

**MAMMUT
WE CARE**

**SOCIAL REPORT
2019**

PUBLISHED MAY 2020



MAMMUT
SWISS 1862



FAIR WORKING CONDITIONS

MAMMUT strives to ensure fair and safe working conditions in all factories where its products are made.

To systematically improve workplace conditions in its supply chain, MAMMUT was the first outdoor brand to join Fair Wear Foundation.



In Numbers

95%

Covered by our social monitoring system, based on our turnover with sewn products.

37

Suppliers and 59 factories for the production of about 3,5 million items a year.

15

Production countries for all products in the Mammut product portfolio.



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The background of the entire page is a teal-tinted photograph of a sewing machine in operation. The machine is positioned on the right side, with its needle and foot stitching a piece of light-colored fabric. The fabric is draped and folded in the foreground, creating a sense of depth. The overall image has a soft, industrial feel.

PART 1

RESULTS & FINDINGS

In this section of the report, we describe the implementation of the Fair Wear Code of Labour Practices in the Mammut supply chain. We report activities and observations by issue and also by country. This gives a comprehensive view of issues within the supply chain and steps taken to improve performance.



1.1 MAMMUT SUPPLY CHAIN 2019

As response to competitive pressure and change in client behavior, Mammut continues to strengthen multichannel management and digitalization, consumer centricity and further drives sustainability. Due to the strategic elimination of low-margin revenues and liquidation sales, the year end revenues were slightly down compared to the previous year.

1.1.1 BUSINESS ACTIVITIES IN 2019

Mammut Sales in 2019 grew by 5.9% and reached CHF 268.4 million, which is the highest turnover ever. Sales were particularly strong with technical hardware products such as ropes and avalanche rescue equipment which also reached best ever turnover figures. Apparel sales were hampered by a particularly warm winter in Europe and this resulted in higher than expected stock levels at the year end. Although sales were high, they were below the expectation and profitability was also less than had been hoped.

Parent company Conzzeta announced on 9th December 2019, that they would focus on sheet metal automation company, Bystronic, and sell all other businesses, including Mammut.

“The Mammut business unit is on schedule with the five-year strategic plan it began implementing in 2016. This program included honing the brand, upgrading the collection, building digital distribution channels, thereby laying the foundations for profitable growth. In 2018, Mammut generated sales of just over CHF 250 million with almost 900 employees. Although sales and profits increased significantly from 2016 to 2018 and more improvements are expected in 2019, Mammut, as part of Conzzeta, does not have the necessary market access outside Europe to realize its potential in the foreseeable future. Conzzeta is therefore evaluating buyers that meet the required criteria. Depending on the market situation, the sale should be completed by the end of 2020.”

1.1.2 SUPPLY CHAIN ACTIVITIES 2019

2014 to 2017 saw dramatic changes as Mammut moved almost 70% of all production. During this period, production in China reduced from 54% to 18% and Vietnam grew from 10% to 48% of sewn product production. Bangladesh grew from nothing to 16%. European production also reduced significantly. In 2019, Mammut continued with the consolidation of the supply chain that had already been visible in 2018. Compared to previous years, there were few new factory sites and an overall reduction from 63 to 59 active production sites.

Most of the site changes in 2019, were where suppliers with two or more factory sites, moved Mammut production to optimize capacity and reduce peak season loading. In some cases, this was influenced by other customers moving production out of China, to avoid tariffs.



1.1.3 CORPORATE RESPONSIBILITY ACTIVITIES 2019

CR-Team Update – two new members

The Corporate Responsibility team has been strengthened and slightly reorganized. Adrian Huber continues as head of Corporate Responsibility. New team members are two Corporate Responsibility Managers: Tobias Steinegger and Alice Martin. Tobias has a strong focus on data management whereas Alice takes responsibility for CR-communication and some specific project topics. The team can be addressed directly via e-mail: we.care@mammut.com

Furthermore, Michael Farnworth, Head of Vendor Management, represents the CR-Team towards our Suppliers since many years. He takes care of all Fair Wear Foundation related processes in our Supply Chain since Mammut became FWF member in 2008 and is recently involved in several projects that deal with the topics of living wages and overtime. Barbara Kuschel, Head of Product Quality and Product Stewardship further supports the CR team strongly.

Mammut acts for Climate

In line with the 2018 UN Climate Charta commitment Mammut has decided to support the Swiss Glacier-Initiative, a political initiative that claims to embed the Paris agreement guidelines in the Swiss constitution. Together with the initiative committee and many other supporters, Mammut has delivered a total of 112,296 signatures to the Federal Chancellery in Bern on Wednesday 27th of November aimed at forcing a national vote on the issue. Presented last January, the Glacier Initiative, launched by the Swiss Association for Climate Protection, aims to reduce Switzerland's net carbon emissions to zero by 2050. It also wants to elevate climate protection as a priority in political circles by enshrining the goals of the Paris Climate Agreement in the Swiss constitution. Supporters want to cease the use of fossil fuels by 2050 at the latest. The text notes that climate policy should strengthen the economy and promote innovation and technology. It acknowledges the need for exceptions when there is no adequate technical substitute, but CO₂ emissions should be compensated.

CO₂-Footprint: Baseline 2018

In order to achieve the goals of the UN Fashion Industry Charter for Climate Action, the first step is a precise evaluation of the CO₂ company footprint. Mammut has meticulously collected all greenhouse gas-relevant data. This includes the headquarters in Seon, all subsidiaries and Mammut stores. In addition, the emissions from the transport of goods and people were analyzed, right through to the product manufacturing processes for the entire product range. The emission data collection process was carried out in accordance

with the Greenhouse Gas Protocol standards for companies. This standard distinguishes between three different emission sources, which are designated as Scope 1, 2 and 3:

- Scope 1 covers all greenhouse gas emissions that occur directly at the company's location (e.g. via the car fleet, heating or ventilation).
- Scope 2 refers to all indirectly generated emissions that arise from the use of energy and electricity at the company's sites.
- Scope 3, in turn, covers the emissions generated by processes upstream or downstream of the company. In concrete terms, this means that greenhouse gas emissions generated in the production of clothing, shoes or hardware for Mammut, as well as the transport of these goods from factory to factory to the end customer, including the use and disposal of the products, fall under this category.

Finally, the data form the basis for the baseline survey of Mammut's greenhouse gas footprint for the year 2018.

The results show that in 2018, Mammut produced emissions in the range of 58,000 t CO₂-eq across all processes and activities. This corresponds to approximately 15'500



passenger vehicles, driven on average over one year. The emissions from Scopes 1 and 2 are of little significance in the overall balance, at around 5% for Mammut. Of particular relevance are the greenhouse gas emissions from Scope 3 (95%). Within this third scope, the majority of emissions are generated during product production (approx. 72% of total 58,000 t greenhouse gas emissions). For this reason, Mammut evaluates the product groups, materials and processes that are particularly greenhouse gas-intensive in a first step, and in a second step develops scenarios and prototypes that aim to reduce emissions as efficiently as possible. The evaluation and test phase has already started and the first projects have been launched. They will now be integrated into the existing WE CARE strategy and further strengthen the issue of sustainable production.

WE CARE Strategy

Since 2018 the new WE CARE Strategy with KPI commitments within the topics Clean Production, Animal Welfare, Reduced Footprint, and Ethical Production until 2025 is in implementation. On our WE CARE website section the strategy and the goals in each focus area and product segment are explained: www.mammut.com/wecare

Mammut further increased its WE CARE KPIs for the summer season 2019. The KPIs are now established across all three business units: Hardware, Apparel and Footwear. A key focus for apparel products was on organic cotton, 43% of all cotton used is now certified organic quality.

Furthermore, 55% of all apparel products are bluesign® PRODUCT certified. Within the business unit Hardware, main improvements were made in the use of 100% Responsible Down Standard for our Sleeping bags, as well as for all other down used in our products. Our Ropes and Slings are 84% bluesign® PRODUCT and 16% of the polyester used in our Packs are of recycled origin. In the business unit footwear, main improvements are made to purchase 65% of our leather by the best-in-class tannery regarding environmental and social standards, based in Germany.

SAC – update

After joining the SAC in 2018, Mammut has continued its journey in implementing the HIGG Index into our business operations in 2019. The main focus has been set on the engagement with our suppliers to invite them to complete the Facility Environmental Module (FEM) and assess the environmental footprint of their production facility, after an initial self-assessment they can get an independent third-party audit. Finally, these modules are shared with Mammut, allowing us to have a better overview of their environmental performance.

In 2019 around 55% of our Tier 1 Suppliers and 60% of our Tier 2 Suppliers contributed to the FEM, which is a stunning result for our first-year membership. Simultaneously, in 2019 the Facility Social Labor Module (FSLM) was successfully launched in the first production countries, rolling out to more over the next months. The FSLM is closely collaborating with the Social and Labor Convergence Program (SLCP), which aims to implement the first industry-wide framework to assess social and labor conditions. SLCP will tackle the problem of “audit-fatigue” and set new standards in the social audit landscape across the industry. This will be a unique opportunity to embark together with our long-term partner Fair Wear Foundation on this journey. In the future, Mammut aims to cover its whole supply chain with the FEM and FSLM Modules and therefore motivates all suppliers to join the Higg Index.

