

# Annual Social Report 2009

Mammut Sports Group

MAMMUT SPORTS GROUP



**MAMMUT**  
Absolute alpine.



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Sustainable business goes hand  
in hand with corporate social and  
ecological responsibility.

Rolf Schmid, CEO Mammút



**MAMMUT**  
Absolute alpine.



Mammut has taken  
the right approach  
by accepting its corporate  
social responsibility.

Cédric Lachat, Mammut Pro Team



# About Mammut

Mammut is a Swiss company that was originally founded in 1862 as a rope manufacturer. Today, we aim to design outdoor equipment that not only meets the very highest standards of quality, innovation and functionality, but that also ensures maximum safety and comfort. We embody Swiss technology and perfection with our focus on “absolute alpine”.



1943



1965



1974



1995

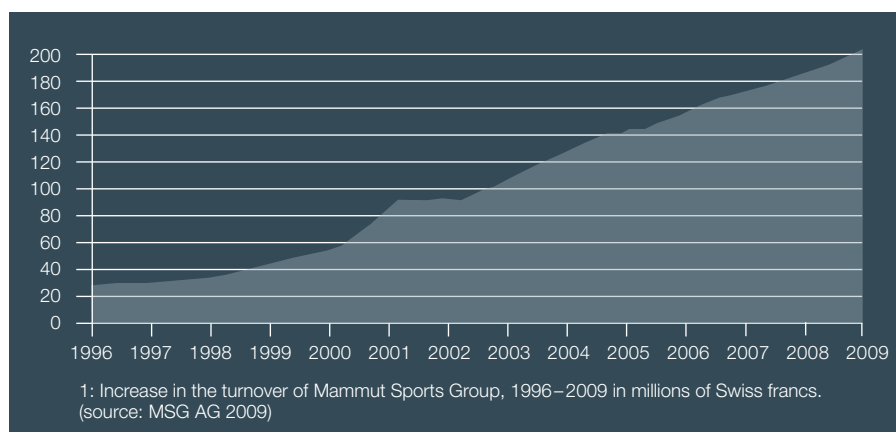
## Mammut – from a ropeworks to an innovative global player

Our ropes are still produced exclusively in Seon; In this case, “Made in Switzerland” stands for security. In addition to its long experience in the production of ropes, extensive experience and indepth expertise in clothing, sleeping bags, shoes and accessories, Mammut also relies on feedback from its many athletes who regularly test Mammut equipment and take part in its development.

Our success in recent years is not only due to products tailored precisely to our target groups. It is also based on a partner

relationship with our retailers and extensive customer service, as well as innovative marketing, close cooperation with well-known mountaineers and partner organisations.

The small industrial family business has developed into a modern and innovative company that is one of the largest players in the outdoor industry. Over the last decade, the turnover of Mammut Sports Group has increased from 25 to more than 200 million Swiss francs. More than 70% of the company's turnover is generated outside Switzerland, with around half accounted for by the apparel business unit. With 350 employees, subsidiaries, daughter companies in Germany, Norway, the USA, Japan and the UK, a worldwide distribution network and an extensive infrastructure, Mammut Sports Group AG is prepared for further growth.<sup>2</sup>



2: see [www.mammut.ch/de/company](http://www.mammut.ch/de/company)



**MAMMUT**  
Absolute alpine.



Today's economic behaviour will soon exhaust the natural limits of our earth. We must not wait, we need to act now.

Iris Staudecker, Designer Hardware Business Unit



# Corporate responsibility

Mammut is conscious of its corporate social and environmental responsibility (CR) and has included a comprehensive CR approach in its corporate strategy since 2008. Our vision is to offer the best alpine products and to assume high social responsibility. We are the first outdoor company to have joined Fair Wear Foundation, an independent verification initiative for fair working conditions. Furthermore we aim to leave the best possible ecological footprint, so that future generations may be mountaineers as well.<sup>3</sup>

## Mission statement

We understand corporate responsibility as a management approach that makes social and ecological responsibility a concrete element of our corporate strategy alongside economic logic. Our approach:

CR is an integrated part of our corporate culture and is applied at all levels within Mammut.

CR is a relevant innovation driver and opens up new business opportunities. Sustainability is regarded as a design criterion in its own right alongside price, performance and appearance.

We focus on customer needs and benefits as well as on market relevance. Investments in social and ecological projects also create economic added value in the long term.

We aim to stand out from our competitors in the area of CR as well, however we believe that there are some issues we cannot resolve on our own. We therefore commit at industry level and cooperate with the relevant internal and external target groups. CR is a global team sport!

