

Schöffel

Social Report 2014



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Introduction



**“Tradition and progress
aren’t contradictions in our
business.”**

Dear Reader!

Tradition and progress aren’t contradictions in our business. As one of the oldest family businesses in Bavaria, we are proud of our 210-year history. Still, we have both feet planted firmly in the present and constantly are at work on solutions for the future. When my forefathers began a soft goods business in 1804, they already had huge foresight. Every generation contributed its part. Today, you know Schöffel as the leading brand for outdoor and ski apparel for those who, as we do, place a high value on the love of nature, sustainability and quality. As a modern manufacturer, we see our contribution as complying with our social and environmental responsibilities throughout the entire production process. Our membership in the Fair Wear Foundation is an important step on this path, which is not always an easy one. You can read for example about which measures we have taken as a company in the article about an audit in Turkey (P. 14–15). A notable German-Chinese partnership has been tested and proved over the last eight months at our own headquarters: The young Chinese master’s student, Chen, has developed a supplier quality rating system that will in the future increase customer satisfaction.

**We look forward to your interest in our
Social Report covering the year 2014!**

Dynasty with dynamics

Since more than 200 years – for Schöffel it's all about textiles

Breaking new ground always means to stray from well-known paths. To advance on unfamiliar paths without completely changing the bearing. Schöffel, the outdoor and skiwear manufacturer, has already met such challenges in the past without losing the way.

As one of the German market leaders for the ranges of highly functional outdoor and ski-wear the medium-sized company which is family-run in seventh generation not only faces the growing competition with international brands. „Engagement in market and brand“, is therefore a clear statement by the company manager Peter Schöffel, who is aligning the sports-dynasty with the future. This does not pass the company without leaving marks. Responsibility still remains a major factor in production: Premium-quality materials require first-class Processing. For this competent partners with correspondingly capable employees are necessary. Partners to rely upon – and vice versa. Peter Schöffel has expanded his team at the Bavarian headquarters in Schwabmünchen to 200 „team members“.

The products appeal to sportive people wishing to disengage from their hectic and hurried ridden daily grind for a short time. Those who desire to go outside, to enjoy walking, climbing, hiking, Nordic walking, cycling, skiing and snow-shoeing – to feel wind and weather. For those, to whom their sport does not mean the continuation of the performance society after leave but rather the absolute opposite – finely dosed, active recreation. Nature as contrast against stress and deadline pressure. Compressed this becomes evident in the self-confident brand claim “Ich bin raus.”

With this the sports brand from Schwabmünchen positions itself decidedly against a highly exaggerated focus on performance and efficiency which not only determines the working environment but also dominates the leisure time of a society. Our brand identity is the condensation of our traditional Schöffel ideals - and at the same time a progressive statement. Schöffel attends to and supports authentic nature experiences for all those wishing to escape the treadmill of self-optimization and instead yearn to find themselves in sportive exercise actively and with ambition. Peter Schöffel: “At the same time we are and remain a reliable partner and offer clothing with a perfect mix of function, appearance and workmanship.”

This process is impossible without accepting social and ecological responsibility as well as the increasingly important issue of sustainability – all these are a continuing obligation. For this reason Schöffel became member of the independent Nonprofit-Organization Fair Wear Foundation (FWF) as well as the European Outdoor Conservation Association (EOCA). Environmental responsibility awareness is what our company also proves within the textile production process. Since the beginning of 2014 Schöffel is a



The Schöffel Headquarters in 1925

“The family is there for the company, not the company for the family ...”



Headquarters in Schwabmünchen:
The stronghold of design and development

in the region and in the business and continuously develop it further. In the 1970ies the senior manager Hubert Schöffel a man with visions and courage at the top management. He opts for the new trend leisure time and recreation. Knee breeches for hikers and stretch trousers for skiers are tailored in Schöffels' name. Soon he is referred to as the pontiff of hiking and uses new, elastic materials such as Gore Tex. Sports booms and Schöffel booms along! Soon the trousers are joined by jackets, in those days still called “Anorak” ... the seamstresses can barely meet the demand. Much later the production is outsourced to other countries – mass production in Germany is too expensive.

Today Schöffel, the manufacturer of outdoor and ski-wear stands manifest for first-class products and consistent brand management, for ideals such as affinity with nature, sustainability and quality. Deliberate sponsoring by partners such as Gerlinde Kaltenbrunner and Ralf Dujmovits, which experience mountains with passion and commitment, respect and mindfulness, but not defeating the mountains, proves the consistent attitude of the company of the path of responsibility taken by all generations of Schöffel.

bluesign® system partner and a large number of our textile suppliers already are bluesign® certified. The majority of our upstream suppliers meet the standards of the Öko-Tex100. Our restricted substances list is updated continuously. Schöffel, as one of the first companies in our branch of trade, achieved an important milestone on the path towards manufacturing textiles free of polyfluoro and perfluoro compounds (PFC): Our collections are completely switched to C6 chemistry.

As padding for jackets and gloves we exclusively use duck downs. By this we ensure that these are a by-product of animals which were bred for food and also comply with ethical husbandry. The popular fur trimming in our case does not originate from animals – ours are synthetic fur and still keep you snugly warm.

Schöffel has repeatedly proven their innovative capacity in their more than 200 years of history. “The family is there for the company, not the company for the family ...” Peter Schöffel heard these words from his parents already as child. Just as his father from his own parents. This general principle is a characteristic for a family with generations of experience as passionate owner-managers and embodies competency and reliability by tradition.

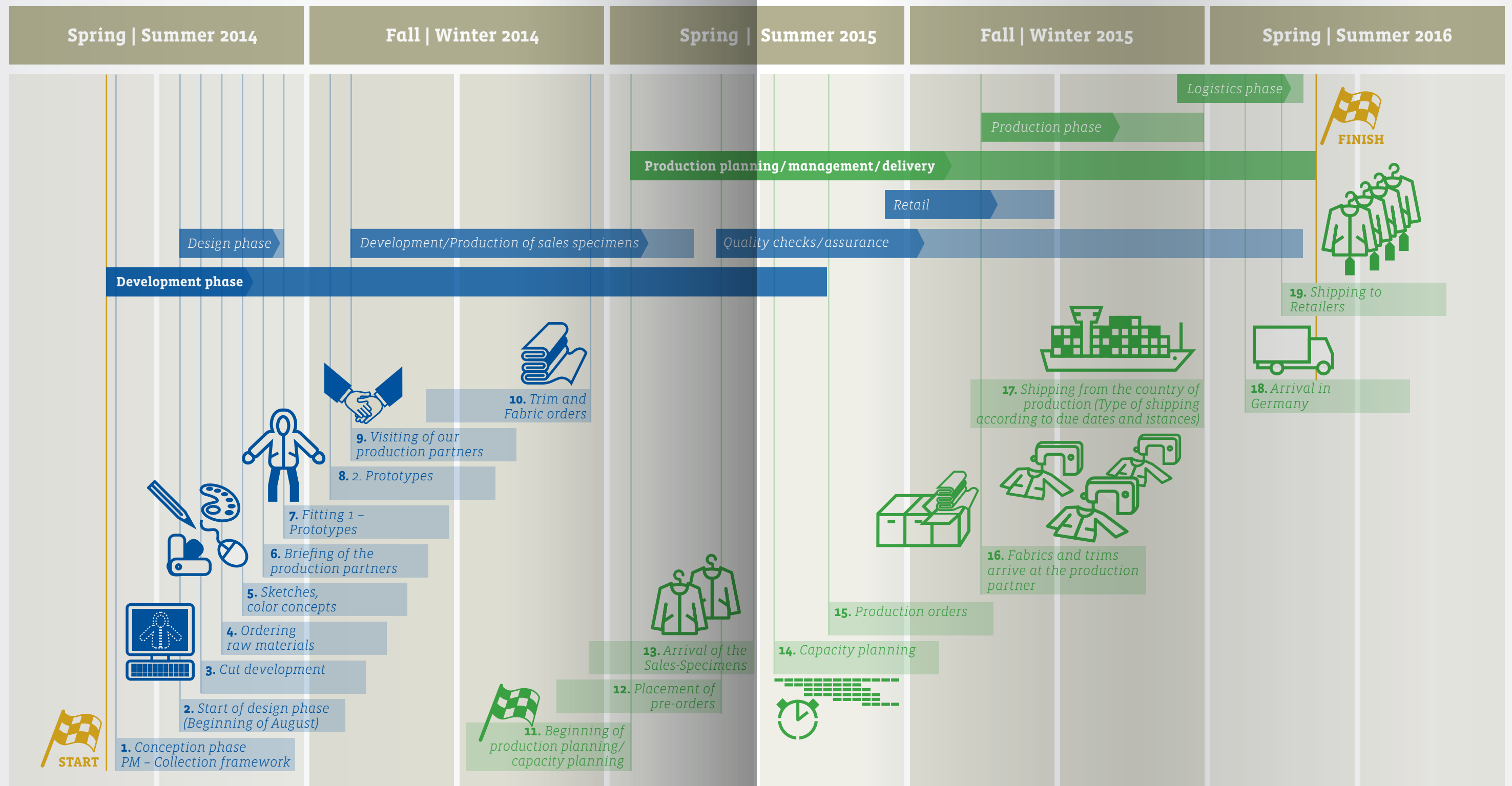
In 1804 Georg Schöffel is granted the trade concession for stockings in Schwabmünchen near the textile stronghold Augsburg. His descendents remain



