



# Social Report 2017

## Mammut Sports Group AG

Published June 2018

**we care**  
**MAMMUT** about people,  
communities and  
our planet.



**MAMMUT**  
Absolute alpine.

# Fair Working Conditions

Our social responsibility revolves around the issues of fair working conditions and occupational health & safety.

As a first mover in the outdoor industry, Mammut became a member of Fair Wear Foundation (FWF) in 2008, which audits both, our management system and our factories.

We constantly strive to be among the leading brands concerning social responsibility. Our efforts have been rewarded with the granting of the status „Leader“ through FWF ever since its introduction in 2014.



## In Numbers

97%

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

37

Suppliers and 66 factories for the production of about 3,5 million items a year.

16

Production countries for all products in the Mammut product portfolio.

Cover photo:  
Garment factory, China, 2016  
Photo: Tom Tittmann soq.media, 2016



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## PART 1

# Results & Findings



In this section of the report, we describe the implementation of the Fair Wear Code of Labour Practices in the Mammút 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.

Garment factory, China, 2016  
Photo: Tom Tittmann soq.media, 2016



# 1.1 | Mammut Supply Chain 2017

## Challenges & Activities

As response to competitive pressure and change in client behavior, Mammut continues to strengthen multichannel management and digitalization, consumer centricity and further drives internationalization. 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 | ACTIVITIES IN 2017

The Sporting Goods segment generated net revenue of CHF 228.6 million in 2017, down 1.9 % from the previous year (CHF 232.9 million). At stable exchange rates, revenue declined by 1.7 %. The operating result amounted to CHF 0.1 million (CHF 1.2 million), giving an EBIT margin of 0.1 % (0.5 %). In the reporting year, low-margin revenues and liquidation sales in the amount of CHF 9.5 million were eliminated, and the share of revenue from sales channels with higher margins increased. Additional costs could be offset to some extent by an improvement in sales quality as part of the five-year strategic plan launched in 2016, as well as continued spending discipline. In keeping with the strategic plan, these additional costs were incurred in order to strengthen critical competencies, particularly in the areas of digitization, retail and design and new recruitment in the international markets, where over 30 additional full-time positions were created in 2017.

Product innovations such as the next generation of the “Eiger Extreme” flagship apparel collection and the newest version of the Barryvox avalanche transceiver were well received. One of the aims of the strategic plan is to strengthen the Mammut brand’s presence in defined markets across all channels. At the same time, innovative products should help to consistently refine its image as a provider of premium quality outdoor products. With this in mind, the newly created positions of Chief Creative Officer and Head of B2C were filled at the beginning of 2017.

In the area of product and collection development, a series of measures was implemented, delivering results in the short term and providing important momentum for the near future. Clothing was the biggest product segment, accounting for well over 50 % of revenue. Its range was pared back by around 20 %. This enables clearer brand language, with productivity increasing at the same time thanks to lower stock levels and more efficient procurement.

Due to a market environment that remains fiercely competitive and to changing consumer behaviour, specialist stores as the main distribution channel generally remained under pressure in 2017. In light of this, collaborative efforts with these wholesale clients were intensified. At the same time, the range of products available on various e-commerce platforms was expanded in line with the needs of the market.

The volume of business generated both in Mammut’s own online store and on digital marketplaces in 2017 therefore posted a considerably high increase in line with strategic targets. As part of strengthening Mammut’s retail capabilities, improvements were seen from optimizing the network of its own mono-brand stores and implementing a new store concept. Including the two newly created “pop-up” and “shop-in-shop” formats, the network grew by nine retail outlets in 2017 to a total of 86 (previous year: 77).



## 1.1.2 | MAMMUT SUPPLY CHAIN

### Background – Changes in the Retail Business 2014-2017

#### *The Internet changed Retailing*

In 2007, Apple launched the iPhone which made the internet portable. The first impact of the internet, was that prices could be compared instantly and in store over a smart phone. Retail chains looked to special collections with unique names so that they could not be compared on price. An enormous oversupply of product caused discounting throughout the trade, which in turn trained consumers to wait for discounts.

Retailers merged and acquired their competitors, killing off small independent retailers and closing stores in unprofitable locations. Many of these changes are common to the whole retail industry in Europe and America. By 2017, the scale of retail closures became known as the retail apocalypse in the USA. Many famous department stores and also chains of retailers such as Toys R Us went into bankruptcy. Internet specialist Amazon became the world's largest retailer in 2017 with China's Alibaba not far behind.

As retailer chains consolidated, they forced brands to offer bigger discounts to retain turnover. Brands looked to more fashionable styling and shorter product lifecycles to boost sales. Brands were forced to open their own stores and B2C websites to restore their margins.

#### *Outdoor Business*

Outdoor business grew from very small beginnings after WW2 into a substantial business by the mid 1980s. Turnover from 1980 onwards was driven by apparel, notably Gore-tex waterproof breathable garments and Polartec fleece warmwear. These took specialist mountaineering garments into the mainstream for casual wear. In Europe and the USA, the industry grew more or less constantly from about 1980 to 2012. From 2013 to 2017, there were four years of warm winters followed by wet summers in Europe. These coupled with the changes in retail and internet also put the Outdoor brands under pressure. Mammut also grew very strongly from 1995 to 2013 but flattened off from 2014 to 2017.

#### *Weak Euro*

Like many European outdoor and apparel companies, Mammut tends to buy in dollars and sell in Euros. The weak Euro 2015 to mid 2017 and the lack of inflation in the Eurozone meant that there was no prospect to increase retail prices. This forced many European brands to move to lower cost sourcing countries. The currency pressure eased from mid 2017 as the Euro regained substantial value against the US\$ and Swiss Frank.

### *Key Mammut Sourcing Changes 2014-2017*

Mammut started a major reorganisation of the supply chain in 2014 and this continued through into 2017. Within the supply chain for textile products, the shift from Europe and China to Vietnam and Bangladesh continued. China reduced from 52% to 32%. Vietnam increased from 15% to 35%, Production in Bangladesh expanded to 12% of textile purchases. Latvia, Portugal and Turkey reduced proportionally. Production in Turkey stopped in autumn 2016 due to the termination of business of one of our long-term suppliers. Rope production in Switzerland ceased in July 2016 and production was transferred to the Czech Republic. Production started in three new countries in 2016, namely Honduras (1.1%), Cambodia (0.7%) and Myanmar (1%). In each case, the volume is expected to remain small. In the case of Honduras, all the apparel production goes to America. Similarly all production from Myanmar is apparel for the Japanese and Korean Markets exclusively. Cambodia and Honduras stopped in 2017 due to consolidation of sourcing.

Sourcing in countries with duty free tariffs to certain countries became essential to maintain a competitive position in the markets. This often means that similar types of garments are produced in many locations e.g. Myanmar for Japan, Honduras for USA and Bangladesh for Europe. Footwear production in Cambodia is duty free to Europe.

Mammut products are complicated and have very high functionality and quality. Generally speaking only experienced specialist factories can reach the required quality level. This means that Mammut is slower to move production than lower priced competitors. This also restricts the places where Mammut can move to.