CR is a process of continuous improvement and changing established ways of thinking. We issue transparent reports and communicate openly on this theme.

We are responsible for long-term, honest, integral and credible solutions and commitments.

## Focus on our core business

We divide our corporate responsibility into four different areas. While we strive towards being responsible in all four areas, we place the highest priority on our core business with regards to social and environmental concerns. Corporate governance, going beyond statutory obligations, and corporate citizenship are complementary issues<sup>4</sup>.

This report is limited to cover our social responsibility along the supply chain only.

### Social responsibility throughout the supply chain

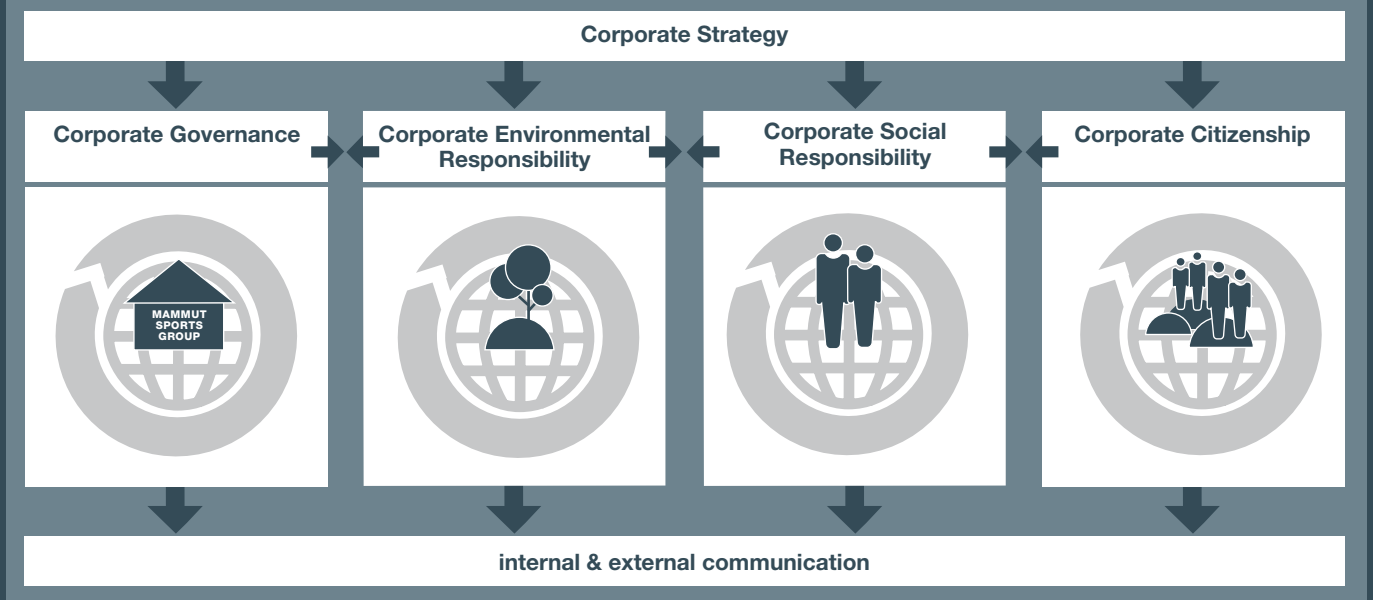
Mammut accepted its responsibility with regard to labour rights and occupational safety back in 1992, with the introduction of its code of conduct. By now, corporate social responsibility is an issue of global importance. Civil society and international organisations demand from companies that they respect international human rights and labour standards throughout their economic activity. Before making a purchase, consumers increasingly consider social criteria, such as the working conditions under which the goods are produced. As a consequence, any negative publicity may directly affect a company's image.

Supply chains have become global as well as more complex than in the past. As we have come to realise at Mammut, regular visits to factories by our staff are no longer sufficient.