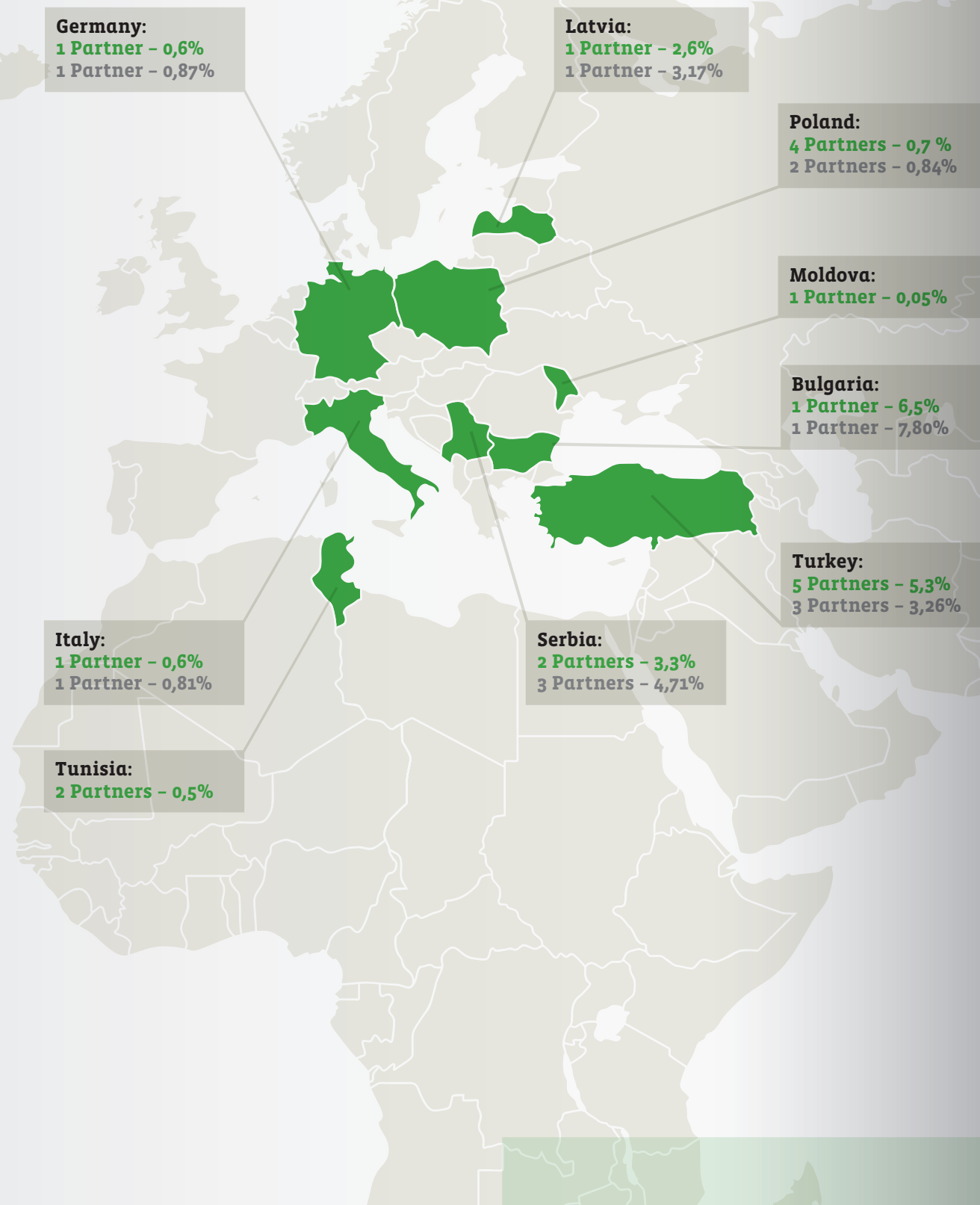
Outdoor wear
modern presentation

Production cycle

From first sketch to final Schöffel jacket



Distribution of production sites



Explanation:
Production volume 2014
Production volume 2013



Mastermind For Sustainability: The Fair Wear Foundation

Why Schöffel is member in the independent multi-stakeholder initiative



One decisive step was joining Fair Wear Foundation (FWF) in 2011.

The independent non-profit organization has made it their objective to support and promote fair, legal and humane work conditions in garment manufacturers all over the world. The working conditions shall meet the respectively applicable minimum standards of the International Labour Organization (ILO) as well as the regional and local laws and regulations. The principles of the FWF Code of Labour Practices (CoLP), which is adopted and implemented by the members. These – among others – include the responsibility for the supply chain, internationally accepted labor standards, human rights conventions and further demands.

Peter Schöffel likes working step by step. The head of the family-run company also pays attention to best care and attention when it comes to CSR. “We face our corporate social responsibilities,” says the CEO, “and follow a consistent concept.”

The implementation is verified by the FWF. Schöffel checks all supplies responsible for cutting, sewing, embroidering, knitting, ironing, finishing, ticketing, packing and other work-steps of importance to direct manufacture of clothing.

The FWF cooperates closely with a growing number of companies manufacturing clothing and who wish to take responsibility for their supply chain. By now 80 member companies from seven European countries stand for more than 120 Brands selling in more than 80 countries all over the world. Schöffel is one of them. An informational video about content, approaches and solutions of the Fair Wear Foundation is newly available in German in the Internet at www.youtube.com/watch?v=KPJ_VogiCeQ

A Primer in Schöffel Materials



New:

SCafe is a technical composite fibre that is produced from coffee grounds. It uses the natural abilities of coffee grounds and thus provides long-lasting wearability and comfort. Styles made from SCafe will be available in our range as of Winter 2015.

Down Feathers

For our down fillings we exclusively use grey duck down in a ratio of 80/20 (80% down, 20% feathers). The down is a waste product of the food industry. Products from animals from the production of foie gras or subject to “live-plucking” are categorically rejected. Schöffel has been assessed by the “Cruelty Free Down Challenge” by the international animal rights organisation Four Paws (“Vier Pfoten”) to ensure and to demonstrate clearly that the down stems from cruelty-free production facilities.

Fur & Wool

Schöffel uses faux fur exclusively. The materials are bought as yard goods and can thus be immediately identified as a fabric. Wool attained from sheep through the Mulesing procedure is not permitted in production.

Cotton

Approximately 20 per cent of our merchandise with cotton uses Organic Cotton. In contrast to traditional cotton, organic cotton is cultivated using strictly controlled and monitored organic standards. No toxic or persistent pesticides or synthetic fertilizers or genetically modified materials may be used. This lessens the impact on the environment and uses less water because no additional irrigation is necessary. In addition, we use no cotton sourced from Uzbekistan because we cannot support the forced labour that is in part occurring at this time there.

Leather

Leather is still used in the range in part for individual tags or trim. These goods come from cowhides and are a by-product of the meat industry. We do not permit the use of leathers from exotic or protected animal species.



Ladies' down jacket; hood patched with synthetic fur



T-shirt from Organic Cotton

Code of ethics – Code of Labour Practice

Our guidelines for fair working conditions

1. The employment relationship must be voluntary

Forced labour, including bonded labour or prisonlabour, is not permitted.

(ILO Conventions 29 and 105)

2. No discrimination in the employment relationship

Recruitment, wages policy, access to further training, rules on promotion, termination of employment relationships, retirement and all other aspects of an employment relationship must be based on the principle of equal opportunity, regardless of race, colour of skin, gender, religion, political persuasion, membership of trade unions, nationality, social origin, weaknesses or disabilities.

(ILO Conventions 100 and 111)

3. No exploitation of child labour

Child labour is strictly forbidden. The minimum age of recruitment for gainful employment must not be below the national age for compulsory schooling and in general not below the age of 15.

(ILO Convention 138)



Important: Fire extinguisher and First-Aid instructions ...

There must be no form of slavery or similar circumstances such as for sale and trading in children, bonded labour, servitude or forced labour. Children (between 15 and 18) may not carry out any work “the nature of which or the circumstances under which it is performed might have a potentially damaging effect on the health, safety or morals of children.”

(ILO Convention 182)

4. Freedom of association and the right to collective wage negotiations

The employer recognises the right of all employees to establish and join trade unions, as well as to conduct wage negotiations on a collective basis.

(ILO Conventions 87 and 98)

In those cases in which the freedom to join a trade union and the right to collective wage negotiations are restricted by law, the company will encourage all employees to seek alternatives for independent and free organisations and negotiations. There must be no discrimination against the employee representatives and they must be given access to all places of work in the performance of their duties as representatives. (ILO Convention 135 and Recommendation 143)

5. Payment of a “living wage”

Wages and allowances for a normal working week must equate at least to the statutory minimum or minimum standard for the sector and must always be sufficient to meet the basic needs of the employees and their families, as well as for them to have an additional specific level of disposable income. (ILO Conventions 26 and 131)

Deductions from wages as a disciplinary measure are not permitted.

