



# Social Report 2020

**January to December 2020**



[sprayway.com](https://sprayway.com)



[mountain-equipment.co.uk](https://mountain-equipment.co.uk)



**RONHILL**

[ronhill.com](https://ronhill.com)

**HILLY**

[hillyclothing.co.uk](https://hillyclothing.co.uk)

**Start date membership July 2012**

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2020 saw OSC Ltd complete eight years affiliation to Fair Wear Foundation (FWF). We are proud to say that we have continue in Leader status after a BPC rating of 76 and auditing 95% of our supply base. In 2020 we audited 4 factories, of which three were joint audits with other affiliated brands and one was a FWF verification audit. Following each audit, we completed the Corrective Action Plan (CAP) and believe we have made improvements for the staff in these factories.

We continued to collaborate with other FWF member brands on CAPs and complaints. We also have collaborated with a non FWF member on a joint training programme at one of our top five factories. We will continue to engage with a number of likeminded brands to improve the workers wellbeing throughout 2021.

FWF also carried out Workplace Education Programme (WEP) in four of our factories and in collaboration with two other FWF Brand members. The factories concerned reported back that both management and workers found it very informative and very worthwhile and would be happy to have follow-up training in the future.

We had four complaints log against our factories, three of which were joint collaboration with other FWF Brands. The issues are around excessive overtime, non-payment of insurance, and unfair dismissal. One complaint is still outstanding which will run into 2021 discussions.

We continued our sustainable strategy and obtained signed REACH (SVHC's) declaration from 95% of our supply base along with Prop 65 a US requirement.

Hamish Dunn, Managing Director commented:-

*"It feels like 2020/21 is a time where there has been a step change in public awareness with regards to sustainability in general. The climate crisis and the planet being overwhelmed by plastic has made our end users more thoughtful about what they buy and why. A very important part of running a sustainable business is ensuring that everyone involved has a sustainable job and is fairly rewarded for their labour. It is great to work with Fair Wear Foundation as they continually challenge us to do our best in this area and help us create those sustainable jobs for people at the sharp end of the supply chain in our production partner's factories."*

**COVID 2020**

The COVID pandemic through 2020 has had a major impact on all our lives. At OSC we have tried to manage everyone's expectations in a sympathetic manner, while considering the commercial effect on the business. Communications have been limited to virtual meetings so factory visits and assessment have been cancelled. FWF have started to audit factories from mid-year.



# 1. Sourcing strategy

## 1.1 Sourcing strategy & pricing

We are a distributing company. We have four brands; Mountain Equipment and Sprayway, who are outdoor sports clothing and equipment brands, plus Ron Hill and Hilly who are a running clothing, socks and accessories brands.

We source approximately 74% of products in China, 7% in Vietnam and the rest of the production in nine other countries, including UAE, Hungary, Ukraine and Serbia for garments and Northern Ireland for socks. Historically we use European sources for our GORE-TEX products which has started to change through 2020.

We will look to work with two factories in Myanmar through 2021. Our concerns with this country remain the same which include ethical issues, the Rohingya situation along with managing strong trade unions.

The overall sourcing strategy has not changed of reducing the number of factories in our supplier base. It is at the forefront of our decisions, understanding that a bigger leverage in our factories can improve the effect of managing change. In 2020 our order placement was with thirty one factories against thirty six in 2018. All factories were informed of our exit decision one season prior to final order placement.

It is the responsibility of the Buying Directors to find and recommend new suppliers.

OSC have a formal buying and sourcing process which talks into reducing risk and exposure for all brands and avoids increasing the supply base without due care and incorporating a gate system for the final sourcing sign off. One of our key requirements for consideration is if the factory work with other outdoor brands and whether they are members of FWF or equivalent. We would carry out a pricing programme with the factory to establish whether they are competitive and able to manufacture to the required quality.