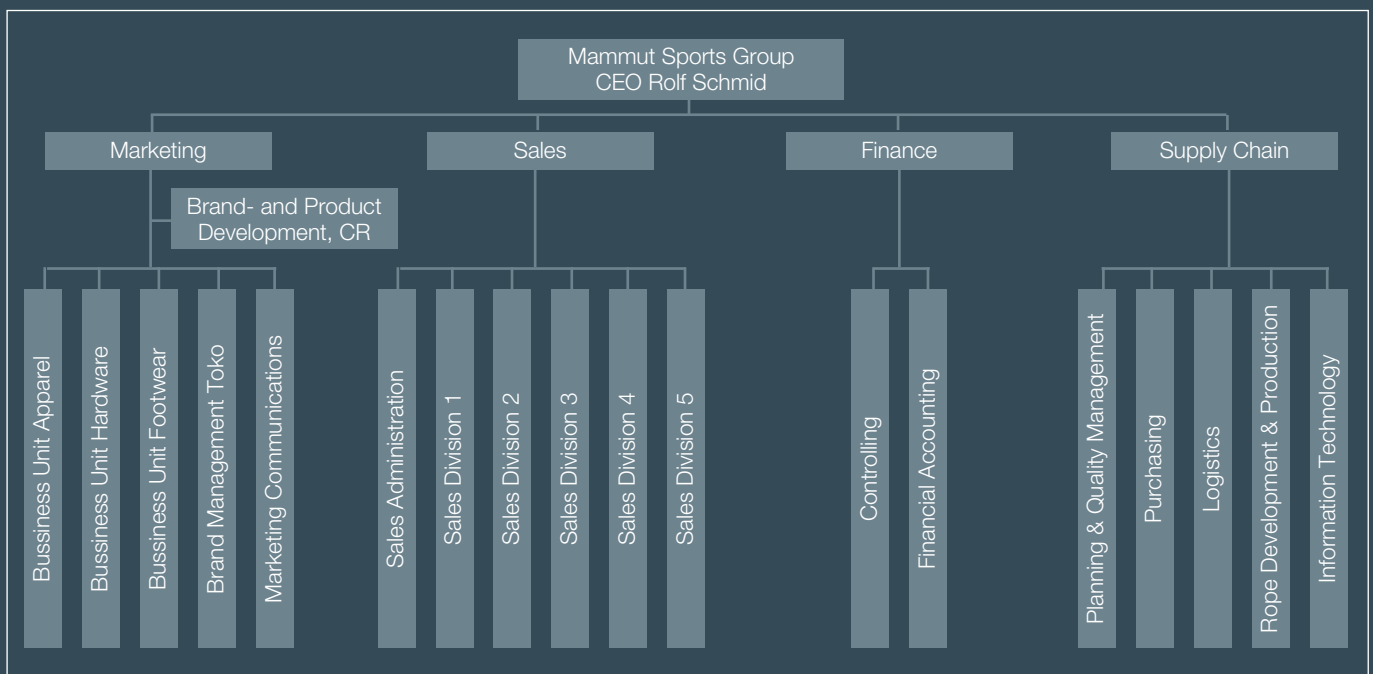
<sup>3</sup> see [www.mammut.ch/de/csr](http://www.mammut.ch/de/csr)



## Mammut's framework of corporate responsibility



4: Mammut's CR framework



5: Mammut organisational chart

## business case today: development, manufacture and distribution of outdoor equipment



- Red indicates processes and services performed by Mammut, ropes are produced in Switzerland.
- White indicates services provided by external partners.
- Green indicates the primary focus of Fair Wear Foundation.

In order to guarantee fair labour conditions, a well effective monitoring system is required, as well as external independent control. This is why we became the first outdoor company to join Fair Wear Foundation (FWF) on 1 October 2008.

FWF is a multi-stakeholder organisation which brings together industry associations, NGOs and trade unions. This unique support structure guarantees independence, a central element of the initiative's verification task. FWF monitors the effective, step-by-step implementation of the Code of Labour Practices by its member companies. In addition to social standards, FWF aims to achieve real and sustainable improvements in labour conditions in developing countries (next chapter on p.13)

in the Brand and Product Development (BPD) department and comprises the equivalent of one full time position. Its responsibilities also include internal training<sup>5</sup>, communication and internal coordination. The operational tasks relating to our social responsibility are handled by the purchasing department with 40% of one full time position.

### Review 2009 and preview 2010

The overview to the left show the current status of the implementation of our social responsibility throughout the supply chain and the goals we have set for 2010.<sup>6</sup>

### Strategic direction

At Mammut Sports Group, we view "CR" above all as a source of innovation. This understanding is mirrored in the company's organisational chart: the CR-team is located





Everything starts small.  
But each of our  
small actions can  
have a big impact

Franziska Kneuss, Warehouse Returns & Support, Switzerland



# Social issues

In 1992 Mammüt Sports Group introduced its first code of conduct. This code incorporated the Declaration of Human Rights, as well as the standards of the International Labour Organisation (ILO). In particular, it included the right to a living wage. By joining Fair Wear Foundation, Mammüt adopted the Code of Labour Practices. This new code was almost identical to the old one and the integration therefore went very smoothly. In this chapter, we will give you an insight into the implications and consequences of our membership of Fair Wear Foundation.