It is also not permitted to make wage deductions which are not based on national legislation. The total deductions may not result in the employee receiving less than the statutory minimum wage. All employees shall receive appropriate and accurate information on the components of their wages, including the rate of pay and period for which the wage is paid.

6. No excessive working hours

The working hours must comply with the statutory provisions and normal standards for the sector. The regular working time must not exceed 48 hours per week. One free day must be granted within a period of seven days. Overtime must be worked on a voluntary basis, must not exceed 12 hours per week nor be regularly demanded. Compensation for overtime must be paid in the form of an overtime allowance in addition to the wages.

(ILO Convention 1)

7. Health and safety at the workplace

The working environment must be clean and safe. The employer gives an undertaking to promote optimum health and safety at work based on current knowledge relating to potential risks and hazards. Special attention must be paid to the specific risks of working in this sector. Rules aimed at providing the maximum possible prevention of accidents and minimisation of risks to health must be implemented.

(In line with the ILO Convention 155)

Physical abuse, threat of physical abuse, excessive penalties or disciplinary measures, sexual and other forms of harassment, including threats by the employer, are forbidden.

8. Legally binding employment relationship

The obligations to the employees as well as the labour and social laws and the regulations arising from the standard employment relationship may not be circumvented by the use of agency work arrangements or training programmes which are not aimed at providing skills or regular employment. Younger employees must be given the opportunity to take part in education and training programmes.



... a safe and secure workplace,



... room to eat and regenerate,



... and clean drinking water for each and everyone

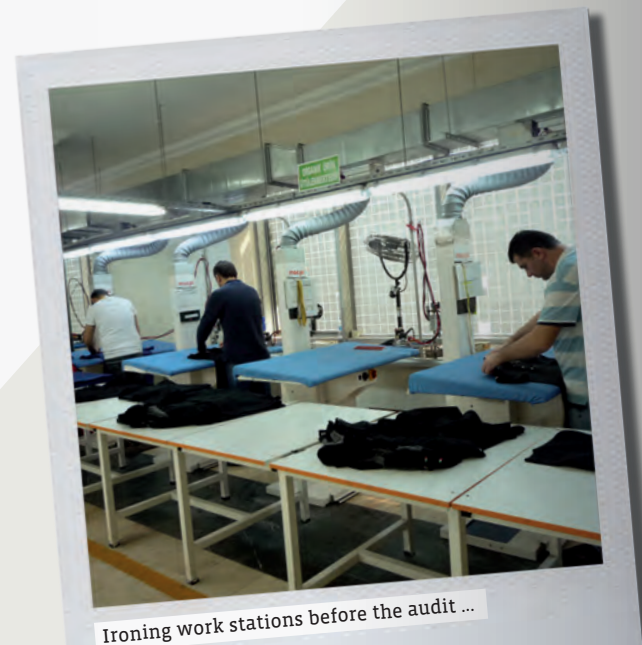
Small changes, big results by restructuring ironing workstations

FWF audit in Turkey 17–18 April 2014

Small steps can result in big leaps forward. Proof of that was provided by the Fair Wear Audit in April 2014 at a Schöffel manufacturer in Istanbul. During a two-day procedure in Turkey, Katrin Klug, a member of the Schöffel QA team, experienced firsthand a high level of cooperation on the part of the management and other responsible parties. Plus, she also experienced superior cooperation by coworkers who were well trained and knowledgeable of their rights and who demonstrated a good working relationship with superiors. An intelligent restructuring solution was also worked out completely unbureaucratically to a prior problem with ironing work stations: With one simple reorganisation of the shelving beside the ironing board, emergency escape room was created, and in the sample making area an additional new window now provides better ventilation.

This examination process will serve to allow better assessment of workplace safety and personnel management regarding compliance with requirements and guidelines. The audit was conducted at an owner-operated, family-run business that has been a Schöffel partner since 2013. Its main office is in the Bosphorus metropolitan area, and the business has been very active in the area of environmentally and socially responsible production. T-Shirts, polo shirts and sweatshirts and other products made from jersey knits are produced here. Just as unusual as the female boss is also the balanced relationship between male and female coworkers and the relatively high percentage of women in leadership positions. The facility employs 169 coworkers, including 72 in the offices and 97 in production.

Turkey is the fourth-largest apparel manufacturer in the world and the largest in Europe. Many facilities



Ironing work stations before the audit ...



... and after the corrective action

have invested in modernisation and rationalisation in recent years, and they are equipped with modern technology. Katrin Klug notes: "We share this facility, as do other manufacturers, with competitors. That has the advantage of being able to mutually pursue improvement measures and follow through with implementation."

The audit lasted two days. In addition, there was one additional day for off-site interviews with coworkers. These were done one week earlier away from company premises. Only the audit team knew the identity of the coworkers involved and that information was not shared with management. Thus, the workers had the peace of mind to be open and not at all influenced in speaking about their problems. The audit team consisted of three persons who all work in the area for the FWF and are appropriately trained. It includes an audit team leader and supervisor for workplace safety issues, an interviewer for coworker interviews, as well as the person responsible for examining personnel files and documents.

As typical for an audit by the Fair Wear Foundation, the preparation is meticulous, including the selection of and information about the manufacturer, as well as determining the time frame and process of the local audit team. Then, employer, employer representatives and local chambers of commerce are contacted to obtain a detailed portrait of the business and learn about any special regional characteristics and laws.

The audit process always follows a given framework in order to obtain the best possible comparison values. "First", Katrin Klug reports, "we had an introductory discussion with the person responsible for CSR at the company. That is very helpful for the process on the following days because you become acquainted with each other more quickly in a more intimate circle. You are also able to briefly touch on the most important topics." Afterward, there is a comprehensive tour of the facility with an inspection of workstations. Then, one had the opportunity to take a close look at the results of the anonymous employee interviews to assess where there was a need for improvement. Finally, the audit team

"Small steps can result in big leaps forward ..."

received a look into personnel files and documents regarding workplace safety.

In part due to the high level of cooperation by the management, which stood at the ready to willingly open all doors, any "Achilles' heels" of the company revealed themselves quickly. In general, in need of improvement was the management of overtime. In the months leading up to the audit, the average number of overtime hours exceeded the legal limit. Also, in regards to workplace safety, there was a need for clarification. Here and there, emergency escape routes were blocked by materials, and ventilation in some areas was not sufficient -- an especially important topic in light of high temperatures precisely during summer months. Medications were available in first-aid kits but had in part run out.

At ironing workstations, folding tables were used as shelving for completed products. But when these tables were folded down, a closed area was created. In an emergency, workers would have had to lift the heavy table tops to be able to escape their workstations. In concluding discussions, concrete improvement measures were suggested and implementation methods specified.

Then, the first week of December 2014, everything was completed: The implemented measures were examined on-site, and detailed discussions regarding further processes took place with the manager and the person responsible for CSR.

Schöffel's conclusion: Nearly all points in need of being addressed had at this point been improved. With better planning, overtime was reduced and more room was created around ironing workstations (see photos). The Turkish partner received a positive evaluation from the audit team.

The FWF Complaint System

Additional safeguarding for adherence to the social standards in the production plants.

The FWF complaint system gives employees in the production plants the opportunity to contact an independent contact point directly in case of problems. The contact information of the complaint manager as well as the labor standards Code of Labor Practice (CoLP) are on display as information panel in every company. The CoLP is openly displayed at a freely accessible point and the meaning, content and scope of the CoLP is explained in training sessions or during interviews in course of social audits.

After checking the complaint it is forwarded to the FWF headquarters in Amsterdam and also reported to Schöffel. Following this an in-depth investigation of the circumstances takes place. Together with production partner and the complainant the Schöffel CSR Team works out a corrective plan to resolve the problem(s) and/or issues.

This system is open and available not only to workers but also NGO's, trade unions or the partner companies.

