



# KJUS SOCIAL REPORT 2013

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# 1. FOREWORD BY SVEN SERENA

THIS REPORT LOOKS BACK ONTO OUR CORPORATE SOCIAL RESPONSIBILITY EFFORTS IN 2013. FOR YEARS KJUS FOLLOWED THE STRATEGY OF A COMPACT SUPPLY CHAIN WITH CLOSE AND LONG LASTING PARTNERSHIP AMONG OUR VENDORS. THIS STRATEGY MAKES MONITORING THE SUPPLY CHAIN TO A GREAT EXTENT SIMPLER WHICH REFLECTS ALSO IN OUR YEAR-END RESULTS OF 93%.

GOING FORWARD WE WILL CONTINUE WITH TIGHT PRODUCTION MONITORING AND ADDITIONAL MAKE THE PROCEDURES MORE TRANSPARENT FOR ALL KJUS STAKEHOLDERS INCLUDING CONSUMER. KJUS ALSO PARTICIPATED IN A STUDY WITH OTHER OUTDOOR BRAND ON LIVING WAGES FOR PEOPLE WORKING IN CHINA AND VIETNAM. WE'RE DETERMINED TO EVER IMPROVE FINANCIAL INCOME FOR PEOPLE WORKING WITH OUR PRODUCTS WELL BEYOND THE COMPULSORY MINIMUM WAGE FIXED BY LOCAL GOVERNMENTS.

Textile production is a very labor-intensive industry. Social responsibility in the supply chain is an important goal for KJUS. KJUS not only wants to be a fair and attractive employer to his own employees, but we also feel obligated to guarantee fair working conditions to the people who produce our products. It is a must for KJUS to know its producers and only work with partners who share our criteria with respect to modern and fair working conditions.

## **What is the Fair Wear Foundation?**

The FWF is an independent non-profit organization dedicated to improving working conditions in the textile industry. The independence of this initiative is guaranteed by a multi-stakeholder board composed of business and textile associations, unions and non-government organizations (NGOs).

## **Independent verification and evaluation of KJUS production**

As an independent monitoring body, the FWF verifies the progress of member companies in the implementation of the Code of Labor Practices. This is done through factory audits, interviews with factory workers and management, and assessments of KJUS' internal processes and workflows on which the monitoring is based.

## **Why the Fair Wear Foundation?**

There are many initiatives regarding a fair production chain. What convinced KJUS to join the Fair Wear Foundation was the credibility, independency and the comprehensive approach of this initiative. From process approach to transparency and multi-level verification, this system is based on a pragmatic management system that allows optimization in various fields.

Another very important factor for KJUS joining the FWF was the high number of other sports brands being members of the FWF. Synergies in terms of joint audits and know-how transfer are very valuable for KJUS. And last but not least, it is only through cooperation that industry wide improvement for fair working conditions can be realized.

Sven Serena, Head of Production & QC



Sven Serena, Head of Production & Quality Control



## 2. ABOUT KJUS

OUR MISSION IS TO DESIGN THE BEST UNCOMPROMISING SKI, GOLF AND OUTERWEAR. IN PREMIUM QUALITY. RELIABLE, DURABLE, AND WITH OPTIMUM PERFORMANCE.

KJUS products are the most technically advanced, made of lightweight stretch fabrics, offering superior comfort and fusing function with modern styling.

### Product Divisions

KJUS is an all-year brand offering three technical collections:

#### Skiwear Collection

The best high-tech skiwear, defining the standard of performance, superior comfort, and modern styling.

#### Golf Collection

The best high-tech golf wear. Finest workmanship, low-noise stretch fabrics fusing superior comfort with modern styling.

#### Active Lifestyle Collection

Technical apparel for outdoor sports and everyday use, incorporating the know-how of the KJUS ski collection and offering lightweight weather protection and superior comfort fused with modern styling.

### Facts & Figures

Brand established in 2000

#### Headquarters

LK International AG, Switzerland  
CH-6331 Hünenberg  
Rothusstrasse 24

#### Employees

100, of whom 65 are based at the Swiss headquarters in Hünenberg

#### Distribution

Worldwide through selected retailers in 32 countries. In Austria, Germany and USA we have our own subsidiaries.







### 3. SUMMARY: GOALS & ACHIEVEMENTS 2013

IN APRIL OF 2012 KJUS JOINED THE FAIR WEAR FOUNDATION (FWF) IN THE FIRM BELIEF THAT WE MUST AND WANT TO ACCEPT SOCIAL RESPONSIBILITY VIS-À-VIS OUR PRODUCERS AND FACTORIES AS A BRAND AND AS AN EMPLOYER. IT IS OUR INTENT TO ACTIVELY PRACTICE AND COMMUNICATE OUR PHILOSOPHY THAT “TOP PERFORMANCE ALLOWS NO COMPROMISE” THROUGHOUT THE COMPANY AND TO EVERYONE ASSOCIATED WITH OUR BUSINESS.

2013 was a very intense year with many major challenges.

#### **Successes**

We are very glad to score within the second year of FWF membership 93% of own production under monitoring. One of our goals in 2013 was our start up KJUS Shenzhen office – R&D centre. Founding a company in China is quite a big challenge and brings some surprises with it. This new centre, with a newly founded highly skilful technical team which researches and develops exclusively for KJUS, brings us in the good positioning to support and develop very close and transparently with our suppliers especially in the far east area on one hand and on the other side Ideas and Innovations which comes from the head office in Switzerland can be very quickly supported and tested in their scope.

In 2013 we've welcome a new producer in Portugal, all CSR information steps has been implemented, CoLP is posted and workers has been informed about FWF and their concerns. We look forward to a long-lasting and good partnership.

