

**MAMMUT  
WE CARE**



# **SOCIAL REPORT 2020**

PUBLISHED JUNE 2021



**MAMMUT**  
SWISS 1862



## FAIR WORKING CONDITIONS

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

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



### In Numbers

**97%**

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

**40**

Suppliers and 54 factories for the production of about 3,5 million items a year.

**17**

Production countries for all products in the Mammut product portfolio.



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PART 1

# RESULTS & FINDINGS

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



# 1.1 MAMMUT SUPPLY CHAIN 2020

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

## 1.1.1 BUSINESS ACTIVITIES IN 2020

2020 was a year of significant disruption due to the Covid 19 pandemic.

Coronavirus was first noticed in Wuhan, China in late December 2019 but later investigation found the first case was in mid-November. By the end of January, all provinces in China had cases of the virus. China first quarantined Hubei and soon the whole country went into lockdown.

In Europe, we started to notice this at the ISPO exhibition on 27th January. Within days, it became clear that factories and shops would stay closed after the Chinese New Year holidays. China supplies 20% of Mammut's finished goods, but at least 70% of our apparel use Chinese made fabrics and trims. Mammut's suppliers worked very hard to overcome the problems throughout February and March. To a very large extent, they were able to mitigate the effects of the China lock-down without significant customer impact. In Europe, there were very few coronavirus infections in February. However, by 26th February, Italy had reached 500 cases, and it became clear that the virus was established in Europe. After limited quarantine of a few villages, northern Italy went into lockdown on 10th March. Infection rates in other countries were also rising and Switzerland and Germany also announced a lockdown on 17th March. A week later, the whole of Europe was in lockdown and the Schengen Area free travel agreement was suspended. Another week later, major cities in the USA were also imposing draconian measures to enforce social distancing. US unemployment jumped by 10 million in the first fortnight.

In Switzerland the lockdown was eased at the end of April and most things including universities and the countryside could reopen by mid-June. Holiday travel was restricted to peoples' home country. Many restrictions and social distancing continued. Masks became compulsory on public transport in July. In October, the number of infections started to rise and restrictions were imposed in certain regions. This continued over the following months. Family gatherings at Christmas were limited to small family groups. In January 2021, a second national lockdown was imposed.

Many countries worldwide followed a similar path of restrictions and safety rules. By the end of 2020, most of Europe and USA had seen about ten weeks of non-essential retail store closures. Unsurprisingly, Mammut's sales dropped by 19%. MAMMUT Sports Group Turnover was CHF 218.4 million in 2020 compared to CHF 268.4 million in 2019.

Mammut employed 899 people worldwide on 1st January 2020. This reduced by 7.4% to 833 on 31st December 2020. The reasons were as follows.



- Closing of Korean subsidiary
- Downsizing of APAC Office in Hong Kong, merging with China Office in Shanghai
- Japan: reduction of temporary staff in stores (due to store closures & restricted hours)
- Slight reduction in Switzerland driven by regular fluctuation

In Switzerland, short time work was introduced in March through to the end of June. In Germany, short time work was in place April to end June and again in December. This was about 25% of total working time for Mammut in Switzerland and Germany. This was mostly retail staff during the time the stores were closed due to Covid-19. During the April to June period, many staff were asked to reduce their working time. Purchasing reduced to 80% and CSR staff were reduced to 50% of normal hours from April to June 2020. From October onwards, the Hardware and Footwear buying team was reorganized with two buyers covering the work of three.

The sale of the Mammut brand was postponed to 2021. The new owner was announced on 26th April 2021 and will be Telemos Capital.

## 1.1.2 SUPPLY CHAIN ACTIVITIES 2020

An inevitable consequence of the spring Covid19 lockdown was that retailers and brands sold far less summer product than an normal year. Mammut reviewed the expected high stock levels and continued many items into summer 2021 collection. Some new developments were cancelled or postponed to 2022. This fusing of the collections retained value in the stock for both the brand and the retailers.

Mammut was forced to postpone many orders, due to warehouse space. In most cases the orders were rescheduled and produced a few months later. All orders that had been placed were honoured at full price. Production that had already started was delivered to the original schedule.

Nineteen suppliers gave extended credit to Mammut during 2020 and these were generally the biggest companies and represent 63% of total purchases. No supplier was forced to provide extra credit and it was strictly limited to orders which arrived in the second half of 2020. In turn, this allowed Mammut to extend credit terms for retailers.

Production and delivery of winter 2020 merchandise proceeded with the originally planned quantities. Orders of summer 2021 products were lower than for 2020 in most cases, as a consequence of high stocks from summer 2020. Total annual purchases reduced by 23% from 2019 to 2020. However, hiking boots and sleeping bags actually increased sales due to the changes in peoples' holiday destinations. The later part of the year saw difficulties with shipping from factories in Asia as there was a shortage of shipping containers. Airfreight capacity was very limited and expensive.

