



# SOCIAL REPORT 2014





We are a group of mountain enthusiasts, a family of brands united by the passion for mountain sports and driven by our commitment to the communities of the places where we live and work.

Our aim is to integrate the mountaineering spirit in our daily life and operations: respecting nature, saving resources by using only the necessary, leaving as few traces as possible and taking responsibility for the people around us.

And to inspire others to do the same.

Sustainability started as a project within the Oberalp Group and has found its way deep into our culture. We believe this is a logical consequence that derives from our enthusiasm, our love for mountains. There is no love without passion, but also not without respect for what we love. To establish this culture we went through a process that calls for the ability to change.

Being responsible as a brand also means to share and deepen knowledge. We are proud members of trusted and respected networks like bluesign® and the Fair Wear Foundation, who have given us valuable support in reaching our goals and going beyond each

year. Improving the working conditions in the factories is not an easy task, but in these last two years we have managed to make important progress with our suppliers, through consistent communication and the strengthening of our partnerships.

As a global player we have a duty to operate responsibly, but also see an opportunity to create long-term positive value and change for good. Just as we did when we entered the path of sustainability, we want to invite all partners, friends, associates and mountain lovers to contribute to discover possibilities.

A handwritten signature in black ink, appearing to read 'Massimo Baratto'.

Massimo Baratto, CEO Oberalp Group

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## SALEWA and DYNAFIT part of the Oberalp Group



The Oberalp Group belongs to the family of Heiner Oberrauch, that has been active in textiles for five generations.

Founded 1846 by Anton Oberrauch, the origin and foundation was the knowledge and passion about high valuable fabrics as well as the development of treatments to improve their performance features - always dedicated to the user benefits and the excellence of material perception.

Out of that expertise the further development went into the production and distribution of functional clothes and other related products for both daily and extraordinary use. The Oberalp Group –founded in 1981 by Heiner Ober-

rauch - now employs more than 500 people and is active in various sectors of production, retail, wholesale and distribution in the fashion industry and sporting goods field.

As a family - owned company, **people** are the key component of the Oberalp Group's philosophy and business values are rather long-term oriented. Driven by the passion about sport and mountain activities, our inspiration comes from and aims at a healthy lifestyle through the sensible use of resources as well as care for the environment. Our brands are built thanks to a deep involvement of our people: specific user communities, as well as other stakeholders like athletes, journalists, bloggers and of course a loyal base of dealers are at the heart of our growth.

Acquired in 1990, SALEWA became the first private label within the portfolio of the Oberalp Group. SALEWA is a truly authentic and dynamic mountain sports brand that is dedicated to constantly innovating, improving and optimizing gear and services for mountaineers and mountain enthusiasts. The latest technology, safety and a responsible use of resources make SALEWA a reliable "rope partner".



DYNAFIT became part of the group in 2003. Inspired by athletes and the need for extreme adventures in the mountains: ski touring in winter, mountain running and mountain biking in summer. Speed, lightness, technology and performance without compromise.

## Summary: goals and achievements in 2014

2014 was a very busy year. Joining the FWF at the end of 2013 meant re-organizing our team internally, re-thinking our auditing system and opening up to third-party verification in our factories. It also led us to discover a world of opportunities for improvement and helped us to strengthen our relationship with our manufacturers.

Our task entails a delicate balance: we are a family-owned company who became a global player. We feel responsible for the people who work for us, but produce and sell all around the world: it is a daily challenge to make high quality products, deliver them at the right time, and with the right price and at the same time ensure fair working conditions in the factories.