### *Less Manufacturing In Europe*

Despite the low value of the Euro, production in Portugal and Turkey also reduced, as more fabric production moved to the Far East. This was accelerated when Gore-Tex closed down their European fabric manufacturing plant in 2016.

### *Polartec Problems*

Polartec, formerly Malden Mills, closed Lawrence, Massachusetts factory in 2017 and transferred fleece production to new location in Tennessee but could not supply on time. This had huge implications for outdoor brands including Mammut.

### *Subcontracting*

More subcontracting took place in China and Latvia than originally planned due to combinations of capacity shortage, restrictions on overtime and late fabrics, particularly Polartec (see above).

### *Consolidation*

After a period of transferring Mammut production to many lands, it became clear that certain countries were going to be successful and others not. A brand needs a certain value of production in a country to justify regular factory visits and permanent local quality inspection teams. For this reason footwear production in Cambodia and production of apparel for the US market in Honduras was stopped in 2017.

From 2014 to 2017, Mammut has been transferring production to new locations. This meant that there was production in old and new locations, hence the number of factories increased significantly. 2017 is the peak year with 37 suppliers and their 66 sewing factories. The trend will reverse and the number of locations will reduce by about 15% to 54 sewing factories in 2018 and even less in 2019. The supplier register will increase in 2018, however, as we extend monitoring to include printing and embroidery subcontractors.

### *FWF activities*

In January 2017, Fair Wear Foundation launched the Living Wage Incubator, with the aim of combining knowledge on the living wage implementation process, and building on that with the roll-out of new pilot projects. FWF supports the participating brands with information and guidance, and facilitates interaction between brands so lessons and successes can be shared.

Mammut was one of the first brands to participate. Mammut is working with a Masters student of University of St. Gallen and several major suppliers to investigate the cost of implementing a living wage according to recognised benchmarks. The project report was submitted to FWF in 2017 according to plan and will be published in 2018.

## 1.1.3 | OBJECTIVES FOR 2018

2018 should see a number of projects from previous years coming to fruition.

Since 2015, Mammut has rolled out the ERP system to include all subsidiaries so that all production orders are controlled centrally and hence turnover per supplier can be tracked accurately. However some suppliers have several factories. The next step, to extend this to factory level, will be implemented in 2018. This will mean that production by factory location can be tracked constantly and consistently.

Mammut has had a number of CSR activities running in parallel for many years. These include membership of Fair Wear Foundation to improve working conditions, membership of bluesign to eliminate hazardous chemicals, use of Responsible Down Standard to protect animal welfare and many other projects. In 2018, all of these activities will be brought together under one central "We Care" strategy to ensure better implementation company wide and better reporting.

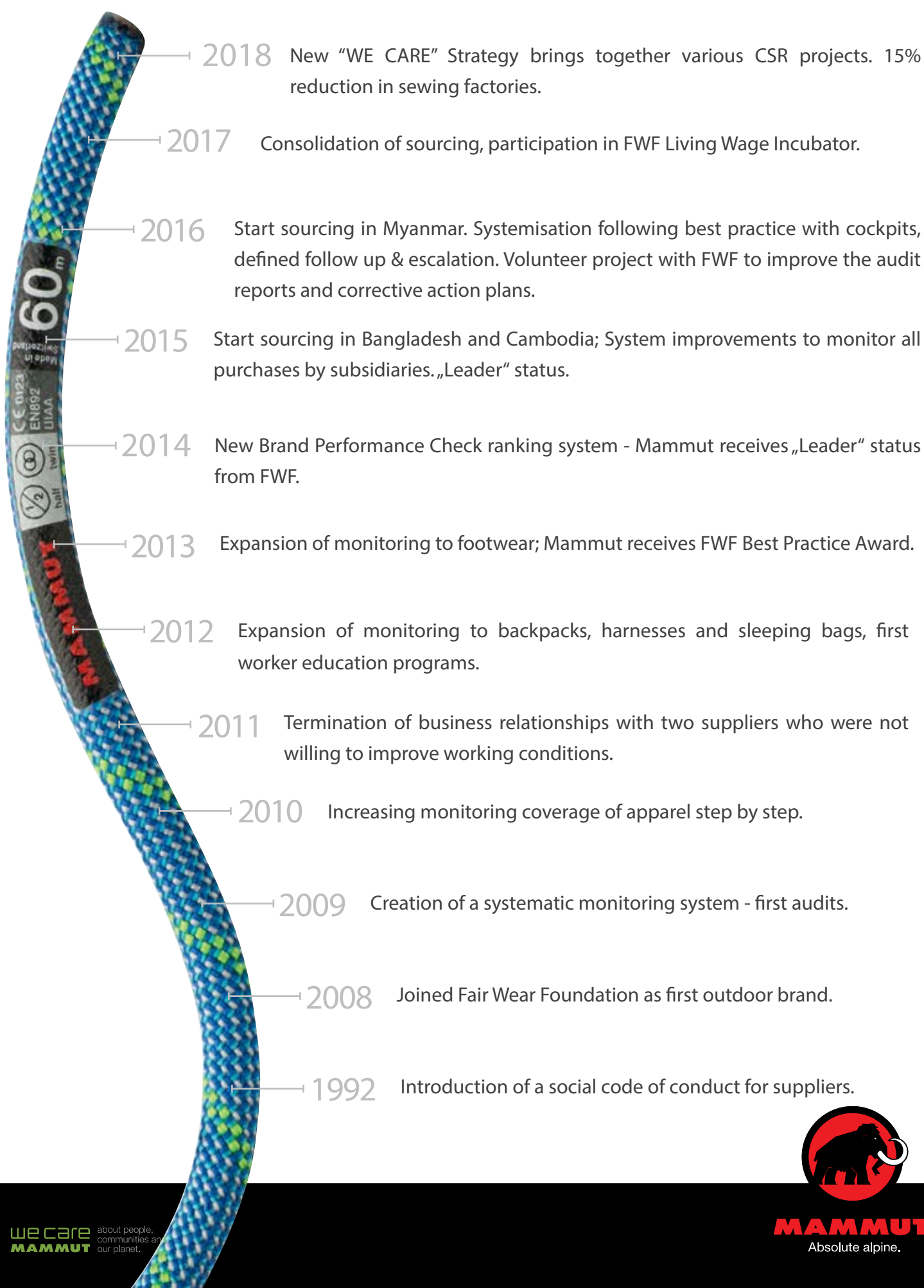
In 2016, Mick Farnworth worked on a project to improve the FWF audit reporting. The improved reporting will support the drafting of country reports and also enable FWF to analyse common problems and produce guidance for resolution. FWF will start to implement this in 2018 with new audit procedures and reports.

Mammut has been working on living wage topics for many years. In 2016 and 2017, a master degree student worked with Mammut to survey the supply chain and try to establish the relationship between wages paid to workers and product costs. This survey produced valuable information for FWF and brands trying to implement living wage projects. The report was submitted to FWF at the end of 2017 and will be published as part of the FWF Living Wage Incubator in summer 2018.





# 1.2 | The Mammut Milestones





# 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, labour (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 recognised (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.



## 3 NO DISCRIMINATION IN EMPLOYMENT

» Recruitment, wage policy, admittance to training programmes, 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, colour, 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 practise is discriminatory. The supplier agreed to stop testing with immediate effect.

