b>Division</b>	<b>Brand</b>	<b>% FOB</b>	<b>Visited in 2019</b>	<b>Audit / Year</b>	<b>WEP/Training</b>
11333	2016	footwear equipment	Salewa	1,48%	✓	FWF - BETTER WORK 2018	2019
12250	2018	apparel	Salewa	0,40%	✓	FWF 2017	
14386	2019	apparel	Salewa Dynafit	0,21%	✓		
14390	2019	apparel	Salewa	0,85%	✓	TUV 2018	