

The background of the cover is a photograph of a wooden boardwalk leading through a lush green landscape. The boardwalk is made of dark wooden planks and is flanked by grass and shrubs. In the distance, there are rolling hills covered in dense green forests under a blue sky with scattered white clouds.

Schöffel

Social Report 2016

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Preface



„The future of our company depends on what we do today.“ Hubert Schöffel

homework: by deciding to make our collection 100 percent PFC-free by 2020, we have made another leap forward towards environmentally-friendly product development. Since climate protection is a subject that is very close to our hearts, all the electricity we use at our headquarters in Schwabmünchen and at eight Schöffel LOWA stores comes exclusively from hydro power.

Following an assessment carried out according to our own “Garment Supplier Evaluation” system developed in Schwabmünchen, we have awarded the Schöffel Performance Award for the very first time (page 18). Once again in 2016, we carried out a major in-house employee survey (page 36) and created 26 modern workstations at the new Development Centre (page 38). This innovation factory allows the team to work closely together. After all, as my father, Hubert Schöffel, put it so well: “The future of our company depends on what we do today.”

We hope you enjoy reading our Social Report 2016!

Dear Readers!

The outdoor industry is constantly on the move, especially as far as CSR and sustainability are concerned. The focus of many working groups and workshops throughout the entire company is on socially acceptable and environmentally responsible production. True to our “Ich bin raus” brand philosophy, Schöffel moves along with the times and that’s a good thing.

We have been a member of the Fair Wear Foundation (FWF) for six years now and we are increasingly taking responsibility for our supply chain in production countries. By documenting regular audits and the monitoring of manufacturing operations (page 22), this is also becoming transparent for the end consumer (page 26). But we have also done our own

The Schöffel Sportbekleidung GmbH

Facts and features

Foundation of a family business:

In 1804 by the Bavarian sock merchant, Georg Schöffel. As a travelling salesman, he sold knitted socks, nightcaps and Swabian pointed hats.



Schöffel premises in 1925

Brand and products:

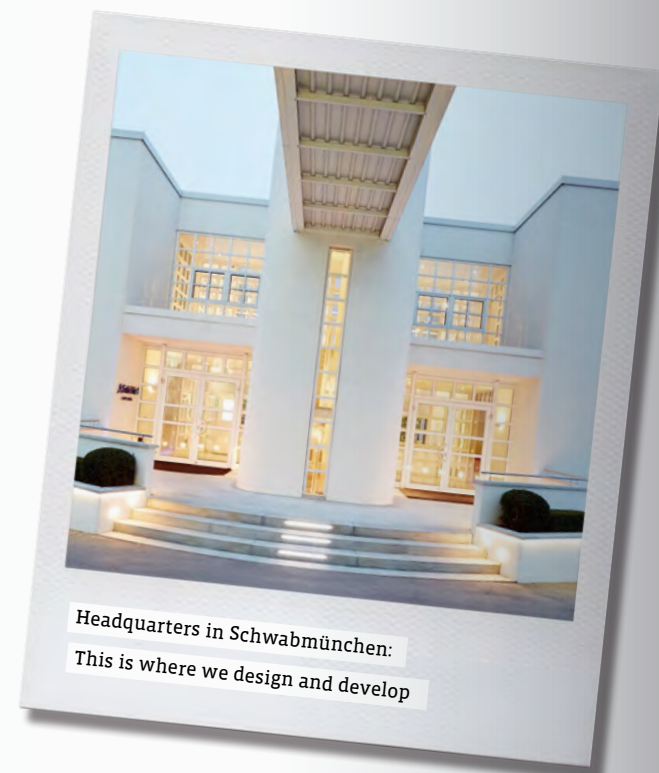
Schöffel brand, functional, high-quality ski, mountain sports and outdoor clothing for men, women and children: first and midlayers, jackets, pants, accessories. Professional Wear for corporate customers, customised clothing solutions for industry, service providers and authorities.

Sales: **30%**

International sportswear retailers, exports approx. 30%

The company today:

Schöffel Sportbekleidung GmbH; Managing Director, Peter Schöffel, 7th generation of the family to own the business at its headquarters in Schwabmünchen in the traditional textile region of Augsburg.



Headquarters in Schwabmünchen:
This is where we design and develop

Agencies: **16**

In 16 European countries, Japan, Taiwan and New Zealand



Three generations of Schöffels:
Hubert the veteran surrounded by his family

Management:

Peter Schöffel (CEO), Felix Geiger (CFO), Hubert Schöffel, member of the Board of Management, authorised signatories: Georg Kaiser, Andreas Schupp

1.9 Mio.

Items produced in 2016:

1.9 million (Brand and Professional Wear)

Production facilities:

Europe 19.73% | Asia 79.75% | North Africa 0.52%

Employees at headquarters: **180**
About 180, includes trainees and students: 10

Schöffel-LOWA stores: **29**
29 (including one in Brixen/I, four in Austria)

Official supplier:

To the Austria Ski Team (ÖSV) with race and leisurewear since 2009

Commitment to CSR and sustainability:

Member of the Fair Wear Foundation since 2011, leader status in 2014 and 2015; bluesign® system partner; member of the German Partnership for Sustainable Textiles, children's collection 100% PFC-free in winter 2017; entire collection PFC-free by 2020;

In-house tailoring:

Production of prototypes and repair service for customers



Outdoor clothing,
modern presentation



Sustainability the Schöffel way

Responsibility born of tradition

Environmentally-compatible technologies and fair, safe working conditions throughout the entire production process are an important part of our corporate culture. As a family company with a history going back more than 200 years, we are responsible for the conditions under which our products are made and for the raw materials that are used. From 2020 onwards, our collections will be entirely free of poly- and perfluorinated chemicals (PFCs). The response to our ambitious sustainability concept is good: in the Sustainability Image Score 2016 (SIS), Schöffel achieved eighth place out of a total of 106 brands from 16 sectors of industry taking part in the annual survey. As a member of the Fair Wear Foundation, we have also achieved leader status for a second year in succession.



Watch an interview
with Peter Schöffel!



PFC-free

PFC-free products

Schöffel has set itself the goal of only bringing collections to market that are 100 percent free of PFCs (poly- and perfluorinated chemicals) from 2020 onwards. It is thus striving to replace PFCs with risk-free alternatives.

Summer 2016
60%
PFC-free models
| 100% t-shirts | shirts | blouses
| 80% fleece
| 22% unquilted pants

Summer 2017
65%
PFC-free models
| 100% t-shirts | shirts | blouses
| 89% fleece
| 68% unquilted pants | skirts

Summer 2019
90%
PFC-free models planned
| Schöffel focus is on weather protection jackets without PFC.

Summer 2020
100%
PFC-free models planned
| First milestone achieved. Schöffel's brand collection is 100% free of PFC and is contributing towards a clean and healthy environment.

Summer 2018
80%
PFC-free models planned
| Focus on converting softshells



Fair Wear Foundation

Schöffel has been a member of the Fair Wear Foundation (FWF) since 2011 and achieved LEADER STATUS in this independent, multi-stakeholder initiative in 2015 and 2016 in recognition of its outstanding commitment to achieving the goals set by the Foundation. FWF focuses on improving labour conditions for workers in production environments, based on a catalogue of strict criteria.

www.fairwear.org



1. No forced labour



2. Payment of a living wage



3. No discrimination in employment



4. No excessive working hours



5. No exploitation of child labour



6. Safe and healthy working conditions



7. Freedom of association and the right to collective bargaining



8. Legally-binding employment relationship



Bluesign® system partner

Schöffel has been a bluesign® system partner since 2014. bluesign® is driving sustainable textile production to protect mankind, the environment and resources. Clothing must comply with the strict safety and environmental standards of bluesign® to be labelled a bluesign® product.

www.bluesign.com



Member of the Partnership
for Sustainable Textiles

German Partnership for Sustainable Textiles

Schöffel has been a member of the "Partnership for Sustainable Textiles" under the auspices of the German Federal Ministry for Economic Cooperation and Development since 2015. The multi-stakeholder initiative with members from industry, society and organisations aims to improve labour conditions in textile production by ensuring fair purchasing terms and conditions, secure jobs, living wages, and resource efficiency in production.

www.textilbuendnis.com



European outdoor
conservation association

European Outdoor Conservation Association

The European Outdoor Conservation Association (EOCA) is a European outdoor industry initiative and is committed to protecting and preserving endangered areas, animals and plants. Since its foundation in 2006, the EOCA has raised 1.75 million euros from membership fees and fund-raising campaigns with the help of its members, who nowadays number 125. It has used this money to fund some 74 projects in 36 countries.

www.outdoorconservation.eu

"Die Familienunternehmer" trade association names Schöffel "the most sustainable business in Bavaria 2016"

Schöffel is the "Bavarian family business of the year 2016" in the Sustainability category. The Die Familienunternehmer trade association for family businesses honours Schöffel for its "awareness of tradition and high levels of commitment towards the environment and its employees", as well as its energy-conscious production methods.



Schöffel stakeholder dialogues

Open discussions for new momentum

We stay in touch! After all, our sustainable, responsible way of doing business relies on regular dialogues with our direct stakeholders. This includes all groups (owner family, employees, retailers, suppliers, customers) who are directly influenced by our actions. In order to live up to each group's expectations, keep them informed and receive feedback from them, we use various channels of communication to exchange information with these stakeholders.