Last year, the Higg Index had made substantial steps forward and ended in December with the final vote to agree on the new Brand and Retail Module. Mammut actively participated in the development and piloting of the Brand and Retail-Module, which will be launched for the first time in March 2020. We enjoy how the tool has been steadily improved over the last few months, and Mammut is looking forward to self-assess our environment and social performance in 2020.

We do our best to gain leader status back

Fair Wear Foundation membership has been the core of the ethical production policy of Mammut since October 2008 and is planned to remain so within the WE CARE framework. Unfortunately, Mammut lost Fair Wear Foundation’s coveted leader status



in the Brand Performance Check on 31st May 2018. The principal reason was the dramatic transfer projects of the past two years, that was necessary to secure financial stability in turbulent economic times. Mammut increased the number of factories to 66 sewing sites in 2017 and was unable to keep up with the appropriate level of CSR follow up. The number of sites was scheduled to reduce in 2018 as projects were completed. We will work hard to bring our monitoring back up to best practice levels as quickly as possible.

In 2019, the number of manufacturing sites reduced to 59 and the purchase value increased, which in turn meant that the purchase value per site increased. However, it will not be until at least 2020, that key indicators such as number of years working with a factory site return to a good level. At the same time the FWF requirements from brands have increased and it is more difficult to regain leadership status. We continue to work towards this goal.

FWF Living Wage Incubator Project

In 2019, FWF introduced new guidance on Living Wages and required brands to perform a gap analysis. This work is ongoing but challenging because the benchmarks are often significantly higher than legal minimum wages and much higher than typical wages in the industry. In some cases, following the Asia Floor Wage as a benchmark would increase garment prices by 40%. This would be counterproductive as the brand and supplier would not be able to sell anything at the higher price. There is no consumer price inflation in Europe or USA, and even a tendency to increased discounting of retail prices. In these harsh economic conditions, it is not possible to implement significant price increases without destroying sales volume.

1.1.3 OBJECTIVES FOR 2020

In 2020, the overall Corporate Responsibility focus will be on implementing the projects and initiatives launched in 2019 with a strong focus on implementing the launched corporate climate strategy, fostering our involvement at FWF, increasing transparency and processing the different modules of the Higg Index.

Mammut will put high efforts in reducing CO₂-emissions through adopted material-mixes and dying processes for our products and through the implementation of new circular business models. Mammut will further start with pilot projects to ban single use plastic from e-commerce.

Michael Farnworth and the team would like to be further involved and support FWF specifically in the project of reducing overtime. To get into a more direct dialogue with FWF and strengthen impact projects and processes in our supply chain, Michael Farnworth will nominate for the FWF Member Expert Team. Another focus will lie on living wages and on the further consolidation of its supplier base.

Increasing transparency of our supply chain for consumers and other stakeholders is another important topic we will focus on in 2020. Mammut will join the Fashion Transparency Index and the Open Apparel Registry and publish the supplier list (Tier 1) publicly on the website.

Also in 2020 Mammut stays up to date with new modules and features of the Higg Index and implements them. During 2020, Mammut will support the launch of BRM. Mammut is increasing the training of purchasing and quality control staff so that they can competently discuss CSR topics during visits.

Mammut Reorganisation

Shortly before ISPO, CEO Dr Oliver Pabst announced a major reorganisation of Mammut Sports Group AG. The goal of the reorganisation is to “put together what belongs



together". This will strengthen collaboration, reduce organisational complexity, and increase speed and clarity in the processes.

Product

The heart of our business is great product;- apparel, footwear and hardware. The product creation process involves product managers, designers, materials technicians and developers, who hand over to purchasing and quality control to bring the product from idea to factory gate. Maximillian Lenk takes leadership of this new department.

Brand & Consumer

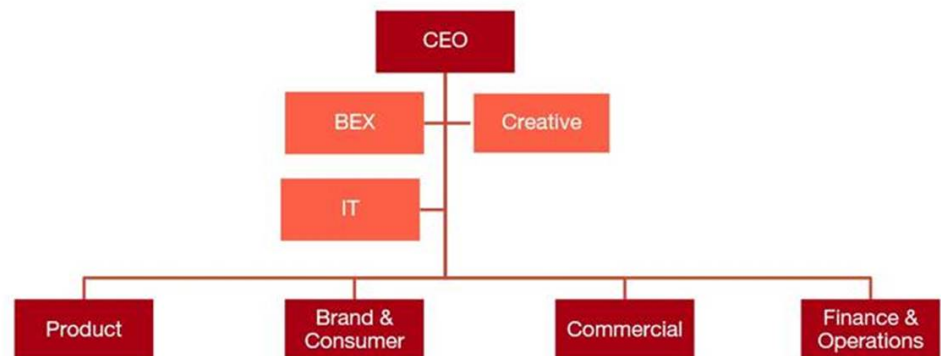
This department aims to make Mammut the brand of choice for our consumer. This department creates and concentrates all of the communications with the consumer via traditional marketing activities, digital, social media and apps. We will continue to focus on, and strengthen our digital approach, that we have been following for two years. Matthias Hanny is the leader of this department.

Commercial

Sales functions for all countries and sales channels are combined into one department. Putting all sales together allows the inventory to be targeted to achieve optimum stock turn, customer satisfaction and gross margin. Dr Oliver Arndt leads this expanded department.

Finance & Operations

This department combines finance, HR, legal with inventory management and logistics. CFO Andre Gube continues to lead this now expanded department.





1.2 THE MAMMUT MILESTONES

2019

We Care implementation including HIGG, CO₂ Footprint and Strategy, Glacier Initiative

2018

New “WE CARE” Strategy brings together various CSR projects. 5% reduction in the number of sewing factories.

2017

Consolidation of sourcing, participation in FWF Living Wage Incubator.

2016

Start sourcing in Myanmar. Systemization following best practice with cockpits, defined follow up & escalation. Volunteer project with FWF to improve the audit reports and corrective action plans.

2015

Start sourcing in Bangladesh and Cambodia; System improvements to monitor all purchases by subsidiaries. „Leader“ status.

2014

New Brand Performance Check ranking system – Mammut receives „Leader“ status from FWF.

2013

Expansion of monitoring to footwear; Mammut receives FWF Best Practice Award.

2012

Expansion of monitoring to backpacks, harnesses and sleeping bags, first worker education programs.

2011

Termination of business relationships with two suppliers who were not willing to improve working conditions.

2009

Creation of a systematic monitoring system – first audits.

2008

Joined Fair Wear Foundation as first outdoor brand.

1992

Introduction of a social code of conduct for suppliers.



1.3 FWF CODE OF LABOUR PRACTICES IN THE MAMMUT SUPPLY CHAIN

The following pages provide a detailed and technical insight into our performance level according to Code of Labour Practices. Long-term challenges remain with regards to overtime, living wages and freedom of association.

1 EMPLOYMENT IS FREELY CHOSEN

There shall be no use of forced, including bonded or prison, labor (ILO Conventions 29 and 105).

Comment

No breaches regarding forced employment have been found during audits on Mammut suppliers since we started in 2009.

2 FREEDOM OF ASSOCIATION & THE RIGHT TO COLLECTIVE BARGAINING

The right of all workers to form and join trade unions and bargain collectively shall be recognized (ILO Conventions 87 and 98). The company shall, in those situations in which the right to freedom of association and collective bargaining are restricted under law, facilitate parallel means of independent and free association and bargaining for all workers. Workers' representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to carry out their representation functions. (ILO Convention 135 and Recommendation 143)

Comment

We require all workers in factories that supply Mammut to be free to join a union and engage in collective bargaining. The reality is that customs, and even local laws, restrict union activities and other forms of worker representation in certain countries. FWF evaluates the status of unions in each factory audit and reports general issues in country reports.

Complaints

Complaint in 2020 at 9416

3 NO DISCRIMINATION IN EMPLOYMENT

Recruitment, wage policy, admittance to training programs, employee promotion policy, policies of employment termination, retirement, and any other aspect of the employment relationship shall be based on the principle of equal opportunities, regardless of race, color, sex, religion, political affiliation, union membership, nationality, social origin, deficiencies or handicaps (ILO Conventions 100 and 111).



Comment

In 2016, an audit at a factory in Myanmar discovered that new recruits are tested for pregnancy. This practice is discriminatory. The supplier agreed to stop testing with immediate effect. Pregnancy testing was also discovered at factory 5869 in Vietnam during a FWF audit 15/03/2018. The factory was instructed to stop.

No other discrimination issues have been identified at Mammut suppliers so far.

4 NO EXPLOITATION OF CHILD LABOUR

There shall be no use of child labor. The age for admission to employment shall not be less than the age of completion of compulsory schooling and, in any case, not less than 15 years. (ILO Convention 138) "There shall be no forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labor. [...] Children [in the age of 15–18] shall not perform work which, by its nature or the circumstances in which it is carried out, is likely to harm their health, safety or morals." (ILO Convention 182)

Comment

An in-depth investigation by FWF, published in February 2017 by the Centre for Research on Multinational Corporations (SOMO), revealed shortcomings in age verification processes of new recruits at some suppliers. As a result, FWF created new age verification guidance. In an unannounced audit to check for child labor at factory 9416, a 15-year-old girl was found working. She had been hired using a borrowed ID card. The girl was provided with technical training until her 16th birthday and her salary was paid by the FWF member brands sourcing at the factory. An age verification training was conducted at the factory.