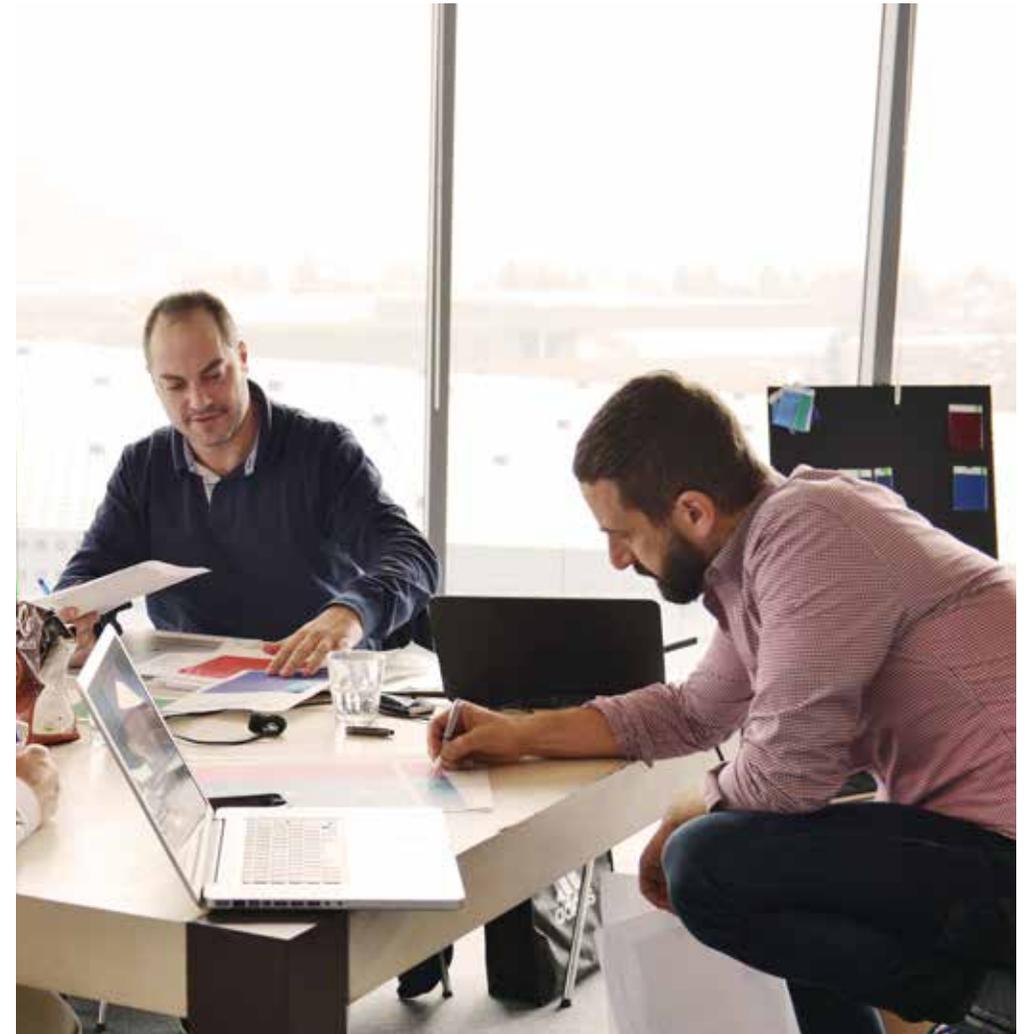
Competition is tough in the market and there we look for factors that differentiate us from other brands. But something we have in common is that we cooperate with specialists in technical products, and often our suppliers and their factories are spread around the world, in countries with very different cultures and standards. Some of them cooperate with more than one brand, and the Fair Wear Foundation has put a system in place to allow for friendly and effective cooperation

between us: if we join efforts we are more likely to persuade suppliers to improve the working conditions in their factories.

To achieve this it is essential to play with open cards, to work hard at home and to communicate on a regular basis. More transparency in the supply chain, honest dialogue with our partners and constant verification of the working conditions in the factories have always been goals of our Company, and the implementation of the FWF system has been an outstanding vehicle to achieve them, albeit, not an easy one.

That said, in 2014 we managed to achieve great progress in the implementation of our social standards. Firstly in the **communication** of our Code of Conduct and the social standards of the Code of Labour practices: around **95% of our suppliers** signed our Code of Conduct and disclosed the information we requested about their factories. Secondly, in **monitoring the working conditions** in our factories: we had set ourselves the goal of covering 60% of our production volume, and reached **78%** instead. Thirdly, in **transparency**: we now publish information on our suppliers and processes, and exchange information about our factories with our compet-

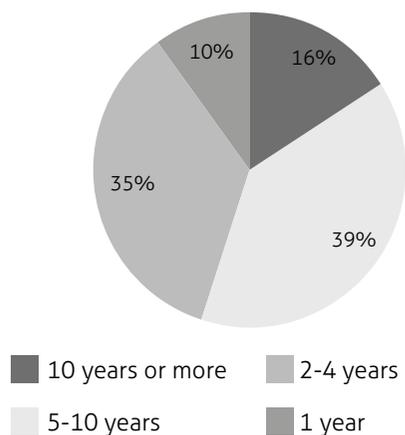
itors. We thus join efforts to achieve a common goal, the effective improvement of the working conditions in the factories we share.



# 1. | Who makes our products

We work hard to build long-term and stable relationships with our suppliers. As a matter of fact, 16% of them have been with us for more than 10 years, 39% between 5 and 10 years, and 35% between 2 and 4 years. We believe the only way to grow as a Company is to have partners who themselves grow and improve also, and cooperate with them to improve the working and environmental standards in their factories. However, we may start business with new suppliers for a number of reasons: technical or quality requirements, or in some cases, because an existing supplier does not fulfill our CSR standards and does not cooperate in the improvement of working conditions in its factories. This makes up around 10% of our suppliers.

Years of cooperation with our suppliers



We evaluate them constantly on their overall performance, with monitoring and audits in the factories, and the solution of problematic issues is one of the key points in continuing the cooperation. Our aim is to help suppliers in the process of reaching higher standards in their facilities, but when this is not possible because the actual conditions of the factories do not meet the basic health and safety standards, and the supplier is unwilling or unable to make significant improvement, we have to look for an alternative. A situation like this lead us, - after open dialogue and understanding on behalf of the supplier - to reallocate a planned production from a factory in Bangladesh to another one in China.

The decision to look for a new supplier involves our General Management, our sourcing staff, our pricing and quality Managers and our CSR team. We visit the prospective partner and conduct an evaluation of its facilities through a "screening procedure". The criteria for an eventual cooperation are **the respect of labour standards contained in our CoC**, the availability of required **technologies or machines** and **capability** of the supplier to produce the product in the right way, **the capacity of the factory** to deal with our forecast quantities in the timing we pro-

pose and at our target FOB price. Also the **geographic location** of the factory is important: a **logistics and environmental assessment** helps us to choose factories evaluating their potential environmental impact, and we prefer factories that are close to transport infrastructures, to fabric and accessories suppliers. Finally, a **quality and volume assessment** helps us to find the right production country and supplier with regard to our required quality standards, the estimated quantity, and the risks linked to production lead time and delayed delivery.