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 labour. 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 labour. [...] 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, following allegations 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 labour 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.

## 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

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 occur with 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. In 2012 Mammut terminated the relationship with one Indian supplier due to non-payments of statutory wages in 2011 and unwillingness of the supplier to implement corrective actions.

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. FWF encourages Mammut to actively share its lessons learned with other garment brands. Furthermore, FWF recommends to select a number of factories with which it can actively work towards raising wages.

### Complaint

On 28th May 2015 at 3918 in Turkey, three workers complained that they did not get a pay rise given to other workers. The cases were reviewed with the management and other customers.



## 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 (frequent 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 recurrency since 2013 and a 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 4<sup>th</sup> October 2012, at factory 3918 in Turkey, a worker complained to FWF about overtime was resolved quickly. Extra machines were bought to cover bottlenecks.

On 6<sup>th</sup> December 2013 at factory 3267 in China, a worker complained to FWF about excessive overtime. Another FWF member took the lead. Complaint was resolved.

On 30<sup>th</sup> December 2013 at factory 3264 in China, a worker complained to FWF about excessive overtime and specifically compulsory 7 day working. Excessive overtime stopped at Chinese New Year. Company promised to ensure 1 day per week holiday.

On 17<sup>th</sup> 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 21<sup>st</sup> July 2015, a worker complained at 6027 in Vietnam about excessive overtime. The matter was investigated and resolved by another brand, Kjus.

On 31<sup>st</sup> 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 analysed 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.



## 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 minimise 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.





## 8 A LEGALLY BINDING EMPLOYMENT RELATIONSHIP

» Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour 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 programmes.



### Comment

FWF audit teams always include a payroll and contract specialist. 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 26<sup>th</sup> November 2013 at factory 3289 in China, a worker complained to FWF from two workers about excessive overtime and prevention from resignation. Resolved within 48 hours.

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



Garment factory, China, 2016  
Photo: Tom Tittmann soq.media, 2016



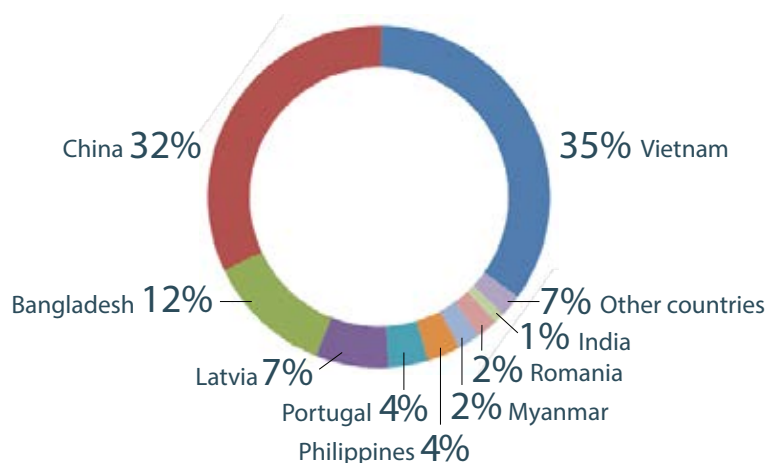
# 1.4 | Sourcing by Country 2017

## 1.4.1. | MAMMUT SOURCING SPLIT

Figure 1.4.1

### Mammut Sourcing Split

(garment maker level -  
% of purchases by volume)



Mammut works with suppliers all over the world to produce mountaineering apparel and equipment. In Switzerland we make avalanche safety equipment including beacons and parts for airbag systems. Manufacturing of climbing ropes moved from Switzerland to the Czech Republic in 2016. In Vietnam, we make apparel, backpacks, gloves and footwear. In China, we make apparel, footwear, gloves, head torches, helmets and sleeping bags. Apparel is also made in Bangladesh, Latvia, Germany, Myanmar, Portugal and Turkey. Climbing and safety equipment is made in Czech Republic, Hungary, Italy, Wales, and Taiwan.

## 1.4.2. | SUPPLIER PERFORMANCE PER COUNTRY

Table 1.4.2

### Overview of Code Compliance by Country

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

|             | 1. Free Employment | 2. Freedom of Association | 3. No Discrimination | 4. No Child Labour | 5.1 Legal Wage | 5.2 Living Wage | 6. No Excessive Overtime | 7.4 Safety & Health (Factory H&S) | 8. Working Contracts |
|-------------|--------------------|---------------------------|----------------------|--------------------|----------------|-----------------|--------------------------|-----------------------------------|----------------------|
| 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.



### 1.4.3. | COUNTRY BY COUNTRY REPORTING

#### VIETNAM | 34.7%



|       |          | 1. Free Employment | 2. Freedom of Association | 3. No Discrimination | 4. No Child Labour | 5a. Legal Wages | 5b. Living Wages | 6. No excessive Overtime | 7. Safety & Health | 8. Legal Contracts |
|-------|----------|--------------------|---------------------------|----------------------|--------------------|-----------------|------------------|--------------------------|--------------------|--------------------|
| 5869  | Footwear | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 10013 | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 3268  | Hardware | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 5414  | Footwear | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 3919  | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 10768 | Hardware | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 7219  | Footwear | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 3277  | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 5744  | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 10759 | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 10012 | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 3922  | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 3287  | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 9415  | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 2935  | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 12250 | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 10057 | Hardware | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 12245 | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 6030  | Hardware | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 12320 | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |

#### Comments

Many specialist outdoor apparel and footwear manufacturing companies have expanded in Vietnam in the past few years. Most of these previously produced in China. Quality and efficiency generally means that Vietnam is more attractive than other countries. Mammut has been sourcing backpacks and gloves from Vietnam for twenty years. Vietnam grew from about 10% of Mammut textile production in 2012 to 35% in 2017 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. In May 2014, protests against China escalated to riots which included arson of foreign owned factories.
- 5. Legal Wage – Vietnam has complex labour 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 labour 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 | 32.3%



|       |          | 1. Free Employment | 2. Freedom of Association | 3. No Discrimination | 4. No Child Labour | 5a. Legal Wages | 5b. Living Wages | 6. No excessive Overtime | 7. Safety & Health | 8. Legal Contracts |
|-------|----------|--------------------|---------------------------|----------------------|--------------------|-----------------|------------------|--------------------------|--------------------|--------------------|
| 4591  | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 5305  | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 3264  | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 3289  | Footwear | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 5304  | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 5839  | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 12900 | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 3303  | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 8304  | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 3267  | Hardware | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 8326  | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 12803 | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 10981 | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 10055 | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 4575  | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 10011 | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 5745  | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 12800 | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 12802 | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 12375 | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 12251 | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 12321 | Apparel  | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |

### Comments

Five years ago, more than half of Mammut's apparel was made in China. A combination of the aging population and the one child policy, meant that all factories in China have faced problems with a shortage of workers and consequently significant wage increases. Factories in China have been forced to downsize as older workers retire because they have difficulty in recruiting young people. Many factory owners have relocated their production to other countries. Many built new factories in Cambodia, Myanmar and Vietnam. Some factories were also built in Bangladesh and even Ethiopia. China reduced from 54% of Mammut's textile purchases in 2012 to only 32% in 2017.

