



SOCIAL REPORT 2022



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- 1981 Oberalp Group Spa is founded


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


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


- 2011 Oberalp acquires Pomoca; the global leader in ski skin manufacturing


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


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


- 2016 Salewa, Dynafit & Wild Country become Fair Wear Foundation LEADERS
- 2019 Oberalp acquires Evolv; an American brand for climbing shoes


- 2020 Oberalp launches a new mountain sports brand for women only


- 2022 Oberalp acquires Droker, a high-end shoe factory located in Romania

Headquartered in the heart of the Dolomites

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

Today, it owns six brands, **Salewa, Dynafit, Pomoca, Wild Country, Evolv, and LaMunt** and also acts as EU distributor for other internationally recognised sports brands.

2022 was another intense year, full of challenges and uncertainties. Over the past three years, several events have created and subsequently fuelled an environment of uncertainty, urgency and rapid change.

The pandemic and its aftermath have combined with the need to adapt our system for monitoring and improving factory working conditions to a risk-based approach.

This is both a normal and straightforward evolution of our approach, as a result of lessons learned and a desire to improve our own systems, but also as a result of requirements for systematic human rights due diligence in current and future regulations in territories where our products are sold.

The creation of a risk assessment system and procedures to keep it up to date has been one of the most intense challenges of the year. Thanks to prior knowledge and the availability of information from organisations and partners, we were able to manage this change and follow the six steps of the OECD due diligence process.

It makes us proud, and at the same time it signifies more knowledge on our responsibilities.

Last year, Myanmar was rocked by the military junta's coup, which sparked widespread demonstrations. In the months that followed, violence escalated and many deaths were reported. As soon as we heard about the coup, we immediately contacted our suppliers to get an update on the situation in the country and with the workers, to try and understand and help where we could.

This year our efforts have not stopped and, thanks in large part to local stakeholders, we have initiated an enhanced due diligence programme. We will continue to monitor the situation in the country closely, with a particular focus on the workers' safety.

Another country where we have enhanced our due diligence is Ukraine. We have a small amount of production in the country and immediately after the conflict with Russia began we were involved in a working group led by ETI to develop practical guidelines for suppliers on how to support the integration and employment of refugees and displaced people, with do's and don'ts on providing safe, decent, secure and fair work with gender mainstreaming. After assessing the impact on the supplier, the workers and the security risks, we decided to continue supporting the factory.

We also continued our efforts for the payment of a living wage. Carrying on the work of previous years, we analysed the results of audits focusing on wages paid at our suppliers. The road to living wage payment is still long and often the benchmarks are not entirely reliable. Therefore, we created our own target, which this year rose to 30 per cent above the legal minimum.

At the same time, we continue to implement the internal tool in which we monitor that we pay our suppliers sufficiently so that they can recognise the living wage to their workers.

Over the summer, our social compliance specialist, who is responsible for monitoring activities, visited partner factories in Bangladesh and Vietnam. This has led to improved communication and a better understanding of workers' conditions.

Despite the difficulties, we managed to actively monitor 78% of our FOB volume.

We have also worked on the results listed in the Corrective Action Plans provided with the audits conducted over the past three years. The resolution of non-compliances during this difficult period was facilitated by maintaining long-term relationships with our suppliers (5 years or more), who account for 70% of our FOB volume.

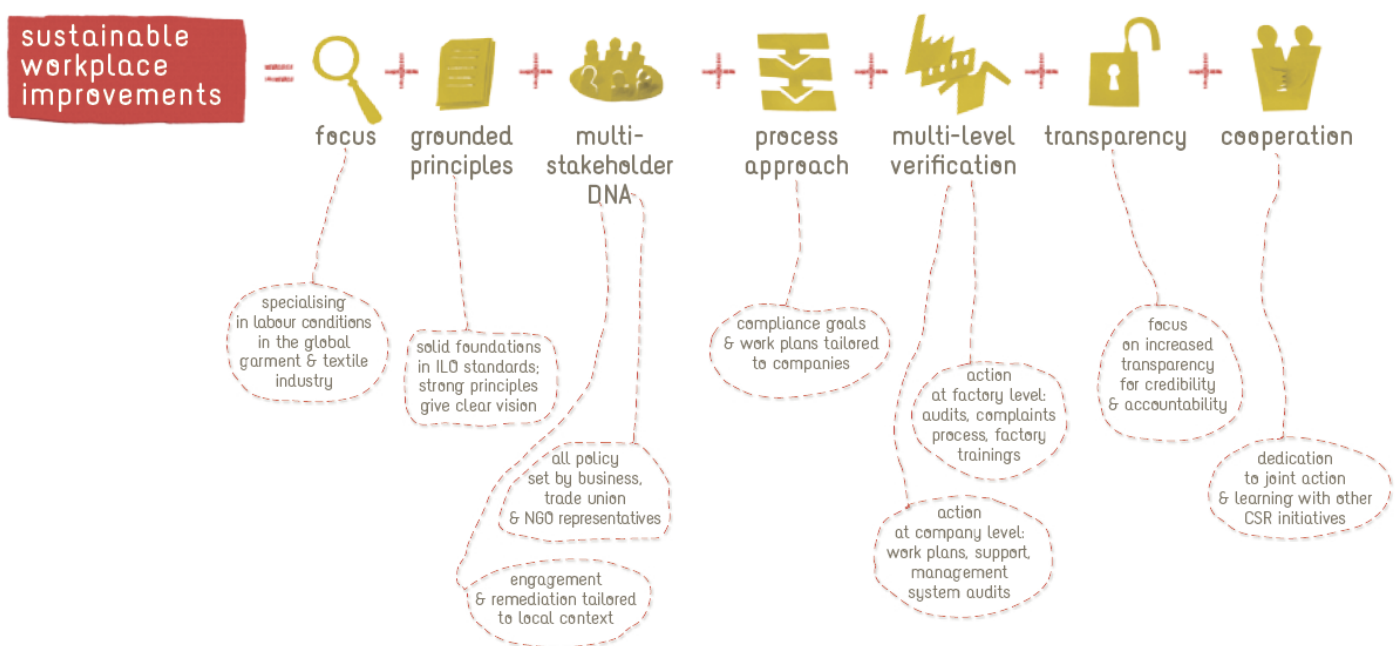
The efforts and actions taken in 2022 were not analysed in the following year's annual Brand Performance Check because in 2023 we will be participating in the FWF's Academy Pilot Project, which will provide the wider industry with guidance, learning modules and access to tools to help brands with their human rights due diligence. As a pilot participant, Oberalp Group will play an important role in testing and evaluating the viability, feasibility and effectiveness of the project before the Fair Wear Foundation rolls it out on a larger scale.

We were able to manage the creation of risk assessment system and follow the six step of the OECD due diligence process. It makes us proud, and at the same time it signifies more knowledge on our responsibilities.

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

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

The Fair Wear formula



Source: Fair Wear Foundation

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



Source: Fair Wear Foundation

SOURCING

We do not own any factories and therefore, our products are manufactured at external facilities. The only exception is the European production of Salewa mountain shoes that has been acquired in the autumn of 2022. Our broad product range for all brands is broken down into 2 key divisions: apparel, and a unit which concentrates footwear, equipment, and technical hardware, both based in Italy and shared between offices located in the Dolomites and in Montebelluna. Dynafit Ski-touring bindings and a part of the brand's equipment are managed from our German offices in Aschheim. The focus of this report, and of our Social Compliance efforts in the framework of our partnership with WWF, pertain to the factories where cut and sewn goods are produced.

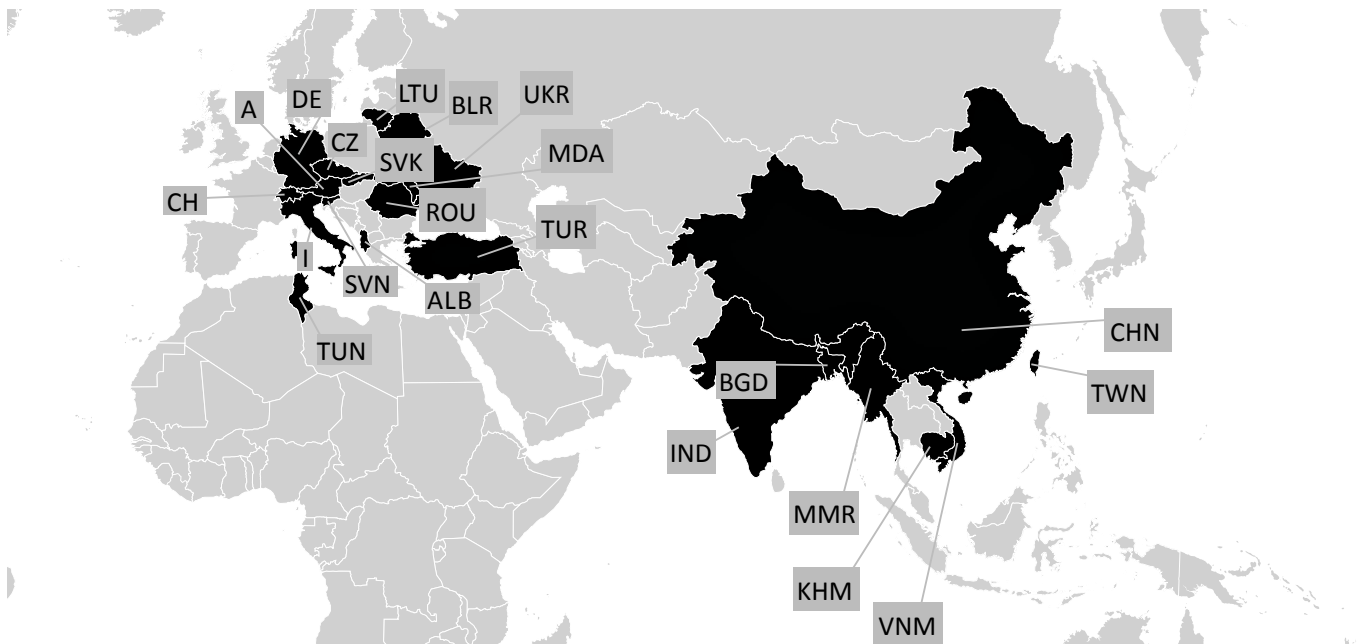
Planning, sourcing, and purchasing activities are conducted independently by the different divisions. Each division has its own internal structure, sourcing strategies and partners; *however, common to all is the integration of due diligence and social compliance responsibilities throughout each of the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

Our 2 Key Divisions

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

FOOTWEAR, EQUIPMENT (shoes and boots, tents, backpacks and bags, sleeping bags) and **TECHNICAL HARDWARE** (cords, ropes, slings)

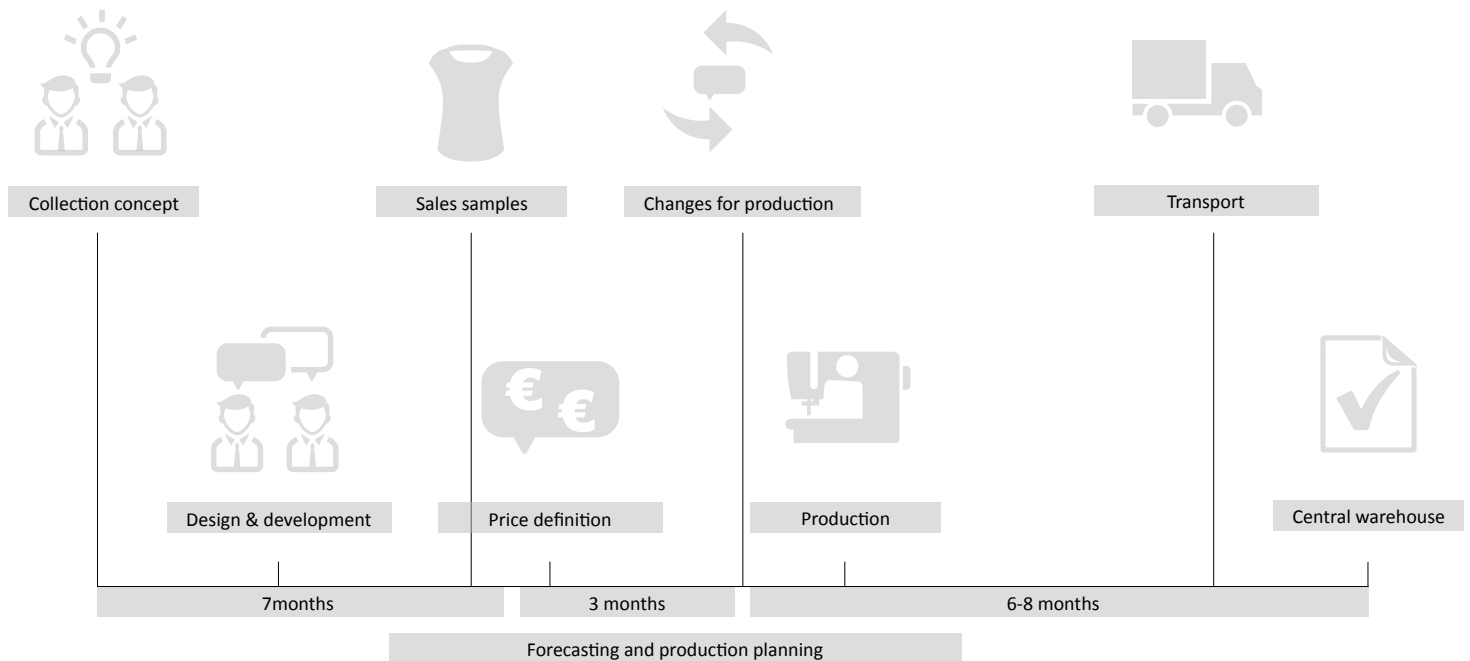
Production Countries



In 2022, our production took place in **21 countries** across the globe.

Production Cycle

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



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

Holiday	Dates (2022)
ISPO fair	23 – 26 January
Chinese New Year (China, Vietnam)	30 January to 06 February
Ching Ming Festival (China)	05 April
Thingyan Festival in Myanmar & Burmese New Year	09 - 16 April
Easter	17 April
Eid ul Fitr (Bangladesh)	28 April to 04 May
Golden Week (Japan)	29 April to 05 May
Labour Day Holidays (China)	30 April to 04 May
Aid El Fitr (Tunisia)	01 – 04 May
Dragon Boat Festival (China)	03 – 05 June
Aid El Kebir (Tunisia)	09 – 10 July
Eid ul Adha (Bangladesh)	09 – 11 July
Mid-Autumn festival (China)	10 – 12 September
Golden Week (China)	01 - 07 October
Water Festival (Cambodia)	18 – 20 November

Human Rights Due Diligence

We are aware that our sourcing strategy (beginning, maintaining and ending the collaboration with our suppliers) and all our decisions affect the workers employed in our supply chain and the communities they live in. As a company active in the garments and footwear industry, we have to get deeper knowledge on the partners involved in the making of our goods and identify, prevent, mitigate, address the actual and potential adverse impacts we could cause or contribute to in the supply chain.