5 PAYMENT OF A LIVING WAGE

Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income (ILO Conventions 26 and 131). Deductions from wages for disciplinary measures shall not be permitted nor shall any deductions from wages not provided for by national law be permitted. Deductions shall never constitute an amount that will lead the employee to receive less than the minimum wage. Employees shall be adequately and clearly informed about the specifications of their wages including wage rates and pay period.

Comment

In 2019, Mick participated in a working group to produce guidance for overcoming overtime issues. This is due to be published in April 2020.

Most countries define a legal minimum wage. By referring to third party audits and wage surveys, Mammut can be confident that its main suppliers pay their workers the required minimum salaries. However, problems have occurred at minor suppliers. These problems are typically related to piece work, temporary workers, and average salaries when there are temporary layoffs. Also, payment of statutory holidays or overtime premiums often follow local customs rather than strict adherence to law. We put a lot of effort in building up our knowledge and know-how concerning living wages. Several workshops and seminars have been visited by relevant Mammut staff and new publications, reports and findings concerning the topic are systematically studied. The topic is regularly discussed at meetings with Mammut management and suppliers. Furthermore, there is also a continuous dialogue with other FWF members and NGOs about how to progress on the definition and implementation of living wages. Unfortunately, there are still a lot of obstacles to be overcome until a credible payment of living wages can be implemented. These obstacles are collected and addressed on the Living Wage Portal of Fair Wear Foundation. The FWF Living Wage Incubator, in



which Mammut is participating, will likely accelerate the finding of hands-on ways to do more and serve as platform to draw lessons and conclusions on a higher level, based on experiences across various projects.

Comment FWF

During recent years, Mammut has made considerable efforts to increase their knowledge about living wages in production countries as well as on a stakeholder level in Europe by attending various conferences and round tables on living wage. Mammut makes use of available wage ladders made by FWF teams. In 2016, FWF launched the Living Wage Incubator, a project to assist member brands in designing projects to work towards living wages with their suppliers. Mammut is an active participant of the Living Wage Incubator.

Complaints

On 01/7/2018 at 3264 in China, a worker resigned and complained to FWF that wages and social security payments had not been paid for April, May and June. On 08/8/2018 another worker complained about deductions to the bonus owing to repeatedly being late for work. This worker also complained about late payment of wages and social insurances. Håglofs took the lead on both complaints and all outstanding payments were made by end August. The deductions from the bonus for late arrival were found to be in accordance with factory rules and also reasonable.

5th April 2019 at 10013 in Vietnam 3 workers complained about excessive overtime that was also compulsory. Factory has owners based in Denmark. They intervened and reduced the OT to legal level and enforced rule that OT is voluntary. Similar complaint at same site 11th November. Electrical supply was changes not that power was cut off at time specified by HQ.

6 REASONABLE HOURS OF WORK

Hours of work shall comply with applicable laws and industry standards. In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every seven-day period. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate. (ILO Convention 1)

Comment

Seasonal overtime is a complex problem for the apparel industry. The entire fashion industry produces summer and winter collections, which means that every store in every country wants every style at exactly the same time. Retailers choose their collections and place their orders after the trade fairs, which are about six months before the season starts in store. There is therefore a race against the clock to order fabrics and make garments in time for the season.

Excessive overtime is found in many factories where FWF teams conduct an audit. To tackle this problem, we have substantially extended the lead time for our orders and share detailed forecast information with our suppliers at very early stages of the production cycle. If significant changes to these forecasts occur, we try to swap order delivery dates with other products so that the supplier does not need additional production capacity for our orders. Orders for classical, multi-season products are typically timed for low-season.

Despite these measures, overtime is a recurring problem, especially for Chinese suppliers. The reasons for this are manifold: Suppliers overbooking their capacity, delays of fabrics or quality issues of components, other customers raising order volume on short notice, infrastructural problems (frequents blackouts, etc.), suppliers struggling to recruit enough workers (especially in China and Vietnam), etc.

For every finding of massive overtime we try to investigate the root cause and invest substantial effort in in-depth discussions with the suppliers concerned. At all factories



Mammut is not the only customer, which means that the root cause for overtime can be from Mammut but also from other brands sourcing at the factories.

In 2017 we made considerable effort to analyze and resolve overtime issues at 3264 in China. The analysis showed that Mammut production occurred where excessive overtime occurred. Overbooking of factory capacity was identified as primary reason for the overtime. Faced with continuing recurrence since 2013 and an unwillingness of factory management to adapt planning and reduce overbooking, Mammut decided to stop working with this supplier in 2018.

Comment FWF

Mammut agrees on a production capacity plan with its suppliers at the beginning of the year indicating order dates and amounts. To facilitate balanced production planning, Mammut shares detailed forecast information with suppliers, which are updated monthly and include an estimate about the delivery of fabric. All suppliers need to agree on order dates. Mammut is able to partly shift its Never Out of Stock-production to the low-season.

Mammut does not know the standard minute per style or the total production capacity of each factory. With some critical products Mammut reserves specific working lines in the factory. In addition, Mammut has reserved substantial margin time in its delivery cycles to ensure that order delays can be handled. In case of delay, Mammut considers splitting orders or air freight.

Mammut has a high level of awareness on root causes of excessive overtime on both industry level and factory-level. If excessive overtime was identified during audits, Mammut discussed root causes with these suppliers. It also adapted its production planning, for example by shifting production of NOS-items to the low-season or by giving factories more possibilities to produce in an early stage. In one particular case, Mammut conducted a thorough analysis of working hours, production capacity and the placement of orders. The brand also agreed with the factory to supply the standard minute per style to Mammut so that it can calculate the needed capacity more accurately.

Mammut shared its lessons learned with the other FWF member brands that were active at the supplier. Furthermore, Mammut also shared lessons learned with a FWF member with which it shares another Chinese factory where excessive overtime takes place. This FWF member then applied the same type of analysis to this supplier.

Complaints

On 17th June 2014 at factory 3264 in China, a female worker complained she works very excessive overtime hours.

In July 2014 at factory 3264 in China, a male worker complained he works very excessive overtime hours due to changes in company policy. Cooperation with two other FWF affiliates to increase pressure on the supplier and request to undo changes in company policy. Directors of the supplier committed to comply with maximum allowed working hours. Monitoring and verification plan has been set up to control whether they keep to their promise. Conducted an unannounced verification audit in high season which came to good results.

On 21st July 2015, a worker complained at 6027 in Vietnam about excessive overtime. The matter was investigated and resolved by another brand, Kjús.

On 31st May 2016 at factory 3264 in China, a worker complained about excessive overtime and seven day a week working. As described above, this factory had had similar complaints in 2013 and 2014. Mammut had intensive discussions with the management and the COO visited the factory in August. Coincidentally, on the same day, a second worker complained about excessive overtime. Mammut analyzed the capacity planning in-depth and reported back to FWF. A FWF verification audit was performed in November 2016. Mammut management visited again in March 2017 to follow up on the complaint. A further verification audit was performed after the peak season in summer 2017 and came to the conclusion that no progress has been made



to resolve overtime issues. Mammut hence decided to stop work at 3264 by the end of 2018. Repeated CSR problems were a major part of the decision.

On 25 November 2016, FWF's complaints handler in China received a complaint from a worker at 4575, who claimed that there were issues with not granting sick leave, pregnant workers and very frequent incidents of excessive overtime. It was agreed that Schoffel and Odlo would take the lead and that a WEP training was needed as part of the remediation. 9 People from the factory management and 106 workers were trained separately. The complaint was closed after a verification audit in October 2017 showed that the overtime was controlled within acceptable limits.

On 20/9/2018, at 5305 in China, a worker complained of excessive overtime which meant a six days and a total of 70 hours per week. There was also occasional Sunday working making seven days per week if orders were late. On 19/10/2018 another worker in the same section of the factory complained about excessive overtime which meant a six days and a total of 71.5 hours per week. Mammut contacted the company head office and requested that working hours were quickly reduced to a maximum of 60 hours per week. Senior management of the company intervened and instructed the local management and supervisors to restrict working to a maximum of 60 hours. A verification audit is planned for June 2019.

7 SAFE & HEALTHY WORKING CONDITIONS

A safe and hygienic working environment shall be provided, and best occupational health and safety practice shall be promoted, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Appropriate attention shall be paid to occupational hazards specific to this branch of the industry and assure that a safe and hygienic work environment is provided for. Effective regulations shall be implemented to prevent accidents and minimize health risks as much as possible (following ILO Convention 155). Physical abuse, threats of physical abuse, unusual punishments or discipline, sexual and other harassment, and intimidation by the employer is strictly prohibited.

Comment

Occupational health & safety (OHS) issues are often found in audits and factory visits. Identified shortcomings are addressed with factory management and are typically fixed quickly. Mammut staff and local quality teams that frequently visit factories are sensitized to routinely check typical OHS issues. To prevent OHS shortcomings from recurring, OHS training of management, supervisors and workers is key.

Most of the recent fire tragedies have occurred in Bangladesh and Pakistan. They all share a few fundamental factors, including poor electrical wiring, locked fire exits, blocked escape routes and non-functioning firefighting equipment. FWF audit teams are very careful to make detailed checks of fire and electrical safety.

In Bangladesh, all factories used by Mammut have also been specifically audited for fire and building safety and have completed the resulting Corrective Action Plan.

