

The background of the cover is a high-angle photograph of a vast, arid landscape. A winding stream flows through the lower half of the frame, surrounded by patches of low-lying vegetation. A single person is walking across the middle ground, providing a sense of scale to the expansive terrain. The sky is not visible, as the horizon is filled with the rolling hills of the landscape.

Schöffel

Social Report 2013

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Introduction



“Life can only be understood backwards; but it must be lived forwards.”

Dear Reader!

“Life can only be understood backwards; but it must be lived forwards.” The words of the Danish Philosopher Søren Kierkegaard could – slightly modified – also stand for our self-conception: Schöffel considers itself committed to the future – by tradition. This also was one of our reasons for joining the Fair Wear Foundation. Virtues such as affinity with nature, sustainability and quality are important criteria for decisions. For exactly these reasons we also decided to become bluesign® system partner (see pg. 36). Our pronounced sense of social responsibility towards all employees distinguishes and shapes the complete production process in Germany or abroad. While the manufacture of our function-ware lies in the hands of competent partners in Eastern Europe and Asia (see also the report on page 18 and interview on page 32), research and development still are located at the traditional headquarters in Schwabmünchen, where the company is based since 1804. Approximately 200 employees work here under one roof. In a recent large-scale employee attitude survey we have determined where we can further improve our team play.

We are happy about your interest in our Social Report 2013

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



Headquarters in Schwabmünchen:
The stronghold of design and development

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

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.

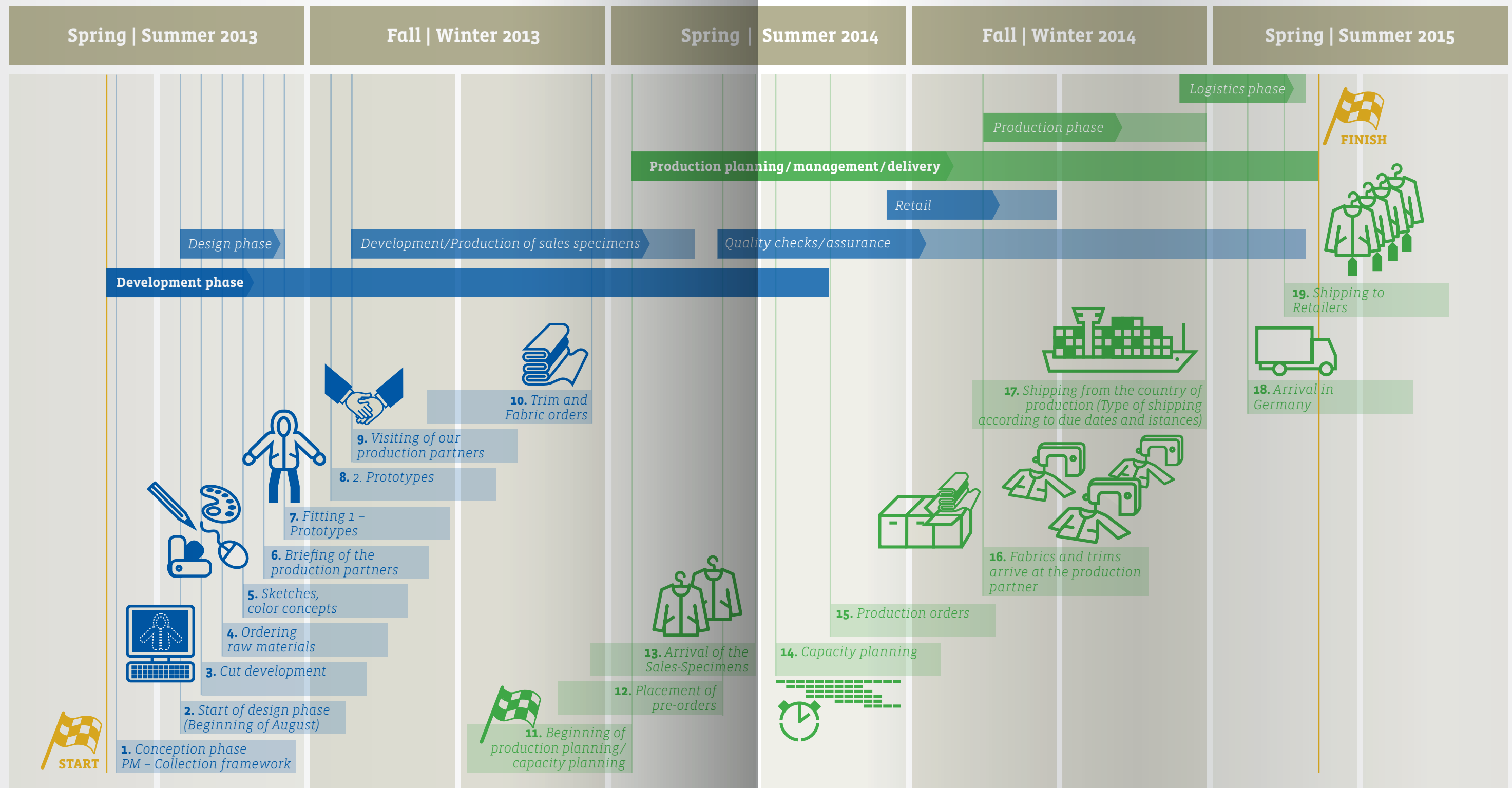
In 1804 Georg Schöffel is granted the trade concession for stockings in Schwabmünchen near the textile stronghold Augsburg. His descendents remain