FWF and Schöffel do everything within their power to resolve a complaint in a timely manner.
www.fairwear.org/506/resources

1. The system is implemented by bulletin of "Worker Info Sheet"

2. Submission of a complaint

3. The complaint manager checks the circumstances

4. Information to Schöffel and FWF Amsterdam

If the complaint is legitimate the following measures come into effect:

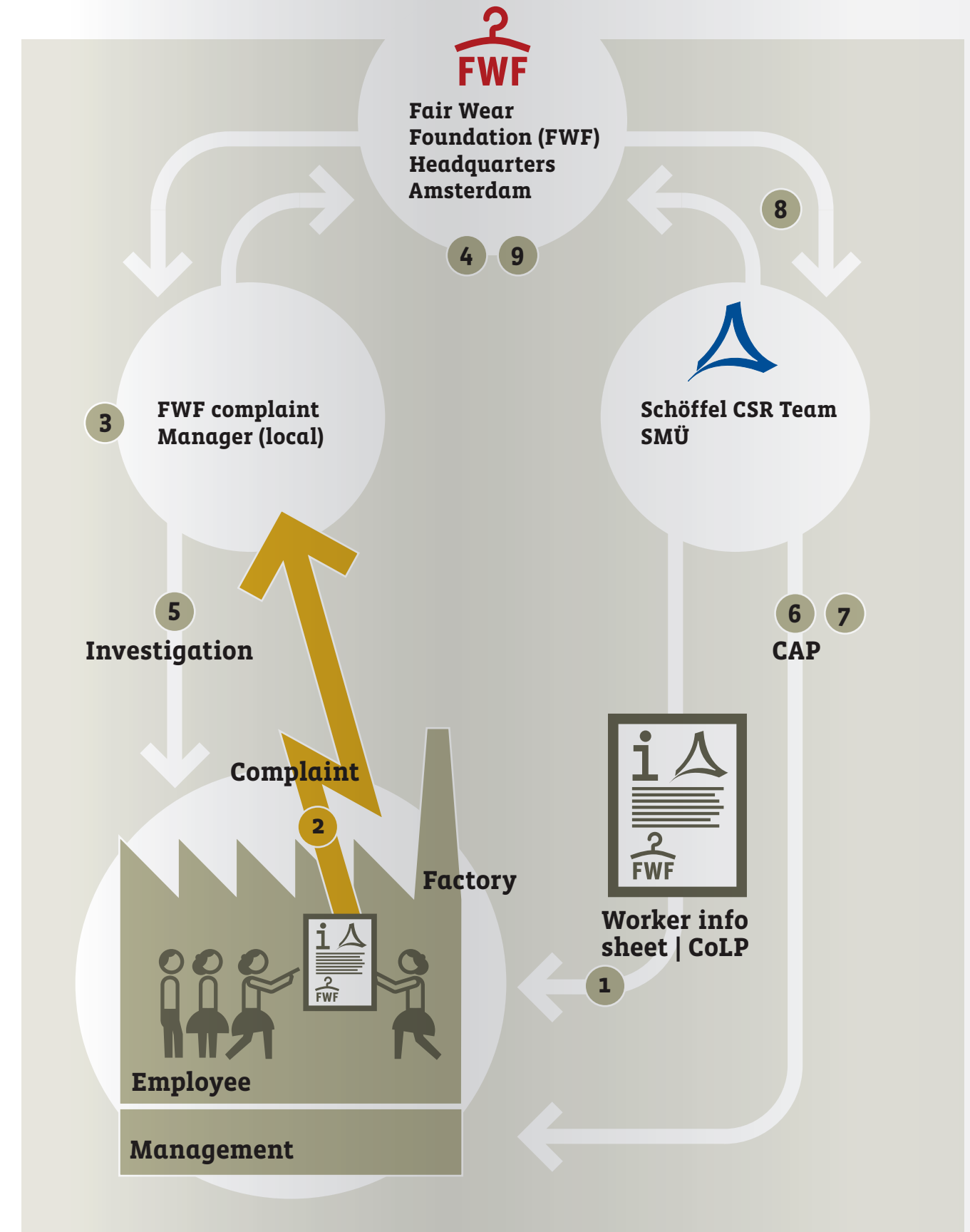
5. Investigation of the complaint

6. Preparation of a time and action plan for correction

7. Schöffel verifies the effective implementation of measures

8. Verification of the measures by the FWF

9. Publication of the complaint and corrective actions



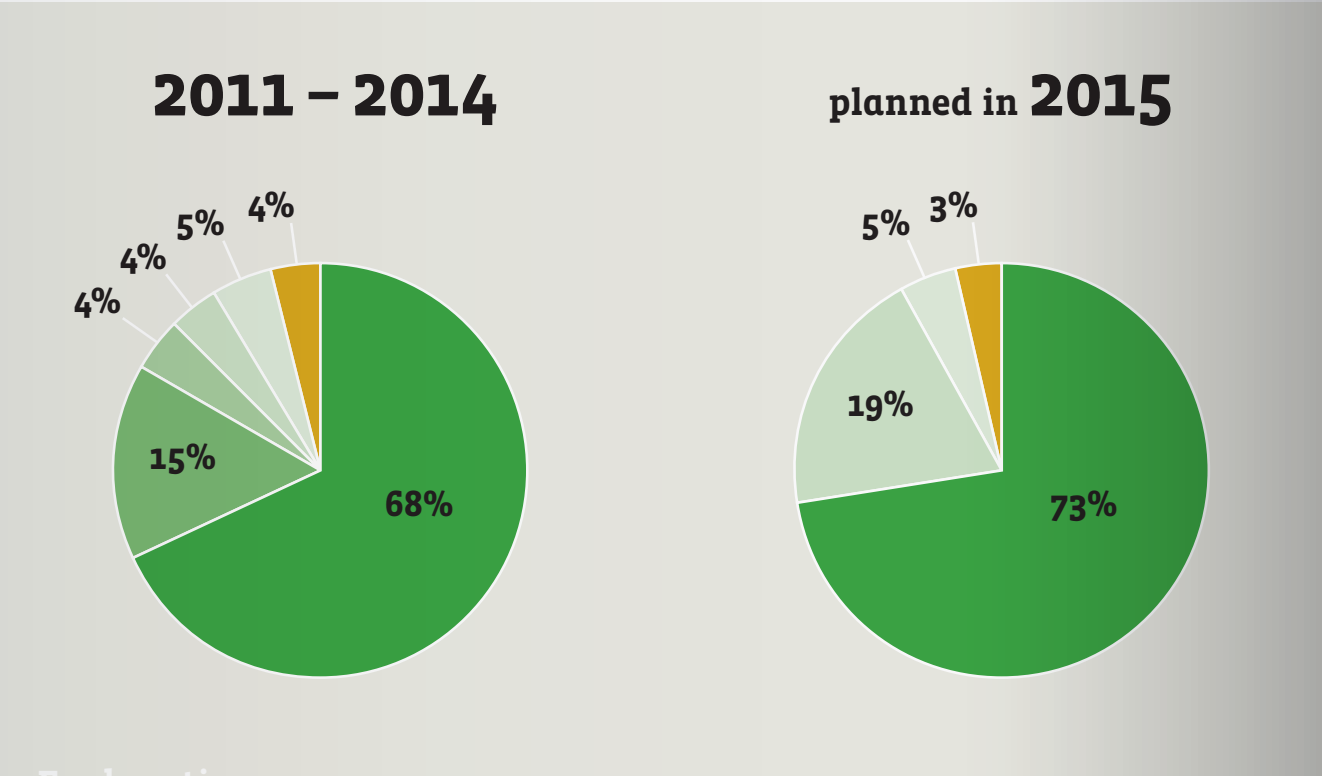
Overview Production Partners

Continent	FWF-ID	Factory Location	Low risk according to FWF	Cooperation since	FWF-Questionnaire
Europe	4573	Germany	yes	17	yes
	3923	Italy	yes	6	yes
	7498	Poland	yes	1	yes
	5564	Poland	yes	23	yes
	5640	Poland	yes	5	yes
	7499	Poland	yes	1	yes
	5053	Latvia	yes	6	yes
	5054	Latvia	yes	4	yes
	5586	Serbia	no	3	yes
	3904	Serbia	no	19	yes
	5606	Bulgaria	no	17	yes
	3925	Bulgaria	no	19	yes
	5985	Moldova	no	1	yes
	7534	Turkey	no	1	yes
	5587	Turkey	no	1	yes
	3918	Turkey	no	5	yes
	5670	Turkey	no	2	yes
	3926	Turkey	no	10	yes
	7535	Turkey	no	1	yes
	5607	Turkey	no	1	yes
Asia	5558	China	no	8	yes
	4542	China	no	1	yes
	3018	China	no	3	yes
	4575	China	no	9	yes
	5559	China	no	3	yes
	5305	China	no	18	yes
	140	China	no	1	yes
	3912	China	no	25	yes
	7433	China	no	1	yes
	4838	China	no	8	yes
	4839	China	no	8	yes
	5310	China	no	1	yes
	7652	China	no	1	yes
	6192	China	no	1	yes
	5567	China	no	1	yes
	7654	China	no	1	yes
	7653	China	no	1	yes
	6193	China	no	1	yes
	5556	China	no	8	yes
	3924	China	no	11	yes
	6191	China	no	1	yes
	5744	Viet Nam	no	1	yes
	3906	Viet Nam	no	7	yes
	7504	Viet Nam	no	1	yes
	5620	Viet Nam	no	1	yes
	3916	Viet Nam	no	8	yes
	5309	Viet Nam	no	2	yes
	7371	Viet Nam	no	2	yes
	3919	Viet Nam	no	7	yes
	3922	Viet Nam	no	4	yes
	6245	Viet Nam	no	1	yes
	6246	Viet Nam	no	1	yes
	3907	Indonesia	no	8	yes
	5729	Indonesia	no	1	yes
Africa	3903	Tunisia	no	3	yes
	5591	Tunisia	no	1	yes
Total				5,41	100%