Several audits have been carried out in 2013. Two audits leaded through FWF but nominated from our side, one in China the other one in Vietnam. Once more we could share one audit with another outdoor brand and member of FWF. Furthermore FWF from their side nominated two of our suppliers for a verification audit. Last but not least one audit has been made through another verification organisation, this audit report has been studied from our as well as FWF side and were able to accepted the audit quality, this CAP is also under progress.

Each 9 months FWF, their Swiss members and stakeholders meets to discuss FWF activities, updates from members and stakeholders and significant topics as living wages or safety on workplaces and Miscellaneous. We were proud to have the whole society in our house as organization.

#### **Challenges**

In 2013 we had 3 claims from factory workers to be recorded. Two of them are successfully solved and one is under processing. More about these claims on pages 13-15.

# 4. SOURCING STRATEGY

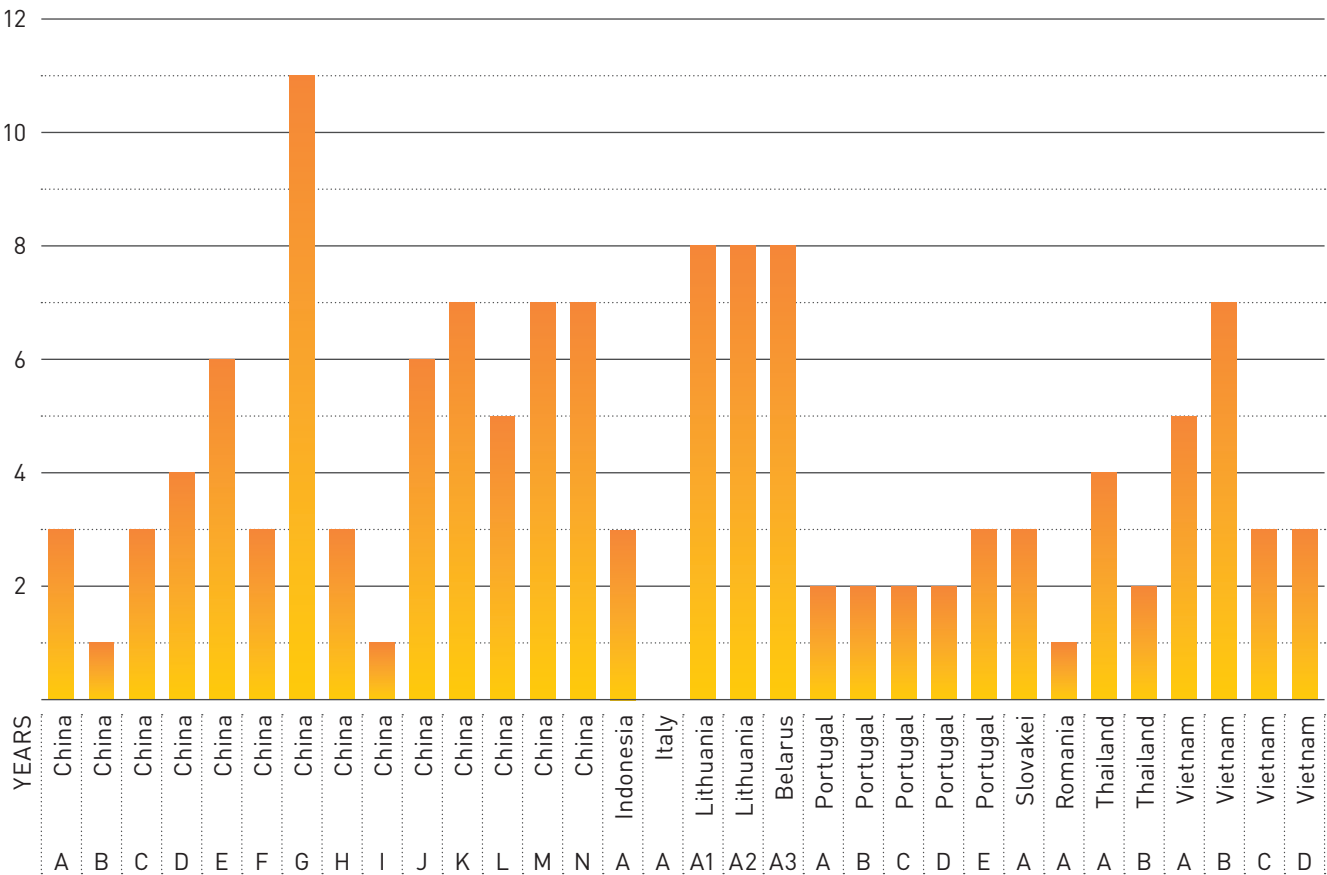
## 4.1. Sourcing Strategy

KJUS has been focusing on a sustainable supply chain since the beginning. Being a premium brand, KJUS highly depends on top quality rather than the most competitive price. A healthy give-and-take relationship with suppliers was developed from the outset when

KJUS started the brand, as the company greatly depends on long-term partners. Having a stable and high production quality is key to success. Therefore KJUS tries to keep the same suppliers and focus only on a few partners.



