

KJUS Social Report 2018



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1. Foreword by Sven Serena

Social responsibility is inevitably linked with brand communication. Companies that innovate in this space should put efforts into communicating their achievements. It is only if we talk about our achievements that consumers will have the chance to support brands that truly care. This however is a major challenge for many organizations. When is it the right time to start speaking about social responsibility achievements? We are all aware that the textile industry continues to struggle to provide a decent working environment in the factories that they use around the world and there are still inhumane working conditions in some places.

We at KJUS are proud of what we achieved over the past seven years as a Fair Wear Foundation (FWF) member, and as a 'Leader' brand for the past four years. Nevertheless, there is still a lot of work to be done and we continue to ask ourselves the question: "Are we advanced enough to talk about our achievements in a public way?" So far, we have taken small cautious steps as we are aware that there are still many tasks that need to be tackled when it comes to corporate social responsibility. However, we recognize the importance of communicating our work with the FWF to help make consumers aware of the sustainable business practices that brands are engaging in so they can make more informed purchasing decisions.

By increasing our communication of our social responsibility projects, I feel it will have the knock-on effect of motivating our organization to further innovate and move forward with other strands of the social responsibility framework – including our focus on environmental projects. Our business is built on people enjoying outdoor activities like golf and skiing. We are passionate about our sports and the great outdoors and this is a strong motivation for us to do good by mother nature.

We have initiated many projects but there is a lot to be done when it comes to reducing the carbon footprint our company leaves behind. It is shameful that the textile industry has such a poor record when it comes to environmental protection. In our company strategy we have made it our goal to reduce our water wastage in the supply chain and ban harmful chemicals. There are big challenges involved because the textile supply chain is so fragmented, plus to dye fabrics requires a lot of chemicals and water. Nevertheless, improvements can be made and we are committing more resources to tackling these environmental issues. There is only one world and we need to protect it.

Also during the past year, we have been working on implementing the Code of Labor Practice. The living wage project is still very much a focus and we will provide more detailed information about the status of that in this report. We have also started sourcing from India which brings about new focus points as every country has its own challenges when it comes to social responsibility. Our learning curve began immediately, as soon after the factory signed our Code of Labor Practice we received two worker complaints. We're now learning quickly about the specific needs workers in India have. The management in the factory has been supporting our work by allowing additional auditing and trainings.

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



Sven Serena
Head of SCM



2. About KJUS

KJUS stands for sportswear made of innovative, high-performance material with a distinctive, clean design. The award-winning ski-, golf- and lifestyle-collections are developed by passionate sports experts and tested by professional athletes. The company revolutionized the market with its extremely stretchable and functional fabrics. KJUS' mission is to design the best, uncompromising apparel for ski, golf and an active lifestyle.

Product divisions

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

Skiwear collection

The best high-tech skiwear, defining the standards of performance, superior comfort, and a modern style.

Golf collection

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

Lifestyle collection

Technical apparel for an active life aside the slopes and greens. Incorporates the know-how of the KJUS ski collection and offers lightweight weather protection and superior comfort fused with modern styling.

Facts & figures

Brand established in 2000

Headquarters

LK International AG
Rothusstrasse 24
6331 Hünenberg
Switzerland

Employees

Total 102 employees
71 Switzerland - Headquarters
3 Germany
5 Austria
21 North America
2 Vietnam

Distribution

Worldwide via selected retailers in over 30 Countries. In Switzerland, Austria, Germany and the USA, we have our own subsidiaries. Since 2016, we have also distributed via our own online Store.



3. Summary: Goals and achievements 2018

To be the kind of socially responsible organization we want to be means we must continuously look to improve what we do. Our goals in 2018 were the following:

Remain FWF-leader

KJUS has been a Fair Wear Foundation member since 2012 and we are very proud to be a leader member for the 4th time in a row. It's important for KJUS to contribute to safe and healthy working conditions in the factories. Thanks to the cooperation with FWF, KJUS has been able to gain an even deeper insight into the factories. Audits and WEP trainings are an important tool in order to gain this deeper insight so that we can ultimately affect change.

Living wage project

At the end of 2016 KJUS started a living wage project in Vietnam together with two other FWF-members Haglöfs and Schöffel. After an intensive investigation into the level of a fair living wage - we're currently at the point where we know the percentage of workers who are below living wage. Our next step will be to check how to generate additional funds and the to find the right way to distribute these to the workers.

Raise awareness about FWF

The last seven years working with FWF has shown that it is very challenging to raise awareness in the factories about Fair Wear Foundation and their labor standards.

We have focused on trying to raise awareness through audits, trainings and via one-to-one communication with the management teams. Furthermore, in 2018 we made use of the FWF's worker information sheet which has been distributed in many of our factories. In general, this sheet documents all eight FWF labor standards. For more information please refer to "FWF Code of Labor Practices".

