



PEOPLE REPORT



Christian Schneidermeier,
CEO ORTOVOX

We at ORTOVOX see ourselves as a community that aims to actively contribute toward social transformation with a clear stance and a clear vision. As a company, we have the power to decide what we do and how we do it. Due diligence is one of the key pillars and our top priority.

Over the decades since we were founded, we have developed close partnerships along the supply chain based upon trust, appreciation and fairness. And we have always worked proactively to provide employees with safe and fair working conditions. The Obligation to Exercise Due Diligence in the Supply Chain Act (LkSG), which entered into force in Germany at the start of 2023, gives us an additional legal basis for attaining our goals.

However, our motivation stretches beyond the legal requirements – for example, by expanding our monitoring to the deeper supply chain. Despite all of our self-drive, we are well aware of one particular thing: True sustainability cannot be achieved through isolated solutions, but only through cooperation.

This is something we experience when working with our suppliers, competitors and, of course, with independent organizations such as the Fair Wear Foundation. After four years, we lost the “Leader” status in our Brand Performance Check and instead received “Good” status. A disappointment – but at the same time a great incentive to be more ambitious in our work toward our goals.

In the People Report we outline how and with whom we want to do this.

Your ORTOVOX Team



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The People Report outlines our commitment to better working conditions along the ORTOVOX supply chain. It supplements our 2023 sustainability report – the [Planet Report](#) – in which we provide an insight into the wide range of environmental and climate protection measures we are taking to achieve the goal we envision.



THE COMPANY



WE ARE ORTOVOX

Since the company was founded in 1980 in the south of Munich, ORTOVOX has stood for the highest possible protection during alpine activities. As a pioneer in the avalanche safety field, ORTOVOX has played a key role in the development of emergency equipment for mountain sports. Mountain sports apparel from and with wool has been enhancing the ORTOVOX product range since 1988.

ORTOVOX PROTECTS

As our number one brand value, protection is the central focus of all ORTOVOX activities. Protection does not only include protection by the use of our products, but also the protection of mankind, the environment and animals. Sustainable economic management, fair working conditions and high standards of animal welfare are key values to which every employee is committed. Passion for the mountains goes hand in hand with an awareness that sustainable action is necessary in our work as well as in our private lives. Only then can we really claim to have achieved sustainable, entrepreneurial success. The working practices of ORTOVOX and its partners are shaped by the ethical and moral values of the company and its employees.▷



ORTOVOX IN NUMBERS

At ORTOVOX



NUMBER OF EMPLOYEES
157

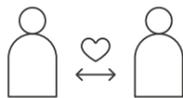
AVERAGE AGE
40 years old



GENDER DISTRIBUTION
55% female, 45% male



ANTI-DISCRIMINATION OFFICER
1



SOCIAL ENGAGEMENT OF OUR EMPLOYEES
328h

In our supply chain



YEARS OF COOPERATION WITH THE FACTORIES
Ø 5.82 years

LONGEST COOPERATION
since 1990 with HeraTex from Austria



NUMBER OF AUDITS 22/23
13



FORMAL COMPLAINTS 22/23
2



WE TAKE RESPONSIBILITY

The unit CSR - Corporate Social Responsibility - complements the five corporate departments People & Transformation, Supply Chain & Operations, Sales & Marketing, Finance & Governance and Product. These areas are overseen by a six-member Executive Board, which assists Managing Director Christian Schneidermeier. The direct link between the CSR unit and the management firmly anchors sustainability in the company and gives it greater strength and presence.

The CSR department is responsible for the strategic and operational coordination and implementation of sustainability in all areas of the company. The five-person team ensures that future-oriented sustainability guidelines are defined and adhered to – focusing on the supply chain and products in particular.

To do this, the team is in a constant dialogue with all departmental managers. Meetings are held with the respective specialised departments to pass on in-depth knowledge of the latest industry developments. Employees also learn about the company's sustainability efforts during the onboarding process and as part of regular informative events. ▶

The significance of sustainability is also reflected in the commitment to our CSR goals as an integral component of the ORTOVOX strategic corporate objectives.





OUR OBJECTIVES AND HOW WE MONITOR THEM

As a company, we developed the ProtAct2024 sustainability strategy, which reflects our commitment to taking full responsibility for mankind and nature in all corporate activities. ProtAct2024 is ORTOVOX's next step toward more sustainability. The following focus areas were selected:

OUR FOCUS AREAS:

- Animal Welfare
- Social Responsibility
- Supply Chain
- Climate Protection
- Environmental Protection
- Durability



A project brief was created for each focus area defining milestones and integrated performance indicators, and also outlining responsibilities within the company. The key figures are regularly recorded in internal audit processes and the planned and implemented measures are reassessed in order to ensure targets are achieved.

In addition, ORTOVOX has been a member of the Fair Wear Foundation and the Partnership for Sustainable Textiles since 2015.

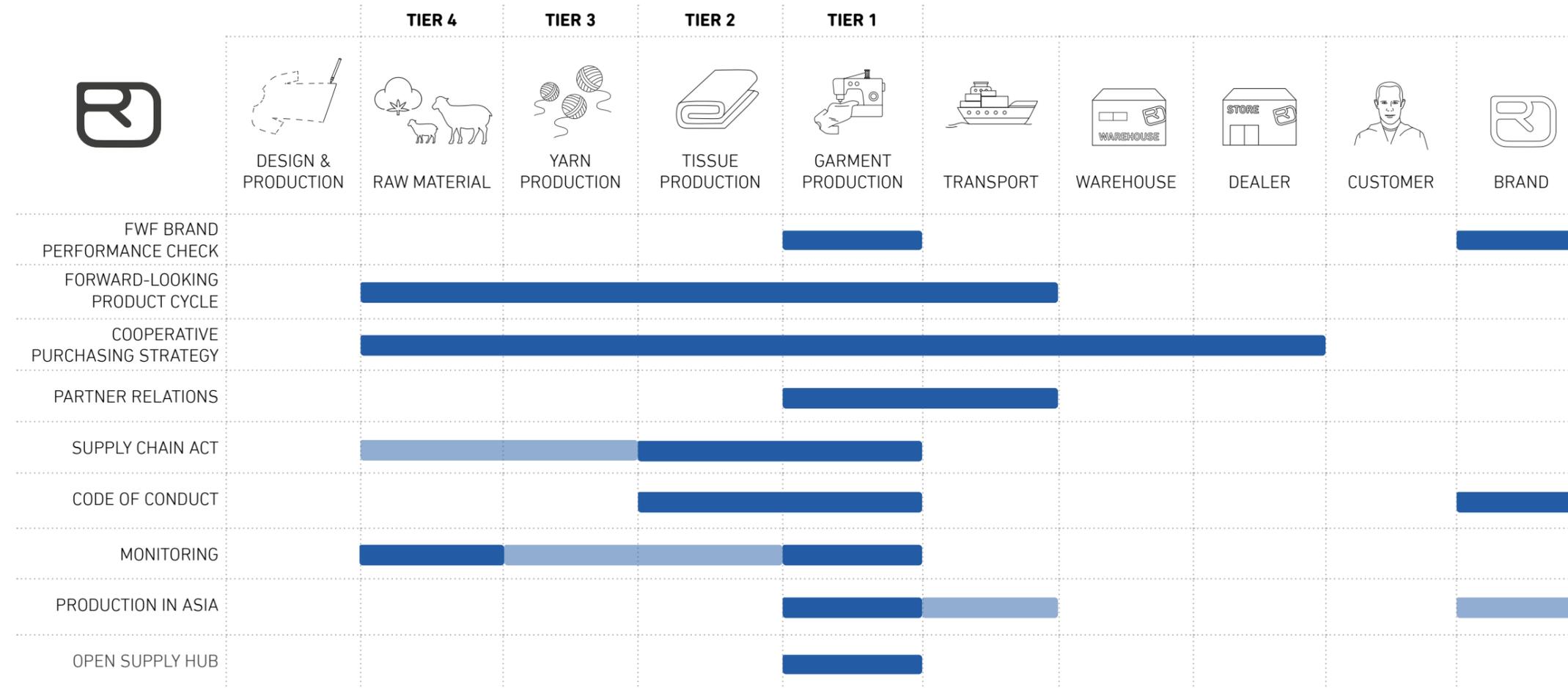
In the course of our membership with these organisations, we have been externally audited every year since 2015 as part of the Brand Performance Check and the Textiles Partnership's review process and we disclose our activities transparently. □

Our goal is to be better than that what is required by law. We aim to be pioneers. To make a difference.