Average collaboration per country





## 4.2. Sourcing Pricing

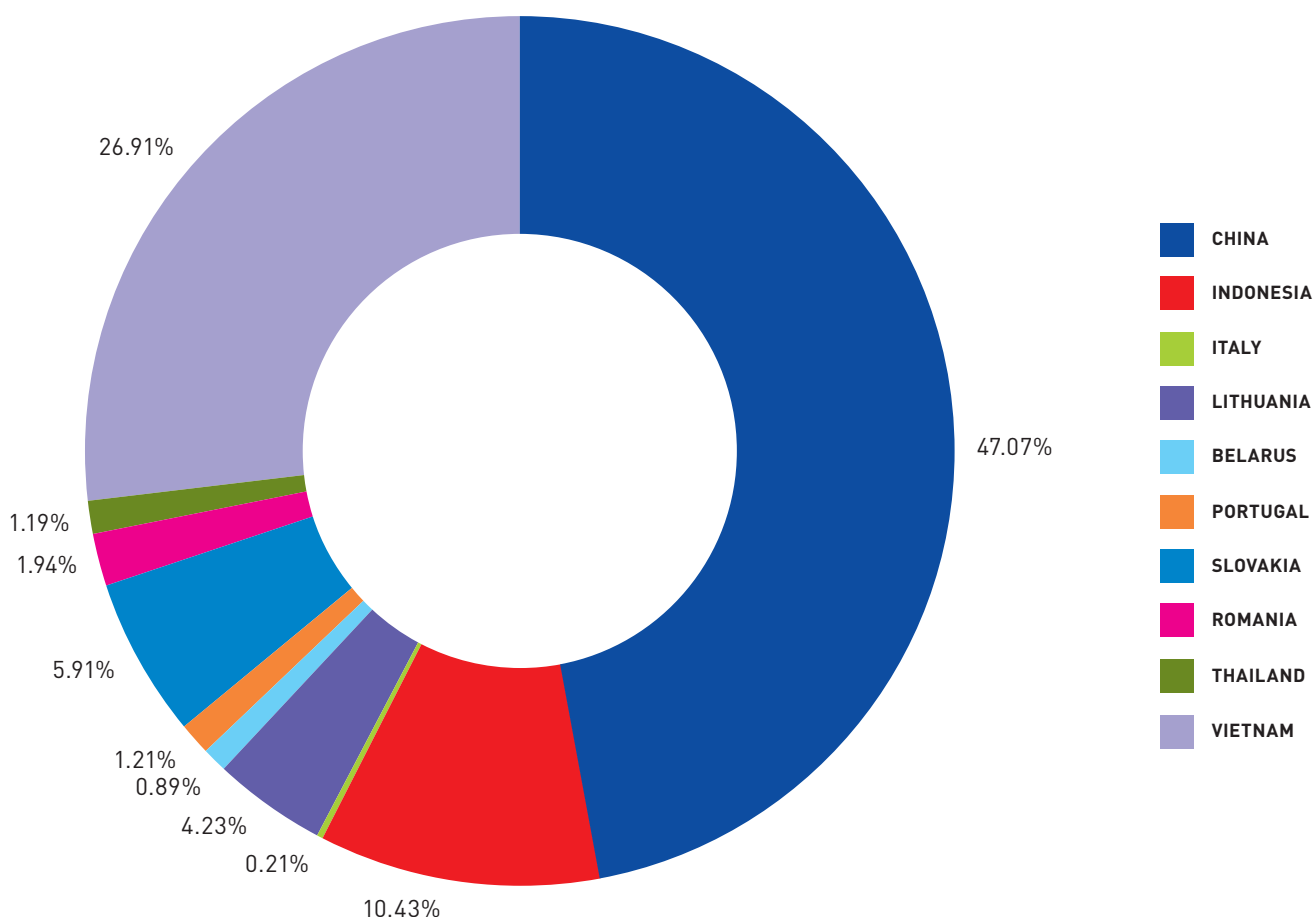
### Pricing:

KJUS is a premium brand. Hence, price is secondary to quality and performance. Nonetheless KJUS feels the price pressure more, as soaring manufacturing costs in Asia have been decreasing the margins for several years now. There is a fierce price battle, especially with regard to the outdoor products. If KJUS misses its

target prices, it usually tries to find solutions together with its manufacturers by adjusting the workmanship and by negotiating the FOB price. In fact, KJUS continuously gathers information about the cost of living in every production country and the resulting labor wages. For that reason, KJUS works closely with its manufacturing partners on the efficiency of the

styles, which will ease the price pressure again. The workers' know-how and KJUS's planned possibilities in the sample room, planned for 2013 in Hong Kong, provide a lot more details and understanding of the cost composition. This knowledge also helps to increase the efficiency on the production line, which in turn helps to come closer to the target price.