## Sourcing

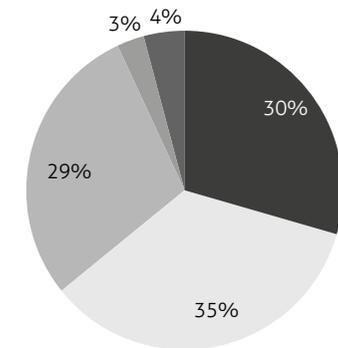
SALEWA and DYNAFIT supplier sourcing is done independently by the different divisions. Each division has its own structure but the common denominator in decisions concerning our production sources is the fact that they are taken by close cooperation between the members of the team. Suppliers are evaluated periodically and all aspects of their performance are taken into account, including the results obtained in audit and monitoring CoC implementation in the factories. Taking a supplier on board and production allocation are the result of in-depth discussion between the Division Managers, the sourcing director (only in the apparel division), costing and production managers, the quality department, product managers and developers, and the CSR team.

# Production Countries



SALEWA and DYNAFIT product ranges are made in 20 different countries, 10 of which are in low-risk areas. Approximately 30% of our purchasing volume (FOB value) in 2014 was produced in Europe or the USA. The two most important supplier countries outside Europe are Vietnam and China.

Production facilities

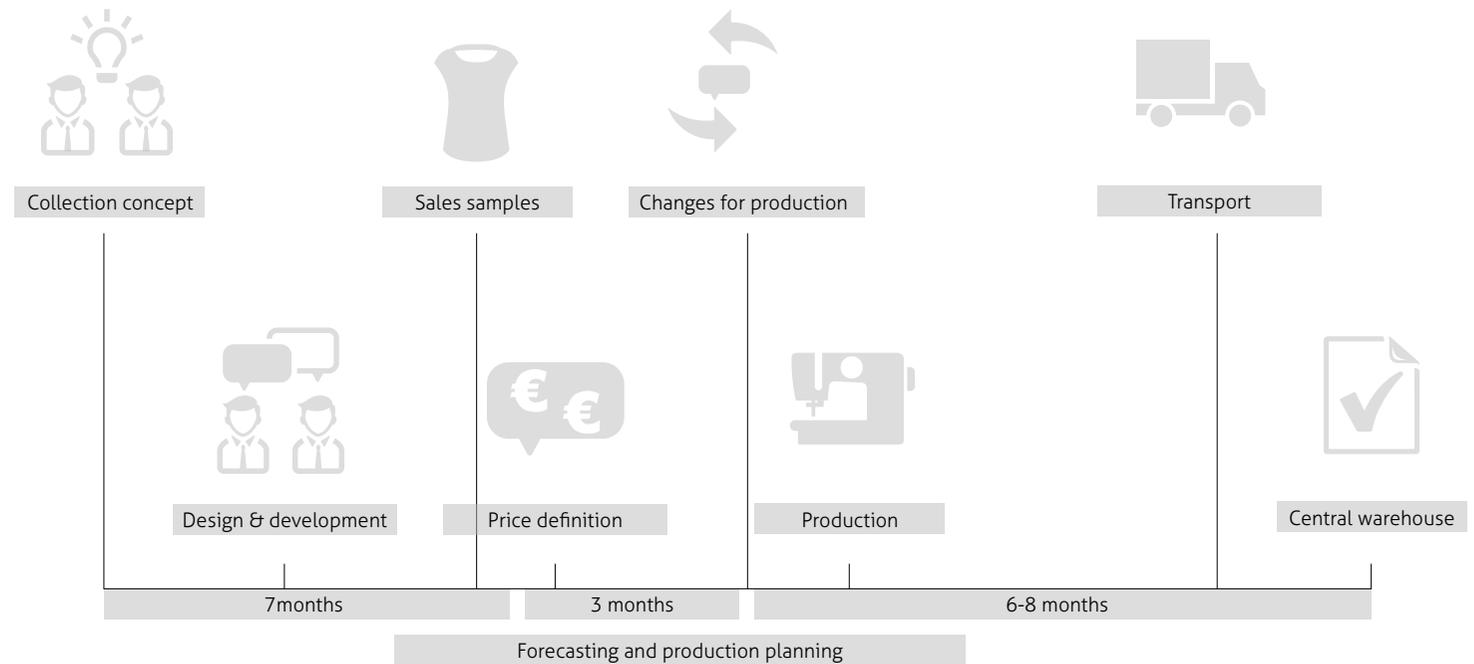


## 2. | Production cycle

The cycle of our products varies slightly between the different divisions (apparel, footwear, equipment and technical hardware), depending on the technology employed, development times and market needs.