Purchase volume	Factory visits in 2014	Audit	CAP Status	Training	Complaints since 2011
0,66	yes	n.a.	n.a.	n.a.	-
0,61	yes	n.a.	n.a.	n.a.	-
0,20	yes	n.a.	n.a.	n.a.	-
0,27	yes	n.a.	n.a.	n.a.	-
0,16	yes	n.a.	n.a.	n.a.	-
0,06	yes	n.a.	n.a.	n.a.	-
1,33	no	n.a.	n.a.	n.a.	-
1,33	no	n.a.	n.a.	n.a.	-
0,60	yes	no	n.a.	n.a.	-
2,71	no	December 13	closed	n.a.	-
3,24	yes	June 14	nearly closed	n.a.	-
3,24	yes	June 14	partially open	n.a.	-
0,05	yes	no	n.a.	n.a.	-
0,25	yes	no	n.a.	no	-
0,29	yes	no	n.a.	December 14	-
2,50	yes	September 12	closed	no	1
1,05	yes	April 14	nearly closed	no	-
0,32	yes	no	n.a.	no	-
0,31	yes	July 14	partially open	no	-
0,56	yes	no	n.a.	December 14	-
0,20	no	no	n.a.	no	-
4,02	yes	April 13	partially open	October 13	3
0,09	no	November 13	partially open	no	1
0,20	no	March 14	nearly closed	August 14	-
0,09	no	no	n.a.	no	-
14,32	yes	no	n.a.	December 12	-
2,13	yes	May 13	partially open	no	-
1,65	no	June 11	partially open	no	-
0,07	yes	no	n.a.	no	-
1,59	no	May 12	partially open	no	-
1,59	no	July 13	partially open	no	-
3,86	yes	July 14	nearly closed	no	-
0,02	no	no	n.a.	no	-
0,53	yes	no	n.a.	no	-
0,04	no	April 14	closed	no	-
0,02	no	no	n.a.	no	-
0,02	no	no	n.a.	no	-
0,27	yes	no	n.a.	no	-
0,20	no	no	n.a.	no	-
4,45	yes	April 12	nearly closed	no	1
0,67	yes	no	n.a.	no	-
1,10	yes	February 14	closed	no	-
3,03	yes	June 13	nearly closed	no	-
0,75	yes	September 13	partially open	no	-
0,39	yes	August 14	nearly closed	no	-
3,26	yes	October 14	partially open	no	-
4,79	yes	February 14	nearly closed	no	-
2,68	yes	August 14	nearly closed	no	-
13,45	yes	January 14	nearly closed	no	-
2,25	yes	July 14	closed	no	-
1,08	yes	November 14	open	no	-
1,37	yes	November 14	open	no	-
8,92	yes	June 13	closed	no	-
0,63	yes	March 14	closed	no	-
0,45	no	no	n.a.	no	-
0,07	yes	no	n.a.	no	-
100,00					

Monitoring and training standards in comparison

Schöffel production volume



Explanation

- Social audit

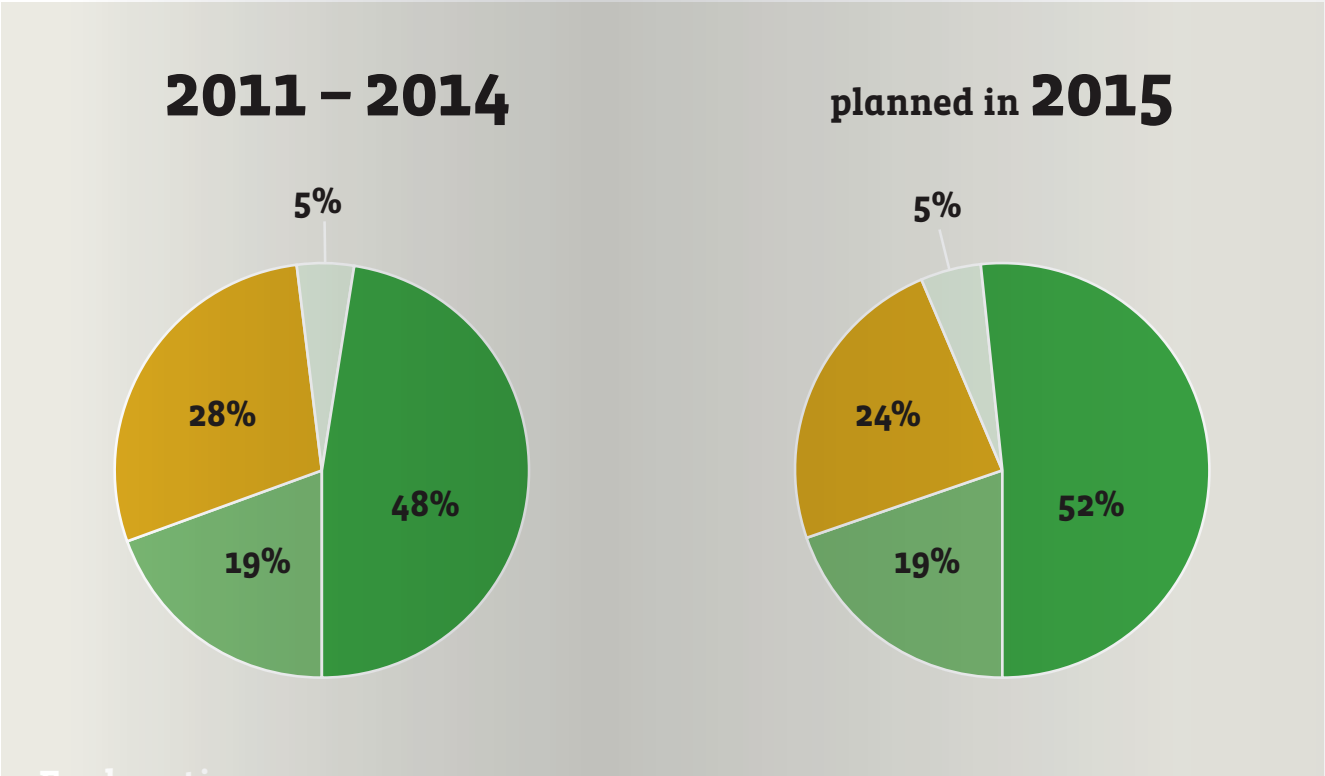
 - Own audit conducted, Corrective Action Plan (CAP) created
 - FWF verification audit performed
- Workplace Education Programme (WEP)
- Audit + WEP
- CAP monitoring:

 - Existing audit reports/CAPs evaluated
 - Exchange of information with other companies
 - Execution of corrective measures checked
 - Schöffel CSR Team visited the production site
- Low risk origin

 - Supplier located in low risk region according to definition by FWF,
 - low priority, audit currently not scheduled
- No audit | monitoring

 - Currently no audit or monitoring performed or planned

Training standards



Explanation

- Training procedures conducted

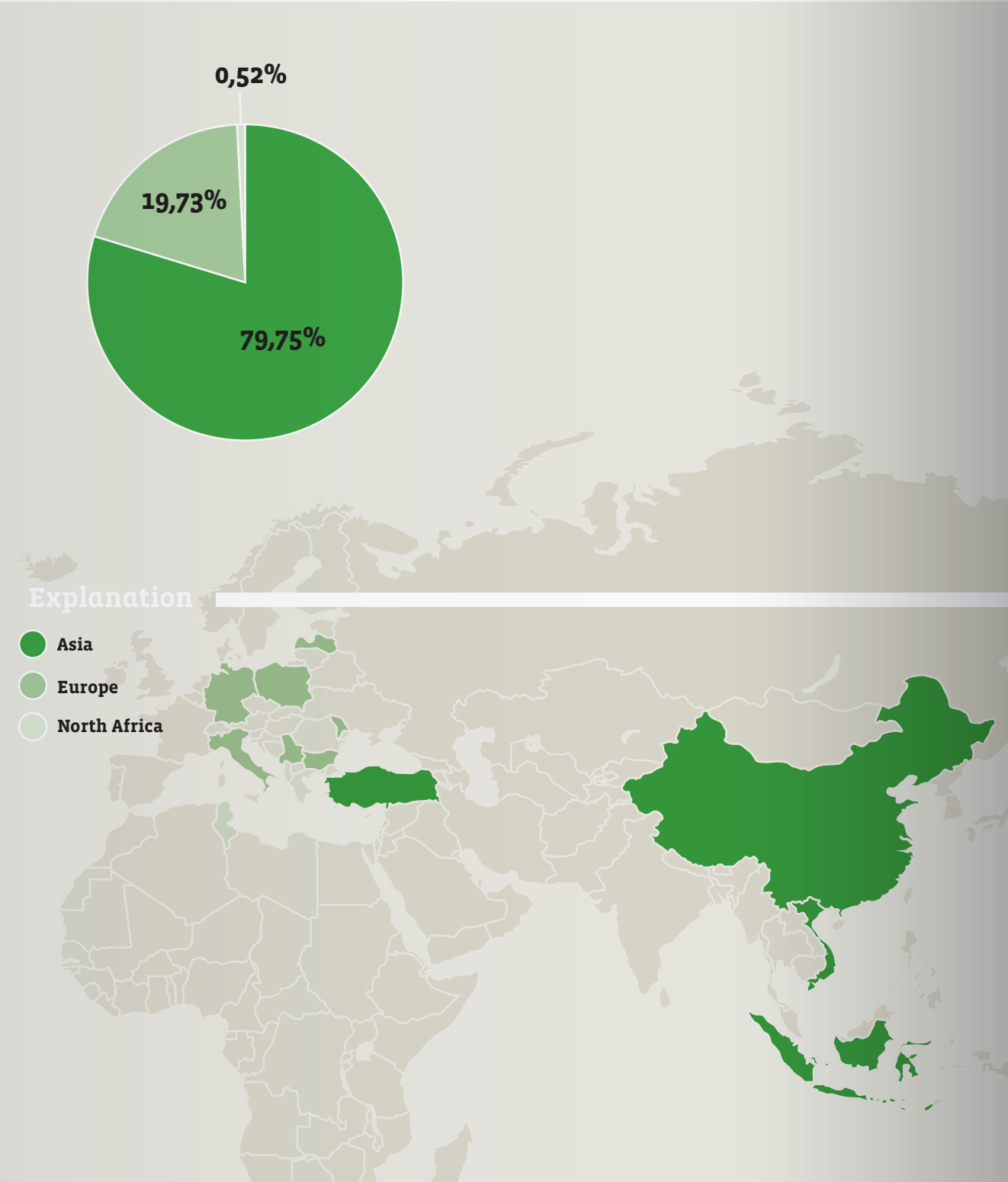
 - Supplier | Partners trained on location by Schöffel CSR Team
 - Supplier | Partner has received training materials in course of CAP
 - Factory participated in Worker Training (WEP)
- FWF Workplace Education Programme
- Low risk origin

