



Fair Wear Foundation

Management system audit report
Mammut Sports Group
October 2011

FWF member since:

October 2008

Sources of information

Interview with Josef Lingg (Chief Supply Chain Officer)

Interview with Markus Jaeggi (Head of Purchasing)

Interview with Mick Farnworth (FWF contact person/Purchasing Hardware)

Interview with Corina Zanetti (CSR Manager)

Annual report and work plan

Archived documents

Database FWF

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Management System Audit – Mammut Sports Group – October 2011



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Introduction

In October 2011 Fair Wear Foundation (FWF) conducted a management system audit (MSA) at Mammut Sports Group (Mammut). The MSA is a tool for FWF to verify that Mammut Sports Group implements the management system requirements for effective implementation of the Code of Labour Practices, as specified in the FWF Charter.

Starting point for the MSA has been the work plan for 2011. FWF tailored the MSA to the specifics of the management system of Mammut Sports Group in order to assess the key issues of interest. During the MSA, employees of Mammut Sports Group were interviewed and internal documents have been reviewed.

FWF developed this report on the basis of findings collected during the MSA. The report contains conclusions, requirements and recommendations. If FWF concludes that the management system needs improvement to ensure effective implementation of the Code of Labour Practices, a requirement for improvement is formulated. The implementation of required improvements is mandatory under FWF membership. In addition, FWF formulates recommendations to further support Mammut Sports Group in implementing the Code of Labour Practices. The numbering of the requirements and recommendations correspond with the numbers of the conclusions.

This report focuses on those aspects of the management system of Mammut Sports Group that have been identified as key areas of interest for 2011. As FWF approaches the implementation of the Code of Labour Practices as a step-by-step process, it is well possible that MSA reports of subsequent years will focus on different aspects of the management system.

FWF will publish the conclusions, requirements and recommendations of all MSAs on www.fairwear.org. FWF encourages Mammut Sports Group to include information from the MSA report in its social report.



Executive summary

Mammut meets most of FWFs management system requirements. The company is a member since October 2008. It has established a structured information system to register and update information on its suppliers and to keep the management informed. Furthermore Mammut Sports Group has developed newsletters to keep their employees and suppliers updated on the integration of CSR in their policies.

Mammut maintains a business relation for more than 5 years with suppliers accounting for more than 75% of its total purchasing volume. It is the company's policy to maintain a stable supply base. 33,7% of the production is sourced in low risk countries (Latvia, Portugal, Ireland, Germany, Italy), 62,6% in high risk (China, Turkey, Vietnam, India and Romania), 3,7 % is sourced from a FWF member factory in China.

Since their affiliation to FWF, four factories have been audited by FWF teams, accounting for 32,2% of their production of apparel and backpacks. Another 33,7% comes from low risk countries. Two other suppliers received SA 8000 certificates. The percentage of the turnover in apparel of Mammut Sports Group that has been included actively in the monitoring system is 71,4%. With a large Chinese supplier representing 17.5% of the production volume Mammut has communicated intensively to get insight in the labour conditions in the factory. When it resulted to be difficult to open access for auditors or share information on other audit reports, Mammut has had regular discussion at management level, both in Switzerland and in China. Mammut has now received some information on the WRAP audits done recently. However, at the time of the MSA audit, Mammut was not in possession of the complete reports, and could not assess them. Therefore this cannot be counted towards the threshold, which means that Mammut does not meet the threshold of 90%.

Mammut Sports Group collected updates on the corrective action plans of the audited factories and registered improvements realised. At the factory in Turkey all the corrective actions needed were realised. At the factories in China improvements were realised on safety and health issues and the number of workers covered in the social security system had increased. It is recommended to now discuss the more difficult issues to improve like reducing excessive overtime and increasing wages step by step towards a living wage.

Mammut has been very active in promoting FWF within the outdoor industry and has engaged with other brands to cooperate at shared suppliers. Mammut arranged for a journalist to observe a FWF audit in China.

Positive findings

Conclusions

1. The company works in a very structured and systematic way, has adopted standard procedures for different steps, and provides quarterly key data on the process of implementation of the FWF Code of Labour Practices to the management. CSR issues are in a coherent way embedded in the management system.
2. For several suppliers Mammut is either cooperating already with other brands on doing audits and follow up, or is actively seeking the cooperation with other brands with whom they have shared suppliers.



