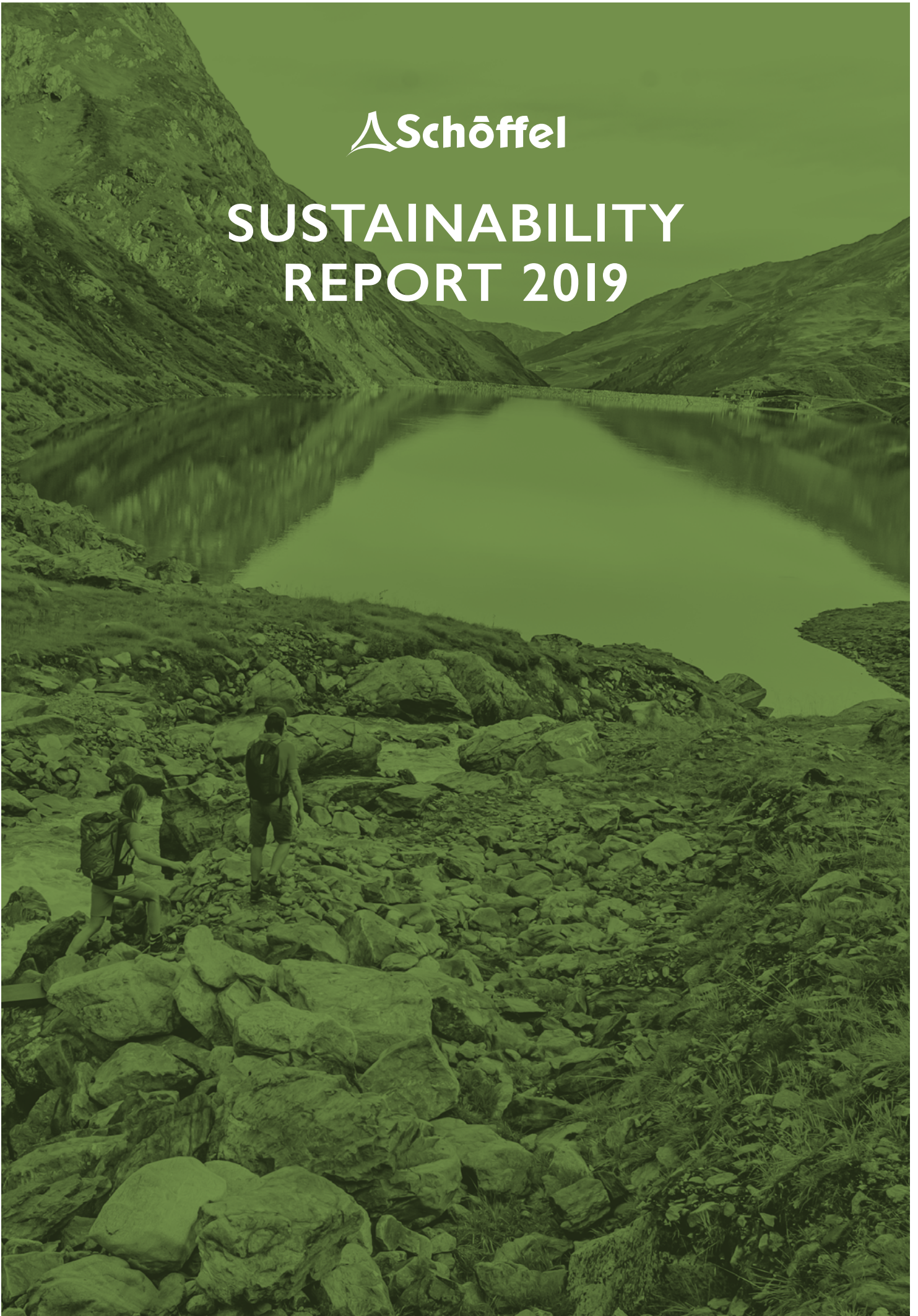




SUSTAINABILITY REPORT 2019





WE ACT WITH PASSION,
CARE AND RESPECT – FOR
YOU AND OUR PLANET.



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FOREWORD

Dear Readers,

Schöffel stands for very specific values: quality, functionality and sustainability. We do not see these values simply as lip service or as a temporary trend. Our company is an expert in outdoor and ski clothing, and thus directly associated with nature. Our slogan *Ich bin raus.* describes the aspiration to experience unique and moving outdoor moments. This results in an absolutely specific commitment for us: to act sustainably and with social responsibility.

As a family company, we are aware of our responsibility to society and the environment. This includes putting the individual and their environment at the center of everything we do. This is why we pursue a variety of activities in order to ensure that we are respectful in our dealings with others and to secure fair wages and good working conditions in our production locations. And more: We have entered into a number of partnerships, such as the international Fair Wear Foundation, that commit us to keep improving.

With regard to our products, we make sure they have a long service life and that the individual garments can be repaired. This has always been a key consideration for us, because the most sustainable garment is always the one that can be used for as long as possible and not simply disposed of. Which clearly puts us in the opposite position to the much-quoted disposable culture and "fast fashion".

I am delighted that our teams here at Schöffel are convinced by this work. They strive constantly to improve our products and our production partners' working conditions. This Sustainability Report is the continuation of our sustainability efforts of recent years, and with it we would like to give you an insight into our actions and our convictions.

Yours, Peter Schöffel

SCHÖFFEL SPORTBEKLEIDUNG GMBH

Facts and Figures

1804

Establishment of the family company by the Bavarian sock merchant, Georg Schöffel. As a travelling salesman, he sold knitted socks, nightcaps and Swabian pointed hats

The company today: Schöffel Sportbekleidung GmbH; President and Owner 7th Generation Peter Schöffel at its headquarters in Schwabmünchen in the traditional textile region of Augsburg



The Schöffel brand has been making functional, high-quality ski and outdoor clothing for more than 50 years.

The Professional Wear sector for corporate customers offers customised clothing solutions for industry, service providers and authorities

192

employees at head-quarters: including trainees and students on internships: 9

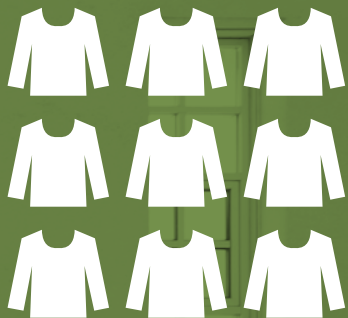
Since 2009

Official supplier to the Austria Ski Team (ÖSV) with race and leisurewear

2018/2019

Official supplier to the ski cross, mogul and aerial athletes of Swiss-Ski

Production volume:
Europe 7,34 %
Asia 90,24 %
Africa 2,42 %



1,36

million items produced in 2019 (brand and Professional Wear)

Schöffel
SERVICE FACTORY

In-house tailoring: Production of prototypes and repair service for customers

Commitment to CSR and sustainability: Member of the Fair Wear Foundation since 2011, leader status since 2014; bluesign® system partner; VerPlaPos practice partner



35

Schöffel-LOWA
Stores



Management: Peter Schöffel (CEO), Felix Geiger (CFO)
Members of the management board: Hiltrun Brendler, Albrecht Habsburg, Reiner Gerstner, Georg Kaiser, Peter Sontheimer und Stefan Merkt.



Sales in 25 countries (Europe & Asia)

35 %

export sales



Georg Kaiser, Executive Vice President Operations

BRIDGING THE GAP BETWEEN ECONOMY AND SUSTAINABILITY



Georg, you're responsible for Operations on the management board, which also includes sustainability and purchasing. In short, what is currently your biggest challenge?

Quite clearly, it's combining economy in purchasing on the one hand, and continuously improving sustainability in the supply chain on the other. Two topics that initially seem to contradict each other clash in my role. Sustainability is first of all a cost driver, because we are investing in sustainable products and materials and, last but not least, in fair and social working conditions from our producers. At the same time, though, we also have to work economically and keep costs under control. We bring these requirements together:

So how does it work, being responsible for both topics and creating a balance?

It starts with an overarching, transparent corporate mindset. Schöffel has defined clear values and goals in sustainability – every single member of staff is familiar with them. So there is an understanding that costs can also go up, but for a sustainable goal. This means there are no unnecessary discussions, because we all have the same sense of values.

Schöffel's strategy is divided into four areas.

Yes, that's right; but it's important that the focus is always on the person. That's not something that we only live here in Schwabmünchen; it also applies to the staff in our production sites. We are a family company, and that brings with it a tremendous responsibility for customers and staff. And that's how we operate.

What exactly does that mean?

That we value a personal togetherness, that we want our partnerships to last for many years, in an open corporate culture that is defined by values. It's about being together, not against each other, and above all we don't want the kind of relationships in which one party gains at the cost of the other.

So that's the social aspect of Schöffel's sustainability strategy...

We've been a member of the FWF for nine years, and it sets the highest standards. We've reached Leader status in the

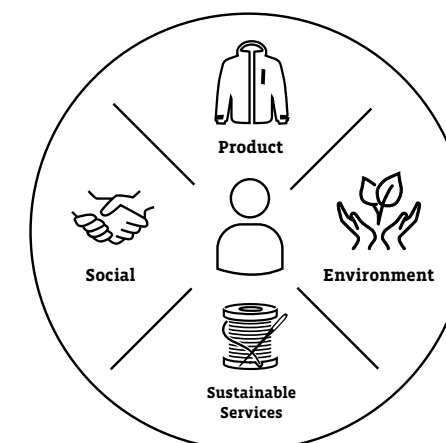
past five years, and that's something we want to keep. Not for the title, but because it confirms that we are constantly improving. This not only includes the commitment to implementing the eight FWF labour standards, but also helping to shape and working on a sustainable system with good working conditions.

And the other areas of the strategy?

They are the product, the environment, and sustainable services. They are all important; none of them is to be considered by itself. To be precise, we must constantly scrutinize the effects of our actions in every area, and we must ask ourselves: Where can we change the most? It's not always the easiest way, but it's the best one for the sake of the environment. And even if we, as a medium-sized company, often come up against limitations, we are always committed to moving them for the sake of man and nature.

What is your advice to other companies that want to approach the topic of sustainability themselves?

Quite simply: get started! And approach the issues honestly and, above all, create a willingness to change, especially internally. That's the most important foundation for successful development. Sustainability must be seen as a continuous process, and not as a project. But there's no question that it's the right way.





Adele Kolos and Johanna Winterhalder, CR-Manager



SUSTAINABILITY FIRMLY ROOTED FOCUS ON THE INDIVIDUAL

As busy as bees in a beehive – that’s probably the best way to describe the way Adele Kolos and Johanna Winterhalder work. When it comes to sustainability at Schöffel, there’s no avoiding these two experts. They are Corporate Responsibility (CR) Managers, and their job involves looking after the interests of the environment and observing and improving social standards. Always in their sight: potential for improvement on every level.

At Schöffel, the focus is on the individual. So what does that mean for you as Corporate Responsibility Managers?

Adele Kolos: For me, it's a three-way perspective. First, of course, it's about the workers and the working conditions in the production facilities. We make sure that the high requirements of the Fair Wear Foundation (FWF) are observed there, which is why we have been a member since 2011. And of course, we must never forget that there is an individual,

a person, behind every product, for instance a seamstress. Of course, the people in the production facilities are just as important to us, as are our colleagues in Schwabmünchen and the end user.

Johanna Winterhalder: Focusing on the individual also means ensuring that the product is safe for the end user – and with that, for the environment as well. So we have been a bluesign® system partner since 2013. That is why we

have committed to observing stricter criteria than the legal requirements for the use of chemicals. Schöffel is fastidious in making sure that no harmful substances are used. So we could say: Focusing on the individual for us goes from the person working in production to those in Schwabmünchen, all the way to the outdoors-loving end user, and all within a social and ecological frame.

Adele, you’ve been to Asia, and you were able to see the production sites for yourself. How important is that for you and your work?

It is essential to see the on-site situation for yourself. This includes having personal contact with the people there, because that leads to a better understanding and an easier way to communication. What I was pleased to see again on my most recent trip is that there is already an understanding of sustainability in the production facilities, and the desire to improve. Also, on these trips you see the person “behind”, in other words, the workers and their working conditions. This also reminds me why I am fighting to improve their working conditions here in Schwabmünchen. It's made clear that we work with people. Which for me is highly worthwhile.

You both work tirelessly for improvement in the sense of the CR strategy. What will you be focusing on in 2020?

Johanna: In 2020, we're are going to be focusing in particular on the environment. For Schöffel this includes the reduction of, or compensation for, CO2. We will also be looking for alternatives to plastics in our products and in packaging. But we always have all four areas – social, product, the environment, and sustainable services – in our sight, and we are working continuously on improvement measures.

Schöffel is constantly developing its sustainability endeavors. What developments have there been?

Adele: The CR team will have a staff unit from 2020 on. We now answer directly to the company management, and are available to them in an advisory capacity. This means we can be involved in decisions much more quickly, introduce recommendations for action, and do so in all the departments. This gives the topic of sustainability a greater importance within the company. It also means that we are in constant exchanges with all the departments. We are a connecting link that can act for sustainability and respond better to requirements from the market and the NGOs. These close exchanges with all areas are an absolute added value, because when it comes to sustainability, it will only work if we all work together.



The FWF is the benchmark for you in your daily work at Schöffel. What does it mean for you?

Adele: Schöffel has been a member of the Fair Wear Foundation since 2011. We have achieved leader status for the fifth time, which confirms our above-average commitment to social standards. The requirements increase from year to year, and we are working on fulfilling them again.

Sustainability is such a huge area. What projects are you working on together to move forward?

Johanna: We're a partner in the VerPlaPos plastics project, and are supporting the studies with our knowledge. This addresses the issue of packaging in the textiles supply chain. There are regular workshops and meetings that keep us up-to-date with all the latest research. At the same time, we began the bluesign® Brand Assessment this year. We're working on Schöffel improving even further in environmental matters.

Adele: We're also involved in a project in the social sector: The GBV – Gender Based Violence Project. This is about treating the genders equally. We are trying to reinforce the awareness that equality is important in the production sites, and we are in the middle of analyzing the on-site circumstances.

In conclusion: Sustainability is a never-ending process. Johanna, where do you see the biggest challenges in everyday life and with regard to clothing?

Sustainability is a highly complex topic. But it's an area where we can achieve great things together in lots of small steps. So first of all, we should all look at ourselves and think about what things could already be introduced in everyday life. With regard to clothing and consumer behavior, what this specifically means is we should opt for long-lasting products rather than fast fashion. That's why I'm so convinced by Schöffel, because the products are top quality and designed to last. The example shows it: if we all pull together, then we can achieve great things together in the area of sustainability.

SCHÖFFEL HONORS DANISH PARTNER WITH **CSR AWARD**

In 2016, Schöffel developed the producer rating system “Garment Supplier Evaluation”. This measures the performances by its production partners in the areas of cooperation, delivery reliability, product quality, pricing, product development, and social standards. The system also reveals any potential for improvement in the various works. The rating system will again be revised in 2020. The rating will be more detailed and stricter in the points allocation, and there will be more focus on the Corporate Social Responsibility Part in particular. This means that the work on CSR topics will now have a considerable influence on the performance rating of the producers.

The producer who achieves the best results for a particular year will receive Schöffel’s “Supplier of the Year Award”. Additionally, a separate “CSR Award” will acknowledge the performance with regard to audit results, CAP and complaints follow-up as well as CSR documentation, transparency, communication, and cooperation.

In 2019 Spectre, a Danish business partner with production sites in Latvia and Vietnam, received the “CSR Award” for the fourth time in succession. Schöffel gave a particularly high rating to the partner’s commitment to improving working conditions in its own factories.



Danish partner Spectre receiving the CSR Award 2019 for good performances in CSR. L to r: Dorthe Tagesen (Spectre), Hanne Meldgaard (Spectre), Adele Kolos (Schöffel), Johanna Winterhalder (Schöffel)



Schöffel has been a committed member of the Fair Wear Foundation since 2011 and, since then, has consistently pursued its goal of guaranteeing fair production conditions at its partners. For example, in the main production country, Vietnam, two employees are dedicated to supporting compliance with guidelines on site all year round. “High-quality products are not just about materials and craftsmanship, high quality also means fair and that’s why, as the owner, I am always happy to accept every trip,” Peter Schöffel concludes.



SCHÖFFEL REPRESENTATIV OFFICE ON SITE

A dedicated team for better working conditions and a high level of quality

Schöffel attaches great importance to quality and sustainability in the production of its clothing – for the benefit of its customers, as well as the employees in production. The expert in ski and outdoor clothing has opened a representative office in the Vietnamese capital, Hanoi, in 2018. This will help Schöffel to pursue its goal of continuing to develop its cooperation with producers in Vietnam. Until now, managers and employees from various departments of the company have been visiting the facilities in Vietnam and other countries throughout the year, thereby maintaining an ongoing dialogue.

The majority of Schöffel’s collections are produced in Vietnam and the company works with most of its production partners in the country. Through the own representative office Schöffel is able to work even more closely with its manufacturing facilities and has more direct influence on production quality and the promotion of socially accep-

table working conditions. To achieve this, the company’s local team of technicians, which regularly visits production facilities in Vietnam has also been expanded.

Peter Schöffel, Managing Director of Schöffel Sportbekleidung GmbH: “Quality and sustainability are two important cornerstones of our corporate philosophy. We have been working very closely with our production partners for many years now and we maintain an intensive exchange with them. We now want to further strengthen this exchange by maintaining a permanent presence in the country with our new office and providing direct contact people in Vietnam. This will ensure that we can work together even more successfully towards achieving our goal of offering our customers the perfect product.”