On site visit: Katrin Klug (right),
Director of CSR at Schöffel, in Addis Ababa

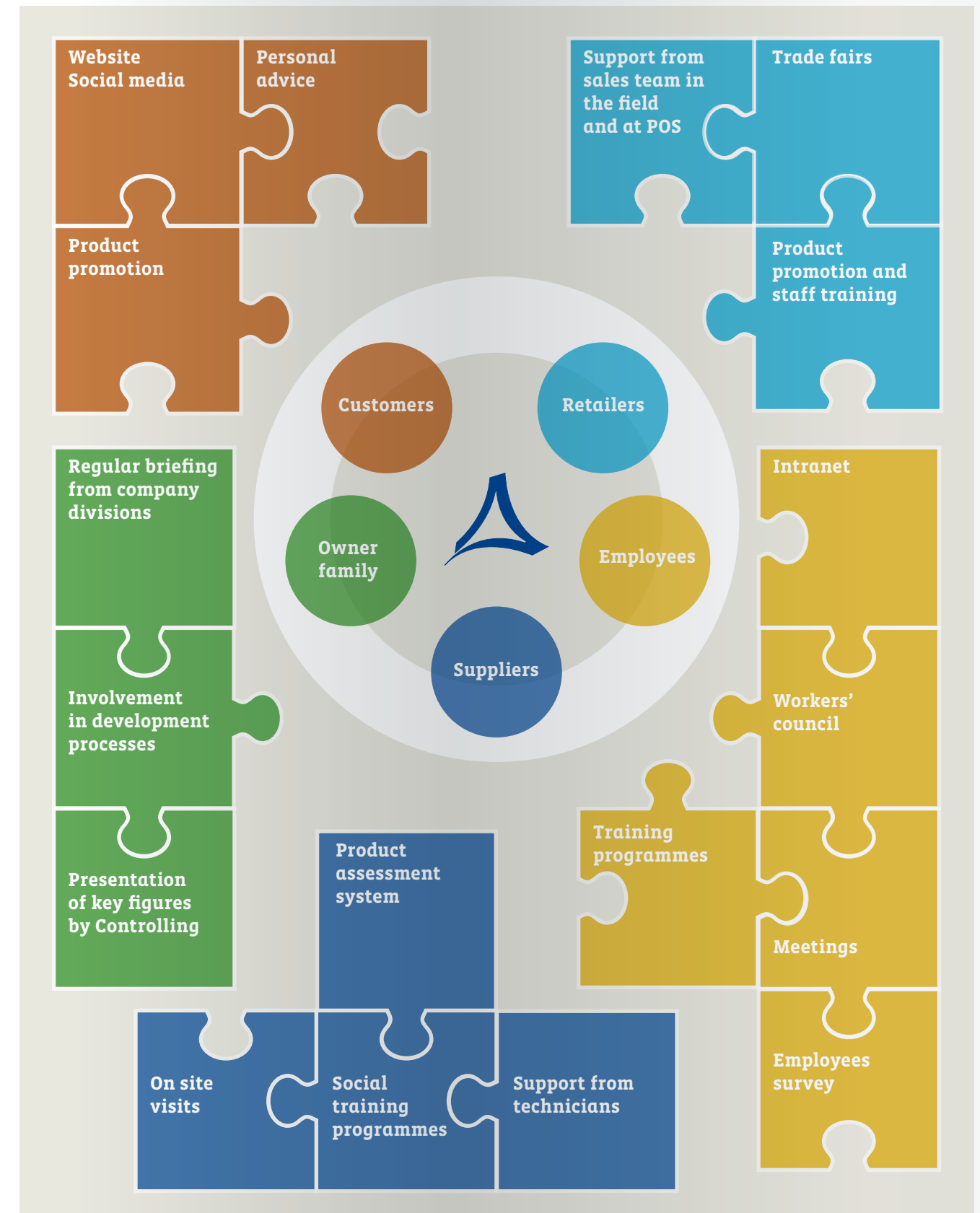
“Employees, customers, suppliers and society are the interest groups or “stakeholders”, for whom our company and its business practices are important. Regular communications keep that interest alive.”

The focus here is on discussions and personal advice and encouragement. Communications are supported by digital media and product information.

In our Social Report, published annually, we also report extensively on the progress we have made and our activities in the field of sustainability, addressing our indirect stakeholders (civil society, NGOs, politics, competitors) in particular. It is only by including all interest groups that we can continue to develop and enjoy long-term success.



Textile experts talking among themselves:
FWF meeting at the Textile Museum



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)



Best practice: use of respirator mask in printing workshop,

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)

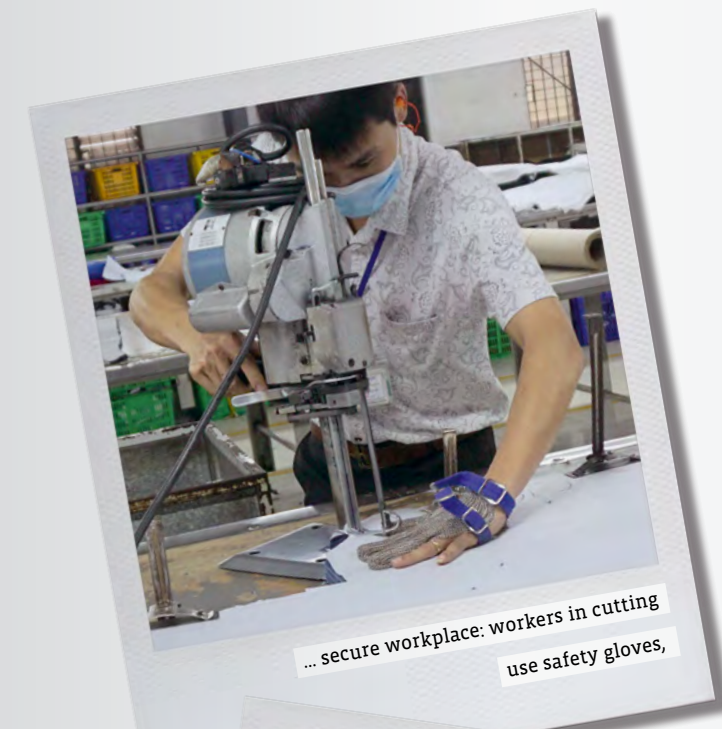
7. Health and safety at the workplace

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.