In the production countries, there were also lockdowns that often resulted in factories being closed. Vietnam had no factory closures. In most cases, Chinese factories extended their New Year holidays for one or two weeks. Liwaco in Hubei was closed for six weeks. Our supplier in the Philippines was closed for a month. Our Bangladesh supplier was closed for 24 days.

Often delays in Tier 2 factories resulted in late materials for Tier 1 suppliers. Generally speaking, Mammut accepted late deliveries due to Covid19 without making financial claims.

### **Covid 19 in Vietnam**

None of the factories supplying Mammut were closed due to Covid 19.



Vietnam closed its borders and enforced strict quarantine in government run centres. All factories followed government advice and arranged health measures according to the Centre for Disease Control:-

- Training all workers methods to prevent Covid-19 transmission
- Checking body temperature to all people before entering factory compound
- Mandatory mask wearing.
- Prevent unnecessary visits
- Hand disinfectant in toilets, and in each department.
- Disinfect door handle, every two hours and the floor twice a day.
- Staff working from home if they live in close distance to an infected area
- Social distance of 2 meters in working area
- Lunch breaks split into shifts

Workers who needed to quarantine for two weeks were paid minimum wage and normal benefits according to Vietnamese Law. These were people who had direct or indirect contact with infected people (F0 is confirmed person, F1: direct connect with F0, F2: connect with F1).

Some factories experienced a dramatic drop in orders. 3268 Pung Kook Saigon 2 reduced working days from April 1st to August 31st 2020, but each worker had at least 13 working days per month and insurance premiums were paid in full. 10768 Pung Kook My Tho laid off 90% of employees (circa 1450) for 6 weeks from 1st August 2020 to 14th September 2020. 3277 Elegant laid off 13 indirect workers for 3 months.

### **Covid19 in China**

Chinese factories followed government advice and arranged the following health measures

- Training all workers methods to prevent Covid-19 transmission.
- Posters in the factory to remind workers.
- Checking body temperature to all people before entering factory compound
- Mandatory mask wearing. Factories provided masks to workers and visitors.
- Prevent unnecessary visits
- Hand disinfectant in toilets, and in each department.
- Disinfect door handle and the floor by specially trained cleaning teams.
- Social distance of 1.5 meters in working area and canteen.
- Lunch breaks split into shifts
- KTC also disinfected any vehicle entering the factory compound

In China there were lockdowns defined by local government. Chinese New Year holidays were extended by a week or two in some provinces. 4591 Heshan (KTC) and 10055 Sunshell were closed for one week. 4575 Jiangsu Headwear (ASI), 5304 Maegaki and 3267 Yangzhou Jinqun were each closed for two weeks. 2448 Kingtai (Bellmart) and



8326 (Polyunion) did not close at all. 5305 Liwaco in Hubei, which is close to the origin of the pandemic was closed for six weeks from 10/2/2020 to 24/3/2020.

Workers were paid according to the minimum wage standard of the province. The Chinese government reduced the cost of social insurance, water and electricity to support companies. At 4591 KTC, workers who could not return to the factory we paid the legal minimum wage of RMB1550. Once returned, normal piece rate and normal monthly salary was paid.

### **Covid19 in Bangladesh**

Youngone arranged the following health measures, which are in excess of government specifications.

- Training all workers methods to prevent Covid-19 transmission.
- Posters & leaflets in the factory to remind workers.
- Checking body temperature to all people before entering factory compound
- Separate queue for vulnerable & pregnant employee during entry, clinic
- Mandatory mask wearing. Factories provided masks to workers and visitors.
- Provision PPE for health workers in clinic etc.
- Shoe disinfection at factory gates
- Prevent unnecessary visits
- Hand disinfectant in toilets, and in each department.
- Disinfect door handle and the floor by specially trained cleaning teams.
- Social distance of 1.5 meters in working area
- Canteen divided into compartments
- Perspex barriers between sewing machines.

5285 Youngone CEPZ Ltd was closed for 24 days in April 2020. Some of these were additional public holidays declared by BEPZA. Workers received full salary during the lockdowns and holiday pay during the holidays.

### **Covid19 in Philippines**

Youngone arranged the following health measures, which are in excess of government specifications.

- Training all workers methods to prevent Covid-19 transmission.
- Mandatory mask wearing. Factories provided masks to workers and visitors.
- Hand disinfectant in toilets, and in each department.
- Disinfect door handle and the floor by specially trained cleaning teams.
- Social distance of 1.3 meters in working area

12787 Dong-In Recreational Equipment and MFG. Corp (REMC) were closed for one month from 17/03/2020 to 16/04/2020. The company did not pay any salaries but the workers employee had the option to use their vacation and sick leave. Workers were entitled to Social Security payments if they were not being paid by the company.





### **Covid19 in Myanmar**

In Myanmar factories followed the covid-19 guidelines announced by the Government Health Department.