However, common elements are the production in **two seasons**, summer and winter, and the agreement of a **feasible timeline** with the suppliers at the beginning of the season, where the most important national and religious holidays in the countries where we produce are taken into account: Ferragosto (the Assumption of Mary), Chinese New Year, Qingming (Tomb Sweeping Day – All Souls), the two golden weeks (the first weeks of October and May), Taiwanese Peace Memorial Day, Mid Autumn Day, Dragon Boat Festival and Ramadan.

Enough time is allowed for the production and quantities are split between two or three **well-spaced** orders per season. **Forecasting** plays a key role, as does the **consolidation** of similar styles and fabrics to increase resource efficiency, the overall constant **communication** with the suppliers to solve doubts on either side, and the **timely sending of all technical data and sample approval** so that suppliers can go ahead with the production as soon as orders are placed.



Design and production cycle

### 3. | Making our social standards a reality: communication, monitoring, complaints handling

## Our Code of Conduct

Sustainability and compliance, as well as an ethical and fair behaviour towards people are at the core of our Code of Conduct (CoC): the backbone of our business as a Company and the standards we expect from our suppliers around the world. One of its functions is to make all employees and suppliers aware of the laws and principles, as well as the Company policy around social responsibility, the environment and corruption.

Protecting the people who are involved in making our products, and supporting them to develop and progress, is difficult when working with companies around the world with foreign ownership and different cultures.

Our CoC has therefore evolved with time and incorporated stricter standards, and the latest (2014) version includes the integration of the Fair Wear Foundation's Code of Labour Practices and the principles of the UN Global Compact.

**1. Child labour** is not tolerated. Suppliers may not employ any person below the age of 15 or below the age for completing compulsory education if higher, according to the laws of the country of manufacture (CRC, ILO Convention 138).

**2. All employees must be treated with respect and dignity.** Suppliers may not subject their employees to physical, sexual, psychological or verbal harassment or abuse.

**3. Employment must be based on ability and no discrimination is tolerated.**

We verify that suppliers do not have discriminatory policies or practices in recruitment or with regard to employment practices such as salary, benefits, working conditions, discipline or termination, on the basis of gender, race, nationality, social or ethnic origin, religion, sexual orientation, political opinion, age, disability, handicaps or other status. (UDHR, ICERD, ICCPR, ILO Conventions 100 and 111).

**4. Employment must be freely chosen.** The use forced labour, whether in the form of prison labour, bonded labour, or otherwise is not tolerated. No employee shall be

compelled to work through force, the threat of force, or intimidation in any form (UDHR, ICCPR, ILO Conventions 29 and 105).

**5. Payment of a living wage must be guaranteed.** Wages are essential to meeting the employees' basic needs. We only deal with suppliers who compensate their employees fairly by providing wages, benefits and leave that is equal to or exceeding legal minimum wage or prevailing sports industry wage, whichever is higher. The wages paid must be adequate to cover living costs and allow a reasonable discretionary income in addition. (UDHR, ILO Conventions 26 and 131).

**6. Hours of work shall not be excessive and overtime duly paid.** Suppliers should maintain reasonable working hours. They must ensure that the regular working schedule does not exceed 48 hours per week and guarantee that workers are provided with at least one day off after 6 consecutive working days. Overtime may not exceed 12 hours per week, may not be demanded on a regular basis and must always be compensated at a premium rate, (ILO Convention 1). Workers must always have the freedom to accept or to refuse overtime work.

**7. Working conditions are decent and safe.** Suppliers must provide their employees with a safe and healthy working environment, designed to prevent accidents and injury to health, arising out of or occurring in the course of work. This includes protection from fire, accidents, and harm through toxic substances, and guaranteed access to drinkable water at all times. Moreover, lighting, heating, ventilation systems and sanitary facilities should be adequate. Factories must have safety and health policies and procedures that are clearly communicated to the workers. The same standards apply to residential facilities if they are provided to employees. Effective regulations must be implemented to prevent accidents and minimize health risk as much as possible (ILO Convention 155).

**8. Freedom of association must be guaranteed.** We expect all of our suppliers to grant their employees the right to freedom of association and collective bargaining, in a lawful and peaceful manner and without fear of any disciplinary action, penalty or interference. (Universal Declaration on Human Rights, IC-CPR, ICESCR, ILO Conventions 87 and 98). Workers' representatives may not be subject to discrimination and shall have access to

