



# WE ASSUME OUR RESPONSIBILITY

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*Corporate Social Responsibility (CSR)-Report 2014*





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## RESPONSIBLE BEHAVIOUR

*We follow a sustainability strategy that includes responsibility for both our employees and our environment.*

“Everything has to fit perfectly, not just the clothes, but also the conditions under which they are manufactured”, says Simone Mayer, Director of Product and Logistics, Chair of the Board of Directors at Maier Sports.

As a German company with production sites in Turkey, China, India and Pakistan, we bear social responsibility for our employees all over the world. We strive to promote good working conditions, occupational health and safety, adequate wages, free choice of employment and to combat discrimination and child labour.





# ABOUT MAIER SPORTS

*Our employees all over the world are very important to us.*

For more than 75 years, Maier Sports has been developing clothing in the Swabian town of Köngen, progressively establishing its position as a leading functional sportswear brand. The company's high-quality outdoor and ski clothing is sold throughout Europe and Russia.

Maier Sports is a company with tradition and vision. Maier Sports is one of the few German clothing manufacturers to combine its long history as an outdoor specialist with innovative functionality. For over 75 years, Maier Sports has built on its key strengths of skilled know-how, design and the very latest in textile technology. Maier Sports places great emphasis on quality and on the responsible treatment of people and nature.

Many years ago, we committed ourselves to ensuring responsible and sustainable processes at our production operations around the world and we consistently apply the requirements and guidelines defined in our own internal Code of Conduct. We developed our Code of Conduct in 2007, setting out social standards governing remuneration, working hours, occupational



health and safety, environmental protection and ruling out both the use of child labour and compulsory labour. Every production partner working for Maier Sports must adhere to this agreement at all times. We currently have around 100 employees in Köngen and approx. 600 in our production sites in Turkey and Asia.

Furthermore, Maier Sports has been a member of the internationally respected Fair Wear Foundation (FWF) since 2011 (for more information about the FWF, visit [www.fairwear.org](http://www.fairwear.org)). The FWF is regarded as the strictest protector in the monitoring of compliance with fair working conditions in the textile industry. This co-operation highlights Maier Sports' sense of responsibility to its production facilities, and in particular to the employees at these sites, and its consistent and essential efforts to ensure fair working conditions. Our membership of the Fair Wear Foundation brings us valuable support for the continuous improvement of working conditions in our supply chain.

This CSR report is proof of Maier Sports' assumption of its responsibility and insistence on transparency.



- 1938** | The company was founded in Köngen as Imanuel Maier GmbH
- 1954** | Construction of the first premises in Köngen
- 1970** | Gerhard Maier took over management of the company. Specialisation in sportswear (including tennis clothing)
- 2004** | Acquisition of trademark rights for GONSO
- 2006** | Introduction of Maier Sports Professional Textiles, the most technical and functional range
- 2008** | Relaunch of the Maier Sports logo and introduction of the new corporate emblem to mark the company's 70th anniversary
- 2009** | Insolvency and separation of the US40 and at.one brands. The focus is placed on Maier Sports and GONSO
- 2010** | Selected as "Aufsteiger des Jahres" (Rising Star of the Year) by the trade journal outdoor.markt
- 2011** | Maier Sports joins the Fair Wear Foundation
- 2012** | Expansion of the management team and acquisition of RONO Innovations
- 2013** | The company celebrated its 75th anniversary and introduced a PFC-free production strategy
- 2014** | 25<sup>th</sup> anniversary of our Turkish subsidiary



# SITUATION

*We build long-term relationships with our production partners.*

For many years, the international clothing industry has been in a state of transition. Quite literally. Production operations are being relocated from country to country, with destinations determined by the lowest wages. These low salaries generally go hand in hand with poor social standards. Bodies such as the International Labour Organisation, ILO, Amnesty International and the Clean Clothes Campaign, CCC, consistently denounce inadequate practices.

In response to this justified criticism, responsible companies – in particular in the outdoor sector – are assuming their social responsibility. They are endeavouring to promote fair working conditions and social standards in critical countries where workers' positions are very weak.

Maier Sports manufactures its products in Turkey and China mainly in factories in which the company holds a direct stake. This allows us to influence decisions made by these local companies and their suppliers.

A small proportion of production is also sourced from subcontractors in India and Pakistan. Maier Sports places great emphasis on building long-term relationships with its production partners.

The clothing industry is acting as a kind of development aid worker in these emerging nations and in many cases is helping to drive further industrialisation. Other sectors then tend to follow the example set by the clothing industry.

This is precisely why it is so important for manufacturing operations to accept their responsibility and promote the implementation of specific social requirements.

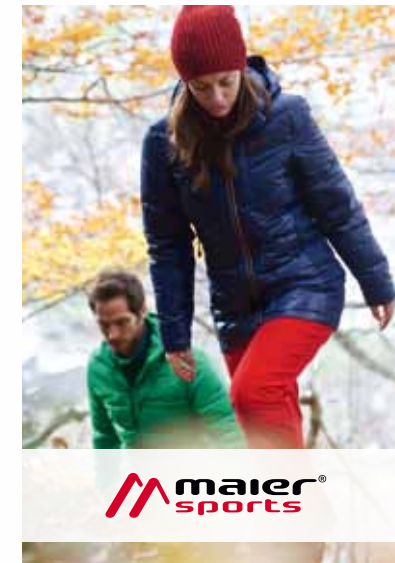
The support of a strong partner such as the Fair Wear Foundation is very helpful in this respect. Maier Sports has been a member of the independent Fair Wear Foundation since 2011, and as such pledges to observe the strictest social standards applicable in the textile industry.