Set up KJUS evaluation / due diligence process

There was already a process for evaluation and due diligence in place but never in written form. We followed FWF's recommendation to document our processes on paper. Now the process is transparent and visible for everyone. For more information please refer to "Supplier Relations."

Conduct audits to track progress

In order to meet our goal of monitoring as close to 100% of our manufacturers as possible, we held five audits in 2018. For two of the factories it was the first time we had carried out an audit. The other three were follow-up audits to check on the progress the factories had made. Despite our leverage often being very small, there are always points which can be improved that will lead to better working conditions for the workers. Please refer to "Audits 2018 and findings of labor standards" to get more information about the 2018 audits.

Workplace Education Programme (WEP)

WEP trainings offer the workers the opportunity to learn more about their rights within the factories and raise their awareness about health and safety issues. Regular trainings are an important part of the strategy to improve working conditions. In 2018 KJUS did three trainings sessions - one in China, one in Indonesia and one in Vietnam.

Brand Performance Check (BPC)

The BPC is like a compass for our work concerning social responsibility. It shows the brand's strengths and weaknesses. In the past FWF set the focus augmented on their labor standard of a

fair living wage. KJUS recognizes the importance of this standard and as a result joined the FWF Living Incubator project in early 2017.

Challenges

In recent years "social responsibility" as a topic has gained increasing coverage in the media. This can be a real opportunity for brands who are focusing on and investing in ethical and sustainable practices as we see how this has started to influence buying decisions.

There are many projects regarding social and environmental responsibility which we would like to undertake. However, since our resources are limited as a smaller brand, we must select carefully which issues we want to prioritize. To do this we need a clear strategy with a roadmap, outlining our goals and the steps we need to take to achieve them.

Furthermore, as already mentioned in the foreword, our communication about our achievements in relation to our FWF work, for example our living wage project, can be improved. It's our goal to communicate more about social responsibility in the future.

4. Sourcing strategy & Pricing strategy

KJUS has been focused on a sustainable supply chain since the beginning. Being a premium brand, KJUS is focused on delivering high quality apparel rather than securing the most competitive price. A healthy give-and-take relationship with suppliers has been developed from the very start of our company, as we greatly depend on trustful, long-term partnerships. Having a stable and premium production quality is key to our success. Therefore, we try to collaborate with the same suppliers and focus on only a few partners.

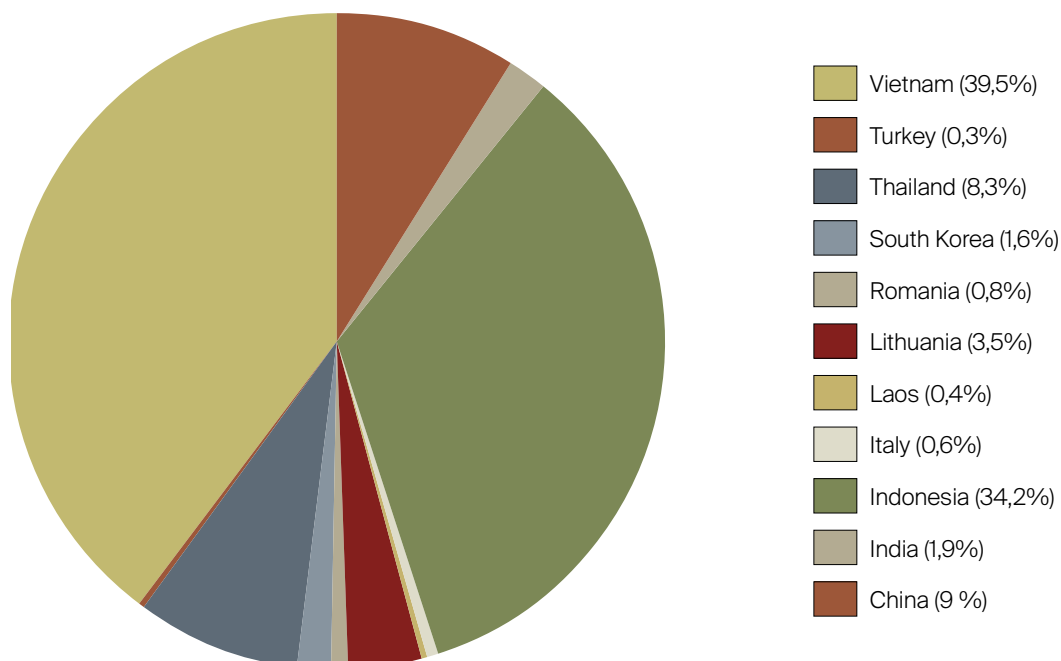
4.1 Pricing strategy

KJUS is a premium brand. Hence, price is secondary to quality and performance. Nevertheless, KJUS feels an increasing price pressure. Due to soaring manufacturing costs in Asia, margins have been decreasing for several years now. There is a fierce price battle, especially in the outdoor product sector. If we miss our target prices, we usually try to find solutions together with our man-

ufacturers by adjusting the workmanship and by negotiating the FOB price. In fact, we have continuously gathered information on living costs in every production country and the resulting labor wages. For that reason, KJUS works closely with the manufacturing partners on the efficiency of the production of the styles, in order to help ease the price pressure. We fix a realistic target FOB

price according to our experience and know-how. However, we remain flexible to adjust the target FOB price or target retail price throughout the development phase. This allows our manufacturers to justify certain price levels which we try to incorporate in our pricing strategy for the collection.