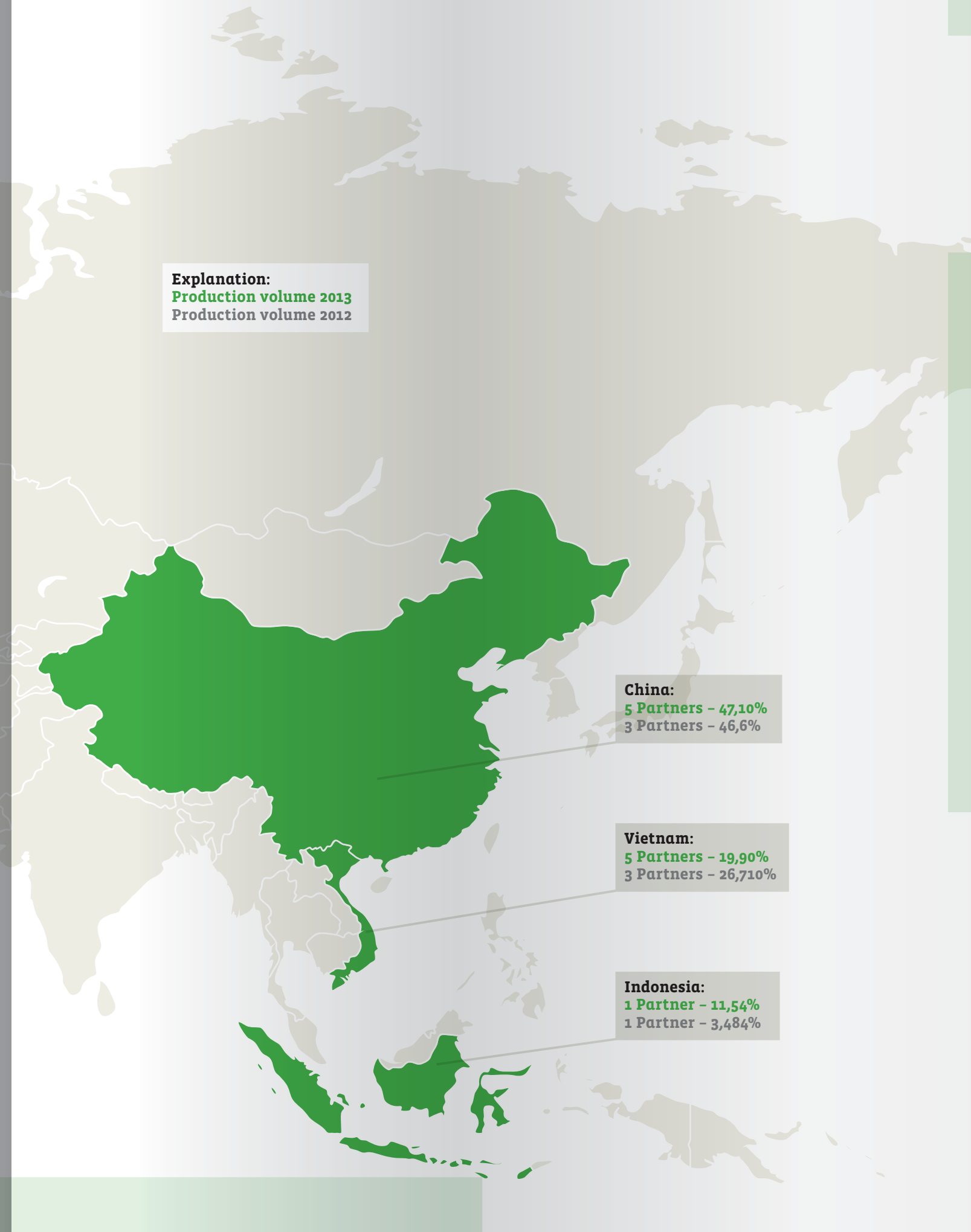
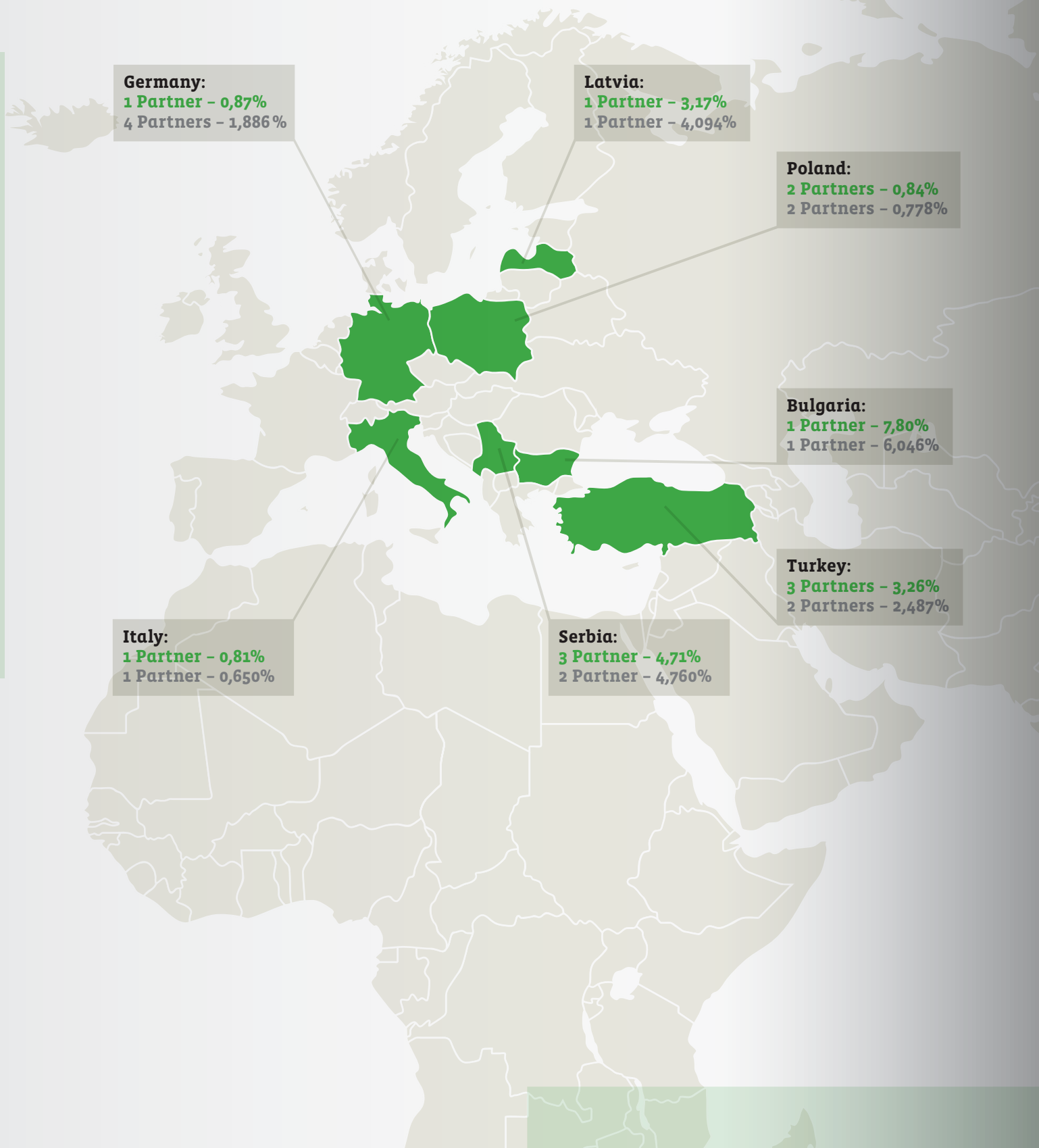
Outdoor wear
modern presentation

Production cycle

From first sketch to final Schöffel jacket



Distribution of production sites



Mastermind For Sustainability: The Fair Wear Foundation

Why Schöffel is member in the independent multi-stakeholder initiative



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."

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.

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

Exceptional in the field of cooperation: Schöffel 2013 Part of the winning trio

Sportswear outfitter receives Best Practise Award of the Fair Wear Foundation with Mammut and Odlo

Work together, submit together, win together: Schöffel Sportbekleidung GmbH, one of the European market leaders in outdoor and ski-wear was happy to be jointly awarded the Best Practise Award in the category "Best impact through collaboration" of the Fair Wear Foundation (FWF) with the competitors Mammut und Odlo in May 2013. The three manufacturers were honored for their cooperative and exemplary efforts for improving the working conditions in their production plants. As members of the independent non-profit organization the three companies have cooperatively performed audits and worker trainings at the suppliers in the last year and by that have contributed to an effective implementation of the fair labor standards.