# Our Code of Conduct

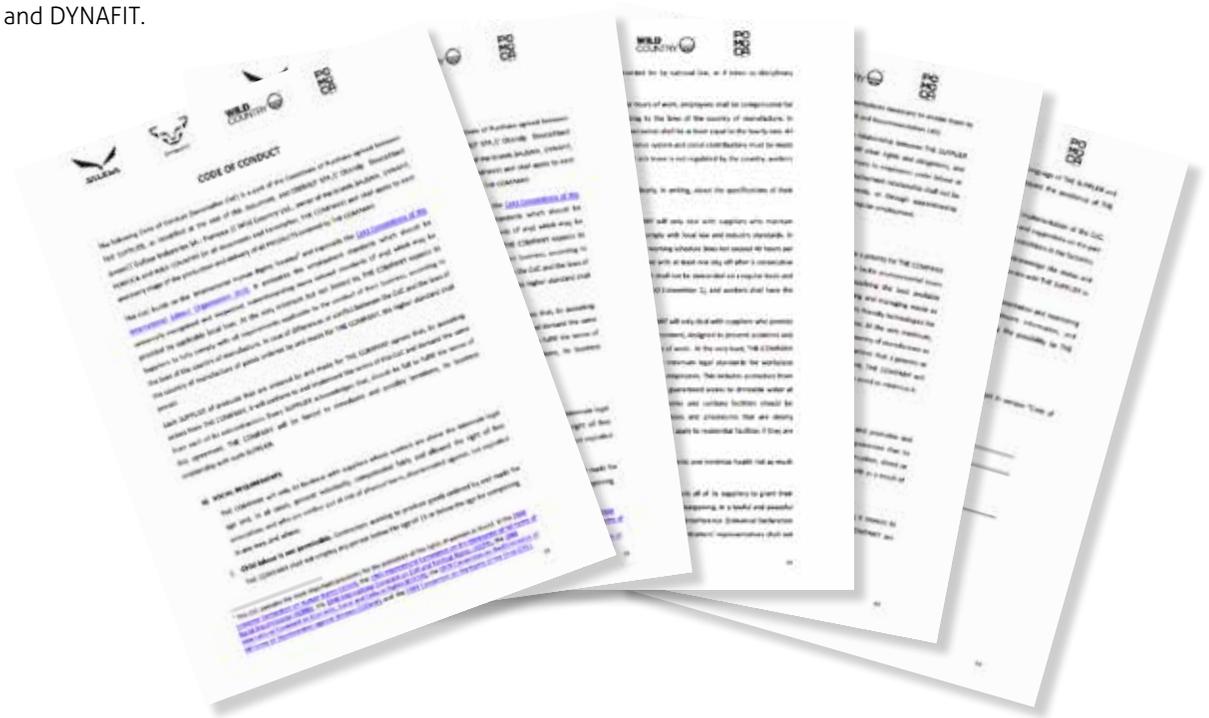
all workplaces necessary to enable them to carry out their representative function. (ILO Convention 135 and Recommendation 143).

**9. The employment relationship is formally established.** The relationship between the supplier and its workers must be regulated by a written contract with clear rights and obligations, and giving the parties the possibility of lawful termination. Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting agreements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment.

**10. Environmental requirements.** Suppliers must implement an effective program and a system to tackle environmental issues in the factory, taking a precautionary approach. This includes applying the best available technologies and adequate measures to prevent pollution by reducing and managing waste as well as emissions to air and water, extending the use of environmentally friendly technologies for cleaner production, and supporting the sustainable use of natural resources.

**11. Corruption**  
We conduct business with integrity, honesty and responsibility and promote and support initiatives to counter all forms of corruption. Suppliers must guarantee that their business practices involving products for us are free of corruption, direct or indirect, including planned, attempted, requested or successful transfer of a benefit as a result of bribery or extortion.

The full text of our Code of Conduct is available on the websites of SALEWA and DYNAFIT.



With this last update we decided to give a special focus to raising the awareness of the Code with our suppliers and inside the Company, of the importance of verifying the working conditions in the factories where our products are made, and then taking concrete steps to improve them where problems were found, adopting the Fair Wear Foundation approach and method.

An introduction of the Fair Wear Foundation system of values and procedures to partners who are not familiar with them, and our commitment to work according to them with all suppliers are part of our daily work, and suppliers who wish to cooperate with us must commit to this long-term goal of ours.

All our partners have the obligation to sign our CoC and commit to its implementation, to disclose the data of the factories where they make our products, and to inform each factory about the implications of our Fair Wear Foundation membership and requirements. Dialogue is essential for the implementation of these standards, so any opportunity for refreshing this commitment is good. We remind the suppliers of the importance of it in our periodic communication, at our bi-annual supplier conventions, and on our frequent

visits to them by management and quality control we discuss the status and difficulties they face.

Some suppliers have an easier path, because local laws in place and existing social security systems provide good support. They are considered by Fair Wear Foundation to be **"low risk country factories"** (for example Lithuania, Italy, Austria, Slovenia, Germany, where in 2014 we produced around 25% of our total volume) and decent working conditions are almost a given. Subscription of our Code of Conduct is still essential, the posting of a document in the local language informing workers of their rights and publishing a helpline allowing them to inform us of any irregularities is a must, and monitoring is not essential but we visit the factories and make informal audits in any case. Until now we have not found any critical situations and these factories have very high standards, making our work in this respect quite light. More difficult is the work with suppliers located afar, where enhanced control is required, and are therefore the so-called of **"high risk"**. Common risks in these countries are suppliers subcontracting to facilities which are unknown to the customers and below the expected standards, accurate and timely data

is difficult to attain and monitoring and close follow-up are a must. Our efforts here go in three directions: **data collection**, where we put in place a system for suppliers to inform of the planned production sites and make a screening of prospective factories; **worker information**, where we make sure that workers are made aware of their rights via the posting of a so-called "Worker Information Sheet" provided by Fair Wear Foundation in the local language, and also by offering training sessions for the staff and workforce of the factories; and **audit and monitoring**, where our quality control team visits each

facility where our products are made at least once a year, and we also carry out audits with the Fair Wear Foundation team. In 2014 we monitored factories covering more than two thirds of our production volume.