### 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 overtime is not correctly paid.
- 5. Legal Wage - Social Insurances are rarely paid for all employees. This is a historical problem whereby migrant workers were not able to transfer their social security payments back to their home canton. This is being resolved but may workers choose to opt out.
- 6. Excessive Hours - Overtime is a prevalent and recurrent problem in many Chinese apparel factories.





## BANGLADESH | 11.9%



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

**Comments**

Mammut started to work with a very 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 in 2016 and the corrective actions were completed by spring 2017. 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.

## LATVIA | 6.9%



|       |         | 1. Free Employment | 2. Freedom of Association | 3. No Discrimination | 4. No Child Labour | 5a. Legal Wages | 5b. Living Wages | 6. No excessive Overtime | 7. Safety & Health | 8. Legal Contracts |
|-------|---------|--------------------|---------------------------|----------------------|--------------------|-----------------|------------------|--------------------------|--------------------|--------------------|
| 5054  | Apparel | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 3285  | Apparel | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 5053  | Apparel | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 11291 | Apparel | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 11823 | Apparel | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |

**Comments**

Latvia is an EU country and is considered as a low risk country by FWF. Mammut's major supplier in Latvia operates three factories. The factories are audited to SA8000 and have good social standards.

## PORTUGAL | 3.8%



|      |         | 1. Free Employment | 2. Freedom of Association | 3. No Discrimination | 4. No Child Labour | 5a. Legal Wages | 5b. Living Wages | 6. No excessive Overtime | 7. Safety & Health | 8. Legal Contracts |
|------|---------|--------------------|---------------------------|----------------------|--------------------|-----------------|------------------|--------------------------|--------------------|--------------------|
| 3257 | Apparel | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 3260 | Apparel | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |

**Comments**

Portugal is an EU country and is considered as a low risk country by FWF. Mammut has two long term suppliers in Portugal. The factories have good social standards.



## PHILIPPINES | 3.1%



|       |          | 1. Free Employment | 2. Freedom of Association | 3. No Discrimination | 4. No Child Labour | 5a. Legal Wages | 5b. Living Wages | 6. No excessive Overtime | 7. Safety & Health | 8. Legal Contracts |
|-------|----------|--------------------|---------------------------|----------------------|--------------------|-----------------|------------------|--------------------------|--------------------|--------------------|
| 3280  | Hardware | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 12787 | Hardware | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |

**Comments**

The textile and light manufacturing industries in the Philippines are currently expanding quite quickly. Wages are lower than in China and similar to Vietnam. Mammut has worked since 2003 with a well-known manufacturer of backpacks and outdoor equipment. 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 Labour 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.

## MYANMAR | 2.1%



|      |         | 1. Free Employment | 2. Freedom of Association | 3. No Discrimination | 4. No Child Labour | 5a. Legal Wages | 5b. Living Wages | 6. No excessive Overtime | 7. Safety & Health | 8. Legal Contracts |
|------|---------|--------------------|---------------------------|----------------------|--------------------|-----------------|------------------|--------------------------|--------------------|--------------------|
| 9966 | Apparel | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 9416 | Apparel | ●                  | ●                         | ●                    | ●                  | ●               | ●                | ●                        | ●                  | ●                  |
| 9967 | 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. Labour law has not been updated since the 1950s. Therefore, FWF demands that member brands take extra precautions when working in the country.

Mammut has been sourcing at two factories in Myanmar since summer 2016 season. Mammut is sourcing apparel styles that are specially developed for the Japanese market. A small quantity is also sold in Korea. Production of these articles is arranged through the fabric manufacturers. They proposed Myanmar as it is a preferred sourcing land for Japan and Korea and has reduced customs duty. Mammut decided not to place any production for the European or American markets in Myanmar. Instead, Mammut decided to concentrate production in other locations where local Quality Control staff is available.

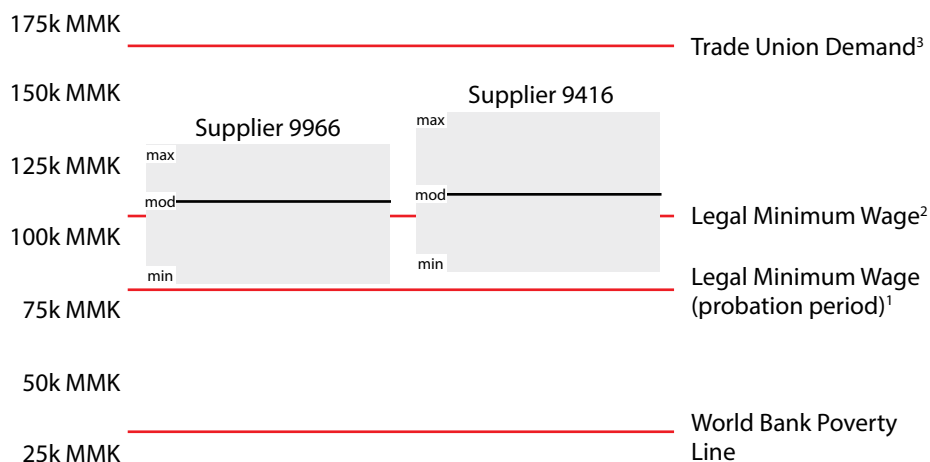
Mammut's Head of Vendor Control, Mick Farnworth, visited Myanmar in January 2016, together with the FWF country manager. Before production, Mammut contacted the factory management and they completed a FWF questionnaire and accepted the FWF code. The first factory was audited during the January visit by a FWF audit team from Thailand and a local translator. The second factory was audited by the same team in spring. Mammut's head of apparel purchasing visited in fall 2016 and also attended a textile conference in Yangon. Both factories had a WEP training.



## 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 labour 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 Worker 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 Labour 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 marginalisation 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 Labour – Child labour is widespread in Myanmar. Dutch NGO SOMO had suspicions of young workers (14-16 years old) being recruited by factories including 9416. This was thoroughly investigated by FWF in 2017 and 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 labour 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 will follow-up on the remediation of the issue and will verify the correction with a verification audit in 2018.

Figure 1.4.3  
Wage Ladder  
Myanmar



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.

- 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 analyse eventual breaches of the labour 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. Various problems were found in audits and quickly fixed.
- 8. Legal contracts - No problems found in two audits in 2016.



## ROMANIA | 2.0%



2708 Footwear

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

**Comments**

Romania has a tradition of textile and footwear manufacture. Mammút has a long term supplier of mountaineering footwear. Romania is regarded as a high risk country by Fair Wear Foundation but our audits have found few problems.

## INDIA | 1.0%



2377 Apparel

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

**Comments**

India has a long tradition of textiles, particularly cottons. Mammút has one supplier in India that is a specialist in organic cotton production from the farms through to finished garments.

**FWF Issues**

- 1. Employment is Freely Chosen – some areas in India have problems with bonded labour. This is not an issue in the Mammút supplier.
- 5. Legal Wage – Mammút stopped working with a factory in 2011 that was not paying the legal minimum wage.
- 7. Health and Safety – Harrassment of women is a serious concern. To date no evidence of this has been found at the factory.