The Award was chosen from all submitted projects in course of the annual conference of the FWF by a jury. The congratulation letter addressed at the joint winners Schöffel, Mammut and Odlo states that their cooperative efforts represent an exemplary initial booster for similar projects in the outdoor scene. With this we have once again proven the sincerity of our goal to create healthy and safe workplaces for the workers in all countries from which we draw our goods.

Such mutual trust to the manufacturing plants is the prerequisite for such projects. We are proud of maintaining long-term relations with our suppliers and manufacturers and thus to maintain the high product quality.



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)

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.



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

How the implementation of social standards & production processes are verified

FWF Audit in Serbia on 9 | 10 December 2013

“Believe, but check” – true to the to the Russian proverb the Fair Wear Audit in beginning of December took place in Serbia. Katrin Klug from the Schöffel quality assurance team participated. The inspection should serve to assess that the occupational health and safety measures within production meet the demands and guidelines. Especially this meant to find and implement ideal approaches and solutions. These also make allowances for the needs and requirements of the employees and the actual possibilities of the company.

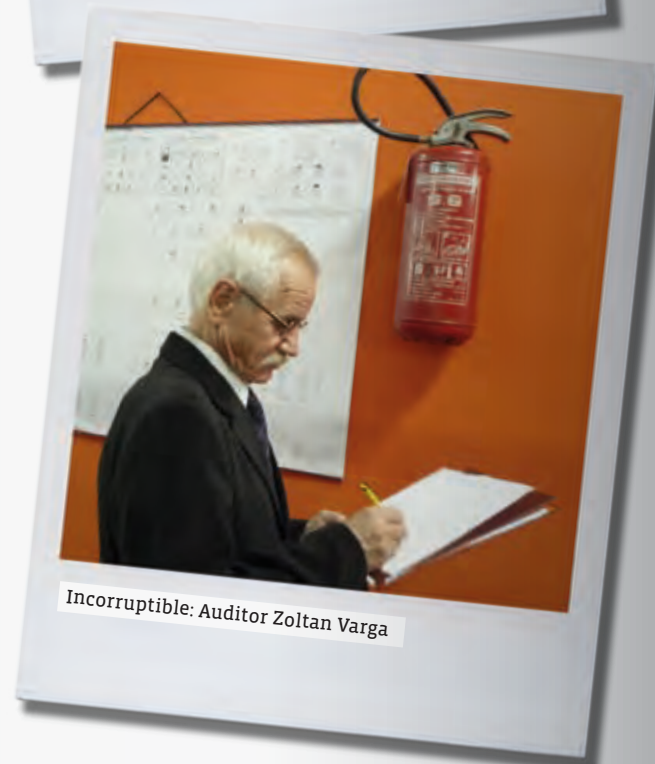
The audit was performed upon an family-run company from the Užice region close by the border to Bosnia and Herzegovina. This is a structurally low developed region with few touristic targets such as the Zlatibor mountain range with its winter sports resorts. The manufacturer employs approx. 190 employees and cooperates with Schöffel since 15 years as producer of brand skiing and outdoor wear as well as motor cycle clothing in the Professional Wear line. The audit took two days with an additional day of Offsite-Interviews.

Like for all audits conducted with the Fair Wear Foundation a comprehensive preparatory phase was established: The producer was elected and notified, the local auditing team determined the date and detailed the course of the audit. In addition the team contacted local stakeholders such as work councils and chamber of trade to gather information about the company and regional characteristics and legislation.

The three auditors from Serbia, two men and one woman (Office of TÜV Rheinland Belgrade) were previously trained according to the FWF guidelines and spoke Serbian and English.



With protective shield: Button fixing machine



Incorruptible: Auditor Zoltan Varga

Already one week ahead of the official audit date interviews with ten employees were conducted off-site of the company premises. The identity of the employees is only known to the auditing team and not passed on to the company management. These offsite interviews offer employees greater possibility and safety to discuss problems openly. During the audit the survey team was accommodated in a Hotel in vicinity of the company premises. For this reason the employees were able to additionally conduct further conversations there and thus away from the company premises and outside working hours.

Audit day 1:

At the Kick-off | welcoming meeting the participants introduced themselves and discussed the course of the routine of the day. The company director gave a short overview over the history of the company. Beside the company director and the audit team, the Social Compliance Manager, Production Manager and the Representative participated. After round tour through the company building to gain a general overview the interview of the management was conducted. After these the interviews with individual employees and the inspection of personnel files and additionally required documents took place. At the same time another member of the audit team attended to production with processes, processing stages and the respective documents. Spot-interviews with employees of different departments were conducted at their respective workplaces.

Audit day 2:

The second day of audit was completely devoted to occupational health and safety. In course of the collective round tour over the company buildings and premises attention was paid if

- protective gloves were worn in cutting department
- all emergency and escape routes are sufficiently available, marked and unobstructed
- required protective equipment at certain machines are present
- Ergonomics at the workplace or workplace design present and available

- Fire alert systems and documentation about regularly performed checks and drills
- Chemicals marked according to regulations and safely stored
- Hygienic conditions are observed

Finally the audit team withdrew for half an hour for analysis and perusal of documentation. The whole assembly convened again for the closing meeting to discuss the results of the audit and confer the suggestions for problem solution. Finally it was determined within which scope of time the respective corrective actions can realistically be implemented.

Katrin Klug – as representative of Schöffel – received the documented Audit Report as well as the CAP (Corrective Actions Plan) from the auditing team and forwarded the results to the producers. The Corrective Actions Plan serves as basis for tracking the implementation of improvements.

Schöffel conclusion:

Overall our Serbian partner was judged very positively by the auditing team and the cooperation of the management was honorably mentioned. Cause for improvement was only found in the fields of work safety and health protection. All corrective measures could already be implemented.



A safe and secure workplace: the sewing room

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.