To achieve this, human rights due diligence (HRDD) and the sourcing process need to be integrated, so that the first can inform and influence the decisions of the second, and the second can provide input on objective and perceived risks so that due diligence can be refined, commensurate and actions can be better prioritized.

Having structured and effective due diligence procedure and sourcing strategy is essential to prevent and minimize risks and violations. This is particularly important in our case because the supply chain we work with is fragmented, externally owned and located in many countries, with different cultures and political systems, with uneven coverage or guarantees on legal protection and social security measures, and especially with different degrees of dialogue and circumstances enabling equal treatment or advancement of workers' living standards. UNGPs and the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector are the frameworks that sets the direction we are committed to follow.

A six-step framework has been developed by the OECD to help the companies in creating their own due diligence process.

Step 1 – Embed RBC into policies and management systems: we are progressively tailoring our internal policies and management systems to better respond to the risks in our supply chain;

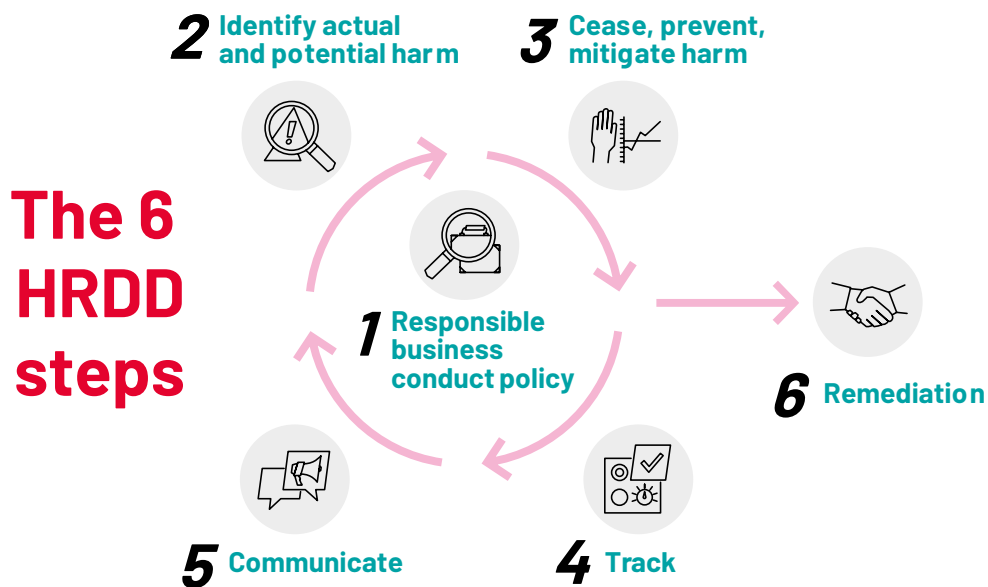
Step 2 - Identify and assess actual and potential adverse impacts: we have created a three levels scoping exercise The first level helps us in identifying the countries we should focus more on basing on the general situation of the area analysed, the second enables us to get more information on the most frequent risks in the footwear and garment sector of the countries, the third one make us aware of the individual risks we find in the factories;

Step 3 - Cease, prevent and mitigate adverse impacts: depending on the severity and likelihood of risks identified in the previous step, we prioritise the ones that need our attention and create a plan to limit the adverse impacts;

Step 4 - Track implementation and results: the results of the risk-assessment and the actions taken to minimize risks and violations are tracked;

Step 5 - Communicate how impacts are addressed: we report on the prioritised risks and impacts, prioritisation criteria and processes, and actions and outcomes to address priority impacts against targets;

Step 6 - Provide for or cooperate in remediation: we participate in remediation for impacts that they cause or contribute to.



The 6 HRDD steps – framework used by Fair Wear Foundation

The global supply chain is subject to various changes depending on the geographical area and the political and economic system, so it is important that due diligence is integrated not only into sourcing but also into the company’s management system and in a corporate policy. This need to be updated and regularly revised to reflect and address the risks at each stage of their development, always with the aim of eliminating, preventing or mitigating them.

The important role of due diligence in the corporate structure needs to be formalised in a clear policy to guide current and future efforts, to illustrate the principles that inspire the company and the methods it uses to manage risk, and to reiterate priorities, commitment and accountability: the Responsible Business Policy.

Responsible Business Conduct

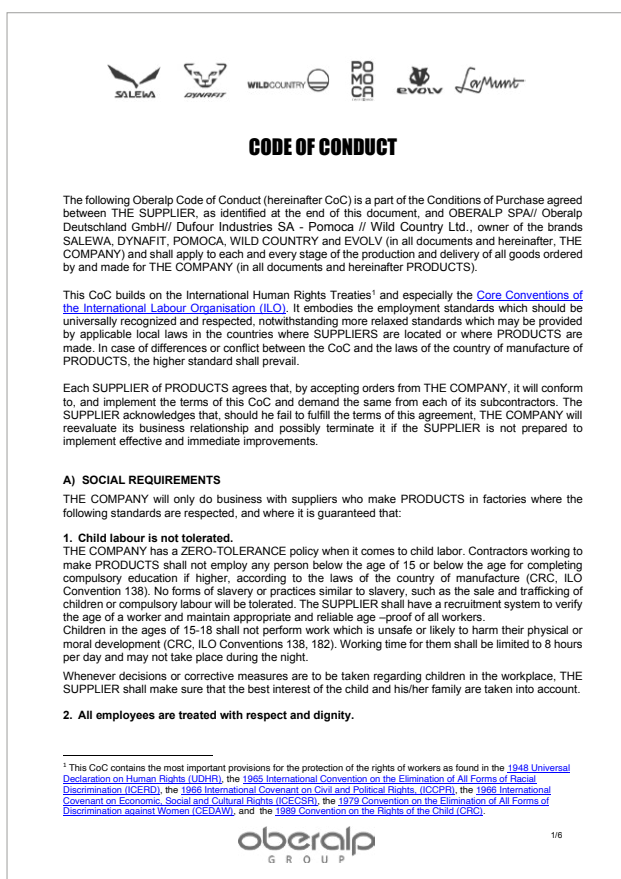
We operate under a Responsible Business Conduct (RBC) policy as intended in the OECD’s “Due Diligence Guidance for Responsible Business Conduct”. It reflects the company’s commitment to protecting and respecting the environment, the human rights and the dignity of every individual and community we come into contact

within our supply chain. The policy acts as a guide that support us in improving living conditions while preventing, mitigating, and remediating any negative impact we might cause, contribute to, or are directly linked to.

Even though our possibilities are limited, because of geographical distance and economic circumstances, such as our size compared with our suppliers’ one , we are convinced that good management practices on our side, open discussion about shared values and social standards that must be upheld, and collaboration with competitor brands and stakeholders who want to improve workers’ lives, lead to change for the better.

Code of Conduct

The second part of our RBC policy the Code of Conduct (CoC). Building on the most relevant International Human Rights Treaties, particularly the Core Conventions of the International Labour Organisation (ILO), and in line with FWF's Code of Labour Practices, our own Code of Conduct sets forth the guiding principles and backbone of our company and all of our business relationships. At its core it’s the shared responsibility, both on our part and expected from our suppliers: geared towards sustainability and compliance, as well as ethical behaviour towards all workers at all stages of our business and supply chain. Moreover, it is an information tool for making all employees and suppliers aware of their rights and duties.



Our Code of Conduct

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

Additionally, our suppliers should implement an effective program and a system to tackle environmental issues in the factory, taking a precautionary approach. In 2022, we started to address environmental risks in our supply chain in a deeper and broader manner, and establish processes to better tackle, improve, track and report issues at suppliers: from the identification and assessment of risks, through to devising ways of addressing or remediating them in collaboration with our competitors and our suppliers, and ceasing, prevention or mitigation of these risks.

Our CoC, consequently our RBC policy, also prescribes the need for suppliers to guarantee that their business practices are free from corruption, direct or indirect, including planned, attempted, requested or successful transfer of a benefit as a result of bribery or extortion.

Risk assessment

The due diligence process is not always the same but depends on the likelihood and severity of an adverse impacts that may or have occurred; the negative impacts are also called “harms” and the issues that could result is such harms are defined as “risks”. The greater the likelihood and severity (i.e. scale, scope and irremediability), the more extensive the due diligence needs to be.

Thus, it is salient that we take a methodological approach when assessing human rights risks to ensure that the most salient ones are identified.

The global supply chain presents different risks, some specific to each country or region and others common to all factories. Before initiating the business relationship with a new supplier, a risk assessment is carried out possibly in collaboration with other sourcing brands. It is then updated on an annual basis and this analysis enables to carry out a better process of due diligence, assessment, prevention, mitigation and remediation.

We have divided our risk assessment into three layers: country rights indicators, labour standards risks, supplier risks.

The result of such analysis helps us in prioritizing the factories with the most severe actual and potential adverse human rights outcome, following the UNGP 24: “Where it is necessary to prioritise actions to address actual and potential adverse human rights impacts, business enterprises should first seek to prevent and mitigate those that are most severe or where delayed response would make them irremediable.”

There are many factories we work with and it is not possible to identify

all potential and actual negative impacts at once and work to prevent, mitigate and remediate them all simultaneously.

Each identified risk is assigned a different degree of likelihood and severity, and we focus more on the risks that have higher values.

Likelihood is a measure that identifies the degree of probability that a given event will occur and is measured on a scale of 1 to 5, with 5 being certain.

Severity is another useful measure for understanding how to prioritise, as it measures the seriousness of the impact. It has three sub-indicators: scale (objective seriousness), scope (how many people may be affected) and irremediability (inability to remedy over time).

Country rights indicators

The first risk analysis step, that we call risk scoping, researches the countries we work with through the combination of four indices: the World Bank Governance Indicators, the Human Development Insights, the Global Rights Index and the World Economic Forum’s Gender Gap Index.

The World Bank Governance Indicators (WGI) are a research dataset summarizing the views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. The data are gathered from a number of survey institutes, think tanks, non-governmental organizations, international organizations, and private sector firms and report on six broad dimensions of governance: Voice and Accountability; Political Stability and Absence of Violence/Terrorism; Government Effectiveness; Regulatory Quality; Rule of Law; Control of Corruption.

A statistical tool, called Unobserved Components Model, is used to construct a weighted average of the data from each source for each country.

The resulting measure is a percentage that goes from 0% (minimum) to 100% (maximum) which enables a broad cross-country comparison; moreover, looking at the evolution of the indicators over time, it is useful to evaluate broad trends.

The Human Development Insights (HDI) is a summary measure for assessing long-term progress in three basic dimensions of human development: a long and healthy life, access to knowledge and a decent standard of living. The health dimension is assessed by life expectancy at birth, the education dimension is measured by mean of years of schooling for adults aged 25 years and more and

expected years of schooling for children of school entering age. The standard of living dimension is measured by gross national income (GNI) per capita. The HDI uses the logarithm of income, to reflect the diminishing importance of income with increasing GNI. The scores for the three HDI dimension indices are then aggregated into a composite index using geometric mean.

The result is a percentage that reflects the human development classification of a certain country. From 0% to 54% is low; from 55% to 69% is medium; from 70% to 79% is high and from 80% to 100% is very high.

The World Economic Forum’s Gender Gap Index (GGI) benchmarks the current state and evolution of gender parity across four key dimensions: Economic Participation and Opportunity, Educational Attainment, Health and Survival, and Political Empowerment. It is the longest-standing index which tracks progress towards closing these gaps over time since its inception in 2006.

Economic Participation takes into consideration the male and female unemployment levels, levels of economic activity, and remuneration for equal work.

Economic Opportunity analyses the duration of maternity leave, number of women in managerial positions, availability of government-provided childcare, wage inequalities between men and women.

Political Empowerment measures the gap between men and women at the highest level of political decision making through the ratio of women to men in ministerial positions and the ratio of women to men in parliamentary positions.

Educational Attainment captures the gap between women’s and men’s current access to education through the enrolment ratios of women to men in primary-, secondary- and tertiary-level education.

Health and wellbeing provide an overview of the differences between women’s and men’s health and the effectiveness of governments’ efforts to reduce poverty and inequality, adolescent fertility rate, percentage of births attended by skilled health staff, and maternal and infant mortality rates.

The Global Rights Index (GRI) is a world-wide assessment of trade union and human rights by country and it is issued by the International Trade Union Confederation. The ratings are based on 97 indicators derived from the labour standards of the ILO, which take in consideration violations of trade union rights, such as limitations on collective bargaining and the right to strike, inhibiting trade union membership, state surveillance, violence and killings against trade

unionists and restrictions on freedom of speech. Thus, the index rates the compliance with collective labour rights and documents violations by governments and employers of internationally recognised rights. The GRI rates countries on a scale from 1 through to 5+, where 1 means “sporadic violations of rights”, 2 “repeated violations of rights”, 3 “regular violations of rights”, 4 “systematic violations of rights”, 5 “no guarantee of rights” and 5+ “no guarantee of rights due to breakdown of the rule of law”.

Each score for each indicator has been converted to a scale of 1 to 6 in order to provide an overall assessment of the countries, taking into account all the indices analysed, and to compare the different realities. In the case of the GRI indicator, we have used the same scale as the research itself, with the sole exception of converting the score to 6 points if the risk is 5+. For the other three indicators, we used a logic similar to that of the HDI, where a percentage between 80% and 100% indicates a very high development, which we translated into a very low risk.

The vast majority of countries have a precise indicator for all the aspects, whether the indicator is not available, we conduct further research to exclude that the impact of the missing measure would impact the risk level of the country.

The table below gives details of the values assigned and the resulting average of the indicators by country.

Risk level	Min % of index	Max % of index	Risk measure
Very low	80%	100%	1
Low	70%	79.99%	2
Medium	55%	69.99%	3
High	30%	54.99%	4
Very high	10%	29.99%	5
Exceptional	0%	9.99%	6

At the end of this first level of risk assessment, we were able to classify each country's level of risk based on its performance in terms of a living wage, health, education, freedom of association and access to remedy, gender and discrimination, politics, stability and corruption.

Country rights indicators serve different purposes. They built an overview of the risks useful to consult when we are considering partnering with a new supplier in a specific area. The results help us in conducting a more accurate assessment of the new factory considering the human rights perspective and the risk profile which can lead to choosing whether to start or not the new business relationship.

Assigning risk levels allows us to focus our attention on where the majority of violations occur. Time and economic resources are scarce, so we need to divert them to where greater solutions can be achieved in identifying, preventing, mitigating and addressing the actual and potential adverse impacts we may cause or contribute to in the supply chain. This is why, we conduct the

Moreover, by mapping the risk areas, we can be more precise in the subsequent steps. Knowing which areas present a higher degree of risk guides our due diligence work in the factories. We carry out a broad risk analysis on the different labour standards, but knowing which rights are most likely to be violated, we focus on understanding whether these risks are also present in the factories.

We maintain production partnerships around the world. The global supply chain presents different risks, part of them specific to each region. The countries are classified into 5 levels of risks according to the results of our fist layer risk-assessment in regard to Social Compliance.