## The Maier Sports Group

The Maier Sport Group encompasses three brands. Each brand is positioned in a different segment based on its core competence. Exactly the way many people pursue multiple sports in parallel. Our three brands fit perfectly together. We communicate and co-operate. This brings our customers the benefit of a comprehensive product portfolio, underpinned by the familiar high quality of Maier Sports and specifically tailored to the application areas of each of the three brands.

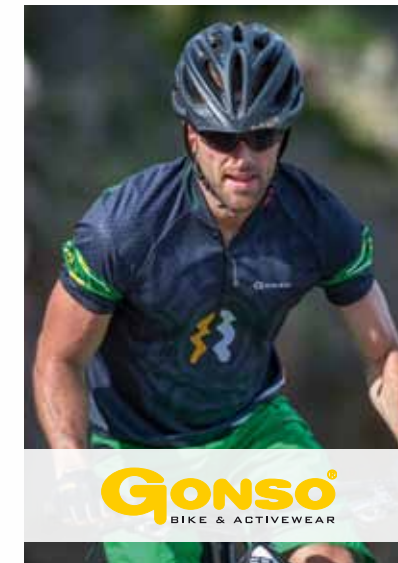
### MAIER SPORTS

Maier Sports is a functional ski and outdoor clothing brand. It is aimed at people who enjoy active outdoor pursuits, from leisure sports fans to committed enthusiasts. Maier Sports offers this target group appropriate, high-quality, and fashionable outfits in up to 32 different sizes.



### GONSO

GONSO: the first supplier of functional cycling shorts in Germany and a bike-wear specialist. The brand's wide product portfolio includes the perfect equipment for every cyclist. From touring enthusiasts to leisure or occasional cyclists, mountain bike fans or ambitious racers – GONSO has the right outfit to meet every need.



### RONO

RONO is the brand by runners for runners. As well as running enthusiasts, many triathletes also rely on RONO. Maximum functionality and top quality are the basic requirements for any product sold under the RONO logo.





Fair Wear Foundation

The Netherlands-based Fair Wear Foundation (FWF) is an independent, non-profit organisation representing different business and textile associations, trade unions and non-governmental organisations (NGOs).

FWF's 80 member companies represent over 120 brands, and are based in seven European countries; member products are sold in over 20,000 retail outlets in more than 80 countries around the world. FWF is active in 11 production countries in Asia, Europe and Africa.

It pursues the aim of improving working conditions in clothing manufacture and promoting collective social responsibility. Companies that join the FWF pledge to implement and monitor social standards - the foundations for humane working conditions - in their production operations.

As well as carrying out audits at production sites, the FWF also conducts regular verifications at its member companies.

The FWF has developed its own set of social standards based on the core labour standards defined by the International Labour Organisation (ILO). In the event of any discrepancy or contradiction between the FWF standards and local legislation, the higher requirements apply. The social standards and the requirements for their implementation are recorded in the "FWF Code of Labour Practices". Members of the FWF agree to this Code and to the FWF's monitoring of their compliance.

FWF Code of Labour Practices:

- ▶ manufacturers are responsible for production operations and suppliers
- ▶ working standards are based on the widely accepted ILO Conventions and the United Nations' Universal Declaration of Human Rights
- ▶ implementation of the Code is viewed as a process that can take several months or even years
- ▶ local stakeholders are involved in audits and corrective actions
- ▶ FWF members' implementation of the Code is verified independently
- ▶ managers and employees are involved in corrective actions

The site's managers must be present during the audit. The audit team must be allowed access to the site and all other important facilities. Audits are carried out by local FWF-trained audit teams in the production country. These teams are an integral part of the system for monitoring social standards.

- Resulting in,
- ▶ easier communication
  - ▶ greater trust in comparison with people from outside the country
  - ▶ consideration of specific regional and cultural factors.

An audit team generally consists of three inspectors:

- ▶ a document auditor
- ▶ a health and safety auditor
- ▶ an employee interview inspector.

PRODUCTION FACILITIES

After eight production sites were audited [in Turkey (1), China (6) and India (1)] as part of the Fair Wear Foundation's monitoring in 2013, one operation in China was subject to a verification audit as part of this continuous process in 2014.



An audit takes around one and a half to two days to complete. The following discussions and analyses take place during the audit:

- ▶ with managers and their employees
- ▶ with various workers at the site; some discussions usually take place outside the company
- ▶ verification of company records, in particular relating to payroll, recruitment and working hours
- ▶ check of occupational health and safety provisions.

Before the audit team sends its report, it discusses the results of the audit with the management of the audited site. If the working conditions at the site do not meet the social standards, the team records recommended improvements in a Corrective Action Plan, short CAP. These recommendations are also discussed with the site. The Fair Wear Foundation's audit report is sent exclusively to Maier Sports, which then forwards it to its production sites. After the audit, an agreement covering the required improvements is drawn up between the site and Maier Sports. This defines a time frame for the implementation

of the Corrective Action Plan. Implementation of these actions is checked during a follow-up visit by the Fair Wear Foundation or a repeat audit.

As an independent monitoring body, the Fair Wear Foundation assesses the effectiveness of the actions taken by member companies to comply with the mandatory social standards and identifies areas for further development.

These audits are part of a continuous improvement process for working conditions, backed up by active support from the Fair Wear Foundation. Maier Sports requires all suppliers to adhere to the Fair Wear Foundation's social standards. These standards are communicated to all sites.

In many cases, workers have very little knowledge of their rights and obligations. To address this situation, the FWF has developed a Worker Education Programme (WEP). A neutral grievance system gives workers access to competent local representatives who can be contacted in the event of any problems.





# MAIER SPORTS' STRATEGY

*Optimised timelines for more even utilisation of capacity and reliable planning.*

Occasional conflicts of interest between procurement and CSR revolve around:

- ⚡ timely deliveries at the lowest possible price and of good quality
- ⚡ compliance with social aspects aimed at avoiding or reducing overtime and payment of a living wage.