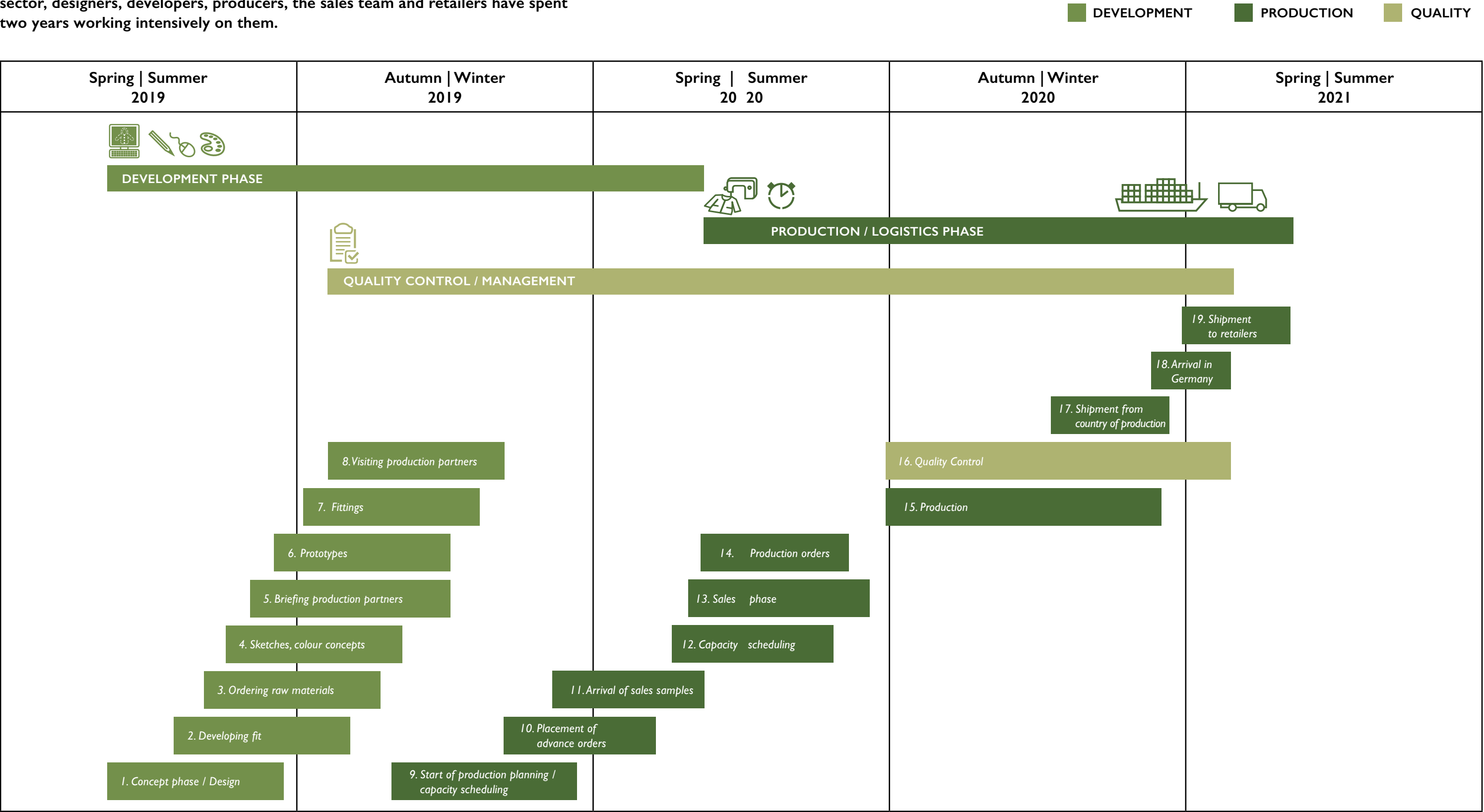
In order to further expand the representation in the production countries, Schöffel has also hired a local travel technician for Myanmar since 2019.

A training concept and handbook on social standards in the Schöffel supply chain have been developed to support technicians. The latter was produced especially as a guide for Vietnamese technicians, including background information on the implementation of CR activities at production sites. It gives a short overview of the work of the Fair Wear Foundation, the eight FWF labour standards and a detailed explanation of the methods of the FWF. Schöffel’s strategy for monitoring social standards and the onboarding process for new producers are also explained and specific information for Vietnam is provided. The handbook also includes a code of conduct for factory visits and various theoretical exercises on different topics, such as health and safety issues. The first steps have already been implemented from the training concept.

PRODUCTION CYCLE

SUMMER 2021 | COLLECTION

The development and production of functional outdoor and ski clothing is time-consuming and complex. By the time the finished products reach the retail sector, designers, developers, producers, the sales team and retailers have spent two years working intensively on them.





SERVICE FACTORY: THE HEART OF SCHÖFFEL SUSTAINABLE SERVICES FOR CUSTOMERS' FAVOURITE ITEMS

From Schöffel's sewing line to the Service Factory: just as requirements on-site in Schwabmünchen have changed, so too have the tasks and expertise of Waltraud Mayr evolved. Now a specialist in repairs and internal services, Waltraud has worked at the heart of the company for 40 years, and looks after Schöffel customers' favourite items. Maintaining them, repairing them and waterproofing them. Entirely in the spirit of sustainable services for durable products that are used for precious Ich bin raus moments. We talked about her many years with the company, and what makes her work so special.

Schöffel is a traditional company with a history that goes back over 200 years. Your chapter with the family company now covers 40 years in the service of its satisfied customers. Can you still remember your first day?

Very well. It began with something of a mishap, and that's why it has stayed in my memory. Forty years ago, the head office in Schwabmünchen was still a building site, and as such

incredibly muddy. When I was on my way here for my first day as a trainee seamstress, I sank in the mud. In fact, a colleague even lost her shoe that day. By the time we got to the entrance we were so dirty that they wouldn't let us near the sewing line. We had to get cleaned up first. We were then shown to our sewing machines, and our first task was to sew over leaves on pattern samples.

Much has changed since then. The sewing line is now the Service Factory, and your activities have developed from purely sewing to much more diverse tasks in the field of prototypes and care services. After 40 years, what do you still particularly like about Schöffel?

The Service Factory is a genuine added-value for the customer. I'm proud to work here. And my tasks are tremendously varied, which I really enjoy. Plus the whole team is fabulous, and I love coming to work every day. Personal exchanges are a matter of course here, not just with close colleagues but also with Peter Schöffel, the owner – there's no hierarchy or sense of "them and us". He's always there for us. Schöffel is like a second family to me.

Having a repair service in the company is something that is almost unique in the industry. What do you think makes the Service Factory so special?

I think the good cooperation among the team is transferred to the quality of our work, which ultimately contributes to customer satisfaction. Our aim is to work together on achieving the best possible solution for a prompt consultation and repair. On the other hand, the professional competence is very special. It has grown with the company, and is constantly evolving. I myself started on a sewing machine, and I can still incorporate my knowledge of that directly in the service. If customers decide to have an item repaired in our Service Factory, then they can be sure that their clothing will be repaired to a high standard and using state-of-the-art technology.

Many customers don't even know that they can have their Schöffel products repaired or altered. What do you think of the offer for customers of the Service Factory?

The Service Factory is simply the heart of Schöffel. The core of sustainability is to use a product for as long as possible, and to have it repaired when it has worn or is damaged rather than buying a new one. Over the years, our jackets become favourite items for many customers, and they are reluctant to replace them. They can do many small repairs, such as replacing a slider, themselves. We provide them with original parts and instructions that guide them step by step through the repair. We carry out complicated alterations or repairs in Schwabmünchen. However, the topic of care is also extremely important. In care service in particular, time and again I see that items haven't been handled properly. But if they are given the right care and the instructions on the label in the garment are followed, the wearer will be able to enjoy the clothing for a long time to come.

Waltraud, you've now highlighted the advantages of the Service Factory for the customer. How does it feel for you to be working at the heart of the company?

It's a lovely – and very interesting – feeling. Sometimes we get jackets that are 25 or 30 years old, or even older, and still in excellent condition. This tells me that not only has the customer taken excellent care of the item, but also just what the quality of Schöffel products is like. Those who treat their Schöffel items well can expect to enjoy them for a very long time. And ultimately, that is sustainability.



SERVICE FACTORY: WALTRAUD'S LAUNDRY TIPS FROM THE SCHÖFFEL EXPERT

A white housing, a small round window, a few buttons, a dial to set the programmes, and lots of icons – there's no denying it: this is a washing machine. For many people, doing the family laundry is a chore and a bore, but for Waltraud Mayr it's a pleasant day at work. 40 years – that's how long she's been working at Schöffel, and she has acquired an unparalleled knowledge of how to get rid of stains and how to care for outdoor products. Waltraud, now 56, is happy to share some of her tips with us.

The subject of care is particularly important when it comes to outdoor products. Correct and gentle care not only preserves the item's functionality, but also helps to ensure the durability of the products.

Tip 1: Always follow the care instructions

Many outdoor products have to be washed inside out. And a special detergent should be used as well. The detergent shouldn't contain any fabric softeners, as they can be bad for the membrane. They can also plug the pores of the outdoor garment, which could reduce its performance. The garment should also be rinsed thoroughly, so running a second rinse

programme at the end of the wash should ensure that all traces of detergent are removed.

Tip 2: Impregnate regularly

Functionality is of the utmost importance for outdoor products in particular. To ensure this is preserved, Schöffel jackets and pants should be impregnated (waterproofed) regularly. The time for this is when the pearling effect has gone. There are various ways of doing this, but whichever option is chosen the instructions on the impregnation product must always be followed. If a spray product is used, the jacket should be sprayed while it is still damp and the spray left to work for a minute

or two. Wash-in waterproofing agents are another option. In this case, the outdoor garment is put in the washing machine with the chosen product. Unless the care label rules it out, the garment can be dried in a tumble drier at a low temperature because the heat will "seal" the impregnation. Before using the washing machine for a normal wash again, run it through a programme while empty to remove any residues of the impregnation product from the drum.

This can be done at home if desired. However, it is better to have the impregnation done professionally. Not only will it save time, but the results will be better and last longer, which is important for durability and functionality. So better see a professional! We work with an external PFC-free laundry and impregnation service.

Schöffel outdoor products were designed to make **Ich bin raus** moments possible. Clothing can get dirty at any time, especially outdoors in the countryside. Waltraud Mayr has earned herself a charming nickname at Schöffel: she's known as the "Fleckenfee", or "stain fairy". That's because no stain is safe when she's around.

Tip 3: Pre-treat first, and then wash!

It only takes a moment to get a stain on your jacket. It's important to pre-treat the stain now before putting the garment in the washing machine, as otherwise the dirt could penetrate the fabric more deeply and be more difficult to remove.

Tip 4: Remove stains with soft soap

Today, there are lots of special products on the market for removing the widest range of stains. However, as is so often the case, the old method is best. First add some soft soap or bile soap to some warm water and work the stain, then leave it to soak for about 20 minutes. Now put the garment in the washing machine, following the care instructions.

Tip 5: Perfume for ballpoint pen stains

Coffee and ballpoint pen stains are the two most common stains that happen in an office. Owner Peter Schöffel is just as susceptible to them as the rest of us, as Waltraud Mayr knows. "Just before an important meeting, Peter Schöffel managed to get a ballpoint pen stain on his white shirt. Next thing I knew, there he was in front of me, because it's a well-known fact at Schöffel that I can get rid of any stain. I always have a bottle of '4711' perfume on me. Spray some on the stain, and watch it disappear. Which is what I did, and he was able to go off to his meeting in a spotless shirt." How's that for a professional tip: perfume for a ballpoint pen stain.

REPAIR SERVICE



Items of clothing are repaired using the very latest techniques and to the highest quality so that top performance can be restored. Complex work on functional clothing going well beyond standard stitching, such as impermeability testing or bonding waterproof seams, is also carried out at the Service Factory.

ALTERATION SERVICE



A special service offering the individual adjustment of items of clothing. For example, we can lengthen the sleeves of technical ski jackets or shorten the length of ski pants. Our sewing team has the expertise and technical skills to carry out high-quality alterations, ensuring unrestricted performance for the adjusted product.

CLEANING SERVICE



The professional cleaning of clothing is the ideal preparation for the waterproofing of performance fabrics and is also available from the Service Factory.

WATERPROOFING SERVICE



We work with experts to ensure that waterproofing is more effective and long-lasting than it is possible for the customer to achieve at home. High-performance, effective waterproofing is vital to ensure the performance and durability of the products.

ADDRESS



Schöffel Sportbekleidung GmbH
Service Factory
Ludwig-Schöffel-Straße 15
86830 Schwabmünchen
Phone: +49 (0) 82 32 / 5 00 6 - 1200
Fax: +49 (0) 82 32 / 5 00 6 - 2499
Email: Service-factory@schoeffel.de
Mon – Thurs 8.00 – 17.00, Fri 8.00 – 14.00 Uhr



SCHÖFFEL SEWING INSTRUCTIONS

DIY BACKPACK

Schöffel supports faribag: integration you can touch. The association faribag Integrationswerkstatt e.V. used the Schöffel Service Factory for the Singoldsand Festival to make upcycled backpacks from old advertising banners. The refugees lovingly sewed the individual items by hand and supported their group with the revenue. Now you can do it – make yourself a backpack using Schöffel's instructions.



WHAT YOU'LL NEED:

Materials

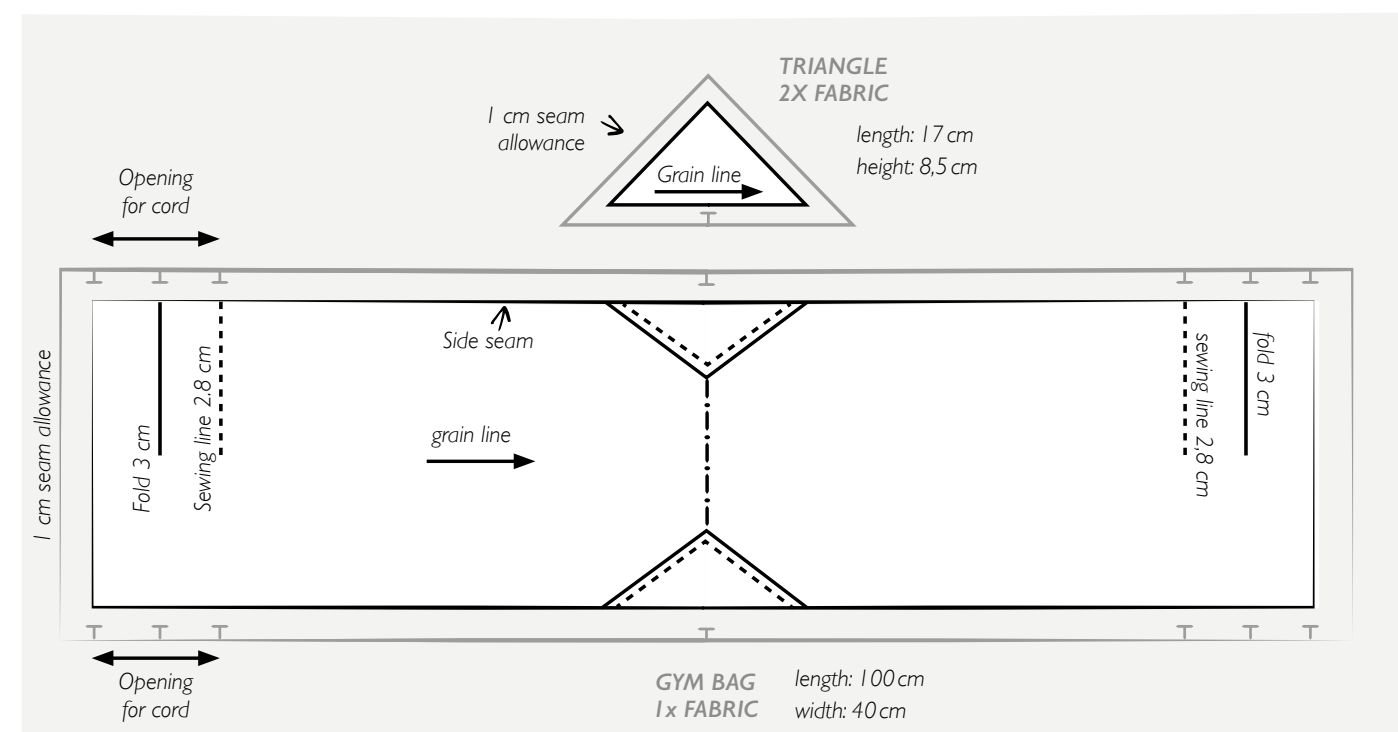
- 110 cm x 50 cm piece of the fabric of your choice or for the intended use
- 2x 220 cm cotton cord
- 2x eyelets
- Sewing yarn

Tools

- Fabric scissors
- Scissors
- Fabric clip
- Cutting mat
- Tape measures / ruler
- Tailor's chalk / marker pen
- Eyelet pliers
- Pins

Cutting out:

The seam allowances are already included in the pattern pieces.



HOW TO DO IT:

IRON:

- 1 Fold the cord tunnel over by 1 cm and 3 cm and iron.
- 2 Iron a 1 cm fold along the two short sides of the triangles.

SEWING:

- 3 Place the triangles down on the backbag with the wrong sides together and sew close to the edges. Trim and neaten the side seams.

- 4 Place the gym bag right sides together and sew along the side seams, leaving an opening for the cord.