Production location based on FOB 2018 volume in %

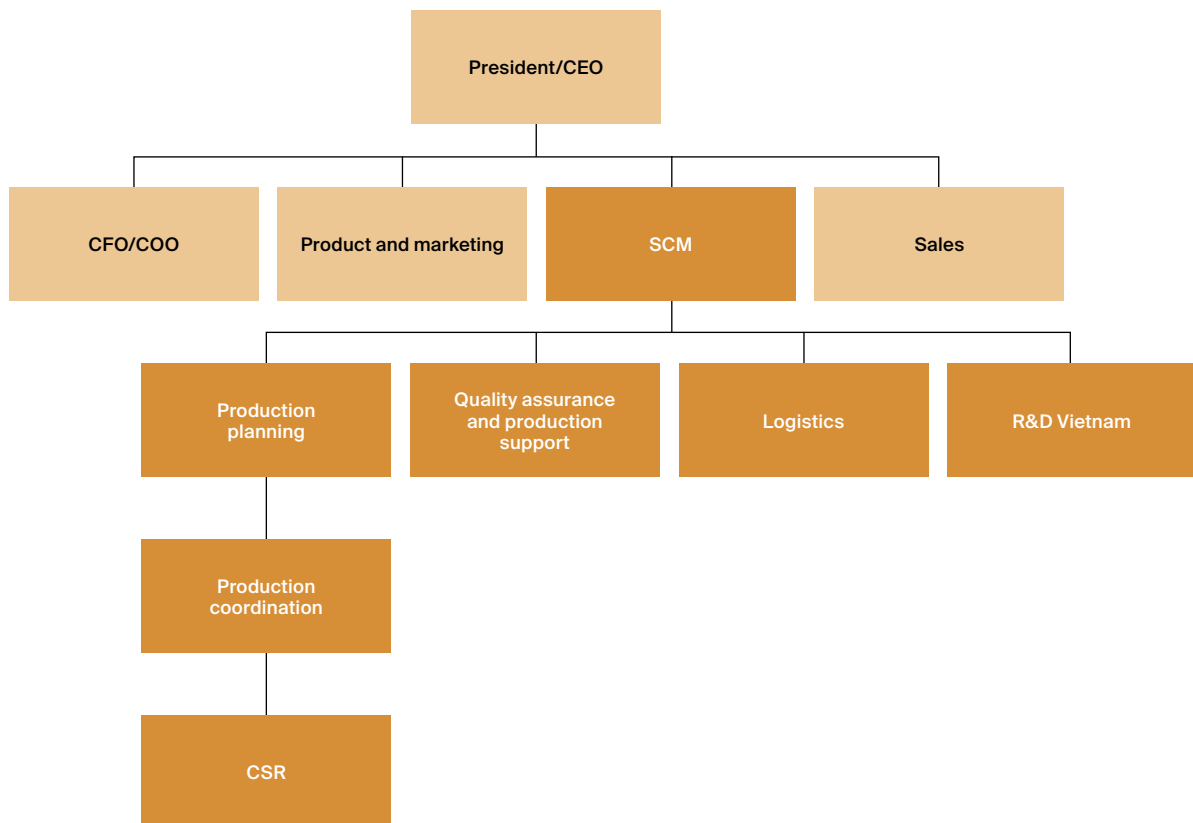


4.2 Organization of the supply chain management department

Responsibilities

The head of Supply Chain Management (SCM), is a member of the management board, and is responsible for the sourcing and logistics strategy. Furthermore, he leads the R&D Team in Vietnam in

close collaboration with the Head of Product. In total, nine employees work for the SCM Team.



4.3 Production cycle

KJUS launches one fall/winter and one spring/summer collection per year. According to business and collection plans, KJUS starts with the factory allocation and informs suppliers about the styles and foreseen quantities for the upcoming production season. The suppliers then block production capacities between March and July for the winter production and between November and January for the summer production. Based on internal forecasts, we order the needed raw materials. Once the first official forecasts have been received from distributors and sales agencies, KJUS passes these

numbers on to the suppliers to enable them to review their planning and capacity reservations. On the other hand, this is a security tool for KJUS to recheck the orders for materials.

When KJUS places the official garment orders (winter & summer two purchases each) with suppliers, they receive all material within two months. Once all material has arrived at the factory, the supplier needs an average production time of two months which also includes quality control and packaging.