## GERMANY | 0.9%



4573 Apparel

3253 Apparel

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

**Comments**

Although wages are high, Germany remains an important manufacturing country for many products. Mammút makes webbings and hats in Germany.





## CAMBODIA | 0.5%



7218 Footwear

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

**Comments**

Mammut has produced footwear with a large Taiwanese supplier for many years. Up until 2015, production was 100% at 3289 in China. Due to shortage of workers in China, some of the Mammut production was moved to 5414 in Vietnam and a small amount was moved to 7218 in Cambodia. The factory was audited by Sumations in March 2016. The audit found that some management had a weak understanding of CSR issues.

**FWF Issues**

- 7. Health and Safety – A number of issues with health and safety were found, including hot working conditions and poor ventilation.

## HONDURAS | 0.3%



9913 Apparel

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

**Comments**

Mammut started apparel production in Honduras in 2016. All of the Mammut articles produced are part of a special program for a large US outdoor retail chain. The fabric is of US origin and therefore a regional production is preferred.

**FWF Issues**

- The factory has been audited on behalf of prominent sports brands and is WRAP certified. Mammut arranged a Sumations team to conduct an audit based on FWF methodology in 2017. The factory has a good performance with no major issues.

## TAIWAN | 0.3%



2997 Hardware

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

**Comments**

Mammut produces many items in Taiwan but most of these are metal products such as carabiners, shovels and probes, so not included within the scope of Fair Wear Foundation. Taiwan is also a major source of fabrics and components.

**FWF Issues**

- The factory 2997 makes sleeping mats, welded bags and wallets for many outdoor brands. The factory has been audited several times by Elevate on behalf of a group of brands. Over the years, several issues have been corrected and the factory now has a good standard.



## 1.4.4. | SUPPLIER REGISTER 2017

| FACTORY DATA       |                    |               |                         | MONITORING ACTIVITIES |            |             |      |
|--------------------|--------------------|---------------|-------------------------|-----------------------|------------|-------------|------|
| PRODUCTION COUNTRY | FWF FACTORY NUMBER | PRODUCT GROUP | % MAMMUT PURCHASES 2017 | COLP SIGNED           | LAST AUDIT | AUDIT TEAM  | WEP  |
| China              | 4591               | Apparel       | 11.4%                   | yes                   | 2016       | FWF         | -    |
| Bangladesh         | 5285               | Apparel       | 9.9%                    | yes                   | 2016       | FWF         | -    |
| Vietnam            | 5869               | Footwear      | 6.4%                    | yes                   | 2018       | FWF         | 2016 |
| China              | 5305               | Apparel       | 6.1%                    | yes                   | 2015       | FWF         | 2015 |
| Vietnam            | 10013              | Apparel       | 4.3%                    | yes                   | 2017       | FWF         | 2017 |
| Vietnam            | 3268               | Hardware      | 4.2%                    | yes                   | 2016       | FWF         | -    |
| Vietnam            | 5414               | Footwear      | 4.2%                    | yes                   | 2016       | FWF         | -    |
| China              | 3264               | Apparel       | 4.1%                    | yes                   | 2016       | FWF         | -    |
| Portugal           | 3257               | Apparel       | 3.7%                    | yes                   | low risk   | -           | -    |
| China              | 3289               | Footwear      | 3.7%                    | yes                   | 2016       | FWF         | -    |
| Vietnam            | 3919               | Apparel       | 2.8%                    | yes                   | 2017       | FWF         | 2015 |
| Vietnam            | 10768              | Hardware      | 2.4%                    | yes                   | 2017       | FWF         | -    |
| Vietnam            | 7219               | Footwear      | 2.4%                    | yes                   | 2017       | FWF         | -    |
| Philippines        | 3280               | Hardware      | 2.4%                    | yes                   | 2015       | Elevate     | -    |
| Latvia             | 5054               | Apparel       | 2.2%                    | yes                   | 2017       | SA8000      | -    |
| Latvia             | 3285               | Apparel       | 2.2%                    | yes                   | 2017       | SA8000      | -    |
| Bangladesh         | 9325               | Hardware      | 2.1%                    | yes                   | 2016       | FWF         | -    |
| Romania            | 2708               | Footwear      | 2.0%                    | yes                   | 2015       | FWF         | 2016 |
| China              | 5304               | Apparel       | 2.0%                    | yes                   | 2016       | FWF         | -    |
| Vietnam            | 3277               | Apparel       | 1.5%                    | yes                   | 2017       | Sumations   | 2016 |
| Latvia             | 5053               | Apparel       | 1.3%                    | yes                   | 2017       | SA8000      | -    |
| Vietnam            | 5744               | Apparel       | 1.2%                    | yes                   | 2017       | FWF         | -    |
| Vietnam            | 10759              | Apparel       | 1.2%                    | yes                   | 2016       | FWF         | -    |
| Myanmar            | 9966               | Apparel       | 1.1%                    | yes                   | 2016       | FWF         | -    |
| Vietnam            | 10012              | Apparel       | 1.1%                    | yes                   | 2017       | FWF         | -    |
| India              | 2377               | Apparel       | 1.0%                    | yes                   | 2017       | SA8000      | -    |
| Myanmar            | 9416               | Apparel       | 0.9%                    | yes                   | 2016       | FWF         | 2016 |
| China              | 5839               | Apparel       | 0.9%                    | yes                   | 2016       | FWF         | -    |
| China              | 12900              | Apparel       | 0.8%                    | yes                   | -          | -           | -    |
| Germany            | 4573               | Apparel       | 0.8%                    | yes                   | low risk   | -           | -    |
| Philippines        | 12787              | Hardware      | 0.8%                    | yes                   | 2017       | Elevate     | -    |
| Vietnam            | 3922               | Apparel       | 0.8%                    | yes                   | 2015       | FWF         | -    |
| China              | 3303               | Apparel       | 0.7%                    | yes                   | -          | -           | -    |
| Vietnam            | 3287               | Apparel       | 0.7%                    | yes                   | 2016       | FWF         | -    |
| Vietnam            | 9415               | Apparel       | 0.6%                    | yes                   | 2015       | FWF         | -    |
| Vietnam            | 2935               | Apparel       | 0.6%                    | yes                   | 2015       | Sumations   | -    |
| Latvia             | 11291              | Apparel       | 0.6%                    | yes                   | low risk   | -           | -    |
| Latvia             | 11823              | Apparel       | 0.6%                    | yes                   | low risk   | -           | -    |
| Cambodia           | 7218               | Footwear      | 0.5%                    | yes                   | 2016       | Sumations   | -    |
| China              | 8304               | Apparel       | 0.5%                    | yes                   | 2015       | FWF         | -    |
| China              | 3267               | Hardware      | 0.4%                    | yes                   | 2016       | FWF         | -    |
| Honduras           | 9913               | Apparel       | 0.3%                    | yes                   | 2016       | Sumations   | -    |
| China              | 8326               | Apparel       | 0.3%                    | yes                   | 2016       | FWF         | -    |
| China              | 12803              | Apparel       | 0.3%                    | yes                   | -          | -           | -    |
| Taiwan             | 2997               | Hardware      | 0.3%                    | yes                   | 2017       | Elevate     | -    |
| China              | 10981              | Apparel       | 0.3%                    | yes                   | -          | -           | -    |
| Vietnam            | 12250              | Apparel       | 0.2%                    | yes                   | 2017       | Sumations   | -    |
| China              | 10055              | Apparel       | 0.2%                    | yes                   | -          | -           | -    |
| Switzerland        | 7417               | Apparel       | 0.2%                    | yes                   | low risk   | -           | -    |
| China              | 4575               | Apparel       | 0.1%                    | yes                   | 2017       | FWF         | 2017 |
| China              | 10011              | Apparel       | 0.1%                    | yes                   | -          | -           | -    |
| Myanmar            | 9967               | Apparel       | 0.1%                    | yes                   | -          | -           | 2017 |
| Vietnam            | 10057              | Hardware      | 0.1%                    | yes                   | -          | -           | -    |
| China              | 5745               | Apparel       | 0.1%                    | yes                   | 2017       | FWF         | 2017 |
| China              | 12800              | Apparel       | 0.1%                    | yes                   | -          | -           | -    |
| China              | 12802              | Apparel       | 0.1%                    | yes                   | -          | -           | -    |
| Germany            | 3253               | Apparel       | 0.1%                    | yes                   | low risk   | -           | -    |
| Portugal           | 3260               | Apparel       | 0.1%                    | yes                   | low risk   | -           | -    |
| China              | 12375              | Apparel       | 0.1%                    | yes                   | -          | -           | -    |
| China              | 12251              | Apparel       | 0.1%                    | yes                   | -          | -           | -    |
| Vietnam            | 12245              | Apparel       | 0.1%                    | yes                   | -          | -           | -    |
| Vietnam            | 6030               | Hardware      | 0.0%                    | yes                   | -          | -           | -    |
| China              | 12321              | Apparel       | 0.0%                    | yes                   | -          | -           | -    |
| Macedonia          | 4508               | Apparel       | 0.0%                    | yes                   | 2015       | FWF         | 2016 |
| Lithuania          | 2631               | Apparel       | 0.0%                    | yes                   | low risk   | -           | -    |
| Vietnam            | 12320              | Apparel       | 0.0%                    | yes                   | 2017       | Better Work | -    |