- Training all workers methods to prevent Covid-19 transmission.
- Mandatory mask wearing.
- Hand disinfectant in toilets, and in each department.
- Disinfect door handle and the floor by specially trained cleaning teams.
- Social distance in working area and canteen

9416 Greatmen Co. Ltd was closed for a month in April 30 and three weeks from 26th September to 15th October 2020. 9967 GFT Enterprise Co, was closed for 2 weeks from 24/09/2020 to 07/10/2020. Government social insurance paid 40% of the full salary for compensation.

### **Covid19 in Lithuania**

2631Utenos Trikotazas did not close for Covid19. Health measures included Hand Disinfection, temperature measuring when entering facilities + during working hours, mask wearing, home office to office workers, Covid-19 testing.

### **Covid19 in Latvia**

Spectre's factories in Latvia a contract with the Danish health authorities producing hospital gowns for 12 months. There were no shutdowns and no layoffs. Spectre followed all guidelines from local authorities including: Hand Disinfectant, Social Distancing, Mask Wearing, Home office for certain groups of employees, Covid 19 Testing etc. Additionally, we have been closing the factories for external visitors. Plastic curtains were installed to separate the production area in smaller sections

### **Covid19 in India**

2377 Wellknit Industries was closed for six weeks from 24/03/2020 to 06/05/2020 and due to Government restriction. Wherever possible, workers were provided with accommodation. They were supplied with grocery for self and family during the lockdown period. They were helped to draw from Government announced benefits from their PF account. In the factory, measures include Hand Disinfectant, Social Distancing, Mask Wearing, Home office if possible, Covid 19 Testing and disinfection of office and working space done after office hours.

## **1.1.3 CORPORATE RESPONSIBILITY ACTIVITIES 2020**

Mammut regained Fair Wear Leader Status and continued the implementation of HIGG.

### **Taiwan Metals project / EOG HGRT & AA-HG / foreign migrant workers**

The EOG Hard Goods Round Table was formed in 2017 to look at a variety of sustainability and social responsibility topics. On 2nd July 2019, a subgroup was formed to look at migrant workers in metal hardware factories. This group has recently been renamed as



the EOG Audit Alliance - Hard Goods. The first focus of the AA was to arrange social audits at metal product factories in Taiwan. There is a well-known problem with migrant workers from Indonesia, Thailand, Vietnam. They are often charged high fees by employment agents and often live in dormitories with poor fire safety etc. Black Diamond, Edelrid, Mammut, Petzl, Oberalp (Salewa) identified three shared suppliers in Taichung, Taiwan. The group agreed to share the cost and the follow up of social audits at these factories. The group looked at various options for social auditing and selected Elevate to perform the audits using their ERSA scheme and additional Foreign Migrant Worker module. The audits took place in December 2020 and reports were discussed by the group in January. The audit reports and collective action plans (CAP) have been shared with the factories. For each factory, one brand will take the lead to follow up on the CAP on behalf of the whole group. Fair Wear Foundation is indirectly involved as a consultant on remediation. As expected, problems were found relating to agency fees of migrant workers, and health and safety issues. Ortovox joined the alliance in February 2021.

Together for Glaciers - In 2019, Mammut signed the UN Global Fashion Industry Charter and committed to reduce carbon emissions by 30% by 2030. Mammut also supported the political Glacier Initiative in Switzerland, and supports the Protect our Winters campaign "Vote now ride later" for the new CO2-Bill. In future, we will communicate our climate actions under the banner "Together for Glaciers". This world is threatened by climate change. That's why we're setting a movement in motion that involves both our way of manufacturing products and providing services, as well as our partners, customers, our community, and our employees, to work together to face the threat of climate change.

ClimbAID - MAMMUT has entered into a partnership with the non-profit organization ClimbAID to work together on humanitarian projects allowing refugees to discover the joy of climbing. This long-term cooperation will focus on the implementation of humanitarian projects in Switzerland, Lebanon, Greece and beyond. In future, ClimbAID and MAMMUT also intend to work together to foster the holistic development of young people. As a partner, MAMMUT is providing equipment as well as financial support.

### 1.1.3 OBJECTIVES FOR 2021

In 2021, the overall Corporate Responsibility focus will be on implementing the projects and initiatives launched in 2019/2020 with a strong focus on implementing the launched corporate climate strategy, fostering our involvement at FWF, increasing transparency and processing the different modules of the Higg Index.

Mammut will put high efforts in reducing CO<sub>2</sub>-emissions through adopted material-mixes and dying processes for our products and through the implementation of new circular business models. Mammut will further start with pilot projects to ban single use plastic from e-commerce.

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

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

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



## 1.2 THE MAMMUT MILESTONES

### 2020

2020 regained FWF Leader, expanded monitoring to metal goods, Together for Glaciers, Climbaid, purpose

### 2019

We Care implementation including HIGG, CO<sub>2</sub> Footprint and Strategy, Glacier Initiative

### 2018

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

### 2017

Consolidation of sourcing, participation in FWF Living Wage Incubator.