 - Supplier located in “low risk” region according to definition by FWF,
 - low priority, at currently present conditions no extended training measures are planned
- No training

 - Currently no comprehensive training measures conducted

Production facilities

Percentage per region in 2014



Implementierung und Kontrolle der Sozialstandards (CoLP)

Communication and stake-holder dialog

1

Training, monitoring, improvement measures

2

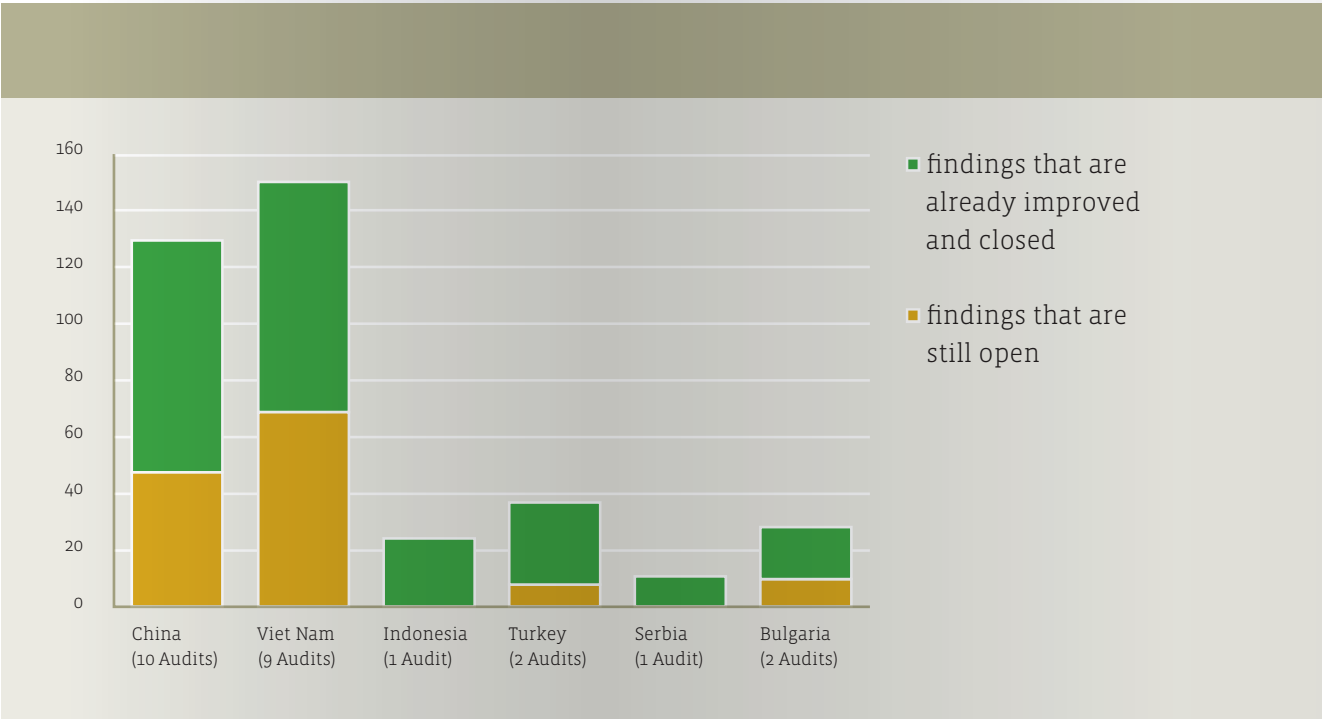
Transparency and verification

3

- FWF membership, utilization of country studies
- Regular exchange with stakeholder groups (round tables, multi-stakeholder meetings)
- Regular exchange in the sector associations and in working parties
- Regular exchange with suppliers

- Regular risk assessment
- Recording of all production sites
- Audits (FWF teams, certified auditors)
- Visits to the companies by the CSR team
- Implementation of corrective measures
- Training measures

- Answering questionnaires
- Annual reporting
- Annual Brand Performance Check by the FWF
- Verification audits by the FWF
- Publication of complaints



China, Category „High Risk“ country:

- Ten international production partners with a total of twenty manufacturers working for Schöffel in China
- Average duration of cooperation with partner: more than 5 years
- Annual purchase volume for Schöffel: 36,3%
- Audits since the beginning of the CoLP implementation 2011 = 10
Planned for 2015 = 3
- Training: three factories have participated in the FWF Workplace Education Programme.
- All partner companies are included in the monitoring programme.
- Visitation of nine factories by Schöffel staff

Summary Compliance Status:

No violations of the topics; forced labor, child labor or discrimination were found.

Improvements in the field of freedom of association could be achieved in four factories.

During training the workers were informed about the purpose of collective bargaining and motivated to establish their own workers committee or to join a trade union.

In all other factories this topic is already in process. We have to carry on the implementation of measures to reduce overtime and to work towards the payment of a living wage, even progress in improving working hours could be made in the past. The factories are now more transparent regarding remuneration and they pay overtime with additional surcharge as required by the law. Because of more efficiency in production overtime could be reduced.

In total, 26 non-compliances in the field of health and safety were found within the audits. A large part were already improved and closed. The realization of the training created more sensitivity among the workforce and that was a big help to get the measures implemented.

In four audits a lack in coverage of social insurance was found. As corrective action the usage of insurance was explained to the workforce and they were motivated to join a social insurance.

In some of the audits it was noticeable that subcontractors were not fully informed about the CoLP and that the implementation was insufficient. In the meantime, all subcontractors are informed and included in the monitoring system.

Problems in the communication and complaints mechanism could be improved with training and the installation of suggestion boxes.

Three of the production facilities have successfully participated in the FWF Workplace Education Programme. As a result a better communication and more sensibility among the workforce regarding the implementation of the CoLP could be achieved.

Viet Nam, Category „High Risk“country:

- Five partners with eleven factories which produce Schöffel products in Viet Nam
- Average duration of cooperation with partner: more than 3 years
- Annual purchase volume for Schöffel: 34,4%
- Audits since the beginning of the CoLP implementation 2011 = 19
Planned for 2015 = 2
- The Workplace Education Programme was not available for Viet Nam until the end of 2014. Trainings are planned for 2015.
- For nine factories we cooperate with other FWF member for implementation of the CoLP and tracking of corrective measures. Especially in Viet Nam the cooperation is very successful
- All Partners are included in our monitoring system
- All factories were visited by Schöffel staff in 2014

Summary Compliance Status:

Viet Nam is the country with the biggest need in implementing social standards.

We found that in one factory the use of the toilets were restricted and in a second one the workers were not allowed to refuse overtime.

Once we got the information we had discussions with the management to clarify the situation for the workers.

In some factories we achieved improvements regarding discrimination. Such as the draft of anti-discrimination policies, the elimination of age specification in job advertisements and the employment of workers equivalent to their educational background. Furthermore we were able to sensitise the management of three factories to respect and keep strictly to the law for the protection of the youth while employing 16 to 18 year old workers.

Several measures relating to freedom of association, better internal communication between management and workers were developed and applied in the factories.

Regular meetings between workers representatives and employers' representatives have taken place. Workers were informed about the function of trade unions and an internal grievance mechanism. They are free to carry out their jobs as part of the workers committee without expecting any discipline by factory management. The employees were encouraged to take part in decision making processes.

All Vietnamese suppliers pay the legal minimum wage and they are working towards the payment of a living wage. Since the audits have been conducted, the factories are more transparent in their wage structure and keep compliance with the local law.

With a better production planning and with placing NOS orders in low seasons we could achieve reduction of overtime. However, there is still room for improvements.

Normally health and safety issues can be solved very easy and quickly. Here we mainly have open non-compliances because the audits took place at the end of 2014.

Five subcontractors were already audited in the past and one additional audit is planned for 2015. Hence all production facilities in Viet Nam are integrated in the monitoring system and working

towards the implementation of the CoLP. One Vietnamese partner with several factories also works for other FWF members.