# 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.

## 460 managers and 2200 workers take part in training

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 25% of Mammut purchases - have participated in the FWF WEP since January 2015:

Table 1.5

Conducted  
Workplace  
Education  
Programs

| China                                                                                    | Vietnam                                                                                                   | Myanmar                                                                  | other Countries                                                          |
|------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|--------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• 5305</li> <li>• 4575</li> <li>• 5745</li> </ul> | <ul style="list-style-type: none"> <li>• 5859</li> <li>• 10013</li> <li>• 3919</li> <li>• 3277</li> </ul> | <ul style="list-style-type: none"> <li>• 9416</li> <li>• 9967</li> </ul> | <ul style="list-style-type: none"> <li>• 4508</li> <li>• 2708</li> </ul> |

## Other FWF Trainings

- Vietnam: Several suppliers sent delegates to a FWF conference in 2015
- Portugal: All three suppliers sent representatives to a FWF seminar in 2014
- Myanmar: Both suppliers participated in a supplier seminar in 2017
- Bangladesh: Both factories had a fire & building safety training in 2016

## 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.

Table 1.6  
Mammut  
Cooperations

| Partner brands | FWF member | N° 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                      |







## 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.



**MAMMUT**  
Absolute alpine.

**we care**  
**MAMMUT** about people,  
communities and  
our planet.



## 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 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.<sup>1</sup> «

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.

Consequently, initiatives such as the international Clean Clothes Campaign (CCC)<sup>1</sup> 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.

» 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

Relocating production, they say, does not mean relocating the company's social responsibility. Quite the reverse. Brands must respect internationally recognised 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.

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.

<sup>1</sup> 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

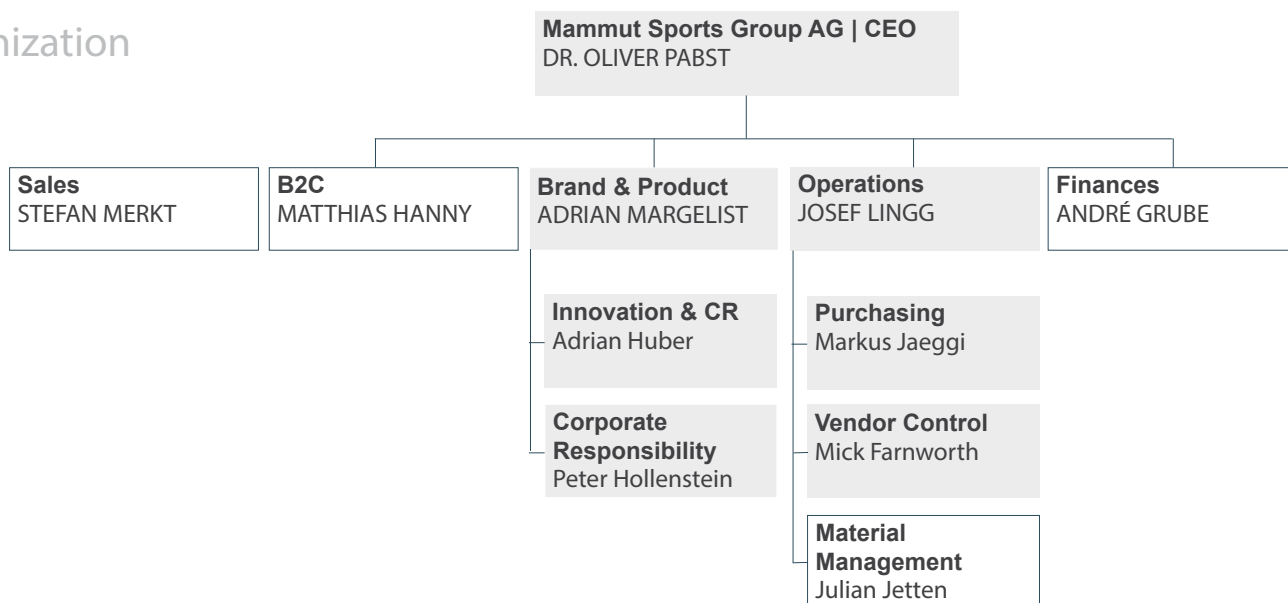
Strategic responsibility for ensuring fair working conditions is embedded at management level within Mammut. Reports are presented and strategic issues examined at quarterly management meetings.