4.4 Supplier relations

In 2018 the official KJUS evaluation / due diligence process has been implemented.

1. Establish supply chain needs

In seasonal debriefings, concept meetings and ongoing discussions the KJUS production team gets information from the sales and product teams regarding the need of new suppliers.

2. Search for potential partners / initial contact

The production team starts looking for potential partners. Over the past years many different factories have been evaluated and the team can rely on a solid network. This helps to shortlist potential partners.

Key criteria for new manufacturing partners: To become a supplier of KJUS, the production team will carry out a detailed check of the following:

- Strategic location
- Know-how
- Performance
- Terms and conditions
- Partnership
- Corporate Social Responsibility (CSR)

For more details please refer to the graphic "Key criteria for new manufacturing partners".

3. Exchange business contacts and fix communication channel

Set up first contact with potential supplier and agree communication channel.

4. Request company profile and for the KJUS factory evaluation form to be completed

In order to get a better understanding of the manufacturer, we ask for a company profile. Furthermore, they have to complete the KJUS evaluation form which requests information about contact data, production data, terms and conditions and CSR.

5. Factory visit

To get a full picture about the factory and to learn more about the strategy of the supplier, a high-level management meeting will be scheduled to include a factory visit.

6. Start due diligence process including social responsibility audit

During the evaluation process, we gather information about the Code of Conduct of the factory and assess whether sufficient effort is being invested in corporate social responsibility. We check existing audit reports and, if the factory handles orders above 2% of our purchasing volume, a FWF audit will be scheduled within 12 months of commencing the relationship.

In general, we carry out one of two due diligence processes. One of which is tailored for high risk countries and the other for all other countries. Please refer to the graphic "Due Diligence Process."

7. Quality check - counter sample requested

If a company meets all of our requirements based on our evaluation process we will make a counter sample to evaluate its price level and product quality.

8. Align strategies and sign cooperation agreement

Since KJUS strives for long-term partnerships it's very important that the strategies of both companies are aligned. At this stage, if both sides are willing to enter the new partnership, the cooperation agreement is ready to be signed.

9. Complete Fair Wear Foundation questionnaire and sign CoLP

Before the first production starts the FWF questionnaire needs to be completed and the CoLP needs to be signed by the management team and posted in a location where all factory employees can see it.

10. Launch official partnership (development / production process)

The production and business cooperation is ready to start at this point.

Long-term partnerships

KJUS fosters long-term relationships with its partners. The brand was launched in 2000, and we have been collaborating with some of our suppliers for more than 10 years. Regular face-to-face meetings with our suppliers are used to help develop and consolidate our relationships with them.

Agents / Intermediaries

KJUS prefers to work directly with the factories whenever possible; however, in some cases it's inefficient to work with factories directly (for example the accessories business). In any case, all agents and intermediaries are required to disclose their production sites so that we can monitor them.