### 2016

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

### 2015

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

### 2014

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

### 2013

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

### 2012

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

### 2011

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

### 2009

Creation of a systematic monitoring system – first audits.

### 2008

Joined Fair Wear Foundation as first outdoor brand.

### 1992

Introduction of a social code of conduct for suppliers.



# 1.3 FWF CODE OF LABOUR PRACTICES IN THE MAMMUT SUPPLY CHAIN

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

## 1 EMPLOYMENT IS FREELY CHOSEN

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

### Comment

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

However, at an audit in Lithuania in 2019 and three audits in in Taiwan in 2020 found foreign migrant workers paying high fees to employment agencies. Unfortunately, although this against ILO code it is legal practice in many countries.

## 2 FREEDOM OF ASSOCIATION & THE RIGHT TO COLLECTIVE BARGAINING

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

### Comment

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

### Complaints

In Myanmar at factory 9416, union representative complained about factory management ignoring their complaints in 2020.

## 3 NO DISCRIMINATION IN EMPLOYMENT

*Recruitment, wage policy, admittance to training programs, employee promotion policy, policies of employment termination, retirement, and any other aspect of the employment relationship shall be based on the principle of equal opportunities,*



*regardless of race, color, sex, religion, political affiliation, union membership, nationality, social origin, deficiencies or handicaps (ILO Conventions 100 and 111).*

#### **Comment**

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

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

## **4 NO EXPLOITATION OF CHILD LABOUR**

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

#### **Comment**

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

## **5 PAYMENT OF A LIVING WAGE**

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

#### **Comment**

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

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



Unfortunately, there are still a lot of obstacles to be overcome until a credible payment of living wages can be implemented. These obstacles are collected and addressed on the Living Wage Portal of Fair Wear Foundation. The FWF Living Wage Incubator, in which Mammut is participating, will likely accelerate the finding of hands-on ways to do more and serve as platform to draw lessons and conclusions on a higher level, based on experiences across various projects.

#### **Comment FWF**

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

#### **Complaints**

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

## **6 REASONABLE HOURS OF WORK**

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

#### **Comment**

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

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

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

For every finding of massive overtime we try to investigate the root cause and invest substantial effort in in-depth discussions with the suppliers concerned. At all factories Mammut is not the only customer, which means that the root cause for overtime can be from Mammut but also from other brands sourcing at the factories.



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

### **Comment FWF**

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

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

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

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

### **Complaints**

In Myanmar at factory 9967, in July and October 2020, there were complaints about compulsory overtime and a threat to bonus payments to workers who did not comply. After an investigation, it was made clear that overtime is voluntary and workers would be paid all bonuses that they had earned.

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

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

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



trained separately. The complaint was closed after a verification audit in October 2017 showed that the overtime was controlled within acceptable limits.

On 31<sup>st</sup> May 2016 at factory 3264 in China, a worker complained about excessive overtime and seven day a week working. As described above, this factory had had similar complaints in 2013 and 2014. Mammut had intensive discussions with the management and the COO visited the factory in August. Coincidentally, on the same day, a second worker complained about excessive overtime. Mammut analyzed the capacity planning in-depth and reported back to FWF. A FWF verification audit was performed in November 2016. Mammut management visited again in March 2017 to follow up on the complaint. A further verification audit was performed after the peak season in summer 2017 and came to the conclusion that no progress has been made to resolve overtime issues. Mammut hence decided to stop work at 3264 by the end of 2018. Repeated CSR problems were a major part of the decision.

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

## 7 SAFE & HEALTHY WORKING CONDITIONS

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

### Comment

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

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

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

### Complaints

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

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





## 8 A LEGALLY BINDING EMPLOYMENT RELATIONSHIP

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

### Comment

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

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

### Complaints

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

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

In March 2020 at factory 7219 in Vietnam, a worker complained that she did not get paid the correct severance pay. The factory provided documents to show that in 2019, the complainant signed an agreement where she agreed to not resign within three years. However, she found a new job and left in March 2020. The company maintained that they had acted correctly according to local law.



# 1.4 SOURCING BY COUNTRY 2020

## 1.4.1 MAMMUT SOURCING SPLIT

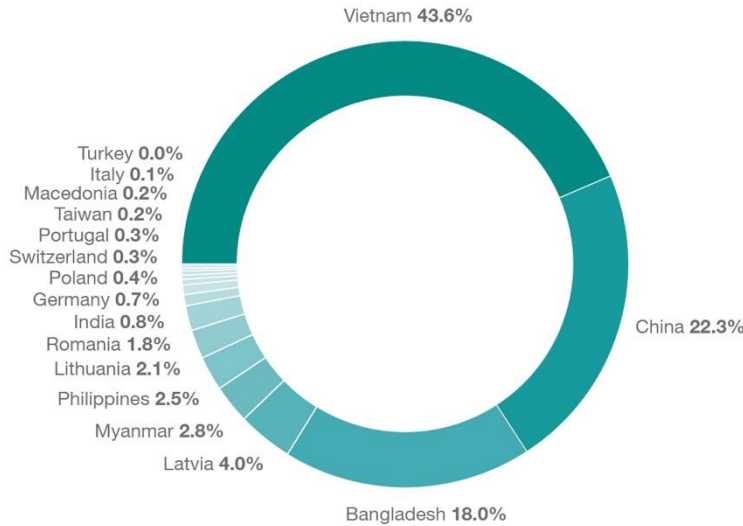


Figure 1.4.1 Mammut Sourcing Split (garment maker level – % of purchases by volume)