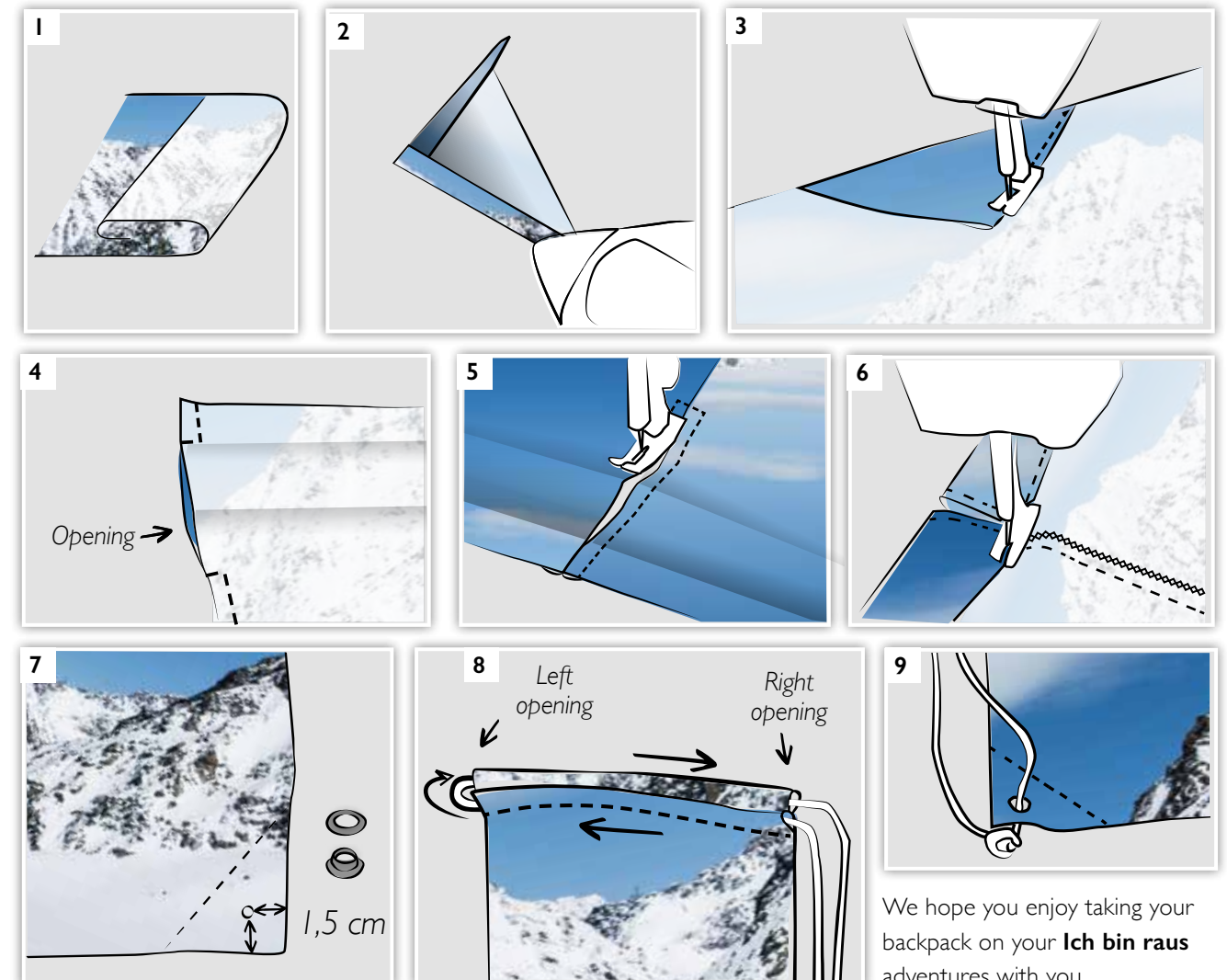
- 5 Iron out the opening for the cord and sew at needle width. Turn the gym side right side out and iron the side seams

- 6 Sew along the cord tunnel

- 7 Mark the positions of the eyelets and attach using the eyelet pliers.

- 8 Draw the right cord into the front piece, feed around the left side seam opening and to the back, and then return to the right side seam opening. Pull the left cord through in the opposite direction.

- 9 Draw the front end of the cord through to the back of the eyelet and knot the two ends together.



We hope you enjoy taking your backpack on your **Ich bin raus** adventures with you.



Product



Environment



Sustainable
Services

FAVOURITE SCHÖFFEL ITEM

A JACKET FOR LIFE

Johannes Nicolay runs the "Vegan Hotel Restaurant Nicolay 1881" on the Moselle in Germany. Sustainability is important to him – and not just because of his lifestyle. When it comes to his outdoor clothing as well, Johannes, 47, makes sure it is long-lasting. Over the years, he has developed a very special connection to his Schöffel jacket. So it followed that he would contact the Schöffel Service Factory when he had an issue with his favourite item.

Johannes, you bought your "Ontario" in 1988. Can you still remember why?

When I was 16 I became a trainee chef, and my mother said, "You'll need something to keep you warm and dry on your bike in the Black Forest". So I chose the Schöffel innovation with GORE-TEX®. The investment was absolutely worthwhile, because 30 years later I'm still wearing this rain jacket.

So where has your favourite item been with you?

It's been with me throughout my career, from when I was a trainee in the Black Forest until I took over my own hotel on the Moselle. And I don't just wear my Schöffel jacket for everyday; it's been almost all over the world with me. My travel highlight in the jacket was landing in San Francisco. My sister is a flight attendant and arranged for me to be on the flight deck with the pilots for landing – and that was after 9/11. I was one of the last civilians to be allowed on the flight deck.

You've had quite a few experiences in your jacket. Do you have any exciting tales to tell?

I was once out in an electric boat with my children, when we were surprised by a sudden rain shower. The boat was operated by a car battery with exposed contacts, so it was important that it didn't get wet. I put my Schöffel jacket over it and said to the children, "You have nothing to worry about; this jacket is completely waterproof". So it has even literally been a "life-saver".

Sadly, after 30 years, your Schöffel jacket broke. How did you hear about the Service Factory?

My mother said I should ring and ask if there was any chance of it being repaired, so that's how I heard about the Service Factory. It's just great that it has led to such a personal contact. And it's lovely that you can ring a family company after such a long time and be taken seriously. I strongly associate this feeling with the brand, and I feel I was definitely taken seriously as a customer.



What do you like most about Schöffel?

My jacket has served me faithfully for 30 years, and is going to continue to do so for quite some time. Just for fun, I did some calculations: the jacket has cost me less than one cent a day – so effectively, nothing. I hope that consumers hurry up and realise that it is much more sustainable to spend a little more on better quality than to buy something cheap every two years that then ends up in the ocean somewhere as rubbish. To me, Schöffel is perfectly placed in the sustainability area. And that's something I'll happily dig a little deeper for: For me as a vegan, and running Germany's first vegan hotel, it's twice as important. And then there's the fact that the Ontario contains absolutely no leather at all, which means that for 30 years I've been able to wear my lifestyle as well – while still benefitting from full functionality.

Sadly, it was no longer possible to repair it. What did you do with your jacket?

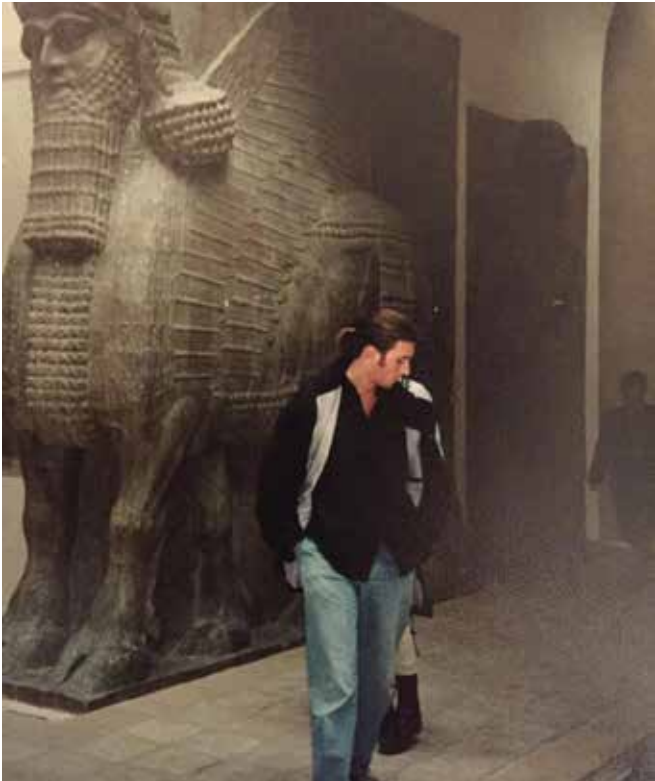
I could never have brought myself to throw the jacket away. It's a part of me. My partner then had the idea of hanging it up in the hotel so I can always see it. So we vacuum sealed it, put it in a picture frame and hung it in the hotel bar. Sadly, though, that didn't really work for me, and I took it out of the frame again because I missed feeling it. I felt as if I had lost something – a part of me. I just didn't feel complete. Now it's in the car, always ready for me. If it rains, I always have my Schöffel jacket with me. I can rely on it absolutely, because it's still fully waterproof.

We can see how much your jacket means to you.

Everybody recognises me in it because I'm always wearing it. In everyday life, on holiday, just – always. Recently I went to the post office in the village wearing my new Schöffel jacket. People spoke to me because they didn't recognise me at first – my Schöffel jacket and I simply belong together; we're an entity. Like a mini brand in the village.

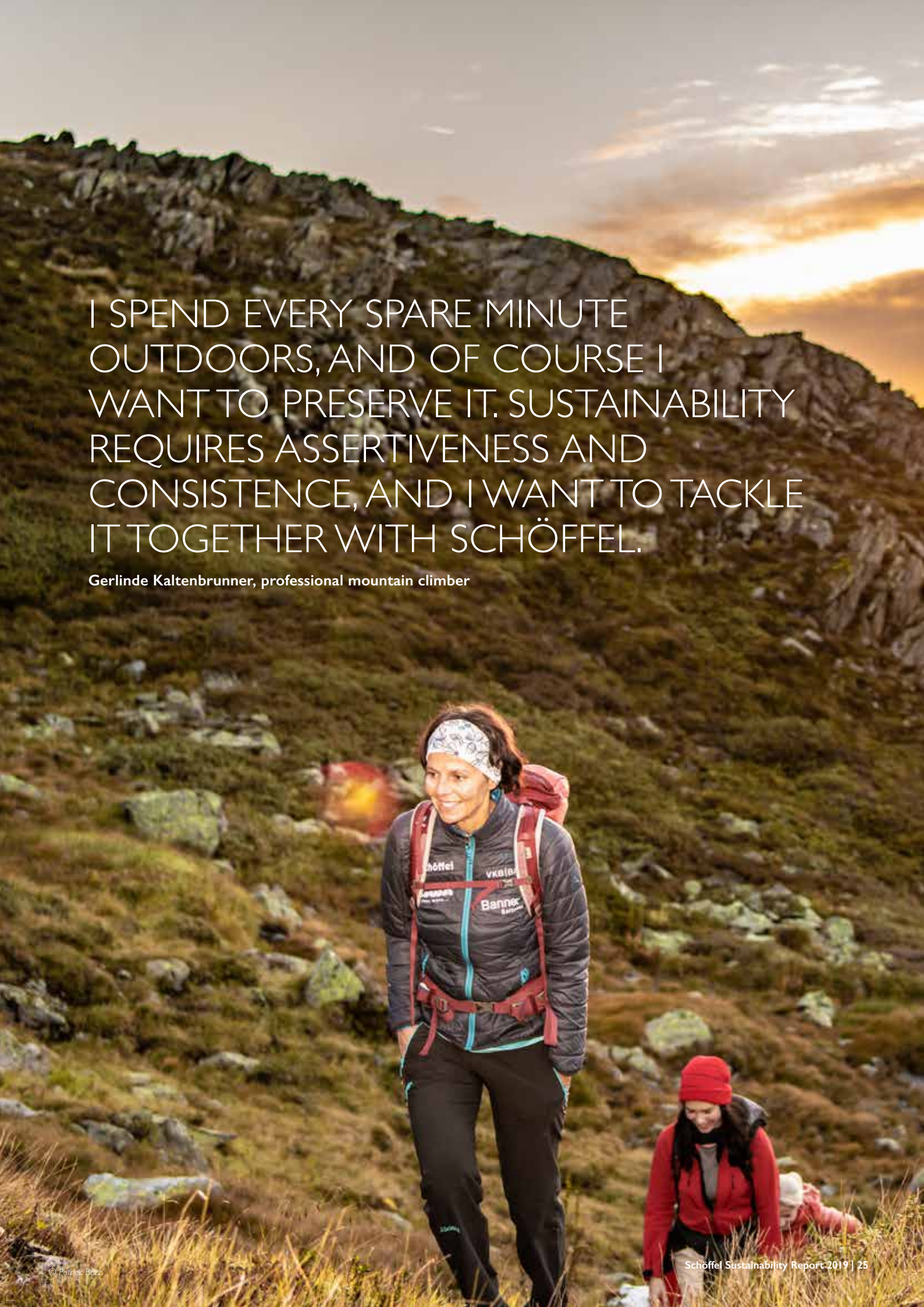
You decided to buy a new Schöffel jacket while your old one was still hanging in the picture frame. Which one did you decide on?

I bought myself the 3in1 Jacket Storm Range M1. It's unbelievably beautifully made. I looked at it very closely, down to the tiniest detail, and there's so much more to it than my old one. I wouldn't have believed it. I'm always amazed that Schöffel is able to sell such quality at these prices. I've had three jackets in my life, and two of them were from Schöffel. If they all last as long as this, I won't have to buy a fourth one.





I SPEND EVERY SPARE MINUTE OUTDOORS, AND OF COURSE I WANT TO PRESERVE IT. SUSTAINABILITY REQUIRES ASSERTIVENESS AND CONSISTENCE, AND I WANT TO TACKLE IT TOGETHER WITH SCHÖFFEL.

Gerlinde Kaltenbrunner, professional mountain climber



GLOBAL PRODUCTION FACILITIES

 Production volume 2019
 Production volume 2018



OVERVIEW OF PRODUCTION PARTNERS 2019

Continent	Factory name	Location	FWF: low risk	Collabouration in years	FWF questionnaire
Europe	Walter Stöhr GmbH	Germany	yes	22	yes
	Hero-Textil AG	Germany	yes	1	yes
	Duo Moda spol. S.ro	Czech Republic	yes	1	yes
	Stamperia Alicese S.R.L	Italy	yes	12	yes
	Silsa Confecções, S.A.	Portugal	yes	4	yes
	Spectre Latvia Rezekne	Latvia	yes	10	yes
	Spectre Latvia Kalnciems	Latvia	yes	1	yes
	Spectre Latvia Aizkraukle	Latvia	yes	1	yes
	Firat Tekstil Sanayi Ve Tic. Ltd. Sir.	Turkey	no	1	yes
Asia	Asian Sourcing International Mfg. Co. Ltd.	China	no	13	yes
	Weijie Garment Co. Ltd.	China	no	3	yes
	Nordsun Outdoor Products Co. Ltd.	China	no	6	yes
	Chaohu Youniya Garments Co., Ltd.	China	no	2	yes
	Liwaco Outdoor Sporting Goods Co. Ltd.	China	no	21	yes
	Silk Trend Garments Co. Ltd.	China	no	6	yes
	Dong Tien Joint Stock Company	Vietnam	no	4	yes
	Kido Hanoi Co. Ltd.	Vietnam	no	13	yes
	Magictex Co. Ltd.	Vietnam	no	3	yes
	PS Vina	Vietnam	no	13	yes
	Poongshin Vina Co. Ltd.	Vietnam	no	13	yes
	Kido Vinh	Vietnam	no	8	yes
	Shints TM Co. Ltd. (Quoc Khan)	Vietnam	no	8	yes
	Shints-BVT Co. Ltd.	Vietnam	no	13	yes
	Spectre Garment Technologies Co. Ltd.	Vietnam	no	4	yes
	Gatexco X20 Binh Minh Gmt. Factory 6	Vietnam	no	6	yes
	Gatexco X20 Gmt. Factory 3	Vietnam	no	6	yes
	Gatexco X20 C	Vietnam	no	3	yes
	North Shore Global Ltd. (NSGII)	Myanmar	no	3	yes
	Ceres Enterprises Ltd (NSGI)	Myanmar	no	3	yes
	Kido Yangon Co. Ltd.	Myanmar	no	2	yes
	Sheico (Phnom Penh) Co., Ltd.	Cambodia	no	1	yes
Africa	Shints ETP Garment P.L.C.	Ethiopia	no	5	yes
Total				ø 6,63	100 %

% purchasing volume	Factory visits 2019	Audit	CAP (Corrective Action Plan) Status	FWF (Fair Wear Foundation) training
0,56	yes	n.a.	n.a.	n.a.
0,00	yes	n.a.	n.a.	n.a.
0,05	yes	n.a.	n.a.	n.a.
1,27	yes	n.a.	n.a.	n.a.
1,64	no	SA8000 2017	n.a.	n.a.
0,21	yes	SA8000 2018	n.a.	n.a.
0,00	yes	n.a.	n.a.	n.a.
3,59	yes	n.a.	n.a.	n.a.
0,01	yes	November 2019	partially open	no
0,06	no	June 2019	completed	June 2017
0,40	no	June 2018	partially open	no
9,92	no	December 2018	almost completed	June 2019
2,80	yes	June 2019	partially open	no
1,12	no	June 2019	almost completed	June 2018
4,29	no	July 2017	almost completed	October 2019
0,65	yes	July 2017	partially open	September 2019
0,39	no	August 2017 SUMATIONS	completed	October 2019
3,70	yes	July 2019	partially open	no
7,48	yes	November 2019	partially open	December 2019
8,04	yes	April 2019	almost completed	December 2018
3,24	yes	March 2019 SUMATIONS	almost completed	December 2019
1,48	yes	May 2019	almost completed	December 2018
9,54	yes	May 2017	completed	December 2019
10,96	yes	December 2017	partially open	September 2019
0,75	yes	October 2017	partially open	September 2019
0,37	yes	October 2017	partially open	no
2,06	no	May 2018	partially open	no
7,55	yes	November 2018	partially open	September 2019
6,74	yes	March 2018	partially open	June 2018
8,68	yes	December 2019	partially open	November 2019
0,02	yes	August 2019 SUMATIONS	partially open	no
2,42	yes	September 2019 SUMATIONS	almost completed	n.a.
100 %				