... secure workplace: workers in cutting use safety gloves,

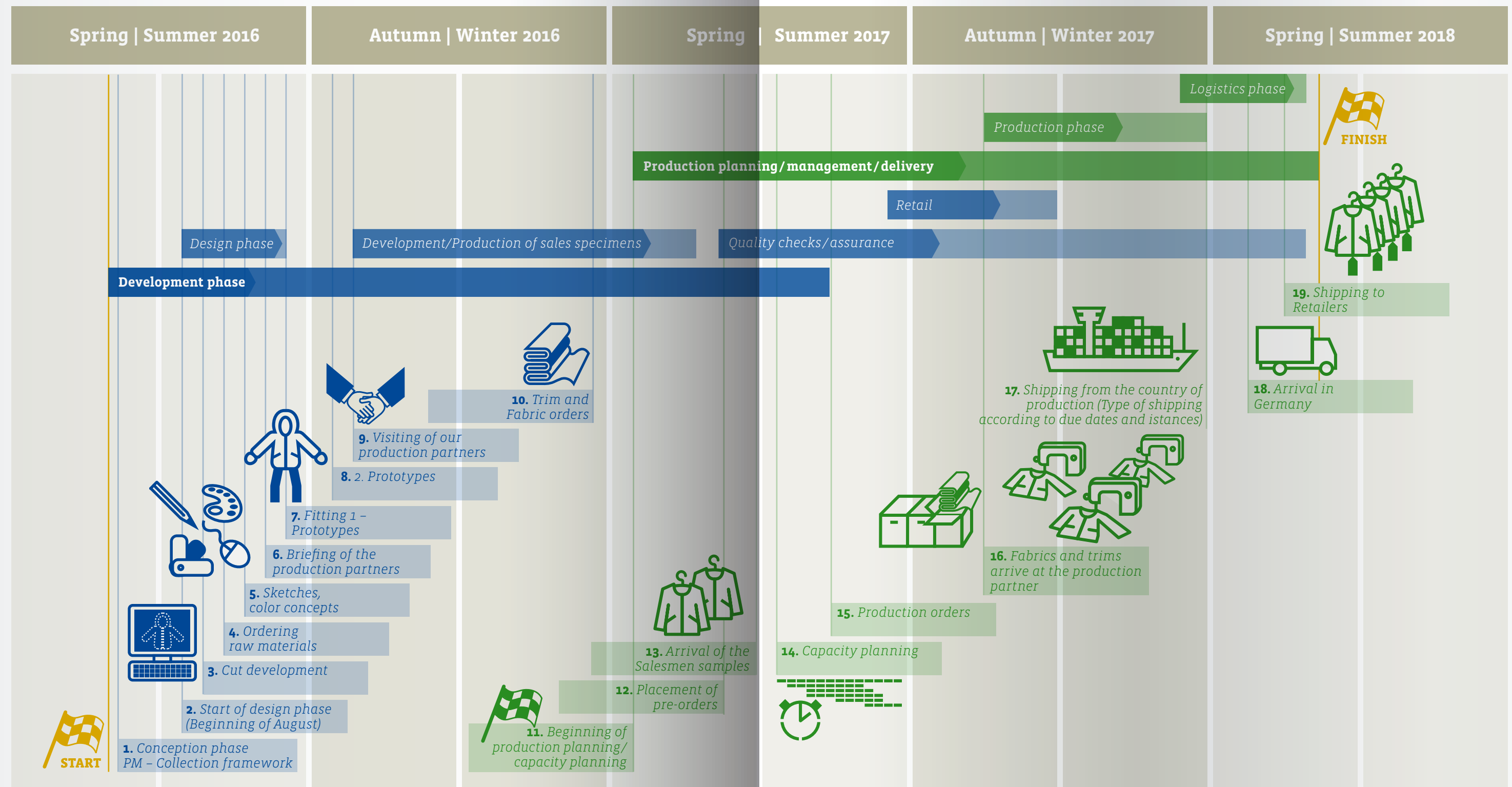


... enjoying break: workers playing football,

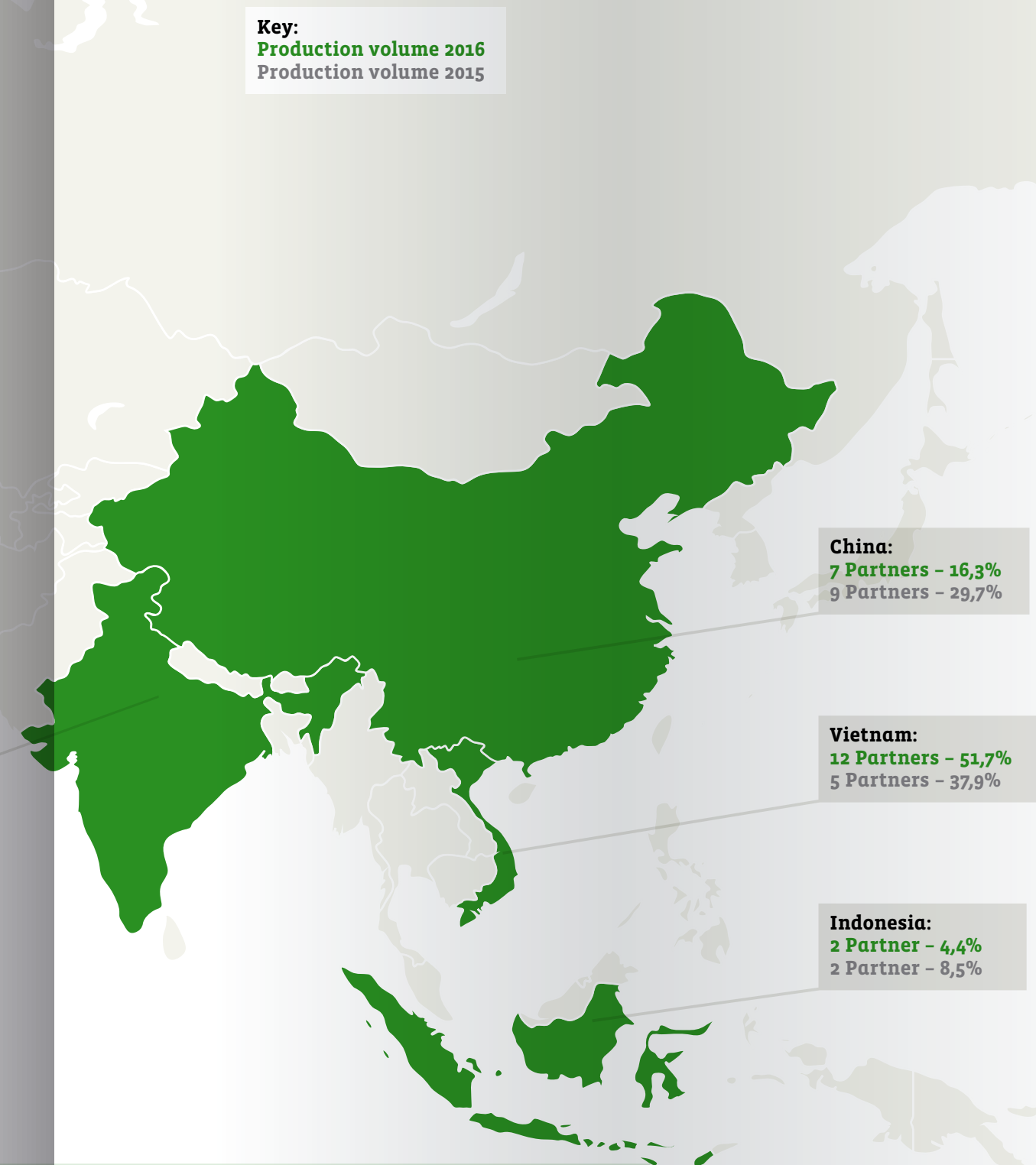
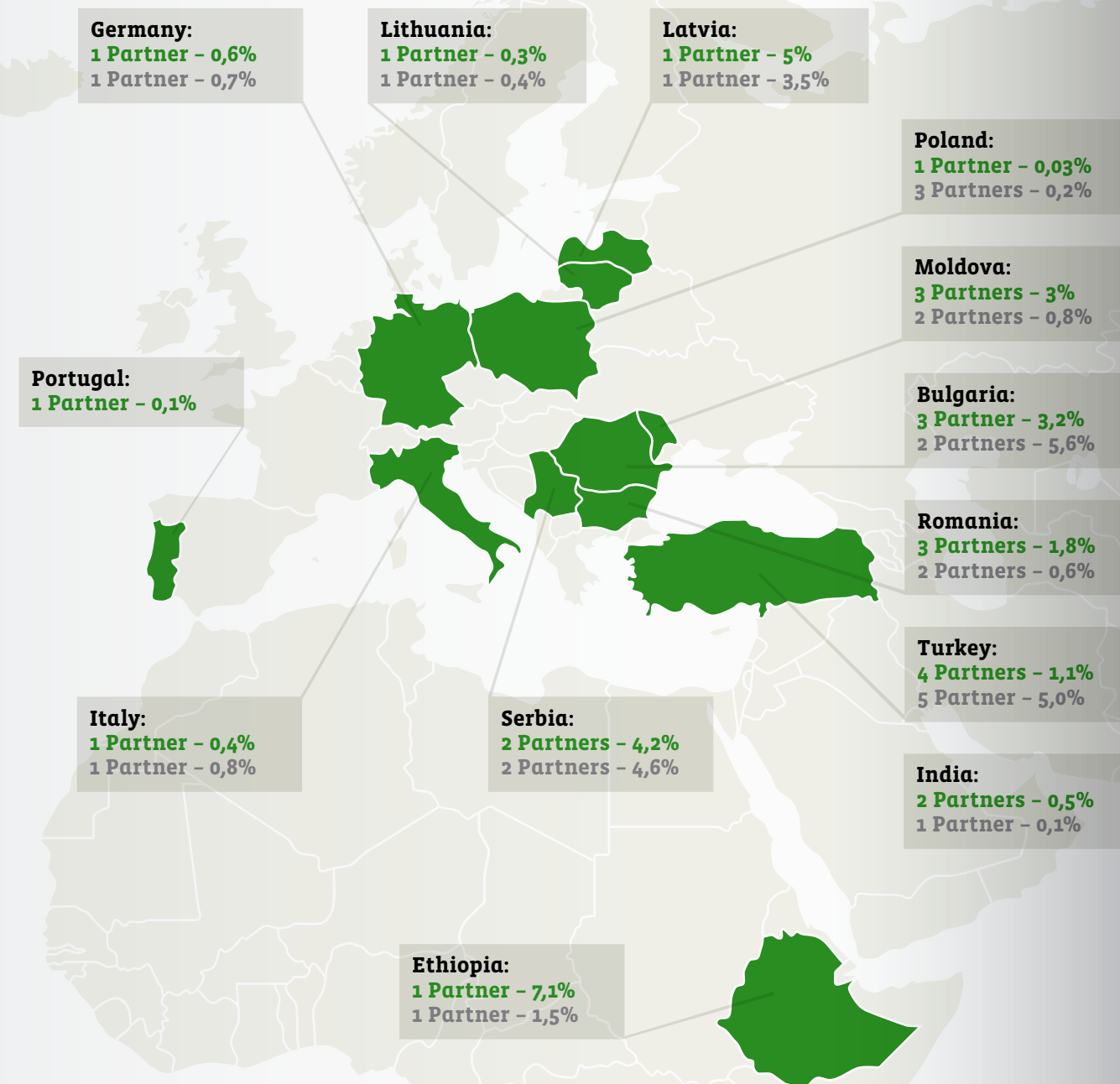


... and raising awareness of labour rights: CoLP posted in production

Production cycles for the Summer 2018 collection



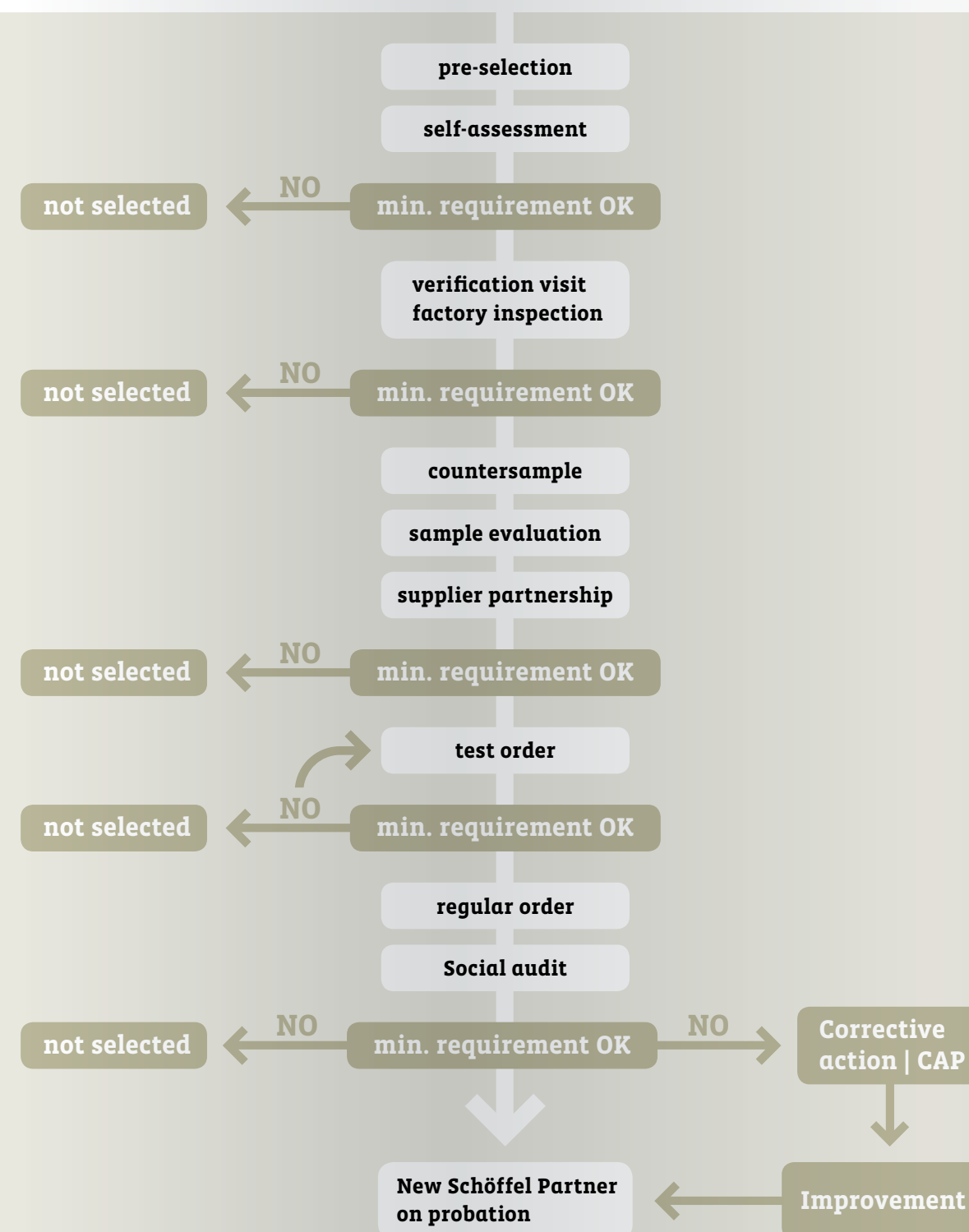
Global production facilities





Procurement and CSR

Selecting new suppliers:



Schöffel awards its own CSR and Supplier Award for the first time

Two suppliers honoured according to new rating system

In Germany, there is an old 17th century expression “Jacke wie Hose” (jacket matching pants) meaning that it’s all the same thing, since at that time it became fashionable to cut jackets and pants from the same cloth. At Schöffel, however, the procurement and processing of materials is not “all the same thing” – quite the opposite in fact!