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:

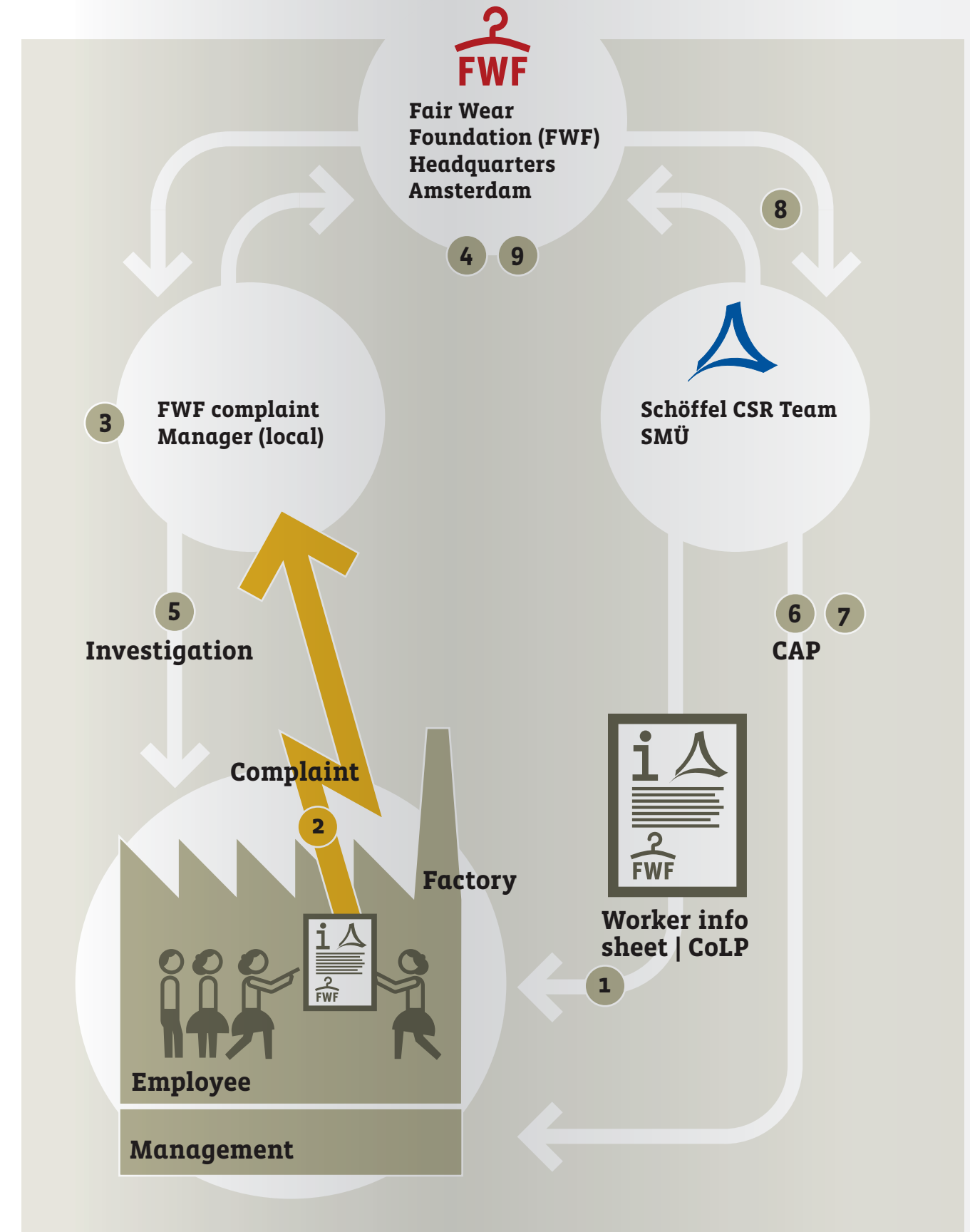
5. Investigation of the complaint

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

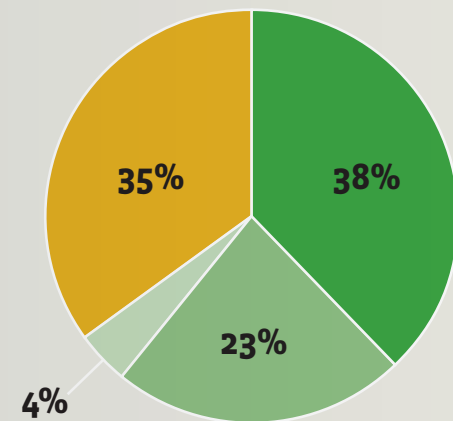
Continent	Factory No.	Factory Location	Share of purchase volume Schöffel 2011 %	Share of purchase volume Schöffel 2012 %	Share of purchase volume Schöffel 2013 %	Duration of cooperation: in years
Europe	10-017-001	Italy	0,526	0,680	0,809	6
	10-015-001	Serbia	3,842	2,669	3,136	15
	10-054-001	Serbia	2,938	2,250	1,178	6
	10-077-001	Serbia			0,400	1
	10-065-001	Poland	0,818	0,804	0,781	22
	10-006-001	Poland	0,317	0,200	0,063	9
	10-064-001	Turkey	1,833	2,177	2,374	5
	10-054-001	Turkey	0,912	0,394	0,816	8
	10-058-001	Turkey			0,065	1
	10-027-001	Bulgaria	10,552	6,249	7,797	17
	10-066-001	Latvia	0,791	2,991	2,258	3
	10-067-002	Latvia		1,241	0,915	
	10-007-001	Germany	0,923	0,991	0,868	12
Asia	10-040-001	China	15,974	10,711	29,723	22
	10-040-002	China	15,974	19,850		
	10-033-001	China	4,060	4,009		
	10-033-002	China		1,352	3,090	6
	10-033-003	China				
	10-041-001	China	4,657	1,227	13,416	18
	10-082-001	China		0,000	0,289	1
	10-002-001	China	0,579	0,927	0,581	7
	10-039-001	Vietnam	7,461	11,306	12,780	11
	10-039-001	Vietnam	11,274	9,544		5
	10-035-001	Vietnam	5,344	11,760	1,029	9
	10-022-002	Vietnam	5,545	4,540	4,945	
	10-023-002	Indonesia	5,545	3,601	11,539	9
	10-022-003	Vietnam		0,000	0,000	
	10-080-001	Vietnam		0,509	1,063	3
	10-078-001	Vietnam			0,083	1
					100 %	8,2

FWF - Questionnaire	Location with low risk	Audit 2011	Audit 2012	Audit 2013	Audit 2014	Corrective actions 2013	Training since 2011	CAP - Status
yes	yes	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
yes	no	no	no	December		yes	yes	closed
yes	no	no	no	no	no	n.a.	no	n.a.
	no	no	no	no	yes	n.a.	no	n.a.
yes	yes	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
yes	yes	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
yes	no	no	September			yes	yes	closed
yes	no	no	no	no	no	no	no	n.a.
yes	no	no	no	no	yes	no	no	n.a.
yes	no	no	no	no	yes	yes	no	partially open
yes	yes	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
yes	yes	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
yes	no	June	April			yes	yes	partially open
		June				yes	yes	partially open
yes	no	no	May			yes	yes	partially open
yes	no	no	May	July		yes		partially open
yes	no	no	no	July		yes	no	partially open
			September	no		yes	yes	closed
yes	no	no	no	no	no	n.a.	no	n.a.
yes	no	no	no	no	no	n.a.	no	n.a.
yes	no	October			yes	yes	yes	closed
yes	no	October			yes	yes	yes	partially open
yes	no	no	no	no	yes	yes	yes	partially open
		no	no	June		yes	yes	partially open
yes	no	no	no	June		yes	yes	partially open
		no	no	no		yes	no	closed
yes	no	no	no	no	no	yes	yes	partially open
yes	no	no	no	no	no	no	no	n.a.
100%								