CONTENT

VALUE-ADDED CHAIN



All of our sustainability activities and commitments listed in this report have direct (dark blue boxes) and indirect (light blue boxes) impacts on various stakeholders. The aim of this overview is to show the stages that the measures affect along the value-added chain. The diagram also shows that we distribute our resources and capacities across all phases.

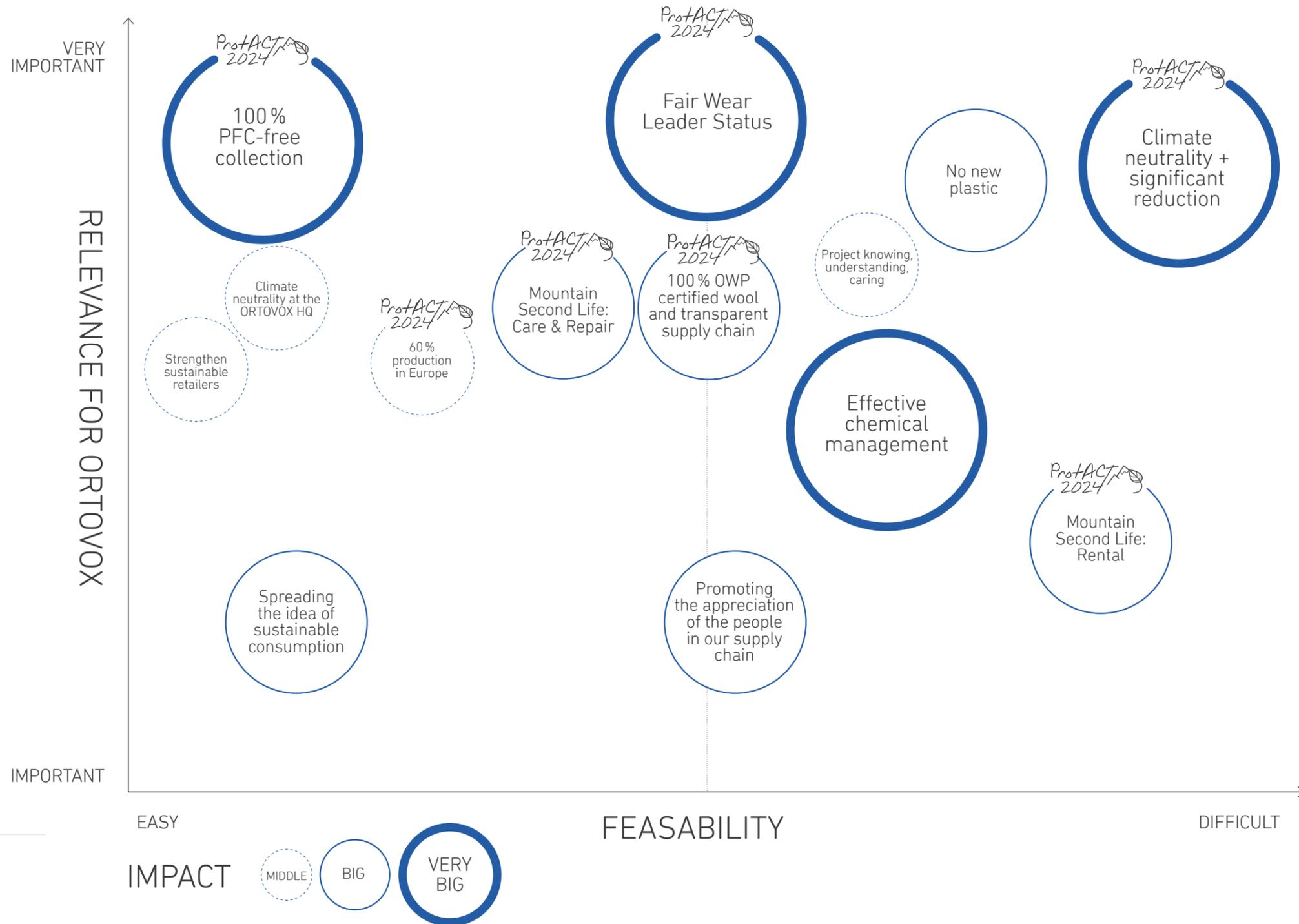
OUR PARTNERS / INITIATIVES





MATERIALITY MATRIX

– INTERNAL PERSPECTIVE



There are many ways to increase sustainability, all of which have their merits. And yet for us as a company, we have to objectively analyze, evaluate and prioritize the numerous issues and activities. We do this with our materiality matrix, which covers three dimensions:

Relevance for ORTOVOX

Clearly, none of the issues are unimportant. We therefore sort from "important" to "very important", always keeping our six defined focus areas in mind.

Feasibility

How easy or difficult is it for us to achieve the objectives of a measure? What capacities and resources are needed; how much time does a project require?

Impact

What effects do our projects have? Where do we have the greatest impact? How can we really make a difference?



ProtACT 2024

We have identified the topics marked with the ProtAct2024 logo as core areas for us and anchored them in our sustainability strategy.

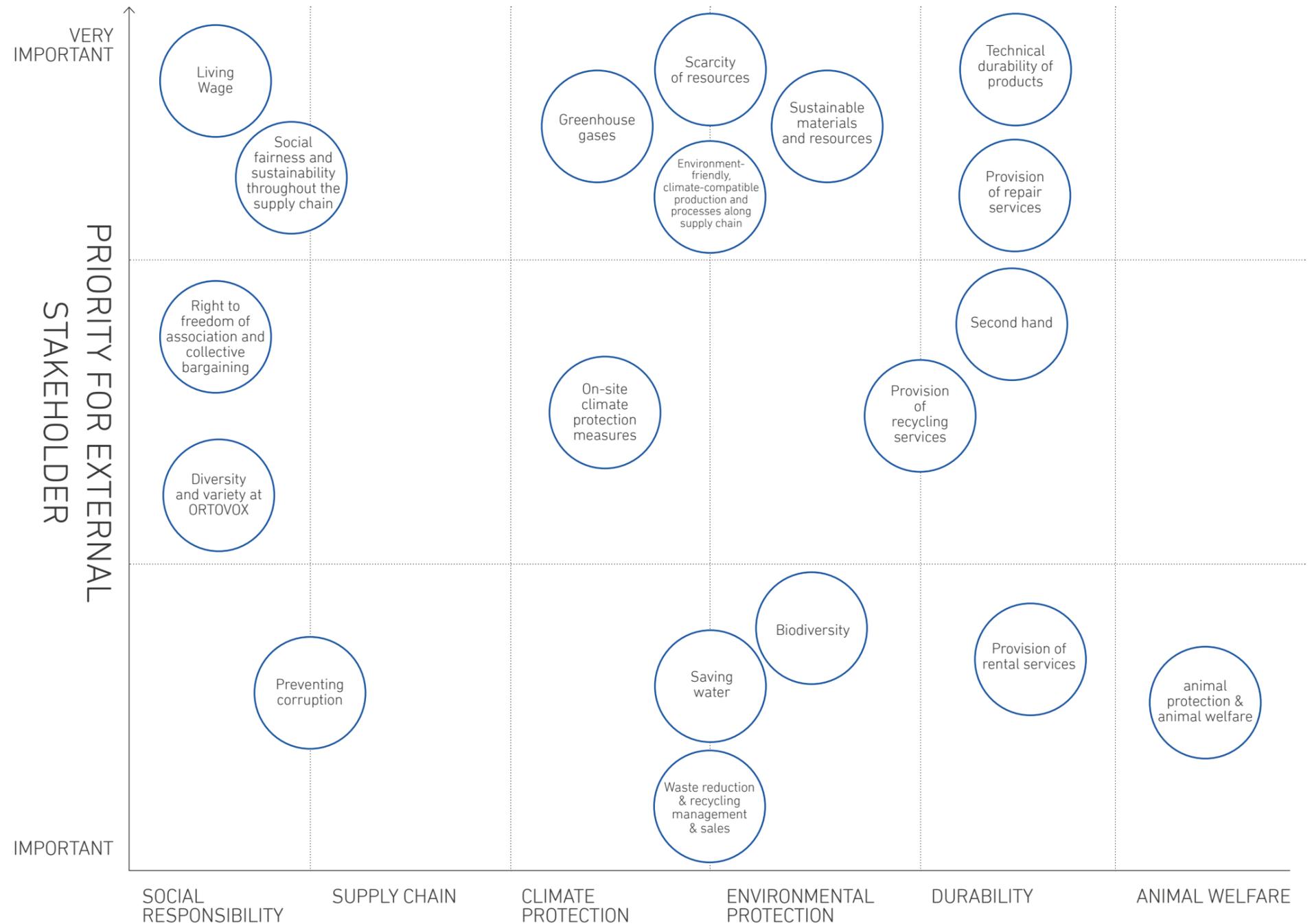
MATERIALITY MATRIX

– EXTERNAL PERSPECTIVE

Although the matrix on the previous page is correct and important, it only shows our internal view. As a modern, customer-oriented company, it is also vital that we incorporate the external perspective when further developing our sustainability strategy.