Additionally, aiming also at prevention and awareness we **organized training and capacity building in four factories**. Training and information is **also crucial at home**, so we organized sessions for our **local staff in Europe and also in Asia**, including the management and our quality team.



## Monitoring and remediation



We monitor the implementation of our Code of Conduct and Fair Wear Foundation's Code of Labour Practices in the factories. In our audits and visits to suppliers we look for evidence that the following standards are respected: Employment is freely chosen; no discrimination in employment; no child labour; freedom of association and the right to collective bargaining; payment of a living wage; no excessive working hours; safe and healthy working conditions; that a legally binding employment relationship is in place.

Each audit is followed by a complete assessment of the findings regarding each of these standards. In case we find situations of non-compliance, a corrective action plan (CAP) with steps for remediation, and a timeline for them, is set up. Auditing and CAP follow up until all issues are closed are shared between us and other brands who also produce in the factory and share the interest of seeing the solution of the problems. Transparency in the disclosure of our production facilities by Fair Wear Foundation members allows for them to help us to find "matches" and thus cooperate effectively.

Auditing is not necessary in low-risk countries. Most partners did, however, sign and confirm compliance to our CoC and Fair Wear Foundation's Code of Labour Practices. We visited around half of these factories in 2014. The facilities we did not visit (except for the Croatian supplier, who we ceased to work with) are long term partners of ours, with an average of more than 7 years partnership and no risk of non-compliance with our standards.

## “Low-risk” country suppliers

Country	Factory code FWF System	Production share	Signed CoC/CoLP	Factory disclosed all information requested (FWF Questionnaire)	Worker Information Sheet is posted in the factory	Visited in 2014	Years of cooperation with SALEWA - DYNAFIT
Austria	4570	0.02%	yes	yes	yes	no	8
	5419	0.02%	yes	yes	yes	yes	7
Croatia	5458	0.15%	no	yes	no	no	1
Czech Republic	5418	1.04%	yes	yes	yes	no	7
England	5423	0.01%	yes	yes	yes	yes	3
Germany	5432	0.22%	no	yes	no	no	4
	5489	0.14%	yes	yes	yes	no	10
Hungary	7399	0.05%	yes	yes	yes	yes	1
Italy	6050	0.48%	yes	yes	yes	yes	2
	7211	0.06%	yes	yes	no	yes	7
	5451	0.19%	yes	yes	yes	yes	5
	5459	0.31%	yes	yes	yes	no	10
	5463	0.07%	yes	yes	yes	no	7
	5847	0.01%	yes	yes	yes	no	5
	6234	0.53%	yes	yes	yes	no	5
	5474	0.21%	yes	yes	no	no	7
	5475	0.01%	yes	yes	yes	no	10
	7220	0.12%	no	no	no	yes	1
	5416	15.49%	yes	yes	yes	yes	10
	7254	0.18%	yes	yes	no	yes	2
	5553	0.01%	yes	yes	yes	yes	2
	5460	0.01%	yes	yes	yes	no	4
Lithuania	3854	0.92%	yes	yes	yes	yes	4
	5435	1.72%	yes	yes	yes	yes	4
Switzerland	5417	2.50%	no	yes	yes	yes	8
USA	5424	0.06%	yes	yes	yes	no	8
<b>TOTAL</b>	<b>26</b>	<b>25%</b>	<b>85%</b>	<b>96%</b>	<b>77%</b>	<b>50%</b>	<b>Average: 5.5yrs</b>

# “High-risk” country suppliers

Country	Factory code FWF System	Production share	Signed CoC/CoLP	Factory disclosed all information requested (FWF Questionnaire)	Worker Information Sheet is posted in the factory	Visited in 2014	Worker Training	Audits
VIETNAM	7306	0.40%	yes	yes	no	yes		x
	7219	0.20%	no	no	no	yes		
	5645	3.90%	yes	yes	yes	yes		x
	5505	0.02%	yes	yes	yes	no		
	5459	2.20%	yes	yes	yes	yes		x
	5414	20.40%	yes	yes	yes	yes	yes	x
	4568	0.30%	yes	yes	yes	yes	Plan 2015	x
	3919	6.90%	yes	yes	yes	yes		x
	3270	0.20%	yes	yes	no	yes		
	3268	0.20%	yes	yes	yes	yes		x
ROMANIA	2708	5.12%	yes	yes	yes	yes		x
INDONESIA	5516	0.07%	yes	yes	no	no		
	5522	0.09%	yes	yes	no	no		
	7256	0.13%	yes	yes	yes	no		
	5515	0.39%	yes	yes	yes	no		
	7257	0.09%	yes	yes	yes	no		
	5523	0.76%	yes	yes	no	no		
	5729	0.30%	yes	yes	yes	no		
	5520	0.78%	yes	yes	yes	no		
BANGLADESH	5767	0.21%	yes	yes	yes	yes		
	5513	0.21%	yes	yes	yes	yes		
	5512	0.03%	yes	yes	yes	yes		
	5511	0.98%	yes	yes	yes	yes		
	5766	0.09%	no	no	no	yes		
TURKEY	5767	0.21%	yes	yes	yes	no	Plan 2015	
	7691	0.01%	yes	yes	no	no		
MYANMAR	5453	0.19%	yes	yes	yes	yes		
CAMBODIA	7218	0.47%	yes	yes	yes	yes		
TAIWAN	2997	0.07%	no	yes	yes	no		
	7250	0.03%	yes	yes	yes	no		
KOREA	6033	0.05%	yes	yes	yes	no		
<b>TOTAL</b>	<b>31</b>	<b>45.00%</b>	<b>87%</b>	<b>90%</b>				
CHINA	68 Factories	29.40%	100%	97%	37%	80%	3	12

## Audits in 2014

In 2014 we managed to cover 78% of our production volume with low risk production plus these audits.