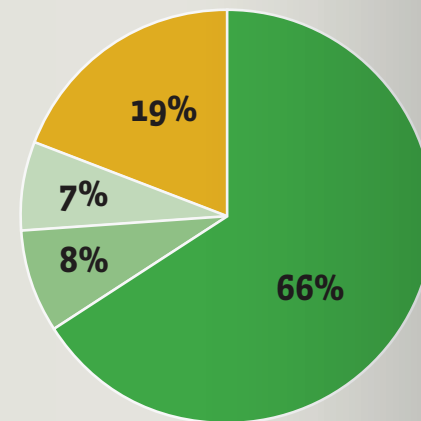
Monitoring and training measures in comparison

Monitoring measures

2011¹



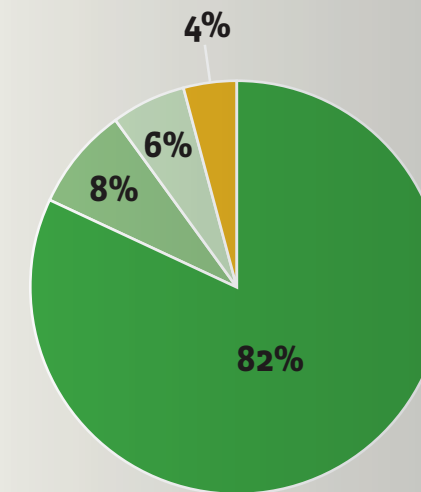
2012²



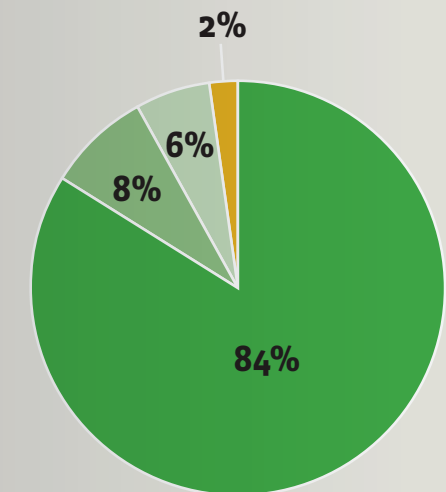
Explanation

¹Volume distribution based upon volume of orders 2010
²Volume distribution based upon volume of orders 2012

2013³



planned 2014³



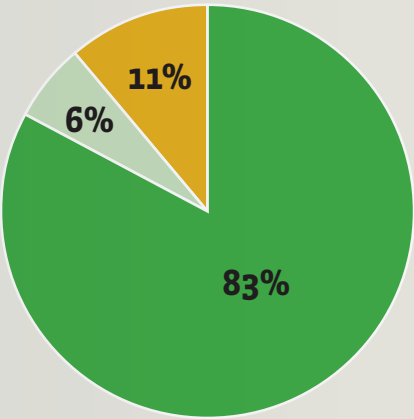
Explanation

³Volume distribution based upon volume of orders 2013

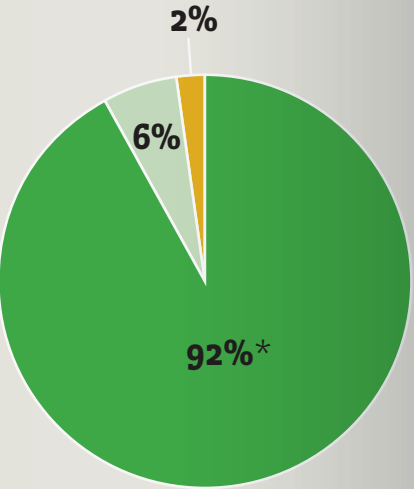
- **Social audit**
 - Own audit conducted, Corrective Action Plan (CAP) created
 - FWF verification audit performed
- **CAP monitoring:**
 - Existing audit reports/CAPs evaluated,
 - Exchange of information with other companies
 - Execution of corrective measures checked
 - Schöffel CSR Team visited 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 measures

Training procedures since 2011



planned for 2014



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)
- 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

*Training 2011 | 12 | 13



Objectives which we achieved in 2013

Objectives	Measures Realization
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 2014.
2. Until the end of 2013 90% of the production volume should be checked in social audits, monitoring and reviews or originate from Low Risk regions.	2013 suppliers of approx. 22.68% of the production volume were checked in 5 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. Fulfillment of remaining incomplete corrective measures	Almost half of the pending corrective measures could be fully closed in 2013 and for the remaining the improvement processes triggered. This will be verified in further audits in 2014 and checked in regular visitations on-site.
4. Encourage additional suppliers for training and further implement the contents learned	In trainings and corrective measures suppliers are brought closer to the goal of establishing and erecting effective management systems on their own to identify and remedy non-compliances in self-examination.
5. Enhance management and rating systems	The internal management system was further enhanced and consolidated, regular reporting to management as well as briefings about the current CAP Status performed for all employees traveling or abroad.
6. Customer information about FWF measures and work guidelines	Customers were notified about FWF measures and the topics of CSR by means of the sales staff trained in 2012. In addition the Social Report 2012 was published on the internet page.

Other targets which were additionally achieved

The cooperation with several companies (FWF members as well as non-members) was successfully followed through and intensified over 2013.

And in 2013 the stake-holder dialog was also continued. Not only the topic work conditions in the countries of production, but also in management of harmful substances. These topics were discussed in industry-wide task forces.

Implementation and sensitization of new employees to the topic of Corporate Social Responsibility (CSR) in internal trainings.

Objectives which we seek in 2014

1.	Continuation of the successful implementation of the CoLP in the supply chain
2.	Until end of 2014 more than 90% of suppliers should be examined in social audits, monitoring and inspections 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 suppliers
4.	In 2014 further suppliers for the FWF Workplace shall be introduced into the education program
5.	Additionally pursuit and solution of open corrective actions
6.	Introduction of an effective analysis system of the audit results
7.	The cooperation with competitors at common producers.
8.	Effective further development of complaint management
9.	Customer information about FWF measures and work guidelines



Implementation and supervision of social standards (CoLP)

The strategy at Schöffel is founded upon three pillars:

Communication and stakeholder 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

Audit results and implementation progress per region|Country of the production partners 2013:

China, Category “Increased Risk:”

- Production partner manufacturing in 12 sewing workshops.
- Average duration of cooperation with partner: more than 10 years
- Annual purchase volume for Schöffel: 47.10 %
- Audits since 2011 = 8
2011 = 2 | 2012 = 4 | 2013 = 2 | Plan 2014 = 1
- Training: 1 partner participated in the pilot training in 2012
- All partner companies are included in the monitoring program.
- Visitation by 2 partners on location by the CSR Schöffel Team.

Summary Compliance Status:

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

It was possible to amend one violation regarding formation and establishment of independent worker's unions at one partner and at another an improvement procedure was initiated.

Furthermore the non-compliance issues with overtime working hours and payment of living wages was in the focus. First steps have already been taken and implemented for overtime reduction.

19 deficiencies in occupational safety and health conservation were noted of which the majority already could be remedied.