## The Code of Labour Practices

The Code of Labour Practices is the corner stone to the member company's monitoring activities as well as to FWF in its verification task. Every member company of FWF must adopt and commit to the Code of Labour Practices when it joins FWF. Member companies then communicate the Code to their suppliers, together with a questionnaire in order to assess each supplier's activities related to labour in relation to working conditions and to ensure their commitment to the Code. Monitoring activities, such as social auditing and complaints handling, always refer to the Code of Labour Practices.

Of course, on its own the Code of Labour Practices is not sufficient to ensure fair working conditions. As experience has shown throughout the past two or three decades, on its own, this code could remain a simple piece of paper with no implications for the supply chain. We have realised that systematic monitoring and independent control are essential. It was after thorough study and discussion of the different social initiatives that we decided to join FWF. FWF is a European verification initiative founded in 1999 whose independence is guaranteed through its structure as a multi-stakeholder organisation. When verifying the step-by-step implementation of the Code of Labour Practices, FWF examines working conditions in the factory as well as the member company's own management and monitoring system.

In fact, FWF has very high requirements with regards to social compliance and holds the factory management equally responsible as the member company. At the same time, by adopting this particular approach and by keeping a multi-stakeholder structure, FWF as a fair labour initiative also assures very high credibility. These are the reasons why Mammüt chose FWF as its partner in implementing and guaranteeing fair labour conditions throughout its supply chain.

## Market situation

In 2009, the global financial crisis had a very real impact on all businesses. In the outdoor industry, the credit crisis forced retailers and brands to reduce stocks. This was followed by a dramatic reduction of orders in the factories and hence short time, lay-offs and redundancies. Many factories went out of business. The consequence was on the one hand that other factories who survived suddenly received many additional orders, and on the other hand that all brands placed orders later than in a normal year. In the factories, the result was extremely high seasonal peaks. Many factories therefore had no option other than increasing overtime working. Unfortunately, this cycle could continue in 2010.

## General insight

### 2009

Within Mammüt, two main departments are responsible for the apparel business: the Apparel Business unit and the Purchasing







## Mammut Code of Labour Practices

**1.** Mammut Sports Group trade only in garments that have been produced under dignified working conditions.

**2.** To that end, Mammut Sports Group agrees to implement the Fair Wear labour standards (section 3) in its factories and agrees to put sufficient and effective efforts<sup>7</sup> into ensuring that this code is followed by its contractors, subcontractors, suppliers and licensees.

**3.** Labour Standards. The Fair Wear labour standards are based on the Conventions of the International Labour Organisation (ILO) and the Universal Declaration of Human Rights. In the text below references are made to specific conventions. Where clarifications of ILO Conventions are required, the Fair Wear Foundation follows ILO Recommendations and existing jurisprudence.

### **3.1 Employment is freely chosen**

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

### **3.2 There is no discrimination in employment.**

Recruitment, wage policy, admittance to training programs, 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)

### **3.3 No exploitation of child labour.**

There shall be no use of child labour. The age for admission to employment shall not be less than the age of completion of compulsory schooling and, in any case, not less than 15 years." (ILO Convention 138) "There shall be no forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage

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

### **3.4 Freedom of association and the right to collective bargaining.**

The right of all workers to form and join trade unions and bargain collectively shall be recognised. (ILO Conventions 87 and 98) The company shall, in those situations in which the right to freedom of association and collective bargaining are restricted under law, facilitate parallel means of independent and free association and bargaining for all workers. Workers' representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to carry out their representation functions. (ILO Convention 135 and Recommendation 143)

### **3.5 Payment of a living wage.**

Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income. (ILO Conventions 26 and 131). Deductions from wages for disciplinary measures shall not be permitted nor shall any deductions from wages not provided for by national law be permitted. Deductions shall never constitute an amount that will lead the employee to receive less than the minimum wage. Employees shall be adequately and clearly informed about the specifications of their wages including wage rates and pay period.

### **3.6 No excessive working hours.**

Hours of work shall comply with applicable laws and industry standards. In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every seven-day period. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate. (ILO Convention 1)

### **3.7 Safe and healthy working conditions**

A safe and hygienic working environment shall be provided, and best occupational health and safety practice shall be promoted, bearing in mind the prevailing know-

ledge of the industry and of any specific hazards. Appropriate attention shall be paid to occupational hazards specific to this branch of the industry and ensure 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 are strictly prohibited.