## Production cycle

Maier Sport's production plan is based on a clear schedule – an annual timeline – that is transparent for all stakeholders. The company works on two main design collections each year. It also processes individual intermediate programmes and seasonal repeat orders.

The production cycle starts with planning of the relevant collection and creation of the collection master plan. Once the collection has been developed, prototypes are produced for each model. Sample collections for the sales teams must be produced at the start of the sales season.

At the end of the order season, orders are placed for bulk production. The technical and cutting departments are closely involved in this process. Textile and cutting technicians apply their know-how to review cutting and processing techniques for the samples and assist with preparation for production. Technical staff are in constant contact with producers and make regular site visits to support production and monitor timely return shipments. Transporting goods from Asia to our main warehouse in Köngen by ship takes around eight weeks. Goods produced in Turkey arrive within a week via HGV. Maier Sports' production cycle ends with the arrival of the finished goods at the warehouse and a goods inward inspection by Quality Assurance.

Maier Sports has revised its timeline and in future will endeavour, as far as possible, to specify earlier deadlines for placing of production orders. This will relieve time pressure on production. The aim is to reduce overtime by allowing more even utilisation of capacity.



## Work Plan and Social Report

The FWF work plan is at guidelines. The FWF also uses the work plan as the basis of its Brand Performance Check and for scheduling audits over the year ahead.

The Social Report considers the previous year. It documents the current situation in terms of compliance with the Fair Wear Foundation's standards at the individual factories.

## Organisation of Production

The product and logistics management is in co-operation with technical management responsible for ensuring production facilities' compliance with the standards defined in the Fair Wear Foundation's Code and the Maier Sports' Code of Conduct. As part of this process, a Maier Sports employee makes regular site visits – in general, at least once a month.

Orders are placed according to technical requirements and the capacities of the individual joint venture operations, influenced in particular by the following four key criteria:

- ▶ compliance with social standards
- ▶ quality
- ▶ timeliness of deliveries.

An order is placed only if all of these three criteria meet requirements and lie within the target corridor. It is important to point out that the best price is not the decisive criterion. Equal emphasis is placed on compliance with social standards, quality and timely delivery.



## Selection of new production facilities

At present, most Maier Sports' products are sewn and produced at facilities in which Maier Sports holds a stake. New production facilities are selected only after extensive personal assessment and evaluation by management.

Any new production facility considered for a contractual relationship must agree to, implement and comply with the Maier Sports' Code of Conduct and the Fair Wear Foundation's Code of Labour Practices. The company must promise to allow verification of socially acceptable working and safety conditions at any time and to immediately implement corrective actions in the event of any grievances or identified transgressions. Orders are placed according to technical requirements and the capacities of the individual sites.





**Production**

The procurement strategy is designed to allow local purchases of supplies and raw materials in each production country. Production sites are therefore located in countries and regions in which the raw materials and preliminary products can be sourced. This avoids complex and lengthy transportation, which in turn helps to save resources and protect the environment.

**Turkey**

The production facility established in Turkey in 1989 is a wholly owned subsidiary of Maier Sports. The production company prod. no. 3231 celebrated its 25<sup>th</sup> anniversary in 2014.

The company with identification number 3231 was founded on 17 March 1989 by the former Imanuel Maier GmbH & CO. KG. and Gerhard Wilhelm Maier. The staff celebrated in September; retired former staff were also invited. The Managing Director, relevant Clothing Technician and the CSR Officer travelled to Turkey to represent the parent company.

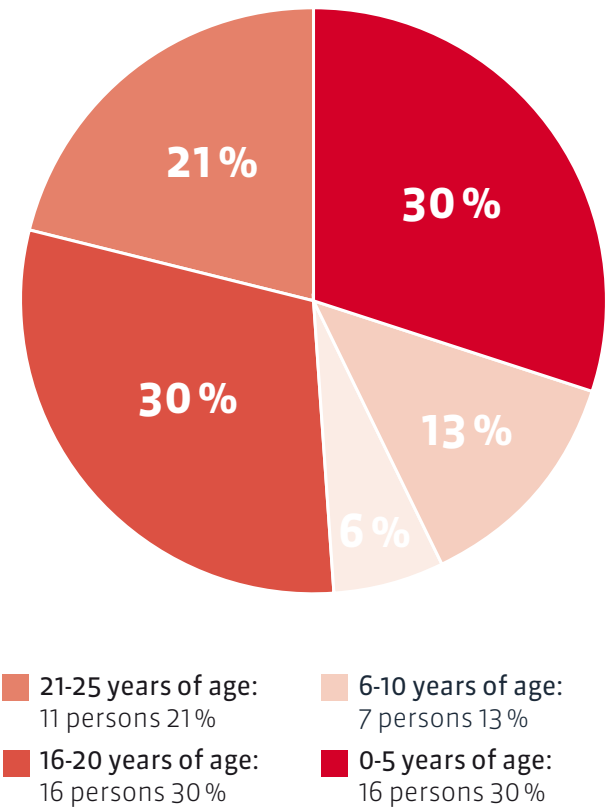


As part of the celebrations, five employees were honoured for their 20 years with the company. This makes it clear that the manufacturing plant has a large number of long-standing, faithful employees who the company regards as a kind of family. There are many women and men who have worked there until retirement. There are even some who have been there since the company was founded.

**Employees' length of service**

After an audit in 2011, the management decided that the staff should choose one representative from the Sewing section and one from the Cutting section.

These representatives meet with the management every month to raise and discuss employees' concerns. Minutes are kept for the meetings. In 2014 Germaturk had 53 employees.



**China**

In China, Maier Sports has joint venture companies which it set up with a Chinese partner in 2000 and has continuously expanded since then.