In 4 audits deficiencies regarding the region-wide coverage of social insurance for employees were found, the employees in all companies were instructed and informed about the value and respective insurances contracted or the employees encouraged to conclude these.

In almost all audits it became evident that the upstream suppliers had been insufficiently briefed by the manufacturers and the implementation of the CoLP had not taken place. In the meantime all sub-contractors have been included into the monitoring. Deficiencies in the area of communication and complaint management could be improved by installation of complaint boxes for the employees and additional trainings.

The training jointly conducted with a competitor at a supplier in 2012 has also contributed to implementation and deeper grasp of the CoLP within the factory.

Vietnam, Category “Increased Risk:”

- 5 production partners with 5 sewers
- Average duration of cooperation with partner: 6,6 years
- Annual purchase volume for Schöffel: 19.90 %
- Audits since 2011: 5
2011 = 1 | 2012 = 2 | 2013 = 2
Plan for 2014: 2 verification audits by the FWF
- For 4 partners we cooperate with our competitors for implementation of the CoLP and tracking of corrective measures. The cooperation with a new partner was, due to deficiencies in the quality standards of supplied materials, terminated in 2013.
- All partner companies are included in the monitoring program.
- Visitations by the CSR Team by Schöffel for all partners since 2011.

Summary Compliance Status:

No violations of the topics forced labor, child labor and discrimination were found. In course of audits performed in two factories young employees

between 16 and 18 years were noted. There the manufacturers could be sensitized to the special aspects of the employment of young personnel and consequently compliance with legislation ensured. Regarding the topic of payment of living wages our Vietnamese manufacturers show varying results with 3 companies paying wages above minimum wage level and one company with deviations below the minimum wage level and thus corresponding need for improvement. Additional need for discussion and problem resolution is evident for all suppliers concerning reduction of overtime hours.

The found deficiencies in occupational and health safety could be to greatest extent be improved and closed.

It is pleasing to note that for a Vietnamese supplier in cooperation with a competitor all deviations detected in the audit from the CoLP could be addressed and cleared.

Indonesia, Category “Increased Risk:”

- 1 manufacturer
- Average duration of cooperation with 9 years
- Annual purchase volume for Schöffel: 11.54 %
- The manufacturer was audited in 2013 in joint cooperation with a competitor. Cooperatively the corrective measures are worked out.
- Since 2011 there were 2 visits by the Schöffel CSR-Team on location.

Summary Compliance Status:

No violations respective to forced labor, discrimination, child labor, freedom of association or incorrect employment contracts were found.

One violation in form of discrimination was remedied by removing preferred gender and age.

The 11 determined safety issues were corrected following the audit and shall be checked for correctness in upcoming visits on-site.

In the meantime also all subcontractors and sub-suppliers have been notified and included into the monitoring. Establishment of living wages is currently work in progress.

Non-compliance issues with overtime working hours are under observation, documentation and solutions are under development. The company has already developed a self-inspection system which is successfully established and applied.

Europe, Category “High Risk” Turkey:

- 3 production partners with 3 sewing workshops
- Average duration of cooperation with partner: 4,6 years
- Jährliches Ordervolumen für Schöffel: 3,26 %
- Audits: 2012=1 | Plan 2014: 3
- One WEP training of this partner is planned for 2014.
- All partner companies are included in the monitoring program.
- In cooperation with a competitor and the manufacturer an employee complaint could be resolved. Overtime hours were reduced by achieving greater production capacities through purchase of machines and creation of jobs.
- 2 Partners were visited 2013 by Schöffel-Sourcing on site

Summary Compliance Status:

No violations respective to forced labor, discrimination, child labor, freedom of association or correct employment contracts and freedom of association were found. Wages are above statutory minimum, but further improvement is still necessary.

Overtime hours were reduced by achieving greater production capacities through purchase of machines and creation of jobs. In addition further improvement in documentation and calculation of overtime hours were made, making these more comprehensible for the employees.

Improvements to occupational safety were also noted for the audited partner. A responsible team was appointed and regular trainings conducted.

The next step will be the introduction of an analysis system for accidents on the job.

Serbia:

- 3 production partners with 3 sewers
- Average duration of cooperation with partner: 7,3 years

- Annual purchase volume for Schöffel: 4.71 %
- One partner was audited in 2013
- One further partner in Serbia is scheduled for 2014
- All companies are included in the monitoring program.
- The CSR-Team of Schöffel has visited a partner on location in 2013.

Summary Compliance Status:

In total the results of the audit at our Serbian company was highly pleasing and the working situation at production was appraised as very positive. Additionally the level of cooperation of the management was deeply appraised.

Irregularities sometimes appeared for occupational and health safety as well as communication. All could be resolved in the meantime.

Bulgarien:

- 1 manufacturer
- Average duration of cooperation with 17 years
- Annual purchase volume for Schöffel: 7.80 %
- One audit of this partner is planned for 2014.
- Jointly with competitor(s) corrective plans for improvement based upon a FWF audit performed in 2011 was devised and pursued. In 2013 the manufacturer was visited by differing Schöffel employees.

Summary Compliance Status:

No violations respective to forced labor, discrimination, child labor, freedom of association or incorrect employment contracts were found. Of 15 detected occupational and health safety deficiencies were successfully closed in 14 cases.

It was noted that the subcontractors in charge were insufficiently briefed about the code of conduct. This issue is being handled. Further improvement is required in calculation and clearness of overtime work and production volumes.



Our production: sustainable and environmentally aware

Questions to Georg Kaiser, Division Manager of Purchase & Logistics



Shoptalk: Georg Kaiser (l.) talking with
Ulrich Maeder, Chairman Polymax Group

The manufacture of functional outdoor wear is subject to its own laws (e.g. equipment). **What must a manufacturer like Schöffel observe when choosing manufacturers and suppliers? How big is the actual influence to the working conditions?**

First of all it's important to pay attention to the wording. Schöffel considers suppliers to be the source of our fabrics, the basis of our production. From these materials the upstream manufacturers then sew our high-grade Schöffel garments. All materials intended for later application are examined for function and environmental compatibility here

in Schwabmünchen. Height of water column, wash-resistance – much is tested here in-house, some thing in special laboratories which possess the required know-how. Our equipment is fully based upon C6 chemistry and therefore is free of PFOA (Perfluorooctaneacid). Only as soon as the material meets our quality requirements is can be processed further by the manufacturers. In addition as new bluesign® system partner we are expected to develop the products with greatest possible degree of contaminant freedom and ensure highest possible level of environmentally and resource friendly manufacture.

The manufacturer, on the other hand, must have the required equipment and technological accessories on hand to be able to process and machine our fabrics according to the test results. The machine-park and capacity capabilities must match. The diligent tests naturally result in longer manufacturing processes. This applies solely to technical issues, though. Already our membership in the Fair Wear Foundation makes our impact upon working conditions quite high. Our (prospective) upstream manufacturers must be willing to subject to the audits – otherwise no contract is concluded. And this generates great influence, indeed, as we see every company and talk to the employees. Above this we expect very much from the new database which the FWF is compiling and which will prove very useful in preselecting prospective new upstream manufacturers.