Complaints

On 24/6/2017 at 9416 in Myanmar, workers complained that the company had introduced a card system and that they needed to have permission to use the toilet. Brands working at the factory cooperated and requested that the senior management investigated. The investigation found that the intended purpose of the cards was to track when workers were not present on the production line when they were temporarily assigned to work in other areas. Workers and supervisors were trained in the correct use of system and its purpose.

April 2019 complaint at subcontract printer based in compound of 9416 in Myanmar. Worker complained of hot conditions & inadequate masks.



8 A LEGALLY BINDING EMPLOYMENT RELATIONSHIP

Obligations to employees under labor or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labor only contracting arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment. Younger workers shall be given the opportunity to participate in education and training programs.

Comment

FWF audit teams always include a documents inspector. This person checks contracts, training certificates and vacation records. He or she also verifies that factory procedures comply with local laws and ILO standards.

Issues are often found in Vietnam. Vietnamese law specifies detailed contents of employment contracts. Many factories fail to include all the required clauses. In such cases, Mammut asks suppliers to adapt the contracts to fully comply with the local law.

Complaints

On 17th June 2014 at factory 3289 in China, a worker complained that he was not able to resign smoothly. Resolved within 48 hours.

On 24/6/2017 at 9416 in Myanmar, a worker complained through the union that they had been unfairly dismissed. On investigation, the worker had had poor performance, very poor quality and was frequently abusive to colleagues, even starting fights on several occasions. The investigation by FWF upheld the management decision to terminate employment.

Electrician complained over constructive dismissal at 4575 in China in September 2019. Case went to arbitration and worker received 45K RMB compensation.



1.4 SOURCING BY COUNTRY 2019

1.4.1 MAMMUT SOURCING SPLIT

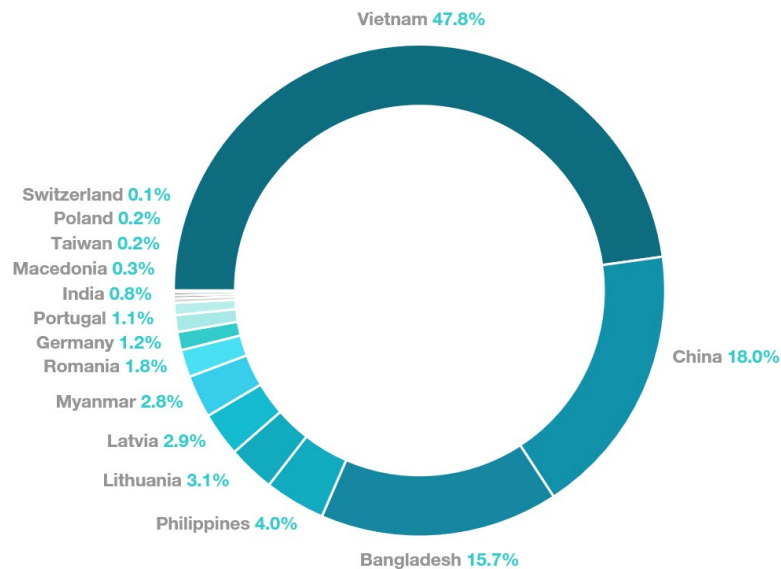


Figure 1.4.1 Mammut Sourcing Split (garment maker level – % of purchases by volume)

1.4.2 SUPPLIER PERFORMANCE PER COUNTRY

The colored dots indicate common problems by country that have been found in audits of the Mammut supply chain.

	Free Employment 1.	Freedom of Association 2.	No Discrimination 3.	No Child Labor 4.	Legal Wage 5.1	Living Wage 5.2	No Excessive Overtime 6.	Safety & Health (Factory H&S) 7.4	Working Contracts & Social Security 8.
Bangladesh	●	●	●	●	●	●	●	●	●
China	●	●	●	●	●	●	●	●	●
India	●	●	●	●	●	●	●	●	●
Latvia	●	●	●	●	●	●	●	●	●
Myanmar	●	●	●	●	●	●	●	●	●
Philippines	●	●	●	●	●	●	●	●	●
Portugal	●	●	●	●	●	●	●	●	●
Romania	●	●	●	●	●	●	●	●	●
Vietnam	●	●	●	●	●	●	●	●	●

● Minor non-compliance found and quickly resolved, or no problem found.

● Major non-compliance found and resolved.

● Major or critical non-compliance found. Recurring problems.

Table 1.4.2 Overview of Code Compliance by Country



1.4.3 COUNTRY BY COUNTRY REPORTING

VIETNAM 47.7%



		1. Free Employment	2. Freedom of Association	3. No Discrimination	4. No Child Labor	5a. Legal Wages	5b. Living Wages	6. No excessive Overtime	7. Safety & Health	8. Legal Contracts
5869	Footwear	●	●	●	●	●	●	●	●	●
14342	Apparel	●	●	●	●	●	●	●	●	●
10013	Apparel	●	●	●	●	●	●	●	●	●
3919	Apparel	●	●	●	●	●	●	●	●	●
3268	Hardware	●	●	●	●	●	●	●	●	●
7219	Footwear	●	●	●	●	●	●	●	●	●
12320	Apparel	●	●	●	●	●	●	●	●	●
10768	Hardware	●	●	●	●	●	●	●	●	●
3277	Apparel	●	●	●	●	●	●	●	●	●
10012	Apparel	●	●	●	●	●	●	●	●	●
7371	Apparel	●	●	●	●	●	●	●	●	●
3287	Apparel	●	●	●	●	●	●	●	●	●
10014	Apparel	●	●	●	●	●	●	●	●	●
5414	Footwear	●	●	●	●	●	●	●	●	●
9415	Apparel	●	●	●	●	●	●	●	●	●
2935	Apparel	●	●	●	●	●	●	●	●	●
4568	Apparel	●	●	●	●	●	●	●	●	●
10759	Apparel	●	●	●	●	●	●	●	●	●
6027	Apparel	●	●	●	●	●	●	●	●	●
12245	Apparel	●	●	●	●	●	●	●	●	●
6030	Hardware	●	●	●	●	●	●	●	●	●
7487	Apparel	●	●	●	●	●	●	●	●	●
10057	Hardware	●	●	●	●	●	●	●	●	●

Comments

Many specialist outdoor apparel and footwear manufacturing companies have expanded in Vietnam in the past few years. Mammut has been sourcing backpacks and gloves from Vietnam for twenty years. Vietnam grew from about 10% of Mammut textile production in 2012 to almost 50% in 2018 and became biggest supplier country.

FWF Issues

- 2. Freedom of Association – There is only one legally recognized trade union organization in Vietnam and workers do not have the right to establish the union of their choice. Factory management often distrust unions.
- 5. Legal Wage – Vietnam has complex labor laws and audits have often found violations such as severance and sick pay not being paid or being paid late as the law specifies payment in seven or ten days from the event rather than at the end of the month.
- 6. Excessive Hours – Overtime is a problem in some apparel factories.



- 7. Health and Safety – Vietnamese labor law specifies six monthly health checks for workers in hazardous occupations and many jobs in sewing factories are considered hazardous. Audits often find failures to comply with these regulations.

CHINA

18.0%



		1. Free Employment	2. Freedom of Association	3. No Discrimination	4. No Child Labor	5a. Legal Wages	5b. Living Wages	6. No excessive Overtime	7. Safety & Health	8. Legal Contracts
4591	Apparel	●	●	●	●	●	●	●	●	●
5305	Apparel	●	●	●	●	●	●	●	●	●
5304	Apparel	●	●	●	●	●	●	●	●	●
10055	Apparel	●	●	●	●	●	●	●	●	●
12900	Apparel	●	●	●	●	●	●	●	●	●
2448	Hardware	●	●	●	●	●	●	●	●	●
3267	Hardware	●	●	●	●	●	●	●	●	●
8326	Hardware	●	●	●	●	●	●	●	●	●
4575	Apparel	●	●	●	●	●	●	●	●	●
3303	Apparel	●	●	●	●	●	●	●	●	●
13900	Apparel	●	●	●	●	●	●	●	●	●
3264	Apparel	●	●	●	●	●	●	●	●	●
3289	Footwear	●	●	●	●	●	●	●	●	●
3030	Apparel	●	●	●	●	●	●	●	●	●

Comments

Up until 2015, more than half of Mammut's apparel was made in China. A combination of the aging population and the one child policy meant that many factories in China have faced problems with a shortage of workers. Many factory owners have thus relocated their production to other countries like Cambodia, Myanmar and Vietnam. China reduced from well over 50% of Mammut's textile purchases in 2013 to only about 20% in 2018.

FWF Issues

- 2. Freedom of Association – Unions are not independent.
- 5. Legal Wage – Many factories pay piece rate. This leads to frequent non-compliance as is not correctly paid.
- 5. Legal Wage – Migrant workers are not always able to transfer their social security payments back to their home canton. This is being resolved but still may workers choose to opt out.
- 6. Excessive Hours – Overtime is a prevalent and recurrent problem in many Chinese apparel factories.