- ▶ First joint venture 2000, prod. no. 3226
- ▶ Second joint venture 2006, prod. no. 0142
- ▶ Third joint venture 2011, prod. no. 3242

Maier Sports plans to continue to develop this strategy in the future. As part of this approach, Maier Sports focuses on building long-term relationships with its partners rather than relocating operations to different countries in pursuit of potentially lower production costs.

Long-term relationships give partners solid foundations for planning and allow stable utilisation of capacity. Maier Sports is therefore creating secure employment at its production sites. A further aim of these long-term partnerships is to guarantee Maier Sports' high quality standards. The same applies for timely and reliable deliveries of goods.

**Continuous utilisation of capacity**

Implementation of this objective is supported by the creation of a comprehensive programme of „never out of stock products“ (NOS). NOS items are products that are offered continuously for sale within the range. This allows suppliers to plan more even utilisation of capacity and alleviate seasonal variations. NOS helps to reduce production peaks in the high season while making better use of capacity in quieter months. An additional factor that contributes to continuous utilisation of capacity is “deferred scheduling”, which schedules delivery dates for a significant time after the peak season. Maier Sports Sales has been able to convince a customer to place its orders earlier, which pushed the production date forward significantly. The corresponding items can now be produced at the end of the low season, thus relieving peak season production.

**Implementation and monitoring of compliance with guidelines**

All garment manufacturers that produce for Maier Sports have been fully informed of Maier Sports' membership of the Fair Wear Foundation and what this membership means for them as our partners. We make sure that our production operations are aware of the obligations they are committing to, not only in relation to quality, price and delivery dates, but also in terms of social standards, health and safety provisions, ban on child labour, employment contracts, wages, etc. We ensure that the principles of the FWF's Code of Labour Practices are clearly visible and displayed in the relevant national language for consultation by all employees.

The Maier Sports employee who visits local operations to verify their compliance with standards is also a contact person who can provide active assistance in the event of any problems or attend to improvements in the production process. In so doing, we increase mutual trust. The basis for this is that both sides are very open about any problems that arise.

**Grievance system**

In order to improve the implementation of a grievance system in China, a local person, Candy, was made FWF and BSCI representative. Candy is the contact person for all companies that produce goods for the Maier Sports Group. She is responsible for monitoring and compliance with the measures. She also offers active assistance if any problems arise. We hope that these measures will increase

mutual trust. The basis for this is that both sides are very open about any problems that arise. There are also suggestion/grievance boxes for those who wish to remain anonymous.

Raising a grievance with the FWF must always be the very last step. The emphasis must therefore be on effective internal communication and a reliable internal grievance system. Furthermore, the FWF's Code of Labour Practices provides information on the opportunity to turn to an independent body in order to voice grievances. This independent body then assesses the grievance and forwards it to the FWF headquarters, which in turn informs Maier Sports.



Maier Sports takes grievances very seriously and pushes for a quick solution to the issues criticised. Maier Sports also speaks very openly with the relevant suppliers and works together with them towards a suitable solution.

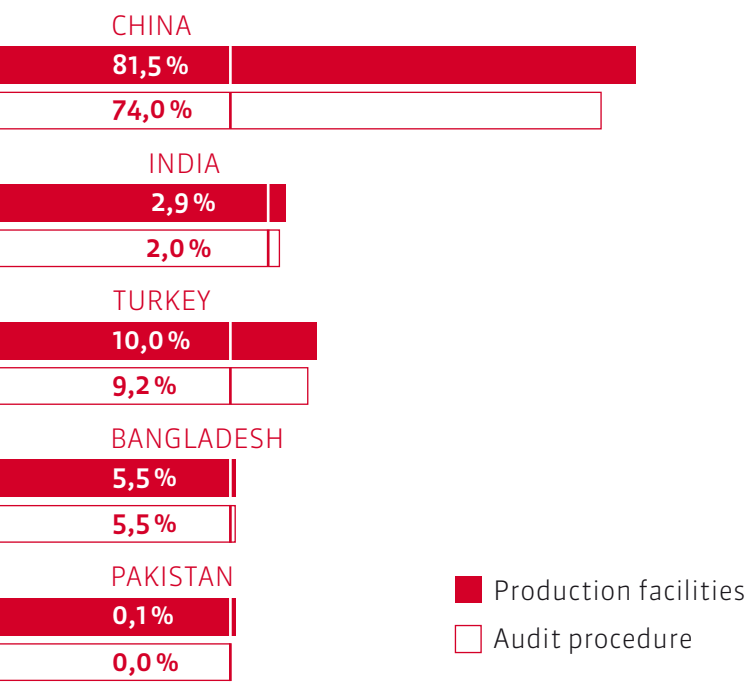
**Specific case**

A pregnant employee complained that she did not receive maternity pay on a monthly basis, but only after four months - the time at which she was due to resume work. The law in the region stipulates that the government only pays the company the money due after four months, and it is only then that the money is passed on the employee. This legal regulation differs from region to region within China. The supplier was therefore operating within the legal framework. However, we hope in future to find a solution that is acceptable to both sides.

# OVERVIEW OF PRODUCTION SITES

*Procurement of our textiles is distributed as follows between sites in Turkey, China, India, Pakistan and Bangladesh.*

### PRODUCTION FACILITIES / AUDIT PROCEDURE



### Turkey

In Turkey, our production partner has been included in the Fair Wear Foundation's audit procedure since 2011. This company is a wholly owned subsidiary of Maier Sports GmbH. A FWF verification audit is planned for March 2015.

The Civil War in Syria and the resulting large numbers of refugees entering Turkey have led to increased illegal employment of Syrian refugees in Turkish companies. Often without social insurance and at starvation wages. We unambiguously inform our partner companies that we strictly reject such methods and refer insistently to our contractual agreements as regards working conditions, remuneration and social standards. This is monitored accordingly. We have complete trust in our partner companies in this regard.