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



Josef Lingg



Markus Jäggi



Mick Farnworth



Adrian Huber



Peter Hollenstein

Questions & Feedback  
MAMMUT  
Corporate Responsibility  
Peter Hollenstein  
+41 62 769 81 72  
[csr@mammut.ch](mailto:csr@mammut.ch)





## 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.

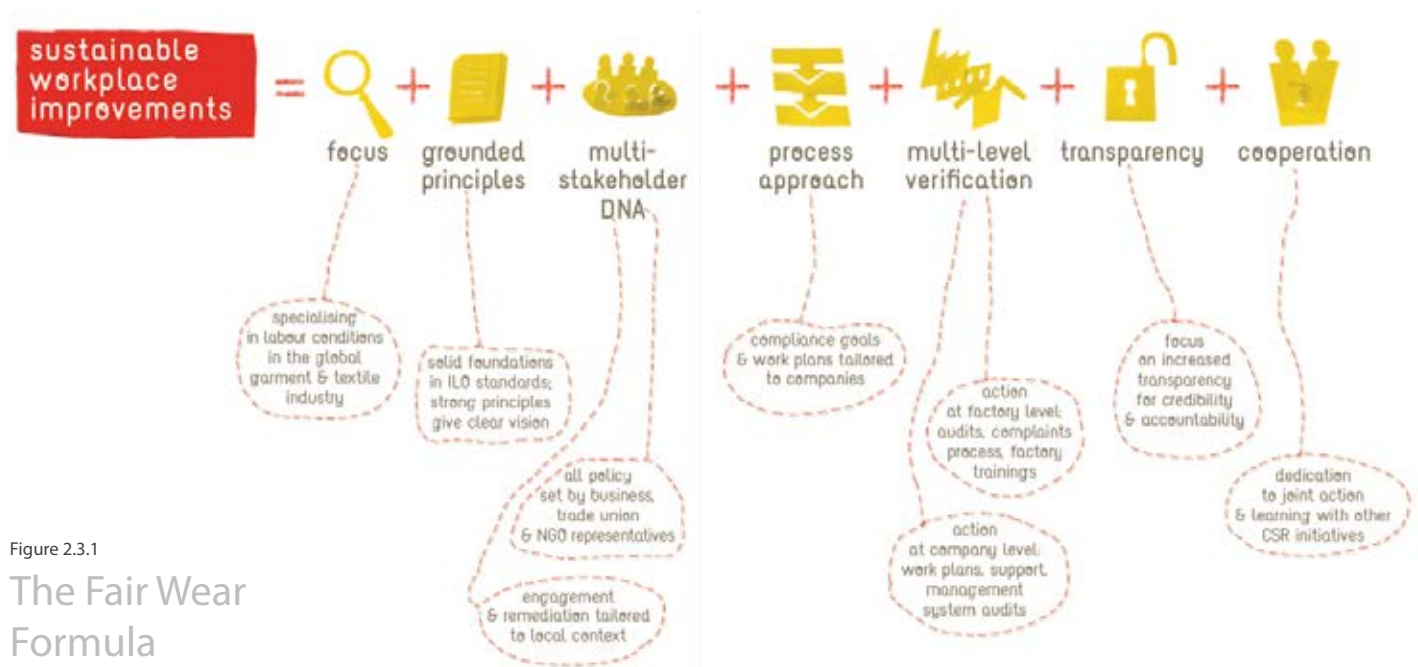


Figure 2.3.1

### 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 Labour Practices" (CoLP), which is based on the International Labour Organization (ILO) Conventions and the Universal Declaration of Human Rights, sets out the eight guiding principles.

All manufacturers involved in the production of Mammút products sign FWF's „Code of Labour 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.

Figure 2.3.2

Fair Wear  
Foundation  
Poster for  
Suppliers



The poster is titled "Do you have QUESTIONS about your salary, working hours or any of these other issues?" and features the Fair Wear Foundation logo (a red hanger with the number 2) and the Mammút logo (a red elephant silhouette). It lists eight principles of fair labor practices, each with an icon and a brief description:

- 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

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 e-mail **Fair Wear foundation:**

**@ complaints@fairwear.org**

Fair Wear Foundation will always treat your call confidentially.  
Our employees will answer your questions in [languages].  
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 Foundation is an independent, nonprofit organisation. You can learn more at [www.fairwear.org](http://www.fairwear.org)

## 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.



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 Labour 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.





## 2.4.6 | THE BRAND PERFORMANCE CHECK - AUDIT OF MAMMUT

As part of our FWF membership, we commit not only to periodically monitoring working conditions at our suppliers, but to subjecting our internal management systems to an annual review by Fair Wear Foundation. This corporate level assessment, known as the Brand Performance Check, is held every year at Mammut's headquarters in Seon. A Fair Wear Foundation expert monitors, based on **predefined indicators**, the extent to which our management systems and processes contribute to improving working conditions at our suppliers. For example, how delivery times are organized or how long supplier relationships last for. This is because the working conditions in suppliers' factories are indirectly influenced by the processes and requirements of the contractor. The results of this review are then summarized and published in a comprehensive report. This report is primarily designed as detailed feedback and guidance for the respective brands. It also gives interested stakeholders an insight into the social performance of a brand.

Since 2014, FWF members are divided into three categories based on their rating in the Brand Performance Check: „Leader“, „Good“ and „Needs Improvement“. The idea is to make it easier for interested consumers to assess the social performance of their favourite brands and to allow FWF members to communicate their achievements more clearly. „Good“ is the minimum required status to remain a FWF member. Lower assessments require rapid improvement or withdrawal from FWF.

Mammut achieved Leader status in 2014, 2015, 2016 and again in 2017. According to Fair Wear Foundation, „this category is for affiliates who are doing exceptionally well, and are operating at an advanced level. Leaders show best practices in complex areas such as living wages and freedom of association.“

Transparency of our actions is one of FWF's core requirements. It therefore publishes the BPC report on its website and requires us, as a member company, to produce an annual report.



## 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:

Table 2.5.2  
Supplier  
Evaluation  
Criteria

| 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                 |

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

|                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Audit (monitoring, verification)</b> | Audits serve to control whether a company respects labour 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.                                                                                                                                               |
| <b>Brand Performance Check</b>          | 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.                                                                                                                                                                 |
| <b>CSR, CR</b>                          | Corporate (Social) Responsibility. It stands for the responsibility a company assumes over the social and environmental impact of its economic activity.                                                                                                                                                                                                                                                                                                                        |
| <b>CoLP</b>                             | FWF Code of Labour Practices. As a member company, Mammut commits to respect the Code within our purchasing practices. Further more, we must work towards its implementation along our supply chain. For details on the FWF CoLP, see chapter 1.3.                                                                                                                                                                                                                              |
| <b>EOG</b>                              | European Outdoor Group. Mammut is a member and co-founder of the EOG. <a href="#">More on the EOG.</a>                                                                                                                                                                                                                                                                                                                                                                          |
| <b>FWF</b>                              | 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. <a href="#">More on FWF.</a>                                                                                                                                                                                                                                               |
| <b>ILO</b>                              | 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. <a href="#">More on ILO.</a>                                                                                                                                                                                                                       |
| <b>Monitoring</b>                       | 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. <sup>3</sup>                                                                                                                                                                                                                                                               |
| <b>Social Compliance</b>                | 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. <sup>4</sup> |
| <b>Stakeholder</b>                      | Group or individual with an interest or concern in the company.                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>SWG</b>                              | 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.                                                                                                                                                                                                                                             |
| <b>WE CARE</b>                          | This is your green thread through Mammut's corporate responsibility activities.                                                                                                                                                                                                                                                                                                                                                                                                 |

<sup>3</sup> Wikipedia, search term "Monitoring", <http://de.wikipedia.org/wiki/Monitoring>.