BANGLADESH

15.7%



		1. Free Employment	2. Freedom of Association	3. No Discrimination	4. No Child Labor	5a. Legal Wages	5b. Living Wages	6. No excessive Overtime	7. Safety & Health	8. Legal Contracts
5285	Apparel	●	●	●	●	●	●	●	●	●
9325	Hardware	●	●	●	●	●	●	●	●	●

Comments

Mammut works with one large Korean supplier who has several factories in Bangladesh. Mammut produces apparel and sleeping bags in a new factory complex in Chittagong. This complex was audited by the Bangladesh Accord for Building Safety and the units producing for Mammut were also audited by FWF.

FWF Issues

- 7. Health and Safety – FWF requires additional fire and building safety audits in accordance with the Bangladesh Accord. Both factories that Mammut uses have been audited and corrective actions are being performed to the agreed timescale.
- 7. Health and Safety – Harassment of women is a serious concern. The auditors raised concerns about supervisors shouting at workers. The company arranged for training of supervisors.

LITHUANIA

3.1%



		1. Free Employment	2. Freedom of Association	3. No Discrimination	4. No Child Labor	5a. Legal Wages	5b. Living Wages	6. No excessive Overtime	7. Safety & Health	8. Legal Contracts
2631	Apparel	●	●	●	●	●	●	●	●	●

Comments

Lithuania is an EU country and is considered as a low risk country by FWF. Mammut has one long term factory with good social standards.



PHILIPPINES

3.0%



		1. Free Employment	2. Freedom of Association	3. No Discrimination	4. No Child Labor	5a. Legal Wages	5b. Living Wages	6. No excessive Overtime	7. Safety & Health	8. Legal Contracts
12787	Hardware	●	●	●	●	●	●	●	●	●
14067	Hardware	●	●	●	●	●	●	●	●	●
14065	Hardware	●	●	●	●	●	●	●	●	●

Comments

Mammut has worked since 2003 with a well-known manufacturer of backpacks and outdoor equipment. All factories that produce for Mammut are part of the same group, share the same management and are in the same neighborhood. Fair Wear Foundation is not active in the Philippines, so Mammut joined with Canadian retailer MEC and American retailer REI to use their audit teams.

FWF Issues

- 7. Health and Safety – Pat down procedures are a common practice at factory entrances. The American Fair Labor Association regards this as an unnecessary practice and an infringement of an individual's rights.
- 8. Legally Binding Employment – Many workers in factories in Export Processing Zones are employed via agencies. This is legal in the Philippines but is discouraged by workers' rights organizations.

LATVIA

2.9%



		1. Free Employment	2. Freedom of Association	3. No Discrimination	4. No Child Labor	5a. Legal Wages	5b. Living Wages	6. No excessive Overtime	7. Safety & Health	8. Legal Contracts
5053	Apparel	●	●	●	●	●	●	●	●	●
5054	Apparel	●	●	●	●	●	●	●	●	●
3285	Apparel	●	●	●	●	●	●	●	●	●
13199	Apparel	●	●	●	●	●	●	●	●	●

Comments

Latvia is an EU country and is considered as a low risk country by FWF. Mammut has one supplier in Latvia. Five factories are owned by one company and share the same management. The two other factories are subcontractors to the same supplier. The factories are audited to SA8000 and have good social standards.



MYANMAR

2.8%



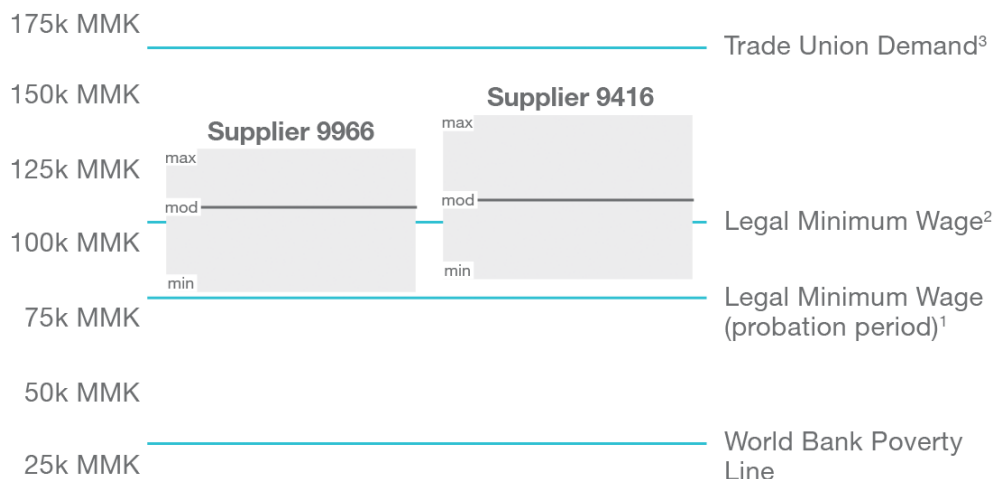
		1. Free Employment	2. Freedom of Association	3. No Discrimination	4. No Child Labor	5a. Legal Wages	5b. Living Wages	6. No excessive Overtime	7. Safety & Health	8. Legal Contracts
9967	Apparel	●	●	●	●	●	●	●	●	●
9416	Apparel	●	●	●	●	●	●	●	●	●

Comments

Myanmar is the world's newest democracy and its textiles industry is still quite small, but rapidly growing. Many aspects of the government and infrastructure are still old fashioned. Labor law has not been updated since the 1950s. Therefore, FWF demands that member brands take extra precautions when working in the country.

FWF Issues

- 1. Employment is freely chosen - Myanmar is among the countries with the highest proportion of the population in modern slavery. With regard to the garment industry, forced overtime is an issue of great concern. Audits at both of our suppliers in Myanmar didn't reveal any evidence of forced labor or forced overtime problems. Never the less, this topic is being addressed in discussions with factory management and closely monitored by Mammut purchasing staff. Furthermore, the Workplace Education Program (WEP), which has been conducted at one supplier in 2016 and at the other in 2017, creates awareness on the FWF Code of Labor Practices, the FWF worker helpline and other grievance mechanisms.
- 2. Freedom of Association – Unions are allowed since 2012 but are not widely established. One of our suppliers formally has a union organized, which is not very active or powerful, however. The other supplier has no formal union established. No collective bargaining agreements exist at both suppliers. This issue is being addressed with the WEP and in discussions between Mammut and the factory management.
- 3. No Discrimination – Discrimination and marginalization of religious minorities, women, people with disabilities, and sexual minorities is common in the workplace. Pregnancy testing of new recruits was found during one audit in Myanmar in 2016. This was immediately stopped after intervention by Mammut and verified with a follow-up audit in 2017.
- 4. Child Labor – Child labor is still widespread in Myanmar. At a special investigation by FWF in 2017 some workers were found to have used borrowed ID cards to gain employment. One worker who was still under 16 has gone into training until next birthday and her salary is being paid by FWF brands purchasing from the factory. FWF created new guidance about verifying the age of recruits. Mammut had in-depth discussions about child labor with its suppliers and trained them with the new guidance document from FWF. A follow-up audit was conducted in 2017 to verify the implementation of the new guidance.
- **5. Payment of Living Wage** - One audit found that laws regarding payment during training and probation were not followed correctly. This point is not yet resolved. Mammut followed-up on the remediation of the issue and will verify the correction with a verification audit in 2019.



Regular wages & fringe benefits for sewing machine operators without overtime.

1 Legal monthly minimum wage for workers in the probation period since September 2015.

2 Legal monthly minimum wage in Myanmar since September 2015.

3 Workers' demand during negotiations for the legal minimum wage.

Figure 1.4.3 Wage Ladder Myanmar

- 6. Excessive overtime - Excessive and forced overtime is a major issue of concern in Myanmar. However, both audits conducted at suppliers in Myanmar have not revealed and problems in this regard. Mammut will keep a close eye on overtime and analyze eventual breaches of the labor standards in depth with a methodology developed for Chinese suppliers.
- 7. Safe working conditions - The building safety at both suppliers in Myanmar is considered good.
- 8. Legal contracts - No problems found.

PORTUGAL

1.0%



3257 Apparel

1. Free Employment
2. Freedom of Association
3. No Discrimination
4. No Child Labor
- 5a. Legal Wages
- 5b. Living Wages
6. No excessive Overtime
7. Safety & Health
8. Legal Contracts

Comments

Portugal is an EU country and is considered as a low risk country by FWF. Mammut has one long term supplier in Portugal. The factory has good social standards.