With this in mind, we asked a total of 118 customers, dealers, suppliers, journalists and partner organizations for their opinions on a range of topics: What are the biggest challenges that the global population faces today and in the future? Which areas should we focus upon at ORTOVOX? What are the requirements for our products?

In addition to valuable feedback, we also gained interesting insights into the respondents' opinions. The initial findings are set out on the grid opposite. The next stage involves a comprehensive analysis, comparing the internal and external perspectives in order to identify commonalities and differences. On the basis of this information, we are working on an updated set of targets that will ultimately be included in the revised ProtAct2030 sustainability strategy and established as overriding corporate objectives.





CONTENT

OUR PROGRESS

Sustainability is complex, and the ways to achieve it are diverse and unique. In order to work in a focused way and make real progress, we defined six core areas for our sustainability goals in 2019 with ProtAct2024. Many subgoals have already been achieved, but we are not resting on our laurels. We work continuously to further minimize our negative impact in order to protect our planet. □

ENVIRONMENTAL PROTECTION

100% OF OUR COLLECTION IS PRODUCED FREE FROM PFC.

[MORE INFO](#)

SUPPLY CHAIN

WE CONSTANTLY SCRUTINIZE OUR SUPPLY CHAIN. 49.33% OF OUR PRODUCTS ARE PRODUCED IN EUROPE, THE REMAINING 50.67% ARE PRODUCED IN ASIA.

[MORE INFO](#)

CLIMATE PROTECTION

ORTOVOX IS CLIMATE NEUTRAL BY OFFSETTING.

[MORE INFO](#)

SOCIAL RESPONSIBILITY

WE ARE A PROUD MEMBER OF FAIR WEAR FOUNDATION AND WERE AWARDED 71 POINTS IN LAST YEAR'S BRAND PERFORMANCE CHECK.

[MORE INFO](#)

ANIMAL WELFARE

100% OF OUR WOOL IS MULESING FREE.

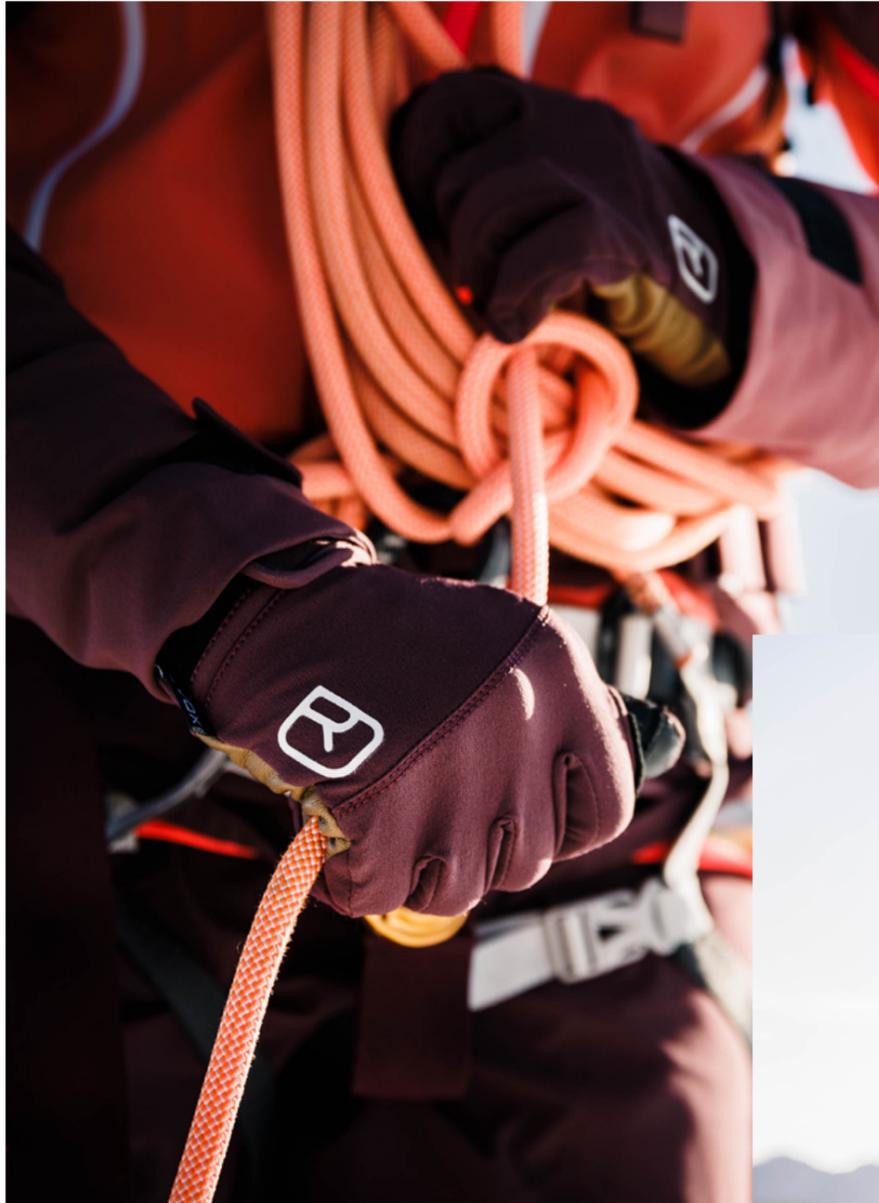
[MORE INFO](#)

DURABILITY

OUR SECOND HAND STORE GIVES OUR PRODUCTS A SECOND LIFE.

[MORE INFO](#)

LOOKING BACK

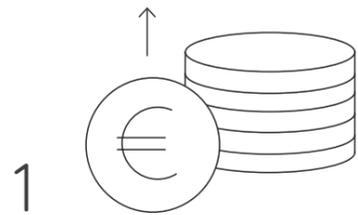




WHAT BECAME OF...?

OUR GOALS

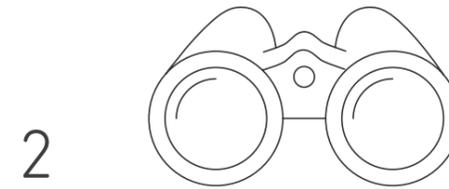
FOR 2022/23



INCREASING

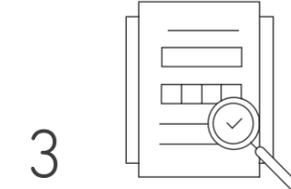
Last year, we set ourselves the goal of calculating the living wage in Serbia and implementing the corresponding gradual wage adjustment among our producers there. The calculations were successfully completed, but an industry-wide slump in sales has made the actual implementation a real challenge. ORTOVOX alone cannot raise the necessary funds for this. However, the employees of our Serbian production partners are important to us. Therefore, we are determined to provide them

with adequate support in these difficult times. Now our task is to work with other companies producing in Serbia to find a solution that is acceptable to all sides.



REDUCING

The calculation of our baseline increase has been completed (see [Planet Report 2023](#)). However, the analysis for identifying mitigation and reduction potential, and the definition of appropriate measures are still in full swing. Quite simply, the biggest challenges are the higher costs and the capacity required within the company. Consideration must also be given to the impact on other sustainability areas.



INTENSIFYING

Together with our partners, in order to stay one step ahead of supply chain challenges, we wanted to further deepen our cooperation last year. Numerous audits identified the potential for support. In addition, a concept for monitoring Tier 2 suppliers was developed and will be implemented in the coming weeks. The implementation of an additional tool for improving the exchange of supplier data is currently under review.