“Our ‘Garment Supplier Evaluation’ system developed in-house makes our producers’ performance transparent and shows where we still need to make improvements.”

Katrin Klug

After all, producers of high-quality and increasingly sustainable functional clothing for Brand and Professional Wear are facing more and more complex demands in terms of cooperation, reliable delivery, product quality, pricing, product development and CSR performance. Finding reliable suppliers is one thing and measuring and comparing the performance of these partners is another. Schöffel is now able to report a twofold success in this area: “Our ‘Garment Supplier Evaluation’ system developed in-house makes our producers’ performance transparent and shows where we still need to make improvements,” Schöffel CSR Manager Katrin Klug is pleased to announce. The results are that “following the assessment for the year 2016 (W16 and S17 seasons), we were able to give awards to our production partners for the first time!”

There was plenty to celebrate when two producers were awarded a framed certificate by Katrin Klug



Award to Polymax: Georg Kaiser, Michael Maeser, James Huang, Jürgen Raubold, Marco Tenace (fr. left)



Award to Spectre: Katrin Klug, Hanne Meldgaard, Georg Kaiser, Jesper Klausen (fr. left)

and Georg Kaiser (Divisional Head Procurement and Logistics) at ISPO, the international sports equipment show held in Munich at the beginning of February: Spectre received the Schöffel Supplier Award Brand and CSR and Polymax was given the Supplier Award Professional Wear. Spectre, a Danish business partner with production facilities in Latvia and Vietnam, which has been making fleeces, t-shirts and softshells for the brand and Schöffel UK Country for the past six years, employs more than 700 people worldwide and, according to Katrin Klug, is highly committed to CSR. “All productions are certified according to SA8000 (social standard) and ISO 14001 (environmental management system),” she reported. “The responsible employees have an in-depth expert knowledge and actively work towards continuously improving the working conditions in their own factories.”

Assessors were particularly impressed by the suggestions and complaints system on the in-house Intranet. Katrin Klug: “This is where employees can make their own suggestions for improving the working environment and working conditions. The processing becomes transparent and the right solution for all employees is integrated in the system.” Pay levels in the factory are also high compared with other producers in Vietnam. The Vietnamese production facilities also achieved very good results in the FWF audit and implemented the improvement measures quickly and sustainably. The company was given the Supplier Award for its cooperative collaboration, very high product quality, good product development and pricing.

The Chinese producer Polymax from Ningbo province, which has a German/Chinese management team, has been working with Schöffel for three years and manufactures jackets, softshells and fleeces for the brand and for Schöffel Professional Wear. Best delivery performance, seamless processing and straightforward collaboration tipped the balance in favour of the company winning the Schöffel Supplier Award Professional Wear.

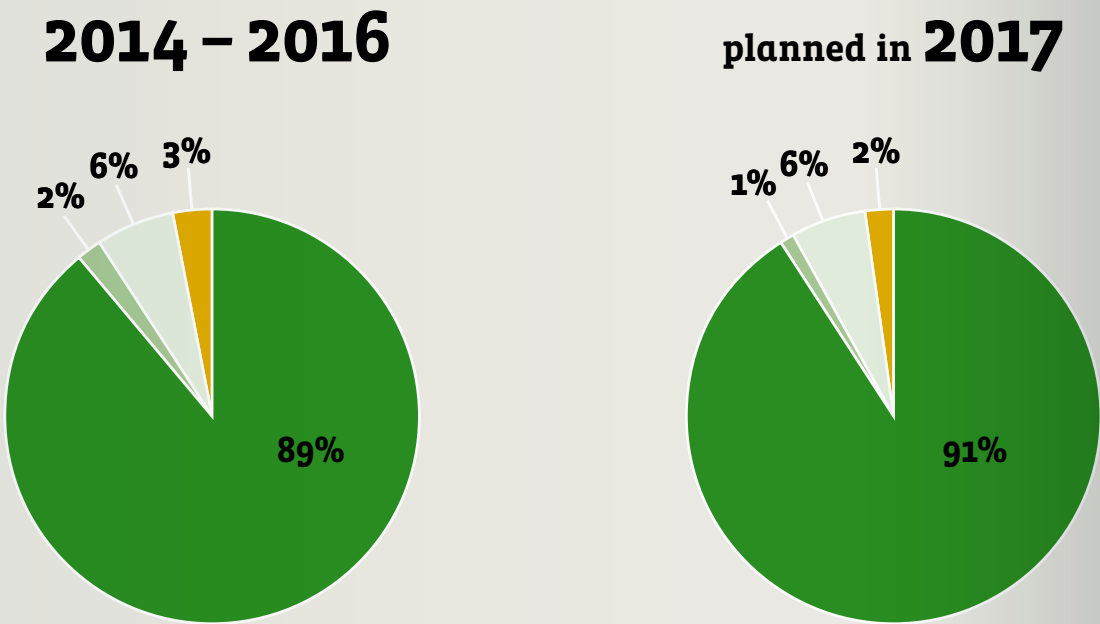
Overview of production partners 2016

Continent	Factory name	Location	FWF: low risk	Collaboration in years	FWF questionnaire
Europe	Walter Stöhr GmbH	Germany	yes	19	yes
	Stamperia Alicese S.R.L	Italy	yes	8	yes
	Silsa Confecções, S.A.	Portugal	yes	1	yes
	Texdor	Poland	yes	25	yes
	Spectre Latvia Rezekne	Latvia	yes	6	yes
	Satrija AB	Lithuania	yes	2	yes
	DMD Fiore doo	Serbia	no	5	yes
	Kadinjaca AD	Serbia	no	21	yes
	R-Dexa Trading Ltd.	Bulgaria	no	3	yes
	Trend Fashion Textil (Rakovski)	Bulgaria	no	19	yes
	Trend Fashion Textil (Krichim)	Bulgaria	no	21	yes
	ICS Extravie S.R.L	Moldova	no	3	yes
	ICS Extravie (subcontractor 1)	Moldova	no	2	yes
	ICS Extravie (subcontractor 4)	Moldova	no	1	yes
	ICS Extravie (subcontractor 2)	Romania	no	2	yes
	ICS Extravie (subcontractor 3)	Romania	no	2	yes
	ICS Extravie (subcontractor 5)	Romania	no	1	yes
	SLN Tekstil ve Moda San. Tic. A.S.	Turkey	no	4	yes
	Teks Team	Turkey	no	2	yes
	Marma Tekstil Konf. Imz. San. ve. Tic.	Turkey	no	3	yes
	Version Tekstil Tur. San, ve Dis Tic.A.S.	Turkey	no	3	yes
Asia	Asian Sourcing International Mfg. Co. Ltd.	China	no	11	yes
	Liwaco Outdoor Sporting Goods Co. Ltd.	China	no	20	yes
	Nordsun Outdoor Products Co. Ltd.	China	no	3	yes
	Silk Trend Garments Co. Ltd.	China	no	3	yes
	Shantou SEZ Toki Art Garment Co. Ltd	China	no	2	yes
	Shuyang Dianjie Garments Industrial Ltd.	China	no	1	yes
	Pingyang Buyreal Leather Products Co. Ltd.	China	no	2	yes
	Kido Hanoi Co. Ltd.	Vietnam	no	9	yes
	Minh Tri Thai Binh Co. Ltd.	Vietnam	no	3	yes
	PS Vina	Vietnam	no	9	yes
	Poongshin Vina Co. Ltd.	Vietnam	no	10	yes
	Prex Vinh Co. Ltd.	Vietnam	no	4	yes
	Shints TM Co. Ltd.	Vietnam	no	4	yes
	Shints-BVT Co. Ltd.	Vietnam	no	9	yes
	Shints TN Co. Ltd.	Vietnam	no	1	yes
	Spectre Vietnam Joint Stock Co.	Vietnam	no	6	yes
	Spectre Garment Technologies Co. Ltd.	Vietnam	no	1	yes
	Gatexco 20 Binh Minh Gmt. Factory	Vietnam	no	3	yes
	Gatexco 20 Gmt. Factory 3	Vietnam	no	3	yes
	PT. Kido Jaya, Factory I	Indonesia	no	10	yes
	PT. Masterindo Jaya Abadi	Indonesia	no	3	yes
	Rajiv Garments 1	India	no	2	yes
	Rajiv Garments 2	India	no	2	yes
Africa	Shints ETP Garment P.L.C.	Ethiopia	no	2	yes
Total				5.97	100%