THE SCHÖFFEL STAKEHOLDER DIALOGUE

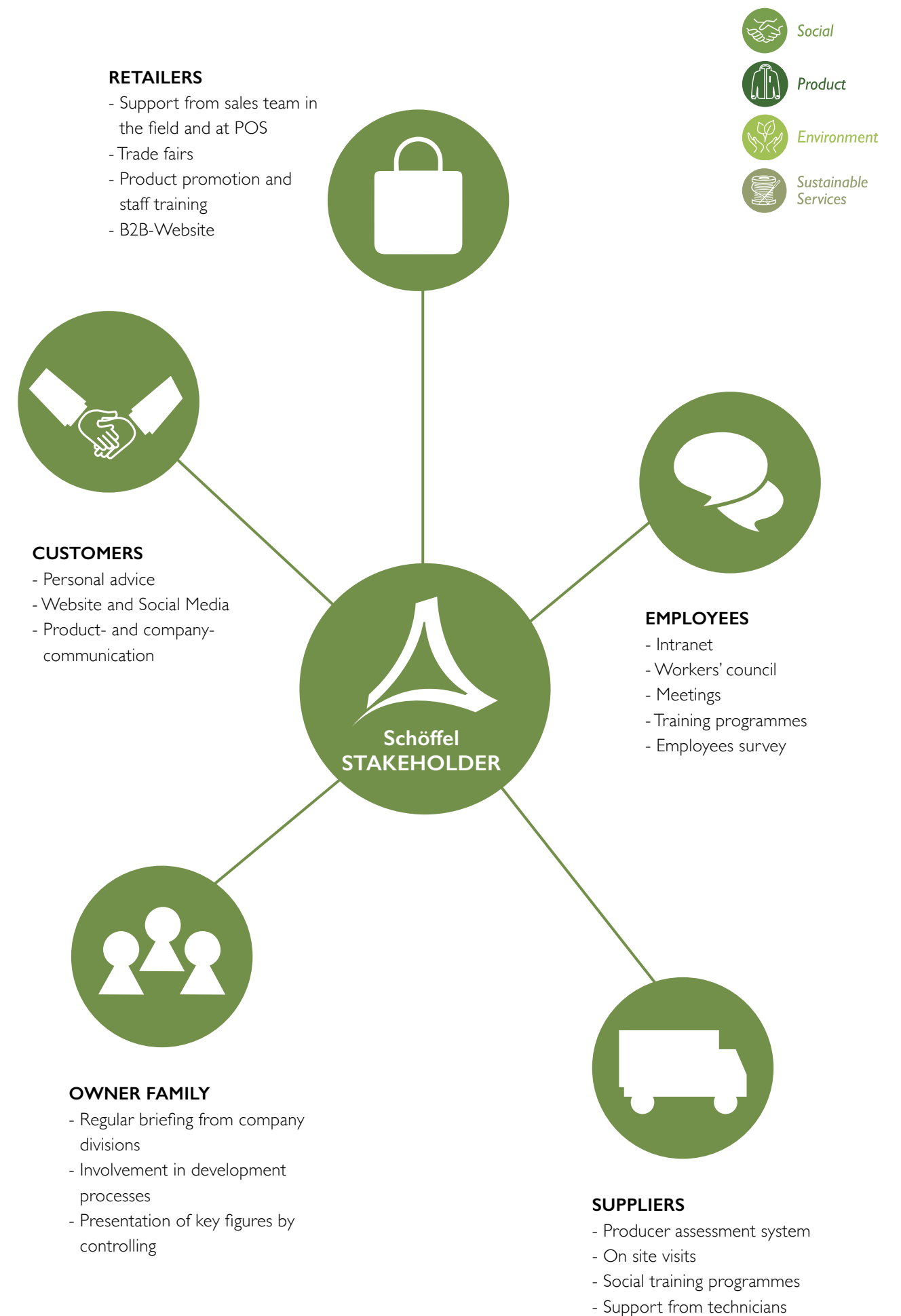
Continuous discussions for new momentum. Sustainability means dialogue. After all, it is only by main-taining a dialogue with direct stakeholders that Schöffel can conduct its business responsibly and therefore sustainable.

Stakeholders are the people who are directly involved with Schöffel, including the Schöffel family and employees, as well as retailers, suppliers and customers. The company use various channels of communication to maintain a dialogue with its stakeholders, so that Schöffel can keep them informed or get feedback from them on the way they do business. What they are looking for above all is discussion, as well as personal advice and support. These communications are supported by digital media and product information.

In addition, Schöffel also produces an annual Sustainability Report, which provides its indirect stakeholders such as society in general, non-governmental organisations (NGOs), politics and competitors with extensive information on their activities and the progress they are making in terms of sustainability. It is only by including all interest groups that Schöffel can continue to develop and enjoy long-term success. Dialogue is what matters!



Schöffel in discussions with production partner





ASIA UP CLOSE PRODUCTION FACILITIES ON THE TEST STAND

Think of Asia, and we can almost smell the green tea. Our thoughts range from smiling faces and golden Buddhas to the continent's millennia-old culture. But when Adele Kolos, Corporate Responsibility (CR) Manager, and Marco Tenace, Head of Quality Assurance at Schöffel, think of Asia, they are more likely to be thinking about Schöffel's sustainability activities. So the two regularly head off on trips together. Their focus: checking the working conditions and social standards in the various production facilities.

As a company that acts sustainably and member of the independent Fair Wear Foundation (FWF), it is important to Schöffel to ensure fair working conditions in its partners production facilities. However, this requires on-site checks and personal exchanges with the local producers, which is why Adele and Marco travelled to Myanmar and Vietnam last year. CR manager Adele took us with her on this special business trip – a personal itinerary.

28 October 2019 – it's still golden fall in Germany, and Marco and I have a 24-hour trip to Yangon ahead of us.

4.54 p.m.:

We immerse ourselves in the country as soon as we arrive in Myanmar, visiting a temple before heading to the hotel to recharge our batteries for tomorrow.

4:30 a.m.:

The alarm clock rings. The humidity is very high, and it's already warm. And yet I am excited. It's my first visit to Myanmar, and I'm looking forward to seeing the production facilities and finding out what the working conditions are like.

6:00 a.m.:

Marco and I are collected from the hotel. It's a four-hour drive along bumpy roads to the first production facility.

10:02 a.m.:

We are given a warm welcome by the factory manager and the local CR staff. There is also a reunion with our Schöffel colleague. She is from Myanmar herself, and she is our support with our producers and carries out the on-site quality and CR checks.

10:28 a.m.:

Time for the tour of the factory. Always to hand: my FWF checklist, which I use to check the safety regulations and working conditions and to make notes. It's good to see that the instructions to wear safety gloves when cutting out are being followed. Another check mark on my list.



11.30 a.m.:

We're right on the spot when the checks are being carried out in the production department. Marco looks over the worker's shoulder as she checks the fabric for flaws. Double quality assurance. Normally Marco's department in Schwabmünchen checks the fabrics. But this gives him an additional idea of the processes here in Myanmar and enables him to pass on tips directly.



11:57 a.m.:

The tour continues – past happy employees, towards lunch.



12:00 p.m.:

Stomachs are grumbling – so the lunch of local culinary highlights is just the thing. There are lots of vegetables with rice and delicious sauces for me – perfect for my vegetarian lifestyle.

1:03 p.m.:

Well-fortified, we continue with our tour. I pass the notice-board in the production department and hanging on it – good to see – are the FWF working standards along with the telephone number to ring with any complaints.



2:14 p.m.:

The checks continue. I look over the shoulder of my colleague, who is closely examining the cutting-out of the fabrics checked earlier.



3:49 p.m.:

As well as the workstations, we also look at the finished Schöffel products. After checking the fabrics and cutting out, it's now the turn of the local staff. As the ladies go about their work, I check to see that the escape route and workstations comply with our standards. I walk along the rows of sewers, all of whom gave me a friendly yet curious smile – and once again I realize that behind every single product are people who every day contribute their expertise and skills here.



4:12 p.m.:

We also have our eye on conditions in the areas outside the production facilities, and we meet two members of staff who are wearing the protective clothing required for their tasks.



4:24 p.m.:

Our tour ends with a final chat. It is particularly important to use that we talk to the factory manager, the CR manager and others in positions of responsibility about the options for improvement that we have found, with regard to the safety measures and working conditions, and also that we work on approaches to the solutions. This personal exchange is essential and will have direct effects on the work on-site.

5:24 p.m.:

Time to leave – and another four-hour drive over rough and smooth. We end this exciting and inspiring day over a wonderful evening meal in the producer's company, and once again seize the opportunity to enjoy the local culture in even greater depth.

I am convinced this won't have been my last visit to Myanmar. It's always helpful to be able to see a place for yourself. And it is so important to us to permanently improve the working conditions of the people who work there.



One of the reasons for the Vietnam trip was a meeting. Schöffel represented various Fair Wear brands, and led the dialogue together with the Fair Wear Foundation, the factory management, a legal representative, CR and HR staff, union representatives, staff, and the works council. It was a special moment at which we all showed potential for improvement and worked out specific measures together.



CORRECTIVE ACTION PLAN AND TRAINING SESSIONS

WHAT IS A CORRECTIVE ACTION PLAN (CAP)?

A CAP, or Corrective Action Plan, is a component of every audit report. It is a table showing a clear overview of the results, each of which is categorised under one of the eight FWF social standards (p. 38). The CAP also includes realistic, effective and measurable suggestions and guidelines for improvements, including a fixed time schedule. For example, if attention has been brought to the unusual number of overtime hours in a company, the CAP will record these under the “appropriate

working hours” criterion, with a detailed description of the problem and corrective measures. The CAP is submitted to the producer for processing. The next step is for the producer to integrate implemented or planned improvement measures and photos, which are then checked by Schöffel and discussed together where necessary. The CAP therefore provides the definitive basis on which to work, as well as a progress record for improvement measures.

WHAT HAPPENS DURING A TRAINING SESSION?

One of Schöffel's long-term goals is to implement a respectful culture of communication in the factories. After all, an open dialogue between employees and the factory management forms the basis for working together on constantly improving working conditions. To ensure that a good communication culture exists, employees need to be kept informed of their rights and the factory management needs to fulfil procedures for processing complaints. These basic requirements are conveyed during the Workplace Education Program (WEP) FWF-training, which at least 10 % of the workforce must attend to ensure lasting success. Since these training sessions are an important and above all effective tool for strengthening existing improvements and encouraging further ones, Schöffel makes it possible for its producers to take part. 2019 a total of twelve producers attended the workshops. In addition to these training sessions, various providers (SMART Myanmar, FWF) also offer seminars on specific topics. In 2019 Schöffel's Burmese producers attended a FWF supplier seminar on the subject age verification in Yangon.



ONBOARDING PROCESS FOR NEW PRODUCERS

Long-term and reliable partnerships are an essential part of Schöffel's philosophy. That's why Schöffel relies on a multilevel onboarding process for the selection of new producers.

In 2017, the onboarding process was revised and tightened up in view of the increasing requirements for CR, quality and procurement at Schöffel. As well as legal aspects, this process also checks individual production facilities and ensures that orders are only awarded once all the requirements have been met.



Schöffel also chooses to work with a defined checklist when selecting producers.

This includes the following procedure:

All partners:

- Checking the requirements from Fair Wear Foundation and Schöffel
- Viewing and evaluating existing audit reports
- Matching the product portfolio with Schöffel's producer strategy for long-term cooperation
- Examination of existing case studies (FWF, NGOs and other brands)

Additionally, with a new procuring country:

- Conducting a risk analysis and a SWOT analysis
- Consideration and integration of country studies

Additionally, with an already active procuring country:

- Reviewing country-specific risks (for example overtime, freedom of association, level of wages)
- Checking in case of a divergent region

RESPONSIBLE PRODUCTION IN MYANMAR

Over the past few years, Myanmar has developed into a production country offering many advantages for the clothing industry. This development was supported by the end of the military dictatorship and the formation of a new government in 2011. A legal minimum wage was introduced in 2015 and increased in March 2018 as the result of increased union activity. Due to the still “young” democracy in Myanmar and the ongoing development of essential social framework conditions, the Fair Wear Foundation (FWF) sets out stricter production requirements for this country. Schöffel has been producing in Myanmar since the end of 2017, currently through three production facilities. The company considers the FWF’s specifications for the country to be reasonable and has undertaken a number of measures in order to fulfil them. This includes:

A ban on working with factories, which have a direct link with the military.

The partners, with whom Schöffel works, are owned by investors from Taiwan and South Korea.

Publication of the names and addresses of factories

See page 26: Overview of production partners and publication via the FWF.

Reasons for production in Myanmar stated in advance to the FWF

Schöffel decided to start production in Myanmar only after in-depth considerations and discussions with the FWF, for economic and strategic reasons and with the help of its own onboarding process.

Information on the consequences of starting production in Myanmar for the awarding of contracts in other countries

Schöffel’s purchasing volume in Myanmar is 22,98 % for all factories. Starting production in Myanmar offered an effective solution to the capacity restrictions at the two existing producers in Vietnam and was also initiated with a view to the sustainable management of overtime hours.

Driving forward the social dialogue in the production facilities to strengthen existing associations and employee representatives

In 2019, Schöffel organized a Workplace Education Program (WEP) training at North Shore NSGII carried out by FWF. The Workplace Education Program trains workers and management on the eight labour standards, such as freedom of association and the right to collective bargaining and the FWF complaint system. Also, a WEP Communication Training started 2019 at Kido Yangon. This training focusses on the

improvement of the communication between management and workers by further developing communication skills and is spread over the course of one year.

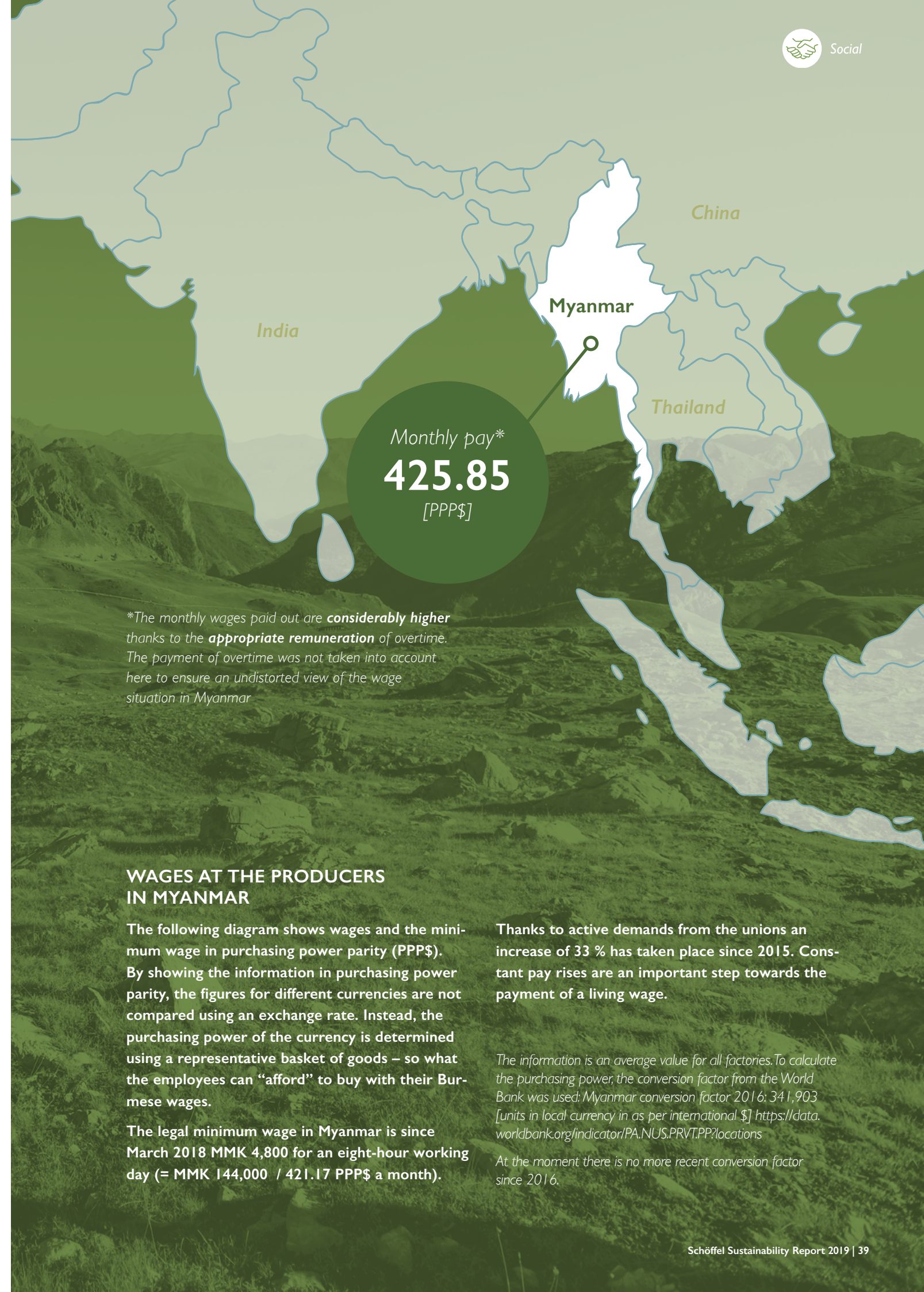
Implementation of definitive measures for improving the eight labour standards

Training sessions and regular personal visits and audits carried out by Schöffel continuously assess and improve the eight FWF labour standards. Since the opening of the own office in Hanoi in 2018, Schöffel is training the own local staff on CR topics. Schöffel has its own local technician for Myanmar. This means that a local contact person will be able to support the factories with social concerns and issues.