Together we have a successful cooperation and conduct personal meetings with the supplier twice a year.

With the start of the FWF Workplace Education Programme in Viet Nam in January 2015 we assume significant steps towards the implementation of better working conditions in the factories.

Indonesia, Category „High Risk“country:

- Two partners with one factory each working for Schöffel in Indonesia.
- Average duration of cooperation with partner: more than 4.5 years
- Annual purchase volume for Schöffel: 9,6%
- Audits since the beginning of the CoLP implementation 2011 = 1
Planned for 2015 = 1
- Both factories were visited by Schöffel staff in 2014

Summary Compliance Status:

No violations on the topics of forced labor, child labor, freedom of association; communication and management system were found.

Since the preferred age for employees was removed from the job advertisement, no discrimination was found anymore.

The working conditions for pregnant workers and women on maternity leave could be achieved. They are not forced to come to pick up their paychecks, now the money is transferred to a bank account. Working overtime is not allowed anymore.

We appreciated that all health and safety issues were already resolved. During personal visits we were able to verify the implementation.

For example all evacuation routes were marked and free of any obstacles, regular measurements from the

working environment were carried out and analyses of working accidents to create preventive actions were in place.

Furthermore it is necessary to work towards the payments of living wages. In one factory salary scheme is nearly as high as the “Asia Floor wage” and in some departments it is already above the benchmark.

Europe, Category „High Risk“

Turkey:

- Five partners with seven production sites working for Schöffel in Turkey.
- Average duration of cooperation with partner: more than 3 years
- Annual purchase volume for Schöffel: 5,3 %
- Audits since the beginning of the CoLP implementation 2011 = 2
- Planned for 2015 = One verification audit by FWF
- Two factories have participated in the Workplace Education Programme in 2014
- All factories are included in our monitoring system.
- All factories were visited by Schöffel in 2014

Summary Compliance Status:

No violations on the topics of forced labor, discrimination, child labor, legally binding employment relationship and freedom of association were found.

The wages are above the local minimum wage, but it is still necessary to increase and work towards the payment of a ‘living wage’.

The main problem in the Turkish factories is excessive overtime. To improve the situation, the planning from both factory and customers were optimized.

Additionally, the factories became more transparent regarding records of working hours. In one factory we were able to do a verification visit together with another brand.

There we discussed all topics with the management directly. That helped to make a big progress in health and safety conditions.

Serbia:

- Two partners with one factory each
- Average duration of cooperation with partner: more than 11 years
- Annual purchase volume for Schöffel: 3,3 %
- One production was audited since the beginning of the CoLP implementation. All other factories are included in our monitoring system
- Both factories were visited by Schöffel in 2014

Summary Compliance Status:

The first audit in Serbia was conducted at the end of 2013. The beginning of 2014 all health and safety issues and all non-compliances regarding communication were solved.

A regular dialogue and the cooperation of the factory management have contributed to the fast implementation of the corrective measures.

For the second supplier an audit is scheduled for January 2015.

Bulgaria:

- One production partner with two factories
- Average duration of cooperation with partner: more than 18 years
- Annual purchase volume for Schöffel: 6,5 %
- Both factories have been audited in the past year
- In one factory we worked with a German fashion brand on the corrective action plan
- All factories were visited by Schöffel in 2014

Summary Compliance Status:

Both factories in Bulgaria have been audited in 2014. No violations on the topics of forced labor, discrimination, child labor, freedom of association, and legally binding employment relationship were found.

Unfortunately, no official collective bargaining agreement (CBA) is available and it is necessary to improve the internal communication systems in the factories.

Deficits in the area of health and safety could be improved with training programmes. The health and safety training programmes helped to increase the awareness of the workers.

Meanwhile, the factory has signed a contract with an occupational health and safety service which checks the working environment on a regular basis.

Moldova:

- One partner working with one factory
- Duration of cooperation: 1 year
- Annual purchase volume for Schöffel in 2014: 0.05%
- Audit is planned for 2015
- The factory was visited by our production consultant

Africa, Category „High Risk“

Tunisia:

- Two production partners
- Duration of cooperation: 2 years
- Annual purchase volume for Schöffel: 0,5 %
- Until now no audit was conducted
- One factory was visited by Schöffel staff in 2014

Europe, Category „Low Risk“

Italy:

- One production partner
- Duration of cooperation: 6 years
- Annual purchase volume for Schöffel: 0,6 %
- Factory was visited by Schöffel staff several times in 2014

Germany:

- One production partner
- Duration of cooperation: 17 years
- Annual purchase volume for Schöffel: 0,6 %
- Partner was visited by Schöffel staff in 2014

Objectives which we achieved in 2014

Objectives	Measures Implementation
1. Continuation of the successful implementation of the CoLP in the supply chain.	Owing to further checks and corrective measures the objectives could be met. This path must be further pursued in 2015.
2. Until the end of 2014 more than 90% of the production volume should be checked in social audits, monitoring and reviews or originate from Low risk regions.	2014 suppliers of approx. 40% of the production volume were checked in 13 audits and the implementation of improvement measures monitored. In total therefore – since the beginning of membership in 2011 – more than 96% of the production volume were examined or subjected to monitoring and reviews or originate from Low Risk Regions.
3. Expansion of acceptance and implementation of the Code of Labour Practice is established in internal external CSR trainings at the supplier.	In personal meetings and while working on the corrective actions, our suppliers learned how to implement a proper self assessment system to identify and improve non-compliances on their own.
4. In 2014 further suppliers shall be encouraged to participate in the FWF Workplace education programme.	2014 two of our Turkish suppliers have participated in the FWF Workplace education programme. One Chinese supplier for accessories took part in the training, too. For 2015 WEP is already planned for 2 Chinese factories. And a factory in Turkey is interested to take part in the training as well.
5. Continued pursuit and solution of open corrective actions.	It was possible to improve and close 64% of the non-compliances from the audits until the end of 2014. Improvements will be checked during verification visits in 2015.
6. Introduction of an effective analysis system of the audit results.	All available audit reports were documented systematically and compared with each other. The awareness's from this analysis we can use for our supplier sourcing practice.

Objectives	Measures Implementation
7. The cooperation with competitors at shared suppliers.	Continuation of successful cooperation with other brands (FWF-member and non-FWF-member) Audits and CAPs were shared and discussed together in meetings with the supplier and were followed up together.
8. Further development of complaint management.	In 2014 we have received four complaints from workers from two factories in China. Together with other FWF affiliates and the factory management we have discussed the problems and were able to find solutions for two of them. The other two are still pending and will be verified during the next visit.
9. Customer information about FWF measures and work guidelines.	Our customers were informed by our prior educated sales staff. Detailed information was also provided through our website and published with the social report.

Other targets which were additionally achieved

Continuation of the Stakeholder Dialogue with discussions about working conditions in sourcing countries, training possibilities and a transparent and cruelty free down supply chain.

Increase and improvement of our monitoring system by working with our own production consultant since 2014. Regular verification visits give us a clear update on social compliance status and the possibility to talk face to face with the factory management.

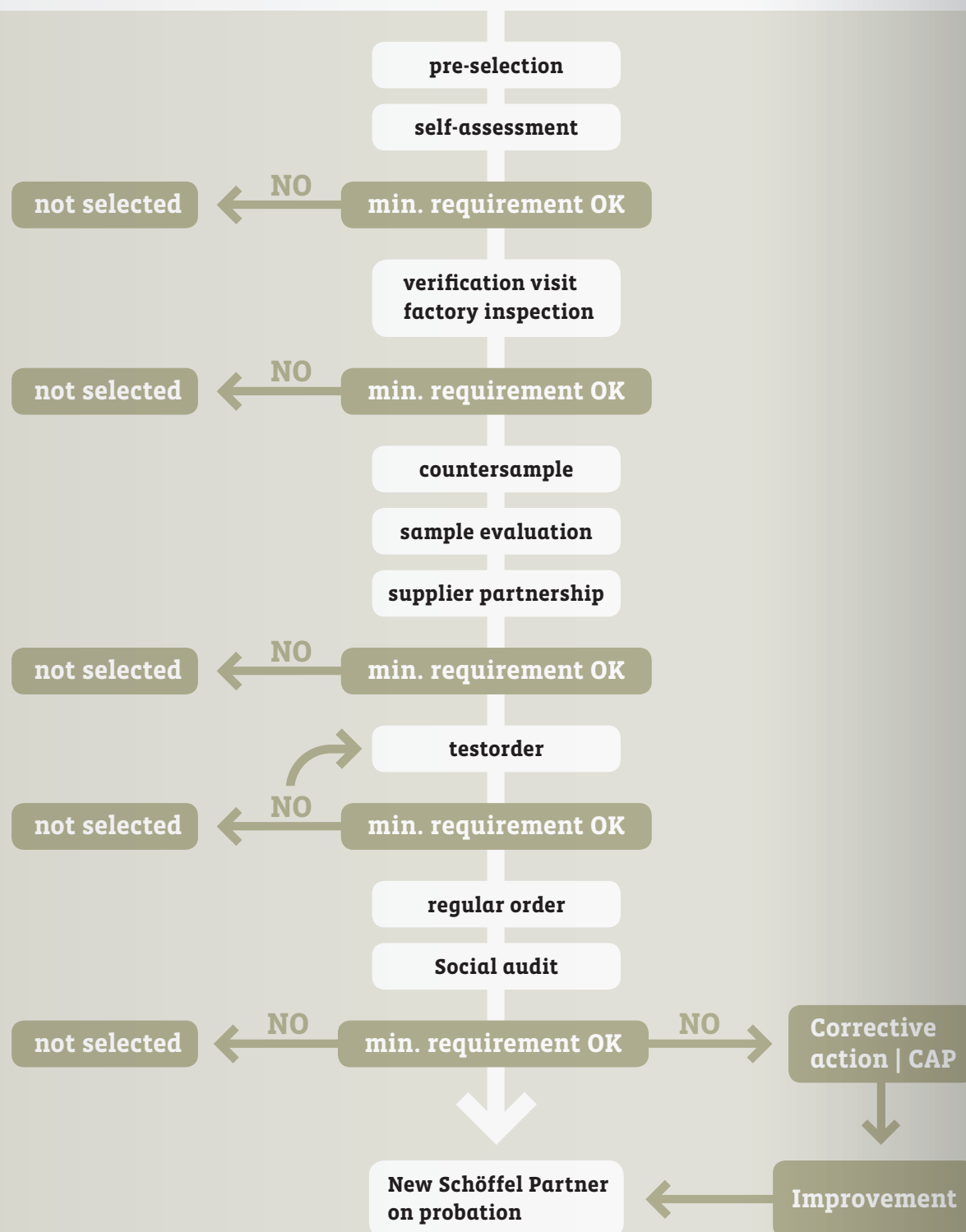
Training and sensitization of new staff and whole departments for Corporate Social Responsibility by our CSR manager.