We continue to send out a sourcing pack which includes a Health and Safety questionnaire, an audit questionnaire based on the eight key code of labour practices advocated by Fair Wear Foundation and the OSC brands. We will then visit the factory to review the facility, discuss the audit response, the potential capacity available and any financial issues. We have detailed discussions to see if both parties can work together. It is also important to us that we choose factories that we consider suitable to work with on long term basis. This is reflected in over 70% of our supply base working with the brands for more than 7 years. We have our own office in China who are responsible to monitoring quality within all the factories we use in Asia.

## 1.2 Organisation of the sourcing department

The sourcing department is made up of three buying teams, headed up by Sarah Forte, Buying Director for Mountain Equipment and Sprayway and Steve Rothwell, Buying Director for Ronhill/ Hilly. Each Brand has one buyer and one assistant buyer.

## 1.3 Production cycle

We have two production cycles per year, Spring/Summer and Autumn/Winter. Each brand has its own internal design team who work approximately 12 to 18 months in advance and design the range to an agreed Range Plan. Salesman samples are provided by the factories in time for sales launches. Spring/Summer season sales launches take place in May. Autumn/Winter season sales launches take place in November.

Following on from the Sales Launch for each season there are road shows, trade fairs and individual presentations that take place with our customers where they are given information relating to cut off dates for buying meetings and product delivery dates.

OSC buying departments forecast fabric requirements with our nominated suppliers and also forecast garment requirements with our manufactures. The manufacturers are aware of our nominated fabric sources.

We place bulk orders with our factories to an agreed lead times of around four to five months.

## 1.4 Supplier relations

In 2020 OSC supply base remained at thirty one factories. The supply relationship and performance is discussed and reviewed internally on a quarterly basis. The main aim is to reduce the sources to improve leverage and to make sure they still fall in line with our sourcing criteria which is; quality, price, capacity availability, communication, factory ownership, location and Corporate Social Responsibility (CSR).



**Quality;** *We have to be convinced that the factory can make to our required quality.*

**Price;** *We have to be confident that the level of the quotations given will be sustainable over the long term.*

**Capacity Availability;** *We have to be assured that the factory has spare capacity to meet our three year plans and that they can manage our orders within agreed lead times.*

**Communication;** *It is essential that the factory have merchandisers and management who can communicate in English, and will communicate in effectively in a timely manner.*

**Factory Ownership;** *We like to work with small factories who are owner managed, or if bigger companies that they have strong managers in the factory.*

**Location;** *It is important that the factory is located in areas where workers are available and also that there is good infrastructure.*

**CSR;** *It is very important to us that the factory conforms to our ethical guidelines and that the workers are treated well and have a good working environment.*

The final decision to work with any factory is made by the relevant OSC Ltd Buying Director.

## 1.5 Integration monitoring activities and sourcing decisions

The buying teams monitor all orders placed with every factory, delivery timeliness and any quality issues are recorded.

The sourcing / buying team visit our strategic factories at least once or twice a year. They follow a set agenda which includes; shipments for the previous season, quality issues, communication and fabric supplies.

We also allocate time to discuss Health and Safety in the factory along with the FWF CAP report with special emphasis on excessive OT, working hours and payment of the living wage.