### **3.8 Legally-binding employment relationship**

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

**4.** Mammut Sports Group undertakes to ensure that its contractors, subcontractors, suppliers, and licensees abide by the standards established in the Fair Wear Foundation Code of Labour Practices and shall work toward the verification of these standards.

**5.** Mammut Sports Group shall stipulate that contractors, subcontractors, suppliers, or licensees who demonstrably fail to comply with one or more of the standards laid down in the Fair Wear Foundation Code of Labour Practices, take appropriate measures to ensure that the situation is improved. If necessary, the offending party shall be sanctioned by cancellation of its contract, thus prohibiting it from producing or organising the production of garments for Mammut Sports Group.

**6.** Mammut Sports Group declares that it agrees to independent verification of its compliance with the Fair Wear Foundation Code of Labour Practices and in that regard undertakes to follow the instructions of the Fair Wear Foundation.

**7.** Disputes regarding the interpretation of this Code of Labour Practices will be handled according to procedures established by the Fair Wear Foundation.

<sup>7</sup> The expression "effective and sufficient efforts" implies that, depending on the circumstances in which the company operates, full compliance with the Fair Wear labour standards will not always be required for membership. Rather, the company will be judged against the completeness and the intensity of the efforts it has undertaken to achieve full compliance.



Theme	Relevant issues	goals 2009	status	goals 2010	Further info
corporate social responsibility (CSR)	Systematic monitoring of working conditions throughout the supply chain	internal monitoring system (MS)  Systematic monitoring of 50% of apparel suppliers, including 3 audits at factories  FWF work plan 2010	Done  73% of apparel suppliers covered by internal MS  2010 work plan delivered on time	Consolidation of internal MS  gradual extension of internal MS to other product groups	p. 20 ff  www.fairwear.org
	Verification through Fair Wear Foundation (FWF)	FWF management system audit (MSA) at Mammüt headquarters	FWF MSA with very good results	FWF follow up	p. 20 ff
	Social Annual Report	Social Annual Report 2009, according to FWF	Started Draft commented by FWF Publication by April 2010	2010 Social Annual Report according to FWF	Report available on: www.mammüt.ch/csr
	Integration of CSR relevant criteria & processes in the Quality Management System (QMS)	Integration of FWF criteria and processes	Done	gradual extension to other CSR relevant criteria & processes	p. 20 ff
Overall : internal & external communication and transparency					

6: review 2009 & preview 2010

Department. The implementation of the Code of Labour Practices throughout the supply chain is the responsibility of the Purchasing Department (operational level) and the CR team (communicational / internal training level). We paid our FWF membership fee for 2009 and 2010 and also submitted an accountant's statement on the supplier register and the work plan 2010 according to FWF requirements. In our first year of membership of Fair Wear Foundation, the primary goals were the establishment of a monitoring system and the management of at least 50% of our apparel suppliers with regards to fair labour conditions.

We started by informing suppliers about our membership of FWF and sending them in the FWF Code of Labour Practices as well as a questionnaire. All of our apparel suppliers returned the completed and signed questionnaire to show their agreement to the Code. An analysis of their answers showed that most of our suppliers were already very familiar with the topic of Corporate Social Responsibility. Some even had CSR departments and had been audited more than once in the past.

Where we were allowed access to recent third party audit reports, we incorporated their results in our monitoring system.

We believed that this was far more efficient in terms of cost and time than conducting another audit. Audits were scheduled for one factory in Turkey and two factories in China, with local audit teams trained by FWF. All of the three social audits showed positive results, no major violations of workers' rights were found. The main issues concerned health and safety measures as well as overtime (China). As shown by figure 8, we were able to surpass to a great extent not only FWF requirements (40%), but also our own initial goal (50%) by managing about 73% of our apparel supply chain through the monitoring system.

With regards to communication, our aim for 2009 was general awareness raising among Mammüt employees and the general public. Where possible, we created synergies with existing communication channels. We achieved internal transparency by integrating all relevant criteria, processes and documents in the internal quality management system (QMS).

## 2010

Our overall goal for our second year of membership of FWF is to comply with, test and improve the newly introduced procedures.