Objectives which we seek in 2015

- | | |
|-----|--|
| 1. | Continuation of the successful implementation of the CoLP in the supply chain and integration of new suppliers in the monitoring system |
| 2. | Until the end of 2015 more than 95% of the production volume should be checked by social audits, monitoring and reviews or originate from Low risk regions |
| 3. | Expansion of acceptance and implementation of the CoLP is established in internal/external CSR trainings at the supplier |
| 4. | In 2015 further suppliers shall be encouraged to participate in the FWF Workplace education programme |
| 5. | Additional pursuit and solution of open corrective actions |
| 6. | Analysis of complaints and audit results and creation of preventive measures |
| 7. | Development of measures to reduce overtime and to work towards the payment of a living wage |
| 8. | Risk assessment of new sourcing locations and integration of our monitoring system |
| 9. | Implementation of the new supplier rating system, which was developed in 2014 by a master student |
| 10. | Increase of the cooperation with other brands at shared suppliers |
| 11. | Regular CSR-trainings for internal staff and sales personnel |

Purchase and CSR

The choice of new suppliers:



Ranking makes the master

Chinese student develops new supplier quality rating system at Schöffel for her thesis project



Student Chen Liu has gained at least two new points of knowledge during her stay in Europe. For one, that fashion and function alone aren't enough: If the goal is to manufacture high-quality apparel for the long term, you are dependent on many factors. Long before you actually start the production of a collection, other essential decisions have to be made about colour, design, cut, marketing strategies, and sales and distribution policies so it can become pretty exciting when sourcing materials and during manufacturing. Where do you source the best outer and lining fabrics, who has the best components? Which manufacturer has the needed expertise to transform the specifications, stick to delivery schedules, and who has the correct logistics? Finding the suitable and reliable supplier and solidifying a positive partnership is of course part of the foundation of business and success of an outdoor apparel brand such as Schöffel. However, how do quantify and compare the performance of these partners?

To that Chen Liu can now offer quantifiable information. The 24-year-old textile engineer from Tian Jin had a very special position at the Schöffel company between July 2014 and May 2015. Together with colleagues in the Creative and IT departments at the Schwabmünchen-based company, she developed a special supplier quality rating system that looked at quality, logistics, promptness, price stability, innovation and sustainability. The young woman ended up in Bavaria at the Hochschule Niederrhein (University of Lower Rhine) in Monchengladbach in the Textile and Apparel Technology program as a part of the professional training for her master's studies. Once there, the exchange student was doubly successful: One, she successfully graduated with her comprehensive thesis work with a degree in "Management of Textile Trade and Technology". And two, outdoor specialist Schöffel needed a Ranking System that gave clear insight into the current performance levels of suppliers.

In 10 months, Chen analysed the production and sampling of three collections – Spring|Summer and Autumn|Winter 2015, Spring|Summer 2016. She investigated both materials suppliers and manufacturers. "First, I had to develop a method that listed the strengths and weaknesses of the suppliers. Then, we developed an integral scorecard for the ranking that was sub-divided into each of four primary categories and sub-categories." Quality, delivery, costs and service were examined, ranked, and then scored with points. "Based on this ranking we were able to quickly recognise where improvements were still necessary and where we were already working effectively", says Chen. "If you constantly collect the relevant data over a longer period of time, you then have a continuous and current overview of the abilities of suppliers."

And the second piece of knowledge acquired by Chen? She describes that with a charming smile: After her intensive work with the subject she is now completely sure she has found her professional home in the textile industry....

Schöffel is a bluesign® system partner

For more sustainability in the production process: The first certified apparel models will be at retail for Summer 2016



Schöffel Sportbekleidung GmbH, one of the leading European brands for outdoor and ski apparel, has been a bluesign® System-

partner since the beginning of 2014. Headquartered in Switzerland, bluesign® has the strictest standard globally for textiles regarding environment, consumer protection and workplace safety. This demonstrates the quest for sustainability in the manufacturing process.

In the textile industry, this means an efficient use of resources, minimising environmental impact and promoting innovation. As with all other industry partners, our company must allow all of the components and processes we use to be examined based on clearly defined principles.

The bluesign® system defines requirements for every step of the process chain subject to the five principles of sustainability – resource productivity, consumer safety, air emission, water emission and occupational health & safety. These criteria are based on the concept of "Best Available Technology" (BAT) and stipulate that the most state-of-the-art technology available locally will always be applied. Existing machinery and process technology will be optimised in order to maximise the environmental, economical and also technological potential of the

individual system partner. The most important goal of the system partner criteria is the continuous development and improvement of ecological efficiency without compromising functionality, quality or design.

In addition to the principles of sustainability, bluesign® system partners must fulfil the criteria regarding social responsibility. The partners are obligated to uphold the guidelines of the UN Global Compact, an international initiative supporting universal social and environmental business principles.

bluesign®-certified materials have been used in Schöffel products for a long time; however, production is in full gear working on bluesign®-certified products subject to these criteria that will be available in the 2016 summer collection.

Sustainability and social responsibility ...



...build the foundation of our business as well as how we do business. Schöffel is therefore not only a member of the non-profit Fair Wear Foundation (FWF) but also the European Outdoor Conservation Association (EOCA) as well as a bluesign® Systempartner. In its textile production process, the company also demonstrates a strong environmental sense of responsibility. The products in our outdoor and ski ranges have been completely converted to C6-based chemistry.

We offer base layers in Organic Cotton as well as the new natural SCafe fibre. For insulation and down apparel, we exclusively use duck down.

And instead of real fur we of course use only faux fur. Schöffel has joined the "Fur Free Retailer Programme", which certifies dealers without fur products or fur accessories in their range.

EOCA

An initiative of the European outdoor industry to protect and preserve endangered regions, animals and plant species. To date, the EOCA has funded some 74 projects in 32 countries through contributions and fundraising by its current membership of 110. In the seven years since it was founded, the EOCA has raised approximately 1.2 million Euros. www.outdoorconservation.eu

C6-based finishing: Another step toward fluorocarbon-free treatments

Outdoor apparel brand Schöffel has accomplished an important milestone on the path to producing PFC-free textiles as one of the first companies in the industry to do so: The entire range has been complete converted to C6-based chemistry and thus contains no PFOA (perfluorooctanoic acids). With this step, the family business based in Bavaria's Schwabmünchen has completed the total conversion in its finishes on functional jackets and pants from C8 chemistry to C6. "With this step, we have edged meaningfully closer to our big goal of wiping out all perfluorinated compounds (PFC) from the textile production process", said Peter Schöffel.

Under the label of C8 and C6 chemicals fall organofluorine compounds that are applied to textiles using various processes to make those textiles oil-

and dirt-repellent. These are qualities that make a big difference in the function and quality of weatherproof and durable outdoor product. When wearing apparel treated with these substances, there are no health risks; however, in contrast to C8, C6 contains no PFOA while maintaining the identical function. Our conversion process will culminate with the implementation of Co.

"Conversion is a step-by-step goal", stresses Peter Schöffel, "and encourages us in our strategic approach to progress systematically and deliberately until we can achieve totally PFC-free treatments."

A full-page photograph of a skier in a red jacket and yellow pants descending a snowy mountain slope. The skier is seen from behind, moving down the slope. The sky is blue with some clouds. The snow is white and shows tracks from previous skiers.

Schöffel

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