Key criteria for new manufacturing partners

Strategic location

- Speed to market
- Available material supply chain
- Low import duty exposure

Performance

- Quality
- Lead-time
- Communication

Partnership

- Aligned strategy
- Long-term vision
- Access to top management

Know-how

- Skill level
- Innovation
- Machinery/Equipment

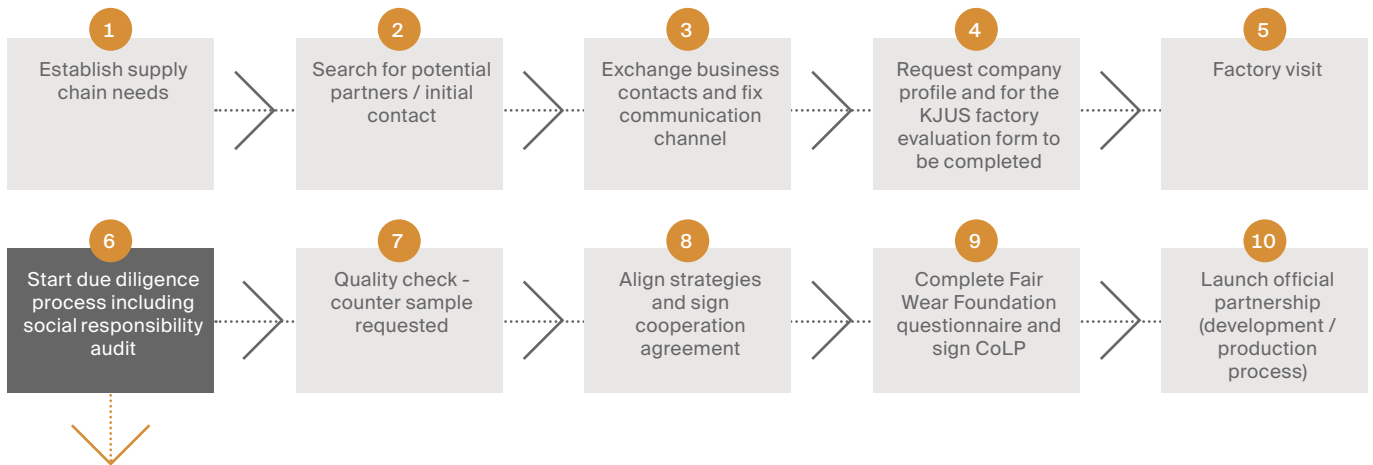
Terms & conditions

- Price level
- Payment terms
- Minimum order quantities

CSR

- Social responsibility
- Environmental responsibility

Evaluation process



Due diligence process

Ordinary due diligence process

1. Study sourcing risk in specific area – social & environmental impact
2. Meeting with the factory management & ownership
3. Financial background check and analysis of operating processes

High risk region due diligence process

1. Study sourcing risk in specific area – social & environmental impact
2. Meeting with the factory management & ownership
3. KJUS creates a high risk questionnaire with the main risks
4. Completed high risk questionnaire is analyzed and checked against our CSR standards
5. Financial background check and analysis of operating processes

4.5 Integrating monitoring activities and sourcing decisions

We are dedicated to the strategy of longterm partnerships. We are strict about not engaging in a sourcing policy that includes invitations to bid, focused on selecting the lowest cost manufacturer for one production season only. With our exceptionally high-quality requirements, we depend on lasting, trusting partnerships. This is the only way to enable the growth of both parties in a mutually beneficial way.

We put a great deal of effort into keeping our supply chain as tightly organized as possible. This results in more efficiency

and also more influence when it comes to improving social standards for employees at the production sites. We have managed to downsize our supply chain and focus on a few suppliers only, despite the company's growth over the years.

In 2018 no issues have arisen during our monitoring activity that have lead us to adjust our sourcing strategy. Because of the strong partnerships we have across our supplier network we have been able to work with them to implement changes discovered in our findings. In general, we have found that our supplier network has

been very supportive of the Fair Wear Foundation and our work with them. Major issues are addressed at top management level and most them can be solved effectively with this process. However, with supply partners from whom we source only small quantities, this procedure is more challenging. Nevertheless, we remain focused on maintaining dialogue with the management teams at these factories to effect positive change where needed, instead of a knee-jerk adaptation of our sourcing strategy.



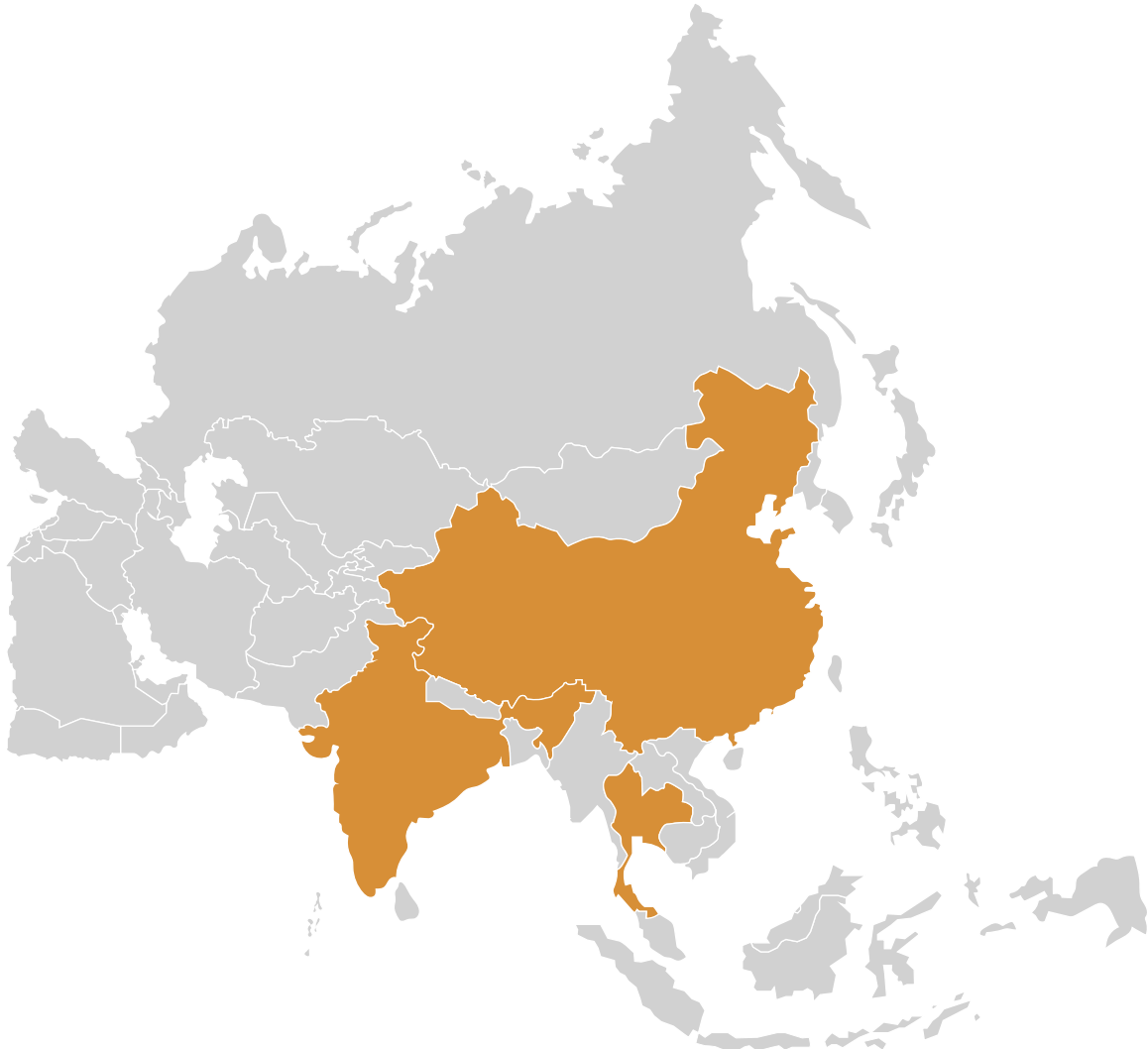
5. Coherent system for monitoring and remediation