Publication of wages at all factories

Comprehensive information on the wage structures at all factories can be found below.

Regular audits take place in the factories in Myanmar, followed up by improvement measures. Audits took place in all production facilities in 2018: North Shore NSGII, North Shore (Ceres) NSGI and Kido Yangon. Additionally, there was a verification audit at Kido Yangon in December 2019. As a next step, the necessary improvement measures were outlined together with the producers and set out in a corrective action plan. The Schöffel CR team supports their implementation as part of intensive discussions with the relevant factory management.



WAGES AT THE PRODUCERS IN MYANMAR

The following diagram shows wages and the minimum wage in purchasing power parity (PPP\$). By showing the information in purchasing power parity, the figures for different currencies are not compared using an exchange rate. Instead, the purchasing power of the currency is determined using a representative basket of goods – so what the employees can “afford” to buy with their Burmese wages.

The legal minimum wage in Myanmar is since March 2018 MMK 4,800 for an eight-hour working day (= MMK 144,000 / 421.17 PPP\$ a month).

Thanks to active demands from the unions an increase of 33 % has taken place since 2015. Constant pay rises are an important step towards the payment of a living wage.

The information is an average value for all factories. To calculate the purchasing power, the conversion factor from the World Bank was used: Myanmar conversion factor 2016: 341,903 [units in local currency in as per international \$] <https://data.worldbank.org/indicator/PA.NUS.PRVT.PP.locations>

At the moment there is no more recent conversion factor since 2016.

EIGHT GUIDELINES FOR FAIR WORKING CONDITIONS

CODE OF LABOUR PRACTICES

The partnership between the company and the Fair Wear Foundation based on the “Code of Labour Practices”. These eight social standards are derived from the ILO Convention and the United Nations Declaration on Human Rights. The FWF Code of Labour Practice is therefore based on internationally recognised standards discussed at tripartite meetings.



On visible display: CoLP posted in production



The employment relationship must be voluntary

Forced labour, including bonded labour or prison labour, is not permitted. (ILO Conventions 29 and 105)



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)



No exploitation of child labour

Child labour is strictly forbidden. The minimum age of recruitment for gainful employment must not be below the national age for compulsory schooling and in general not below the age of 15. (ILO Convention 138)

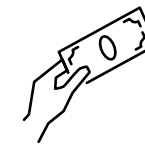
There must be no form of slavery or similar circumstances such as for sale and trading in children, bonded labour, servitude or forced labour. Children (between 15 and 18) may not carry out any work “the nature of which or the circumstances under which it is performed might have a potentially damaging effect on the health, safety or morals of children.” (ILO Convention 182)



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)

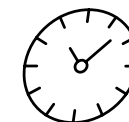
In those cases in which the freedom to join a trade union and the right to collective wage negotiations are restricted by law, the company will encourage all employees to seek alternatives for independent and free organisations and negotiations. There must be no discrimination against the employee representatives 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)



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.



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)



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.



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: cut-resistant gloves for cutting



IMPLEMENTING AND CONTROLLING SOCIAL STANDARDS (COLP)



The strategy for implementing and controlling social standards (CoLP) at Schöffel is based on three main pillars:

COMMUNICATIONS AND STAKEHOLDER DIALOGUES

- FWF membership, reference to country analyses
- Regular exchange with stakeholders (round tables, multi-stakeholder meetings)
- Regular exchange within the trade association and in working groups
- Regular exchange with suppliers

TRAINING, MONITORING, IMPROVEMENT MEASURES

- Regular risk assessment
- Onboarding of all production facilities
- Audits (FWF teams, certified auditors)
- On site visits by our travelling technicians
- Implementation of corrective measures
- Training programmes

TRANSPARENCY AND VERIFICATION

- Completion of questionnaires
- Annual reporting procedure
- Annual Brand Performance Check by FWF
- FWF verification audits
- Publication of complaints



SCHÖFFEL

AUDIT RESULTS 2019

Schöffel manufactures its products in a number of countries all over the world. All of the producers with which the family company cooperates are required to observe the eight labour standards of the FWF: Employment is freely chosen; there is no discrimination in employment; no exploitation of child labour; freedom of association and the right to collective bargaining; payment of a living wage; reasonable hours of work; safe and healthy working conditions, and a legally binding employment relationship. These eight social standards were derived from the ILO Convention and the UN's declaration on Human Rights. This means they are based on internationally recognized standards discussed in a Tripartite round table. The basic prerequisite for a cooperation with our partners is the payment of the statutory minimum wage (if applicable) . This is seen as the basis for working for a living wage.

WHAT ACTUALLY IS AN AUDIT?

Every member of the Fair Wear Foundation (FWF) is obliged to have all producers who do not belong to the “tail end” checked by the independent audits of the FWF at least once over a period of three years. “Tail end” means factories that account for less than 2% of total production costs or where Schöffel accounts for less than 10% of the production capacity. In 2019, 14 Schöffel producers underwent these social audits. Audits check the importance of universal labour standards and their implementation in production plants. To this end, the Fair Wear Foundation regularly dispatches several auditors to examine the respective production plant on the basis of eight social standards. The auditors check all the relevant work documents such as personnel contracts or evidence of overtime, seek to talk to employees – including outside the company premises – and check the

on-site safety measures. The results are then recorded in an audit report and forwarded to Schöffel. They are then discussed with the factory, and the two parties work together and continuously on solutions and improvements.

WHY DOES SCHÖFFEL MANUFACTURE ITS ITEMS IN ASIA?

Schöffel produces its items in Asia because over the past decades that is where the specialist textile expertise has been concentrated. The local production plants also have the machinery required for the manufacture of functional clothing. Furthermore, a majority of the functional fabrics is made in Asia, which means that transportation distances between the individual production sites are also shorter.



CHINA

China is the world's largest exporter of clothing, and is constantly striving to improve working conditions. The main challenges include working hours and pay. This is due, among other things, to the industry's traditionally short lead times and the fact that workers are paid by the unit wage system. One of the problems this can cause is that overtime is not recorded properly, and therefore not paid properly. As there is only one trade union, there may be obstacles to freedom of association. In discussions with producers, Schöffel constantly reiterates that a democratically elected worker council is extremely helpful in solving problems at factory level. The area of health and occupational safety also challenges the producers that Schöffel is constantly checking. When working for living wages, the payment of the minimum wage is regarded as the basis, which is a basic requirement for the cooperation with the producers.

Asian Sourcing International MFG.CO. LTD (Jiangsu)

Asian Sourcing has been manufacturing accessories for Schöffel for 12 years. The factory already has a high standard of working conditions. As a result, there were hardly any complaints in the verification audit in 2019. All improvement measures from the previous audit were carried out consistently. There was only one complaint in the audit in June 2019 in the area of occupational safety, and that was because the fire alarm system was inadequate. The factory immediately installed acoustic and optical alarms in the production rooms.

Chaohu Youniya Garments Co., Ltd.

Chaohu Youniya Garments Co., Ltd. belongs to the producer Northsky, who manufactures T-shirts for Schöffel. Schöffel has been cooperating with the production site since 2018 and has visited twice. The Fair Wear Foundation noted a need for improvement in many areas in the June 2019 audit. The auditors listed various shortcomings in occupational health and safety such as a lack of training for first aid personnel, a lack of fire protection measures, a lack of safety precautions on machinery, and chemical safety. Most of these criticisms have already been fixed or are in progress. Other potential for im-

provements includes reasonable working hours and pay, and communication. It is important to strengthen the education of workers with regard to the FWF Code of Conduct and communication regarding freedom of association. To support the factory, Schöffel is planning a Workplace Education Program training (WEP) conducted by FWF for 2020.

Liwaco Outdoor Sporting Goods Co. Ltd.

Schöffel has been working with Liwaco Outdoor Sporting Goods Co. Ltd. since 1999. Following the 2018 follow-up audit, the Fair Wear Foundation's verification audit in June 2019 found that there were still some areas with room for improvement, particularly in freedom of association, reasonable working hours and pay, and work and health standards. They included a lack of fire protection measures, a lack of safety precautions on machinery, and a lack of personnel protective equipment. More than half of the improvement measures have now been implemented.



CAMBODIA

The clothing industry is one of Cambodia's most important industries, accounting for about 70% of its total exports. Following the European Union's examination of the existing free trade agreements "Everything but Arms", Cambodia has been deprived of trade preference for certain products due to the current labour and human rights situation. Although initial improvements in labour standards can be seen, there are still significant shortcomings in many aspects of the working conditions. Particular attention is to be paid to freedom of association and trade union freedom, and the associated discrimination. There are other challenges in the areas of pay and overtime. Improvements are also needed in the area of health and occupational safety. Schöffel, along with other clothing brands and various organizations such as NGOs and trade unions, has written to the Government of Cambodia to express concerns about the working situation in the country.

Sheico (Phnom Penh) Co., Ltd.

The producer Sheico was only added to the list of producers as a supplier of T-shirts to Schöffel in 2019. Accord-

ingly, although improvements need to be taken in some areas, the factory management is very keen to respond to the comments. Training has already been given in the FWF Code of Conduct and the complaints mechanism in order to improve management practice and the right to freedom of association. There have also been criticisms in the area of work and health standards. In addition, the factory immediately addressed the case of a sewing tape manager who was treating workers particularly harshly during working hours. In the end, the factory has resolved all but two of the points in this short time.



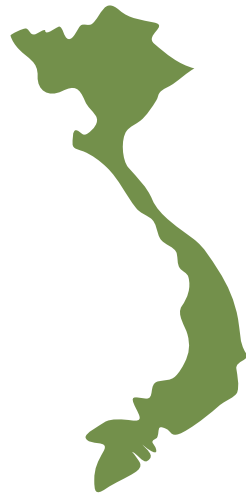
TURKEY

The textiles industry is one of Turkey's most important industries. Although the industry is familiar with international labour standards, improvements are still required in many aspects of the working conditions. These include, for instance, freedom of association, the right to collective bargaining, and occupational safety, which must be guaranteed for all workers at all times. Another key challenge was, and still is, the treatment of Syrian refugees. There is now a legal provision in place that allows Syrian refugees to obtain an official work permit under certain conditions. This makes it easier to verify the ages of employees in the factories. Nevertheless, testing mechanisms are required. However, no Syrian refugees are employed by the Schöffel producer in Turkey.

Firat Tekstil Sanayi Ve Ticaret Limited Sirketi

The cooperation with Firat has been in place since 2019. The factory makes pants for Schöffel at its location in Turkey. The factory was only audited by the Fair Wear Foundation in December 2019. The auditors found reason to complain in the areas of remuneration and legally binding employment relationships in particular. Measures were promptly introduced to comply with the legal requirements / framework conditions. There were also complaints concerning working hours, and three complains about working and health standards. The factory is currently in the process of implementing the individual improvement measures.





VIETNAM

Vietnam is an important player in the global clothing industry, and especially in the outdoor, sports and footwear sectors. The textile and clothing industry is now the country's second largest industry, and so makes a large contribution to its positive economic development. The new free trade agreement between the European Union and Vietnam is expected to further grow the clothing industry. As a result, Vietnam is working on improvements in social labour standards, especially in the area of freedom of association, where one of the greatest challenges lies. The reason for this is that there is only one state trade union. This makes it difficult for workers to organize themselves and to improve working conditions. Overtime is also a major issue in many Vietnamese textile factories. There are also challenges concerning incorrectly implemented dismissal guidelines, incomplete employment contracts, and a low awareness of workers' rights and obligations. In addition to the FWF audits, most of the Schöffel producers have already participated in various FWF training sessions. These courses focus on raising awareness about employee rights and communication within the factory.

Dong Tien Joint Stock Company

The Dong Tien Joint Stock Company is a factory that belongs to Kido, a Schöffel production partner of many years' standing. Since 2016, it has produced mainly jackets and pants. As the factory has a high standard of working conditions, there have only been a few complaints. Most of the measures for improvement concern the areas of health and occupational safety such as fire protection measures (increasing the number of fire extinguishers). One fault concerned the absence of a warning on a fuse box. Others were identified in the areas of communication, freedom of association, working hours, and remuneration. As the audit report only became available at the end of December, the factory is currently in the process of implementing the improvements.

Kido Vinh

Kido Vinh is another factory that belongs to Kido, a long-standing Schöffel production partner. Schöffel has been having pants and jackets made there since 2012. The main area where the auditors found cause for complaint at this factory was in health and occupational safety. Fire protection measures, the lack of safety precautions, and the general working conditions all need to be improved. There were also some optimization measures in the areas of management practice and freedom of association. In addition, evaluation criteria have been defined to determine the qualification levels of employees in order to avoid preferential treatment. The factory has already implemented all but two of the 22 improvement measures, and is in the process of remedying the remaining defects. The improvements will be reviewed in the next audit.

Magictex Co. Ltd.

Magictex has been producing T-shirts and polo shirts for Schöffel since 2017. The Fair Wear Foundation noted a need for improvement in many areas during the verification audit in June 2019. They included communication practice, freedom of association, reasonable working hours, and overtime payments. Other shortcomings concerned the areas of occupational health and safety, including fire protection measures, safety measures, and chemicals management. In the areas of working hours and pay, the factory must work on transparency so that the times and payments are more comprehensible for outsiders. The factory is working on the implementation of the improvement measures, and some defects have already been rectified. In order to support the improvements in communication, a WEP training by the FWF is planned for 2020.

Poongshin Vina Co. Ltd.

Schöffel has been working with Poong Shin since 2007. This partner produces jackets and pants for Schöffel. A verification audit by the FWF took place in April 2019. Most of the complaints concerned health and occupational safety. Among other things, the auditors criticized the lack of fire protection measures, chemicals management, and a lack of safety training. Further measures for improvement were added in management practice as well as reasonable working hours and payment. The factory must work on transparency here so that the times and payments are more comprehensible for outsiders. In the area of health and occupational safety, the factory has already rectified almost all of the defects and is also still working on the measures for improvement in the other areas.

PS Vina

PS Vina is another factory that belongs to the partner Poong Shin. A verification audit by the FWF took place there in 2019. Since the audit did not take place until the end of the year, which meant the FWF only provided the report at the beginning of February 2020, the factory is currently busy implementing the various improvement measures. These concern shortcomings in health and occupational safety, such as a lack of fire protection measures and safety equipment for the workers. Other measures for improvement are aimed at fair wages, reasonable working hours for employees, and communication, for example in freedom of association and the collective agreements in particular, and the complaints mechanism. The factory is currently undergoing a one-year training program in communication between management and employees with the FWF, which is being financed by Schöffel.

Shints TM (Quoc Khanh Factory)

Shints TM is a factory that belongs to Shin Textile Solutions, with whom Schöffel has been in a partnership since 2012. The FWF conducted a verification audit at the factory in May 2019. The auditors noted that the majority of the

complaints concerned keeping to reasonable working hours, freedom of association, and wages. There were also three issues concerning health and occupational safety, such as the lack of fire protection measures. The factory management is extremely cooperative and committed to addressing every criticism. A number of issues have already been rectified. A WEP communication training course by the FWF is planned for 2020 and will focus on communication between management and workers.

Shints TN Co. Ltd.

Shints TN is another factory that belongs to long-time partner Shin Textile Solutions. The FWF conducted a verification audit at the factory in May 2019 following a previous complaint from 2018 relating to overtime. The FWF noted that the majority of issues identified in a previous audit had already been improved by the factory. However, the auditors also found a number of new complaints during this audit. There was criticism, particularly in the areas of reasonable working hours, health and occupational safety, and freedom of association. The factory has already improved some of the criticisms, and is working consistently on rectifying the remainder.





ETHIOPIA

Ethiopia's economy is on a growth trend. The government has set itself the goal of making Ethiopia the textile center of Africa, and is promoting the construction of large industrial parks. However, in keeping with this development, it is necessary to improve labour standards in many areas. One major challenge is employee remuneration. As there is no minimum wage in Ethiopia, wages are very low. As a result, Schöffel did a wage analysis for this producer and found that the wage structure is based on the living wage proposed by the union. Another key challenge is the issue of discrimination, particularly with regard to gender discrimination. Particular attention is being paid to this issue, as the workforce in textile factories consists mainly of women. Other areas for action are freedom of association and the right to collective bargaining in Ethiopia. The Schöffel producer has already established a works council to give workers a voice and to strengthen communication between factory management and workers.

Shints ETP Garment plc

Shin Textile Solution also operates a factory called Shints ETP Garment P.L.C. in Ethiopia, with which Schöffel has been cooperating since 2015. During the audit in September 2019, the auditors identified various issues in different areas. Some of the topics that need to be addressed are communication practice, management practice, reasonable working hours, and labour and health standards. In addition, evaluation criteria should be defined to determine the skill levels of employees in order to avoid preferential treatment. Further measures for improvement need to be implemented with regard to communication, and especially the complaints mechanism. There have also been complaints about various regulations, such as the fact that overtime is considered mandatory. A number of issues have also been identified in the field of health and occupational safety. Following Schöffel discussed the audit results as well as the local CR awareness with the producer. The producer gave assurances that the same social standards apply in all Shin Textile Solution factories, both in Vietnam and Ethiopia. As an immediate response, for instance, a new labour committee was established to improve communication. A number of measures for improvement are also being worked on. In order to address the problems in communication and management practice more strongly, basic training is to be given in the factory in 2020.