1. Sourcing

Conclusions

1. Mammut maintains a business relation for more than 5 years with suppliers accounting for more than 75% of its total purchasing volume. The supplier register counts 27 suppliers. It is the company's policy to maintain a stable supply base.
2. 33,7% of the production is sourced in low risk countries, 62,6% in high risk, 3,7 % is sourced from a FWF member factory.
3. There is a system in place for taking into account CSR issues when selecting new suppliers . FWF questionnaires are collected and FWF info sheets for workers with Mammut's logo are provided.
4. In the experience of Mammut in recent years suppliers have become more open to share information on audits. In the supply base of Mammut there is one exception.
5. Excessive overtime is found in factories during audits done by FWF teams. Mammut is aware of peak periods in production at factories and their influence of the prevalence of excessive overtime. To ease production pressure on suppliers, forecasting and making reservations at suppliers is becoming more important. Mammut Sports Group shares: forecasts, confirmed forecasts, orders, and confirmed orders, on which basis the suppliers can plan capacity for production. Mammut has increased lead time on apparel orders by three weeks to reduce the need for overtime.
6. Mammut Sports Group recognizes delays in product development have an influence in possible delays in production and puts a pressure for risk of needed extra overtime. Mammut Sports Group identified also other factors as fabric delays and overbooking.
7. Mammut has put efforts in increasing knowledge about living wage, and adopted own policies on living wage. The company negotiates prices and lead times directly with suppliers. The wage component of the prices is analysed when there are price increases. If increases are because of making steps towards a living wage, Mammut is willing to accept that.

Recommendations

6. Mammut knows about the factors playing a role in causing excessive overtime. FWF recommends investigating these in cooperation with factories. After this analysis, a step-by-step plan can be drafted by the factory to bring the amount of working hours down to legally allowed levels. The plan should explain how and if and to what extent the factory can control overtime hours, and to what extent the buyer could support remediation, by for example sharing earlier information on the process of the upcoming orders, facilitating assistance in production planning and committing on cooperating the next year as well.
7. Mammut has now received some 'Wage Ladders' in audit reports. These should be starting points to discuss on increasing wages stepwise where the wage levels are below the estimates of living wages from stakeholders.

2. Coherent system for monitoring and remediation

Conclusions

1. Mammüt Sports Group has a good internal system in place, with an FWF contact person responsible for implementation of FWF related issues in the purchasing department and a responsible for CSR issues in the communication department.
2. Mammüt Sports Group has extended monitoring beyond apparel, to climbing harness, back packs and sleeping bags, and is planning to include all products (including shoes).
3. Since their affiliation to FWF four factories have been audited by FWF teams, accounting for 32,2% of their production of apparel and backpacks. Another 33,7% comes from low risk countries. From two suppliers, Mammüt has received SA 8000 certificates. Mammüt Sports Group has not received the full audit reports from the certification process, but did receive the certificates. The percentage of the turnover in apparel of Mammüt Sports Group that has been included actively in the monitoring system (low risk production units, audited production units and factories of which a recent audit report has been collected and included in the monitoring system) is 71,4%. For their main supplier, accounting for 17,5% of their production, Mammüt Sports Group has received updates on WRAP audit results, but at the time of the MSA had not received the full reports despite several requests. Mammüt has not been able to check the quality of the report with the audit quality assessment tool.
4. Corrective action plans for 6 suppliers are included in a CAP follow up registration system. The factories in low risk countries are not included in the CAP follow up registration system.
5. Mammüt has cooperated with another FWF member for an audit and the follow up of it for a supplier in China and is working closely with another FWF member to discuss labour conditions in a production unit in India belonging to the same owner as the production unit of this other FWF member. Furthermore plans are being developed to cooperate on auditing and follow up for two other factories with another FWF member and a FLA affiliated company.
6. Mammüt is encouraging suppliers to get SA8000 certification
7. Staff of Mammüt Sporting Group visit at least once a year the suppliers based in high risk countries. Staff is updated on relevant social compliance issues before they leave and relevant parts of meeting reports of staff of the purchasing department are included in the CAP follow up registration system.
8. The company requested suppliers which have been audited to send status updates on improvement issues. Suppliers are expected to provide evidence for reported improvements, such as photos or scanned copies of documentation.
9. Mammüt Sports Group has invested a lot of time in collecting existing audit reports for its main supplier. This supplier has two production units producing for Mammüt and was audited by WRAP (both locations). The factory has not shared the report, only some findings which it is working on to improve.