Production location based on FOB 2013 volume in %

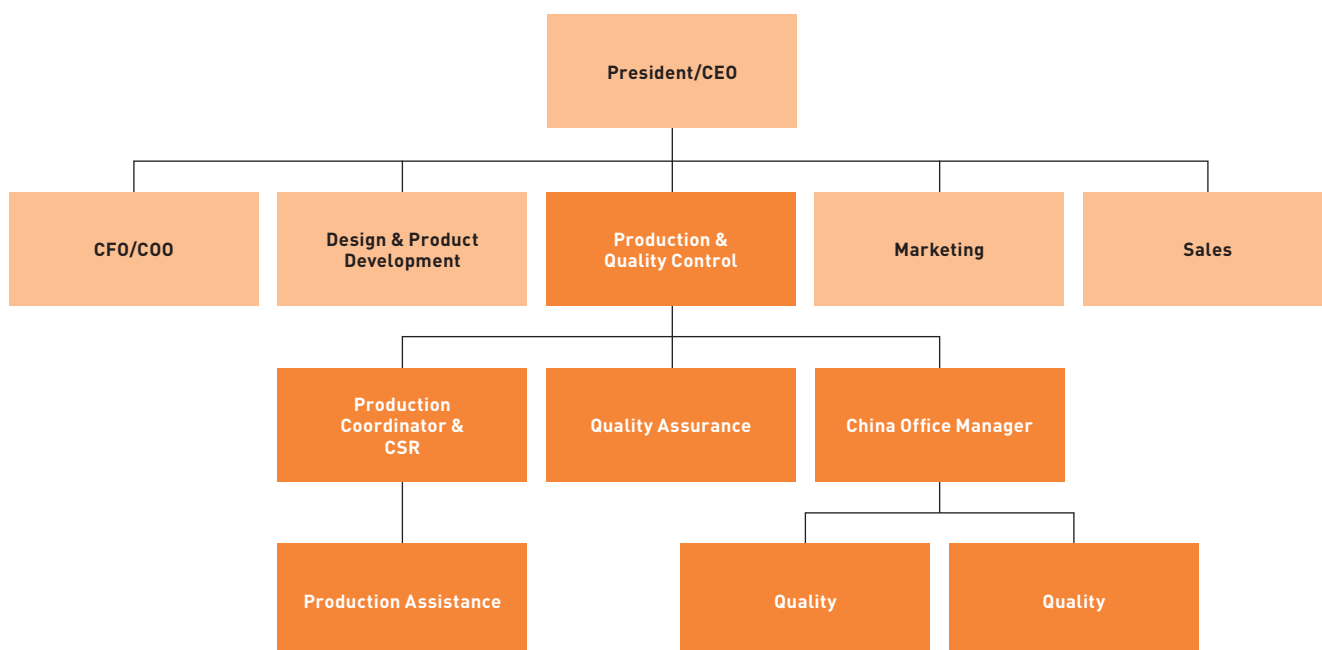


## 4.3 Organization of the Sourcing Department

### Responsibilities:

The head of production, as member of the management board, is responsible for the sourcing strategy.

Our sourcing department is combined with the production department and has a total of seven employees in Switzerland and China.



## 4.4 Production Cycle

- KJUS launches one winter and one summer collection per year. Of the combined turnover, 79.1% is generated by the winter collection and 20.9% by the summer collection. In the coming years a potential growth for the summer collection is expected.
- According to business and collection plans, KJUS starts with the factory allocation and informs suppliers about the styles and foreseen quantities for the upcoming produc-

tion season. The suppliers then need to block production capacity between March and July for the winter production and between November and January for the summer production. Based on internal forecasts, KJUS orders raw materials. Once the first official forecasts have been received from distributors and sales agencies, KJUS will pass these numbers on to the suppliers to enable them to review their planning and capacity reservations. On

the other hand, this is a security tool for KJUS to recheck the orders for materials.

- When KJUS places the official garment orders (winter 2-3 purchases) with suppliers, they receive all materials within two months. Once all materials have arrived in the factory, the supplier needs an average production time of two months which also includes quality control and packaging.



### 4.5 Supplier Relations

Factories are evaluated by their ability to produce high-quality products and are asked to complete a standard evaluation form from KJUS. KJUS also monitors the brands for which the manufacturer is currently producing garments. Secondly, a clear commitment to develop innovative products together with the KJUS internal team is required. If a company provides these points, KJUS will make a counter sample to evaluate its price level. Additionally, KJUS monitors its lead time history as well as its past delivery performance. In order to keep up-to-

date KJUS holds an annual suppliers' meeting in Switzerland with the most important manufacturing partners. From 2014 on forward this meeting is held in the Shenzhen office.

KJUS enjoys long-lasting relationships with its partners. KJUS has only been on the market for 12 years, but has had some of the same suppliers for 6 or 7 years. Over time more suppliers have entered the supply chain. The current manufacturers have been working with KJUS for an average of 4 years.

#### **Agents / Intermediaries:**

KJUS prefers to work directly with the factories. In some countries, however, like Portugal, work processes are broken down considerably and therefore KJUS works with an agent as its partner. Also, in accessories businesses, such as headwear, KJUS usually works with an agent. All agents and intermediaries are required to disclose their production sites.

### 4.6 Integration Monitoring Activities and Sourcing Decisions

In order to ensure highest quality for our summer pants we've sourced a new supplier in Europe who is able to produce our demands and needs. This factory has been recommended to us. The producer has gone through the normal procedure of evaluation and is informed about Fair Wear Foundation. CoLP is posted and workers are trained.

KJUS intends to hold on to the strategy of long-term partnerships and strictly opposes a sourcing policy based on invitations to bid where the lowest cost manufacturer is selected for one production season. With its exceptionally high quality requirements, KJUS depends on longterm partnerships. This is the only way to enable both parties to grow and benefit from one another.



## 5. COHERENT SYSTEM FOR MONITORING AND REMEDiation

THE FOLLOWING TABLES PROVIDE AN OVERVIEW OF THE AUDITS  
CONDUCTED ON SUPPLIERS ACTIVE IN 2013.





## 5.1 Supplier Overview

Factory	Collaboration starts	Collaboration ends	Supplier informed about FWF	Col P posted	Low risk origin	Volume in % 2013	Complaints 2013	Dates of FWF audits	Other accep- ted audit organisation	Last factory visit	Findings of audit outcomes	Corrective action plan CAP
CHINA												
A	2011		Yes	Yes	No	0.04%	No	Planned 2014		August 2013		
B	2012	2013	Yes	Yes	No	0.09%	No	Collab. ends 2013		n/a		
C	2010	2013	Yes	Yes	No	0.68%	No	Collab. ends 2013		n/a		
D	2010		Yes	Yes	No	4.40%	Yes	2013		October 2013	Detail in paragraph 5.2	In processing
E	2007	2014	Yes	Yes	No	0.07%	No	Collab. ends 2014		n/a		
F	2011		Yes	Yes	No	0.25%	No	No		n/a		
G	2000	2013	Yes	Yes	No	0.37%	No	FWF member		2012		
H	2011		Yes	Yes	No	0.13%	No	No		n/a		
I	2012	2013	Yes	Yes	No	0.14%	No	Collab. ends 2014		2012		
J	2008		Yes	Yes	No	1.25%	No	No		December 2013		
K	2007	Collab. ends	Yes	Yes	No	2.47%	No	Collab. ends 2014		December 2013		
L	2008	2013	Yes	Yes	No	1.89%	No	2012		May 2013	Detail in paragraph 5.2	In processing
M	2007		Yes	Yes	No	0.07%	No	No		n/a		
N	2007		Yes	Yes	No	35.21%	Yes	2012		December 2013	Detail in paragraph 5.2	In processing
INDONESIA												
A	2011		Yes	Yes	No	10.43%	No		2013	December 2013	Detail in paragraph 5.2	In processing
ITALY												
A	2012		Yes	Yes	Yes	0.21%	No	No need		n/a		
LITHUANIA												
A1	2006		Yes	Yes	Yes	2.54%	No	No need		December 2013		
A2	2006		Yes	Yes	Yes	1.69%	No	No need		December 2013		
BELARUS												
A3	2006		Yes	Yes	?	0.89%	No	No		July 2013		