MYANMAR

Since the formation of the new government and the end of the military dictatorship in 2011, Myanmar's clothing industry has grown rapidly. Although Myanmar has seen significant improvements in civil and political rights, Myanmar's clothing sector faces many challenges in the implementation of social labour standards. The rule of law, freedom of expression, and access to complaints procedures as well as compliance with the FWF's eight labour standards, are all major challenges. There is a high risk of violations of the following in the textile factories: remuneration, overtime, freedom of association, and child labour. Other problems are generally also communication within the factories and gender-specific violence. For these reasons, Myanmar falls under the enhanced monitoring

program of the FWF, which means that FWF companies must also meet stricter production requirements (page 36). For instance, some reform processes concern the statutory minimum wage, which first came into force in 2015 and was raised again in 2018. Schöffel sees an opportunity to make a positive impact on its business partners, especially with the help of training in various social issues, and thus to contribute to the development of working conditions in Myanmar. The Schöffel partners have already had FWF training in the age verification of employees. Everyone employed in the factories is also over the age of 18.

Kido Yangon Co. Ltd.

Kido Yangon Co. Ltd. is a factory in Myanmar that belongs to Schöffel's long-standing production partner Kido. Schöffel has been working with the factory since 2018 and has visited it three times during this time. There was an FWF verification audit in December 2019, so the factory is still in the process of implementing the measures for improvement. Most of the issues concerned health and labour standards. They included chemicals management, fire protection measures, and general working conditions. Further measures for improvement need to be implemented in the areas of reasonable working hours, appropriate remuneration, and communication via the factory guidelines and the FWF Code of Labour Practice. There is also room for improvement in the communication of the duties of a union towards the workers in the area of freedom of association. A WEP training course by the FWF is planned for 2020 to support a better communication of the FWF Code of Labour Practices.



THE FWF COMPLAINTS SYSTEM

Additional reassurance that social standards are being maintained in production facilities.

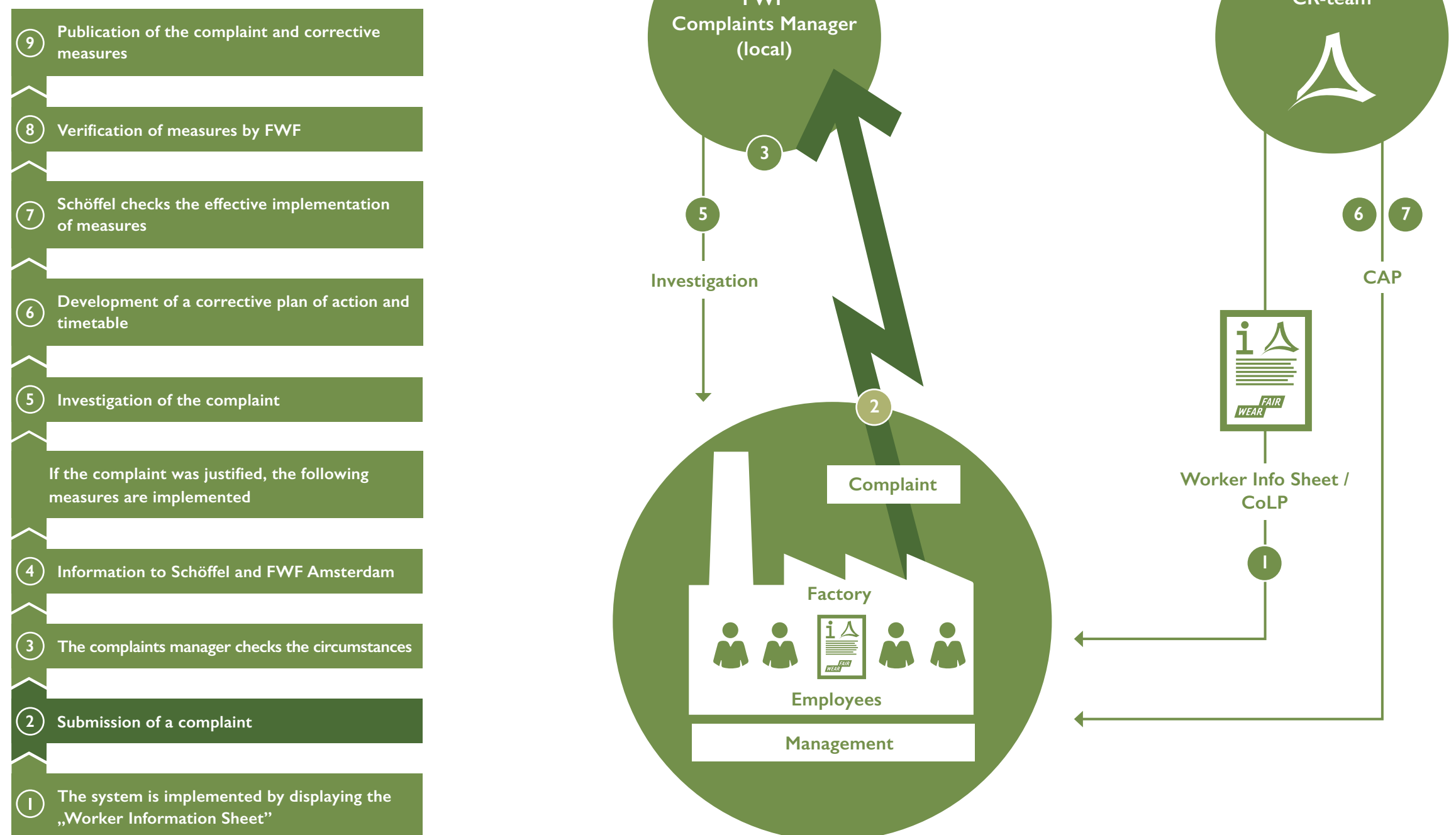
The FWF complaints system gives employees in production facilities the opportunity to make direct contact with an independent body in the event of problems. The contact data of the complaint's manager and the Code of Labour Practice (CoLP) are displayed on information boards in an easily accessible place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

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

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 CR 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.



COMPLAINTS FROM PRODUCTION STAFF 2019

The requirements of the Fair Wear Foundation (FWF) for social standards on the production sites of its member companies are strict and closely monitored. One essential requirement is to give employees in the various divisions the chance to complain – anonymously, so that any criticisms can be freely expressed. This is a prerequisite for sustainably improving local working conditions.

In 2019, the Fair Wear Foundation received ten complaints from production staff. In addition, two complaints from 2018 were followed up in the year under review.

The number of complaints is generally positive, as it shows that more and more employees are exercising their rights. Staff have to report any grievances if it is to be put right and a permanent improvement in working conditions implemented. This was the case at the following production sites.

Factory 4575

In September 2019, a member of a production company in China contacted the FWF hotline. This member of staff had been told to carry out tasks that were not included in his job description. Furthermore, the employee's colleagues were able to work overtime, but he was not. The FWF asked the active brands to check the employee's contract with regard to his job description, and to ask the factory how overtime was distributed. The factory explained that the employee did not have to perform any tasks that were not included in his job description, and that he had negotiated with the HR department a number of times. The factory contacted an arbitration committee to resolve the case. However, the arbitration committee was not required. The member of staff now wanted his contract of employment to be terminated, a severance payment and payment of the last two months' salaries. The production company agreed to these demands. The complaint has now been resolved.

Factory 5838

In December 2018, the following complaint was reported to the FWF by a Vietnamese production site. According to one employee, since November overtime had been worked after

5:00 pm with no time recording, and thus with no overtime payments. The complainant also stated that staff had to work through their lunch breaks. In addition, while these employees were working overtime, there were no medical staff or responsible technicians on-site to assist, for example with any defects on the sewing machines. It was also reported that meals were not of a good quality. A plan of action was then drawn up together with another brand and the factory. At the end of January 2019, the FWF received an update from the complainant informing them that there would no longer be any overtime after 5:00 pm. Work during the lunch break would also be restricted by switching off the lights in the production halls during this time. The factory also promised to improve the quality of the food and to accommodate the different tastes of the staff. An FWF verification audit for follow-up was carried out in October 2019 that showed that the issues had all improved and the complaints were therefore resolved.

Factory 3916

In March 2019, the following complaint was reported to the FWF by a production site in Vietnam. The applicant said that she had wanted to give in her notice, but the factory had not given her the form. So she wrote her own letter of termination to her line manager and to the local authority. When Schöffel contacted the factory, the company was told that there had been a meeting between the member of staff and the factory managers, after which she decided to continue working at the factory. The factory also reported that the termination form is being shared with all members of staff, so they are all free to resign. The applicant confirmed that she was working in the factory again, and the complaint has been resolved. The employee expressed her thanks for the support.



Code of conduct, local complaints hotline and complaints box are highly visible to employees.

Factory 5309

In July 2019, a member of staff at a Vietnamese production company contacted the FWF hotline and reported that overtime was being worked and not being recorded correctly. When asked by the FWF brand, the factory found that although working overtime is voluntary, the managers of the sewing lines had asked staff to work it. This was done without the approval of the top management. The factory said it was taking the following measures to eliminate overtime and correctly record it. The guideline regarding overtime would be shared with staff and the records of overtime regularly checked. It would also be ensured that no work takes place after clocking out. The factory is also planning regular training for line managers and executives on factory policies and workers' rights. Investigations by the FWF revealed that discussions on the subject of workers' rights etc. had taken place for managers and line managers, and that no overtime would be worked after 6:00 pm. This case is therefore resolved.

Factory 10013

In April 2019, three workers filed a complaint via the FWF hotline in Vietnam stating that too much overtime was being worked (after 6:00 pm). They asked for the factory to reduce the overtime. The staff also reported that employees were unable to refuse to work overtime. The factory replied that they were not obliged to work overtime, and that it would inform staff accordingly. The brands and the factory worked together to develop suggestions for improvements to monitor overtime. They agreed on a plan of action that included switching

off the power supply at 6:00 pm so that no more work could be carried out. At the beginning of July, staff confirmed to the FWF that no more overtime would be worked after 6:00 pm. They thanked the FWF and the brands for their support. The follow-up of the plan of action was also accepted and checked by the FWF with satisfaction. Thus the complaint was resolved.

Factory 12964

In May 2019, the following complaint was filed from a production site in Myanmar. The complainant reported that the sewing line manager was insulting several colleagues, often by making inappropriate jokes. In addition, the line manager was also abusing her power by giving preferential treatment to certain members of staff. The applicant also stated that the line manager was demanding fines from any employees who made a mistake. Schöffel responded instantly with another brand and asked the factory to comment. In addition, the brands suggested that the factory should launch its own investigation into the allegation. The results of this internal investigation confirmed some of the allegations, which were immediately communicated to the brands. The factory management then drew up a plan of action containing the allegations and the measures implemented to clarify the allegations. The case was closed, as the complaint was thoroughly investigated and suitable measures taken by the factory management. The FWF also agreed with the brands that training should be provided to improve communication between the management and workers. The FWF's communication training began at the end of November.

Factory 5305

At the end of 2018, the FWF hotline received a complaint concerning a production plant in China. An employee stated that there was significant overtime and incorrect wage payments, and also complained about the quality of the canteen food. In conversation with the FWF, the factory management admitted the overtime, especially during peak season. However, the factory paid the overtime correctly, which was also confirmed by the most recent FWF audit. The management checked the quality of the food twice a week, although it did say it was difficult to meet all the different tastes. As a result, the FWF recommended that the factory should guarantee one day rest per week for staff as well as more training on the wage structure and salary calculation. In 2019, there was a verification audit by the FWF to check any possible improvements. The audit noted one positive development: the rest day was being observed, and staff have been informed. However, overtime was still being worked and exceeding the legal limit. Nor were staff paid during breaks in production. Plus there were still complaints about the food in the canteen. And staff were complaining about the allocation of the attendance bonus. The factory and the brands are continuously working together to develop a plan of action to achieve improvements. The factory has issued a guideline for production stops in accordance with legal requirements, and carried out a survey regarding the food. It was also clarified that the current attendance bonus did not constitute a violation of the applicable law. The case was therefore closed by the FWF. A verification audit is planned for 2020 for further review.

Factory 10013

At the end of December 2019, staff at a company in Vietnam made the following complaint via the FWF hotline. Since the middle of October, they had been working overtime after 6:00 pm without it being recorded, and therefore without receiving payment for it, and they also had to work during their lunch breaks. The factory took the complaint seriously, and referred to its commitment to adhering to labour standards. The factory worked with the brands to draw up a plan of action. They informed the staff that they were not allowed to work during the lunch break. To prevent the possibility of people working during the lunch break, the power will be switched off for this period. Team leaders will also watch more closely to make sure that staff leave the factory after

clocking out and do not continue to work. Staff confirmed to the FWF that the problems have been resolved since the beginning of December. They thanked the FWF and stated that the FWF complaints mechanism is effective. The factory also checked whether overtime was worked without pay in October and November, and offered to pay staff for that time. However, nobody had. Staff were happy with being paid under the current efficiency bonus system. The company again communicated the guideline concerning overtime and payment of the same, as well as the rule requiring overtime to be confirmed by the supervisor on-site, to all staff. The factory will also introduce and discuss this topic at the upcoming FWF Workplace Education Program Training (WEP Training) 2020. At the WEP, staff and management are trained in the eight labour standards and communication.

Factory 3917

In May 2019, the following complaint was reported to the FWF by two former employees of a production site in Vietnam. Both applicants had requested their unreturned social security books. Both had contacted the factory several times, asking for the books to be returned to them. They also stated that the factory was demanding a fine because it considered the workers' terminations to be unlawful. At an explanatory meeting with various parties, including the FWF, a lawyer, the factory managers, trade union representatives, interpreters and workers, former workers and Schöffel as a substitute for the FWF brands, the misunderstandings were resolved. Under Vietnamese law, the social security book must always be returned to employees regardless of the circumstances of the termination. After the explanatory meeting, the factory accepted the terminations, and their social security books were returned to the members of staff at the end of December. They did not have to pay any compensation. The complaint was resolved to the fullest satisfaction of all.

Factory 3916

Former employees of a Vietnamese company contacted the FWF hotline with the following complaints. After terminating their employment, they had received neither the termination compensation nor the special severance payment for maternity protection. Severance payments are legally required payments that the factory is obliged to pay. At the request of the brands, the situation was therefore investigated on-site.

te. This revealed different levels of knowledge of this topic on the part of the company and staff. At the request of the brands the FWF organized a meeting with a local lawyer, so that the legal requirements on the part of the factory could be clarified and solutions to the misunderstandings associated with the severance payments and other benefits to all sacked workers could be explained. This meeting was attended by the FWF, a lawyer, the factory management, union representatives, workers, former workers, and Schöffel as the brand representative. The following points were discussed and agreed. The factory should process the legal and wrongful terminations in accordance with legal regulations and inform all workers of the legal situation. Furthermore, the factory was to establish a clear process for handling such requests. So in the event of any ambiguity in a case, there should be a meeting between the member of staff concerned and the trade union in order to find a solution together. The missing severance payment during maternity leave was to be paid to all pregnant members of staff including any who had already handed in their notice.

Factory 3916

At the end of May 2019, the FWF hotline receive the following complaint concerning the same production site in Vietnam. After termination of their employment, the social insurance books were not returned to the former members of staff. When asked by the complainants, the factory replied that the members of staff first had to pay a fine for irregular dismissal before their social insurance books would be returned. The FWF then contacted a lawyer to clarify the legal regulations. Under Vietnamese law, the social security book must always be returned to employees regardless of the circumstances of the termination. During an investigation on-site, it became apparent that the factory did not fully understand the legal requirements. At the request of the brands, the FWF organized a meeting at the factory with a local lawyer so that the legal requirements on the part of the factory could be clarified and solutions to the misunderstandings associated with the severance payments and the other benefits to the sacked workers could be explained. This meeting was attended by the FWF, a lawyer, the factory management, union representatives, workers, former workers, and Schöffel as the brand representative. Their social insurance books were returned to the complainants on the same day. It was also agreed that the factory would send the social security books belonging to

other former members of staff to the social insurance office for collection. The case was thus resolved to the satisfaction of the complainants.

Factory 10014

In 2018, an employee at a company in Vietnam reported the following complaint to the FWF hotline. He claimed that overtime was being worked in the company and not always being recorded in the evenings. This led to problems with overtime pay. Staff also had to work during their lunch breaks. Investigations showed that no work had been carried out during lunch breaks in June and July 2018. However, documents did show significant levels of overtime and the existence of two different pay slips, one for normal working hours and one for overtime. The calculation of the overtime was correct, though. A plan of action was drawn up by Schöffel with another brand and discussed with the factory. To prevent the possibility of people working during the lunch break, the lights would now be switched off in the production facilities during this time. Furthermore, staff were informed again that they were not to work during the one-hour lunch break. Since September 2018, there has been only one pay slip and a single transfer. In the course of production planning, the factory discussed the overtime with the respective brands. As the first improvement, the factory accepted no further orders in order to deal with the overtime. In a joint personal meeting, Schöffel discussed further solutions with other brands and the producer. In order to check and encourage improvement, there was a verification audit of the FWF in 2019 as well as FWF training for management and staff. The audit found that overtime was still being worked and exceeded the legal limit, and that staff were also working during the lunch break. It was also found that staff were not being paid for working during the breaks. The factory and the brands are continuously working together to develop a plan of action in order to improve the overtime situation.

You can find full reports of each individual case at the following link:
<https://www.fairwear.org/complaints/>



WORKING TOGETHER FOR LIVING WAGES

Better working conditions in the worldwide textile industry – that's what the Fair Wear Foundation (FWF) is fighting for. Schöffel supports this important aim. This includes working on living wages, which is one of the FWF's eight labour standards.