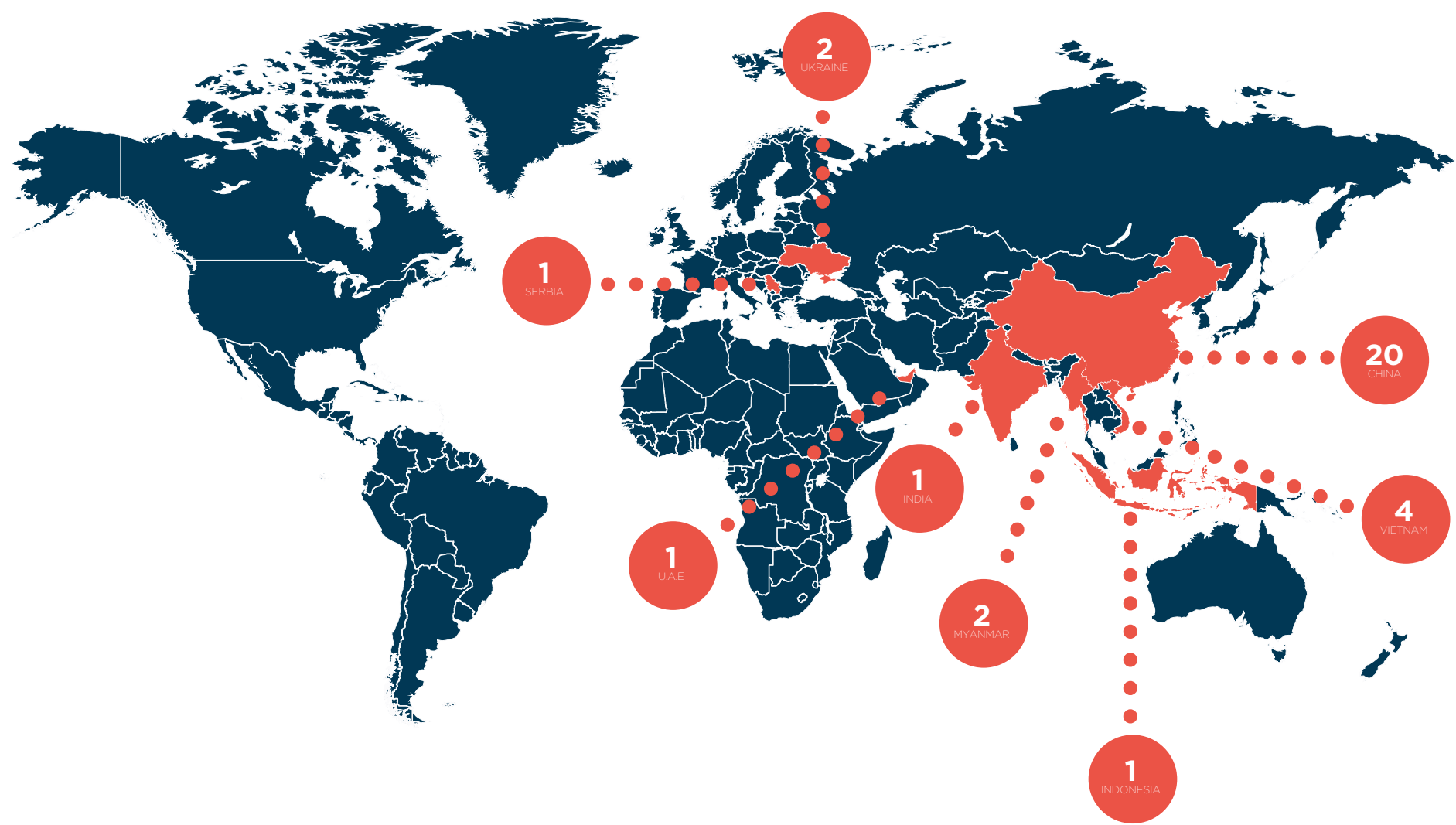
**NOTE:** *Factory visits have not been possible during 2020 due to the COVID pandemic. We have therefore increased our day to day communication with our suppliers to review/ action the above points.*

We discuss pricing level for the following seasons, new orders placed for the next season and try to resolve any issues that may have caused delays in the past to help improve the service going forward.

If factories have a history of quality or shipment issues we try and find the root cause of those challenges. For example this may require having to agree to a longer lead time between order placement and expected shipment date so that the factory can take better care of quality and also avoid excessive overtime.

We introduce FWF to any potential new supplier, outlining why we are affiliated to FWF and explain our aim to improve the conditions and welfare of the workers in our supply chain. We wouldn't work with any new supplier if we felt after the initial introduction and visit they were unable to comply with FWF standards.