## 1.4.2 SUPPLIER PERFORMANCE PER COUNTRY

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

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

- Minor non-compliance found and quickly resolved, or no problem found.
- Major non-compliance found and resolved.
- Major or critical non-compliance found. Recurring problems.

Table 1.4.2 Overview of Code Compliance by Country



### 1.4.3 COUNTRY BY COUNTRY REPORTING

#### VIETNAM 43.6%



		1. Free Employment	2. Freedom of Association	3. No Discrimination	4. No Child Labor	5a. Legal Wages	5b. Living Wages	6. No excessive Overtime	7. Safety & Health	8. Legal Contracts
5869	Footwear	●	●	●	●	●	●	●	●	●
14342	Apparel	●	●	●	●	●	●	●	●	●
10013	Apparel	●	●	●	●	●	●	●	●	●
3919	Apparel	●	●	●	●	●	●	●	●	●
3268	Hardware	●	●	●	●	●	●	●	●	●
7219	Footwear	●	●	●	●	●	●	●	●	●
12320	Apparel	●	●	●	●	●	●	●	●	●
10768	Hardware	●	●	●	●	●	●	●	●	●
3277	Apparel	●	●	●	●	●	●	●	●	●
7371	Apparel	●	●	●	●	●	●	●	●	●
3287	Apparel	●	●	●	●	●	●	●	●	●
10014	Apparel	●	●	●	●	●	●	●	●	●
5414	Footwear	●	●	●	●	●	●	●	●	●
9415	Apparel	●	●	●	●	●	●	●	●	●
2935	Apparel	●	●	●	●	●	●	●	●	●
4568	Apparel	●	●	●	●	●	●	●	●	●
11333	Hardware	●	●	●	●	●	●	●	●	●
6027	Apparel	●	●	●	●	●	●	●	●	●
12245	Apparel	●	●	●	●	●	●	●	●	●
6030	Hardware	●	●	●	●	●	●	●	●	●
7504	Apparel	●	●	●	●	●	●	●	●	●
33516	Hardware	●	●	●	●	●	●	●	●	●

**Comments**

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

**FWF Issues**

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



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

**CHINA**  
**22.3%**



		1. Free Employment	2. Freedom of Association	3. No Discrimination	4. No Child Labor	5a. Legal Wages	5b. Living Wages	6. No excessive Overtime	7. Safety & Health	8. Legal Contracts
4591	Apparel	●	●	●	●	●	●	●	●	●
5305	Apparel	●	●	●	●	●	●	●	●	●
5304	Apparel	●	●	●	●	●	●	●	●	●
10055	Apparel	●	●	●	●	●	●	●	●	●
12900	Apparel	●	●	●	●	●	●	●	●	●
2448	Hardware	●	●	●	●	●	●	●	●	●
3267	Hardware	●	●	●	●	●	●	●	●	●
8326	Hardware	●	●	●	●	●	●	●	●	●
4575	Apparel	●	●	●	●	●	●	●	●	●
33651	Apparel	●	●	●	●	●	●	●	●	●
12800	Apparel	●	●	●	●	●	●	●	●	●
3264	Apparel	●	●	●	●	●	●	●	●	●
3289	Footwear	●	●	●	●	●	●	●	●	●

**Comments**

In 2019, the United Nations Human Rights Council condemned China for mass detention and cultural re-education of Muslim Uyghur people in Xinjiang. In 2020 the US government banned imports from the Xinjiang region which include cotton and cotton garments. In March 2021, European and Union and USA imposed sanctions on China over treatment of Uyghur people and other ethnic minorities. Most of the focus is on factories in Xinjiang, but there are also concerns about treatment of ethnic minorities under the poverty elimination scheme. Mammut has no production in Xinjiang and does not use cotton originating from the region.