Very High and High Risk: Bangladesh, Belarus, Cambodia, China, Myanmar, Tunisia, Turkey

Medium Risk: Albania, Moldova, Romania, Ukraine, Vietnam

Very Low and Low risk: Austria, Czech Republic, Italy, Lithuania, Portugal, Slovakia, Slovenia, Switzerland, Taiwan



Photo – Fair Wear Member Day 2022

In 2022 our products were made in the following countries:

Medium, High and Very High risk:

Factory country	Percentage of our total FOB	Number of factories
Vietnam	39,90%	14
Romania	13,59%	1
China	12,23%	16
Bangladesh	8,13%	5
Myanmar	5,25%	2
Turkey	1,67%	2
Albania	1,32%	3
Cambodia	0,66%	1
Ukraine	0,63%	1
Tunisia	0,40%	1
Moldova	0,27%	1
Belarus	0,25%	1
TOTAL	84,21%	48

Low Risk:

Factory country	Percentage of our total FOB	Number of factories
Italy	11,85%	10
Lithuania	1,83%	2
Czech Republic	0,69%	1
Slovenia	0,65%	1
Switzerland	0,58%	1
Portugal	0,09%	1
Taiwan	0,04%	1
Slovakia	0,04%	1
Austria	0,02%	1
TOTAL	15,79%	19

	Very Low	Low	Medium	High	Very High
% Factories	-	28%	30%	39%	3%
% FOB	-	16%	56%	23%	5%

Labour standards risks

Countries rated medium, high and very high are subject to further risk analysis, this time focusing on labour standards and the textile sector.

On the other hand, very low and low risk countries are not investigated immediately, unless the factory has special conditions, the country's balance does not change abruptly due to external events, or investigations or research focused on labour conditions change the perceived risk.

We can rely in part on a risk assessment tool developed by the Fair Wear Foundation, which provides a detailed analysis of labour standards risks and their likelihood for each country where they have a field team conducting country studies.

Fair Wear Country Studies are the result of research and analysis of different countries, giving a picture of the labour laws, working conditions and industrial relations within the garment industry in the country. The countries covered by the study and the year it was conducted are Myanmar 2016, Turkey 2017-2018, Bangladesh 2018, China 2020, Romania 2021, Vietnam 2021, Tunisia 2021.

For other countries, we conduct our own risk analysis using various sources such as the FWF risk assessment, specific due diligence requirements, reports from NGOs and other stakeholders, and news from a variety of sources.

FWF risk assessments have been carried out for two countries where there is no active FWF team, but where specific risks can be analysed. This was the case for Portugal in 2016 and Italy in 2020. For the first country, risks resulting from the strong impact of the 2008 crisis are presented: payment of a living wage, reasonable working hours and remuneration, and health and safety at production sites. In the case of Italy, the risk assessment makes frequent reference to the situation of workers in Chinese-owned factories.

Due diligence requirements are another resource we use to understand the most significant risks to labour standards in particular countries. Before the coup in Myanmar, due diligence requirements included checking more carefully that the factory did not use child labour and was not owned by the military. So, the requirements help us to identify which aspects are most at risk.

Reports from NGOs or other stakeholders provide us with data and information on countries where our main stakeholder is not present and where we have identified at least a moderate level of risk in the first tier: Albania, Belarus, Cambodia, Moldova and Ukraine.

The main source of information we use is the CSR Risk Check developed by MVO Nederland. This tool gives us an indication of the risks we may face when doing business in the textile sector abroad.

News is another valuable way of learning about risks. We regularly monitor various channels (magazines, newsletters, websites, podcasts) to keep abreast of the latest developments in the economic, political and social context that may affect labour standards. The sources we consult most frequently are Human Rights Watch, Business & Human Rights Resource Centre, ILO publications.

Both ours and FWF's tools provide a risk matrix, which is useful for gaining an overview of labour standards risks in our supply chain. We then prioritise the risks that are more likely to occur.

Supplier risks

The final step in our risk assessment process considers each supplier's social compliance and human rights performance. The aim of this step is to understand whether the risks identified at level 2 are also present at factory level. Starting with the most likely risks, we assess the potential severity of them at each site. Once we have an overview, we focus first on those with a higher likelihood and severity.

During **site visits**, email **conversations** and phone calls, we ask additional questions to understand whether risks are present or not, whether they are more or less likely to occur, and whether there are processes in place to identify them before they occur.

Factory self-assessments are another useful resource for understanding the presence of risk at the site level. Each time we start working with a factory, we ask them to complete a questionnaire covering the 8 labour standards, which we use as the basis for subsequent discussions.

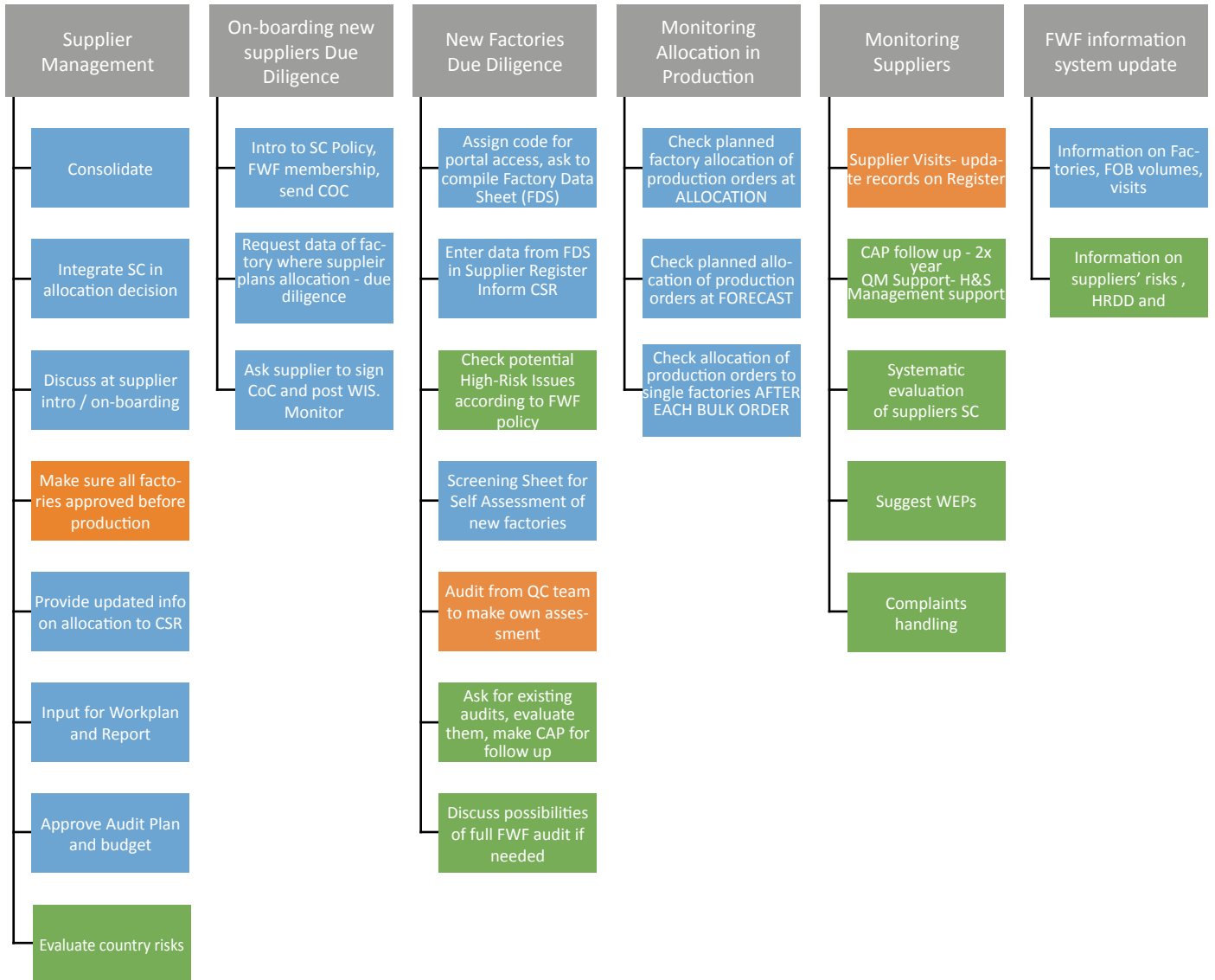
Third-party audits allow us to go further, to see whether the risks we have identified have materialised or whether there have been violations that we did not anticipate. As soon as we see a finding in a report, we update the factory's risk profile to indicate that a negative impact has already occurred and analyse what other labour standards may be affected.

Human rights-related controversies, such as complaints through the FWF hotline and factories' internal grievance mechanisms, also provide valid input to draw attention to where potential violations may be occurring or have occurred.

The third layer helps us to name the risks and to identify where we should focus our efforts in our supply chain. Without it, a fundamental part of our risk assessment is missing. We believe that if we carry out a proper and complete risk assessment, we will also be able to anticipate and mitigate the risks in the specific factories, or even decide that a business relationship cannot continue because the risk of adverse impact is too great or the mitigation efforts have failed.

The risk assessment tools are not static; they need to be updated every year to reflect the evolving context in the countries and the violations. At the same time, we are committed to updating the structure of the tool to include more sources of information that will lead us to more accurate results. We are already planning to include input from trade unionists, workers' representatives, and other local stakeholders to improve the tools.

Integrated Monitoring Activities & Sourcing Decisions



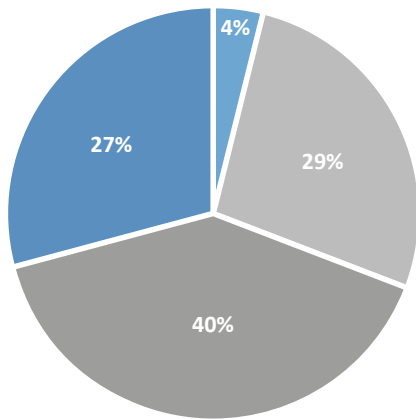
Sourcing
Planning
Purchasing
Quality Management
Sustainability

Supplier Relations

Long & stable Supplier Relationships - One of our primary objectives in regard to supply chain management, is to establish long-lasting relationships with our suppliers, with the aim for the maximum mutual benefits. This year, 70% of our total FOB volume came from factories we've been working with for more than 5 years. To grow successfully as a company, it is important that we cooperate with partners who also continually strive to grow and improve.

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

In 2022, 70% of our total FOB volume came from factories where we hold long-term relationships



	2018	2019	2020	2021	2022
More than 10 years	41%	30%	31%	29%	34%
5 to 10 years	33%	45%	44%	40%	36%
2 to 4 years	21%	9%	21%	27%	24%
1 year or started in 20	5%	16%	4%	4%	6%

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

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

managers, the sourcing staff, costing and production managers, the quality department, production managers and developers, and the Sustainability team.

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

In 2022, we started working with 14 new factories.

In three cases, it was our supplier's decision to allocate our production in another facility. The majority of the other new business relations were due to the termination of our collaboration with another supplier, strategic decisions and increased demand following the pandemic. For the remaining four factories, the cause of the start was the need for new technical or specialized partners.

All factories we on-boarded in 2022 fulfilled our due diligence requirements

All new suppliers go through the following **due diligence process and fulfil the following requirements:**

- Sign our CoC and commit to its implementation;
- Complete a self-assessment on CoC compliance, provide full supplier and factory data, with an overview of their structure and other factories they work with – whether owned or subcontracted.
- Provide past audits done by third party organizations;
- Pass a QC inspection from our staff before production starts;
- Post FWF’s Worker Information Sheet (WIS) see point 1: a document containing the main 8 Labour Standards in local language for employees to view, and an address where workers can directly contact FWF to raise complaints which they deem they cannot solve in the factory;
- Bangladesh: show serious commitment to guaranteeing workers safety in the factory by agreeing to our ‘Bangladesh sourcing policy’, being audited by RMG Sustainability Council (RSC) and working on the findings. These requirements became even more stringent following the signing of the International Accord for Health and Safety in the Textile and Garment Industry in November 2022.

Between 2021 and 2022, we ceased sourcing at 11 factories. The motives for ending the cooperation are linked to our wish to consolidate the allocation of our products, the supplier's difficulties to meet our requirements or other inefficiencies. Before phasing-out from a facility, we try to find a common solution to continue the collaboration, but in some cases the only possibility is to terminate the partnership. When it happens, we communicate our decision to the supplier enough time in advance and to make sure that our choice to move elsewhere does not have a notable negative impact on the workers.

Supply chain consolidation remains at the heart of our sourcing strategy, but it is not just a matter of will. During the pandemic it was hard to continue working toward this goal. The 2020 crisis also had an aftermath in 2021 and 2022 that made it more complex to carry our consolidation work forward at the pre-pandemic pace. Between 2021 and 2022 we were not able to consolidate the number of factories and we worked with 67 factories.

We will continue to work towards having fewer suppliers, which will enable us to achieve two key goals: improve the quality of our communication and follow-up in the factories, and an increase in our influence, leading to a greater chance of successfully making changes for good in the workplace.



Photo – Factory 5843 in Bangladesh

Ensuring that our RBC policy and Code of Conduct is implemented

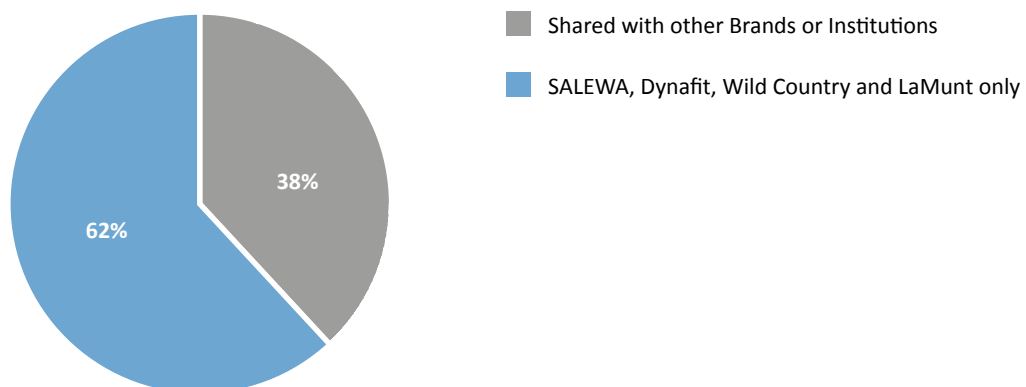
Social compliance and participation within the framework of our partnership with FWF is one of the key focus areas for our Sustainability team. We maintain a dedicated staff to manage these activities and respond to complaints immediately when they arise. Likewise, members of our quality control team,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

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

We cooperate with other brands - operating with other brands in shared factories is a key part of our strategy to improve working conditions in our supply chain. Some of our partners are

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

In 2022, **38%*** of our audited volume was covered with shared audits.