“GOOD” IS OKAY, BUT NOT GOOD ENOUGH FOR US

In order to have our commitment to improving working conditions transparently and independently evaluated, we submit to the Fair Wear Foundation’s Brand Performance Check every year. After having received “Leader” status for four consecutive years, in 2022 we were categorized only as “Good”. It’s a disappointment, but it also motivates us.

The protection of people and nature is ORTOVOX’s top priority, which we wish to live up to by producing fair, sustainable products. For this reason, social responsibility is one of the six focus areas of the ProtACT 2024 sustainability strategy. Since 2015, we have been a member of the Fair Wear Foundation, which conducts annual Brand Performance Checks to help member companies determine the things they are

doing well in this field and where they can improve in order to continue making positive changes.

Every year since 2018, our commitment has been awarded with the highest category, “Leader” status – until last year’s Brand Performance Check. After the 2022 Check, ORTOVOX received the status “Good” – or a B grade. ▶

During the Brand Performance Check, FWF member companies submit to an independent organization that monitors their internal processes and publishes the relevant public report. “Good” status is given to companies that are putting serious effort – more effort than the average apparel manufacturer – into implementing the “Code of Labor Practices and Workers’ Rights”.



[CONTENT](#)

This is because ORTOVOX has so far failed to systematically implement forward-looking purchasing practices. This is partly due to systemic problems and developments within the entire industry and the production sites. The key factors include issues such as overtime, lack of clarity about wages, or inadequate promotion of a living wage. The complete [Brand Performance Check](#) can be viewed on the FWF website.



It's important to remember that a downgrade does not mean taking a step backward! The situation is comparable to school: We got straight As for four years. Now it's only a B, and yet we are still more intelligent overall – further and better than we were five years ago.

At ORTOVOX, we see this result as motivation to review our current practices and systematically create new structures in line with the requirements. Our aspiration and goal is to go back to achieving an A – or “Leader” status – in the next Brand Performance Check in October 2023. After all, the pursuit of global justice and compliance with high social standards is and will remain a central part of ORTOVOX, helping us to protect what we love together. □



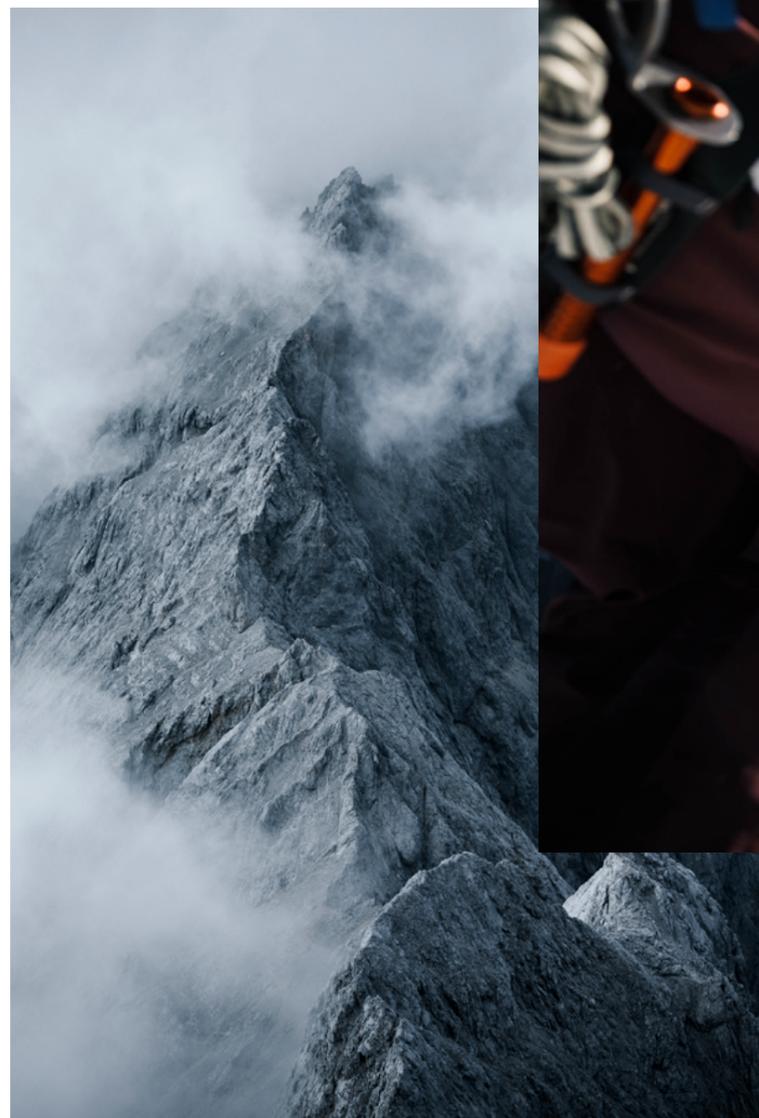
NOT THE VICTOR, BUT STILL A WINNER

We are delighted to have been selected as one of the finalists in the “Companies” category of the German Sustainability Awards (GSA) 2023. The GSA honors pioneers of sustainability in the German economy. Nominees include companies of all sizes from all industries that are taking responsibility and using transformation as a business opportunity.

We were able to win over the jury with our durable, innovative products, our Safety Academy and our ORTOVOX WOOL PROMISE. Our ProtACT LAB, an interactive learning platform for responsible mountain sports, was also singled out as being especially exemplary.

We may not have won the award, but the nomination is proof that our work on social affairs has been noticed and is appreciated.

SOCIAL RESPONSIBILITY ALONG THE SUPPLY CHAIN





FORWARD-LOOKING PRODUCT CYCLE

ORTOVOX also strives for long-term production planning for social reasons. Taking the 2022/23 winter collection as an example, let's explore how we ensure continuity through forward thinking.



Wool (e.g. from OWP farms) is ordered almost three years in advance in order to give farmers more security through long-term offtake agreements. The call-off order for raw wool for the 2022/23 clothing took place in March 2021. Due to long delivery times for some of ORTOVOX's exclusive fabrics, sales forecasting started in August 2021. The figures were also communicated to the material suppliers and clothing manufacturers at this time. The order for the additional raw materials was placed with the material suppliers based upon these quantities.▷

COLLECTION OVERVIEW



SUMMER
ca. 39%



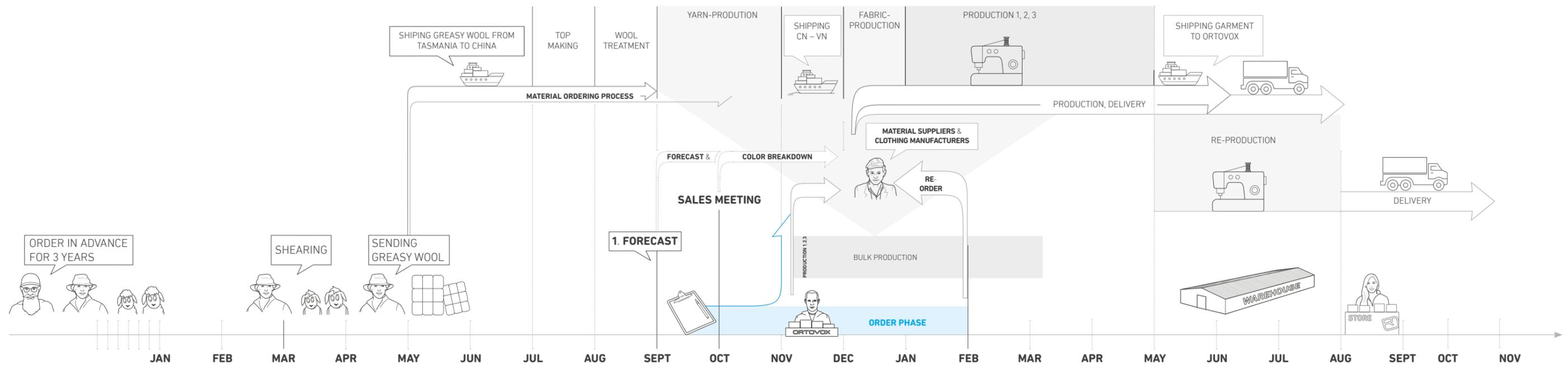
WINTER
ca. 61%

ORTOVOX produces two collections per year – one in winter and one in summer. At 61%, the winter collection makes up the larger portion, while the summer products account for the remaining 39%.