**FWF Issues**

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



## BANGLADESH 18.0%



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

5285 Apparel ● ● ● ● ● ● ● ● ●

**Comments**

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

**FWF Issues**

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

## LATVIA 4.0 %



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

5053 Apparel ● ● ● ● ● ● ● ● ●  
 5054 Apparel ● ● ● ● ● ● ● ● ●  
 3285 Apparel ● ● ● ● ● ● ● ● ●  
 11823 Apparel ● ● ● ● ● ● ● ● ●

**Comments**

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



# MYANMAR

2.8%



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

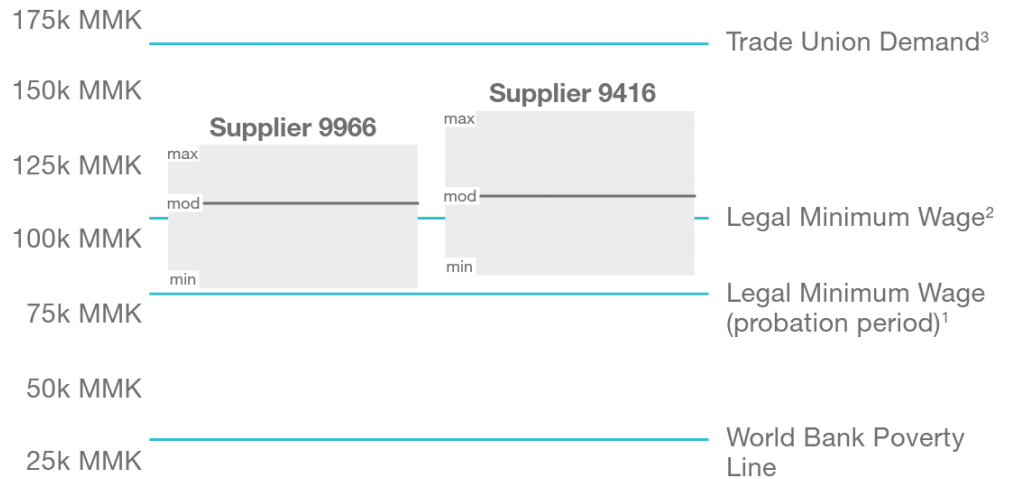
9967	Apparel	●	●	●	●	●	●	●	●	●
9416	Apparel	●	●	●	●	●	●	●	●	●

### Comments

Myanmar has had a mostly democratic government since elections in 2015. However, the military retained 25% of the seats in the parliament. The 2020 election was a landslide victory for the democratic party. On 1st February 2021 the military staged a coup and arrested the democratic politicians. Since then there has been constant and widespread protests which have been brutally suppressed by the military. During the violence 760 protestors have been killed and some factories have been burned down. Mammut produces goods at two factories in Myanmar. Following guidance by Fair Wear, production of winter 21 garments is continuing. The purchasing team is monitoring the situation and getting regular updates from the factories and Fair Wear.

### FWF Issues

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



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

- 1 Legal monthly minimum wage for workers in the probation period since September 2015.
- 2 Legal monthly minimum wage in Myanmar since September 2015.
- 3 Workers' demand during negotiations for the legal minimum wage.