<sup>4</sup> Business Directory, search term "Social Compliance", <http://www.businessdictionary.com/definition/social-compliance.html>, visited on 05/07/2018.



# Appendix: Global Factory List

| SUPPLIER                                                            | CITY                   | COUNTRY                | PRODUCT CATEGORY |
|---------------------------------------------------------------------|------------------------|------------------------|------------------|
| Asian Sourcing International Manufacturing Co. Ltd.                 | Huai An                | China                  | Apparel          |
| Binh Thuan Nha Be Garment Joint Stock Company                       | Tan Thien              | Vietnam                | Apparel          |
| Challenge Textile Co. Ltd.                                          | Shanghai               | China                  | Apparel          |
| Changhong Garments Co. Ltd.                                         | Suzhou                 | China                  | Apparel          |
| Danu Vina Co. Ltd.                                                  | Ho Chi Minh            | Vietnam                | Hardware         |
| Deora Plus                                                          | Daugavpils             | Latvia                 | Apparel          |
| Dong Anh Footwear Joint Stock Company                               | Hanoi                  | Vietnam                | Footwear         |
| Dong-In Entech K1                                                   | Mariveles              | Philippines            | Hardware         |
| Dong-In Recreational Equipment and Manufacturing Corporation (REMC) | Mariveles              | Philippines            | Hardware         |
| Duo Cai Long Textile Limited                                        | Shenzhen               | China                  | Apparel          |
| Ebwin Clothing Co. Ltd.                                             | Tianmen                | China                  | Apparel          |
| Elegant Team Manufacturer Co. Ltd.                                  | Hanoi                  | Vietnam                | Apparel          |
| Emerlad Blue Co. Ltd.                                               | Zhangzhou              | China                  | Apparel          |
| Feng Yi Outdoor Leisure Equipment Enterprise (Foam Tex)             | Taichung               | Taiwan                 | Hardware         |
| Fu Son                                                              | Zhongshan              | China                  | Apparel          |
| Fulgent Sun Footwear Co. Ltd.                                       | Hung Yen               | Vietnam                | Footwear         |
| General Shoes Co. Ltd. (Genfort)                                    | Ho Chi Minh            | Vietnam                | Footwear         |
| GFT Enterprise Co.                                                  | Yangon                 | Myanmar                | Apparel          |
| GFT Enterprise Co., Factory 2                                       | Yangon                 | Myanmar                | Apparel          |
| Gonghe Apparel Co. Ltd.                                             | Quingdao               | China                  | Apparel          |
| Greatmen                                                            | Bago                   | Myanmar                | Apparel          |
| Hanoi Textile and Garment Joint Stock Company (Dong Van)            | Bach Thuong            | Vietnam                | Apparel          |
| Hero Textil AG                                                      | Crailsheim             | Germany                | Apparel          |
| Hon Me Company                                                      | Ho Chi Minh            | Vietnam                | Apparel          |
| Hung Huy Hoang                                                      | Ho Chi Minh            | Vietnam                | Hardware         |
| Hung Long Garment & Service Joint Stock Company                     | Hung Yen               | Vietnam                | Apparel          |
| Hung Way Co. Ltd. (Palace)                                          | Ho Chi Minh            | Vietnam                | Apparel          |
| Jiangde Garment Co. Ltd.                                            | Ganzhou                | China                  | Apparel          |
| Jinquan Travelling                                                  | Yangzhou               | China                  | Hardware         |
| JU-KA 1                                                             | Veles                  | Macedonia, Republic of | Apparel          |
| Karnaphuli Shoes Ind. Ltd. (Garments Unit)                          | Chittagong             | Bangladesh             | Hardware         |
| KTC Ltd.                                                            | Heshan                 | China                  | Apparel          |
| Kwang Viet Garment Ltd.                                             | Ho Chi Minh            | Vietnam                | Apparel          |
| Lihui Garments Co. Ltd.                                             | Taichang               | China                  | Apparel          |
| Lin Wen Chih Sunbow Enterprises Co. Ltd.                            | Phnom Penh             | Cambodia               | Footwear         |
| Liwaco Outdoor Sporting Goods Co.Ltd.                               | Qianjiang              | China                  | Apparel          |
| Maegaki Fabric Manufacturing Co. Ltd.                               | Zhangzhou              | China                  | Apparel          |
| MT Garment Vietnam Co. Ltd. (Maegaki)                               | Can Giuoc District     | Vietnam                | Apparel          |
| Nemo Ltd.                                                           | Kraslava               | Latvia                 | Apparel          |
| New Holland Lingerie de Honduras S.A. de C.V.                       | San Pedro Sula         | Honduras               | Apparel          |
| Olmec                                                               | Vila Nova de Famalicao | Portugal               | Apparel          |
| Pungkook Ben Tre                                                    | My Tho                 | Vietnam                | Hardware         |
| Pungkook Saigon 2                                                   | Di An                  | Vietnam                | Hardware         |
| Rebelo                                                              | Ermesinde              | Portugal               | Apparel          |
| Sc Rekord Srl.                                                      | Alba Iulia             | Romania                | Footwear         |
| Shints BVT Co. Ltd.                                                 | Hai Duong              | Vietnam                | Apparel          |
| SIA EK Auce (Spectre)                                               | Auce                   | Latvia                 | Apparel          |
| Spectre (Pionieris 2 SIA) (2nd unit)                                | Rezekne                | Latvia                 | Apparel          |
| Spectre (SIA Pionieris 2)                                           | Kalniciems             | Latvia                 | Apparel          |
| Spectre Garment Technology SGT Vietnam Co. Ltd.                     | Nam Dinh               | Vietnam                | Apparel          |
| Spectre Vietnam Joint Stock Company                                 | Thai Binh              | Vietnam                | Apparel          |
| Sunshell Group Chinatex Henry Apparel Manufacturing Co. Ltd.        | Zhucheng               | China                  | Apparel          |
| Sunshine Footwear Co. Ltd.                                          | Quanzhou               | China                  | Footwear         |
| Toray Jifa Textile Co. Ltd.                                         | Qingdao                | China                  | Apparel          |
| Traxler AG                                                          | Bichelsee              | Switzerland            | Apparel          |
| Utenos Trikotazas                                                   | Utena                  | Lithuania              | Apparel          |
| Viet Thang Garment Joint Stock Company                              | Ho Chi Minh            | Vietnam                | Apparel          |
| Wai Wah                                                             | Luzhou                 | China                  | Apparel          |
| Wai-Wah Skiwear Factory Ltd.                                        | Jiangmen               | China                  | Apparel          |
| Walter Stöhr GmbH                                                   | Wernberg-Köblitz       | Germany                | Apparel          |
| Wellknit Industries                                                 | Tirupur                | India                  | Apparel          |
| Yilite Knitting Co. Ltd.                                            | Haining                | China                  | Apparel          |
| Youngone CEPZ Ltd.                                                  | Chittagong             | Bangladesh             | Apparel          |
| Youngtech (Dongguan) Co. Ltd.                                       | Dongguan               | China                  | Apparel          |
| Youngtech Vietnam Co. Ltd.                                          | Hai Duong              | Vietnam                | Apparel          |
| Zhong-Jin Garments Co. Ltd.                                         | Wuxi                   | China                  | Apparel          |