Requirements

3. More efforts are needed to reach the threshold of 90% of the production being either audited or coming from low risk countries. Also other audit reports can count towards this threshold, when done recently and assessed with the quality assessment tool. When it turns out that the report does not give sufficient information Mammut should discuss the missing issues separately with the supplier and if needed agree on corrective actions. When a supplier is not willing to share an audit report, or delaying sending it, the company should take decisive action and think of other steps to get insight in the labour conditions in the factory.

Recommendations

4. Mammut could include all suppliers in the CAP follow up system, to keep track of improvements realised after audit reports have been received and/or of information on whether the information sheet for workers has been posted, also for the units in low risk countries.

6./8. Mammut should facilitate the realisation of improvements at factory level. Encouraging factories to get certified is only one way. Mammut could also more actively have a dialogue with suppliers on what management systems are needed for the factories to make sustainable improvements. This can include that Mammut, next to communicating on status updates, would engage in a dialogue on the content and consider offering trainings or consultancy to actually improve issues. If not, the responsibility of realising improvements lies solely on the suppliers.

6./9. Using the FWF quality checklist can help assessing the non FWF audit reports. It should be noted that off site worker interviews and a the multi-disciplinary audit teams of FWF always check five different sources of information, have the capacity of cross checking information and dig further into specific issues (esp. wages, overtime). It is recommended to periodically make use of FWF audit teams as a means to benchmark reports from other auditing initiatives. Furthermore Mammut Sports Group should ensure themselves whether the FWF information sheet for workers is posted in the factory, as this is not included in the other reports. Mammut Sports Group should consider gathering information to be able to draw a Wage Ladder for the suppliers with SA8000 certificates, to have better insight in the wage levels in the factories.

3. Complaints procedure

Conclusions

1. There is a designated person within Mammut responsible for handling complaints.
 2. In 2010 a complaint has been received for a supplier in China, on the hours of work and payment. The intermediate report can be found here:

http://fairwear.org/images/2010-05/20100303complaints_mammut_odlo.pdf

No complaints have been received during 2011.

3. During audits with FWF teams it could not be confirmed that the information sheet for



workers with the data of the FWF complaints handler was posted. This was corrected for three of the factories, which send photo proof to Mammut.

4. Mammut received prove of SA 8000 certification for two factories. For these factories there's no proof if the information sheet is posted.

5. Mammut does not have a confirmation from suppliers in low risk countries that the information sheet is posted.

Requirements

3./4./5. Mammut Sports Group should ensure the FWF information sheet for workers is posted, with the contact details of the local FWF complaints handler.

Recommendations

3/4/5. It is recommended that staff visiting the factories check if the Code of Labour Practices is posted in an area which is freely accessible to workers and to ask for a photo of the posted information sheet for those factories that will not be visited within the coming six months.

4. Labour conditions and improvements

Conclusions

Based on results of audits carried out by FWF teams to verify improvements FWF has drawn up an overview of improvements in labour conditions in factories. The overview is annexed to this report. This overview includes results of audits by FWF local audit teams. Results of audits by other initiatives are not summarized.

Mammut Sports Group communicated on CAP's with their suppliers and collected updates with photo and documented proof.

1. An FWF team conducted a verification audit at one of the suppliers in China in 2011. There were no non compliances on forced labour, discrimination and child labour. There was no independent union active in the factory and excessive overtime was found. Not all workers were covered by the social insurance system. Mammut followed up on the CAP by asking updates from the supplier. They ensured that the OSH issues were all improved. Several other issues are still open and need agreement between the factory and Mammut on how and when to solve them.