An example of the close co-operation between the German and Turkish sides is the FIFA World Cup 2014 in Brazil. Turkish and German employees watched the games and celebrated together.



Technicians make regular visits to Turkey each season to check quality and train employees.

One of the general challenges in Turkey is the social insurance system, which, although comparable to the German system, is not always applied with the same consistency. There is still progress to be made in the areas of freedom of association, wages, working hours and in particular occupational safety.

### Trade unions

Employees from the Turkish subsidiary company and the small, owner- and family-run supplier companies in Turkey do not have trade union representation. Employees claim that this is not necessary, as they work very closely with the owners and other staff. They say that problems are quickly discussed and appropriate solutions found. Many employees do not wish to join a trade union, as they believe that the trade unions no longer represent the workers.

### India

Maier Sports works with a supplier located in India. This company has been included in the Fair Wear Foundation's audit procedure since 2013.

Maier Sports decided to carry out an audit in India in 2013, despite the fact that this country accounts for less than 3% of the company's entire production. Maier Sports realised that the producer's development stage was not yet sufficient to achieve a good audit result. However, by documenting the weaknesses, the audit procedure is now allowing a targeted approach to be taken to address each of these issues in turn.

Maier Sports' objective is also to give these companies an opportunity and to build long-term business relationships. This means applying existing know-how to raise quality levels and increase understanding of social standards.



### Bangladesh

In 2014, Maier Sports began a co-operation with a new production partner (prod. no. 7531) in Bangladesh. The selection of the company was the result of a personal visit by Maier Sports' Managing Director. The plant is BSCI-audited. Membership of the Accord on Fire and Building Safety in Bangladesh, which regulates workplace safety and improvements in fire and building safety, should be finalised in 2015. This accord is a result of the disastrous fires and accidents that have occurred within the country's textile industry in the last few years.



### Situation in Bangladesh

The accord welcomes the Bangladeshi government's decision to re-assume its commitment to inspecting factories. The aim of the accord is to create a safe and sustainable clothing manufacturing industry in Bangladesh together with all the relevant parties, including the government. The Bangladeshi government believes that everything is in order, as a great deal has been done to make buildings safer. However, the reality indicates that what has been achieved so far is insufficient and that more needs to be done. Maier Sports is aware of this and is attempting to introduce improvements within the situation we are presented with.

<http://bangladeshaccord.org/>



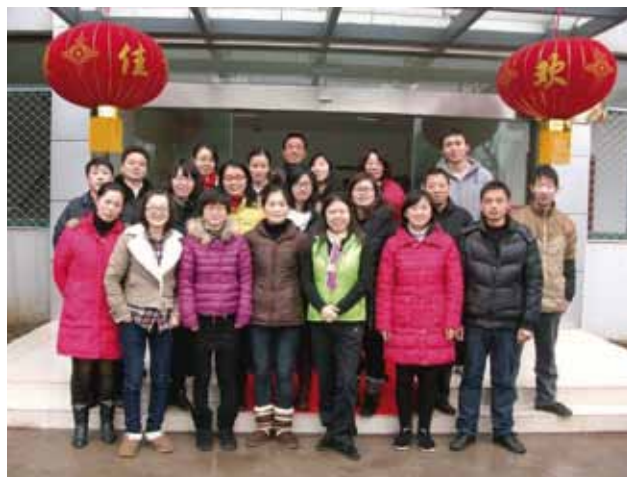
## China

Maier Sports operates joint ventures with production sites in China. Two of these three sites are included in the FWF's audit procedure. The third site was audited in 2013 by the „Business Social Compliance Initiative“ (BSCI).

Production site number 3226 has been included in the Fair Wear Foundation's audit procedure since 2011 and the company was subject to a verification audit in March 2014. It is foreseen that the company will be regularly subject to BSCI auditing in 2015. Production site number 0142 has been subject to the Fair Wear Foundation's audit procedure since 2013. Production site number 3242 was audited by the BSCI in 2013; this process is repeated annually.

The BSCI is a business-driven platform for improving social standards in a worldwide value chain. It offers companies a systematic monitoring and qualification system to improve working conditions. The FWF recognises BSCI audits for a period of one year if the BSCI audit report achieves a certain quality and is performed by FWF members on the basis of the CAP. The recognition of the BSCI audit by the FWF is based on an audit conducted by the member in accordance with an audit quality assessment tool.

In the 2014 reporting year, each site was visited regularly by one of our six technicians to train employees at our Chinese partners in quality assurance and to support processes in all production-related areas. One of our joint ventures produces initial patterns and production patterns. A Maier Sports pattern maker visited the company twice in 2014 to explain improvements in the 3-D cutting application to employees, provide training, implement updates of the pattern programme, analyse processes and reduce work steps. The aim is to optimise pattern cutting in order to streamline working processes and reduce overtime during peak periods.



### FWF Audit in China - March 2014

#### Production site 3226

Production site 3226 has been Maier Sports' main supplier since 2001. 98% of its capacity is dedicated to Maier Sports. The site has 210 employees, of which 150 are women. 180 employees work in production and administration, the rest in organisation. The audit lasted 2 days. The company was informed by Maier Sports that a verification audit was planned for 2014. The two parties agreed on March as it was outside the main production period. The purpose of the verification audit for production site 3226 in China in March 2014 was to monitor and follow-up on the implementation of the first audit in October 2012. As this was the second audit, the company was familiar with the process. The audit team comprised three local auditors - two men and one woman.

In the same month, 18 employees were also interviewed outside the factory. This gives employees the chance to talk openly about situations and problems. Only the audit team knows the identity of the employees. It is important that the employees feel safe and develop trust. 22 (randomly selected) employees were also interviewed for an hour in the factory.

The final meeting was with the same group of people as the introductory meeting. The audit results were explained, and suggestions for solving the issues and the time frame for introducing corrective measures discussed.