## 2. Coherent system for monitoring and remediation



### 2.1 China

74% of our manufacturing is carried out using twenty factories in China. Out of the twenty we have seven strategic partners. Workers salary expectations have increased to make some styles uncompetitive in the volatile UK/ European retail market and an increasing concern is the trend to employ migrant or temporary workers to cover the peaks in production that do not have the benefit of contracts and security in employment. However China is strategically still our preferred choice and we are managing improvements with the help of FWF and continual dialogue with the factories.

Over 75% of the China factories have been audited over the past three years. Amongst all the audit findings there are the critical challenges, FWF awareness, excessive OT hours, OT payments, number of days off per month, social insurance payments, a lack of a grievance procedure, holiday pay and payment of a minimum wage.

The critical challenges are regularly monitor using the CAP's and follow up visits. In the main the factories agree with the audit findings and to implement the recommendations made by the FWF audit team.

Remediation with our seven strategic partners have managed to introduce the FWF work cards in all the factories, the majority of the workers are paid the minimum wage and OT payments are as legally stipulated. This information is taken from monthly wage sheets sent

in by every factory. We have reduced Sunday working in five factories, excessive OT in two and social insurance is fully paid in four.

FWF has a target for all workers to be paid a living wage. With the help of open costings and actual wage sheets our brands are starting to evaluate and discuss with our strategic partners the possibility of increasing wages above the local standard.

Health and safety issues are also a factor in the audits and to-date the factories have addressed any serious issues which are brought to their attention. We have actively increased our dialogue with other outdoor brands affiliated to FWF. Seven of our China factories are also used by other FWF affiliates, in these cases we work together on the factories key objectives. Collaboration allows for greater leverage and is a key objective through 2020.

### 2.1 Indonesia

In Indonesia we have one factory in our supply chain, who we have worked with since 2010. They were audited in 2018 and the result of the audit was very positive. Strategically we were going to terminate this factory due to product consolidation, however this may not take place as the product mix has change through 2020.



## 2. Coherent system for monitoring and remediation

### 2.3 Hungary/Ukraine/Serbia

OSC buys from one manufacturer whose head office is based in Hungary. The head office manufactures garments and also controls work load and raw material purchasing and distribution for two factories in Ukraine and two in Serbia. We represent over 50% of their business. All factory audits were carried out in collaboration with another FWF Outdoor Brand along with the OSC CSR manager. The CAP's are driven jointly by the two brands.

The two factories in Ukraine were audited in 2018. Improvements in these factories since the audit have been the worker's rights for collective bargaining, increased wages and health and safety issues including instillation of air-conditioning.

The factories in Serbia were audited in 2019. The head office has hired a CSR manager to follow up on all the objectives. Health and safety issues along with some processes have already been improved, however there are a number of challenges around wage calculation, hire procedure and overtime payment calculation that need to be addressed.

There are minimum wage, average wage and best practice wage levels in Hungary, Ukraine and Serbia. The factories pay above the minimum and average wage levels but below the best practice level.

### 2.4 Vietnam

We have increase our turnover volume in Vietnam albeit only increasing the factory number to four. All are Taiwanese owned. One factory was audited in 2016 and will be dropped in 2020. Two have had audits in 2019 and one is due to be audited in 2020. We are looking to increase the factory number to five into 2020. One is already affiliated to FWF through another Outdoor Brand. Remediation focus is around excessive overtime and working days, social dialogue, severance payments and formal grievance procedures.

### 2.5 Myanmar

We started working in Myanmar in 2016. Understanding the extra due diligence required we used our current supply chain partners who had moved into this country. We have been using one factory through 2019 and intended to increase to two in 2020. We have managed a number of complaints in the factory with the help of FWF country manager and other outdoor brands. The strength of the unions is growing in the country which is exasperating any grievances. We will continue to closely monitor the situation in this country.