**MAMMÜT**  
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Apparel		updated 16.2.2010						
Factory Number	Country of Production	Region	As % of Mammut 2009 Purchases	Fairwear defines as No Risk	Fairwear defines as Need Audits	Achieved 2009 (Must be 40%)	Plan 2010 (Must be 60%)	Signed and OK FWF forms as % Purchases
Factory 201	Latvia	Europe	21%	21%		21%	21%	21%
Factory 030	Portugal	Europe	11%	11%		11%	11%	11%
Factory 223	Turkey	Europe	8%		8%	8%	8%	8%
Factory 214	Portugal	Europe	3%	3%		3%	3%	3%
Factory 091	Germany	Europe	2%	2%		2%	2%	2%
Factory 059	Portugal	Europe	2%	2%		2%	2%	2%
Factory 012	Romania	Europe	1%		1%			
Factory 213	Turkey	Europe	1%	1%				21%
Factory 256	Turkey	Europe	0%		0%			
Factory 045	Ireland	Europe	0%	0%				
			<b>50%</b>					
Factory 071	China	Far East	21%		21%		21%	21%
Factory 072	China	Far East	15%		15%	15%	15%	15%
Factory 182	China	Far East	6%		6%	6%	6%	6%
Factory 004	China	Far East	3%		3%	3%	3%	3%
Factory 208	Vietnam	Far East	1%		1%			1%
Factory 242	India	Far East	1%		1%			
Factory 136	China	Far East	0%		0%			0%
Factory 204	India	Far East	0%		0%			
Factory 015	China	Far East	0%		0%			0%
Factory 261	China	Far East	0%		0%			
Factory 224		Far East	0%		0%			

8: Apparel supplier register 2010 of Mammut Sports Group AG

**Annotation:** We stopped working with three factories in 2009. In one case, because of quality problems and in two cases following the cancellation of the product in question. In the first case, production was transferred to one of our other suppliers.

Three audits were carried out, one of which was performed by FWF to verify Mammut's supplier management and two were initiated by Mammut as part of the 2009 work plan. A fourth factory was audited by WRAP on 30th October 2009 and hence was not on the Mammut agenda for 2009.

From the three audits, the following results were found, based on the Mammut Code of Labour Practices

**3.1 – 3.3 (employment is freely chosen, no discrimination in employment, no exploitation of child labour)**

All factories agree to comply with these standards. No problems were found in the audits.

#### **3.4 Freedom of association and the right to collective bargaining**

All factories agree to comply with this standard. Auditors were not convinced at one factory that unions were truly independent.

#### **3.5 Payment of a living wage**

All factories pay in excess of the local minimum wages. However, it remains a significant challenge to define as well as to implement living wages at workplace level.

#### **3.6 No excessive working hours**

In two cases, the audits found evidence of excessive overtime. Furthermore FWF received complaints from workers in two factories about this issue. Meetings were

held with the suppliers to identify the reasons and to agree measures to prevent this problem in the future.

#### **3.7 Decent working conditions**

In all cases, the audits found minor shortfalls in Health and Safety standards. Mostly, these were inadequate signage or inadequate machine guarding. These were all quickly rectified.

#### **3.8 Legally binding employment relationship**

In two cases, the auditors were not satisfied with the implementation of the procedures governing contracts of employment. The factories agreed to improve these standards.

On an operational level, we want to cover significantly more than the 60% requirement of our apparel suppliers through our monitoring system. Furthermore, over the coming years we plan to extend the monitoring step-by-step to all the other product groups.

On a communication/training level, the main focus for 2010 will be on training of specific target groups as well as – on an external level – of our suppliers' management. We will continue to regularly inform all Mammut employees about our CSR and FWF activities, by paying special attention to that staff of Mammut daughter companies and of Mammut shops are also kept on track.

## Purchasing

As shown in figure 8, Mammut clothing is produced in different countries, with 46% manufactured in the Far East and 54% in Europe. In order to effectively monitor working conditions at our suppliers' premises, one person in the purchasing team has been given operational responsibility. We developed different tools and created synergies with existing processes to strengthen our monitoring system. The management and staff of the purchasing department, paying special attention to ensure that the staff of Mammut subsidiary companies and Mammut stores are also kept up to date.

Fair labour conditions are made possible only if they are met by fair framework conditions.

### Production cycles

Fair labour conditions are made possible only if they are met by fair framework conditions. Take for example the issue of overtime: This can be avoided if a supplier is given sufficient notice of a production cycle and can plan for the necessary staff. At Mammut Sports Group, we have just two collections a year – summer and winter. Two years may pass between the initial product idea, launched at the kick-off meeting, and the final product on retailers' shelves. Suppliers are involved from the very

start of the development process of a given style, allowing them to plan the entire production cycle well in advance.

Accordingly, lead times are quite long and vary between five and seven months. In the summer season Mammut generates around 45% of its apparel turnover in the summer season and 55% in winter. We plan according to a fixed process per season. An international sales meeting is held for each collection is presented and country budgets are negotiated. Based on these budgets, orders are transmitted to the suppliers. Product orders reach our stocks in Switzerland and Germany in December (for the following summer season) or in May (for the following winter season) to be sent to our various retail partners on time.