Finally the Maier Sports CSR Officer received the audit report from the FWF. The report contains a written summary of the audit and the corrective action plan (CAP), which defines the basis of the measures for improvements and the time frame. These documents were forwarded to the supplier.

#### Summary

- The auditors emphasise the high level of transparency and good cooperation with the management and employees.
- The company has a very good system for production capacity scheduling.
- The employees are not very interested in the FWF Code of Labour as the current working conditions are fair and the management tackles and follows up on any grievances.
- The workers are not interested in joining a trade union so that it can represent their rights. Trade unions are considered "a lot of red tape".
- Between 2012 and 2014, the amount of overtime has fallen and wages altered so that earnings have not fallen. However, it is necessary to continue to reduce the amount of overtime and comply with legal regulations.

- Workers can freely choose whether to work overtime or not.
- The employees are aware of the wage system:
  - Payment in piecework
  - Plus attendance bonus / per month with monthly settlement
  - Plus employment service bonus / per month, paid once annually, dependent on number of years with the company
  - Overtime payment
  - Paid annual leave
  - Statutory holidays
  - Yearly bonus on the basis of monthly wage guaranteed for every employee; free afternoon and evening meal
  - Gratuity on Chinese holidays and International Women's Day
  - Wages for men and women are equal; there is no discrimination on the basis of gender
- Health and safety management exists; certification is complete and training is conducted.



- Ergonomic workplace layout should be improved,
  - e.g. workplace mats for standing work
  - Chairs with backrests
  - Time for group stretching sessions at the workplace
- Social insurance is in place.

### General conclusion

The results of the audits at production sites highlight three main issues:

- ▶ freedom of association
- ▶ payment of fair wages and
- ▶ regulation of working hours.

These three key issues must be continuously monitored and followed up. Depending on the scope of the corrective actions, implementation may take many months or even years.

- There are workers who are not prepared to pay social insurance. The legal situation is currently that migrant workers may only transfer 20% of the social insurance sum earned to another province. For this reason, employees from other provinces avoid social insurance. Although the government is working towards a national social insurance system, there is no date for implementation yet.

In view of China's position as Maier Sports' most important production country, all of the main production plants have been audited within the last four years.

The major long-term issues in this country are regulation of working hours and adequate wages. Trade unions exist, but in many cases employees have insufficient knowledge of these organisations' functions and duties.

Since the only way to change this situation is by educating workers about their rights, Maier Sports offers sites the option of running the FWF's Worker Education Programme (WEP). Unfortunately, poor uptake so far means it has not been possible to run a WEP. The WEP is intended to raise awareness of social standards. It is also designed to inform both workers and management of their rights and obligations and to increase their understanding of these issues. In addition to the eight core labour standards, another important component of the training is the grievance management system and improving communication within production operations.

In 2014 the decision was made to purchase our own factory and modify it according to the requirements of workers and the production process, incorporating state-of-the-art technology. A residential building and a canteen were also built for the workers. The move took place in February 2015.



# FAIR WEAR FOUNDATION STANDARDS

*Eight fundamental and clearly defined requirements  
form the core of the FWF audits.*

This section provides a broad overview of the current situation and general problems relating to the eight fundamental points of the Code of Labour Practices stipulated by the Fair Wear Foundation: The agreement with the Fair Wear Foundation specifies that all discrepancies and transgressions identified, as well as all actions implemented in compliance with the Fair Wear Foundations' Code of Labour Practices (CoLP), must be documented.

## 1. Employment is freely chosen

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

- No violations of the provisions on compulsory labour were identified during the audits.



## 2. No discrimination in employment

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

- No violations of the provisions on abuse or discrimination were identified during the audits.
- During the audit of the joint venture enterprise it was proved that the salaries of women and men are equal and that there is no discrimination on the basis of sex.



## 3. No exploitation of child labour

There shall be no use of child labour. "The age for admission to employment shall not be less than the age of completion of compulsory schooling and, in any case, not less than 15 years." (ILO Convention 138).

There shall be "no forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour".

Children in the age of 15-18 shall not perform work which, "by its nature or the circumstances in which it is carried out, is likely to harm their health, safety or morals." (ILO Convention 182).

- No violations of the provisions on child labour were identified during the audits.

## 4. Freedom of association and the right to collective bargaining

The right of all workers to form and join trade unions and bargain collectively shall be recognised. (ILO Conventions 87 and 98).

The company shall, in those situations in which the right to freedom of association and collective bargaining are restricted under law, facilitate parallel means of independent and free association and bargaining for all workers.

Workers' representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to carry out their representation functions. (ILO Convention 135 and Recommendation 143).

- Once again, we can only point out that freedom of association exists and management continues to ensure this.
- In many countries, employees have no interest in trade unions, as these trade unions are under state control. China and Turkey are good examples of this.



## 1 employment is freely chosen

Workers cannot be forced to work, for example by withholding their salaries or by locking them up.



## 2 no discrimination in employment

Most garment workers are women. They often face discrimination and harassment. FWF works towards better conditions for women and for other vulnerable groups like migrant workers.



## 3 no exploitation of child labour

Children should be able to go to school. Once they're old enough to work, they should be protected from hazardous work or long hours.



## 4 freedom of association and the right to collective bargaining

For sustainable change, it's crucial that workers have a voice in the improvement of their working conditions. The right to form unions and bargain with factories is the first step.





## 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.



- Wages for normal working hours are above the local minimum wage but below the amount viewed as a living wage by the stakeholders consulted by the FWF.
- Implementation of living wages is not an easy undertaking that can be achieved overnight.

During the audit of the joint venture enterprise it was proved that the following additional services are available:

- Free lunch and evening meals
- Gratuity on Chinese holidays and International Women's Day



## 6. No excessive working hours

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).