The following table provides an overview of the audits conducted on our 2018 suppliers.

5.1 Supplier overview

Factory	Collaboration starts	Collaboration ends	Supplier informed about FWF	CoLP posted	Low Risk origin	Volume in % 2018	Complaints 2018	Date of FWF audits	Audits from other organisations, excl. FWF	Findings of audit outcome
CHINA										
A	2011	on going	yes	yes	no	0.46	no	2014/15/17		
B	2013	on going	yes	yes	no	0.47	no	2015/18		detail in 5.2
C	2009	on going	yes	yes	no	7.5	no	2013/16/18		detail in 5.2
D	2008	ends	yes	yes	no	0.07	no		2016	
E	2016	ends	yes	yes	no	0.1	no			
F	2016	ends	yes	yes	no	0.01	no			
G	2018	on going	yes	yes	no	0.04	no			
H	2018	on going	yes	yes	no	0.31	no			
INDIA										
A	2018	on going	yes	yes	no	1.87	yes	2018		detail in 5.2
INDONESIA										
A	2011	on going	yes	yes	no	34.19	no	2017	2015	
ITALY										
A	2018	ends	yes	yes	yes	0.6	no			
B	2017	on going	yes	yes	yes	0.01	no			
LAOS										
A	2018	ends	yes	yes	no	0.4	no			
LITHUANIA										
A	2006	on going	yes	yes	yes	3.08	no			
B	2017	on going	yes	yes	yes	0.44	no			
ROMANIA										
A	2018	ends	yes	yes	no	0.76	no			
SOUTH KOREA										
A	2018	on going	yes	yes	no	1.6	no			
THAILAND										
A	2012	on going	yes	yes	no	2.43	no	2013/18		detail in 5.2
B	2011	ends	yes	yes	no	3.12	no	2015/16		
C	2016	ends	yes	yes	no	2.72	no			
TURKEY										
A	2018	ends	yes	yes	no	0.35	no			
VIETNAM										
A	2007	on going	yes	yes	no	29.81	no	2013/16		
B	2009	on going	yes	yes	no	5.31	no	2013/16		
C	2016	ends	yes	yes	no	3.55	no			
D	2017	on going	yes	yes	no	0.8	no	2016		

5.2 Audits 2018 and findings of labour standards



Factory A in India

Total workers:	1381
Leverage:	1%
Manufacturer since:	2018
Shared audit:	no

Main claims / investigations:

Claim: There is no union active in the factory, nor has a collective bargaining agreement been set up.

Investigation: According to the local law there are no unions needed. However, KJUS will try to convince the factory management about the importance of a union and a collective bargaining agreement. This would be a great tool to empower the workers at the factory.

Claim: In total, there are 51 supervisors at the factory, only two of them are women.

Investigation: Looking at the workforce as a whole, there are more men than women working in this factory. In general, there are 20% women / 80% men. This is related to the local law which doesn't allow women to do shift work. However, the ratio between women and men in supervisory positions is unbalanced. To achieve a balanced ratio approximately 10 women should be in supervisor positions. KJUS will discuss this point in the next meeting with the factory management.

A positive point which the audit showed is that the overtime regulations are being adhered to as well as the weekly day-off regulation. We will support the factory to ensure this continues through careful management of our production schedules.

To check the progress in detail a verification audit is going to take place in this factory in 2019.

Factory B in China

Total workers: 270
 Leverage: 1%
 Manufacturer since: 2015
 Shared audit:
 With 4 other FWF member brands
 Main claim / investigation:

Claim: The workers are not very aware of the functions of the trade union in the factory, neither are they aware of the right of freedom of association.