* the decrease in the percentage is due to the limited possibility of conducting audits in 2020 and 2021

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

- Sign our CoC
- Post FWF’s Worker Information Sheet (WIS) in the local language, which includes the FWF’s Code of Labour Practices with the 8 labour standards and complaint hotline contact information
- Be open to regular social audits, either by FWF or an external auditing body as requested by us*
- Continue in a post-audit dialogue with the brand via Corrective Action Plan (i.e. CAP, with steps for remediation and timeline for action)
- Be prepared to make staff and workers available to participate in training sessions organized by us and carried out by FWF or other recognized organizations (Worker Education Programmes or trainings)*. These are valid for three years.

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

Expired previous audit (audits are valid for 3 years)

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

Facilities in Myanmar or Bangladesh, with no valid audit

Facilities with recent complaints from workers or special challenges

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

- Since 2015 we have conducted 23 worker trainings in factories in Bangladesh, China, Ethiopia, Myanmar, Romania, and Vietnam

*auditing and training activities have been reduced in 2020 and 2021 to limit the spread of the Corona virus.



Photo – Factory 5843 in Bangladesh

A summary of our monitoring in factories in Very High, High and Mediums Risk Countries

Country*	Number of Factories in the country	Number of facilities audited 2020-2022 and follow up through corrective action plan	Percentage of our volume in the country covered with audits
Vietnam	14	7	61,40%
Romania	1	1	100%
China	16	8	71,90%
Bangladesh	5	5	100%
Myanmar	2	2	100%
Turkey	2	2	100%
Albania	3	0	0%
Cambodia	1	0	0%
Ukraine	1	0	0%
Tunisia	1	0	0%
Moldova	1	1	100%
Belarus	1	0	0%
Moldova	1	0	0%

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

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

**The data refers to third-party audits only. In the factories not covered by audits we have conducted our own assessment.



Photo - Factory 3919 in Vietnam

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

In 2022, between **Low Risk**
and audited factories
we covered
78% of our **FOB value.**



Photo – Factory 12454 in Bangladesh

APMR system – assess, prevent, mitigate, remedy

Of our textile production in 2022, 84,21% was located in medium, high and very high risk countries and therefore, under strict monitoring. In total, we produced in 21 countries around the globe and 12 of them are in higher risks locations. We have conducted risk assessment in all of them and this year we were able to also conduct audits in facilities located in the following countries: Bangladesh, China, Italy, Lithuania, Myanmar, Romania, Turkey, Vietnam. In 2022, we covered 78% our purchased volume by auditing or following up on audits performed between 2020 and 2022. The drop in the percentage from last year - it was 89% - is due to the expiration of an audit in one of the biggest shoes companies we work with. We managed to visit often the factory and we planned a new audit for 2023.

We decide which factory to audit based on a number of factors: if we have received complaints, if it is a long-term supplier and we know the relationship will continue, if we have identified major risks, if we have a strong influence and if there have been no previous audits.

In 2022, we commissioned audits to FWF in Bangladesh, China, Myanmar, Romania and Vietnam, covering 43,31% of our production volume for the year. The percentage raises to 49,61% when external parties audits are considered.

Monitoring and improving working conditions is not only done through audits, but also by working with other brands to follow up on existing reports, visiting suppliers and engaging with factories to implement actions.

The results of the risk assessments and the comparison with the actual

harms founded during audits and other monitoring activities will be summarized in the next pages together with an overview of the progress on the most severe risks and harms we are following up in other higher risks locations and the connected Corrective Action Plans from previous years' audits.

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

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

As for the most pressing and persistent issues in our monitoring efforts, namely excessive overtime and achieving a living wage, even though we have invested much time and effort, effecting real change remains a challenge.



Photo – Factory 5843 in Bangladesh

China

General situation

China remains the world's largest producer and exporter of textiles and clothing. Its importance in the global context was again demonstrated during the pandemic and its aftermath.

Already before the pandemic, dynamics in the Chinese manufacturing sector have gone through rapid and dramatic changes, including labour shortages, fast-changing workforce, and transition to higher-end manufacturing. This can be attributed to a number of factors.

On the one hand, oversupply at home, higher labour costs and the global increase of protectionism have reduced Chinese competitiveness. On the other, the Chinese government has enacted policies aimed at diversifying the economy, increasing the manufacture of innovative products, and improving living standards of workers.

The result was the growth of manufacturing expertise in the sector of technology, contrasted by the closing of many garment factories. In recent years, wages, employment laws and overall working conditions improved. However, despite these positive changes, Chinese factories are often in the spotlight when it comes to the labour conditions of workers. Wages are still too low, overtime exceeds legal requirements, social insurance is lacking, and freedom of association remains restricted by law.

Since it is also one of our key objectives to guarantee that the people who make our products can work in decent conditions and earn fair wages, we have increased our efforts towards monitoring and following up corrective measures in the factories.

Main risks

According to our risk scoping, China is a high risk country and report a low performance in the Global Rights Index which rates the compliance with collective labour rights and document violations by governments and employers of internationally recognized rights.

Not surprisingly, the area were the majority of risks lays are:

- Freedom of association
- Living wage
- Forced labour
- Discrimination
- Working hours

The factories we source from

In 2022, it also remained our largest sourcing country not in terms of FOB volume but in terms of the number of factories we worked with.

Our supply chain is fragmented, our production is spread across many factories, some of them quite small: 12,23% of the volume split into 16 factories means the average FOB we had per facility was 0,76%. This is a challenge for the quality of our communication with the supplier and consequently, our monitoring and remediation efforts. Our long-term sourcing strategy to consolidate the supplier network and relocation to a more stable economic environment for our products remains in progress and will surely help to ameliorate these issues. After sourcing in 73 factories in China in 2015, we reduced the number of facilities to 51 in 2016, then further down to 38 in 2017, in 2018 we concentrated our production in 32 factories, in 2019 we produced in 25 facilities and in 2020 we made clothes in China with 21 factories and in 2021 in 19 facilities. In 2022, we achieved a further reduction, working with 16 factories.

Even though we continue to make progress in shrinking our supplier base, at 16 it is still quite large, and our efforts continue. A particular challenge here is to carry out consistent monitoring in the smallest factories: subcontracted by our business partners (i.e. we have no direct relationship with them) on an on- and-off basis, with anywhere from 18-40 employees, where we have very small volumes but make up a considerable portion of the production capacity, an official or full audit is neither feasible in the short term nor practical in the long- term. This year we commissioned FWF to carry out an audit in China in September. It was conducted at one of the factories that produces the majority of our orders in China. This is a special supplier; it is the only case in our supply chain where both clothing and sleeping bags and tents are produced in the two factories owned by the supplier.

The factory had previously been monitored by an FWF report in 2013, 2016 and 2019. Despite our efforts and the factory's improvements, there is still a long way to go. 17 findings were recorded, 11 of which were unresolved from the previous FWF audit three years earlier.

Consistent with our risk assessment and other monitoring reports in the country, the audit found issues related to excessive overtime, inadequate wages, lack of awareness of freedom of association, and health and safety.

Another major issue in the country is excessive overtime. In terms of wages, it was found that production workers were not entitled to paid annual leave or statutory holidays, and there was a gap in overtime pay. Orders could lead to overtime, so we have developed fair purchasing practices. Overtime is still an issues, so we are investigating further with our purchasing department to correct this.

One of the most pressing issues in China is freedom of association,

but despite legal restrictions we are working to help workers raise their voices and have succeeded in establishing an internal grievance mechanism. The factory is currently unionised and the union is affiliated to the All-China Federation of Trade Unions. However, the committee is dominated by management and the workers' representatives were not democratically elected by the entire workforce. Freedom of association and social dialogue remain difficult to achieve and there is a lack of awareness of these rights at the factory.

Last year, we had the other supplier's factory audited and found two issues related to the payment of wages which, after discussing them with the factory, we had the auditors verify. The first issue was related to underpayment of overtime premium and we were able to verify that the gap had been closed. The second issue was related to underpayments during the 8-day closure caused by the pandemic. We asked the auditors to check the documents that had been sent to us to prove that the underpayment had been covered; it was found that they did not meet the legal requirements. Therefore, this finding was still open in the audit report. Thanks to this professional feedback and the support of FWF's Chinese team, we were able to raise the issue again with the factory, resulting in an actual payment that was later verified by the auditors.



Myanmar

General situation

On 1 February 2021, the Burmese army seized power in a military coup, imprisoning Aung San Suu Kyi (de facto Head of State) along with the leaders of her party and declaring martial law.

The motives of the coup are linked with the November's 2020 elections, when the army chief Aung Hlaing and the generals claimed election fraud, after the military backed Union Solidarity and Development Party (USDP) lost by a landslide by becoming the opposing party of National League for Democracy (NLD).

The February event led to the creation of the Campaign for Civil Disobedience (CDM) a group of opposition activists that started to organise strikes and mass protests in the country.

Since the coup, hundreds of thousands of Burmese citizens have taken to the streets, regardless of the threat of tanks and gunfire.

In April 2021, the National Unity Government of the Republic of the Union of Myanmar (NUG) was formed by NLD members and other parties. It became a government in exile supported by the Burmese citizens whose legitimacy has been recognised by the European Parliament. The following month, the NUG announced the formation of People's Defence Forces (PDFs) as its armed wing and launched an armed revolution against the military junta.

Days passed, the violence against the demonstrators escalated and nearly 3,000 people have been killed and several thousands have been arbitrarily detained. What started as civil disobedience has soon turned into a civil war across Myanmar.

The political and social instability had inevitably important economic consequences in the entire country. The following difficulties in shipping logistics and production slowdowns have halted the economic growth. The country's situation has been further threatened by the decision of some companies to cancel orders or stop sourcing in Myanmar.

As soon as we heard about the coup in 2021, we immediately contacted the suppliers to ask for an update on the situation in the country and the workers, seeking understanding and providing support where possible. The utmost care has been taken to assess the impact of the coup and the martial law on the workers. We were mainly concerned by the endangerment of people life and safety, the loss of human rights, jobs and freedom of association.

Our collaboration with Burmese factories started in 2014 and currently part of our production is made in two manufacturing plants in the city of Yangon. A member of our Quality Controlling team is Burmese and monitors the factories on a daily basis.

The country internet connection was slow, and communications were partly intercepted by the military. Despite this, the dialogue with the factory owners, the local management and our Burmese Quality Controller has been continuous. All the information we received, were then checked with all the three parties to assess their reliabilities.

We have been highly concerned about the escalation of violence and the safety of our staff and factory workers. We have requested assurance from Factory Management that their rights were respected, that they could freely choose to participate in demonstrations, that their salaries were paid regularly despite partial bank closures and that no penalties or deductions were applied if they were unable to get to work due to roadblocks or dangerous situations. Both factories, we were sourcing from in 2021 had an active labour union or labour rights organisation and we made sure that workers could file formal complaint via hotline. Already before the coup, we had run an advanced due diligence program to check suppliers for child labour and military connections. We further requested confirmation of this last aspect, asking our suppliers again if they had links with MEC, MEHL or other military bodies, and requesting a specific statement from their side to make sure they didn't support the Military junta. All our suppliers confirmed they had no links to the military.

However, one of our suppliers was listed in the "Report of the Human Rights Council on the economic interests of the Myanmar military" as a partner in a joint venture with MEHL.

This was also reported by Burma Campaign UK and indeed, the supplier was on the Dirty List of the NGO. Upon finding this out, we immediately informed our sourcing department and jointly questioned the supplier further. With the collaboration of all three parties, we were able to find out that at the time the factory was established in Myanmar, one of the subsidiary companies of the supplier had to make a joint venture with MEHL. After the Report of the HRC, the supplier decided to terminate all business relationships with the military in 2020 and took over all the stakes of MEHL. We informed Burma Campaign UK about the development and, after reviewing the evidence, the ONG updated the list by deleting the supplier's name.

Throughout 2022, our focus on Myanmar never wavered, and we managed to keep the situation under constant review. Collaboration with other stakeholders has also been essential in being up to speed on the workers' situation in Myanmar. Continuous updates with Fair Wear Foundation and other brands that, like us, work with Burmese factories has helped us to exchange important information and has allowed us to stay alert and closely monitor possible violations of rights.

The situation in the country is very critical due to the political control of the military. Many NGOs are calling for international companies to stop sourcing in Myanmar, and we have also asked ourselves what we should do from an ethical point of view.

The internal discussions became even more intense after September 2022 when the Ethical Trading Initiative (ETI) published a report called "Myanmar enhanced due diligence sectoral assessment". It was the result of a research commissioned to Due Diligence Design which carried out the assessment with the support from SHIFT and IMPACT. The assessment covers the period following the military coup d'état, from 1 February 2021 to July 2022. It focuses on severe human rights and labour rights risks to workers and forms of support to the military linked to the export-oriented garment sector in Myanmar.

Findings were identified through three key sources: (i) interviews with 3120 workers from across 70 factories in Myanmar; (ii) interviews with key informants from across intergovernmental organisations, Western governments, business, trade unions, workers' rights organisations and international NGOs; (iii) and deskbased research.

The research found that the coup has resulted in an almost total absence of infrastructure to promote and support human rights, making more complicated to respond to and mitigate human rights issues in Myanmar.

The report identifies that the most severe human rights and labour rights risks currently facing workers in the sector are those related to freedom of association, forced labour and precarious employment conditions. These risks are compounded by a lack of access to grievance mechanisms and remedy for workers.

FWF also based its new policy on Myanmar on the results of this investigation which stated that since Due Diligence is no longer possible in the country, buyers would be required to decide whether to responsibly disengage or stay in Myanmar. If the conclusion would be to remain in the country, they will need to be able to demonstrate their ongoing efforts to mitigate human rights impacts and be prepared to accept any consequences – reputational, financial or legal – of the continuing connection.

After reading the FWF position, we meet with other sourcing brands to compare and understand how we can create synergies and continue to better monitor the situation.

As members of FWF, we have learnt over the years the power of collaboration and the importance of knowing your supply chain well and having a network of local stakeholders. Therefore, having already

made several contacts with people on the ground and having a very good working relationship with our suppliers, we decided to continue our due diligence and prove that it is still possible to do business in the country not on workers and their rights expenses.

In November 2022, during the ISPO trade fair in Munich, we, as a brand group, requested a meeting with the FWF to discuss this position and to bring evidence to support the thesis that doing due diligence is more complex than before, but still possible.

Deciding to continue sourcing in Myanmar was a difficult process, but we believe that by collaborating with garment factories and monitoring that workers' rights inside the facilities are respected and improved, we can somehow contribute to making workers' lives better. In taking this decision, we are collaborating with local and international civil society stakeholders, such as SMART Myanmar, looking for ways to engage local worker committees or unions. The main goals of the involvement of these stakeholders are to hear workers' voices, actively foster participation, and dialogue mechanisms, get reliable and data from workers to better evaluate the conditions and the protection of human rights to really corroborate that we are improving workers' lives. Even more so in this difficult situation, the focus must be on the workers and their conditions. As reported by SMART representatives, due to other brands ceasing sourcing in the country, many workers have lost their jobs, adding further distress. If we leave the country, we will lose all connection and all possibility to contribute in any way. SMART has already told us a few things about its plans for 2023: the MADE project, co-founded by the European Union, will continue the SMART Factories programme and expand its scope to include even more factories. (Read more in the Partnership and Collaboration section).