Country	% of production audited / low risk	Audits	Trainings
Vietnam	34%	7	1
China	14%	9	3
Romania	5%	1	
Myanmar	0.19%	1	
Low-Risk	25%	N/A	
<b>TOTAL</b>	<b>78%</b>	<b>18</b>	<b>4</b>

## Vietnam

In 2014, we had 10 factories and produced 34% of our total volume in Vietnam. Being the country with the highest share, we decided to prioritize it for monitoring. We carried out 7 audits and one worker training session in the largest facility.

We found no issues regarding the **freedom of choice of employment** or **discrimination** in employment. Regarding **child labour**, no children were being employed, but there were two cases of factories hiring juvenile workers, one of which did not have a system in place to verify the age of workers. Both issues were solved and closed.

**Freedom of association and collective bargaining** is a critical issue in Vietnam. We found problems in three factories: the first one did not have dialogue mechanisms or procedures, and worker meetings were not held every 3 months as required by law. We are following these issues with management. The second one had a trade union, however: no record was kept on meetings; the executive committee was in need of training in communication skills; the election process was not known to workers and the union leader was not one of the workers. We are tackling all these issues in cooperation with another brand with whom we share the auditing. In the third factory, workers were not aware of the function of the trade union and

the list of workers representatives was not posted. The factory solved both issues within the end of the year.

Achieving the **payment of a living wage** is one of our main goals. In our audits we found that even though the legal minimum wage is paid to workers, wages are below estimates of living wage by local stakeholders. Additionally, in some cases workers do not understand how wages are calculated. In another factory we found problems regarding the payment of overtime premium or leaves and benefits to workers according to legal requirements. We are working towards the solution of these problems with the suppliers: providing training to workers on their rights regarding payment (clarity, overtime, leave), seeking immediate remediation of unpaid leave and looking for a way to contribute to the payment of a living wage.

Overtime is common in Vietnamese factories. We found it in most of the factories audited. Because this is strictly linked to the handling of production orders, we are working towards the improvement of their planning through constant forecasting, cooperation with fabric suppliers, and avoiding last-minute changes, allowing for a feasible timing for the production and thus **reasonable hours of work**. We identified **health and safety** issues which

were promptly addressed and solved by the factories: in cooperation with another brand on these audits, we were able to get the factories to mark exit doors clearly, to fix a fire alarm, to provide proper storage and labeling for chemicals, to carry out machinery and fire extinguisher inspections, to train workers on health and safety. For longer term issues, factories committed to putting a system in place for guaranteeing the standards we require: designing a safety officer, testing the work environment once a year, making yearly medical check-ups for the workers and a policy for helping pregnant women and new mothers' needs.

Minor cases of non-compliance with local laws regarding the **employment contract**, whereby apprentices were paid below their due salary or had a longer probation period were solved immediately by the factory.

The supplier with the highest volume of our production came out to be the one where we found the most cases of non-compliance, so we decided to carry out a **worker training programme**. We are closely following the developments in this factory and are confident that training the staff and workers will enhance dialogue and contribute significantly to improve the working conditions.

## China

In China we had 68 factories and 29% of our production volume. We performed 9 audits and after the findings, decided to carry out 3 worker training programmes in the factories where we saw it was needed the most.

We found no **issues of forced labour, discrimination or child labour**, apart from an unregistered juvenile worker. Although all workers appeared to have **signed a contract**, records showed that not all were provided with the legal benefits as far as social insurance was concerned, and some workers complained that they had not received a copy of the contract. Employers were urged to solve these situations in a timeframe of 3 months to one year.

Regarding **freedom of association and collective bargaining**, in 10 out of the 12 facilities we audited, there were no trade unions in place. Most suppliers are prepared to train workers on the benefits of a worker's committee. One supplier questioned the usefulness of them and we decided to carry out a **training programme** at the factory.

The **payment of a living wage and the mitigation of overtime** are the two most relevant issues in China. We have made some

progress in these aspects but still find it challenging. Poor planning by the suppliers and subcontracting to smaller factories are some of the key factors that contribute to this (and which explain the relatively low rate of factories where the WIS was posted, see above). Another problem we have encountered is the lack of transparency: we have repeatedly been presented with false payment and attendance records. So cooperation and hard work are needed to make serious improvement, and we will continue to focus on these two aspects.

Minor issues regarding **health and safety** were found and the factories pledged to solve them promptly: to free the exits, to check the extinguishers and replace them if needed, to install or distribute protecting devices where missing, and to provide ergonomic chairs for the workers.

## Romania

In 2014 we audited our only partner in Romania, who produces around 5% of our total volume. During this audit, shared with another brand, we found no issues of **forced labour, discrimination or child labour**, and all workers have signed an **employment contract**.