The factory audited in 2009 and re-audited in 2011 on behalf of Mammut by a FWF team has become a FWF factory member and will now report directly to FWF on improvements realized. There were no findings on forced labour, discrimination and child labour. Excessive overtime was still found. At the re-audit it was confirmed that some OSH issues had improved, regarding emergency lights and exits. Some new issues were found, such as missing visual fire alarm for workers with ear muffs The number of workers included in the social security system had grown.



At another factory audited also in 2009 by a FWF team, no non compliances were found on forced labour, discrimination and child labour. Excessive overtime was found. Several OSH issues needed improvement, like for example emergency lights and routes and not all workers were covered in the social security system.

2. A verification audit was done at a factory in Turkey in 2009 by a FWF team. No non compliances were found on forced labour, discrimination and child labour. No findings on freedom of association, but improvements were needed on worker representation. Overtime was not included in the pay slip. No risk assessment had been done on OSH as required. Mammut has since then maintained communication on the follow up of the CAP, and has received information that all the open issues have been realized. Documents to prove this have been seen by FWF.

3. For the factories producing for Mammut in Vietnam and India Mammut received confirmation that they are SA 8000 certified.

Recommendations

1-3 Mammut Sports Group should move now towards a more active approach in the communication with suppliers on the difficult issues that need improvement, for example excessive overtime, wages and freedom of association. Next to asking the suppliers to keep Mammut updated on the improvements, Mammut should also discuss on the content of the problems and their root causes, suggesting and/or facilitating solutions. Mammut could move the focus from auditing towards factory trainings or special consultancy programs.

5. Training and capacity building

Conclusions

1. Information on FWF and the monitoring of the supply chain of Mammut is shared in newsletters for employees and in internal meetings, as for example a work shop each year for the purchasing team. Furthermore information is included in the dealer workbook.
2. Staff is sufficiently informed and aware of the FWF membership and steps taken for the implementation of the Code of Labour Practices.
3. Mammut Sports Group took a journalist to join an audit and report on it in several articles.
4. Suppliers of Mammut participated in the supplier seminars organised by FWF in 2011.
5. Suppliers of Mammut are informed through supplier's newsletter. An evaluation pointed out the information is appreciated by the suppliers. In all the newsletters there is some information on CSR.
6. Mammut Sports Group shared some (ILO) fact sheets on specific OSH issues with their suppliers to explain on some issues more in detail.



6. Information management

Conclusions

1. There is a clear procedure and designated person to keep the supplier register updated. Due to the more intensive communication with the suppliers, Mammut Sports Group has gained more insight in the actual production locations. It turns out that not all production locations per supplier had been included in the register when sending it to FWF. At the moment of the audit Mammut did have this information available.
2. Purchasing and quality staff has access to the information on social compliance per supplier. Before visits to suppliers, staff is updated on the actual state of affairs, and parts of their visit reports are included in the CAP follow up system.
3. There is a database in place with information of the status of the CAPS, for 6 factories.

Requirements

1. Include all the production units of the suppliers in the FWF supplier register.

7. Transparency

Conclusions

1. Information on FWF is on the company's website in correct wording.
2. The company has submitted the Social Report to FWF and published it on their ~~on the~~ website
3. Mammut Sports Group also posted the FWF MSA report 2010 on its own website.
4. Mammut further developed its communication strategy on CSR and introduced the We care logo. Issues related to social compliance are communicated together with the environmental issues in brochures, catalogues and newsletters.
5. Mammut took the initiative this year to take a journalist to an audit in China, to stimulate awareness of consumers on products made in China. Several articles were published by this journalist, and the photos were used in several occasions by Mammut.
6. Mammut has communicated on its FWF membership at a number of external workshops and press conferences.

8. Management system evaluation and improvement

Conclusions

1. Management discusses at least 4 times a year on social compliance in the supply



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chain, for which the quarterly management updates are used, prepared by the CSR team.

9. Basic requirements of FWF membership

Conclusions

1. A work plan for this year has been received on time.
2. The company has paid its membership fee.

10. Recommendations to FWF

Recommendations

1. Mammut would like to receive more detailed input or more strict guidelines from FWF on how to deal with non compliance issues and the CAP.
2. Mammut suggested that FWF prepare a matrix of regular non compliance issues per country.