1.4.4 SUPPLIER REGISTER 2019

FACTORY DATA				MONITORING ACTIVITIES			
PRODUCTION COUNTRY	FWF FACTORY NUMBER	PRODUCT GROUP	% MAMMUT PURCHASES 2019	COLP SIGNED	LAST AUDIT	AUDIT TEAM	WEP
Bangladesh	5285	Apparel	14.88	yes	2019	FWF	-
Viet Nam	5869	Footwear	10.1	yes	2018	FWF	2016
China	4591	Apparel	7.93	yes	2019	FWF	-
Viet Nam	14342	Apparel	6.4	yes	2019	FWF	-
Viet Nam	10013	Apparel	4.6	yes	2017	FWF	2019
Viet Nam	3919	Apparel	4.27	yes	2017	FWF	2019
Viet Nam	3268	Hardware	3.76	yes	2018	Better Work	-
Philippines	12787	Hardware	3.54	yes	-	-	-
Lithuania	2631	Apparel	3.14	yes	Low risk	-	-
Viet Nam	7219	Footwear	2.95	yes	2017	FWF	-
Viet Nam	12320	Apparel	2.87	yes	-	-	-
China	5305	Apparel	2.42	yes	2019	FWF	2018
Viet Nam	10768	Hardware	2.24	yes	2017	FWF	-
Viet Nam	3277	Apparel	2.23	yes	2018	FWF	2019
China	5304	Apparel	2.1	yes	2017	FWF	2014
Viet Nam	10012	Apparel	1.92	yes	2017	FWF	-
Romania	2708	Footwear	1.83	yes	2018	FWF	2016
China	10055	Apparel	1.66	yes	-	-	-
Viet Nam	7371	Apparel	1.64	yes	2019	FWF	2018
Latvia	5053	Apparel	1.47	yes	Low risk	-	-
Myanmar	9967	Apparel	1.4	yes	2019	FWF	2017
China	12900	Apparel	1.4	yes	-	-	-
Myanmar	9416	Apparel	1.37	yes	2019	FWF	2019
Portugal	3257	Apparel	1.06	yes	Low risk	-	-
Viet Nam	3287	Apparel	1.04	yes	2016	FWF	-
Latvia	5054	Apparel	1.04	yes	-	-	-
Germany	4573	Apparel	0.92	yes	Low risk	-	-
Bangladesh	9325	Hardware	0.85	yes	2019	FWF	-
India	2377	Apparel	0.79	yes	2018	FWF	-
Viet Nam	10014	Apparel	0.66	yes	2019	FWF	2019
China	2448	Hardware	0.66	yes	2017	FWF	2018
Viet Nam	5414	Footwear	0.64	yes	2019	FWF	2018
Viet Nam	9415	Apparel	0.52	yes	2015	FWF	-
China	3267	Hardware	0.51	yes	2019	FWF	2016
Viet Nam	2935	Apparel	0.49	yes	2018	FWF	-
China	8326	Hardware	0.45	yes	2016	FWF	2019
China	4575	Apparel	0.44	yes	2019	FWF	2017
Philippines	14067	Hardware	0.41	yes	-	-	-
Viet Nam	4568	Apparel	0.35	yes	2019	Sumations	2017
North Macedonia	4508	Apparel	0.33	yes	2018	FWF	2016
Latvia	3285	Apparel	0.33	yes	-	-	-
Viet Nam	10759	Apparel	0.32	yes	2019	FWF	-
Viet Nam	6027	Apparel	0.26	yes	2014	FWF	2015
China	3303	Apparel	0.23	yes	-	-	-
Germany	10427	Apparel	0.2	yes	Low risk	-	-
Viet Nam	12245	Apparel	0.2	yes	-	-	-
Taiwan	2997	Hardware	0.2	yes	2018	Own Audit	-
Poland	8483	Apparel	0.16	yes	Low risk	-	-
Viet Nam	6030	Hardware	0.15	yes	-	-	-
Viet Nam	7487	Apparel	0.13	yes	-	-	-
China	13900	Apparel	0.11	yes	-	-	-
Switzerland	7417	Apparel	0.1	yes	Low risk	-	-
Latvia	13199	Apparel	0.09	yes	Low risk	-	-
China	3264	Apparel	0.05	yes	2017	FWF	2018
China	3289	Footwear	0.05	yes	2016	FWF	-
Philippines	14065	Hardware	0.05	yes	-	-	-
Viet Nam	10057	Hardware	0.03	yes	-	-	-
Germany	3253	Apparel	0.03	yes	Low risk	-	-
China	3030	Apparel	0.02	yes	-	-	-



1.5 TRAINING & CAPACITY BUILDING

CSR is a constant process of learning and improving – for us as much as for our various stakeholders. Capacity building leads to long-term change.

Various channels are used to inform Mammut staff about our Corporate Responsibility in general, and about the FWF CoLP implementation and monitoring activities in particular. Activities include:

- Quarterly employee newsletter
- Quarterly management information for staff
- Internal blog
- Specific training for sales staff (seasonal)
- Specific training for purchasing and material management staff (at least annually)
- Internal corporate responsibility network involving staff from various departments

Furthermore, we take part in various platforms, seminars, round tables and research. We enter into continuous and constructive dialogue with key stakeholders and seek to progressively extend our knowledge of CR topics.

About 2000 workers trained in the past three years

With regards to our suppliers and factory workers, Mammut does not have the resources and know-how to develop and implement its own training programs. Instead, we emphasize the importance of our suppliers getting directly involved with Corporate Responsibility and implementing a management system to monitor fair working conditions. We promote SA8000 certification and encourage suppliers to take on social responsibility along their own supply chains.

Furthermore, we encourage suppliers to take part in FWF seminars and training programs, such as the FWF Workplace Education Program (WEP). The WEP aims to introduce workers and managers to safe and effective approaches for communicating problems and resolving disputes. The program also seeks to reduce workplace risks by raising awareness of workplace standards and functioning grievance systems.

The following suppliers - which together account for approximately 29% of Mammut purchases - have participated in the FWF WEP over the past three years:

China	Vietnam	Myanmar	other Countries
<ul style="list-style-type: none"> • 5305 • 4575 • 3276 • 11301 	<ul style="list-style-type: none"> • 5869 • 10013 • 5414 • 7371 • 3277 	<ul style="list-style-type: none"> • 9416 • 9967 	<ul style="list-style-type: none"> • 4508 • 2708

Table 1.5 Conducted Workplace Education Programs

Other FWF Trainings

- Vietnam: Several suppliers sent delegates to a FWF conference in 2015.
- Myanmar: Both suppliers participated in a supplier seminar in 2017.
- Bangladesh: Both factories had a fire & building safety training in 2016. **They have their own training teams and cover CSR topics including harassment.**

Further supplier training activities include

- Addressing social compliance during every supplier visit.
- Circulating the seasonal Mammut Supplier Newsletter.
- Providing posters with the FWF CoLP to put up in the factory.
- Encouraging suppliers to take part in FWF seminars and round tables.



1.6 COOPERATIONS

Mammut was one of the very first companies to emphasize the need for harmonization of efforts among FWF members and even beyond. To date, Mammut seeks and facilitates active cooperation and exchange with other brands and stakeholders.

A lot of CSR work is redundant because each customer commissions their own audit at a factory. Each audit takes time and produces a number of corrective actions. Resolving these actions also takes time. Shared auditing is thus beneficial for the factories and the brands because it harmonizes the requirements, reduces duplications, and enables more thorough implementation of the CAP.

Hence, since the very beginning of our FWF membership, we have been seeking to establish cooperation with other brands in order to harmonize auditing and monitoring and thus increase the efficiency and effectiveness of implementation of the CoLP.

Mammut, Odlo and Schoeffel were jointly awarded a best practice award by Fair Wear Foundation for encouraging collaboration at shared factories.

Partner brands	FWF member	No of factories jointly monitored	Start date of cooperation
Gore Bike	/	1	2013
Haglöfs	yes	3	2012
Kjus	yes	1	2012
Jack Wolfskin	yes	2	2012
MEC	/		2015
Odlo	yes	1	2008
Ortovox	yes		2015
Patagonia	/	3	2011
REI	/		2015
Salewa	yes	1	2013
Schoeffel	yes	3	2011
Swiss Post	yes		2015
Vaude	yes	1	2012
Workfashion	yes		2015
Pyua	yes	1	2017
Fond of	yes		2017
Lululemon	no	1	2019

Table 1.6 Mammut cooperations

PART 2

REASONS & METHODS

In this section of the report, we describe the reasons why we chose to join Fair Wear Foundation. We also describe the structures and procedures in the Mammut supply chain.





2.1 BACKGROUND & OBJECTIVES

An increasing number of clothing companies from all sectors are seeking to improve social standards in their suppliers' factories and to prove this to their customers through independent checks.

The last few decades have seen a lot of changes in the clothing industry. As a result of globalization, almost all large companies have relocated their production to distant lands – emerging and developing nations. In many cases, the path from raw material fibers through to a finished garment now passes through countless production sites and several continents. Different laws and employment regulations apply in each country and social standards are generally far lower than those in industrialized nations. Some companies procure components for their collections from up to one hundred different producers, each of which works for multiple customers. The result: an enormous amount of work is required to monitor the conditions under which a product is produced.

» The garment and sports shoe industries [...] have a responsibility to ensure that good labor practices are the norm at all levels of the industry. Given the current structure of the industry, brand-name garment companies and retailers must use their position of power to ensure that good labor standards are met.¹«

Consequently, initiatives such as the international Clean Clothes Campaign (CCC)¹ have uncovered a whole series of scandals in recent years: working weeks of up to 100 hours, monthly salaries that are insufficient to feed the actual worker let alone his or her family, a lack of social security and hazardous working conditions in factories. With the Rana Plaza collapse, which killed 1,134 people and left thousands more injured, the working conditions deficiencies in the garment industry reached a negative climax and definitely established the topic on the public and political agenda.

Responsibility – all over the world

Non-governmental organizations (NGOs) require companies to take responsibility for fair working conditions in all production locations and to resolve problems when they arise. Relocating production, they say, does not mean relocating the company's social responsibility. Quite the reverse. Brands must respect internationally recognized norms as established by the ILO and the Universal Declaration of Human Rights and use their position of power to ensure that good labor standards are met.