- Overtime was paid according to the applicable local legislation.
- The challenge for Maier Sports in the future is reducing overtime and ensuring full payment of employees' social security coverage.

## 7. Safe and healthy working conditions

A safe and hygienic working environment shall be provided, and best occupational health and safety practice shall be promoted, bearing in mind the prevailing knowledge of the industry and of any specific hazards.

Appropriate attention shall be paid to occupational hazards specific to this branch of the industry and assure that a safe and hygienic work environment is provided for.

Effective regulations shall be implemented to prevent accidents and minimise health risks as much as possible (following ILO Convention 155).

Physical abuse, threats of physical abuse, unusual punishments or discipline, sexual and other harassment, and intimidation by the employer is strictly prohibited.

### Health and safety management system Legal basis in Turkey

According to Turkish labour law, textile companies are obliged to conclude agreements with an external expert. The textile sector is classified as a sector with "minor hazards".

Production country 3231 has had a contract with an "Expert in Occupational Health and Safety Protection" since 2012. This expert assumes responsibility for monitoring the enterprise. All matters relating to employees' occupational health and safety are recorded and monitored. Every three months there are meetings at the company headquarters, at which management and the Occupational Health and Safety Protection Officer discuss plans including exercises for first aid, use of fire extinguishers and emergency exits.

- At one site, the Fair Wear Foundation established that a stain-removal workstation using solvents was not equipped with the prescribed ventilation system. Management promised to resolve the issue.



The answer took the form of moving the problematic stain-removal workstation close to a window. Circulation of air provides natural ventilation in this location.

- A creative solution. However, at the same time this illustrates the remaining urgent need for education to raise awareness of the significance and importance of social standards, occupational health and safety, and ensure their implementation.

## 8. Legally-binding employment relationship

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

- In relation to statutory labour and social obligations, we must rely on the FWF's experts and their audits, as this is difficult or impossible for outsiders to verify.

## 5 payment of a living wage

Working for a living – that's the idea. Wages for a normal working week should be enough to meet basic needs of workers and their families and to provide some discretionary income.



## 6 reasonable hours of work

Working six days a week, eight hours a day. That's what the UN says is the max. Any more than that should be voluntary, paid and not more than twelve hours a week.



## 7 safe and healthy working conditions

Workers have a right to safe and healthy working conditions. That means accessible fire exits and proper safety gear. And if they need to work with hazardous materials or equipment, they need to know how.



## 8 a legally binding employment relationship

Workers have legal rights to a contract and certain benefits, like pension payments, social security, insurances and severance pay. Employers need to respect those rights.





## INTEGRATION OF SUPPLIERS AND SUBCONTRACTORS

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*Co-operation with suppliers of our main production operations.*

In situations where additional subcontractors are enlisted to support our own production facilities, our local partner companies are responsible for selecting these co-operation companies. They are obliged to appoint only companies that operate according to Maier Sports' standards, as set out in the Code of Conduct and the Fair Wear Foundation's Code of Labour Practice. Our local partner companies carry out verifications of subcontractors. Maier Sports' technicians also make

regular visits to these subcontractors. As well as providing technical assistance, our technicians support subcontractors with the implementation of social standards.

We are specifically interested in establishing long-term relationships of trust with our suppliers and subcontractors. We are convinced that continuous exchanges of experience and know-how are essential to ensure high-quality products and workmanship.

## COMMUNICATION OF FAIR WEAR FOUNDATION MEMBERSHIP

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*We want people to know about the joint efforts of the FWF and Maier Sports.*

Maier Sports views its membership of the Fair Wear Foundation as a very important component of its corporate strategy and a reflection of its sincerity in assuming social responsibility. We therefore actively communicate this membership and ensure the transparency of the results of the process-based audit procedure. We publish our annual CSR report on our website.

We communicate our Fair Wear Foundation membership on our website, in our dealer workbook, in press releases and in our customer magazines. We also refer to our FWF membership and its significance in Europe's biggest training competition for retail staff, the VDS Super Cup organised by the Verband Deutscher Sportfachhandel (German Sports Retailers Association). The groups of students who regularly visit the company are also given information about the Fair Wear Foundation. We run internal training courses to inform our employees about our co-operation with the Fair Wear Foundation and explain the consequences in terms of compliance with social standards.



At weekly technician meetings, employees are also updated on the current situation, ongoing processes and any new developments in relation to the Fair Wear Foundation.

We therefore give our employees, sales partners and consumers the opportunity to gain an insight into Maier Sports' efforts to improve working conditions in critical production countries.



# SUSTAINABILITY

*Corporate Social Responsibility goes far beyond good working conditions.*

## Mission Clean Function

Under the Mission Clean Function, Maier Sports has committed to make its production as resource-sparing and environmentally friendly as possible. The objective is to protect nature, with particular emphasis on water, as the basis for all life. Detox is a central topic of our Mission Clean Function. That puts us far ahead of others in our thinking and actions. Functional clothing is only perfect if it not only protects people who enjoy the outdoors, but also nature and the environment.



## PFC-free treatment

In 2013, the first concrete result of the Mission Clean Function was the introduction of a DWR (durable water resistant) textile treatment for functional clothing containing no perfluorinated or polyfluorinated chemicals (PFCs). As early as 2014, over 40 jackets and pairs of pants had waterproof finishes that were free from long-chain fluoro-hydrocarbons. This means that Maier Sports was one of the first companies to introduce the measures championed by Greenpeace. PFOAs and PFOSs are released into the environment during the textile production process, washing and disposal of the finished product. These fluorine compounds are non-degradable and remain permanently in nature. Scientists assume adverse and possibly serious effects on animal and human health. Research is still in its infancy. This makes it even more important to switch to harmless materials.