Schöffel cooperates with some of the same partners since many years. **What distinguishes a good partnership for this area?**

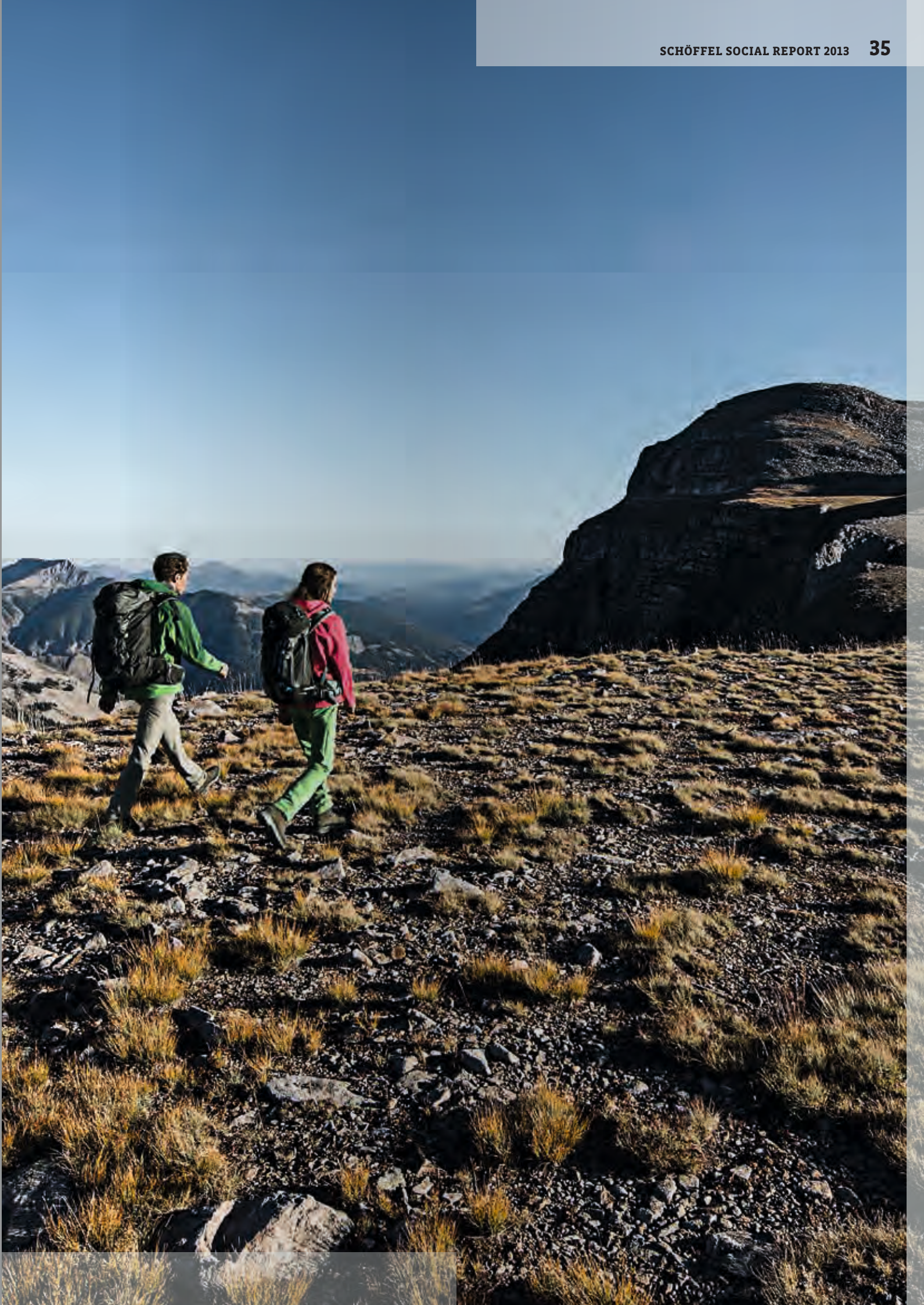
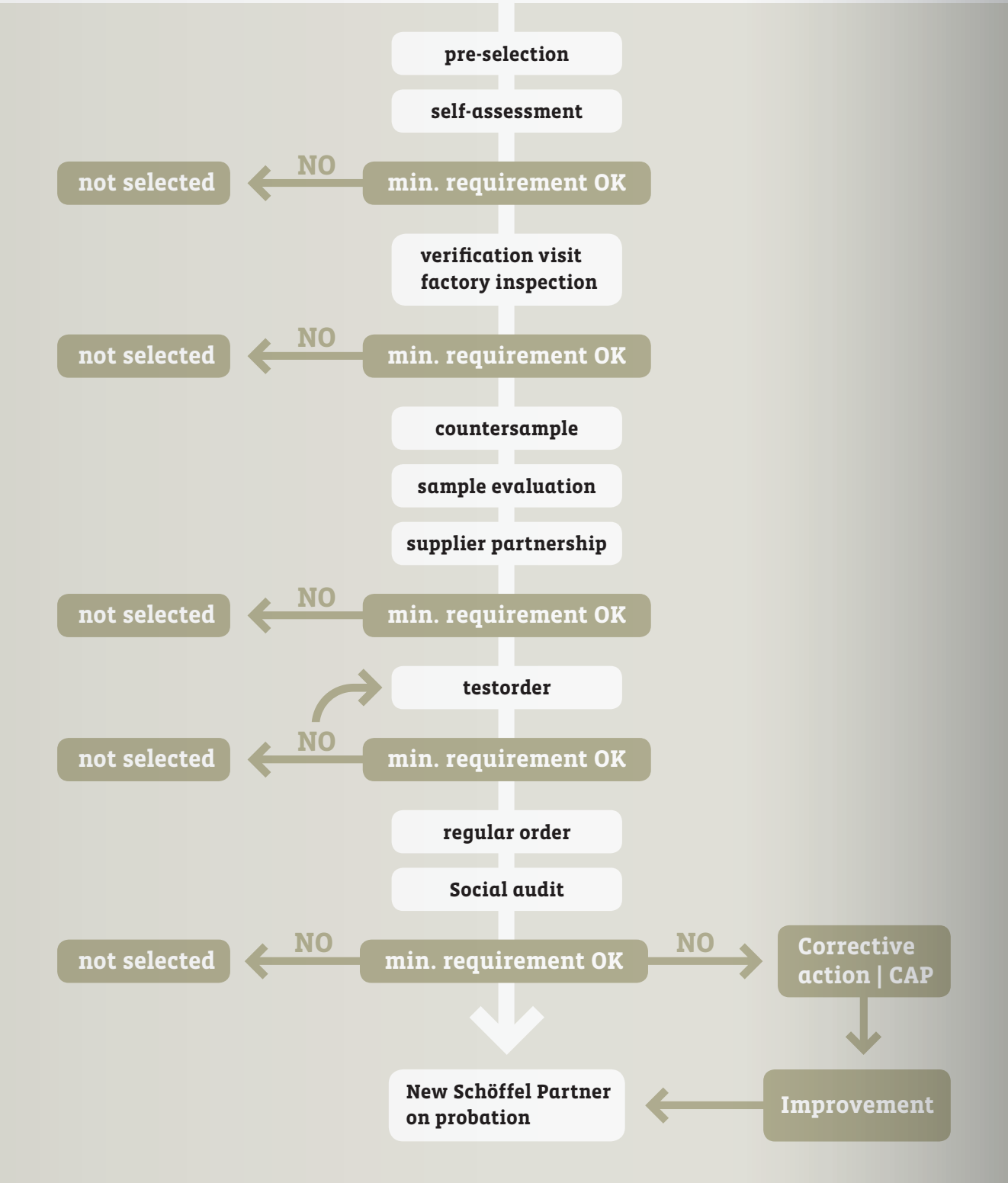
With four to five large manufacturers Schöffel covers approx. 90% of manufacture. With long-term partners you know what you have and thus can rely upon quality of processing and workmanship as well as observance of good working conditions. Consequently, though, countries of manufacture exist which we currently rule out be default, as we consider the probability as too low that these would meet our respective preconditions. This doesn't mean, though, that we wouldn't – in the truest meaning of word – break new land. We are currently in intensive and careful consideration of joining forces with a long-term partner primarily manufacturing in Vietnam for a new project in Ethiopia. Through the GIZ (Deutsche Gesellschaft für internationale Zusammenarbeit, the German Society for International Cooperation) the German government has offered support to Ethiopia in establishing and expanding industry and creating jobs i.e. in the clothing industry. Schöffel could – in this case with issuing production orders – take up an important role in providing the people there with a safe and exemplary organized workplace.