Improvement of labour conditions				
	Audit at shared supplier in China done in 2009	Re-audit done in 2011	Audit in China in 2009	Audit in China 2011
Sourcing practices (price, lead-time, quality requirements)	No findings	No findings	No findings	
Monitoring system of FWF member company	FWF Code of Labour Practices is not posted in the factory. Factory says that it has so far not reported their on social compliance to Mammut.	FWF Code of Labour Practices is not posted in the factory.	FWF Code of Labour Practices is not posted in the factory. Management and workers are not aware of FWF Code of Labour Practices. Factory says that it has so far not reported their on social compliance to Mammut.	Factory did receive the Code, but did not post it.
Management system factory to improve labour standards	Time and payroll records are not properly kept. Factory subcontracts its printing and laundry processes to other factories. No evidence is found that these subcontractors are informed of FWF Code of Labour Practices.	Documentation kept has improved	Factory subcontracts its printing process to other factory. No evidence is found that this subcontractor is informed of the FWF Code of Labour Practices.	
Communication, consultation and grievance procedure	Factory has not informed workers on responsible for social compliance.	Workers are not aware of the FWF complaints mechanism	Factory has not informed workers on responsible for social compliance.	Workers are not aware of the FWF complaint mechanism
Employment is freely chosen	No findings	No findings	No findings	No findings
No discrimination in employment	No findings	No findings	No findings	No findings
No exploitation of child labour	No findings	No findings	No findings	No findings

Freedom of Association and the Right to Collective Bargaining	No independent union active in the factory. Workers are not aware of their right to organize	No independent union active in the factory.	No findings	No independent union active in the factory.
Payment of a Living Wage	Overtime is not compensated according to labour law. Workers are not informed on wage structure.	Not all workers receive an amount for a regular working week that is on the level local stakeholders estimate as living wage.	No findings	
No excessive working hours	Workers work in excess of the legal limit of overtime and in a certain period workers didn't get a one day rest within 7 days.	Some workers work in excess of the legal limit of overtime. Some workers did not get a one day rest within 7 days.	Workers worked in excess of the legal limit of 36 hours per month up to 88 hours in May, August and September 2009.	OT records not complete and excessive overtime is found.
Occupational health and safety	The factory needs to improve the emergency lights as well as some of the emergency exits. No ergonomic program is established in the factory.	Storing tanks for diesel and detergents should be protected from leakages. Fire alarm for workers wearing ear muffs is not visual.	The factory needs to improve emergency lights and some emergency exits. Some sewing machines are not equipped with needle guards. No ergonomic program is established in the factory.	Some OHS issues were found. First aid kits not complete, and fire extinguishers not checked frequently
Legally binding employment relationship	Not all workers are covered by occupational injury, medical, pension, unemployment and maternity insurances.	Number of workers included in social security system has grown	Not all workers are covered by occupational injury, medical, pension, unemployment and maternity insurances.	Not all workers covered by social security system.
Special remarks				

13.4 Improvement of labour conditions	
	Turkey: Audit done by FWF audit team at a factory in 2009

Sourcing practices (price, lead-time, quality requirements)	No findings
Monitoring system of FWF member company	FWF code of conduct not posted on the wall
Management system factory to improve labour standards	No findings
Communication, consultation and grievance procedure	There is a worker representative committee but regular meetings reports are not available. Only three out of four worker representatives in the worker representative committee are still working in the factory. Workers are not aware of how the health & safety committee works.
Employment is freely chosen	No findings
No discrimination in employment	No findings
No exploitation of child labour	No findings
Freedom of Association and the Right to Collective Bargaining	No findings
Payment of a Living Wage	No findings
No excessive working hours	There are signed annual leave and unpaid leave papers in the workers' files without dates. Over time payment is not included in the payslips and management could not show that over time had been paid properly.
Occupational health and safety	No risk assessment has been done on H&S by the management. After completion of all working environment checks it has to be completed. Factory year-end health unit annual report is missing. Usage knowledge of the individual protective equipment is weak. H&S Committee exists and trainings are being held according to the regulation but knowledge sharing with all workers is not sufficient.
Legally binding employment relationship	Workers are not aware of their work contract and have not received a copy of the employment contract. Overtime is identified in the work contract as compulsory.
Special remarks	