## 5.1 Supplier Overview (continued)

Factory	Collaboration starts	Collaboration ends	Supplier informed about FWF	Col P posted	Low risk origin	Volume in % 2013	Complaints 2013	Dates of FWF audits	Other accepted audit organisation	Last factory visit	Findings of audit outcomes	Corrective action plan CAP
PORTUGAL												
A	2011	2013	Yes	Yes	Yes	0.20%	No	Collab. ends 2013		2013		
B	2011	2013	Yes	Yes	Yes	0.21%	No	Collab. ends 2013		2013		
C	2011	2013	Yes	Yes	Yes	0.29%	No	Collab. ends 2013		2013		
D	2011	2013	Yes	Yes	Yes	0.39%	No	Collab. ends 2013		2013		
E	2010	2013	Yes	Yes	Yes	0.11%	No	Collab. ends 2013		2013		
SLOVAKIA												
A	2011		Yes	Yes	Yes	5.91%	No	No		December 2013		
ROMANIA												
A	2011	2013	Yes	Yes	No	1.94%	No	Collab. ends 2013		2012		
THAILAND												
A	2010		Yes	Yes	No	0.87%	No	2013		December 2013	Detail in paragraph 5.2	In processing
B	2012		Yes	Yes	No	0.33%	No	2012		December 2013	Detail in paragraph 5.2	In processing
VIETNAM												
A	2009		Yes	Yes	No	2.59%	No	2013		December 2013	Detail in paragraph 5.2	In processing
B	2007		Yes	Yes	No	24.18%	No	2012		December 2013	Detail in paragraph 5.2	In processing
C	2011	2014	Yes	Yes	No	0.06%	No	Collab. ends 2014		n/a		
D	2011	2014	Yes	Yes	No	0.08%	No	Collab. ends 2014		n/a		