**Figure 1.4.3** Wage Ladder Myanmar

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

**PHILIPPINES**  
2.5%



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

12787 Hardware ● ● ● ● ● ● ● ● ●

**Comments**

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

**FWF Issues**

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



# LITHUANIA

2.1%



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

2631 Apparel



### Comments

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





## 1.4.4 SUPPLIER REGISTER 2020

FACTORY DATA				MONITORING ACTIVITIES			
PRODUCTION COUNTRY	FWF FACTORY NUMBER	PRODUCT GROUP	% MAMMUT PURCHASES 2020	COLP SIGNED	LAST AUDIT	AUDIT TEAM	WEP
Bangladesh	5285	Apparel	18.14%	Yes	2019	FWF	
China	5305	Apparel	8.92%	Yes	2019	FWF	2018
Viet Nam	5869	Footwear	7.13%	Yes	2018	FWF	2016
Viet Nam	14342	Apparel	6.78%	Yes	2019	FWF	
China	4591	Apparel	6.41%	Yes	2019	FWF	
Viet Nam	10013	Apparel	5.25%	Yes	2020	FWF	2020
Viet Nam	3919	Apparel	3.34%	Yes	2020	FWF	2019
Viet Nam	7219	Footwear	3.32%	Yes	2020	FWF	
Viet Nam	3268	Hardware	3.32%	Yes	2020	FWF	
Viet Nam	10768	Hardware	2.95%	Yes	2020	FWF	
China	5304	Apparel	2.61%	Yes	2020	FWF	
Philippines	12787	Hardware	2.48%	Yes	2019	Elevate	
Viet Nam	7371	Apparel	2.43%	Yes	2019	FWF	2020
Lithuania	2631	Apparel	2.08%	Yes	2019	Sumations	
Latvia	5053	Apparel	1.83%	Yes	2020	SA8000	
Romania	2708	Footwear	1.80%	Yes	2018	FWF	
Myanmar	9967	Apparel	1.66%	Yes	2019	FWF	2017
Viet Nam	12320	Apparel	1.52%	Yes	2018	Sumations	
Viet Nam	9415	Apparel	1.48%	Yes	2020	FWF	
China	2448	Hardware	1.46%	Yes	2020	FWF	2018
Viet Nam	3277	Apparel	1.31%	Yes	2018	FWF	2019
Myanmar	9416	Apparel	1.18%	Yes	2019	FWF	2019
China	10055	Apparel	0.97%	Yes	2019	Sumations	
Viet Nam	3287	Apparel	0.90%	Yes	2020	FWF	
Viet Nam	7504	Apparel	0.89%	No	2020	FWF	2017
India	2377	Apparel	0.83%	Yes	2018	FWF	
Latvia	3285	Apparel	0.72%	Yes	2020	SA8000	
China	33651	Apparel	0.70%	Yes			
Viet Nam	11333	Hardware	0.65%	Yes	2021	Sumations	
Viet Nam	3922	Apparel	0.61%	Yes	2019	FWF	
Viet Nam	2935	Apparel	0.59%	Yes	2018	FWF	
Germany	4573	Apparel	0.50%	Yes			
Viet Nam	5414	Footwear	0.48%	Yes	2019	FWF	2018
Latvia	11823	Apparel	0.48%	Yes			
Latvia	5054	Apparel	0.40%	Yes	2020	SA8000	
China	8326	Hardware	0.40%	Yes	2019	FWF	2019
China	3267	Hardware	0.39%	Yes	2019	FWF	
Poland	8483	Apparel	0.38%	Yes			
Viet Nam	4568	Apparel	0.34%	Yes	2019	FWF	2017
Portugal	3257	Apparel	0.30%	Yes			
North Macedonia	4508	Apparel	0.27%	Yes	2018	FWF	
China	3303	Apparel	0.27%	Yes			
Switzerland	7417	Apparel	0.23%	Yes			
Viet Nam	6030	Hardware	0.20%	Yes			
Viet Nam	10014	Apparel	0.20%	Yes	2019	FWF	2020
China	4575	Apparel	0.19%	Yes	2020	FWF	2020
Taiwan	2997	Hardware	0.17%	Yes			
Germany	10427	Apparel	0.15%	Yes			
Italy	5842	Apparel	0.13%	Yes			
China	13900	Apparel	0.11%	Yes			
China	3030	Apparel	0.10%	Yes			
Viet Nam	33516	Hardware	0.03%	Yes			
China	3289	Footwear	0.01%	Yes	2016	FWF	
Turkey	8383	Apparel	0.01%	Yes	2019	FWF	
Bangladesh	5285	Apparel	18.14%	Yes	2019	FWF	
China	5305	Apparel	8.92%	Yes	2019	FWF	2018
Viet Nam	5869	Footwear	7.13%	Yes	2018	FWF	2016
Viet Nam	14342	Apparel	6.78%	Yes	2019	FWF	
China	4591	Apparel	6.41%	Yes	2019	FWF	



# 1.5 TRAINING & CAPACITY BUILDING

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

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

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

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

**About 2000 workers trained in the past three years**

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

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

In 2020, training was mostly suspended due to the Covid19 pandemic. As a result many repeat training sessions were postponed. The following suppliers - which together account for approximately 25% of Mammut purchases - have participated in the FWF WEP over the past three years:

China	Vietnam	Myanmar	other Countries
<ul style="list-style-type: none"> <li>• 5305</li> <li>• 4575</li> <li>• 2248</li> <li>• 8326</li> </ul>	<ul style="list-style-type: none"> <li>• 10013</li> <li>• 3919</li> <li>• 7371</li> <li>• 3277</li> <li>• 5414</li> <li>• 710014</li> </ul>	<ul style="list-style-type: none"> <li>• 9416</li> <li>• 9967</li> </ul>	

**Table 1.5** Conducted Workplace Education Programs

**Other FWF Trainings**

- Myanmar: Both suppliers participated in a supplier seminar in 2017.
- Bangladesh: The factory have regular fire & building safety training. They have their own training teams and cover CSR topics including harassment.

**Further supplier training activities include**

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



## 1.6 COOPERATIONS

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

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

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

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

Partner brands	FWF member	No of factories jointly monitored	Start date of cooperation
Black Diamond	no	3	2020
Edelrid	no	3	2020
Fond of	yes	1	2017
Gore Bike	no	1	2013
Haglöfs	yes	3	2012
Jack Wolfskin	yes	2	2012
Lululemon	no	1	2019
MEC	no	1	2015
Odlo	yes	1	2008
Ortovox	yes	3	2015
Patagonia	no	3	2011
Petzl	no	4	2020
Pyua	yes	1	2017
REI	no	2	2015
Salewa	yes	1	2013
Schoeffel	yes	3	2011
Swiss Post	yes	1	2015
Vaude	yes	1	2012
Workfashion	yes	1	2015