### 2.6 General; Excessive overtime, Living Wage, 7 Day working

Excessive overtime, the living wage, working more than 7 days, and using part time migrant workers are the main issues that are a recurring challenge in most of the factories we have audited in the Far East. Factories are having to pay at least the minimum wage to comply with the local law and to retain their staff. Encouraging them to increase the wages has been a challenge throughout 2020. We have a better understanding of the FOB price calculation through open costings. We also are aware that in peak season there is pressure on the factories to work above the 60 hour guidelines (maximum 36 hours a month in China) along with only working 6 days before a rest day. Both are high priority in our discussions with the factories. New concern for 2020 was using cheap migrant labour on a no contract or workers' rights basis. Leverage in the factories or Brand collaboration is key to pushing for improvements.



### 2.7 External productions

**Oboz:-** USA walking shoe manufacture. Sprayway are their UK / European agents. Their shoes are produced in one factory in Vietnam. We have a FWF questionnaire along with an image of the FWF CoLP on their factory information board.

**Zempire:-** Manufacturer of high quality family tents produced in China. We have a FWF questionnaire along with an image of the FWF CoLP on their factory information board. The factory will be audited again in 2021 on behalf of OSC and another Outdoor Brand. We are managing the CAP in collaboration with this Brand.

**Altra:-** American Running Shoe Brand owned by VF Corporation, have a number of factories in China and Vietnam. Ron Hill are their UK/European agents.

**Sprayway Footwear:-** Walking shoe manufacturers producing in two China factories. Both have been independently audited in 2020 and have ongoing corrective action plans.



### 3. Complaints Handling

We have received four factory complaints in China, Vietnam and Myanmar.

The Myanmar complaint was for excessive overtime and a lunch time rest area which have been resolved. The main issue in Myanmar is the clash between Chinese's factory managers and Myanmar unions.

We had two complaints in China, one for excessive overtime which has been resolved and one for non-payment of social insurance which is still ongoing and is waiting for the China authorities to agree authenticity of the complainant.

The complaint in Vietnam is around unfair dismissal which has been resolved in collaboration with another FWF outdoor brand.

OSC are committed to address any complaints in accordance with the FWF procedure. It is our intention to resolve any dispute to the satisfaction of the person making the complaint.



### 4. Training & Capacity Building

#### 4.1 Activities to inform staff members

Each brand has a monthly meeting along with a monthly management meeting at which FWF is a permanent item on the agenda.

We have our FWF affiliation posted on our relevant brand web sites and product catalogues.

All new employees are given a FWF presentation included in their induction.

Additionally each brand holds two sales launches per year, where new ranges are presented to our worldwide sales force , FWF is included in the presentation with a short introduction for any new sales personal and an update on work that has been carried by the CSR and buying teams in this area.

Every member of staff in the Head office are given the FWF CoLP leaflet.

#### 4.2 Activities to inform agents

It is our policy not to work with agents/ intermediaries wherever possible.

We have our own office in China. It is managed by a team who have worked with us for twenty years. Their team is made up of one merchandiser and three full time quality control (QC) people. Through this office we manage the quality that our factories produce. They have attended an FWF audit as an observer and have also attended meetings in factories along with our Sourcing and Buying Directors where FWF presentations have been made to the suppliers and corrective action plans

have been discussed. The QC team carries out a Health & Safety work place questionnaire every six months.

#### 4.3 Activities to inform manufacturers and workers

The new FWF brand CoLP information poster is hung in every OSC factory including any of their subcontractors. We will have images on file of the posters in place. Every supplier has completed and signed the FWF questionnaire, which is also on file.

We continue to encourage all our factories to inform their workers of the FWF eight code of labour practices through FWF CAP comments, face to face discussions, internal training and distributing the CoLP workers card produced by FWF.

We have instruct FWF to carry WEP training in over 50% by turnover of our factories. The feedback from the owners and workers have found the training to be very productive and they feel it will help them to improve communication between management and workers in the future. The WEP training report is sent to the factory for comment and follow up where necessary.