The updated forecast, including the color breakdown, was drawn up after the sales meeting in October 2021. This information was then sent to the suppliers and further orders were placed. A first repeat order was placed in January 2022, with delivery a few months after the first order. □

The delivery time from the order to delivery of the final product takes eight to nine months.





COOPERATIVE PURCHASING STRATEGY

Friendship shapes every interaction at the company – within the team, towards customers, business partners and suppliers, out on the mountain and in day-to-day life. In particular, this philosophy characterizes the relationship between ORTOVOX and its suppliers.

ORTOVOX uses high-quality materials, most of which it develops itself and produces exclusively for its own products. To be able to continue like this, we need to ensure that the materials are handled with care and professionalism. This only reinforces the need for stable supplier relationships. Frequently changing suppliers is not an option for ORTOVOX.

The company is increasing in size: The collection has grown by 10% per year on average based upon the number of styles over the last three years. That's why we are always looking for new suppliers who can identify with our philosophy. ▷

<i>Duration of business relationship (in years)</i>	<i>Number of suppliers</i>	<i>Share of suppliers in %</i>
< 1	7	13.36%
1 – 4	21	40.38%
5 – 10	15	28.85%
> 10	9	17.31%

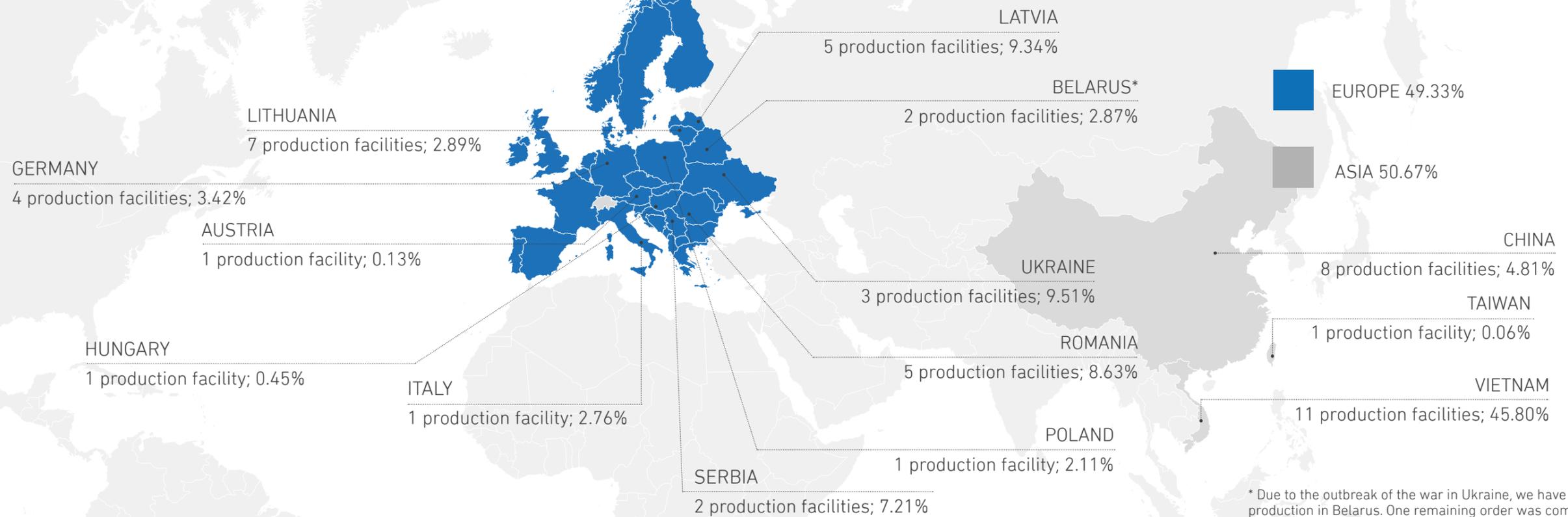
» We have worked with 46.16% of our business partners for at least five years. This creates trust and results in the highest product quality! «



Robert Hellwig,
ORTOVOX CSR Manager

STRONG PARTNERS IN EUROPE AND ASIA

Our production is concentrated in Europe and Vietnam, but there are also production sites in Taiwan and China. We select our partners and determine the scope of production according to an agile risk management assessment that incorporates multiple factors.



* Due to the outbreak of the war in Ukraine, we have decided to cease production in Belarus. One remaining order was completed in November 2022. Production was subsequently irrevocably discontinued.

NOT A MISSED TARGET – A CONSCIOUS REORIENTATION

Setting and working on long-term goals is important and the right thing to do. However, it is also essential to regularly compare the goal that has been set with the changing framework conditions and to question whether the plan is still justified. If not, the focus needs to be redirected – as we have done with our ProtACT 2024 goal of producing “at least 60% in Europe”, for example.

Stefanie Rieder-Haas, Member of the Board and Chief Supply Chain Officer (CSCO), reveals the background behind this change in thinking. ▶





CONTENT



Stefanie Rieder-Haas,
ORTOVOX Chief Supply Chain Officer (CSCO)
Division Sustainability and Quality

ONE OF THE PROTACT 2024 GOALS IS TO KEEP THE SHARE OF PRODUCTION IN EUROPE AT A CONSTANT 60%. WE HAVE BEEN CONSTANTLY MOVING CLOSER TO THIS GOAL OVER MANY YEARS, WITH 57% BEING OUR HIGHEST ACHIEVEMENT. NOW THERE HAS BEEN A MAJOR TURNAROUND, THIS GOAL WILL NOT BE ACHIEVED. HOW HAS THIS COME ABOUT?

There were a number of points that, when added together, tipped the scales. The main reason is that wage and transport costs in Europe have risen more sharply than we expected in 2019. In Latvia alone, minimum wage has increased by 24%, which is of course generally a good thing. However, this poses a challenge to our partners on site because they, like us, must act according to economic criteria and end consumers are currently only minimally willing to pay higher prices for European products. In addition, factories in Asia are several steps ahead when it comes to new processes and technologies. For some product groups, such as backpacks, there is quite simply a lack of expertise in Europe and a skills shortage is exacerbating the problem. One of our long-standing suppliers is moving production from Latvia to Asia, and I'm sure that more will follow. We are to an extent dependent upon their decisions, but we also want to walk this path together with them. For us,



long-term trusting cooperation, technical expertise and, ultimately, quality are the crucial factors that oppose a new start with alternative manufacturers.▷



WHY IS THE DEVELOPMENT STILL POSITIVE OVERALL?

When we defined our sustainability strategy in 2019, we looked at the current prevailing situation, carried out a risk assessment and evaluated the potential. When it comes to goals such as climate neutrality, PFC-free products and social responsibility in the supply chain, we ourselves are actively driving them ahead. But things are different when it comes to the selection of production sites. The decisions aren't ours to make alone and hanging on to a goal just to achieve a certain percentage defeats the purpose. Instead, we work closely with our suppliers and, together, take the most future-oriented path.

Yes, if you look purely at the numbers, we have failed to achieve our goal. Looking back, we also have to say that the goal should not have been set at "60% production in Europe". Instead, the focus should have been on building and maintaining a value-oriented network of suppliers based upon partnership. And that's something we're now continuing to work on! ▷

»» We are convinced that this change in direction is the right step for us when it comes to running sustainable, high-quality, and economically sound production. ««



CONTENT

PRODUCTION IN EUROPE IS OVERWHELMINGLY SEEN AS POSITIVE, WHILE PRODUCTION IN ASIA SUFFERS FROM A GREAT DEAL OF NEGATIVE PREJUDICE. WHAT ARE THE ASSERTIONS THAT ORTOVOX IS CONTINUALLY CONFRONTED WITH, AND WHAT IS THE TRUTH?

We are often confronted by clichés from customers: People think that production in Asia is synonymous with child labor, a lack of environmental standards and unsafe factories. We can understand that – after all, we also continuously see negative headlines, especially in the fast fashion industry. On the other hand, “Made in Europe” is quickly equated with fair and sustainable production. Unfortunately, this is not always the case because several older factories do not or no longer fulfil today’s social, safety and environmental standards. It is impossible to make generalized judgements about production locations. We find dedicated, professionally managed, future-oriented companies in both Asia and Europe. And there are black sheep on both continents.