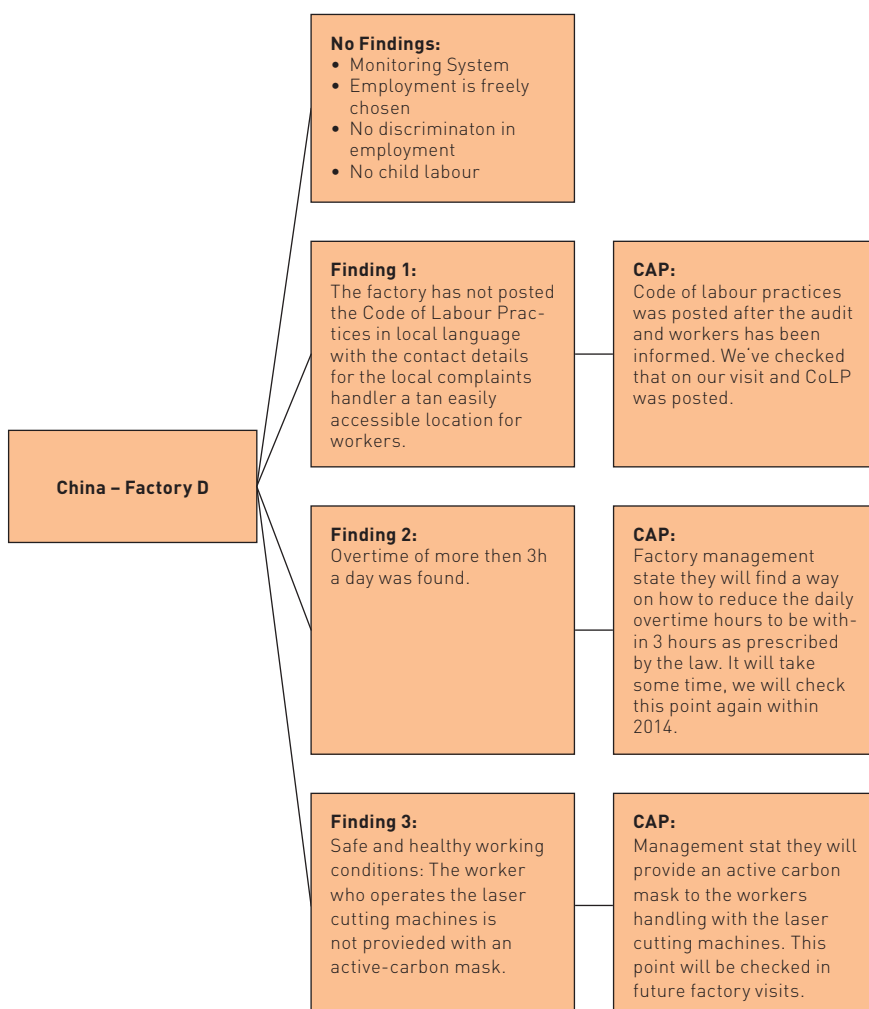


## 5.2 Audits 2013 and findings of Labour Standards

### China Factory D:

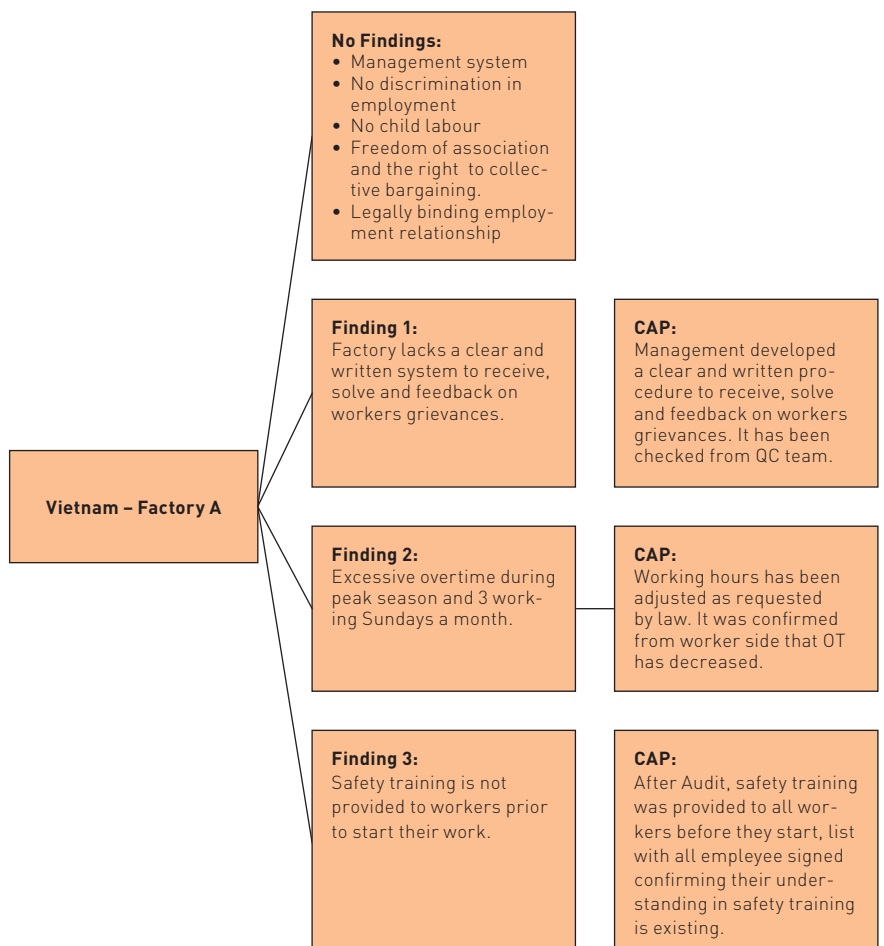
In 2013 one factory in China was audited. We started work with them 51/2 years ago and could always count on a good partnership and cooperation. We frequently visit this factory for quality inspection, negotiations and hand-over for new collections. This factory is very modern regards safety issues which were affirmed through this FWF audit. Unfortunately right after the audit two worker claims came up, one of them was solved very quickly and the second complain is still under checking with the factory management. We should have a final solution within middle of 2014. Details to these claims can be found at chapter 6 Complaint procedure.

FWF offers Workplace education trainings (WEP) in China, Turkey and India. Factory D agreed to participate on this training which was held in November 2013 directly in the factory. One part of the WEP training was held for factory management in the morning and workers training were held in the afternoon.



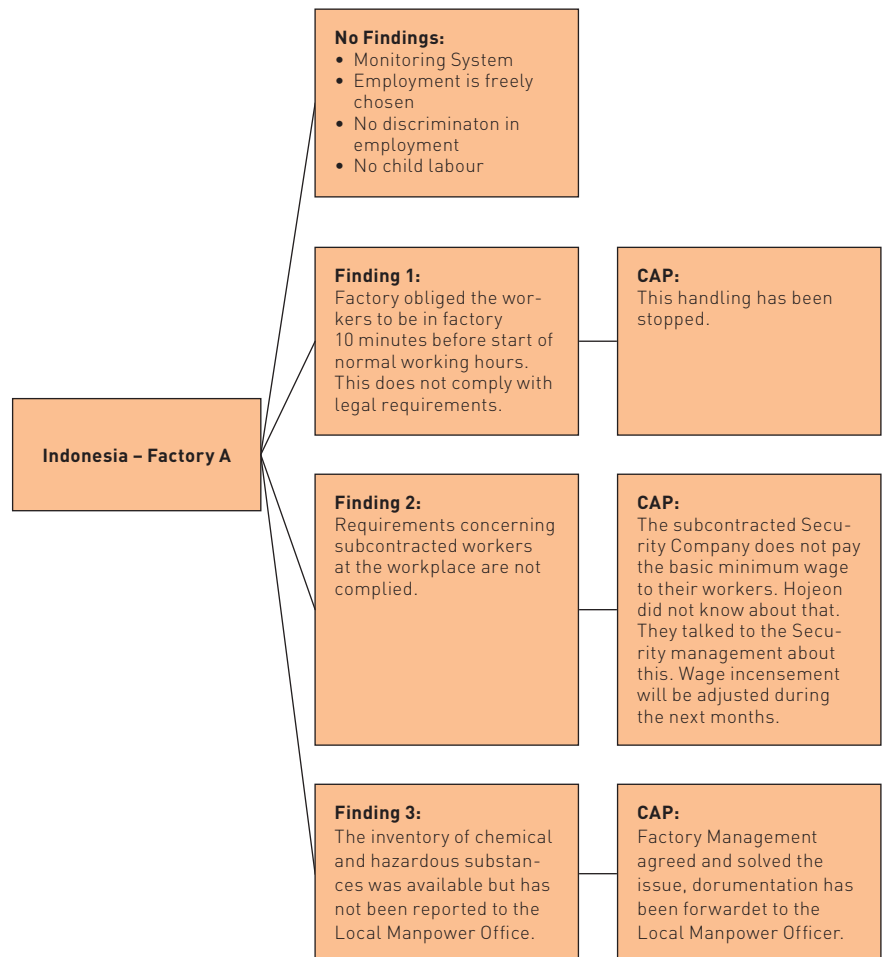
### Vietnam Factory A:

This factory in Vietnam produces for us as well as another outdoor brand with which we shared audit, outcome and the CAP. Surprisingly there has been found quite a lot of different findings during the FWF auditing. After the audit, Factory management did a really good job to improve and solve most important findings within 3 months and others within end of 2013. Wage increased and adjustment needs to be checked periodically in order to make sure that it doesn't stagnate.