% purchasing volume	Factory visits 2016	Audit	CAP Status	FWF training
0.60	yes	n/a	n/a	n/a
0.40	yes	n/a	n/a	n/a
0.10	yes	n/a	n/a	n/a
0.03	yes	n/a	n/a	n/a
5.0	yes	SA8000 15	n/a	n/a
0.3	no	n/a	n/a	n/a
2.0	no	January 15	almost completed	n/a
2.20	yes	June 16	partially disclosed	n/a
0.10	no	no	n/a	n/a
1.60	no	June 14	completed	n/a
1.50	no	June 14	completed	n/a
0.30	yes	November 15	partially disclosed	n/a
1.80	yes	November 15	partially disclosed	n/a
1.0	yes	October 16	disclosed	n/a
0.30	no	no	n/a	n/a
0.50	no	no	n/a	n/a
1.0	yes	November 16	disclosed	n/a
0.30	no	April 14	completed	no
0.20	yes	November 15	completed	October 16
0.20	no	August 16	disclosed	no
0.80	no	August 16	partially disclosed	December 14
0.50	yes	November 15	almost completed	August 14
3.80	yes	June 15	completed	November 15
2.60	yes	June 15	completed	March 16
8.80	yes	July 14	completed	no
0.20	no	BSCI 2016	partially disclosed	no
0.30	yes	August 16	disclosed	no
0.10	no	no	n/a	no
3.20	yes	August 16	almost completed	September 15
1.40	yes	March 15	almost completed	no
2.0	yes	November 16	disclosed	October 15
5.50	yes	October 14	completed	October 15
2.40	yes	December 16	almost completed	September 15
4.70	yes	August 14	almost completed	December 15
12.80	yes	January 14	almost completed	December 15
4.70	yes	January 16	almost completed	no
3.0	yes	March 15	completed	no
1.80	yes	FR 2016	almost completed	no
5.20	yes	November 14	partially disclosed	no
5.20	yes	November 14	almost completed	no
3.50	no	January 16	completed	no
0.80	yes	January 16	partially disclosed	no
0.30	no	June 13	completed	no
0.30	no	June 13	completed	no
7.10	yes	October 14	completed	no
100.00				

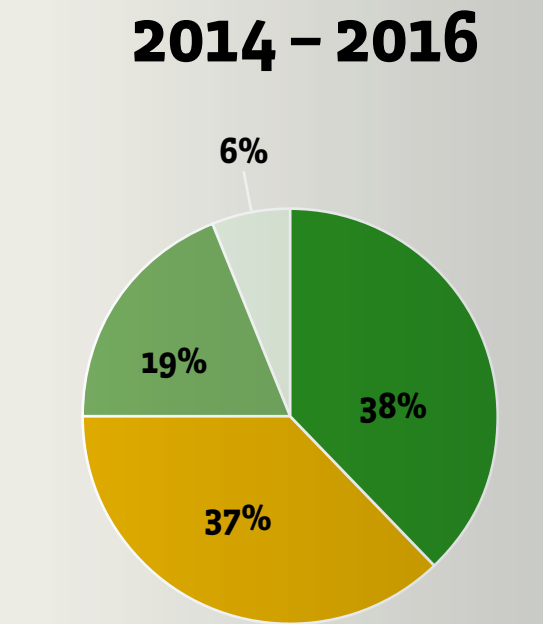
Comparison of audit and training programmes

Audit measures



- Key**
- FWF Audit**
 - Audit carried out by FWF or according to FWF standard
 - CAP Follow up**
 - External audit
 - Low Risk Origin**
 - According to FWF definition, supplier is in a low risk region
 - Low priority, no audit plans for the time being
 - No Audit**
 - No audit carried out or planned for now

Training measures



- Key**
- FWF Workplace Education Programme**
 - Factory has taken part in a Worker Training (WEP) session organised by the Fair Wear Foundation
 - WEP not available**
 - Low Risk Origin**
 - According to FWF definition, supplier is in a "low risk" region
 - Low priority, currently no plans in reserve for additional training measures
 - No Training**
 - No comprehensive training programme carried out until now



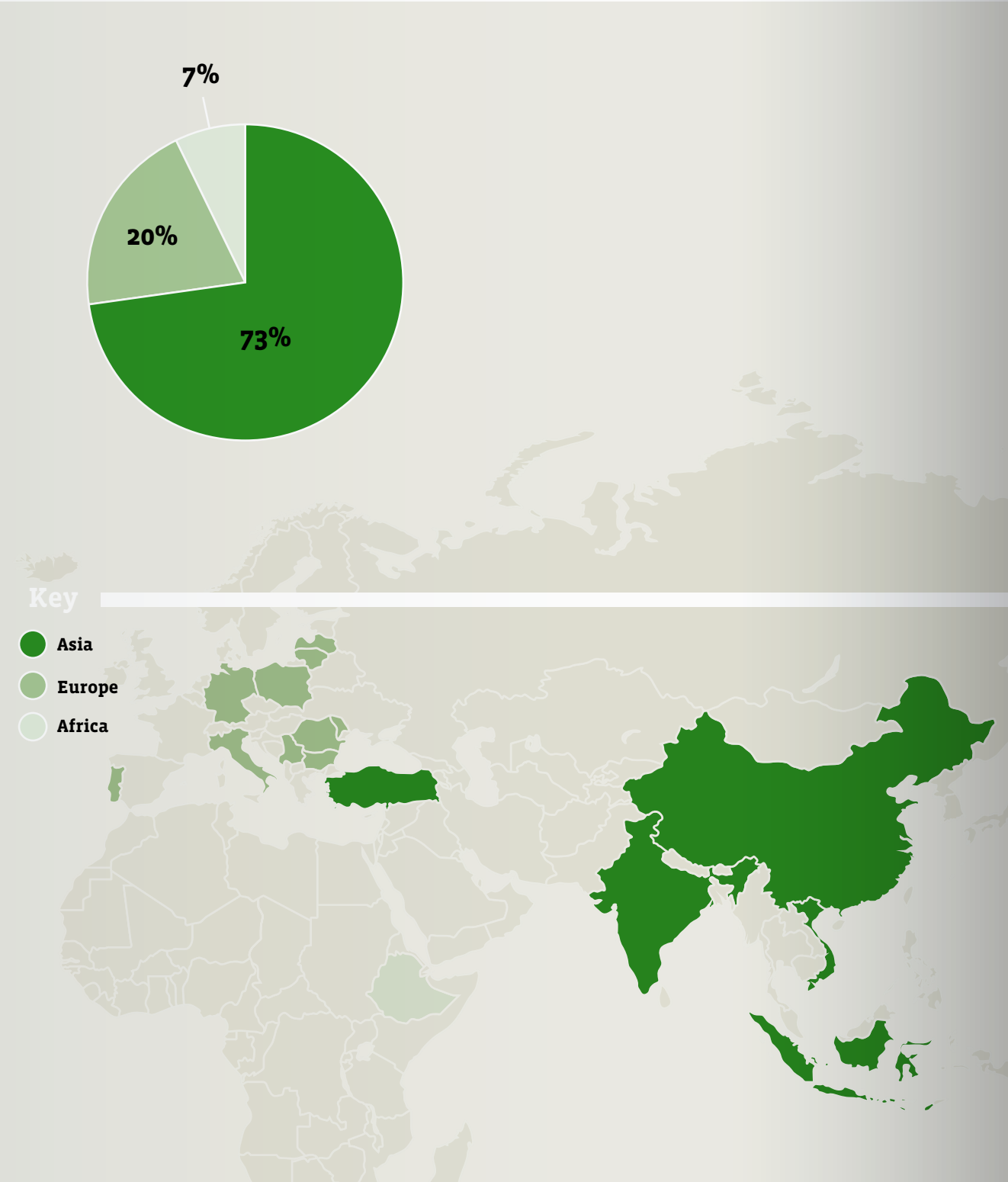
Intensive training leads to better working conditions Training in social and environmental standards

To ensure the successful implementation of social and environmental standards in the supply chain, all those involved must have the relevant basic knowledge. We therefore carry out internal and external training sessions on this range of topics. These take place in the manufacturing countries, as well as at our company headquarters in Schwabmünchen. Each (new) employee is informed by the CSR department about its area of activity. Information on our membership of the Fair Wear Foundation is available on the Schöffel website, as well as in our brochures.

Internal training sessions on CSR and sustainable products at sales meetings and field sales team meetings and for staff at Schöffel-LOWA stores and product trainers round off the programme. To ensure our staff genuinely understand their roles and the need for improved production processes, employees at our producers must undergo basic further training. This is what the FWF Workplace Education Programme (WEP) is all about. These training sessions cover the individual points of the Code of Labour Practices, working hours and overtime regulations, topics such as provisions for health and safety in the workplace and dealing with environmental and safety issues.