## 5. Information Management

The system for keeping track on the progress of CoLP implementation is via annual supplier visits carried out by the sourcing and commercial directors. Along with quarterly CAP reviews where the factory sets out their action plans and timelines against the audit objectives.

We continue to use the buying and sourcing process which takes away the risk and exposure for any factory to be independently set up and used without director or finance approval. All relevant factories are registered with FWF which is included in the process.

We do not allow our product to be made in subcontracted factories. However we are aware that some of our factories use subcontractors for embroidery and / or printing. These are identified through the FWF audits and factory visits. All the subcontractors have images of the CoLP in their units.

## 6. Transparency & Communication Marketing

All our brands confirm they are members of FWF via biannual catalogues / work books. FWF membership is also highlighted at the global sales conferences. The FWF logo has appeared on all our garments from Autumn 2017 through the FWF swing ticket.

We clearly display the FWF logo (along with the logos of our brands) at the following trade fairs where we exhibit: ISPO in Munich, Outdoor in Friedrichshafen and Outdoor Retailer in Salt Lake.

All OSC brands actively share Social Reports and BPC, leadership status updates and news stories, on their social channels including Facebook, Twitter and LinkedIn.

This is our ninth Social Report, which will be posted on our web site along with our 2020 BPC.

## 7. Stakeholder Engagement

OSC continues to engage with the EOG. We also set up dialogue with SAC looking at implementing the Brand Higg Index. We have set up factory training along with another Brand using the ILO. We do also rely on the FWF web site to inform us of country updates.



## 8. Corporate & Social Responsibility



### Down Codex

An internal Mountain Equipment initiative that is designed to ensure our down supply chain meets acceptable ethical, environmental and animal welfare standards. We have established a set of rules that all down suppliers must conform to and put an audit process in place to check that what we are being told about our down supply is actually true. [www.thedowncodex.co.uk](http://www.thedowncodex.co.uk)

### 'Twenty Things to Do'

An internal Mountain Equipment initiative that consists of 20 set goals with the aim of gaining a wide range of environmental related benefits, addressing the areas of operations, travel, logistics, products, environment and community. The aims include increased efficiency, lower energy consumption, sustainable resources and reduction in waste production.



### John Muir Trust

A charity supported by Mountain Equipment with an annual corporate membership subscription. The John Muir Trust is a leading UK charity dedicated to the protection of wild land for both nature and people. Inspired by the work, spirit and legacy of John Muir. [www.jmt.org](http://www.jmt.org)



### European Outdoor Conservation

Association (EOCA)

A charity supported by Mountain

Equipment with an annual corporate membership subscription. EOCA's Mission is to support valuable conservation work by raising funds from within the European Outdoor sector and promoting care and respect for wild places. [www.outdoorconservation.eu](http://www.outdoorconservation.eu)



### Community Action Nepal (CAN)

A charity supported by Mountain Equipment with an annual cash donation. CAN helps to bring long term benefits to mountain peoples of Nepal. The charity has established more than 50 community projects focusing on health, water and sanitation, schools, education and cultural development. [www.canepal.org.uk/](http://www.canepal.org.uk/)



### Plas y Brenin – The National Mountain Centre

A not-for-profit organisation supported by Mountain Equipment with annual large-scale supply of equipment. Plas y Brenin is the National Mountain Centre for England and Wales, located at Capel Curig in Snowdonia. The Centre is operated by the Mountain Training Trust, which aims to provide the widest range of outdoor opportunities offering the best in value. [www.pyb.co.uk/](http://www.pyb.co.uk/)



### Sport Scotland Avalanche Information Service (SAIS).

A not-for-profit organisation; supported by Mountain Equipment with annual large-scale supply of equipment. SAIS is funded by the Scottish Sports Council to publish daily forecasts of the avalanche, snow, and climbing conditions at 5 key climbing areas of Scotland during the season. [www.sais.gov.uk](http://www.sais.gov.uk)