Main risks

The combination of the four indices (the World Bank Governance Indicators, the Human Development Insights, the Global Rights Index and the World Economic Forum's Gender Gap Index) places Myanmar in the very high risk category.

It is the only country we source from that has this status and we conduct our due diligence accordingly.

We focus our attention and efforts to ensure that conditions in the country allow us to do business not at the expense of workers. Labour standards more at risk are:

- Forced labour

- Freedom of association
- Living wage
- Working hours
- Child labour

The factories we source from

We keep a close eye on our suppliers through third party audits, focusing in particular on the risks highlighted in the second stage of our risk assessment.

In 2022, we purchased finished products from two factories in Myanmar, representing 5.25% of our total FOB.

At the end of July, we asked Fair Wear to carry out an audit in the factory that produces the largest volume for us, in order to get a better picture of the workers' situation.

After assessing the situation in the country, Fair Wear decided to introduce a new type of audit, the virtual audit.

The first step of this method is to give all the workers in the factory a card with Fair Wear's labour standards and complaint hotline clearly written on it, and to send them the video recording of the distribution as proof.

This part went smoothly thanks to the cooperation of the supplier and factory management.

Prior to the assessment, the FW team held an introductory meeting with management to explain the process and expectations.

We attended the final meeting of the virtual audit to discuss the findings immediately and to check the initial reaction of the factory management.

The most serious findings related to lack of awareness of the grievance mechanism, restrictions on movement, low wages for unskilled workers, excessive overtime and high production targets, difficulties in requesting leave and illegal deductions from wages.

We acted immediately on the listed findings and were able to improve some of them quickly.

The factory used to collect fines from workers for not wearing uniforms or hair covers. The money was used to buy flowers for Buddha, brooms or for celebrations.

We made sure that the savings boxes in front of each line were removed and that the fines were not continued in any other form. Our Qc on the ground was important in verifying the actual improvement.

Another worrying finding was related to the restriction of movement: workers had to get permission to leave the premises during their lunch break, and they were under the impression that they needed the same

permission if they wanted to leave without working overtime. This practice was stopped immediately, and we made sure that workers were informed that they were free to refuse overtime without fear of repercussions.

As for the excessive overtime and the excessive production target, the first check was within Oberalp. These issues are closely linked to the purchasing practices of the sourcing brands. We checked internally with the sourcing department that we were not putting pressure on the supplier with urgent orders or not giving enough lead time.



Photo – Factory 14381 in Myanmar

Vietnam

General situation

In recent years, Vietnam has become a major producer of outdoor apparel, particularly footwear, and is now one of the world's top five garment exporters. As with the rest of the world, Vietnam's economy and society were severely affected by Covid-19 and the surge in production immediately following the pandemic. In the last few months of the year, the first signs of a decline in orders were registered. The biggest change in the country's labour market for 2022 was the 2% increase in the minimum wage on 2 July. Vietnam is divided into 4 regions, all of which saw the same increase, as shown in the table below.

Region	Before the update	From 2 July 2022 (+6%)
1	VND 4,420,000	VND 4,680,000.00
2	VND 3,920,000	VND 4,160,000.00
3	VND 3,430,000	VND 3,640,000.00
4	VND 3,070,000	VND 3,250,000.00

In 2022, there was another update that affected workers' conditions: the increase of overtime hours per month to 60 hours from the previous 40 hours. Workers under the age of 18, the disabled, those working in toxic/dangerous occupations, after the 7th month of pregnancy or raising a child under the age of 12 are exempt. In any case, the total amount of overtime must not exceed 300 hours per year.

However, we have emphasised our commitment to 'reasonable working hours' and we ask our purchasing departments to ensure that our orders do not contribute to overtime which should not exceed 12 hours per week.

Main risks

Vietnam is considered a medium risk country, which means that we monitor it but don't prioritise it over other countries. Nevertheless, we keep the factories on our radar, thanks also to the three QCs we have on the ground and the frequent visits of our Italian staff. We started working with the country 15 years ago and have seen many changes and improvements in the overall situation. The main challenges in Vietnam remain:

- Working hours
- Living wage
- Freedom of association

The factories we source from

In terms of our own supply chain, Vietnam is where most of our FOB comes from. In 2021, 39.90% of our total FOB was produced in 14 factories in Vietnam.

In 2022, we had two of our Vietnamese factories audited. Both suppliers were already covered by an FWF audit, but we decided to conduct another audit in one of them because we are one of the largest partners in our supply chain and for the other, we wanted to check the missing wages during the pandemic closure.

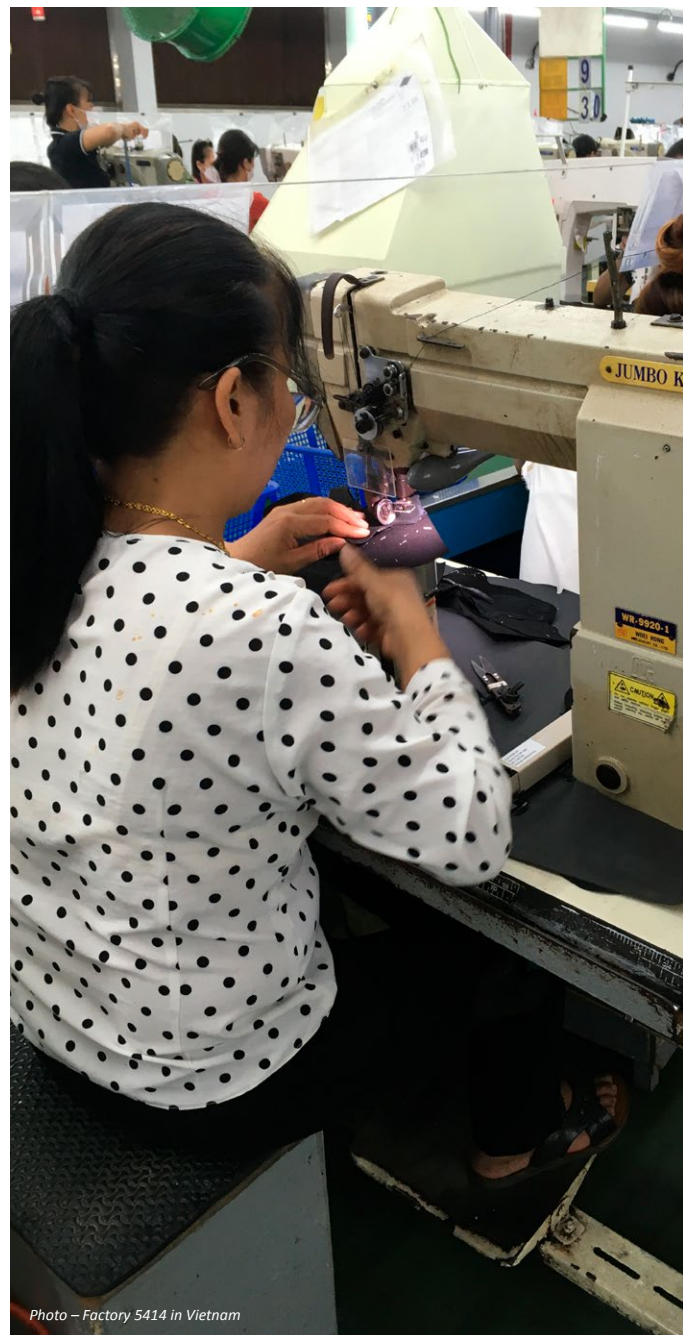
The fourth wave of Covid-19 hit Vietnam at the end of May with the Delta variant of the virus. In the first few weeks, the government imposed social distancing throughout the country, with restrictions tightened only in the most affected areas. Government leaders ordered production to continue, temporarily closing factories where at least one worker was found to be infected with Covid-19 or in high-risk provinces. The period of uncertainty lasted several weeks, with constant extensions of the closure periods, leaving workers in some areas to choose between staying in the factory to eat, sleep and work (3-on-site) or stopping work altogether. None of our factories followed the 3-on-site policy, but many were closed for weeks at a time, creating unstable situations for workers as well.

The government required suppliers to pay the legal minimum wage only for the first 14 days of the closure. To receive further wage compensation, workers had to negotiate with their employers and could also apply for one-time government assistance of up to VND3,710,000 for standard workers, VND4,700,000 for workers with a child under 6 years old, and VND5,710,000 for pregnant workers. If the factory was closed and the workers did not sign the temporary suspension of contract or unpaid leave, they would have been eligible to apply for another scheme that would have provided financial support of VND1,000,000.

At this point, we decided to investigate further to ensure that the workers had received the information they needed to apply for government assistance, that they had received the wages they were due, and that they had negotiated wages with suppliers for the weeks the factories would have been closed. Together with other FWF member brands, we developed a questionnaire that we sent to our supplier in the closure areas, after it had been reviewed and translated by Fair Wear's Vietnam country representative.

The supplier we audited in October 2022 followed the rules set by the government for the payment of wages, but because it was closed for two months, many workers didn't receive the 'standard' minimum

wage. We were aware of this situation thanks to the questionnaire, but we decided to investigate and obtain more reliable data through a third-party audit. The information provided by the supplier about wage payments during the work stoppage was confirmed, and we held a discussion with the factory management to better understand how big the gap was, taking into account the government financial support that each worker received. Once we have this, we will be able to calculate the proportion we should cover as a brand to ensure that the workers received the legal minimum wage.



Bangladesh

General situation

Bangladesh is the world's second largest exporter of RMG (ready-made garments), and apparel production is one of the key industries driving economic growth. Most major apparel retailers manufacture in Bangladesh and their relative weight in the local economy is large compared to ours. However, we take our share of responsibility and invest significant resources in strengthening our links with factories, transferring know-how and technology, and in our due diligence and social compliance work.

One of the main concerns associated with the country is workplace safety. This issue was highlighted by the collapse of the Pana Plaza factory building in Dhaka on 24 April 2013. It was the worst ever workplace accident in the garment industry, killing 1,134 workers and injuring nearly 2,600. Subsequent investigations revealed that the disaster could have been avoided, as the structural cracks that led to the collapse of the eight-story building had been discovered the day before. The disaster highlighted the safety conditions faced by workers and the need to compensate the families of the victims.

In May 2013, the Accord on Fire and Building Safety, a legally binding agreement, was launched to create safer workplaces. It was launched by trade unions and brands, and 186 companies signed it in the following years. In April 2018, the High Court of Bangladesh issued an interim injunction on the Transitional Accord, which will result in it ceasing to operate in May 2020. On 1 June 2020, the functions of the Accord were transferred to the RMG Sustainability Council (RSC), a non-profit organisation established and run by global apparel companies, trade unions and manufacturers - the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) - to ensure that the safety progress achieved by the Accord since 2013 is maintained and expanded. The RSC took over all the operations, staff and infrastructure of the local Accord office in Bangladesh and began operating as a permanent safety monitoring and compliance body for the RMG sector in Bangladesh.

When we started sourcing from Bangladesh, we included in our sourcing policy the requirement to only work with Accord, and later RSC, to audit factories and we asked our suppliers to continue to work on the outstanding issues of the CAPs to eliminate issues of structural risk.

At the end of 2022, after conducting our risk assessment for Bangladesh, we decided to sign the Accord.

The current name of the agreement is "International Accord for Health and Safety in the Textile and Garment Industry" and consists of three

key programs: Independent fire, electrical, structural and boiler safety inspections, Health and Safety Committees and OHS training program, Worker Safety and Health Complaints Mechanism.

Each year we have to provide the Accord with the list of suppliers we source from, together with the FOB generated, so that they can carry out the inspection and calculate the fee we have to pay to be part of the programme.

For each factory, a lead brand is appointed between the Accord member brands sourcing from the same factory. Their role is to review the factory's proposed CAP, check that all the requirements requested by the RSC are clear, discuss the remediation budget and financing plan, and follow up if improvements are not made within the originally proposed timeframe. It is important to note that the lead brand is the coordinator of the actions and all other brands have the same obligations.

Every factory we source from is under RSC inspection and actively engaged in remediation.

We are quite new to this programme and we are learning how to navigate between the technicalities of the RSC.

As soon as we signed the agreement, we started to share our perspective as an Accord signatory brand with other Fair Wear Foundation member brands so that they could more easily access information that could lead them to sign the Accord.

Main risks

Bangladesh is one of the countries we monitor more in the Asian continent. We have three QC on the ground and many of our colleagues from the Italian offices often travel to visit the facilities. We started the production in the country in 2014 and since then we have gathered many information about the potential risks that we face in the local supply chain. According to our risk scoping, Bangladesh is a high risk country.

The labour standards that face more risks are:

- Living wage
- Working hours
- Child labour
- Legally binding contracts
- Health & safety

The factories we source from

For us, Bangladesh is one of the most important countries we source from, producing 8.13% of our total FOB in 2022.

We share two factories with other FWF member brands and around 70% of FOB was produced in a facility that was audited by a third party in the year.

One of the factories has been identified as higher risk and we are monitoring it closely. We organise a third-party audit every 12 months to objectively and directly verify the improvements made during the frequent CAP follow-ups. In this case, we have also expanded our inter-brand collaboration to include another non-FWF member brand. The idea was to have more leverage, but more importantly to discuss different approaches and past experiences with the supplier. We created a working group of 4 brands and had several meetings with the factory management to discuss progress.

In August 2022 we attended the final meeting of the Fair Wear audit.

The factory management is open to make some changes, but the main findings remain the same as the previous report we received. The findings related to excessive overtime, payments below the legal minimum for workers on training contracts, verbal violence and problems with recruitment procedures. On a positive note, one of the most serious findings from the previous report was related to child labour and the lack of an age verification system. During the 2022 audit, no child or adolescent labour was found and the age verification system was found to be reliable.

We recognise that we need to focus on this supplier and brainstorm new ways to address the findings. We will continue our CAP follow-up and organise a new audit in 2023.



Photo – Factory 5843 in Bangladesh

Romania

General situation

Romania is a major player in the European garment industry - along with Germany, Italy and Turkey - and this sector is important for the country's economy.

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

In 2018, we increased our production volume to 18% of our total value, an increase of almost 15%, by bringing some items previously made in Asia "closer to home". In 2019, our footwear supplier split our orders between two factories: we purchased almost 5% in one and 10% in the other. In 2020, the FOB produced in Romania was around 13%, and in 2021, all our footwear production was consolidated in just one factory, which produced almost 15% of our FOB.

2022 was a very important year for our business relationship in the country. Not because we sourced almost 14% of our production volume there, but because we bought the company that for years produced 40% of the total footwear production of one of our brands.

In recent years, we had increased our sales and therefore our orders to the point where we were using 90% of the factory's production capacity, so we decided to claim the factory exclusively for our brand.