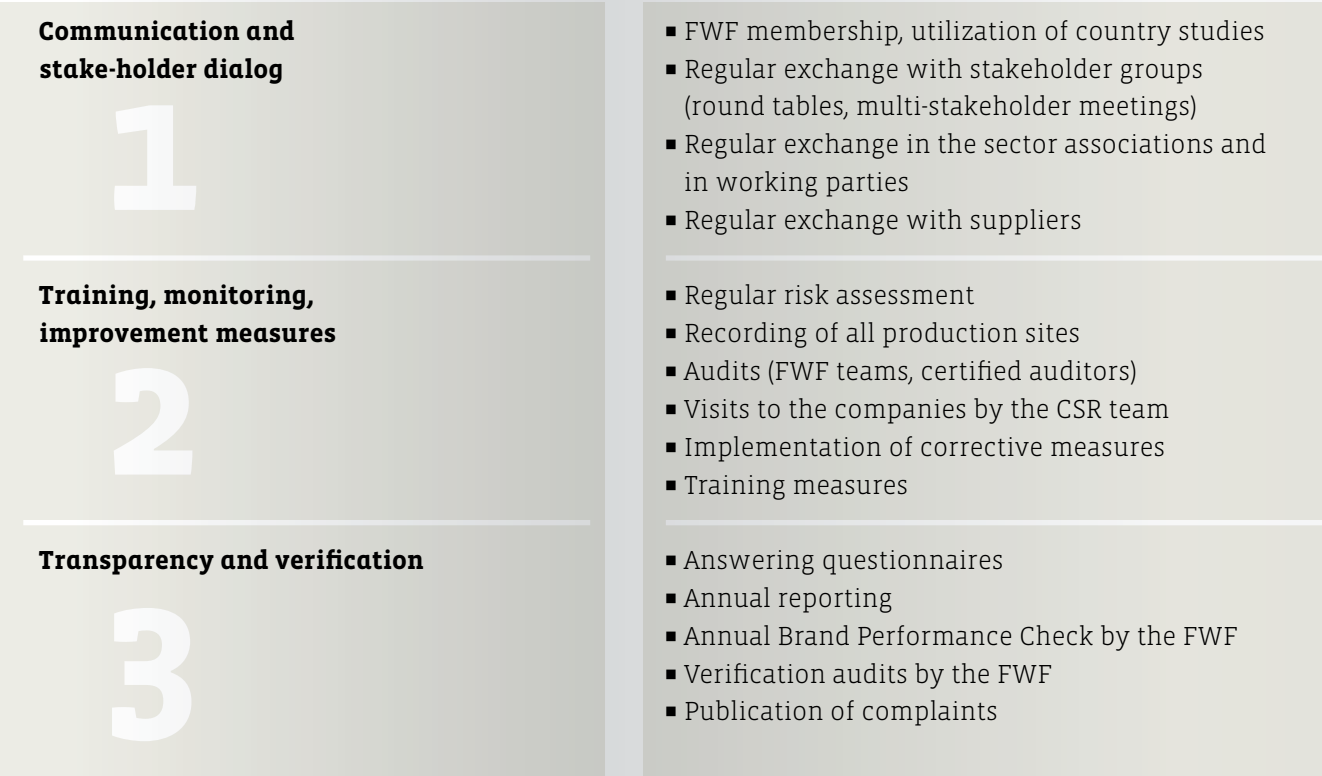
Production facilities

Percentage allocations in 2016

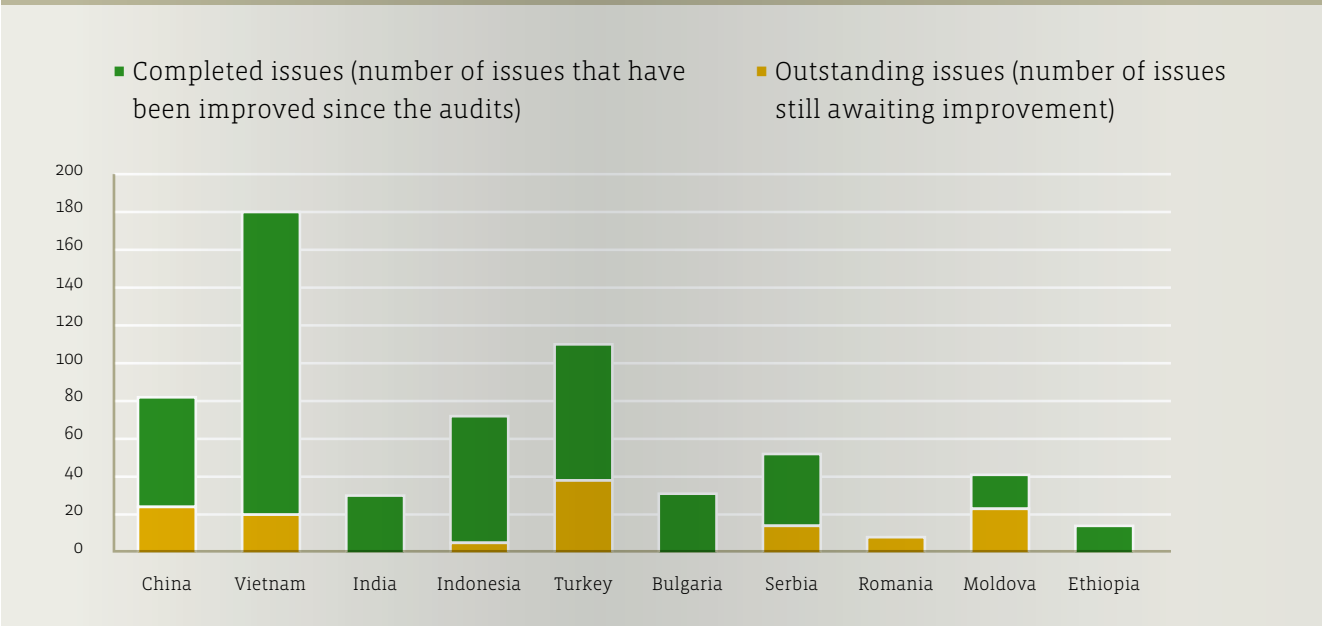


Implementing and Monitoring Social Standards (CoLP)

Schöffel’s strategy builds on three basic pillars:



Audit findings and implementation progress in the relevant production regions over the 2014-2016 period



Our audit results

China

Shuyang Dianjie Garments Industrial Ltd.

SDGI: Our expectations of this contact, which came to us via a German agency we've been working with for a few years, were unfortunately not fulfilled. We manufactured outdoor pants here for one season but the quality and audit results did not match up to our standards and so we had to terminate the collaboration. There were shortfalls in the areas of freedom of association and collective bargaining, living wage, working hours, health and safety at work, social security, communications and management. Unfortunately we no longer have an influence on improvement measures.

Indonesia

PT. Kido Jaya, Factory 1

Kido Jaya has been producing motorcycle suits for Schöffel Professional Wear for the past ten years. The second social audit was carried out in January, during which just a few outstanding shortcomings were discovered and these have largely been rectified. However, the assurance of freedom of association and collective bargaining, working hours and the payment of a living wage should continue to be monitored.

PT. Masterindo Jaya Abadi

Masterindo is a producer that has been making shirts and blouses for Schöffel since 2014. The audit that took place in January established a need for improvement in the following areas: discrimination, freedom of association and collective bargaining, living wage, working hours, health and safety at work, social security and work contracts, management system and communications. The shortcomings in the area of safety at work and communications have already been resolved. In addition, the company needs to continue to work on trade union structures

and the establishment of mechanisms for dialogue between management and workers, as well as increasing wages.

Moldova

ICS Extravie Subcontractor 4

Extravie Subcontractor 4 has been making t-shirts for Schöffel since 2016. Schöffel's CSR representative was present during the October audit. Unfortunately, we established that the owner of the factory had not been sufficiently informed by our agents about the FWF audit taking place and was therefore not very open towards the audit team. In general, this producer is in a strong position and provides a safe working environment. The main challenge lies in convincing the factory manager to be transparent and to see the audit as an opportunity for generating improvement potential.

Romania

ICS Extravie Subcontractor 5

Extravie Subcontractor 5 employs more women than average in management positions. This company has been making t-shirts for Schöffel since 2016. Right from our first personal on site visit, we were impressed with the very good working conditions and our positive impression was confirmed by the results of the audit. Areas that need work are an update of the Collective Bargaining Agreement (CBA), election of new employee representatives, assessing the work environment and increasing wages to aim for a living wage.

Serbia

Kadinjaca AD

Kadinjaca is a long-term partner, which manufactures a wide variety of products for Schöffel. The company has a personal, familiar atmosphere and traditional structures. Many processes have been the same for years and as they have always worked well until now, not much is systematic or established in writing. The challenge is to adapt existing structures to international requirements, without making them over-complicated or having a detrimental effect on relations between people.

Turkey

Marma Tekstil Konf. Imz. San. ve. Tic.

Marma Tekstil is a subcontractor of Version Tekstil and has been making shirts and blouses for Schöffel since 2014. The company moved premises shortly before the audit. Many points that had already been implemented in the old building, in particular in the area of safety, had not yet been introduced at the new site. The issue here is to support the company as it builds on the old standards and continues to improve working conditions. Other critical points were identified in the areas of internal communications, independent employee representation, payment of a living wage and legally-binding employment relationships and these must be rectified. Monitoring the supply chain in particular needs to be ensured; the agent and main producer are responsible for maintaining our standards.

Version Tekstil Tur. San, ve Dis Tic.A.S.

Version Tekstil is a producer of shirts and blouses and has been manufacturing for Schöffel since 2014. Another FWF member is also active here and so the audit was organised jointly and the CAP processed together. The results of the audit were disappointing: Although a training programme had already been carried out, there was a lack of understanding of social standards and no seamless documentation of business processes. Our task here now is, above all, to work in closer contact with the producer on achieving higher transparency in processes and introducing measures.

In general, we get the impression that cooperation with the producers on site has become more difficult due to the current political situation in Turkey. The reduced presence of representatives from European companies in Turkey has meant that the supply chain has become less transparent.

Vietnam

Kido Hanoi Co. Ltd.

Kido Hanoi is a long-term producer of jackets and pants. Since the factory already has a good standard and has undergone various audits, a follow-up audit was carried out to check on targeted improvement

measures. Progress has been made in the areas of chemicals management, safe electrical engineering and fire protection. However, it must be ensured that employees use their protective clothing and that checks of fire extinguishers and first aid boxes are carried out conscientiously.

Prex Vinh

Prex Vinh is a factory run by our partner Kido and it manufactures jackets for Schöffel. The audit established shortcomings in the areas of payment of a living wage, working hours, health and safety at work, wage agreements and work contracts. Together with a competitor, we are in constant discussions with the producer and this has meant that fourteen points have already been resolved. Working hours and the payment of a living wage are still under observation.

PS Vina

We carried out an audit here in November 2016, together with a competitor. Unfortunately, the Fair Wear Foundation's audit report and action plan were not yet available at the time of writing this Social Report and so we are not able to comment on the results.

Shints TN Co. Ltd.

Shints TN is a new factory operated by our long-term partner Shin Textile Solutions in Vietnam. The audit was organised jointly with a competitor at the start of production. Since the factory was still in the renovation phase at the time of the audit, shortcomings were established predominantly in the area of work safety and payment of a living wage. Some of the points had already been resolved by the time of a follow-up visit by our CSR staff and the action plan was completed. We need to make sure that standards continue to be implemented here.