By 2020 at the latest, Maier Sports intends to convert all of its functional jackets and pants to the environmentally friendly and non-toxic PFC-free impregnation. The company is striving to completely eliminate PFC treatments even earlier if possible.

## Voluntary five year guarantee

We believe in the quality and durability of our products. We therefore voluntarily provide a five-year guarantee on all our shirts, pants and jackets. We back this up with our name. Durable products are very sustainable products that save resources and protect the environment.

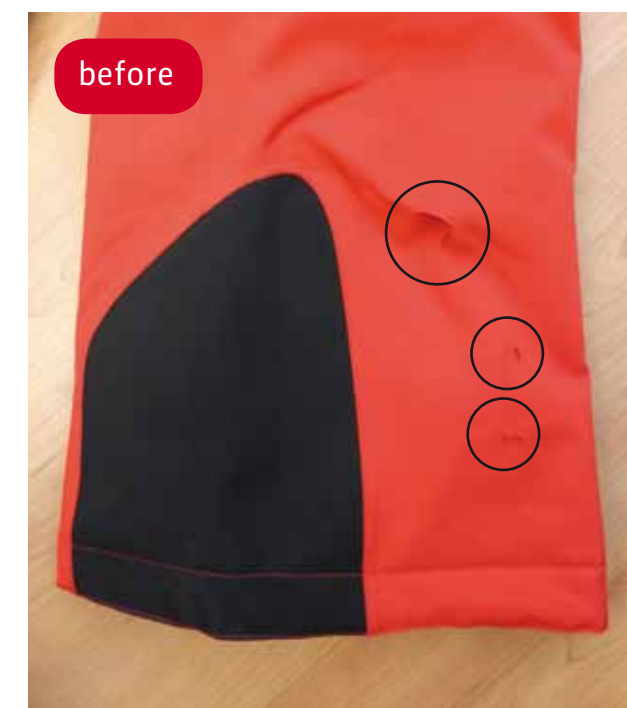
„ I have received my repaired jacket from you. I am DELIGHTED. Thank you very much. You have made me and my son very happy.“

## Repair service

Our repair department in Köngen is an additional pillar of this concept. The qualified employees in our own sewing facility can repair nearly all damaged or defective Maier Sports products or adjust them to any changes in customer needs so that the jackets and pants last for considerably longer.



„ Hello, just a brief note to praise your customer service. I wasn't aware of the guarantee on my ski suit, but thanks to your help it now looks as good as new and the whole process was very smooth.“







LAYOUT

### Recycling old pants

In 2014 Maier Sports also introduced a Pants Campaign. Customers who hand in an old pair of pants when purchasing a new pair will be given a reward.

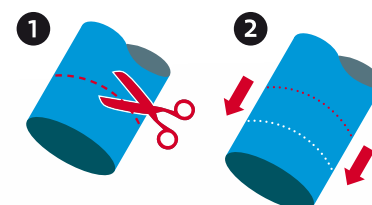
Depending on their condition, the old pants are donated to charitable causes or professionally recycled. This too represents a small contribution towards more sustainable operations.

### mGROW

Behind this concept is a smart solution that will make both children and their parents happy. mGROW makes it possible for children to wear their clothes for longer. This is good for the environment and for your wallet. With mGROW, ski suits, jackets and pants grow with the child. All you need to do is remove a hidden seam on the lining and the trouser leg or jacket sleeve increase by four or five centimetres.



### mGROW



### “Aktiv gegen Kinderarbeit” (Active against Child Labour)

Maier Sports vigorously rejects the use of child labour. We document this in various ways, including through our support for the „Aktiv gegen Kinderarbeit“ campaign. This campaign informs responsible people in Germany, in particular in the political, economic and social spheres, about the contribution they can make to overcoming inhumane and exploitative child labour. German cities, municipalities, districts and states have already been included in the campaign's list of organisations that reject the procurement of products derived from exploitative child labour. The list also publicises the stances of well-known companies and brands in relation to the issue of „child labour“. Maier Sports ensures that its attitude is transparent.

Company/ brand	Company policy against child labour	Verification of production facilities	Allegations regarding child labour	Commitment against child labour
Maier Sports	■	■	■	■

The campaign is being supported throughout Germany, in particular by Eine Welt and human rights groups, Weltladen fair trade stores, local Agenda21 offices and church groups. “Aktiv gegen Kinderarbeit“ is an earthlink campaign. For more information, visit [www.aktiv-gegen-kinderarbeit.de/firma/maier-sports/](http://www.aktiv-gegen-kinderarbeit.de/firma/maier-sports/)

### Additional actions

Donation to Indian Convent: As part of Maier Sports' 75th anniversary, employees made a donation of € 1,250 to an Indian convent of the SABS order. The Sisters will use the money to finance the education of orphans in India.

### Africa Race

In early December 2014, Maier Sports' Managing Director and a team colleague took part in the Desert Dash in Namibia, a mountainbike race over 369 km. The course runs from the capital Windhoek, right through the Namib Desert to Swakopmund. The two raised NA\$ 5,000 for Children of the Wilderness: <http://www.desertdashnamibia.com/index.php/beneficiary>

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## ABOUT MAIER SPORTS

Tradition with vision: Maier Sports is one of the few German clothing manufacturers to combine its long history as an outdoor specialist with innovative functionality. For 75 years, Maier Sports has built on its key strengths of skilled know-how, design and high technology. Maier Sports not only places great value on quality, but also on responsible behaviour towards people and nature. As part of this approach, Maier Sports has developed a Code of Conduct setting out standards governing remuneration, working hours, occupational health and safety, environmental protection, and ruling out the use of child labour and compulsory labour. Since 2011, Maier Sports has been a member of the internationally respected Fair Wear Foundation. This co-operation highlights Maier Sports' awareness of its responsibility to its production facilities, and in particular to the employees at these sites, and its consistent and essential efforts to ensure fair working conditions.