## Indonesia Factory A:

Factory A from Indonesia was audited through the Better Work (BW) organisation which is a part of the Social Dialogue Sector of ILO (International labour organisation). This includes all types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers and workers on issues of common interest relating to economic and social policy. FWF corporates also with Better Work as they follow up the same social and safety objectives as FWF does. Therefore if a factory had been audited by Better Work, the audit report can be compared with the FWF audit quality assessment tool in order to make sure that all needs from FWF requirements had been verified and to see what kind of improvements is needed. These requirements and recommendations are part of our CAP which besides meetings and conversations is our working tool.



## 5.3 FWF Code of Labour Practices

THE CODE OF LABOUR PRACTICES IS BASED ON THE CONVENTIONS OF THE INTERNATIONAL LABOUR ORGANISATION (ILO ) AND THE UNIVERSAL DECLARATION ON HUMAN RIGHTS. BOTH AFFILIATES AND AMBASSADORS OF FWF WORK TOWARDS IMPROVING THE LABOUR CONDITIONS IN FACTORIES AND WORKSHOPS WHERE THE «CUT-MAKE-TRIM» STAGE TAKES PLACE, ALL OVER THE WORLD. THE BASIS OF THE COLLABORATION BETWEEN FWF AND A MEMBER IS THE CODE OF LABOUR PRACTICES (COLP). EIGHT LABOUR STANDARDS FORM THE CORE OF THE CODE OF LABOUR PRACTICES. MEMBERS OF FWF MUST COMPLY WITH THIS CODE OF LABOUR PRACTICES.



KJUS clearly communicates the policies of the FWF Code of Labor Practices to the outside. The Code is provided in English and in the local language to all manufacturers. These are required to sign and post it at an easily visible place, which is accessible to anybody. KJUS supports the internal factory training of the CoLP to ensure that all employees of every factory are familiar with the policies.

### **Employment is freely chosen**

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



### **There is 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 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)



### **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)





#### **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 Fair Wear Foundation – Code of Labour Practices 2 / 2 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.



#### **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)



#### **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.



#### **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.

## 5.4 Supplier of the Year

In October of every year, KJUS invites its producers to the headquarters in Switzerland. From 2014 onwards supplier weeks will be held in our Shenzhen office.

KJUS uses this opportunity to familiarize its suppliers with the core of our corporate philosophy: “uncompromising performance”. Naturally, a review of the past production season is also part of the program. Based on information sheets generated by the product development, production, quality control, logistics, and accounting departments, problems are jointly and specifically addressed so as to alleviate them for the next production season.

The producer with the best performance throughout the year in terms of workmanship, quality, social assurance, lead times and delivery dates, communication, innovation, and proactivity is awarded the title KJUS Supplier of the Year and receives the KJUS Supplier of the Year trophy.



This is our supplier of the year 2013: Factory B from Vietnam

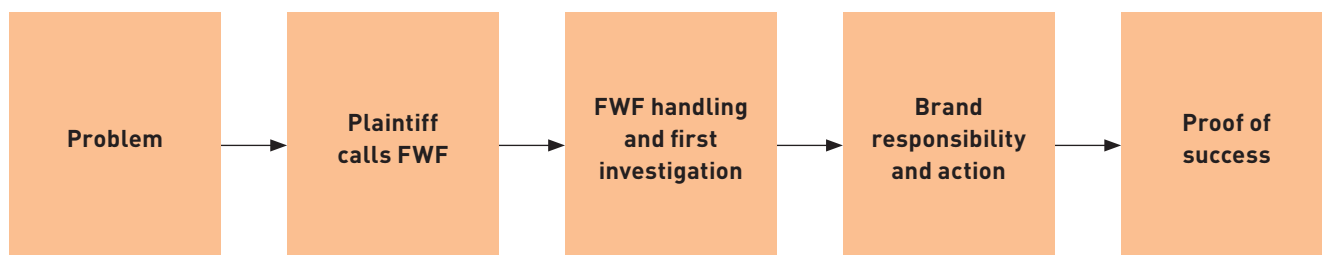
## 6. COMPLAINTS PROCEDURE

THE COMPLAINTS PROCEDURE IS AN IMPORTANT ELEMENT OF THE COLP. TO ENSURE THAT THE EMPLOYEES ARE FAMILIAR WITH THIS PROCEDURE, KJUS HAS ASKED ITS SUPPLIERS TO EXPLAIN IT IN CONJUNCTION WITH THE COLP AND PROVIDE THE LOCAL TELEPHONE NUMBER.

Not all manufacturers are embracing this step equally. For example, there are some that only provide minimal instructions to the workers and merely post the CoLP. However, most manufacturers explain the CoLP in teams.

KJUS will make use of the FWF's offer and try to arrange training with the factories and the FWF in some cases. KJUS believes that this will result in a increased sensitivity to social and safety-relevant aspects.

### Complaints procedure:



**Problem:** If a person is unsure if she/he can file a complaint about something, then the person should call the local service number mentioned below each CoLP.

**Complaint communication to the FWF:** The worker is asked to explain the problem to the contact person as detailed as possible. The person will also be asked to forward or provide more information or documentation.

**FWF handling:** The FWF in turn tries to consolidate as many requests as

possible. The FWF decides whether a complaint needs further investigation, whether the complaint is justified or whether a claim cannot be handled. In this case the FWF will explain the reason.

**Brand responsibility:** Once all necessary details are available, the FWF forwards the claim to the responsible person at the brand. KJUS is asked to contact the supplier's person in charge or management of claim procedure. KJUS will explain the event and advise the supplier on the

CoLP policies as well as the law. KJUS will ask them to seek a fair resolution to the problem with the person involved.