### Sourcing strategy

Most of our products are complex and require a high level of investment, experience and know-how on both sides. For this reason, we pursue a long term business strategy with our suppliers, aimed at achieving a win-win situation and based on trust, partnership and cooperation. The average duration of our business relations with our suppliers is 5 years.

The quality of the business partnership and strategy is subject to meetings that are held at least every two years at a management level (Mammut CEO and/or Supply Chain Officer SCO). Our developers, fabric coordinators and buyers visit our suppliers three to four times a year and meet them regularly at trade-shows (ISPO, OutDoor) as well as at our offices in Switzerland. Finally, our quality assurance officers in China often visit the factories to check the product quality.

### Choosing the Supplier

We have around 250 products in our apparel collection, divided into four different target groups: Alpine, Mountain, Snow and Climbing. Between 45 and 65% of the styles are carry-over styles from one season to the next. These products are – whenever reasonable – produced by the same supplier. Reasons for shifting production can be quality issues, price or major problems with the timeline.

Before we start with the development of the prototype (new products), we decide which supplier will produce it. Since most of our





## Annual planning & management cycle

### Step 6

Mammut's annual social report  
continuous internal and external  
communication

### Step 5

yearly management system audit  
(MSA) by FWF (internal documentation:  
audit report, including recommen-  
dations for improvements)

### Step 4

definition of a corrective action plan (CAP)  
with the supplier, follow-up by purchasing  
team (internal documentation: CAP  
register)



### Step 1

yearly work plan, to be approved by FWF  
and implemented throughout the year by  
the purchasing team resp. or the CSR team

### Step 2

send the FWF questionnaire and require  
their commitment to the Code of Labour  
practices (internal documentation: evaluation  
file of questionnaires) internal supplier register

### Step 3

social audit (by order of Mammut) and/or  
verification audit (by order of FWF) at  
chosen suppliers (internal documentation:  
audit report, visit report)

7: Annual planning & management cycle

products are very complex and cost intensive to develop, we have to be very careful about this decision. Designers, developers, fabric coordinator, product managers, pattern-maker and buyers discuss these aspects case by case. The final decision on which supplier to choose is taken by the purchasing department, since they are responsible for the quality, pricing and lead time of bulk production.

### Persons involved in Sourcing Decisions

The same persons who discuss which supplier will produce new styles are also involved in sourcing decisions: buyers, developers, product managers, the pattern maker and the fabric coordinator.

### Pricing

Our pricing policy is closely linked to and limited by the high level of complexity of our products, meaning that we cannot move production from one supplier to another throughout the seasons for price issues only. Furthermore, we pursue long term business relationships with our suppliers and seek to maintain a product programme with a supplier as long as quality, price and timelines are workable for both parties and as long as it allows success on competitive

markets. We invest a lot of resources in designing and developing our technical products together with the supplier. Both dimensions – price and quality – are negotiated. Due to the immense pressure on price and margins, and since we don't buy a CMT basis (cut-make-trim), we follow a double-sourcing policy for sensitive products. This gives us an alternative for order placement, and allows us to compare and better understand the FOB offer from the supplier. In no case so far has this double sourcing practice led to a supplier offering a price that is below cost price if confronted with a lack of orders.

### Supplier Rating

Mammut does not formally rate its suppliers and we have not changed our sourcing policy over the last 4 years. Nevertheless, we do evaluate each supplier's performance with specific attention paid to quality, price and social compliance: This ranking is the basis for claim negotiations. Supplier evaluation takes place in stages. At the beginning, suppliers are asked to complete a form which includes questions on whether they have already been audited for social compliance. At a later stage, Mammut staff visit the factory and walk through the production. The report of the factory visit

compares the factory with others in a similar production area. Only then can development start. Before production can start, the supplier must complete the FWF questionnaire. Once turnover exceeds 2% of purchases, they will be audited by FWF on behalf of Mammut.

The Management System Audit showed a very positive result: after just one year of membership we have been able to establish an effective management system.

#### **Integration of monitoring activities & sourcing decisions**

All FWF relevant documents have been archived and can be accessed by all Mammut employees on our internal Quality Management System (QMS). Staff are regularly updated on QMS content by the internal newsletter "Q-news". In addition, in 2009 we created and implemented the following documents to monitor of the implementation of the Code on Labour Practices:

Labour conditions as integrated criteria of existing guidelines on choosing a new supplier and on evaluating our suppliers

Factory visit report form to fill in by Mammut employees after every visit to a supplier

Corrective action plan register.