The FWF Complaints System

Additional reassurance that social standards are being maintained in production facilities

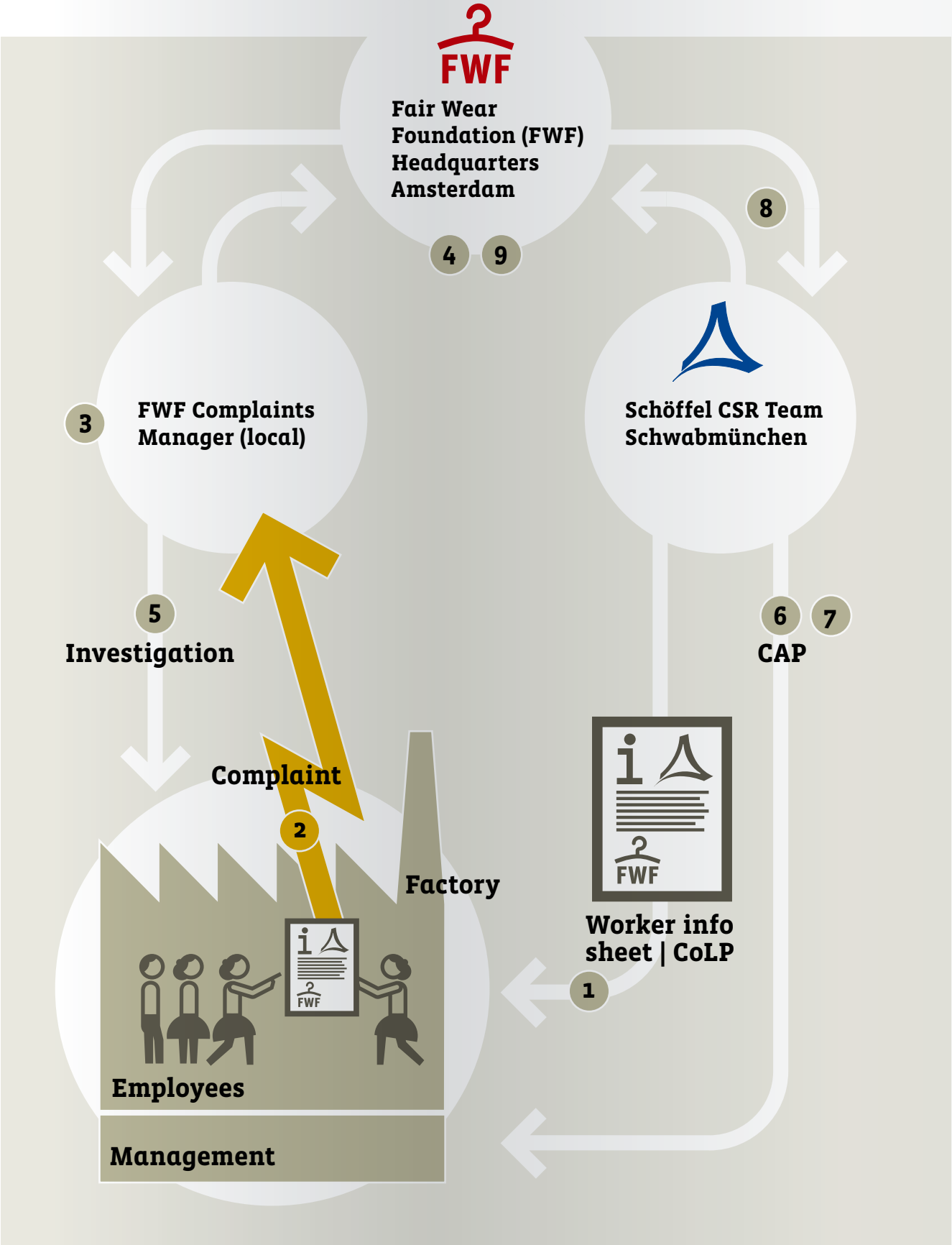
The FWF complaints system gives employees in production facilities the opportunity to make direct contact with an independent body in the event of problems. The contact data of the complaints manager and the Code of Labour Practice (CoLP) are displayed on information boards in an easily accessible place in every company and people are informed about these during training sessions or interviews at social audits.

Once the complaint has been checked, it is reported to the FWF head office in Amsterdam, as well as to Schöffel. The circumstances are then investigated in detail. The Schöffel CSR team then works out a corrective action plan along with the production partner and the complainant with a view to solving the problem.

The system is available not only to workers, but also to NGOs, associations and partner companies.

FWF and Schöffel take complaints very seriously and are committed to improving the situation rapidly.

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 was justified, the following measures are implemented:
5. Investigation of the complaint
6. Development of a corrective plan of action and timetable
7. Schöffel checks the effective implementation of measures
8. Verification of measures by FWF
9. Publication of the complaint and corrective measures



Complaints from production employees 2016

In 2016, the Fair Wear Foundation received five complaints from employees at our producers' facilities in China, Vietnam and Turkey.

Factory 8457

The following complaint about this Turkish producer was submitted to the FWF in January 2016: An employee reported that the workers felt intimidated by management, that there were too many hours of overtime and that Syrian employees were being hired. They also expressed the fear that the minimum wage valid from 01/01/2016 would not be paid. Following this complaint, all three FWF members active in this facility visited in person and discussed the claims with management. The employment of Syrian refugees could not be confirmed. In order to avoid future misunderstandings, it was recommended that the producers provide its employees with ID cards, so that they could identify themselves as official employees. Working hours were checked again and no proof of the legal limits for overtime being exceeded could be found. A FWF training session for workers and management was also organised in order to raise awareness of work and safety standards. An audit is scheduled to take place in 2017 so that the implementation of improvement measures can be checked.

Factory 5607

In August, the FWF received a complaint from an employee at this Turkish factory. He stated that a majority of the workers at the factory were paid less than the legal minimum wage. When the complaint was checked out, it emerged that wages were paid by bank transfer in accordance with the local minimum wage but that part of the amount is calculated with overtime hours. Further hours of overtime are paid in cash and are not registered in the system. In addition, according to the same statement, workers are employed by the company without an official contract. Together with another FWF member, we are checking this information and working on a solution.

Factory 4575

An employee at a company in China made a complaint in November 2016 via the FWF hotline about the amount of overtime. According to his statement, people often work for seven days in a row without a day off, production continues during breaks and not all overtime hours are recorded and documented. In addition, workers are not allowed any absence in the event of illness. Pregnant women are made to work at workstations with high noise levels and must pay their own social security contributions if they don't achieve their daily targets. The customer's code of conduct is only put on display during audits. Together with our competitors, we had a meeting with the producer and introduced an action plan for further clarification of the situation.

Factory 5729

Due to a criminal offence in his private life and the accompanying police investigations, an employee of the producer was fired in January 2016 in Indonesia. This is a particularly sensitive matter as it concerns the trade union representative at the factory. Together with the Fair Wear Foundation, a local expert and a competitor, we are checking whether the dismissal was fair in this case and are working on a satisfactory solution for all those involved.

Full reports of all cases can be found in the "Complaints" section at www.fairwear.org/resources/?type=complaints.



Factory 10014

In December 2016, we received a complaint from an employee at a factory in Vietnam. It was stated that the employees have to work many hours of overtime, in excess of the legal limit. Together with a competitor and customer of the producer, we contacted management to discuss the problem. The situation at the factory is currently being inspected and the reasons for the overtime analysed. Measures should then be developed to reduce the overtime hours.



Sustainable production – an ongoing process

Three questions to Georg Kaiser, Head of Procurement & Logistics
Schöffel Sportbekleidung GmbH



1 Sustainable production – just a promise or an ongoing process at Schöffel?

Without doubt, it's an ongoing process! As a manufacturer of outdoor sports clothing, we pay increasing attention to the processing of raw materials and chemicals so that our customers can purchase sustainable products. In this respect, Schöffel has a very clear objective: by 2020, our collections will be 100 percent free from poly- and perfluorinated chemicals (PFCs). Our 2017 summer collection already achieves 65%, offering PFC-free jackets and pants with fluorine-free waterproofing for the first time! In Autumn/Winter this year, our entire children's collection – including wind- and waterproof ski and winter jackets and pants – is 100 percent PFC-free. Since September 2016, Schöffel has also been offering an environmentally-friendly, PFC-free waterproofing service at all Schöffel LOWA stores. Customers can simply bring their functional clothing to the store and collect it a few days later, washed and waterproofed. The innovative washing process ensures a first-class waterproofing result for moisture- and dirt-resistant Schöffel outdoor clothing, which is just as good as the water repellency of a new jacket. With this special care process for functional textiles, full functionality is maintained and the lifetime of the finish is extended.

2 What kind of internal and external investments are you making to ensure that spinning and weaving plants and dye factories are also made aware of sustainability issues?

Our quality control procedure, involving visits to suppliers and those involved in preliminary stages of the development process, means we have an influence both on the working conditions on site and on the quality of production. As a bluesign® system partner,

we work with strict requirements for avoiding the use of any substances that could endanger health and the environment right from the start of the process. We provide regular internal training sessions. Our company is represented on the scientific advisory board for the Hohenstein Institut für Textilinnovation gGmbH (HIT).

3 Which (new) materials is Schöffel using?

It goes without saying that we consistently work with innovative materials and fibres. We use, for example, P4Dry® Coffee Printing Technology, which recycles coffee grounds in the 2.5 layer print. We also work with Lyocell, which is also known as Tencel. This is a man-made cellulose fibre, so it's produced industrially from natural raw materials. It is made from Asian eucalyptus wood from sustainable forests and is biologically degradable. We use merino wool, which comes exclusively from sheep rearing operations that do not practice mulesing (removal of strips of skin from around the breech of a sheep to prevent flystrike, a procedure that is usually performed without anaesthetic). Our down products are filled with white or grey duck down and feathers from ducks that are bred for the food industry. Obviously, at Schöffel we only use synthetic fur.



Together we have achieved so much already!

Employee surveys 2013 and 2016: Interview with Hildrun Brendler, Head of Personnel/HR department

What made Schöffel carry out its first employee survey in 2013?

The aim was to ensure that employees gave us their opinion on our company culture with as much objectivity as possible, so that company management could use it to develop the most appropriate and important optimisation measures. After all, the people who are most familiar with a company's weak points are those who are confronted with them on a daily basis. But we didn't just want to hear the opinions of those who like to shout them out loud; we also wanted to give everyone the opportunity to say if and how things aren't quite right. In any case, this is the only way of driving forward employee development!

Why did the second survey follow just three years later?