Investigation: To raise awareness more trainings are needed. The factory is aware of the issue and is willing to train the workers properly.

Claim: There is excessive overtime; workers work up to 70 hours/week.

Investigation: The top management of the factory is aware of the issue and will better control the working hours in the future.

Factory C in China

Total workers: 189
 Leverage: 6%
 Manufacturer since: 2009
 Shared audit: no
 Main claims / investigations:

Claim: There is a lack of communication between worker representatives, elected by the workforce, and the factory management. Labor issues that concern workers are not actively communicated.

Investigation: A regular exchange between worker representatives and management needs to be in place in order to improve social dialogue within the factory. Investigation is still on-going.

Claim: In high-season there is excessive overtime existing. Over 70 hours per week in some cases.

Investigation: KJUS tries to improve the situation with reasonable production

lead-times. However, with a leverage of just 6% our influence is limited.

Claim: Some health and safety regulations were not followed. For example, concerning safety in relation to fire and chemicals and the use of personal protective equipment.

Investigation: To work in a safe environment is very important for the health of the workers. That's why it is a priority that we resolve these issues. KJUS has addressed all points raised and the factory is currently improving health and safety standards.

Factory A in Thailand

Total workers: 446
 Leverage: 2.5%
 Manufacturer since: 2012
 Shared audit: no
 Main claims / investigations:

Claim: In this factory the workers are also not well informed and aware of the FWF Code of Labor Practices.

Investigation: The factory agreed to deliver annual trainings about the labor standards.

Claim: All migrant workers have to pay the fees for processing the documents (traveling and working documents) for working in Thailand.

Investigation: The fees associated with migrant workers are reimbursed by the company. The legal requirement does not specify the timeframe to make payment, therefore they are in compliance. However, we will speak with the management and try to define and agree a reasonable timeframe for when fees should be reimbursed.

In general, our supplier audits show that there are mainly issues with four out of the eight labor standards. The labor standards that we have to address most regularly are:

- Freedom of association and the right to collective bargaining
- Payment of a living wage
- Reasonable hours of work
- Safe and healthy working conditions

So far none of the findings have been so serious that we have needed to terminate the partnership.

5.3 FWF code of labor practices

THE CODE OF LABOR PRACTICES IS BASED ON THE CONVENTIONS OF THE INTERNATIONAL LABOR ORGANIZATION (ILO) AND THE UNIVERSAL DECLARATION ON HUMAN RIGHTS. MEMBERS OF FWF WORK TOWARDS IMPROVING THE LABOR CONDITIONS IN FACTORIES AND WORKSHOPS WHERE THE “CUT-MAKE-TRIM” STAGE TAKES PLACE, ALL OVER THE WORLD. THE BASIS OF THE COLLABORATION BETWEEN FWF AND A MEMBER IS THE CODE OF LABOR PRACTICES (COLP). EIGHT LABOR STANDARDS FORM THE CORE OF THE CODE OF LABOR PRACTICES.



KJUS clearly communicates and is dedicated to the policies of the FWF Code of Labor Practices. The Code is provided in English and in the local language to all manufacturers. They are obliged to sign and post it at a prominent and accessible place, so everybody can read it. By signing the Code of Labor Practices, the supplier partner commits to educating the workers on their rights and providing a complaint hotline for workers, so they can contact FWF directly. KJUS supports the internal factory training of the CoLP to ensure that all employees of every factory are familiar with the policies.

Employment is freely chosen

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



There is no discrimination in employment

Recruitment, wage policy, admittance to training programmes, employee promotion policy, policies of employment termination, retirement, and any other aspect of the employment relationship shall be based on the principle of equal opportunities, regardless of race, colour, sex, religion, political affiliation, union membership, nationality, social origin, deficiencies or handicaps (ILO Conventions 100 and 111)



No exploitation of child labor

There shall be no use of child labor. 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 labor. [...] Children [in the age of 15-18] shall not perform work which, by its nature or the circumstances in which it is carried out, is likely to harm their health, safety or morals." (ILO Convention 182)



Freedom of association and the right to collective bargaining

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



Payment of a living wage

Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income. (ILO Conventions 26 and 131). Deductions from wages for disciplinary measures shall not be permitted nor shall any deductions from Fair Wear Foundation – Code of Labor Practices 2 / 2 wages not provided for by national law be permitted. Deductions shall never constitute an amount that will lead the employee to receive less than the minimum wage. Employees shall be adequately and clearly informed about the specifications of their wages including wage rates and pay period.



No excessive working hours

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



Safe and healthy working conditions

A safe and hygienic working environment shall be provided, and best occupational health and safety practice shall be promoted, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Appropriate attention shall be paid to occupational hazards specific to this branch of the industry and assure that a safe and hygienic work environment is provided for. Effective regulations shall be implemented to prevent accidents and minimise health risks as much as possible (following ILO Convention 155). Physical abuse, threats of physical abuse, unusual punishments or discipline, sexual and other harassment, and intimidation by the employer is strictly prohibited.