Main risks

In Romania, human rights are generally respected, and the legal framework is for the majority in line with EU legislation.

According to our country risk assessment, Romania is ranked medium. It performs well in the Human Development Insights but the bad rating concerning the compliance with collective labour rights is diminishing its final risk level.

The areas more impacted are:

- Living wage
- Freedom of association
- Working hours

Other Medium Risk Countries

	Forced labour	Child labour	Freedom of association	Discrimination	Working hours	Living wage	Health & safety	Legally binding contracts
Cambodia	•	•	•	•				
Tunisia	•	•	•	•		•	•	
Belarus	•		•	•				
Turkey	•	•	•	•		•	•	

The factory we source from

The factory we bought had already been audited in 2019, when we started production in the building.

At that time, we did not find any serious violations, but we did discuss possible improvements.

The month after the acquisition date, we asked the FWF team to conduct a new audit so that we could assess the situation three years later and have a more solid and up-to-date basis for assessing and prioritising improvements, this time as owners.

After receiving the report, we had the opportunity to discuss it in person with the Director General during a visit to our headquarters.

One of the most important aspects of the audit for us was the confirmation that 'the factory has achieved the Living Wage'. This is a great achievement for us, as the calculation was based on the wages paid before the takeover, when we occupied 90 per cent of the production capacity. We were able to confirm that the price agreed between us, and the factory was indeed sufficient to pay the workers a decent wage.

Two other findings that have improved since the last audit relate to health and safety. Although improvements have already been noted, this aspect remains cardinal in our work to monitor working conditions. A member of the sustainability team with expertise in health and safety subsequently visited the factory to further investigate the outstanding findings and, together with the factory staff, to assess the opportunities for improvement.

In addition to these issues, we identified the need to focus more on freedom of association. During the audit, it was found a lack of awareness of the possibility of filing a complaint through the FWF hotline and that one of the members elected by the workers as their representative was a member of management. Both issues were addressed immediately, and we have laid the groundwork for changes to be made in 2023.

A deeper look into wider challenges and the most pressing issues

Living wage

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

Workers in the garment industry often earn poverty-level wages and fair compensation is therefore one of the challenges we face. Through auditing and communication with our suppliers, we have been able to ascertain that in all the factories we collaborate with, the basic requirement of paying the minimum wage established by Law is met, but we also know that this amount of money is not enough to enable the workers to achieve good living conditions. The key to obtaining significant improvements on the payment of a living wage is through setting a reliable and strong process.

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

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



Photo – Factory 5843 in Bangladesh

Complexity

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

- Is there resistance from the Purchasing department to address the issue with supplier for fear of higher quotations or termination of relationship?
- If working with an intermediary, is he willing to cooperate and involve the factory in the discussion?
- Is a long-term relationship or an important one at risk, if we address this with the supplier? Will this damage the dialogue and the trust, rather than strengthening the bonds with the Company?
- Are suppliers willing to disclose the wage structure of the factory?
- Are suppliers willing to implement or disclose minute costs within labour costs?
- Would the Purchasing department be able to reduce margin or is it bound to targets imposed by the Company?
- Would the Company be willing to allocate budget to cover extra costs of wage surplus in the factories?
- Is it really worth it, i.e. what is the impact, if we have such low leverage (we purchase small volumes) in the factories?
- Are other brands willing to participate in the joint financing of Living Wages (to counter the lack of leverage in factories where there are no other FWF members sourcing)?
- Lack of reliable sources for determining the target wages, i.e. what constitutes a living wage in each country and region where our products are made.
- Additional payments not arriving to the workers

The process

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

Strengths

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

Weaknesses

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

Opportunities

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

Threats

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

The beginning – and the end

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

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

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

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

The long journey

Since the beginning of our partnership with FWF in 2013 we have gone through different scenarios for deciding how to best tackle living wages, and encountered a series of hurdles along the way. We reported this in our Social Reports quite generally, without going into detail, because we would rather give results and solid data; and during all these years, despite deep and constant work, we were able to make slow progress.

We restated our goal of making sure that living wages were paid in the factories, enounced some of the difficulties in obtaining information, and reiterated our will to continue the road we had commenced years back for:

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

Thanks to our dialogue with Clean Clothes Campaign, we realized that some stakeholders out there were genuinely interested in following our progress, not just our success. So since 2019 we decided to let you have a deeper insight into what we have found, the challenges we had, and what we will do next. When we set off on the journey of Living Wages, we identified the need to:

1. Set a reliable benchmark or "target wage"
2. Get wage data
3. Get suppliers to confirm the target wage
4. Assess the gap

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

At the time when we began to approach this matter, our intention was to make a pilot project with one of our long-term suppliers in China. So we studied the possibilities of discussing the benchmark suggested by FWF for China, the Asia Floor Wage (AFW). AFW establishes a benchmark of 4547 RMB for the whole country. However, China is divided into 32 regions, and each one is again split in 2 or more "wage" zones, for a total of 116 zones and 51 different minimum wages,

according to the living costs of each area. They range from 1000 to 2420 RMB and applying a unique benchmark, as the Asia Floor Wage, would not be accurate. As far as our factory base, facilities are located in 14 cities with 8 different minimum wages ranging from 1380 to 2200 RMB. This is why one of the most important tasks we gave ourselves was to determine a target wage per area, against which we could compare the factory wages.

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

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

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

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

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

feedback from facilities that provide precise and reliable information, which in 2019 amounted to 85% of our FOB (high- risk only).

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

This is further complicated by the fact that workers may produce different items, with varying degrees of difficulty, in the same month, resulting in “output” that is not easy to compare.

Therefore, our due diligence regarding overtime and wages calls for checking that in factories where workers are paid “per-item”, prices negotiated with our suppliers allow for reasonable working times and wages.

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

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

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

In 2021, following the advice given by FWF, we decided to raise our benchmark by an additional 10%, meaning that we are pushing the wages to be, at least, the legal minimum wage plus 30%.

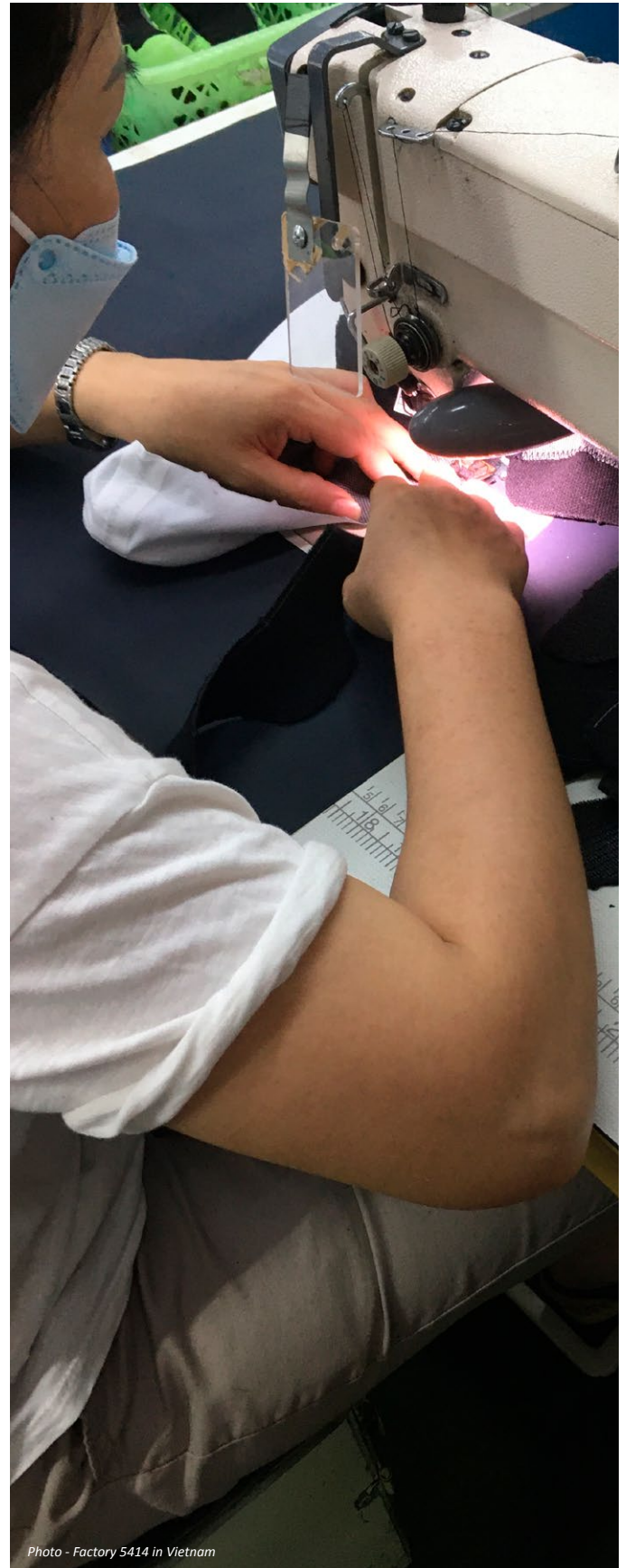


Photo - Factory 5414 in Vietnam

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

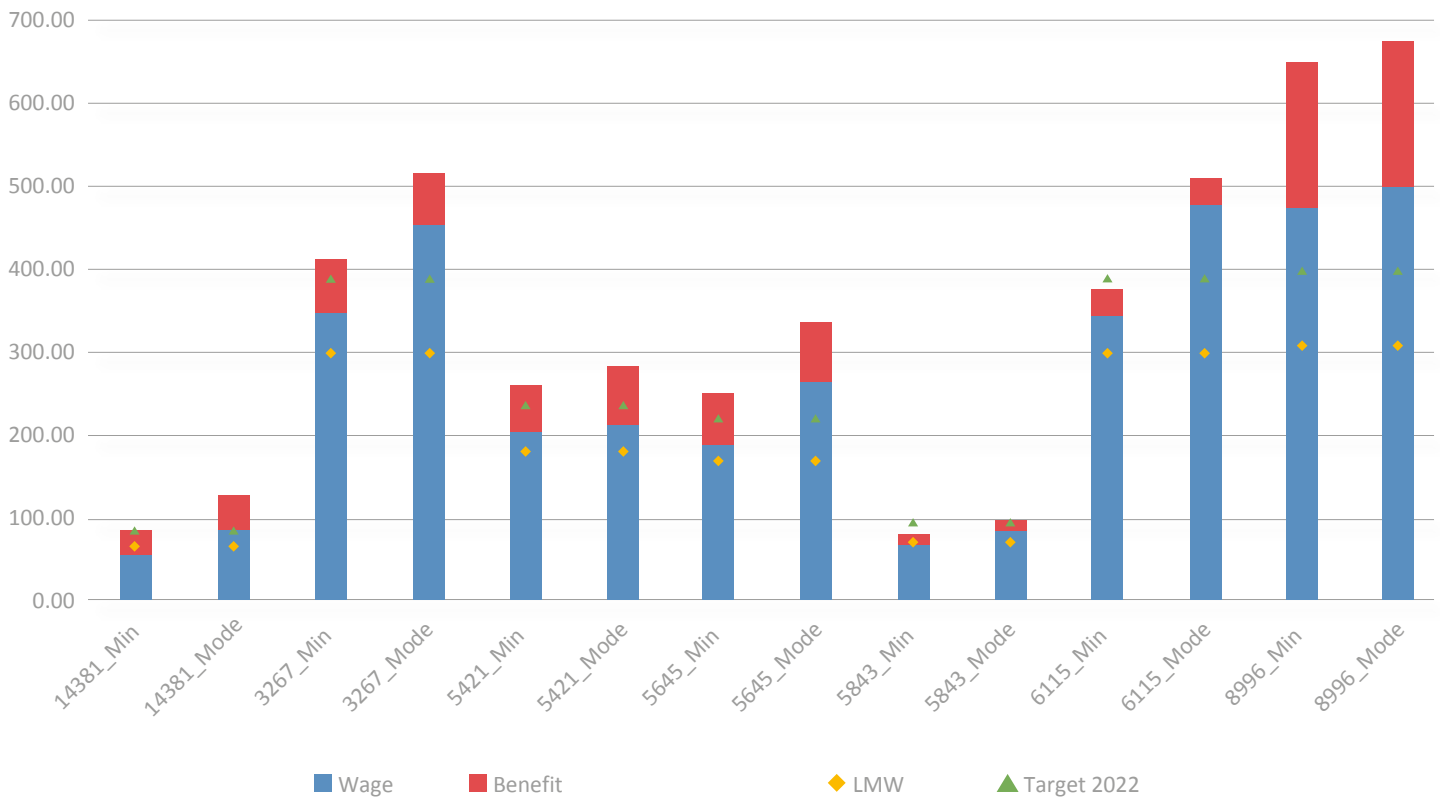
In 2022, like every year since 2019, we applied the target wage as a parameter to evaluate wages in the audits conducted in the previous year, complemented by the wage data that we have collected for the past 6 years, and are updating it constantly. Our standard procedure in this analysis is as follows: as soon as we receive a new audit report, we check the information on wages and replace the data we had gathered beforehand, to make sure we are using the most updated information. In some cases the information provided is not enough to enable a good level of analysis; in those cases we do not rely on the information and use older data, if it's of better quality. In other cases, the degree of detail of the data is limited, but it allows us to carry out

our analysis. Our goal is to make sure the target wage is paid to each worker, so despite the scarcity of data, we aim to calculate the gap for the most disadvantaged category, i.e. the lowest-paid workers. We believe it also makes sense to make the calculation taking into account the earnings of the majority of the workers, i.e. the mode workers.

In sum, in 2022 we were able to conduct more accurate analysis cross-referencing the salary data on the lowest paid workers with the target wage (legal minimum wage + 30%). We found that for almost 75% of the FOB produced in the factories where we were able to obtain detailed information, the target was met by the mode workers.

We will continue to perform this analysis with our suppliers, taking into account the best-quality information we are able to get in terms of wage data.