Right from the start, Schöffel devised the project with a regular follow-up of the topics covered in the survey and a portrayal of the developments made throughout the company. Also, the measures that have already been introduced (for example our new working hours model) should be scrutinised to see how they are working out in practice. That's why 80 percent of the questions were the same in both surveys, whilst the rest were updated and adapted to suit the current situation.

The response rate has always been unusually high – at around 90 percent in each case. How did the company manage to motivate its employees in this way?

The employees of our family-run company are, in any case, highly committed. By setting up a project group involving employees from various departments, we were able to enhance this still further. Also, the workers' council and managers were in-



involved together; they promoted the common sense behind the management's central concern of working together to get things moving and not just oversee their colleagues.

Transparent communications took place before, during and after the survey via several channels such as those mentioned above, as well as support on the Intranet, notices and daily reports on the high response rate.

Were employees able to give their opinions securely and anonymously?

Yes, this was something they were really able to rely on. The processing by external professionals was carried out online via a personal link, which was anonymous and deleted after the survey. These high standards were then secured by additional in-house data protection officers.

To ensure a good corporate culture: Schöffel interviews its employees

Three years after the first survey, Schöffel carried out a second large-scale online employee survey in early summer 2016. The results of the survey have and will enable targeted measures to be introduced so that we can be even better tomorrow than we are today and boost our corporate culture still further. The same market research institute from Hamburg, which had already carried out the 2013 survey, once again took care of the organisation and evaluation of the interviews, thereby guaranteeing comparable results. The institute has decades of experience in online market research and places a great deal of importance on anonymity and data protection.

All employees were able to take part during their working hours with guaranteed anonymity. The questionnaire included about 45 questions on various topics such as working conditions, working hours, management by direct superiors, communications and team work and company management.

What did this change for the company?

We were able to use the results to derive and implement measures over the short, medium and long term. More specifically:

• Communications and information have been optimised:

We have introduced an Intranet and Strategy workshops. Employees regularly meet up for our new internal information meeting called "Back-stage", where they learn as a group about details concerning important company matters. Regular exchanges between company management and the workers' council have been intensified and our trainees have devised an annual employee magazine called "Schöffel 360°". This magazine includes reports on minor and major topics from everyday life at Schöffel. It's a great read!

• Processes have been drawn into focus:

These include the convocation of process teams, digital process mapping, general structural changes, developing an organisation department and the introduction of our meeting rules to bring more structure to our meetings.

• Development of HR to Business Partner:

We are systematically developing HR systems, have drawn up job profiles and Schöffel skills, optimised internal job descriptions, introduced an interesting new working hours model and offer advice, coaching and personnel development. In particular, we have made further training for employees a priority.

• Infrastructure measures have been introduced:

A seating area by the pond has been set up outside our head office for work breaks, whilst inside the bistro has been renovated with the help of employees: there is now also a daily food delivery. The toilets have been renovated and modernised and door plates added to each office.

How are less positive answers handled?

In just the same way as positive answers. We take them seriously, analyse the reasons behind them, develop and implement measures and ensure they are communicated transparently, which is very important!

Will there be another survey and, if so, why?

Yes, in mid 2018, employees will be able to share their opinions and impressions again. As I have mentioned already, the ongoing process of company development can only be guaranteed by follow-up surveys.

Creative factory for future success

New Development Centre sets standards



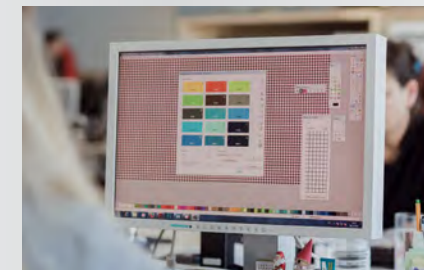
Blue was the colour for Georg Schöffel. After all, "Schwabmünchner Blau" was the colour that once stood for first-class quality. As a sock merchant, in 1804 he was granted a licence for his trade, laying the foundations for one of the oldest family businesses in Bavaria. Georg Schöffel's great-great-great-grandson, Peter, now has a much wider spectrum available – and not just in terms of colours – when it comes to working on the development of a new collection alongside his team. As Managing Partner, he is heavily involved in this part of the business. "The rise and fall of the brand relies entirely on the product," says the man who is the seventh generation of the family to run the company, which combines the traditional with the modern, the art of tailoring with high tech, local roots with global networking and social and environmental responsibility.

"The rise and fall of the brand relies entirely on the product"

According to Schöffel's guiding principle, "Following others does not take you to your goal. You must always be one step ahead." Just like his father Hubert, who back in the 1980s was one of the very few to recognise the revolutionary potential of the new Gore-Tex® fabric, thereby catapulting the Schöffel brand right to the top of the sports clothing industry, Peter Schöffel also likes to break new territory. This particular territory measures precisely 620 square metres, has just been built and is called our Development Centre. A modern, creative atmosphere is guaranteed, thanks to huge windows and overhead lighting; modern desks; lounge corners known as "coffices", which combine coffee with offices to provide the opportunity to plug in a laptop and work in a relaxed setting; pin boards and meeting rooms with high tables. Some features are a deliberate reminder that this building was once a warehouse storing raw materials. Only the tree, which thrives in the midst of this creative factory, is a new addition. "This is where the entire collection is developed, from the first sketch and the first colour suggestion to the technical maturity of the collection", Peter

Schöffel explains. There are 26 modern workstations. The Product Management, Design and Technical Development departments are now all under the same roof. Short distances and direct communication increase creativity. "This is where the products of tomorrow and beyond are devised," says Schöffel. The new innovation factory allows the team to network. The objective is to come up with innovative concepts, providing customers with a quality, functional and visually perfect "Ich bin raus" product. Where once it was Bavarian creative minds and craftsmen who came up with new innovations, their descendants are now specialists with modern training and a genuine outdoor mentality. "We understand our target audience because we all use our products ourselves," says Peter Schöffel. Of course, the work starts with sketches, which are drawn up and then discarded, tested and sewn.

There are only a few metres between the sketching desk and the sewing machine at Schöffel. The traditional Bavarian company is one of the few major clothing manufacturers to own its manufacturing premises and train its own staff. Prototypes,



"We understand our target audience"

samples and repairs are all carried out in the small town of Schwabmünchen.

On days when the Föhn wind is blowing, you can even see the Alps from the company's headquarters, which could well provide added motivation. "My love of the mountains also played a major role in my corporate decision-making," the veteran chief Hubert Schöffel remembers. He was one of the first to recognise the trend towards leisure time. As a result, in the middle of the 1960s he radically overturned his company, which at the time was already producing breeches, to specialise in sportswear. "Things always went well from then on," the 86-year-old says with a smile on his face. But he also adds, "An entrepreneur should never be completely satisfied."

Goals we achieved in 2016

Goals	Measures Implementation
<p>1. Continue the successful implementation of CoLP in the supply chain by integrating new producers into the system.</p>	<p>In 2016 we successfully implemented the CoLP at five of six new factories. Unfortunately we had to terminate our partnership with one new partner after one season.</p>
<p>2. By the end of 2016, more than 90% of suppliers should have been subjected to social audits, monitoring and post-audits or come from low risk regions.</p>	<p>In 2016, 12 audits were performed at suppliers accounting for about 22% of production volume, and the implementation of improvements monitored. A total of more than 95% of our production volume is sourced from factories that were monitored or are located in low risk countries.</p>
<p>3. In 2016 we want to source at least 50% of our production volume from producers who have attended the FWF Workplace Education Programme.</p>	<p>In 2016 we continued to carry out training sessions at our producers' facilities in Vietnam. In total, more than 38% of our production volume comes from producers who have taken part in a WEP training programme organised by the FWF in the last three years.</p>
<p>4. Keep tracking and resolving outstanding corrective measures from audits.</p>	<p>Thirteen open CAPs were resolved through corrective measures by the end of 2016 and, for the remaining issues, improvements were set in motion. The solutions should be verified in further audits in 2017 and through regular on-site visits.</p>
<p>a. Develop preventive measures from audit assessments and complaints received.</p>	<p>We have established that a personal discussion on site in the production facility has a positive effect on the implementation of standards and therefore we have made personal visits to 29 of our producers, who manufacture 88% of our production volumes.</p>
<p>b. Integration of licence partners into the existing monitoring system</p>	<p>Schöffel works with licensing partners in England, Japan and Taiwan. All of our partners have accepted our standards and integrated them into their own systems.</p>

Goals	Measures Implementation
<p>5. Risk analysis of new procurement countries and assessment of initial findings from audits, face-to-face meetings and stakeholder dialogues.</p>	<p>We have been able to identify very good production conditions at our new partner in Portugal. In addition, our production volumes in Ethiopia were increased to 7% in 2016. The challenge here lies in training unskilled workers.</p>
<p>6. Integration of the new producer assessment system into the PDM system.</p>	<p>We carried out the producer assessment twice in 2016 and discussed the results with the producers. The integration of the PDM system has been postponed to 2017.</p>
<p>7. Further expand cooperation with competitors in respect of shared producers.</p>	<p>Other members of FWF also use most of our producers. Together, we have performed audits and training sessions, and collaborated on resolving CAPs and addressing staff complaints.</p>
<p>8. Regular in-house training sessions on CSR</p>	<p>In 2016, the customer service department, new employees and our trainees were trained in CSR. During a series of interviews on the Intranet, the other employees were informed about the implementation of CSR at Schöffel.</p>

Goals we want to achieve in 2017

1.	Continue the successful implementation of CoLP in the supply chain by integrating new producers into the system.
2.	In 2017, at least 95% of the production volume will be procured from factories that have undergone a social audit and work actively on implementing improvement measures or come from low risk regions.
3.	Keep tracking and resolving outstanding corrective measures from audits.
4.	Develop preventive measures from audit assessments and complaints received.
5.	In 2017, we shall encourage more producers to take part in the FWF Workplace Education Programme.
6.	Regular in-house training sessions on CSR.
7.	Further expand cooperation with competitors in respect of shared producers.
8.	Integration of the new producer assessment system into the PDM system.
9.	In 2017, launch of a “Living Wage” project in Vietnam.
10.	Production of the baseline and a roadmap for the Partnership for Sustainable Textiles.





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