**Proof of success:** After a few days, the FWF will contact the person to see if the problem has had a successful outcome. If it has been solved, the complaint is completed; otherwise the FWF will review the details again with the FWF brand member to clarify with the management and reiterate the urgency of solving the problem.

## 6.1 Complaint 2013

### **Factory N from China:**

On 25 January 2013 FWF's complaints handler in China received a complaint from a worker from a factory where we produce. The complaint related to the FWF's labour standard «Legally Binding Employment Relationship».

The worker informed the local complaints handler that the factory was prohibiting her to resign from the

factory per 31 January 2013, despite earlier agreements that were made. The worker needed to leave the factory earlier, due to arrangements to visit family for Chinese New Year. Because of time pressure in this case, FWF immediately called and asked us to contact the supplier to find a solution acceptable for both management and the worker. When the FWF com-

plaints handler checked the outcome with the worker, he was informed that she had reached an agreement with factory management.

As a result of our rapid and effective action and the willingness of the supplier to facilitate a solution the case could be settled without a detailed investigation.

### **Factory D from China:**

On 25 September 2013 FWF received a complaint related to the standard «reasonable hours of work» from a worker, working for one of the supplying who produces for us.

The worker informed FWF's complaints handler that she expected that workers were not allowed off during the upcoming national holidays due to a tight delivery. At the time of the com-

plaint, the violation did not yet occur but FWF decided to contact us in order to seize the opportunity and see if the affiliate could avoid the violation from happening. At the time no production was being done for LK International AG and they could not make any delivery extensions in order to influence the situation.

When checking after the holidays, the supplier confirmed that workers had to work on one of the three days of holiday. For monitoring purposes, the complaint has been included in the Corrective Action Plan of the audit that was conducted in the beginning of September. LK International AG will further work on remediation of the Corrective Action Plan. In this specific case the plaintiff was paid correctly for working during the holiday.



## 7. TRAINING AND CAPACITY BUILDING

### 7.1. Activities to inform staff members

We inform our new workers during their training about FWF, they attain join a 60 minutes training from CSR department. One to two times a year our headquarter staff gets additionally informed about FWF news, status and performances.



## 7.2. Activities to inform agents

The communication with agents follows the same line as communication with the producers. KJUS knows each individual producer working for an agent and is also in a position to discuss potential problems during a site visit. In principle, however, we will instruct the agents to ensure that every partner has signed and posted the CoLP. We will inspect compliance with this from time to time when we visit the factories.

## 7.3. Activities to inform manufacturers and workers

The FWF is always an important agenda item for any supplier visit. Since KJUS regularly visits its suppliers, this results in a constructive ongoing dialog about current projects, improvements, any claims that may have been filed, and the opportunity to provide additional training.

For the coming year 2013, KJUS is planning to arrange its own FWF training at a few selected factories where a FWF person will instruct workers from various areas, such as garment sewers, warehouse workers, office employees, as well as managers.



## 8. TRANSPARENCY & COMMUNICATION



Transparency is crucial for our credibility and accountability regarding the production process. In 2013, KJUS used the following tools for external communications:

- KJUS website, Brand Performance check and Annual Report
- KJUS E-newsletter B2B & B2C
- KJUS B2B & B2C catalogue
- Press releases

Our goal is to achieve the FWF ON garment status within end of 2014. Then we are able to communicate FWF through our garments, on labels or hangtags.

## 9. STAKEHOLDER ENGAGEMENT



Payment of a living wage is a key point in the FWF Code of Labor practices – and one of the most difficult elements to improve. Therefore, the European Outdoor Group, together with the FWF and seven members of the Fair Wear Foundation, launched this living wage study. KJUS is proud to have participated in this study.

Wages are linked to the prices that brands negotiate with factories; however, several complex questions need to be addressed to ensure that workers see actual improvement. The Fair Wear Foundation-European Outdoor Group Living Wage Study is designed to address one of the main questions: What is the relationship between product pricing and wage levels. The study will examine what happens to prices of typical products when wages are increased to meet a variety of living wage benchmarks.

KJUS and six other FWF participants from the outdoor industry provided actual cost data on a variety of products to the FWF for analysis. This is a significant milestone. The ability to forecast the impact of wage increases on the costs of real products will provide clear guidance to the entire outdoor industry on the actual effects of moving towards living wage benchmarks. Important elements of the study will also be applicable to other apparel markets. The willingness to participate and share such sensitive information indicates a serious level of commitment to the issue.

[www.fairwear.org/ul/cms/fck-uploaded/documents/policydocs/Climbingthe-LadderReport.pdf](http://www.fairwear.org/ul/cms/fck-uploaded/documents/policydocs/Climbingthe-LadderReport.pdf)



# 10. CORPORATE SOCIAL RESPONSIBILITY

WE STRIVE FOR PASSION AND FREEDOM EVERY DAY AND CREATE HIGH-QUALITY PRODUCTS FOR THOSE WHO SHARE THESE IMPORTANT VALUES WITH US. WHILE DOING SO WE ARE FULLY AWARE THAT THIS KIND OF FREEDOM IS NOT AVAILABLE TO EVERYONE – ESPECIALLY NOT TO MANY CHILDREN.

Therefore KJUS is committed to supporting charitable activities granting children access to sports activities. KJUS supports the «Turtle Ridge Foundation» ([www.turtleridgefoundation.org](http://www.turtleridgefoundation.org)) of our brand ambassador Bode Miller. Furthermore, KJUS – and Lasse Kjus personally – support organizations, such as «Right to Play» ([www.righttoplay.com](http://www.righttoplay.com)). Like Bode, Lasse and «Right to Play», we strongly believe that through the power of sports and play it is possible to create a healthier and safer environment for children.

KJUS is also a member of the «Helfetia» organization, a foundation dedicated to skiing and winter sports, giving kids and teens the opportunity to learn skiing and introduce them to the sport that we all love so much.