Often, the long distance is cited as an argument against production in Asia. However, with regard to carbon emissions, the length of the transport route is not the only decisive factor in the choice of production

location – the “how?” must also be considered. Transport via ship is often much more environment-friendly, because immense volumes of items can be transported at the same time. In Europe, the preferred method is for smaller units to be driven from place to place in many trucks.

But we can’t and don’t want to abandon production in Europe, because there are valid reasons for this as well: it offers us more flexibility and we can produce in smaller volumes. And, of course, if we spread out our production, we’re also spreading the risk.

In summary, we can say that globalization provides us as a production company with a variety of options for developing and manufacturing products. For us, the challenge is to take advantage of both production sites and, in doing so, deliver on our responsibility for social and more environment-friendly production.▷





HOW DOES ORTOVOXX ENSURE THAT, ABOVE ALL, THE WORKING CONDITIONS BUT ALSO THE PRODUCT QUALITY MEET ITS HIGH STANDARDS?

We set high standards when selecting a production site. It is essential to carefully scrutinize potential and existing producers. Together with our independent partners, we monitor clearly defined standards of product quality, social aspects and environmental and economical sustainability before and during our cooperation. A complaint made by a supplier's employee in Serbia (see [People Report 2022](#)) and an alarming audit on a factory in Vietnam (see [page 35](#)) showed just how important this process is. Grievances were highlighted and could be actively counteracted.

In addition, our memberships in the Textiles Partnership and the Fair Wear Foundation are a promise of fairness and transparency along our supply chain. □

SUPPLY CHAIN ACT

SOCIALLY RESPONSIBLE PRODUCTION

BY LAW

We have always had an inner drive to ensure fairness and social responsibility along the supply chain. We have already proactively worked with our partners on this in the past. From 2024, the new Supply Chain Act will also legally bind us to this and give us a legal basis for giving higher priority to our “demands” on suppliers.

We have already implemented several measures in preparation for the introduction of and compliance with all specifications:

- A new ORTOVOX Code of Conduct that includes a comprehensive commitment to comply with the relevant social and environmental standards (see [page 28](#))
- Introduction of a new Supplier Code of Conduct
- Introduction of new Chemical Compliance Guidelines for the protection of employees and the environment

SUPPLY CHAIN ACT

The Obligation to Exercise Due Diligence in the Supply Chain Act, or Supply Chain Act for short, entered into force on January 1, 2023. This act regulates corporate responsibility for observing human rights along global supply chains. This includes, for example, protection against child labor, the right to fair wages, and the protection of the environment. This benefits the people along the supply chains, companies and also consumers. More information can be found on the [Federal Ministry of Labour and Social Affairs website](#).

OUR ORTOVOX RESPONSIBILITY

There have always been our own very clear, important ground rules and principles that guide our actions and behavior. We have outlined these in our “Code of Conduct”. This is a commitment to comply with certain legal, ethical and social standards and norms, which we also require of our partners.

There are two codes: an internal code and an external code. Both are aimed at preventing corruption and discrimination, and at promoting respectful cooperation and environmentally friendly behavior.

The internal Code of Conduct (CoC) is generally considered to be the foundation for the work of each individual. It is intended to ensure that, from within, all company employees act in accordance with the corporate culture it defines – irrespective of their cultural or social background or their personal values. ▶





The code covers four topics:



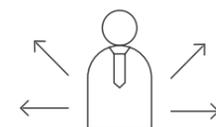
BEHAVIOR IN ALL BUSINESS ACTIVITIES

The internal CoC applies to everyone – from managers to interns. The Code is signed by the Executive Board on behalf of all employees.



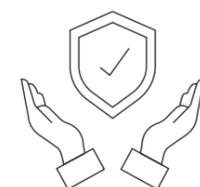
WORK RELATIONSHIPS AND WORKSPACES

ORTOVOX's current internal Code of Conduct can be viewed on our website.



BEHAVIOR IN SOCIETY

The external Code builds on the internal CoC and, so to speak, supports it from the outside. After all, the values that ORTOVOX stands for do not suddenly lose validity when one leaves the company premises. Therefore, we have written down our requirements for Tier 1 and nominated Tier 2 suppliers, and submitted them for signing. For many of our partners, this is a matter of course. Only rarely do we receive queries and comments, which we then coordinate in close dialog with the supplier. ▷



HANDLING OF CONFIDENTIAL DATA AND INFORMATION



CONTENT

The following table provides an overview of the differences between the internal and external Codes.

<i>Criteria</i>	<i>Internal CoC</i>	<i>External CoC</i>
<i>Target group</i>	All company employees	All employees of producers, suppliers and external partners who are part of the supply chain or other business activities
<i>Content and scope of application</i>	Applies to internal processes, behavior and decisions within the organization Includes issues such as ethical behavior, integrity, confidentiality, conflicts of interest, discrimination, occupational safety and more	Concentrated on maintaining standards regarding human rights (in particular working conditions) and environmental compatibility, fair business practices and more
<i>Implementation</i>	By ORTOVOX	Implemented by the suppliers, initiated, supported and "monitored" by ORTOVOX

We aim to be a responsibly company and a positive example for sustainable business. Therefore, our Codes of Conduct – internal and external – reflect our inner convictions and provide an orientation framework that helps us and our partners along the supply chain to make the right decisions every day. This way, we can look back on our work with a positive feeling and contribute to the strengthening of the common good. □



MONITORING

MONITORING

2022/23

The 2022/23 fiscal year was ORTOVOX's eighth as a member of the Fair Wear Foundation. Along with the existing monitoring system, a major focus was on transparency in the supply chain, cooperative work on wages and working conditions, and the promotion of mutual support.

Performing our due diligence with regard to monitoring working conditions in the factories is our top priority. In the past year, we and the auditors have been able to observe on-site developments over the course of 13 audits. In parallel with this, virtual meetings were held to allow intensive dialog and discussion of unresolved issues.

The table on [page 34](#) provides an overview of currently valid audits that are still being processed by ORTOVOX or other FWF member brands. The factories are audited and evaluated according to the FWF "Code of Labour Practices". ▷

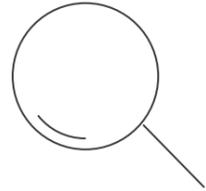


The Fair Wear Foundation specializes in improving working conditions in the textile industry. The basis of the collaboration between the independent organization and the members is the Code of Labour Practices (or labor standards). Every year, Fair Wear Foundation conducts a "Brand Performance Check", in which it uses clearly defined criteria based on internationally recognized standards to evaluate the work and results of its members regarding compliance with the Code along the supply chain.



THE ORTOVOX MONITORING SYSTEM IS BASED UPON THE FOLLOWING THREE PILLARS:

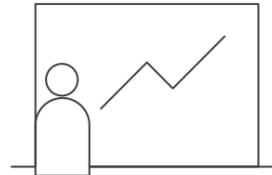
1



BE TRANSPARENT

ORTOVOX discloses where products are manufactured and what the on-site working conditions are like. This includes logging all factories, performing factory audits and evaluating existing audit reports. Many suppliers also produce goods for other FWF members. Some of them are also audited in line with FWF specifications and supervised by other members in the follow-up. ORTOVOX is in continuous contact with these suppliers. In order to avoid double audits, other audits are also approved in addition to those conducted by FWF as long as they meet quality requirements.

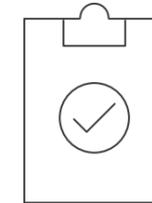
2



GROWING CAPACITY

After the factory visit, the auditors draw up a corrective action plan setting out all identified infringements of the FWF guidelines and the necessary improvements. Together with the factory, the CSR team works on all points to achieve specific and measurable improvements. Training is an essential tool for building up capacity alongside the audits. A better understanding of the topic leads to improvements in general. Training is available for ORTOVOX employees and suppliers. They are taught about sustainability and the necessary steps to achieve it.

3



REPORT & VERIFICATION

As a member of the Fair Wear Foundation, ORTOVOX produces a social report once a year. The reporting period corresponds with the last fiscal year. The FWF carries out a “brand performance check” once a year, in which the internal processes of the company and its understanding of relevant sustainability topics are put to the test. By doing so, the FWF checks or reviews the company’s contribution to better working conditions. This report is published on the websites [fairwear.org](https://www.fairwear.org) and [ortovox.com](https://www.ortovox.com). The next brand performance check will be carried out in October 2023.