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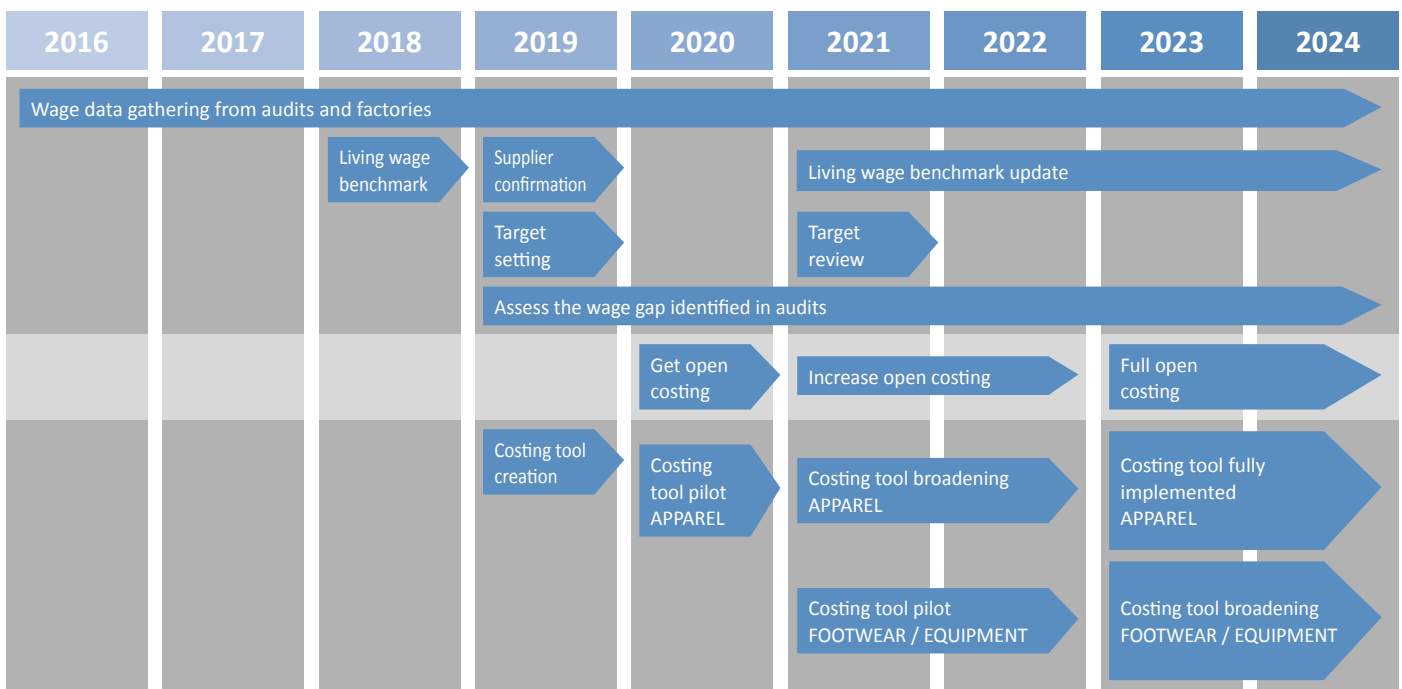


However, this is not enough for making sure that we are paying a living wage. The information we obtain from suppliers and audits is likely to be only limitedly and not permanently reliable or verifiable (see point 2). The only thing we can control 100% and make sure of, is the fact that we are paying prices that enable the factories to compensate their workers with a living wage.

With this in mind, in 2019 we decided to embark on a new journey: determining a labour cost which would cover a living wage, and incorporating into our price structure and negotiations with suppliers for the single items.

The result was a **Costing Tool** designed and implemented by the Costing Manager of the Apparel Division, which allows for a thorough cost breakdown calculation per style. Developed between 2019 and 2020, it establishes a relationship between the "labour costs" declared by our suppliers on costing sheets, and available living cost benchmarks in each of the countries where our products are

manufactured. The tool enables us to make a reverse calculation, whereby the abovementioned "labour costs" are put in relation with into "labour minute cost" at living wage rates, with standard working days and hours in each country, and assumed working time (SAM) depending on the complexity of the garments, and taking into account the technical setting of the factory (breakdown between direct and indirect labour) and other specific features. It thus enables us to check if the prices we are paying the supplier for the single items are enough for him to pay the workers adequately. In 2020 we began to implement this tool and were able to confirm that this is the case. In 2021 and 2022, the tool was shared with the Footwear and Equipment Divisions and we began to introduce and test it in the pricing structure of the Divisions for the upcoming collections. We continuously update the living cost and wage benchmark in each country with the latest information available from expert stakeholders and institutions.



The FWF complaints procedure

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

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

In 2022, we did not receive any formal complaints via the FWF hotline, but we did not stop investigating previous complaints that required a longer and more systemic follow-up. We focused our attention on the complaint we received in August 2021 about the payment during the factory closure due to Covid-19 (read more in the 2021 Social Report).

We collected more data through a Fair Wear audit and were able to discuss the wage payment further with the factory.



Photo – Factory 12454 in Bangladesh

Activities to Inform Staff Members

Our social compliance work also includes internal initiatives. Our pledge towards transparency and social justice in our supply chain is something we are very proud of. We believe that all members of the company should act as ambassadors of these achievements, and this is why we work to inform all employees about our progress. For example, at our company-wide Employee Meetings our CEO or Sustainability Manager present our environmental and social compliance activities. This includes details about our on-going work, the challenges faced, and the milestones achieved. We also believe this is an important moment where annually we restate our greater value as a company, and a reminder of our dedication to improving the everyday lives of those working to make our products - no matter where they are in the world. Once a year, the Oberalp Convention is organised to show our customers and partners the new products of the fall-winter and spring-summer collections of the following year. During the events, a specific corner is dedicated to sustainability. In the lounge, we have the chance to speak with our colleagues, dealers and clients about our social compliance and sustainability work.

Social compliance and our partnership with FWF make up a big part of how we internally communicate and educate staff not only on our Sustainability work, but also on our greater mission and values. This year we held online sessions with the retail team for safety reasons. Despite the new format, they were very pleased with the results we have been able to achieve. All new Oberalp employees an introduction to the importance of Social Compliance for the company to ensure that they know how the factories in which we produce are selected and monitored. For three new employees, the induction phase was more thorough. We welcomed to our team, one person that is now in charge of Life-Cycle Analysis and Circularity. As he was completely new to the topic, we dedicated more time to introduce the social compliance subject, workers' rights issues, relationship with Fair Wear Foundation and other NGOs, and the efforts we are making.

In 2022, the Apparel Purchasing team welcomed a new Production Follow Up & Inbound Specialist. During her induction, we were able to discuss some more specific themes relating to social compliance and how it relates to purchasing practices. The colleague was already an Oberalp employee, but was responsible for a different area, so the discussion was

particularly valuable as it allowed us to understand what information was not fully captured or what doubts existed among the colleagues employed by the company.

This year, the Droker factory in Romania was acquired and a factory manager was appointed. When he visited our headquarters in Bolzano, we took the opportunity to meet him and explain both the general guidelines we follow as a company and the specific actions and projects we have in place in relation to social compliance. He had already become acquainted with Fair Wear during an audit in August, and during his visit we discussed in detail the possible improvements to be implemented, based on the desired results and their impact on working conditions and safety. This discussion laid the groundwork for developing a critical eye in the factory that can provide solutions or limit risks before violations or hazards occur. At the end of the meeting we were very pleased to have created the basis for a very good collaboration.

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

Our local Quality Control teams carry our audits in new factories as part of our due diligence. As a condition for on-boarding new partners, we make an assessment on the social standards of prospective facilities, to measure compliance with our own standards, and management practices together with commitment to improvement of problems. We had this system in place before we became members of FWF, and because FWF has its own, it meant that we had two different standards for evaluating factories. This was not efficient, so in collaboration with our Quality Control Specialist, the company's eyes in the factories, we decided to adapt our assessment forms to those used by FWF audits- This enables us to evaluate our suppliers in a more consistent manner, and it includes also the smallest factories, our "Tail End".

Activities to Inform Manufacturers & Workers

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

They cover topics such as: FWF's Introduction to workplace awareness, complaints hotline and grievance mechanisms (Bulgaria, China, Macedonia, Myanmar, Romania, Tunisia, Turkey and Vietnam); violence and harassment prevention (India, Bangladesh); risks facing Syrian refugees (Turkey); worker-management communications or dialogue (Myanmar, Vietnam, and Turkey).

After two years of planning and cancelling WEP training activities, we decided to run two WEP basics together with other FWF member brands in China and Vietnam. The aim of the training was to make workers aware of their rights and improve their conditions in the factory.

Regarding the training in China, we were pleased to read in the report that management actively interacted with the trainer and discussed all labour standards by analysing the factory situation.

The second part of the WEP was to be attended by the workers; 36 % of the workforce attended the training. All participants confirmed that their awareness had increased after the WEP. A very similar result was seen at the Vietnamese factory, where 77% of management and 11% of workers attended.

This year, we also discussed organising internal training for our quality control staff, who visit the factory almost daily.

Their main task is to check that the quality of the items produced meets Oberalp standards, but it is also important to train them in social compliance issues. Having our own people in the factories with an eye for working conditions is a great opportunity to improve them. As we were adapting our internal tools to better reflect the risk-based approach assessment, we decided to postpone the project, but we would like to explore this possibility next year.

Another thing we are looking at is the fact that the pandemic may have changed the issues that need to be better analysed and discussed in training, as well as the tool that needs to be used to ensure that the right audience is targeted.

We are not the only ones who can help factory management and workers, FWF and local stakeholders organise training for suppliers to learn more about a specific dynamic or issue.

In November 2022, the MADE in Myanmar Project, through the SMART Factories Programme, organised a webinar for factory managers and staff on protecting young workers and preventing child labour.

We quickly and effectively shared the invitations and dates of this webinar to ensure that suppliers were aware of it and could attend.



Photo – Factory 5645 in Vietnam

Partnership and collaboration

On 1 February 2021, the Myanmar army seized power in a military coup, detaining recently re-elected leader Aung San Suu Kyi along with the leaders of her party and declaring martial law in several townships. Hundreds of thousands of Burmese citizens took to the streets to oppose the military takeover. The military reacted violently, repressing human rights, limiting civil freedoms and detaining human rights defenders including labour rights activists. Due to the escalation of violence and repression in the country, many human rights defenders have left Myanmar.

After the coup, some NGOs called for an exit from Myanmar, arguing that due diligence was no longer possible given the escalation of internal conflict.

We took their view seriously and began to assess whether this conclusion applied to our supply chain, as due diligence is closely linked not only to conditions in the country, but also to relationships with suppliers, links with professional and objective partners, the availability of first-hand information and the presence of eyes and ears on the ground.

We examined the arguments, had an open and transparent conversation with our partners, triangulated information with our colleagues on the ground, investigated the listed risks, consulted and read reports from a wide range of stakeholders: international organisations, NGOs and, most importantly, organisations working in Myanmar. But we came to a different conclusion: due diligence is more difficult than it used to be, but it is still possible.

Moreover, local stakeholders and projects that have years of experience on the ground, working with factories and especially with workers, and who have conducted interviews with both, are urging us not to leave.

As brands, we cannot monitor factories alone and fully understand the objective and perceived risks; we need intermediaries and trusted partners to help us analyse the situation and act with greater precision and impact. In 2022, we have mainly been in close and constant communication with SMART.

The SMART Project

We were aware of the SMART Project and its SMART Factories Programme before the military took power in Myanmar, and of the necessity to implement enhanced due diligence. In 2016 and 2017, we suggested that staff at one of the factories we worked with attend their intercultural communication training to address cultural differences between Chinese management and Myanmar workers. In the first year after the coup, the SMART Project was crucial to understanding how the situation in the country was evolving.

According to SMART representatives, many workers have lost their jobs as other brands have stopped sourcing in the country, adding to the hardship. If we leave the country, we will lose all connection and ability to contribute in any way.

Their highly experienced and professional staff (social compliance auditors, electrical, mechanical and textile engineers, apparel industry chemical management specialists, trainers and a medical doctor) enabled us to make an informed decision not to leave the country and to listen to the workers' voices to better assess the conditions and protection of human rights to really confirm that we are improving the lives of the workers.

At the end of 2022, the SMART Project was due to end, and there have been discussions about how and whether it should continue. In December 2022, we got the confirmation the project was re-funded by the European Union until December 2026. Another part of the funding came from other sourcing brands committed to strengthening and safeguarding responsible business practices that focus on social, environmental, human rights and gender equality standards. The project is now called MADE in Myanmar (Multi-Stakeholder Alliance for Decent Employment in the Myanmar apparel industry) and runs three parallel programs: the SMART Factories Programme which has the goal to uphold and monitor human rights, social and environmental standards through assessments, advisory programmes and workshops; the Forum on Supply Chain Conduct that brings together in a structured dialogue international and local business associations, workers and their representatives, and civil societies to cooperative on industry-level issues; and the Centres for Advancement of Women

that provides enhanced support to women workers on nutrition, re-skilling in unemployment, safe migration and awareness of legal rights.

At the beginning of next year, MADE will be officially launched and began accepting signatories; we are looking forward to understanding how we can become active members and have both factories we work with monitored.

Through the SMART Factories Programme, we will continue to improve our assessment of social compliance and chemicals management, making progress in promoting dialogue at the workplace and industry level, and facilitating energy efficiency and the transition to renewable energy among suppliers.

Audit Alliance Hard Goods

The pillar of our social compliance efforts is the monitoring process. It is carried out through factory self-assessments, on-site checks, third party audits and constant communication with suppliers. We mainly focus on those involved in cutting and sewing since 83% of our turnover comes from textile products.

However, in 2016, we started gathering more information to extend our monitoring work to technical hardware factories as well. After collecting useful contacts and increasing our knowledge, we were ready to start a project.

In July 2019, a subgroup of the European Outdoor Group's (EOG) Hard Goods Working Group was established with the purpose of combining outdoor brand's business power and good practices to assess the specific risks and improve social practices in the metal supply chain. Together with five other brands, we founded the Audit Alliance Hard Goods (AAHG) aimed at tackling human rights issues in Taiwanese hardware factories.

The foundation for the practical work was laid by aligning the approaches and expectations of the companies involved, everyone goal was to verify the situation in the factories and get to know better the metal supply chain. This was done in three steps: first, identifying the possible factories where we could start. By disclosing our suppliers and finding common ones, we were able to define the strategy, i.e. on the one hand, which suppliers were more significant

for the brands, and on the other, at which suppliers more than one brand was sourcing, to raise our leverage and the likelihood of getting the supplier to cooperate. The second step was writing a collective Code of Conduct and guidelines on fair labour practices to guide the process. The third one was carrying out research on the possible risks in this context. At that point, we decided to deepen the research and engaged an auditing company that could focus on the pressing issue of migrant workers' fees, which was highlighted in the risk analysis. Migrant workers are often charged high fees by employment agents both in their home country and the country they become employed in. They can also face language barriers, poor accommodation, restricted personal freedoms and health and safety abuses. The combination of these factors put these workers at a High-risk of forced or bonded labour.

The recruitment of migrant workers is common practice in Taiwan. The workers are primarily recruited from Indonesia, Thailand, Vietnam, and the Philippines.

To confirm this suspicion and be able to start a remediation process, we arranged 3 audits in December 2020.

As soon as we received the audit reports, we met with the other members of the group to discuss the findings and to decide how to continue the corrective work. In order to divide the CAP follow up between us, we based it on the leverage of the brands. We addressed the health and safety violations identified at the 3 factories and then the discussions then turned to the issue of migrant workers' fees. We aimed at investigating and reviewing the fees system and in the early 2021 we tried to list them all. Thanks to the audit report we were able to obtain some information, which unfortunately was not clear enough to allow us to accurately reconstruct the amount of fees paid. In several discussions with suppliers, we tried to fill this gap, but only partially succeeded. Developing a comprehensive understanding of the migrant worker landscape in the hard goods supply chain was not easy and even if we involved our Taiwanese QC, we were not able to figure it all out. We also tried to involve external NGOs that have more know-how on this field and we discussed the issue together with other brands that are known to have tackled the same problem before us.