“Everyone who works has the right to just and favorable remuneration ensuring for himself and his family an existence worthy of human dignity and supplemented, if necessary, by other means of social protection.” Universal Declaration of Human Rights, Article 23/3

The minimum requirement is payment of the respective statutory minimum wage to the workers in each production country. So what is the difference between the statutory minimum wage and a “living wage”?

The minimum wage is set by law, but in most countries it is too low to cover all the living expenses. What adds to the difficulty is that not every country has defined a minimum wage. A living wage is a remuneration that is based on the cost of living and covers the basic requirements of a working person and their family in order to provide them with an appropriate standard of living. The basic requirements include the costs for the following factors: Living, food, transport, health, clothing, education, and savings/reserves. A worker should be able to earn a living wage without having to work overtime.

Influence on the wage level

In every audit, the FWF checks the pay structure and wages in the production plants by checking documents and in interviews. The results are given in the audit report and provide an overview of a partner's wage level. Schöffel pays for its partners' products rather than the wages for the people in their production plants. Fair adjustment of the product prices allows Schöffel to influence the wage level. What is significant is the cooperation with other brands and with the FWF because the topic of “living wages” is best solved in a strong association.

For this reason, since 2017 Schöffel has been working with two other FWF member brands on a living wage project in two production plants in Vietnam. To date, Schöffel has been able to acquire a good amount of valuable experiences through this project, as it constantly brings new challenges for which new solutions have to be found. Together with its local partners, Schöffel analyzed the wage structure, the living wage together with local staff and important contacts, and a number of selected workers with its partners on-site in order to establish living costs in a particular region. There were consultations with the local works councils and discussions with the factory workers and management.

Wages significantly above the minimum

Schöffel and its partners then defined a living wage based on the information provided by workers in the region. Both factories completed a wage calculation, provided by FWF, for all staff members. This wage calculation can be used to display the various salary components and bonus payments. It also explains which components may be included in a living wage and which may not (such as overtime). This precise calculation revealed that 94% of the workers already receive at least the defined wage target or more. The wages received by the rest of the workers were well above the minimum wage for the region.

One important factor in the success of such a living wage project is regular exchanges between the brands to discuss further steps and carry out the corresponding measures.

IN THE THICK OF THINGS INSTEAD OF JUST BEING THERE

SUSTAINABLE HR MANAGEMENT

The focus is always on the people – which is Hildrun Brendler's interpretation of sustainable HR management. The head of the Human Resources (HR) department and member of Schöffel's management team is therefore in daily contact with the specialist departments. This is how she finds out what moves employees – and what can be improved

Hildrun, what path does Schöffel follow with regard to sustainable HR management?

Here at Schöffel, the focus is quite clearly on the people – Peter Schöffel made this fundamental decision when he modernised his company. That is exactly what we act on, and we have strategically anchored the issues of people and culture right at the top. Like the whole company, we follow a long-term and therefore sustainable approach. The aim of HR management is to further develop the company with and through the employees, and thus ultimately to fulfil the generational mandate. We cover all the areas of HR management ourselves, from the recruitment of applicants to further development measures for our employees to strategic company development or time management. We have experts in all these topics in-house, and are networked to every specialist department. In other words: we're in the thick of things.

What does "Focus on the people" mean from an HR point of view?

Focus on the people is to be taken literally. We define the strengths and potentials of each employee, we develop them further and we employ them in the right places. In the ideal case, we then enable everyone to fully develop their skills. For me, it is consistent to focus on people in all their facets, including through different stages of life. I consider the dialogue with the employee to be the best means: "Where do I stand, where do I want to go, and how can the company provide the impetus here to carry that out?". Thanks to this

long-term perspective, we have everything in our sight – from personnel development to the processes required for that, to the framework conditions. So to me, focus on the people means: we do everything to ensure that personalities are successful as a team.

How does employee development work at Schöffel?

We employ experts who are dedicated specifically to employee development. We do so working on different levels. This includes, for instance, systematically recording the competences of our employees and examining them for specific development points. In the short term, this is achieved through regular feedback on the working day, e.g. in the form of daily coaching, joint discussions, networking in the company or even discussing mistakes. This is done directly in the work process. In the longer term, we focus on the semi-annual and annual meetings, where we discuss development topics and define the next steps – always with an eye to the company's strategic priorities.

What formats do you use overall for employee development?

We choose different formats, depending on the objective. They include training on and off the job, coaching, and working with internal and external coaches. We want to respond individually and specifically to the needs of our employees and to help them further develop their strengths. We carry out needs analyses, which are then specified with the in-house experts, the responsible manager and the member of



staff – i.e. tailor-made for the individual or the team. This also includes the managers, who play a central role as the link between the company management and the employees.

What HR goals is Schöffel committed to for 2020 and beyond?

Our goal is to implement networked thinking of the people in the company. To achieve this, we need to encourage a rethink and set up new paths. Let's take digitalization as an example. It's not enough simply to set up a new IT program or project tool. Rather, it is about establishing new ways of

working, mindsets and a new way of communicating with our employees when automated programs replace other processes. The system alone is of no use; it has to be used across the board. At Schöffel, we think beyond the edge of the desk, and we involve the other departments directly – otherwise, in my opinion, it cannot work. Of course, this also involves the management level. "How do I control an inter-departmental project team and make sure that the right people are networked in the right places in order to achieve the desired results?". This will be our focus in the coming years.

HONOURING SCHÖFFEL'S LONG-SERVING MEMBERS OF STAFF

Thank you for 365 years of professional experience



The perfect clothing to meet customer requirements. This is only made possible by the commitment and loyalty of the people who work here. With this in mind, once again we have been honouring deserving Schöffel employees – as well as several birthday children – who have been working for this family company for years, and in some cases even decades. Their continued achievements are an important contribution

to the company's success. A total of 24 Schöffel employees who were celebrating anniversaries were invited to a celebration with the management. Peter Schöffel personally thanked the long-standing employees for their high level of loyalty: "Economy is always about the people. And behind every product that bears the Schöffel name are numerous people who contribute their know-how, creativity and commitment. I am delighted to be able to thank so many employees every year, some of whom who have worked with us for decades, and who work constantly on our products during this time to make them better and better. The high number of deserving employees is also proof that Schöffel has become a professional home for many people." The celebration for long-term employees is a fixed date in the calendar, and a beloved tradition in the family business. The event was started by Hubert Schöffel, father of Peter Schöffel, who saw it as something particularly close to his heart.

SCHÖFFEL KIDS' DAY WHAT DO YOU ACTUALLY DO AT WORK?

Children often ask their parents this question – but how to answer it? Showing them is better. On Schöffel Kids' Day, 15 girls and boys took the opportunity to visit their mothers and fathers at work. After inspecting the mountains of paperwork on their parents' desks, it didn't take them long to decide "Ich bin raus", and the little ones headed to the Ulrichswerkstätte for people with special needs. Here they were able to let off steam creatively all day long and make bird feeders for wild birds in the workshop. Lovingly cared for by the Schöffel Stuzubis – budding students or trainees – all day long, in the afternoon they headed back to the Schöffel head office, tired but happy. The Kids' Day at Schöffel is already a firm fixture in the diary for next year. It takes place every year on the Day of Prayer and Repentance.



MOVING MOUNTAINS TOGETHER. SCHÖFFEL AND KENIAL E.V.

KENIAL e.V. works with athletes to support children's aid projects all over the world. It is important that the aid arrives where it is needed. A good local network is required to sustainably improve something. The creators know exactly why they are getting involved.

We are well aware how lucky we are in life. Born here in Europe, we are healthy, well educated, have constant medical care. We can afford to travel, to hike, to climb mountains. On every trip, we learn how enriching other countries and how beautiful the different landscapes are. And we see how poor many children are in large parts of the world. When we visit the Hindu Kush, the Himalayas, the Pamir Mountains, Mount Elbrus and so on, we often encounter a level of poverty that we are quite literally a stark contrast to.

In a nutshell, extremely well nourished, with fabulous equipment and perfectly prepared. Yet the children around us can't go to school because they have no shoes. No jacket. Or just don't have a backpack for books and pens. But walk 10 km and more to get to school. Which is why we provide

them with what makes sense. What these kids need. We research our products very carefully. Find the right contacts in the countries. Organise cargo, customs and much more. Everything gets there. Our athletes take everything straight to the local children. All our projects are financed exclusively through donations. Schöffel supports us enormously, and so we can regularly send high-quality and new clothing donations as well.

We always work directly with social workers, homes, schools etc. An on-site structure that is already well-functioning is important so we can continue to support children for years to come. Some of our athletes are met at the airport. We are always looking for travellers for current projects.



SUPPORT THE KENIAL PROJECT WITH SCHÖFFEL

KENIAL is always looking for ambassadors and deliverers of the care packages. Interested parties are welcome to contact KENIAL.de directly. But you'll also be supporting the work of this association if you buy one of the small "Schmuseberge", our mountain-shaped pillows.

For further information please go to <https://www.kenial.de/de/berge-versetzen/>

HALF A LIFETIME WITH SCHÖFFEL

GROWING WITH THE TASKS

Manuela Eichner's career clearly demonstrates what sustainable HR management looks like. Now 30, Manuela has spent half her working life with Schöffel. Just as the family company has developed during this time, Manuela has also steadily and continuously grown with her tasks. Over the past 15 years, she has worked in four departments. She is one of very many members of staff who have long been members of the Schöffel family, and who are able to develop as appropriate to their skills and abilities. In a chat with us, she talks about the various stages she has been through and what she still loves about the company even after all these years.



Manuela, how did you come to work for Schöffel?

I've always had a creative streak, and after all the work experience I had during the school holidays I was absolutely determined – I want to be a textile and fashion cutter. That's why I applied to Schöffel. I was 14 when I made my decision, and 15 when I started my apprenticeship. As this is a two-level course, you spend the first two years learning to be a fashion seamstress. If you pass your final exams, then a year later you will be a textile and fashion cutter.

What came after your training?

I then spent eight years working in what is now the Service Factory. My main task was making sample pieces. Even then I was very ambitious, and I worked my way up. Occasionally I stood in for the sewing assembly line management. I have never regretted choosing my job at such an early age – it's still my dream job today. But at some point, though, I realised that working in the Service Factory wasn't really challenging me enough, and I wanted to head off in a new direction.

So which direction did you choose?

My then division manager spontaneously suggested that I stand in for someone who was on an extended period of sick leave. Just two weeks later, I started in the new department of Professional Wear as a production planner. I was instantly made to feel completely at home by the team, which made my probationary period – even though it was really tough – much easier. I suddenly had new tasks that included, for instance, communicating with producers, working independently and, not least, getting to grips with new systems that I hadn't experienced before. Thankfully, having worked in the Service Factory, I was already familiar with very many of the clothing designs, which meant I had a good basic understanding of what was what. This really made life easier for me in my dealings with the producers and suppliers.

From the sewing line, now the Service Factory, to Professional Wear. Where did your journey take you next?

The company was about to undergo a reorganization, so it

was clear to me that I would be changing jobs again. My new position was to be in Strategic Purchasing, where I was responsible for allocation and pricing. To put it more precisely, I was involved in the entire production process of a model. Deciding which producer would be tasked with making which model. Comparing offers and checking, negotiating the prices of the various models with regard to material costs and working time remuneration were entirely new tasks to me, and undertaken with a new team.

You gradually developed, step by step, and always accepted your new tasks without any problems. How did you end up in your current position in the purchasing department?

I was asked whether I would be prepared to take on the purchasing and the sourcing of materials for the area of Technical Wear. It was another entirely new field for me, although I quickly knew I would be only too happy to accept this new challenge. My earlier positions with Schöffel have been of tremendous help to me, and especially in this position. Planning production, negotiating prices and my experience from the Service Factory.

To what extent have your earlier experiences been helpful?

Thanks to all the changes, I have good connections within the company. I always know which department or colleagues to ask if I have any questions or problems. I can also always empathize with the various departments and their requirements and actions, which is extremely helpful especially when communicating. Plus the knowledge that I have acquired is invaluable.

So what exactly are your tasks at the moment?

In the Technical Wear department, we bid in public tenders for authorities and motorbike manufacturers. I'm responsible for various tasks, including the purchasing of materials, ingredient development and maintaining the systems to ensure the details are complete. What this means: if there is a new material, then sooner or later I come into contact with it in one form or another. Whether that's by entering it in the system, negotiating the price or purchasing the item.

We hear a lot about tenders. Can you tell us a little about them?

Authorities, federal states or motorbike manufacturers publish tenders for their uniforms. We submit our bid with prototypes, which we manufacture to the specifications provided in the invitations to tender. My task is the procu-

rement of the materials required for the production of the samples. It is essential that we pay the closest attention to the information specified in the published documents. A published invitation to tender can easily amount to 50 pages and specify in the minutest detail exactly what materials may be used for the garment and what the production overall should be like.

You've had four different jobs within the family company. What kind of support did you get?

I always had the support of my divisional and departmental heads. They also guided and encouraged me to take steps that I probably wouldn't have ventured on alone. Working in the various departments enabled me to acquire plenty of knowledge and experience that no one can take away from me.

Several department changes – endless new faces – but others from the early days as well? How does that make you feel?

In September 2019 I'd been with the company for 15 years. There are still many colleagues in the company who have been with me throughout the years. We spend most of the week at work, and therefore also with our colleagues. So it's nice that friendships have developed within the various departments. The atmosphere at work is like glue – it binds us together.

Why are you still with Schöffel after all these years?

I'm often asked that question, because these days it's quite unusual to spend 15 years with the same company. Every new department or new job has marked the beginning of a new era for me. The change after my time at the Service Factory was extreme – it was the beginning of an entirely new age for me in the new department. A new department also means an entirely new team, a new boss and new tasks. So I've never actually had the feeling that I need to get away and do something different. Had I been in the same job doing the same things for 15 years, I'd probably feel differently now. Any change is time-consuming and challenging, but then afterwards it's just great. And of course, the working climate is something else that keeps me here with Schöffel. If you come to work here, you'll soon become part of the team and feel very much at home.



HAZARDOUS SUBSTANCE MANAGEMENT

Increased specifications for enhanced product safety

Sustainability is not just about maintaining social standards. Another equally important subject is the management of hazardous substances and chemicals in the value creation chain. Since the end of 2013, Schöffel has been working in partnership with Bluesign. Bluesign provides Schöffel with a comprehensive and well-founded system, which provides the basis for the continuous development of the company's hazardous substance management to meet the needs of people and nature. Bluesign stipulates very strict statutory thresholds, which Schöffel as a system partner also imposes on its producers and suppliers in its own Restricted Substances List (RSL). This list names all the banned substances, which should not be used in the production of items of clothing, as well as those that are restricted to a maximum value. The RSL list sets out higher requirements than the EU "REACH" regulations for chemical substances. By regularly carrying out independent sample testing, Schöffel ensures that the stipulated thresholds are complied with. In 2019, 40 models commissioned by Schöffel were assessed by eurofins WKS. The outdoor and ski expert also informs and supports its producers with a comprehensive producers' manual on lawful and environmentally-friendly operations management. Schöffel also keeps its producers informed about various training schemes on the subject of

chemicals management. Moreover, in 2018 Schöffel organised a training programme carried out by UL, for all its Vietnamese producers, focussing on restricted substances.

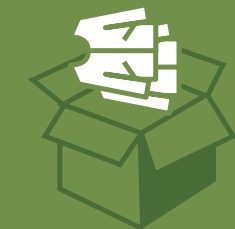
Schöffel is working tirelessly on improving. It is also doing this in cooperation with bluesign®, which has been supporting the company in the management of hazardous substances since the end of 2013. Because Schöffel wants to continue developing in the interests of man and nature. To this end, bluesign® visited Schöffel at the beginning of September to start its brand assessment. The brand assessment helps with the analysis of the current situation and the creation of a plan of measures. There is an on-site check, an assessment of the data that was prepared in advance, and a report. The plan of measures is produced by both parties and helps to increase the company's environmental performance and the effectiveness of the risk management in terms of the environment.



ENVIRONMENTAL MANAGEMENT IN TRANSPORT



When selecting a logistics service provider in Germany, it was important for Schöffel to find a sustainable partner. All parcel shipment in Germany is climate neutral.



Schöffel uses 100 % recyclable or recycled packaging materials. Only RESY certified boxes are used. RESY guarantees complete waste management and recycling. Schöffel belongs to a dual system, guaranteeing a circular economy for poly bags. The majority of goods are supplied "flat packed", which saves hangers and currently cuts plastic packaging by 20 % compared with "hanging" transport. In addition, coat hangers are only used by customer request. These are made of recycled polystyrene.



Schöffel basically plans for 95% of its globally produced textiles to be sent to Germany by sea. In 2019, the proportion of rail transport from China was increased by 35%, which saved a further 107 tons of CO2. Furthermore, the company plans to use rail transportation from Vietnam to Germany in 2020 in order to save even more CO2.

ENVIRONMENTAL MANAGEMENT

MICROPLASTICS / PLASTICS PROJECTS
Schöffel is involved in the research project (Textile Mission) through the German federation of the sports goods industry (BSI) and is a practical partner in the Ver-PlaPos project.