EVALUATION BY COUNTRY AND FACTORY

COUNTRY	DB#	AUDIT DATE	1. MANAGE- MENT	2. WORKING TIME	3. COMPENSA- TION	4. NO CHILD LABOUR	5. NO FORCED LABOUR	6. FREEDOM OF ASSOCIATION & COLLECTIVE BARGAINING	7. NO DISCRIMINATION	8. HEALTH AND SAFETY	9. ENVIRON- MENT	10. LEGALLY BINDING EMPLOYMENT RELATIONSHIPS
Vietnam	34137	15.08.22	✓	!	!	✓	✓	!	✓	!	N.A.	✓
Romania	15593	01.09.22	✓	✓	!	✓	✓	!	✓	!	N.A.	✓
Vietnam	10013	28.10.22	↑	↓	↑	✓	✓	↑	✓	→	N.A.	✓
Vietnam	8499	28.03.23	↑	↑	→	✓	✓	↓	→	→	N.A.	→
Vietnam	2945	30.03.23	↑	↑	→	✓	✓	↑	✓	↑	N.A.	→
Serbia	34147	20.04.23	↑	↑	↑	✓	✓	↑	✓	↑	→	✓
Ukraine	34150	27.04.23	!	!	!	✓	✓	!	✓	!	!	✓
China	15229	17.05.23	!	!	✓	✓	✓	✓	✓	✓	✓	✓
Vietnam	12268	25.05.23	!	!	!	✓	✓	!	✓	!	N.A.	!
China	33335	07.06.23	!	!	!	✓	✓	✓	✓	✓	✓	✓
China	34181	19.06.23	✓	!	!	✓	✓	!	✓	!	N.A.	✓
China	4561	20.06.23	✓	!	!	✓	✓	✓	✓	!	N.A.	✓
Vietnam	35730	29.06.23	*	*	*	*	*	*	*	*	*	*

! 1st Audit in factory; Non-compliance discovered.
Working to solve problem.

✓ No problem found.

↑ Improvements in comparison to previous audit.
Continuous work to solve problem.

→ No improvements in comparison to previous factory
audit. Continuous work to solve problem.

↓ Setback in comparison to previous factory audit.
Urgent work to solve problem.

*Evaluation of the audit not yet fully
completed at the time of publication.

HUMAN FOCUS

A NEW ERA OF SUSTAINABILITY

The importance of good management should not be underestimated. It sets the right course, takes responsibility and puts the wellbeing of the workforce first. If all this is not guaranteed, problems are inevitable. One of our Vietnamese suppliers is a good example of how, after a setback, a clear vision and consistent action can turn things around into a positive development.

Vietnam was particularly badly hit by the COVID crisis. Strict lockdowns completely shut down work in the country's factories, sometimes for months. For this reason, guaranteeing the economic efficiency of the

production sites was often the top priority as lockdowns eased. However, major issues regarding employees fell by the wayside during this time.▷



[CONTENT](#)

This development could even be seen at VIVA, one of ORTOVOX's backpack suppliers. After an alarming audit of the Vina site, it was clear that many changes needed to be made, and quickly. For us as a brand, it's okay to have a slip-up. The important thing

is to tackle the issue honestly and transparently, and find a path we can take together to effect real change in the interests of the workers.▷

VIVA VINA



LOCATION: Long An province, Vietnam



FOUNDED: 2006



NUMBER OF EMPLOYEES: 746



OTHER CUSTOMERS: Montane, Fond Of (at the Saigon site), and others



BEGINNING OF THE PARTNERSHIP: 2003

»» The strength and trust of a partnership is particularly evident in challenging times like these. For ORTOVOX, offering our partners a wide range of support and cooperation on solutions is a must. ««



Robert Hellwig,
ORTOVOX CSR Manager



TWO AUDITS PROVIDE CAUSE FOR CONCERN

2019/2020



EXEMPLARY ACTION

- Communication and dialog in the factory are good
- Interviewed workers know the FWF working guidelines, their basic labor rights and official labor laws
- The factory's internal complaints system is known among the workers, even if it isn't used



SERIOUS VIOLATIONS

- The FWF audit team was unable to carry out a check on the working hours and wages, because the person in question needed to go home due to illness during the audit and nobody else was able to provide the required documents
- Statements made by workers during interviews contradict the existing documents (e.g. regarding working hours)
- In their audit report, FWF accused VIVA VINA of falsifying documents and lack of transparency. This was not our previous experience with the producer.



IDENTIFIED SHORTCOMINGS AND NECESSARY IMPROVEMENTS

- The electronic time recording system only recorded working hours up to 6 p.m. on certain days
- Overtime is recorded manually
- Use of the toilets is not always permitted

2022



EXEMPLARY ACTION

- 100% of the workforce joined the union; previously this was max. 99%



SERIOUS VIOLATIONS

- Withholding information / falsifying documents



IDENTIFIED SHORTCOMINGS AND NECESSARY IMPROVEMENTS

- Subcontracting without informing ORTOVOX
- Working hours not complied with, overtime not transparently documented
- Delayed payment of wages





The results of the audit are, of course, unsatisfactory. But that is why we conduct them: to identify shortcomings and to make improvements. For this reason, it is essential to have a reliable, motivated partner on the producer side. A change in VIVA's management makes us optimistic.

Jay Kim, who started working at VIVA as Sales Manager ten years ago, identified the need for change early on. He is aware of his responsibility toward the workforce, the company and his customer base and is mo-

tivated to introduce the relevant measures. However, his role did not give him sufficient decision-making power. Then, in February 2023, internal restructuring gave Jay, now as General Manager, the chance to implement his vision and ideas, in particular with a focus on the employees.

The first step focused on the optimization and development of existing processes. For example, the construction of a new factory was halted, because workforce satisfaction has top priority. The first changes could already be witnessed during a personal visit to the factory in spring 2023:



- Wage payments and the working hours recording system are more transparent
- Overtime has been greatly reduced
- Occupational safety has been improved, the relevant training has been carried out, warning signs and fire extinguishers have been put in place
- Temporary employees are insured
- Employees have the opportunity to offer feedback; general satisfaction is higher
- The quality and selection of food in the cafeteria has been improved ▷

[CONTENT](#)

The will to change is unmistakable. Individual milestones have been clearly defined to make up for the failures of the past. We are in close contact with Jay to supervise the process. Our experience from cooperation with other producers is helping us to stand by him in an advisory capacity. □



>> The ultimate goal is to offer a better workplace. I want to create an atmosphere in which employees can place trust in the company and one that makes them eager to come to work. <<