» In our company, environmental and social corporate responsibility are not issues that sit on an action plan for a year, simply because they happen to be "in". We view the process as a never-ending journey. We are continuously progressing in a specific direction. «

Quote from Adrian Huber, responsible for Corporate Responsibility

At Mammut, we support these claims. We are committed to fair working conditions, as much in our own offices as along the supply chain. As a member of Fair Wear Foundation, Mammut has decided to actively participate in a credible multi-stakeholder initiative and has pledged to comply with the strictest social standard.

¹ Clean Clothes Campaign, <http://www.cleanclothes.org/about/principles>
The CCC is a Europe-wide network that works to improve working conditions in the clothing industry around the world. It is active in 14 European countries and works closely with partner organizations in production countries.



2.2 OUR ORGANIZATION

Strategic responsibility for ensuring fair working conditions is embedded at management level within Mammut. Reports are presented and strategic issues examined at quarterly management meetings.

Who does what: The Purchasing department within the Operations division is responsible for operational aspects and the implementation of monitoring activities. Since 2008, it has been managed by Markus Jaeggi, Head of Purchasing, and Mick Farnworth, Head of Vendor Control. The entire purchasing team also takes part in annual training sessions and is kept up to date with the current monitoring situation. Our buyers are present at social and verification audits carried out at their allocated suppliers.

The CR Manager – Peter Hollenstein – acts as an internal coordination point. He drives the implementation of strategy in relation to Fair Wear Foundation and ensures the achievement of the objectives defined in the work plan.



Figure 2.2 Organization Chart



2.3 THE FAIR WEAR FOUNDATION APPROACH

Poor labour conditions can only be solved through multi-faceted solutions. The FWF approach brings together the key components needed for sustainable change. It means companies work step-by-step to improve conditions in their supply chains. It also means cooperation among a slew of stakeholders, and accountability among all of us. When fully executed, the FWF approach means results.

Fair Wear Foundation (FWF) is a multi-stakeholder initiative which is supported by company and textile associations, trade unions and non-governmental organizations (NGOs). The latter group also includes the Clean Clothes Campaign (for more information, see chapter 1.1). As an independent verification body, the FWF checks that the actions taken by member companies are effective and coherent. The FWF is regarded as the strictest approach in relation to the monitoring of working conditions in supplier operations.

2.3.1 THE FAIR WEAR FORMULA

The Fair Wear formula was devised to address the realities of today's global garment industry. Each component of the formula represents a key aspect of FWF's system. Taken together, these promise sustainable changes for garment and textile workers.

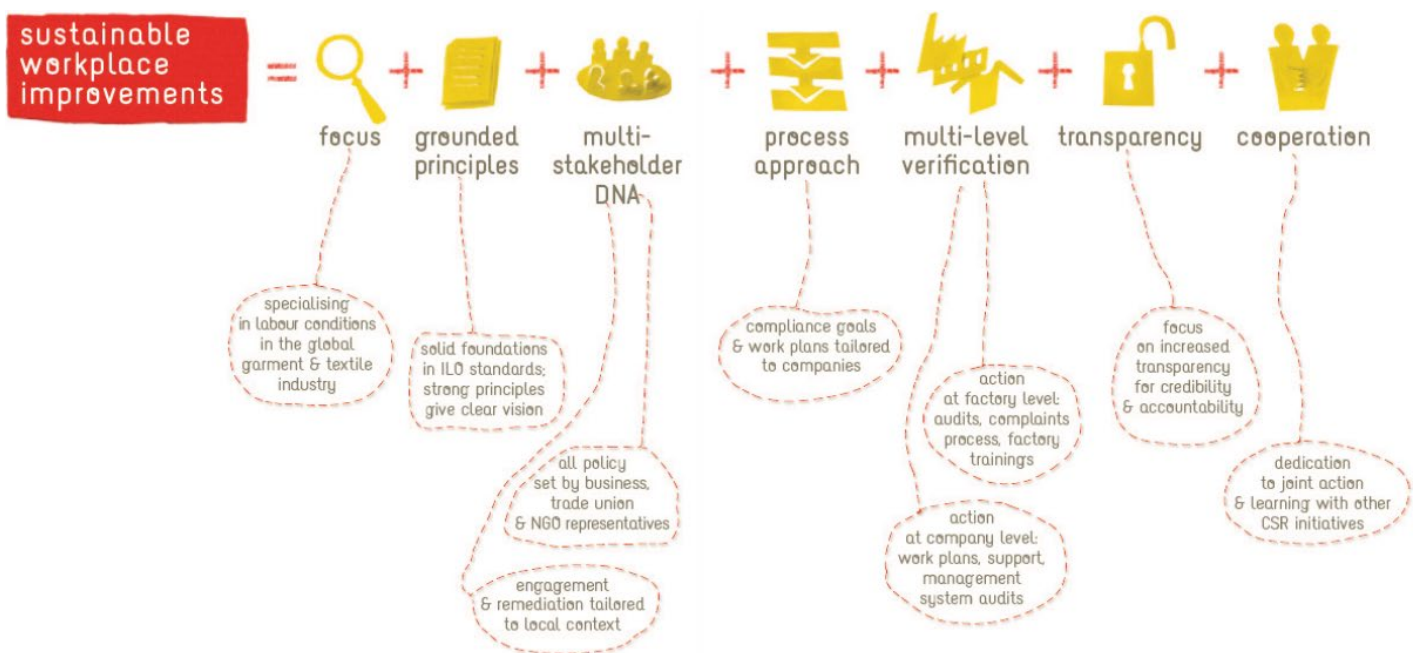


Figure 2.3.1 The Fair Wear Formula



2.3.2 THE FWF CODE OF LABOUR PRACTICES

As a member of Fair Wear Foundation, we pledge to only deal with products manufactured under humane working conditions. Fair Wear Foundation's "Code of Labor Practices" (CoLP), which is based on the International Labor Organization (ILO) Conventions and the Universal Declaration of Human Rights, sets out the eight guiding principles.

All manufacturers involved in the production of Mammut products sign FWF's „Code of Labor Practices“ and thus commit to the progressive implementation of the requirements. They also agree to display a Fair Wear Foundation Poster in their production locations, which informs the workers about their rights in local language and gives them guidance how to proceed if they are not treated correctly.



If you want more information, or feel you have not been treated correctly:

- 1 Talk to your supervisor, if possible
- 2 Talk to your representative if there is a worker committee
- 3 Get advice from your union or from a charity

If these don't work, you can email **Fair Wear**:

@ complaints@fairwear.org

Fair Wear will always treat your complaint confidentially. If you wish to file a complaint, we will investigate the issue. If possible, we will help you to solve the issue you have raised. Fair Wear is an independent, nonprofit organisation. You can learn more at www.fairwear.org

Figure 2.3.2 Fair Wear Foundation Poster for Suppliers



2.4 FAIR WEAR FOUNDATION IMPLEMENTATION AT MAMMUT

In October 2008, Mammut became the first outdoor company to join the independent Fair Wear Foundation initiative. By doing so, we have signed up to the strictest social standard in the textile industry.

FWF stipulates a stringent planning and management cycle for its member companies (see figure 2.4). The central element of this process is the annual work plan that sets out our strategy and social monitoring actions for the coming financial year. The next step involves performing social audits.



Figure 2.4 Yearly Planning Cycle

In addition to these audits, FWF recommends its member companies to carry out specific training programs and courses, for both factory managers and other workers.

All data from audit reports, reported complaints, factory visits and corrective action plans (CAPs) are kept in the internal Supplier Register and the CAP register.

2.4.1 AUDITS

Mammut books audits to monitor suppliers and FWF also do additional verification audits. In both cases, they are often shared by all member brands working at the factory. We commission local, independent experts – who have been trained by FWF – to carry out audits according to the FWF guidelines. The top priority for audits are suppliers who account for 2% or more of our purchases of sewn products.

FWF requires suppliers to be audited at least every three years, or sooner in the case of critical breaches of employment law. A comprehensive audit report is produced after each audit, along with a list of improvements and a schedule. Mammut assumes responsibility for the consistent implementation of improvements.

With the aim of making monitoring more effective and efficient, we accept audit reports from third parties such as BSCI, WRAP and STR, since these audits usually



identify the major problems. We accept and encourage SA8000 certification as well as FWF membership. As required by FWF, we carefully check the quality of third-party reports and we work with other customers of the audited factory to follow up on unresolved points from Corrective Action Plans. The important thing in our view is that the factory management is clearly committed to social responsibility and takes a systematic approach to fair working conditions. Finally, we emphasize collaboration with competitors on social issues.

2.4.2 CORRECTIVE ACTION PLANS

Corrective Action Plans (CAPs) can result from (monitoring, verification) audits, complaints, factory visits or observations by Mammut staff. CAPs are added to the register with the status “pending” as well as with a timeline for implementation. The implementation timelines for CAPs and required evidence of implementation are defined together with the supplier. We follow the advice in the FWF and SEDEX manuals. Minor Occupational Health and Safety (OHS) issues are usually corrected immediately. For major issues, we consult with FWF experts and decide what action to take on a case-by-case basis.

2.4.3 COMPLAINTS

We provide our suppliers with posters, including the FWF Code of Labor Practices in local languages as well as contact details of the local complaints handler. These posters must be displayed in a location inside the factory that is visible to every worker. During our regular supplier visits, Mammut purchasing and quality staff verify whether these posters are being displayed in an appropriate place.