Internal guidelines on maintenance of supplier register

Internal guidelines on monitoring of Corrective Action Plans

The supplier register and corrective action plan register are checked at least every two months by the responsible purchaser. He also receives the factory visit reports and integrates their findings, where relevant, in the corrective action plan.

#### **Monitoring system & improvements**

Fair Wear Foundation requires that member companies evaluate the coherence and the effectiveness of their individual monitoring systems. In other words, the various measures should be consistent and contribute to the same higher goal of improving working conditions at our suppliers. After just one year of membership it is difficult to evaluate the consistency of our system. A lot has indeed been going on with regards to monitoring and corrective actions, at the same time most of the improvement measures are only about to be implemented and show effects.

Furthermore, in September 2009, we went through our first FWF management system audit (MSA). MSAs take place once a year, usually at the end of each reporting period, with the aim of assessing whether the management system of a member company is coherent, that it creates a constructive framework for the improvement of labour conditions along the supply chain. MSAs also contain recommendations for improving the company's monitoring system. As for Mammut Sports Group, we are happy to note that the MSA showed a very positive result: after just one year of membership we have been able to establish an effective system and integrate it in our existing quality management processes.

#### **Awareness Raising & communication**

In July 2009 Mammut sent out its first "supplier newsletter" to our staff and all our suppliers. The newsletter is published twice a year and provides information on key supply chain issues, such as cost optimisation at Mammut and the status of CR activities. Moreover, in June 2009 we contacted suppliers for Mammut shoes, backpacks and sleeping bags in order to carry out a feasibility study for their integration in the monitoring system. The results were positive and we decided to launch the process in 2010. It should be noted that this is a long-term process that will require time and resources on both sides. However, we hope to have the initial results of first outcomes by the end of the current year.



With regards to corporate responsibility, a company's authenticity and credibility are key factors to me!

Daniel Steiner, Category Management Hardware



# Communication & Transparency

Corporate Responsibility requires a value change, in the economic world in general but also within each company in particular. This involves a long-term process that affects every level and department of a company. Mammut promotes this process actively through various activities.

In March 2009, we appointed "CR godmothers and godfathers", designated or interested Mammut employees from different departments and levels were explicitly charged with introducing CR thinking to every meeting they attended. The aim of this exercise is to continuously question existing processes and ongoing activities in relation to CR. This in turn shall ensure that corporate responsibility is a reality at all levels and in all departments and becomes an integral part of corporate culture.

The CR team publishes regular updates on CR developments in the Mammut employee magazine, published internationally in both English and German. In July 2009, we introduced an internal blog where we discuss CR issues and news. Two to three times a year internal evening events take place at the Mammut headquarters where we highlight and discuss CR relevant themes. In 2009, these events covered the following topics: social issues throughout the supply chain (with presentations from the Clean Clothes Campaign, Fair Wear Foundation and Transa, one of our retailers); "HOME" the movie; Mammut team trip 2009 and a volunteer mission to in Kyrgyzstan.

At bimonthly meetings, middle management, executive staff and specialists are updated on CR topics. Similarly, corporate responsibility is on the agenda for each sales meeting, taking place twice a year. When they join Mammut, new employees are automatically informed of the company's approach and commitment in terms of our engagement as a FWF member.

Concerning Fair Wear Foundation, our membership in October 2008 was generally received positively by Mammut

employees, including at subsidiary companies. Questions arose in relation to the actual implementation and the effectiveness of these measures. In fact, we found that Mammut employees were among the most critical of our stakeholders. We don't have all the answers ready yet, although our experience has taught us some positive lessons. For example, in November 2009 we organised a small internal photo exhibition on our first social audit and its results.

## Internal & external transparency

Transparency goes hand in hand with credibility: a company's CR approach and commitment are only credible if they are communicated in a transparent manner. Where credibility is lacking, a company's CR activities are quickly identified as being a marketing gimmick or "green washing". The call for transparency originally came from non governmental organisations (NGOs), and consumer initiatives. By means of surveys and evaluations, they increase pressure on companies and enforce some transparency themselves. Moreover, we should not underestimate the online community that formed with the web 2.0. It contributes to a rapid and encompassing flow of information, out of the control of firms. In other words, the exchange between brands and consumers is increasingly taking place at eye level.





We want to offer the very best alpine products, assume our social responsibility and leave behind the best possible ecological footprint. So that future generations can be mountaineers as well.