Legally-binding employment relationship

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

5.4 Supplier of the year

We evaluate all active manufacturers on an annual basis. Each department working with our suppliers has to fill in a questionnaire which is then analysed and rated. The results are discussed with each individual supplier in a face to face meeting. The supplier with the best performance throughout the year

in terms of workmanship, quality, social responsibility standards, lead times, delivery dates, communication, innovation, and proactivity is awarded the ‘KJUS Supplier of the Year’ designation and receives the KJUS Vendor of the Year trophy.

6. Complaints procedure

The complaints procedure is an important element of the CoLP. To ensure that the employees are familiar with this procedure, KJUS has asked its suppliers to explain it in conjunction with the CoLP and provide the local telephone number. In addition, over the past years several factories have participated in the WEP trainings, which also focus on this issue.

Not all manufacturers embrace this step with the same amount of dedication. For example, there are some that only provide minimal instructions to the workers and merely post the CoLP. However, most manufacturers explain

the CoLP to their teams. KJUS will make use of the FWF's offer and try to arrange trainings with the factories and in some cases, the FWF. KJUS believes that this will result in an increased sensitivity to social and safety-relevant aspects.

Complaints procedure:



Problem

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

Complaint communication to the FWF

The worker is asked to explain the problem to the contact person in as much detail as possible. The person will also be asked to forward or provide more information or documentation.

FWF handling

The FWF in turn tries to consolidate as many requests as possible. The FWF decides whether a complaint needs further investigation, whether the complaint is justified or whether a claim cannot be handled. In this case the FWF will explain the reason.

Brand responsibility

Once all necessary details are available, the FWF forwards the claim to the responsible person at the brand. KJUS is asked to contact the person in charge at the factory or whoever oversees worker complaints. KJUS will explain

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

Proof of success

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



6.1 Complaints 2018

Complaint Factory A Indonesia

We have received a worker complaint in Indonesia that is a follow-up on a claim that was reported in the 2017 social report. The follow-up is extremely difficult for our team as we are no longer sourcing from this factory. We moved the production to a sister company in Indonesia which means the complaint doesn't apply to an active KJUS supplier. Naturally, this makes our leverage minimal with the factory management. Nevertheless, we have reached out to other brands using the factory for support. ILO Better Work has now taken over the case and has performed a training in the factory. We have done our best to assist as much as possible during the corrective action and will continue to do so.

Complaint Factory A India

We have received two complaints from a factory in India. The allegations from the worker were wide ranging from excessive overtime working to poor food in the canteen. We have had several meetings with the factory management since the first complaint reached us. Additionally, we allowed Fair Wear Foundation to perform additional worker interviews off-site to learn more about the worker conditions. We are currently discussing the feedback from the workers with the management. We have concluded that we should carry out a verification audit and a workplace education training in this factory. This will be implemented in 2019.

7. Training and capacity building

7.1 Activities to inform staff members

All KJUS employees are well informed about the FWF - its cause and our membership of the organization. New staff receive an extended training session by the person in charge of CSR. In addition, we train and inform our staff about the latest develops in all CSR respects and also about our efforts, projects and aims in relation to the FWF membership.

7.2 Activities to inform agents

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

7.3 Activities to inform manufacturers and workers

The FWF is always an important point on the agenda for all supplier visits. Since KJUS regularly visits its suppliers, we can lead an ongoing constructive dialogue about current projects, improvements and claims. We also evaluate opportunities to provide training to management and workers. We plan to enhance all training activities going forward.



8. Transparency and communication

Transparency is crucial for our credibility and accountability regarding the production process. In 2018, KJUS used the following tools for external communications:

- KJUS website, Brand Performance Check and Annual Report
- KJUS B2B & B2C catalogue
- Social media channels

We are very proud to have been designated as a 'Leader' within the FWF membership, and communicate our FWF membership on our product hangtags.

9. Stakeholder engagement

There are no key topics or concerns regarding the compliance raised through any of our stakeholders.

10. Corporate social responsibility

We work with passion and in a productive, supportive environment every day to create high-quality products for those who share our values with us. While doing so, we are fully aware that the freedom we experience, is not a reality for everyone - especially not for many children. Therefore, KJUS is committed to supporting charitable activities allowing children access to sports activities. KJUS supports organizations such as "Right to Play" (www.rightto-play.com) and "Stiftung Schneekristalle" (www.stiftung-schneekristalle.de).

KJUS is also a member of the "Helfetia" organization, a foundation dedicated to skiing and winter sports, giving kids and teens the opportunity to learn skiing and enjoy a great time outdoors.

If you would like to know more about
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If you would like to know more about KJUS,
please visit: kjus.com

If you would like to know more about the
Fair Wear Foundation, please visit: FWF.com

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