Mammut has received eight official complaints since its affiliation with FWF in 2008, most of them concerning overtime. Complaints are handled by the Head of Vendor Control, Mick Farnworth. Our internal procedure for following up on receipt of a complaint is as follows:

- verify with FWF if the complaint is valid
- if the answer is yes, inform the Chief Supply Chain Officer (COO), the Head of Purchasing and the CR Manager and coordinate the next steps
- discuss the complaint with the relevant supplier and define the necessary corrective actions as well as the implementation timeline
- integrate these actions in the internal CAP register and follow up until the problem is resolved
- report back to the COO, the Head of Purchasing and the CR manager
- provide information about the complaint and associated corrective actions in the next Mammut Supplier Newsletter and in the Mammut Annual Corporate Responsibility Report
- FWF publicly reports about all complaints on its website

2.4.4 COOPERATION WITH OTHER BRANDS

We need to make the best use of our limited resources and influence. We are pragmatic when it comes to implementing the CoLP. This is particularly true for issues of global and industry-wide importance, e.g. overtime and living wages.

Mammut was one of the very first companies to emphasize the need for harmonization of efforts among FWF members and even beyond. Since the very beginning of our membership, we have been seeking to establish cooperation with other brands in order to harmonize auditing and monitoring and thus increase the efficiency and effectiveness of implementation of the CoLP.



2.4.5 CONSEQUENT SOURCING DECISIONS

So far, only one out of more than 50 suppliers has refused to accept the FWF standards. We discontinued our business relationship with this supplier (ref. 12220) in 2011. We also stopped working with one supplier (ref. 11071) following its repeated refusal to allow a FWF audit at its production site. Mammut decided to stop work at 3264 by the end of 2018. Repeated CSR problems were a major part of the decision.



2.5 MANAGEMENT OF THE MAMMUT SUPPLY CHAIN

Mammut follows a conservative approach regarding its sourcing procedures and the management of suppliers. Long-term partnerships with our suppliers enjoy the highest priority as this helps us achieving and maintaining high quality and social responsibility standards.

2.5.1 PURCHASING STRATEGY

Mammut sells mountain equipment, including apparel, hardware (e.g. backpack sleeping bags, harnesses and accessories) and footwear. Approximately 15% of production takes place in Europe and 85% in the Far East, mainly in China and Vietnam. We have approximately 600 products in our apparel collection, divided into five different target groups: Alpine Climbing, Rock Climbing, Freeride/Snow, Backpacking/Hiking and Alpine Performance. Around 50% of the styles are carry-over styles from one season to the next. These products are – wherever reasonable – produced by the same supplier.

Mammut tends to work with high-quality factories which also produce for other top-level outdoor and sports brands. We arrange independent FWF audits for tier one suppliers and make regular visits to the factories. We work together with the factories on timeline planning and capacity reservation. Furthermore, we closely cooperate with other customers in relation to auditing and monitoring.

For us, continuity is more important than short-term financial success. We strive develop fair and long-term relationships with our business partners, whether along the supply chain, within the specialist retail sector or in other areas. As a result, the average duration of our business relationships with our manufacturers for sewn products is approx. 9 years (status December 2016).

We maintain a continuous dialogue with our suppliers. Our staff visits our suppliers between three and four times a year. Regular meetings are held at trade shows (ISPO OutDoor) and at our headquarters. In addition, our quality assurance officers (FEQO China, Vietnam & Philippines) conduct on-site quality inspections for each production order.

The overall quality of the business partnership and strategy is subject to meetings that are held at management level at least every two years (Mammut CEO and/or COO). Purchasing decisions are made by the Head of Purchasing, while the ultimate responsibility lies with the COO. We do not work with any agents or intermediaries.

2.5.2 SUPPLIER SELECTION AND EVALUATION

The purchasing department is responsible for the final selection of suppliers. Each decision and evaluation (see the criteria in table 5.4.1) is before discussed between the various functions involved (buyers, designers, developers, fabric coordinator, product managers, pattern maker). We proceed as follows:

- Following an initial meeting to establish contact, a potential new supplier must fill in a questionnaire which includes questions on social auditing and certification.



- Before entering into a new business relationship, we visit the potential supplier and examine all production sites and steps. Among others aspects, we check general workplace safety and cleanliness, as well as working conditions.
- Once we have decided, the new supplier is informed about the FWF. The supplier is required to complete and sign the questionnaire, including the CoLP, and to display the CoLP in its factory in a location visible to all staff.

Supplier performance

We evaluate the performance of our suppliers regularly. Social Compliance is an integral part of our supplier performance rating. The following criteria are used to determine a supplier's performance:

Supplier evaluation criteria	new suppliers	current suppliers
high quality standard	X	X
planning reliability		X
punctual delivery		X
Cluster a fabric-program to one supplier		X
availability of required technologies / machines	X	
capability to produce the product	X	
capacity for the forecasted quantities	X	X
ability to fulfill timeline and deadlines		X
FOB target prices	X	X
synergies with other programs		X
Compliance with CoLP	X	X
Agreement on improvements based on CoLP	X	
supplier mix, diversification		X
product mix at supplier (carry-over, new styles)		X
deadlines for prototypes, Sales Men Samples		X

Table 2.5.2 Supplier Evaluation Criteria

We require all producers of textile products – i.e. clothing, backpacks, sleeping bags, climbing harnesses and footwear – to comply with the FWF CoLP. This commitment must be reaffirmed each year.

In accordance with FWF guidelines, we conduct audits at least every three years or when a complaint arises. The first priority is suppliers accounting for 2% or more of our purchasing volume.

2.5.3 EVALUATION OF NEW PRODUCTION COUNTRIES

Relocation of parts of production to new production countries happens relatively rarely and is usually triggered by underlying developments in the existing production regions or changes in our supplier base (e.g. capacity bottlenecks) or preliminary steps in the supply chain (e.g. origin of materials). The decision to relocate production is often not only based on cost factors.

The key factors considered when selecting new production countries are the availability of know-how and technology for the production of high-quality and functional textiles, the origin of the materials and the planned sales markets. For example, certain essential items of machinery and know-how for the production of high-quality outdoor equipment are simply no longer available in European locations. In addition, Mammut is increasingly becoming a global company – in terms of both purchases and sales of finished products. If the materials used come from the Far East or if the finished products are destined for our rapidly growing sales markets in Asia, then regional production is an advantage.



To date, there is no standardized assessment for new production countries. The Purchasing department is responsible for conducting a general analysis of potential new production markets, while each country is assessed individually by our Corporate Responsibility department in relation to risks and specific features affecting working conditions and environmental pollution. This assessment is conducted in close liaison with Fair Wear Foundation's country specialists and supported by information from NGOs, the media, etc.

On the basis of the results of this analysis, the Corporate Responsibility department then draws up a recommendation for the Purchasing department and accompanying measures are defined, if required.



GLOSSARY

- Audit (monitoring, verification)** Audits serve to control whether a company respects labor standards in its daily business. It gives but a momentary insight, though, and is not sufficient to assure social compliance. In case of Mammut, social audits are commissioned and paid for by us, while verification audits are commissioned and paid for by the FWF.
- Brand Performance Check** Fair Wear Foundation requires from member companies that they adapt their purchasing policy and management system to allow for improvements of working conditions at suppliers. To this end, FWF conducts yearly management system audits, so called Brand Performance Checks, at each of its member companies.
- CSR, CR** Corporate (Social) Responsibility. It stands for the responsibility a company assumes over the social and environmental impact of its economic activity.
- CoLP** FWF Code of Labor Practices. As a member company, Mammut commits to respect the Code within our purchasing practices. Furthermore, we must work towards its implementation along our supply chain. For details on the FWF CoLP, see chapter 1.3.
- EOG** European Outdoor Group. Mammut is a member and co-founder of the EOG. [More on the EOG.](#)
- FWF** Fair Wear Foundation. The FWF is an independent multi-stakeholder initiative. It uses a comprehensive verification system to promote the progressive and on-going improvement of working conditions. [More on FWF.](#)
- ILO** International Labour Organization. The ILO helps advance the creation of decent work and the economic and working conditions that give working people and business people a stake in lasting peace, prosperity and progress. [More on ILO.](#)
- Monitoring** Monitoring is an umbrella term for all types of direct systematic recording, observation or surveillance of an operation or process. The repeated regular performance is a key element of the study.²
- Social Compliance** Result of conformance to the rules of social accountability by the extended organization including not only the organization's own policies and practices but also those of its supply and distribution chains. It is a continuing process in which the involved parties keep on looking for better ways to protect the health, safety, and fundamental rights of their employees, and to protect and enhance the community and environment in which they operate.³
- Stakeholder** Group or individual with an interest or concern in the company.
- SWG** Sustainability Working Group. This is the EOG working group on the issue of sustainability within the outdoor industry. Mammut is a co-founder of the SWG and is actively involved in finding cross-sector environmental solutions.
- WE CARE** This is your green thread through Mammut's corporate responsibility activities.

² Wikipedia, search term "Monitoring", <http://de.wikipedia.org/wiki/Monitoring>.

³ Business Dictionary, search term "Social Compliance", <http://www.businessdictionary.com/definition/social-compliance.html>, visited on 05/07/2018.