As a member of the German federation of the sports goods industry (Bundesverband der deutschen Sportartikelindustrie or BSI), Schöffel supports the **Textile Mission project**, which is researching the issue of “microplastics in washing processes”. Textile Mission aims to reduce the amount of microplastics entering the environment through domestic washing processes for synthetic sports and outdoor clothing. The project is making an important contribution to marine conservation by developing sustainable textiles and optimising the technology used at wastewater treatment plants. Various organisations from the sportswear industry, washing machine and detergent manufacturers, research and environmental protection are working together on this interdisciplinary project. (Source: <http://textilemission.bsi-sport.de/>)



The **VerPlaPos** project observes consumer reactions to plastic and is looking into the potential for avoiding plastic at the point of sale. The project is being coordinated by one of its partners, the German town of Straubing. Schöffel is also a partner in the project for the textile sector. Many everyday products are made of plastic or packed in plastic. When buying these products, consumers are therefore making a contribution to the increasing use of plastic in Germany. However, the complete avoidance of plastic in everyday life is either not possible or would involve a high level of restriction. Moreover, many consumers are simply not aware of how much plastic they are bringing into circulation or into the environment when purchasing a product. With this in mind, the project is researching to what extent the creation of plastic waste can be avoided through purchasing decisions at the point of sale. This is being examined using food packaging and clothing textiles as examples. (Source: <http://www.plastikvermeidung.de/>)

Since 2015, Schöffel has been supporting the multi-stakeholder initiative, German Partnership for Sustainable Textiles, to improve labour conditions in textile production by ensuring fair purchasing terms and conditions, secure jobs, working for a living wage and resource-efficient production.

www.textilbuendnis.com



Member of the Partnership
for Sustainable Textiles
Socially and environmentally – we're on our way

Schöffel is a member of the European Outdoor Conservation Association (EOCA). This European outdoor industry initiative is committed to protecting and preserving endangered areas, animals and plants.

www.outdoorconservation.eu



eooca
european outdoor
conservation association



PLASTIC FREE: MOUNTAIN TO SEA

Schöffel is a member of the European Outdoor Conservation Association (EOCA). In 2019, EOCA set itself the focus topic of – Plastic Free: Mountain to Sea. The aim of the product is to reduce plastic waste, and EOCA organizes numerous waste clean-up programs along walking trails and on beaches.

In the interests of sustainability, Schöffel has decided to support this project with a specific campaign. The family company collaborated with the fabric supplier Singtex to develop a shirt that is made from leftovers.

Known as S.Café® material, roughly half of it is made from recycled PET bottles. All the sales proceeds go to EOCA. And together, we are taking a further step in caring for the environment.

TIME FOR EXPLANATIONS

PFCS – AND HOW SCHÖFFEL USES THEM

There's so much talk about PFCs. But what exactly are they? And are these substances harmful to humans and the environment? How does Schöffel deal with these chemicals and where are our limits?

What are PFCs?

PFC is the abbreviation for per- and polyfluorinated chemicals, which comprise more than 3,000 different substances. They are not natural and are hardly biodegradable. This means that PFCs remain in the environment for a very long time. Some PFCs become enriched in nature and in organisms, and can be regarded as being of concern. They are therefore under strict observation, and in some cases banned. Yet PFCs are still being used because of their special properties. They are water-, grease-, and oil-repellent, and chemically and thermally stable. So they are used in a wide range of consumer goods such as cooking utensils, pizza boxes, sticky labels, and textiles.

Whenever PFCs are mentioned, the first point to clarify is exactly which group of these chemicals is being discussed. The outdoor clothing industry usually talks of fluoro-organic compounds, which are applied to textiles in various processes to make them water-, dirt-, and oil-repellent. Properties that are essential in the quality of hard-wearing, weatherproof outdoor products.

Schöffel's use of PFCs

As a medium-sized company, the production of high-quality, functional outdoor and ski clothing with a long lifetime and permanent quality is a natural commitment for Schöffel Sportbekleidung GmbH. It is particularly important to us to keep the use of chemicals as low as possible in the manufacture of our products.

The use of PFCs has hitherto been necessary in order to offer the end user permanent protection against the elements of nature. Schöffel spent many years working on alternatives – with success. Today, Schöffel has materials that eliminate the need for PFCs in its brand products. And do so with no loss in the customary high quality or performance of the clothing. Selected products with GORE-TEX® have a PFC_{EC}-free (PFC environmental concern free) finish. Non-water-soluble, ecologically safe PFCs are also used for the membrane.

For us as the Schöffel company, the topic of hazardous substance management is tremendously important. That is why we have been working with the bluesign® system since 2013 and adhere to the limits, which are extremely strict and much more stringent than the legal requirements of the EU Chemicals Regulation REACH.

We reach the limits with products that are made to particularly strict requirements for special customers, such as the police and motorcycle clothing. Certain requirements such as dirt-repellent fabrics and oil resistance are mandatory for these types of finishes. Schöffel is not yet able to dispense entirely with the use of selected PFCs. Keeping them to a minimum is naturally a prime concern, and the company notes and adheres scrupulously to the legal requirements. Schöffel is also working on keeping the extent of their use to the absolute minimum while still ensuring the functionality and protection of the emergency personnel. At the same time, the company is also working on seeking options for reducing the use of PFCs in these areas.

Schöffel collections contain no PFCs.
Selected products with GORE-TEX® have
a PFC_{EC}-free finish

PFC-free

Summercollection 2020:

100%
of designs are PFC-free



Product



Environment



HIGH REQUIREMENTS FOR SUSTAINABLE AND INNOVATIVE MATERIALS

Ski and outdoor expert Schöffel has been producing technical, functional clothing, with a focus on quality and innovation, for more than 50 years.

NATURAL FIBRES

Due to the specific functional requirements of materials, the use of natural fibres is minimal. All the same, Schöffel also sets high requirements for the selection of processed natural fibres.

ANIMAL FIBRES

When using animal fibres, the outdoor expert makes sure they are procured without causing the animals any pain. Schöffel respects the environment and supports animal protection. This means that only materials that come from sources where responsible, species-appropriate animal welfare is guaranteed are used to make Schöffel products. All products must therefore be manufactured in accordance with the Five Freedoms for Animal Welfare developed by the Farm Animal Welfare Council (FAWC). These are:

- Freedom from hunger and thirst
- Freedom from physical and thermal discomfort
- Freedom from pain, injury and disease
- Freedom to express normal behaviour
- Freedom from fear and distress

Down

The company obtains exclusively white and grey down and feathers from geese and ducks from certified sources. This ensures that the materials come from sources which do not involve any force feeding or live plucking. Down is a by-product of the food industry. All down and feathers used in Schöffel products must be RDS certified.

As a company, Schöffel attaches particular importance to animal welfare and now, by committing to RESPONSIBLE DOWN STANDARD (RDS) company certification, has taken a further step towards the responsible sourcing of down. This includes the supply chain, which means that only down from animal welfare-friendly farming is used for its products, starting with the animal farm and continuing all the way through to the actual processing of the down. The certification process is carried out and constantly monitored by the Control Union test institute.

Consumers of RDS-certified Schöffel products can be sure that the down and feathers that their products contain are obtained from appropriately husbanded animals. All of the points in the product's supply chain comply with the RDS

standard. Be it the breeding of the animals on the farm, their transportation or slaughter, only if 100% of the criteria and guidelines are fulfilled will the product receive the status of RDS certification.



Sheep's wool

Schöffel also strictly ensures that no wool is used from sheep, which have been subjected to the mulesing process. Mulesing is the removal of strips of skin from around the breech of a sheep to prevent flystrike. The procedure is usually performed without anaesthetic.

Angora & Mohair

Schöffel does not use any mohair and angora fibres at all, since the species-appropriate welfare of angora rabbits and angora goats is often not guaranteed, and the removal of their hair takes place under painful conditions.

Fur

The use of real fur is also not allowed; only synthetic furs, which do not contain any animal parts, are used for Schöffel products. Schöffel also belongs to the Fur Free Retailer Programme (<https://furfreeretailer.com/>).

Leather

The leather used in production may only be a by-product or waste product of the food industry or artificial leather. Only skins from animal species that are not threatened or protected may be used.

PLANT FIBRES

Cotton

Another natural fibre used by Schöffel in its production facilities is cotton. The use of Uzbek cotton is prohibited, since child and forced labour is used to harvest cotton in Uzbekistan. This goes against Schöffel's basic principles.

Wood

Some items, such as buttons, can be made from the natural material wood. The wood used must not come from illegal timber harvests or HCVF forests (High Conservation Value Forests), such as rainforests.

LYOCELL

Schöffel uses lyocell as an especially ecological alternative to conventional man-made fibres and cotton. The environmentally-friendly, resource-saving production of this material is reflected in the outdoor products and thus is a further step towards sustainability.

What is lyocell?
Lyocell is a fibre that is made industrially from natural raw materials. It is often based on the raw material wood, such as eucalyptus, oak and birch that is obtained from sustainably managed forests. The main raw material for lyocell is therefore cellulose, and so it can be regarded as a recycled or regenerated fibre. These plants grow without artificial irrigation, and thus the farming saves resources and is kind to the environment. It also requires far less water than does the conventional production of cotton, for instance. The process is called the direct solvent process. The production process is considered far more eco-friendly than that for other regenerated fibres such as viscose due to the environmentally-friendly solvent and closed material cycle. Schöffel also uses lyocell fibres by Lenzing AG which bear the registered brand name TENCEL™, but also have the same characteristics.



S.CAFÉ®

As a move towards further progress in sustainability, Schöffel uses the environmentally-friendly S.Café® technology. Once treated as a waste material, coffee grounds are now used in the production of fabrics that form the base for precision-designed multifunctional sportswear. This innovation not only gives the coffee bean itself a longer lifespan, but also optimally supports athletes in their performance – however challenging the activities may be. As a result, the constantly renewable raw material naturally fulfils the high quality requirements for a textile component.

What is S.Café®?
S.Café® is a technical fibre composite made of polyester fibres. Coffee oil is obtained from coffee grounds, the waste product that is left over when coffee is prepared by the traditional method. This oil is then mixed with a granulate that is essentially the spinning nozzle liquid. The polyester is given the improved properties of this special technology, such as optimised odour neutralisation and the natural antibacterial effect. The S.Café yarn is then made from the spinning nozzle liquid and used to produce fabrics that form the base in the production of garments.

AIRMEM™

Progress – that's what Schöffel is all about. The company is also constantly working on further development in the field of sustainability. Schöffel uses the innovative membrane AIRMEM™ in conjunction with S.Café®. This also furthers the standard of textiles in terms of functionality and quality. With this membrane, the constantly renewable raw material coffee meets Schöffel's high quality requirements naturally and provides the optimum support for users in their activities – no matter how challenging.

What is AIRMEM™?
Like S.Café®, AIRMEM™ is based on coffee grounds, supposedly a waste product that is left over when coffee is made from beans. In the first step, coffee oil is obtained from this residue. This recycled resource can then be used not only as usual by the cosmetics industry, but is also the basis for the production of the lightweight membrane. And replaces 25% of the usual raw material, petroleum. AIRMEM™ combines advanced material technology with more environmentally-friendly manufacturing.



PERPETUAL

Sustainability is an extremely important component at Schöffel, which is why the company greatly values ecological materials. With perPETual, the company has taken a step towards environmentally-friendly clothing and resource-friendly production in order to embark on the new generation of textiles.

What is perPETual?
perPETual is an environmentally-friendly recycling method in which PET bottles are converted 100% into a new textile material. Special filtration technologies are used to recycle old plastic bottles into high-quality, sustainable polymer components (ester). Standard polymerisation can then be used to turn this sustainability acquired ester into recycled polyester as the basis for all PET products including textile clothing. This resource-friendly method, which can be used to produce a wide range of yarn thicknesses, requires far less energy than other recycling methods. The amount of waste from plastic bottles is also reduced. And the water consumption is an amazing 86% lower than for new polyester.



USING ENERGY MORE WISELY ENVIRONMENTAL MANAGEMENT AT THE SCHWABMÜNCHEN SITE

Schöffel has been headquartered in Schwabmünchen since 1804. Its long history in the local area has made the company particularly conscious of its responsibility towards its immediate environment. That's why Schöffel attaches great importance to saving resources in its business operations.

The current headquarters on the outskirts of the city were moved into in 1980 and have been continuously expanded and remodeled since then. In 2011, the largest expansion to date of the production and work facilities took place. Schöffel has been purchasing 100% climate-neutral green gas for heating at the Schwabmünchen location since 2019. An exten-

sion of almost 950 square metres uses a modern concrete core activation system for heating and cooling the building. This innovative method exploits the potential of the building's ceiling and walls to store thermal energy and therefore keep the interior at an optimum ambient temperature. Part of the concept also applies to a water circuit: the concrete core

activation draws water from a specifically created well into the company premises. This initially keeps the server room cool and is then fed – several degrees warmer – into the heating system. The water is then directed back to the well. This concept not only saves on energy used for heating, it also replaces an air conditioning system and therefore saves additional energy. The key feature here is that the water is not used up but stays in the circuit.

At the same time as the extension work, the existing photovoltaic system, which produces about 31,000 kWh of electricity each year, was renewed.

Since 2016, the subsidiary in Schwabmünchen has exclusively been using electricity from regenerative hydropower from the regional energy supplier LEW from Augsburg. The Schöffel-LÖWA own retail stores also use electricity supplied by LEW

natural sources – a service from which franchise partners can also benefit.

In 2016, the new Development Centre was opened following extensive renovation work to the former warehouse. Covering an area of more than 600 square metres, the centre includes 26 modern workstations at which the Product Management, Design and Technical Development departments work together on developing future collections. The Development Centre has an open-plan atmosphere with rooms flooded with natural light from large windows and skylights. Lounge corners known as "coffices" make it possible for employees to plug in their laptops and work in a relaxed atmosphere so that they can achieve the best results. Mountain scenes on the walls and a tree planted in the middle of the building ensure the outdoor theme is always present and add to the working atmosphere.

OBJECTIVES THAT SCHÖFFEL IS STRIVING FOR IN 2019

Schöffel has pursued and largely achieved the objectives set for 2019 with tremendous commitment. One positive result is that 100% of the production volume is made in factories that have undergone a social audit or are in low-risk regions.

OBJECTIVES	MEASURES IMPLEMENTATION
Use of 100% climate-neutral green gas at the Schwabmünchen site.	Since the beginning of 2019, Schöffel has been using 100% green gas at its Schwabmünchen site.
Increased networking of the Schöffel office in Vietnam and thus greater control of social standards in the factories by their own employees on-site.	Regular visits to the factories by Schöffel employees of the office in Vietnam have been/are increasingly monitored for compliance with social standards.
Continuation of the Living Wage project in Vietnam (Living Wage Incubator Project by the FWF).	In 2019, Schöffel continued to work on the Living Wage Project in Vietnam, which was launched in 2017. Schöffel has gained valuable experience through the project.
Maintaining the high rate of 90% of the volume of production from factories that have undergone social audits within the past three years or are located in low-risk regions.	In 2019, Schöffel procured 100% of the production volume from factories that were audited in a social audit over the previous three years and so work with Schöffel on continuous improvement measures or are located in low-risk regions.
Regular in-house training at the Schwabmünchen site for increased sustainable awareness in the individual departments. Participation in various corporate responsibility projects and increased cooperation with competitors with joint production partners.	<p>At Schöffel, new employees also receive training in sustainability as part of their induction. Existing employees are regularly informed about sustainability at Schöffel and the current activities of the corporate responsibility department through various channels, such as the employee magazine and the intranet.</p> <p>Since improvements in social and environmental standards within the supply chain can only be achieved through a uniform approach by many clothing manufacturers, Schöffel is involved in various alliances / associations (e.g. Fair Wear Foundation, German Partnership for Sustainable Textiles) as well as various projects. For joint production partners, it is important to cooperate strongly with our competitors.</p>

OBJECTIVES	MEASURES IMPLEMENTATION
Introduction of the onboarding process for new material suppliers to increase transparency in the supply chain.	The onboarding process for new material suppliers was successfully introduced in 2019. It complements the existing process for producers. The increased transparency allows a deeper insight into and better control of the supply chain. The newly introduced process supports Schöffel in stepping up its due diligence obligations in the social and environmental areas.
Communication of a wastewater standard to producers.	In November 2019, the wastewater standard of the association "Zero Discharge of Hazardous Chemicals" (ZDHC) was communicated to all producers.
IT system integration of all producers and linked data.	All producer data and the associated data has been successfully integrated in the IT system.
Increased participation by producers in the FWF Workplace Education Program with the aim of facilitating employees' access to complaint mechanisms.	<p>An educational program offered by the Fair Wear Foundation (FWF), the Workplace Education Program, helps companies and factories to inform their workers of their rights.</p> <p>After nine factories participated in a WEP in 2018, six factories attended WEP training in 2019. In addition, six factories took part in the FWF's new communication training.</p> <p>Plus all Burmese producers attended an FWF seminar on age verification.</p>
Performance of an actual reception/evaluation for the equal treatment of genders in at least three factories in three different countries.	Schöffel has carried out the evaluation on gender equality at several factories in the following countries: Myanmar, Vietnam and Ethiopia.



OBJECTIVES THAT SCHÖFFEL IS STRIVING FOR IN 2020

Sustainability and social commitment are a continuous process for Schöffel. This means that we focus on constantly striving to improve, rather than the achievements themselves. Schöffel has already named the next “summits” for 2020.

- Own stores to use 100% renewable energy
- Increased networking with the Schöffel office in Vietnam and more training sessions for local staff in social standards in order to further improve checks in the local factories.
- Continuation of the Living Wage project in Vietnam.
- Maintain the high rate of 90% of the production volume from factories that have undergone social audits in the past 3 years or that are in low-risk regions.
- Communication of the ZDHC wastewater standard to suppliers.
- Increase the number of producers who attend the new FWF pilot training (Workplace Education Program Communication). This additional training is intended to improve the social dialogue between management and workers.
- Continuation of the actual reception / evaluation for the equal treatment of gender and increase awareness among the producers.
- Further increase in rail transportation in order to reduce air freight and thus reduce the CO₂ output.
- Development of further awareness in the management of hazardous substances / chemicals
- Creation / introduction of a supplier portal for suppliers
- Comparison of CO₂ consulting firms and creation of a measures plan for the reduction of and compensation for CO₂ emissions caused.
- Also improve producer rating at factory level with strict points allocation in CR.

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