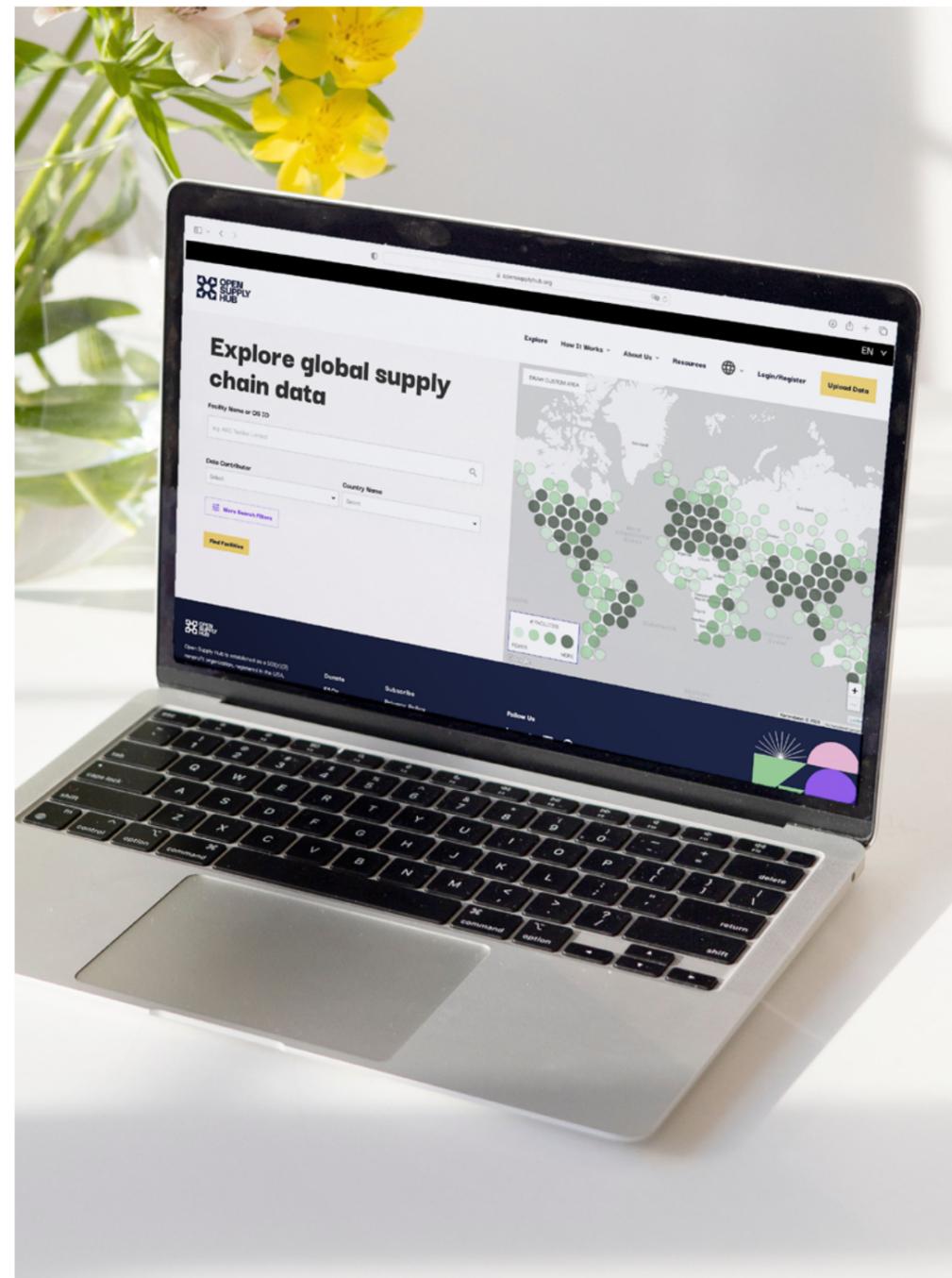
Jay Kim, General Manager of VIVA (since February 2023)

OPEN SUPPLY HUB

MORE TRANSPARENCY AND TRACEABILITY

So far, we have collected information about our Tier 1 suppliers on the Fair Wear Foundation Member Hub. Unfortunately, it cannot be viewed publicly there. However, transparency is immensely important to us. Therefore, we have decided to make all data about our production sites available on the Open Supply Hub. There, we publish detailed information about who produces what products and parts for ORTOVOX and where – with full traceability and visibility for all end customers.

View the [ORTOVOX supplier overview](#) on Open Supply Hub. □



This impartial, non-profit organization from the USA has set itself the goal of improving human rights and environmental conditions in and around factories and facilities by opening up supply chain data as a free, public good.

The listed information is contributed by the producing companies, as well as by factories and service providers along supply chains, by civil society organizations and other stakeholders.

www.opensupplyhub.org



OUTLOOK

OUR GOALS FOR 2023/24

We are proud of what we have achieved so far, but still see plenty of potential to make ORTOVOX even more responsible, even more sustainable and even more cooperative. Therefore, it is clear that the focal topic for the coming year will be Tier 2 monitoring.

All eyes on Tier 2

ORTOVOX's due diligence does not end with the sewing process. By expanding our monitoring process to the deeper supply chain, we want to ensure that working conditions and human rights are protected in every step of production. This next step is not without reason: some of the most serious violations occur in the preliminary stages of production, for example in fabric manufacture or raw material production. If brands limit their responsibility to the cut-make-trim processes in Tier 1, suppliers could be tempted to shift unethical practices to other steps in the supply chain in order to circumvent defined social standards. This expansion of our monitoring process reduces the risk of outsourcing.

With this in mind, we have developed a concept for efficiently, effectively auditing our Tier 2 suppliers. Based on this, we create a risk profile for every production site and develop corresponding countermeasures.

Through the Textiles Partnership, we can also work with other companies in the outdoor industry on two projects that focus on analyzing and evaluating mutual suppliers' complaint mechanisms:

- In cooperation with deuter and Care Deutschland in Vietnam
- In cooperation with Sympatex, BP and Deltex in China

The aim of both projects is for the factory employees to be aware of their rights and, if needed, make themselves heard.

Our commitment is intended to set an example and pave the way for others and in doing so promote long-term improvements throughout the entire textile industry. □





INDEXES

SDG INDEX



To create globally sustainable structures, the United Nations member states set themselves 17 goals, which are enshrined in the 2030 Agenda for Sustainable Development: Sustainable Development Goals, or SDGs for short.

Our aim is to make a difference with our day-to-day actions. We are committed to the sustainability goals. Not every goal concerns ORTOVOX to the same extent. Nevertheless, we support all of the goals regarding our own economic activity and beyond.

SDG	Pages
1	14, 37, 38
2	37, 38
3	5, 34
4	7,16
5	6
6	*
7	*
8	9, 15-21, 26-40
9	15, 40
10	27-40
11	*
12	7-42, respectively entire report
13	see Planet Report
14	*
15	see Planet Report
16	15
17	9, 15



* no explicit Focus

DNK INDEX

<i>DNK Criterion</i>		<i>Pages</i>
0	General information	2,5,6,20
1	Strategy	7
2	Materiality	10
3	Objectives	8,11,13,15,41
4	Depth of the Value Chain	9,18
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8	Incentive Schemes	6
9	Stakeholder Engagement	7-9,13,14,19-22,28
10	Innovation and Product Management	18,19
11	Usage of Natural Resources	**
12	Resource Management	**
13	Climate-Relevant Emissions (THG-GHG)	**
14	Employee Rights	14,15
15	Equal Opportunities	2,6
16	Qualifications	7
17	Human Rights	6,14
18	Corporate Citizenship	29-31
19	Political Influence	*
20	Conduct that Complies with the Law and Policy	33, 34

The German Sustainability Code (Deutscher Nachhaltigkeits-Kodex - DNK) was developed in 2010 by the German Council for Sustainable Development with representatives from politics, companies, the financial market and civil society organizations.

ORTOVOX reports voluntarily on the 20 DNK criteria in the 2023 People Report. Information on key areas is provided for here, and some performance indicators are recorded. Some of the DNK criteria focusing upon environmental areas were reported in this year's [Planet Report](#) or are planned for the next reporting period.



*not yet reported here

** see [Planet Report](#)



GRI INDEX

The GRI standards are published by the independent and internationally active Global Reporting Initiative. The standards support companies in taking responsibility for their impacts and facilitate non-financial reporting. In addition to economic issues, the focus is on numerous environmental and social topics. These key issues and their impact provide detailed information on the sustainable development of companies.

The DNK has selected some of the GRI standards and adopted them for its reporting. They are listed in the table on the right. □

<i>GRI SRS</i>	<i>Pages</i>
GRI SRS-102-16	7, 8
GRI SRS-102-35	6
GRI SRS-102-38	*
GRI SRS-102-44	2,3
G4-FS11	*
GRI SRS-301-1	**
GRI SRS-302-1	**
GRI SRS-302-4	**
GRI SRS-303-3	**
GRI SRS-306-2	**
GRI SRS-305-1	**
GRI SRS-305-2	**
GRI SRS-305-3	**
GRI SRS-305-5	**
GRI SRS-403-4	23-25
GRI SRS-403-9 (a + b)	*
GRI SRS-403-10 (a + b)	*
GRI SRS-404-1	*
GRI SRS-405-1	2
GRI SRS-406-1	*
GRI SRS-412-1	6,14,33-39
GRI SRS-412-3	*
GRI SRS-414-1	14
GRI SRS-414-2	15,16
GRI SRS-201-1	*
GRI SRS-415-1	*
GRI SRS-205-1	*
GRI SRS-205-3	*
GRI SRS-419-1	*

*not yet reported here

** see [Planet Report](#)



ARCHIVE

For several years now, ORTOVOX has been transparently reporting on all efforts and tangible actions concerning sustainability. The reports provide an insight into our motivations, introduce our goals and self-critically examine the implemented measures.

Below is an overview of the reports from previous years:

SUSTAINABILITY INSIGHTS 2020/21

PLANET REPORT 2022

PEOPLE REPORT 2022

PLANET REPORT 2023





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