**Table 1.6** Mammut cooperations

PART 2

# REASONS & METHODS

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





## 2.1 BACKGROUND & OBJECTIVES

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

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

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

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

### **Responsibility – all over the world**

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

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

*Quote from Adrian Huber, responsible for Corporate Responsibility*

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

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



## 2.2 OUR ORGANIZATION

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

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

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



Figure 2.2 Organization Chart



## 2.3 THE FAIR WEAR FOUNDATION APPROACH

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

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

### 2.3.1 THE FAIR WEAR FORMULA

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

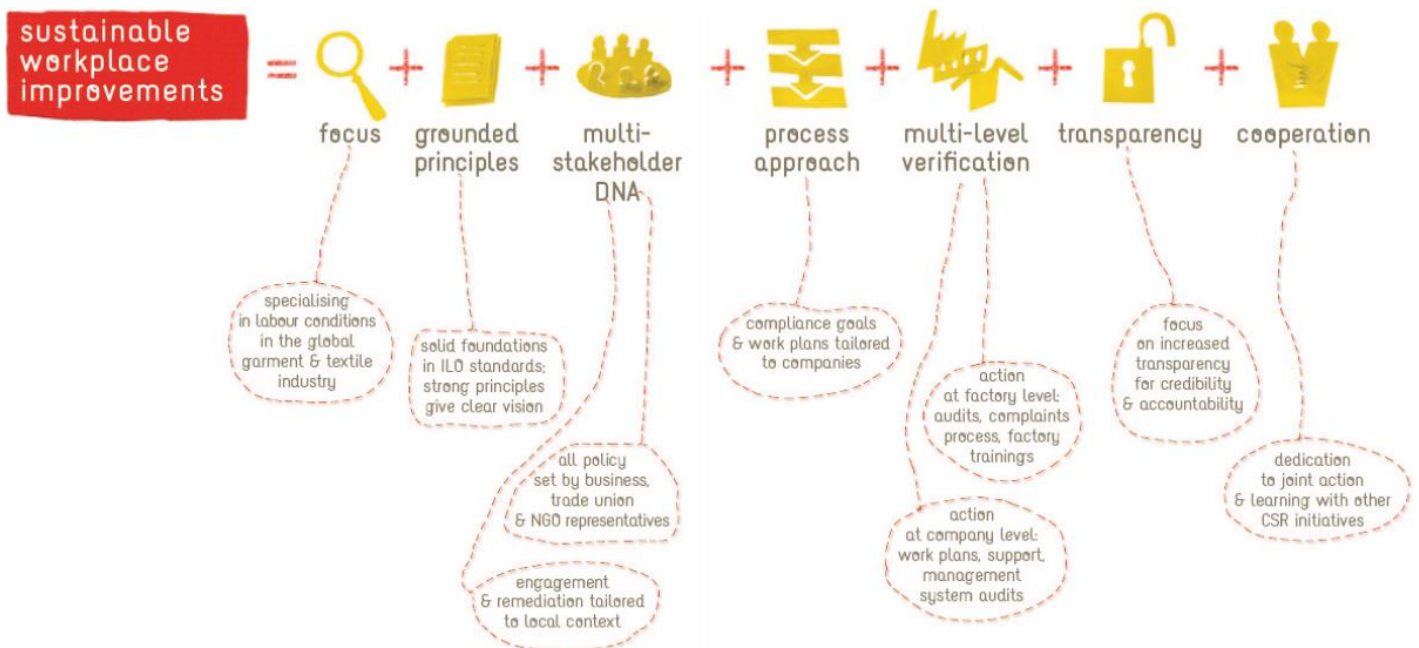


Figure 2.3.1 The Fair Wear Formula



## 2.3.2 THE FWF CODE OF LABOUR PRACTICES

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

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

**FAIR WEAR** Do you have **QUESTIONS** about your salary, working hours or any of these other issues?

**MAMMUT**  
SWISS 1862

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

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

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

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

@ [complaints@fairwear.org](mailto:complaints@fairwear.org)

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

Figure 2.3.2 Fair Wear Foundation Poster for Suppliers





## 2.4 FAIR WEAR FOUNDATION IMPLEMENTATION AT MAMMUT

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

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



**Figure 2.4** Yearly Planning Cycle

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

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

### 2.4.1 AUDITS

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

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

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



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

## 2.4.2 CORRECTIVE ACTION PLANS

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

## 2.4.3 COMPLAINTS

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

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

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

## 2.4.4 COOPERATION WITH OTHER BRANDS

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

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



## 2.4.5 CONSEQUENT SOURCING DECISIONS

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



## 2.5 MANAGEMENT OF THE MAMMUT SUPPLY CHAIN

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

### 2.5.1 PURCHASING STRATEGY

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

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

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

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

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

### 2.5.2 SUPPLIER SELECTION AND EVALUATION

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

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



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

### Supplier performance

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

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

**Table 2.5.2** Supplier Evaluation Criteria

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

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

## 2.5.3 EVALUATION OF NEW PRODUCTION COUNTRIES

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

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



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

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



# GLOSSARY

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

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

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