The fundamental change in the perspective was the results of the talk among the three suppliers and another player of the area producing for us and that has implemented best practices in the field of fees in the past years. These meetings were very constructive, and our suppliers were open to discussing how to solve migrants' fees findings. In 2022, we were able to take a big step forward and discuss with suppliers a possible plan for refunding fees already paid by workers and ending the practice for the future, based on the ILO position and requests from some markets to stop incoming goods if they suspect forced labour ("fees" could be interpreted in a similar way). Although the practice of charging fees is legal in Taiwan, the suppliers have understood the position of the ILO and have been open and willing to develop a financially sustainable plan to achieve the objectives. One of the suppliers has proposed to reimburse workers for some of the fee items over the next 6 years, prioritising the one paid to the home country agency. However, the AAHG group asked that the reimbursement be prioritised on known and clearly defined fees, such as those for the VISA permit, flight, insurance or other specific expenses. In this way, we would be sure of what will be covered by the supplier and we would be able to verify the amount is correct and, considering the future, we would not be supporting a practice that is not always transparent and legal, such as employment agencies in sending countries.

Fortunately, the supplier shared our concerns and undertook to investigate the agency system further. We are pleased that we were able to obtain this commitment from the suppliers and, before proceeding with the refunds, we asked ourselves what could be the unfair behaviour or risks that we should be aware of. We conducted our risk-assessment analysing other brands experiences and investigating more cases of previous refunds. One of the practices to watch out for is the renaming of a planned bonus, i.e. the inclusion of the refund on the pay slip instead of a bonus that the factory normally pay to workers. Another issue is which workers will be repaid and in what order. The solution would be an immediate refund, but unfortunately this is not always possible. Suppliers would prefer preparing plans to implement the reimbursement gradually, and it is important to monitor this phase and assure that there are no unfair treatments. An example of a practice to monitor would be the payment of the refund only to new migrant workers who are likely to stay longer, in the hope that the old workers will leave the factory before their fees are paid back. The key to controlling and mitigating these situations is to always have a clear picture of the reality. In order to get a high level of detail, we have decided to turn again to an auditing company with experience in the case of migrant workers, who can help us define and verify the best repayment plan.

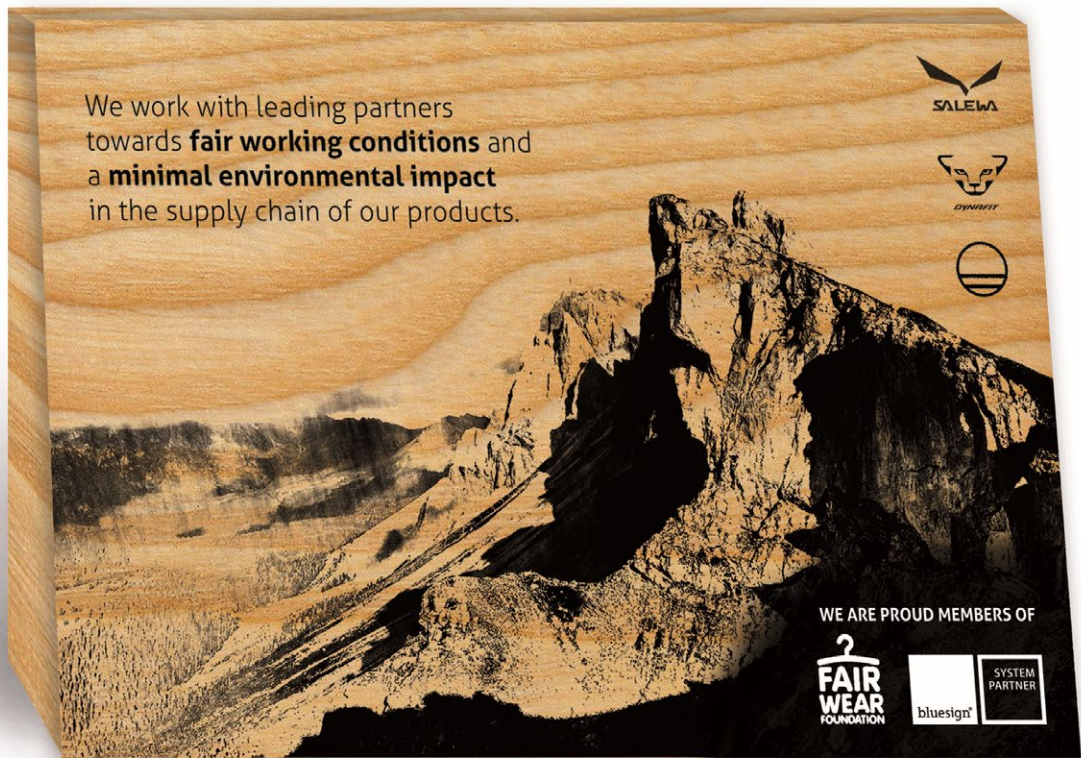


Photo – Fair Wear Foundation Member Day 2022

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

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

Our group-wide sustainability report is another channel to communicate our social compliance efforts and FWF work. Additionally, there are a number of in-store opportunities for customers and employees to learn more about FWF, and what we are doing as a company to address human rights issues in our supply chain. There are plaques at cash registers, fact cards in the shop and FWF logos on shopping bags as a means to communicate our commitment to fair working conditions. Furthermore, we provide brochures about FWF, in the local language, at all of our retail stores.



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

that we have generated over the previous years. During the end of last year, and at the beginning of this we have experienced a lot of staff changes. This means building new internal alliances to ensure we can continue our systematic and integrated approach to our social compliance work. Likewise, we aim to organise training sessions related to social compliance for our Quality Control team that visits the factories daily.

Other goals for next year include improving our RBC policy and evaluating to augment its communication through detailed pages on our website, conducting studies to improve risk assessment, and launching pilot projects to evaluate and analyse the current situation of gender-discrimination in the factories we cooperate with. We will build on the surveys and research on freedom of association of the previous years to boost social dialogue in the factories.

The pandemic has raised, more than before, the need to make sure that workers have a voice and means to make sure that their rights are respected. During the analysis we carried out in 2021, we have discovered that some factories lack workers' committees or any other form of representation. In some cases, this is explained by the absence of the need for such a representative body, due to the dimensions of the factory or the good quality of internal communication. In some others, the awareness on the topic is limited. Thus, we would like to continue working on raising workers' awareness about rights, payslips, and specific issues through information cards and training sessions.

In the previous years we focused our efforts on establishing the root causes of overtime, and guaranteeing the payment of a living wage in the factories we cooperate with. In 2019 our Apparel Costing Division developed a tool aimed at making sure that the prices we are negotiating for our products enable the factory to pay workers a living wage. In 2020 we piloted the tool with some of our styles and suppliers and corroborated the assumptions that the tool is based on (living wage benchmark, working days, working hours, relationship between direct and indirect labour). It was a big challenge, because our aim is for the tool to become an active and open part of the negotiation, and for this, it would be necessary to carry out in-person discussions. In 2021, we have integrated the tool in the Apparel Division and launched a pilot in the Footwear and Equipment Divisions. In 2022 we have continued this work, and scaling it up as much as possible. In 2023, we would like to update our living wage target taking into consideration also the consequences of the virus and inflation on the economies.

We will follow our newly launched Sustainability Strategy which has as one of the pillar "working best-in-class factories". We will improve our evaluation tool in order to have a comprehensive and clear picture of the factories. We will start to exchange more in-depth analysis and evaluations of the suppliers with our Sourcing Department to guide the purchasing decisions also taking in consideration the compliance and the efforts of suppliers.

We will evaluate how to increase social compliance in the recently (August 2022) bought shoes factory in Romania and continue our work with the Audit Alliance Hard Goods.

We will participate in the FWF's Academy Pilot Project that will provide the wider industry with guidance, learning modules, and access to tools to facilitate brands in their Human Rights Due Diligence.

We will augment our efforts to conduct due diligence according to the OECD guidelines (prevent, mitigate, remediate) in Myanmar, since we plan to stay in the country; having the support of expert, well-funded and active local stakeholders will help us. Thus, we will continue working with EuroCham Myanmar, the MADE in Myanmar Project and other brands sourcing in the country.



ANNEX – FULL FACTORY LIST

(In alphabetical order)

Albania

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2022	Audit / Year	WEP/Training
13689	2018	apparel	Dynafit	1.04%			
14380	2019	apparel	Wild Country	0.02%			
15221	2020	apparel	Salewa Wild Country	0.27%			

Austria

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2022	Audit / Year	WEP/Training
8484	2021	apparel	Salewa	0.02%			

Bangladesh

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2022	Audit / Year	WEP/Training
5766	2014	apparel	Dynafit	0.05%	✓	BSCI 2021	
5843	2014	apparel	Salewa Dynafit	4.90%	✓	FWF 2022	2017
12454	2018	apparel	Salewa Dynafit LaMunt	2.57%	✓	BSCI 2021	
34336	2014	apparel	Salewa Dynafit	0.51%	✓	BSCI 2022	
34343	2022	apparel	Salewa	0.09%		BSCI 2022	

Belarus

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2022	Audit / Year	WEP/Training
33568	2020	apparel	Salewa Dynafit Wild Country	0.15%			

Cambodia

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2022	Audit / Year	WEP/Training
7218	2015	footwear	Salewa	0.66%			

ANNEX – FULL FACTORY LIST

(In alphabetical order)

China

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2022	Audit / Year	WEP/Training
3267	2002	apparel equipment	Salewa Dynafit LaMunt	0.96%	✓	FWF 2022	2016
5023	2014	apparel equipment	Salewa Dynafit LaMunt	3.26%	✓	FWF 2021	
5450	2014	apparel	Salewa Dynafit Wild Country LaMunt	0.38%	✓	BSCI 2022	
5472	2011	apparel	Salewa LaMunt	3.66%	✓	WRAP 2021	2019
6115	2015	apparel	Dynafit	0.01%	✓	FWF 2022	2022
7261	2014	apparel	Salewa Dynafit	0.68%	✓		
9731	2013	apparel	Salewa Dynafit	0.09%			
12093	2016	apparel	Salewa	0.24%	✓	QIMA 2020	
12115	2017	apparel	Salewa Dynafit	1.11%	✓		
33714	2021	apparel	LaMunt	0.11%	✓		
33716	2021	apparel	Salewa	0.04%	✓		
34337	2022	apparel	Salewa LaMunt	0.14%	✓		
34944	2022	apparel	Salewa LaMunt	0.24%	✓	BSCI 2022	
35143	2022	technical hardware	Salewa Wild Country	0.91%			
35145	2022	apparel	Dynafit	0.36%	✓		
35146	2022	apparel	Salewa	0.04%			

Czech Republic

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2022	Audit / Year	WEP/Training
12059	2017	technical hardware	Salewa	0.69%			

ANNEX – FULL FACTORY LIST

(In alphabetical order)

Italy							
FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2022	Audit / Year	WEP/Training
5416	2005	footwear	Dynafit	9.14%			
5451	2010	apparel	Salewa Wild Country	0.15%			
5459	2005	apparel	Salewa Dynafit LaMunt	1.53%			
9682	2015	apparel	Salewa	0.04%			
9728	2012	apparel	Salewa Dynafit	0.20%			
9729	2015	apparel	Salewa Dynafit	0.31%	✓		
33715	2021	apparel	Salewa	0.01%		ELEVATE 2021	
35366	2022	apparel	Salewa	0.18%	✓		
35367	2022	apparel	Salewa	0.19%	✓		
35368	2022	apparel	Salewa	0.09%	✓		

Lithuania							
FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2022	Audit / Year	WEP/Training
3854	2011	apparel	Salewa Dynafit LaMunt	0.24%	✓	ELEVATE 2022	
5435	2011	apparel	Salewa Dynafit Wild Country LaMunt	1.59%	✓	ELEVATE 2022	

Myanmar							
FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2022	Audit / Year	WEP/Training
11906	2020	apparel	Salewa	0.25%	✓	WRAP 2021	
14381	2019	apparel	Salewa	5.01%	✓	FWF 2022	

Republic of Moldova							
FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2022	Audit / Year	WEP/Training
12452	2017	apparel	Salewa Dynafit	0.27%	✓		

Portugal							
FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2022	Audit / Year	WEP/Training
5412	2022	apparel	Wild Country	0.09%	✓		

ANNEX – FULL FACTORY LIST

SOCIAL REPORT 2022
SALEWA – DYNAFIT – WILD COUNTRY - LAMUNT

(In alphabetical order)

Romania

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2022	Audit / Year	WEP/Training
8996	2019	footwear	Salewa	13.59%	✓	FWF 2022	

Slovakia

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2022	Audit / Year	WEP/Training
9829	2014	technical hardware	Salewa	0.04%			

Slovenia

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2022	Audit / Year	WEP/Training
2959	2009	apparel	Salewa Dynafit LaMunt	0.65%			

Switzerland

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2022	Audit / Year	WEP/Training
5417	2007	skins	Dynafit	0.58%	✓		

Taiwan

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2022	Audit / Year	WEP/Training
2997	2008	equipment	Salewa	0.04%	✓	FSLM 2021	

Tunisia

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2022	Audit / Year	WEP/Training
14377	2019	apparel	Salewa Dynafit Wild Country	0.40%			

Turkey

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2022	Audit / Year	WEP/Training
12460	2017	apparel	Dynafit	0.12%		BSCI 2022	
34341	2021	apparel	Dynafit	1.54%	✓	ELEVATE 2022	

Ukraine

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2022	Audit / Year	WEP/Training
34342	2021	apparel	Dynafit	0.64%	✓		

ANNEX – FULL FACTORY LIST

(In alphabetical order)

Vietnam

FWF factory code	Partner since	Division	Brand	% FOB	Visited in 2022	Audit / Year	WEP/Training
3919	2009	apparel	Dynafit	0.20%	✓	FWF 2020	2019
4568	2013	apparel	Salewa Dynafit	0.35%	✓		2017
5414	2007	footwear	Salewa Dynafit	13.24%	✓		2018
5421	2013	equipment technical hardware	Salewa Dynafit	3.22%	✓	FWF 2022	
5645	2012	footwear	Salewa Dynafit	15.61%	✓	FWF 2022	2019
5744	2021	apparel	Salewa	0.01%	✓		
11333	2016	equipment	Salewa	1.55%	✓	FSLM 2021	2019
12250	2018	apparel	Salewa	0.20%		SUMATIONS 2021	2022
14390	2019	equipment	Salewa	0.05%	✓	FSLM 2022	
33719	2021	apparel	Salewa	0.24%	✓		
34338	2022	apparel	Salewa Dynafit	0.59%	✓		
34339	2022	apparel	Dynafit	0.05%	✓		
34340	2022	apparel	Salewa Dynafit	1.29%	✓		
35172	2007	footwear	Salewa Dynafit	3.31%	✓	SUMATIONS 2021	