In order to more effectively exercise their **freedom of association**, workers expressed their wish to have more than one representative. The factory promised to allow this, elections were held and now there are representatives in each section of the factory.

We encountered three main **health and safety** issues: a lack of explanation in the use of chemicals, a foreign language in the instructions for use of machinery and the need for standing workers to have a place to rest. Most issues were solved immediately and the rest will be closed soon.

It was not possible to get a clear picture of workers' wages. The Director of the factory pledged to elaborate a board explaining it clearly to the workers (done) and assured us that they are 20% above the legal minimum. According to local stakeholders this would be below the **living wage**, so we need to further work with the factory in achieving



## Indonesia

In Indonesia we work with a trusted partner since 2008. In 2014 8 factories produced 2,6% of our total volume. We visit the factories on a regular basis and they are also audited by third parties and the results shared with us openly. No major issues have been found so far.

**Forced labour, discrimination and child work** are not present in these factories. Minor issues regarding **overtime, health and safety** (emergency exits, instructions for the use of extinguishers in the local language, first aid boxes) and **training** needed for the workers on the **importance of social security** were discussed with factory management, and needed actions began immediately. We plan to execute an audit with Fair Wear Foundation at one of the factories (5520).

## Bangladesh

In Bangladesh we worked with 5 factories who covered 1,5% of our production volume in 2014.

Following the tragic events in Bangladesh in 2012, and aware of the difficulties in ensuring the compliance of safety standards in that country, we decided to work exclusively with suppliers who are parties to the Accord on Fire and Building Safety in Bangladesh. We carried out health and safety audits in the facilities of our existing suppliers and fortunately no major issues were found. We are checking existing factories regularly and new factories before orders are placed. On one of these screening audits we discovered major irregularities at a prospective factory, and we decided to allocate the production to a Chinese factory.

## Myanmar

We produce only a small quantity in Myanmar, less than 1% of our volume. In 2014 we had only one partner, who committed to implementing our Code of Conduct and the Code of Labour Practices. Our Staff visited the factory, and the results of their audit were quite satisfactory: no major issues of violations of the social standards were found. From 2015 we will cease or cooperation with this factory but will be working with a new one, shared by other brands. We are planning a joint training programme with them.



## Turkey

Our production volume is quite low, less than 0,3% shared between two factories. One of the factories has been working for us for more than 7 years and we visit the facilities on a regular basis. We have not found any major issues so far and are planning an audit with Fair Wear Foundation in 2015.

## Cambodia

One of our partners has a factory in Cambodia, where 0,4% of our volume is produced. Our supplier is committed to implementing our Code of Conduct and Fair Wear Foundation's Code of Labour Practices, and although audits are planned in his other two factories located in China and Vietnam, no audits are planned in this factory in the short term.

## Korea

One supplier of accessories for our equipment division who has been our partner since 2007 and produces 0,05% of our volume. He has committed to the implementation of our Code of Conduct and Fair Wear Foundation's Code of Labour Practices. No audits are planned in this factory in 2015.

## Taiwan

In Taiwan two factories produce together 0,1% of our volume. Both of them have committed to implementing our Code of Conduct and there are no audits planned in these facilities in 2015.

## Complaints handling

Each of our factories must hang the Code of Labour Practices of the Fair Wear Foundation in a visible place in the factory, in the local language of the workers. Their rights are explained and workers can call a telephone number for issuing complaints or denouncing irregularities in the factory. Complaints reach the Fair Wear Foundation and notified to our CSR staff, who is in charge of following it up with the supplier until it is solved to the satisfaction of all those involved. The Fair Wear Foundation then publishes a report on its website, under

**<http://www.fairwear.org/506/resources/complaints>** with the name of the member (brand) involved.

In 2014 we received 5 complaints. Most of them regard excessive working hours, payment of a living wage and in one case, limitations to terminate the work contract. They were all closed. One of them regarded delayed payment of wages and found to be ungrounded.



## 4. | Transparency: reporting

Transparency is important, not only in obtaining and keeping information but also in communicating it to all stakeholders. We keep the public informed about our CSR activities through the web. Until now we worked with a collective microsite inside the webpage of the Oberalp group, [www.csr.oberalp.com](http://www.csr.oberalp.com) and are now building brand websites with specific information regarding SALEWA ([www.salewa.com](http://www.salewa.com)) and DYNAFIT ([www.DYNAFIT.com](http://www.DYNAFIT.com)). The progress on the implementation of our social standards is communicated mainly through the Social Report and in Facebook, and it will be one of the main topics in our new CSR report 2015, due to be published in October.

Sales representatives of both brands SALEWA and DYNAFIT are informed via trainings twice a year because it is fundamental that they are able to explain CSR relevant topics to their clients and our dealers. Progress in our work with human rights in the supply chain is also regularly reported in staff meetings and on our intranet.



Last, we hold regular meetings with the FWF working team to check implementation and discuss the outcomes of the Brand Performance Checks with the General Managers and the CEO of the Company. We then set new KPIs to have clear goals for further improvement and implementation of the social standards.

For more information on our Corporate Social Responsibility projects and efforts see the websites of SALEWA and DYNAFIT.