Environmentally aware and sustainable production is an objective gaining increasing prominence in the outdoor industry. **Which steps did Schöffel take in this direction? What is next on the agenda?**

We have, as we already illustrated, accomplished the complete drop of C8-chemistry in equipping functional jackets and trousers and have become a new bluesign® system partner (see pages 30|31). This especially has external effects. But nonetheless internal processes must be modified in good time. At our headquarters in Schwabmünchen we have underscored the importance of these issues by structural changes. Quality assurance now acts as administrative department with reach-through to all relevant departments in the house. In the course of these restructuring measures Schöffel has introduced a designated technician which visits the companies regularly in addition to the CSR team. Aside of the Fair Wear Foundation audits conducted every three years this provides us with direct feedback. Above that as FWF member for the third year we must achieve a 90% audit quota. At the moment we are massively stepping up the pace!

Purchase and CSR

The choice of new suppliers:



Schöffel now is bluesign® system partner

Schöffel takes further step on the path to higher transparency and sustainability in the production process

Schöffel Sportbekleidung GmbH, one of the European market leaders in outdoor and ski-wear, has become a bluesign® system partner since the beginning of 2014. bluesign® represents the most demanding textile-standard dedicated to protection of environment, consumer and occupational health and safety all over the world and is domiciled in Switzerland. With this, Schöffel takes the next step in social responsibility and assures greater transparency and sustainability throughout the full chain of production.

Peter Schöffel, the managing shareholder and owner of the company, emphasized at the ISPO fair in Munich that the decision for this cooperation was above all made because bluesign technologies acts very pragmatically and with high competency. Furthermore, other renowned companies of the European outdoor and clothing industry have joined this system. "Schöffel customers must be able to safely

rely not only upon receiving functional products of high quality, but also, that these were manufactured in sustainable and environmentally friendly manner." Schöffel is already using bluesign® certified materials. The next goal, states the president of the company, is the optimization of processes.

The standard requires screening and continuous monitoring of all work processes within the chain of manufacture and especially in textile finishing – that is dyeing, printing or coating of textiles – and of all materials used there. Five primary principles for orientation are productivity of resources, consumer protections, exhaust air, wastewater and health and safety at the workplace. And use of problematic-substances should be ruled out as far as possible right from the beginning or controlled and regulated.

Sustainability and social responsibility ...

... are the basis for our trade(ing). For this reason Schöffel is member of the non-profit- Fair Wear Foundation (FWF) as well as the European Outdoor Conservation Association (EOCA) as well as bluesign® system partner. But also in the textile production process the company displays high ecological responsibility. The equipment of our outdoor and skiing collections was fully migrated to C6 chemistry. For padding down clothing we exclusively use duck down, we use synthetic fur instead of animal fur, and a vast number of our textile suppliers are bluesign certified.

EOCA

An initiative of the European Outdoor Industry for protection and preservation of endangered regions, animals and plants. To date the EOCA, with membership fees and fund-raising of their currently 110 members could support some 74 projects in 32 countries. In course of the now seven years since founding EOCA raised 1,2 million Euros.

www.outdoorconservation.eu

Schöffel takes a leading position: Conversion to C6 equipment

Milestone taken on the path to abandoning fluoro-chemistry

The outdoor wear manufacturer Schöffel achieved a further important milestone on the path towards manufacture of PFC-free textiles as one of the first in our industry: The whole summer collection is completely migrated to C6 chemistry and is free of PFOA (Perfluorooctanoic acid). Following the complete migration of the top materials of the outdoor and ski collections winter 2013 - which are currently reaching the market - the migration now also extends to lining and trimming materials. By this Schöffel has completed the total phase-out from C8 chemistry for the equipment of functional jackets and pants. Schöffel has also taken up a pioneer position. "With this step we have taken a significant stride towards the ultimate goal of eliminating poly- and perfluorochemicals (PFC) from the textile production," explains Peter Schöffel.

The terms C8 and C6 describe fluoro-organic compounds applied to textiles with various methods to make them water, oil and/or dirt repellent – properties which decidedly contribute to functionality and quality of a weatherproof and hard wearing outdoor product. When worn these substances represent no hazard to health but compared to C8, C6 contains no PFOA (Perfluorooctanoic acid) while exhibiting identical function. The change to C6 shall represent the end of this adjustment process.

Schöffel is busy finding solutions for abandoning fluorochemicals not just since environmental organizations demand the reduction and elimination of these chemical substances in the countries of manufacture. In cooperation with fabric manufacturers, textile finishers and the industry we continuously develop and research new technologies. The gradual changeover from C8 to C6 was initiated in 2010.

"This change is a milestone," emphasizes Peter Schöffel, "and reaffirms us of our approach, to systematically and considerably continue until we have reached a totally PFC-free equipment."

For this reason the company will participate in various research projects in the near future. Above this, Schöffel is in close negotiations with the Swiss company bluesign technologies, a global network of science, industry and trade. The members implement the independent bluesign standard in course of manufacturing following the motto "best available technology". It can be applied to the whole chain of production and shall promise safety at all levels under consideration of resource productivity, immission protection, occupational health and safety, water protection and consumer protection.



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