### British Mountaineering Council (BMC)

A membership organisation supported by Mountain Equipment with an annual corporate membership subscription. The BMC is a national representative body that exists to protect the freedoms and promote the interests of climbers, hill walkers and mountaineers. The BMC also represents Britain on various international matters relating to climbing and mountaineering. [www.thebmc.co.uk](http://www.thebmc.co.uk)

### TEAM Ronhill

Sponsorship program of individual athletes and selected clubs. Working together to create development opportunities for aspiring young athletes to take part in races and training academies alongside supplying kit requirements. <https://www.ronhill.com/>



### Dartmoor National Park Junior Rangers

Dartmoor covers an area of 368 square miles and is the largest and wildest area

of open country in southern England and includes moorland, steep-sided river valleys and ancient woodlands. Dartmoor National Park has been working with Sprayway since 2011 to provide kit for their junior Rangers programme and others members of staff. <http://www.dartmoor.gov.uk/>



### Ashton Youth Club

Since 2016 Sprayway have been partnered with Ashton Youth Club, based only 5 miles away from our head office in the ward of St Peter. Ashton (one of the most disadvantage wards in the country). The AYC has a real focus on outdoor education and offers local teenagers of all backgrounds the opportunity to participate in a broad range of activities, from climbing to kayaking. The outdoor experiences give those involved the opportunity to build essential life skills: communication, team work and confidence.

Sprayway support Ashton Youth Club with clothing and equipment, but also welcome members to work with us at consumer events allowing them to further grow their skill set and put some of what they have learnt to the test.



### Climbers Against Cancer (CAC)

A charity supported by Mountain Equipment with an annual supporter contribution. Through the worldwide climbing community, Climbers Against Cancer aim to increase awareness and raise funds for research in the continued fight against

a disease that affects so many. CAC is a none profit organisation, with all proceeds donated directly to cancer research facilities throughout the world. <https://www.climbersagainstcancer.org/>



### Trash Free Trails

TFT is a community-focussed, non-profit organisation; a positive, inclusive call to arms for riders, runners and roamers alike. They exist to protect our trails and the wild places they take us, and they're starting with litter (aka - Plastic Pollution!). Their mission is two-fold; both inextricably linked:

- To reduce plastic pollution on our trails and wild places by 75% by 2025.
- To (re)connect people everywhere with their 'wild selves' through purposeful adventure.

Sprayway are proud to support the TFT Trash Mob Academy project more information at:

[www.trashfreetrails.org/trashmob-academy-report](http://www.trashfreetrails.org/trashmob-academy-report)



### Small Woods

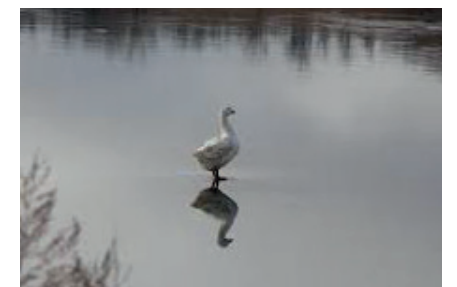
Small Woods are the UK organisation for woodland owners, workers, supporters, and social foresters. They stand for living, sustainable woodlands alive with wildlife, people and work. Managed and used well, small woodlands are vital to thriving local economies, wildlife, and the health and wellbeing of local communities, as well as hugely valuable in the fight against climate change. Sprayway work with SmallWoods on several projects here in the UK including consumer events

planting and restoring woodland areas. More info at [www.smallwoods.org.uk](http://www.smallwoods.org.uk)



### Kenial e.V

Sprayway are proud to support KENIAL e.V. KENIAL e.V. supports children's charity projects in some of the most inaccessible mountainous regions of the world. By working with a network of athletes and suppliers like ourselves, KENIAL e.V. are able to get outdoor clothing and equipment to those needing it the most. [www.kenial.de](http://www.kenial.de)





9. Myanmar Wage Ladder

