



# PEOPLE REPORT



» Active engagement and clear commitments are the way to a liveable future. «

To make our vision of a future fit for our grandchildren a reality, we need responsible, positive models for the future. We need to have faith in humanity's ability to bring about positive change. We need to have faith in commitment and diversity. Here at ORTOVOX, we have made it our goal to exceed that which is required by law. We aim to be pioneers, to make a difference. For many years now, our internal success has been down to our diversity. We have more female employees than male employees, half of our top executives are female and, since January 1, 2022, we have had a woman, Stefanie Rieder-Haas, on our now three-strong Executive Board. It is our different perspectives that broaden our focus, allow us to question the status quo, and point us in the right direction.

However, our site is not where the major challenges lie. The real challenges lie in the regions of the world that have been rocked on their hopeful path toward the future – by the effects of the pandemic and the horrific war of aggression on Ukraine, which is directly affecting members of our own team. We have three production sites in that country and enjoy close ties with the local employees. We are in close contact and are doing our best to provide support to keep production going.

We are deeply shocked that these duties are now part of our everyday lives. And they also underline the fact that our path to a future worth living is only possible with active engagement and clear commitments. The People Report gives you an insight into how we plan to do this.

Christian Schneidermeier, Stefanie Rieder-Haas, Michael Sieber  
EXECUTIVE BOARD





<b>THE COMPANY</b>	<b>04</b>
We are ORTOVOX	05
Value-added chain	09
Materiality matrix	10
Our progress	11
<b>LOOKING BACK</b>	<b>12</b>
Half good news	13
Objectives 2021/2022	15
<b>SOCIAL RESPONSIBILITY ALONG THE SUPPLY CHAIN</b>	<b>16</b>
Forward-looking product cycle	17
Cooperative purchasing strategy	19
Strong partners in Europe and Asia	20
Partner relations during the pandemic – Vietnam	21
Workplace Education Program	23
Fair Wear Foundation Helpline	24
Living Wage Project Serbia	26
Supplier Conference	28

<b>IMPACT OF THE UKRAINE CONFLICT</b>	<b>29</b>
<b>MONITORING</b>	<b>32</b>
Overview	33
Evaluation by country and factory	35
We take a close look	36
Overview of all suppliers	38
<b>OUTLOOK</b>	<b>40</b>
Our goals for 2022/23	41
<b>INDEXES</b>	<b>42</b>
SDG index	43
DNK index	44
GRI index	45
Glossary & legal notice	46

The People Report outlines our commitment to better working conditions along the ORTOVOX supply chain. It supplements our 2022 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 mean that provided by 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

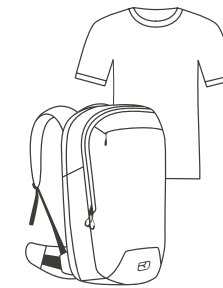


NUMBER OF EMPLOYEES

157

AVERAGE AGE

40 years old



NUMBER OF STYLES

2022/23 winter season: 437

2022 summer season: 249

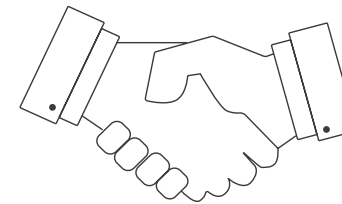


NUMBER OF WORKING TIME MODELS

>20 different options

PART TIME

>30% of the team – even among management, this figure is 20%

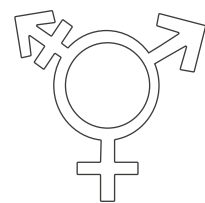


YEARS OF COOPERATION WITH THE FACTORIES

Ø 5.5 years

LONGEST COOPERATION

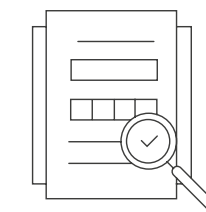
since 1990 with a partner from Austria



GENDER DISTRIBUTION

55% female

45% male



NUMBER OF AUDITS PERFORMED IN 2021/22

6 Audits (at 51 factories)

## WE TAKE RESPONSIBILITY

Together with “Customer & Brand” and “Culture & Strategy,” the third of our three elementary pillars, the “Sustainability & Quality” division, is firmly established within the Executive Board and thus in the entire corporate structure. The

CSR (Corporate Social Responsibility) department is responsible for the strategic, operational implementation of sustainability in all areas of the company and reports directly to the Executive Board. The four-person team ensures that exemplary sustainability guidelines are defined and adhered to – focusing in particular upon the supply chain, but also upon the products and the site in Taufkirchen.

To this end, the team engages in weekly discussions with all departmental managers and attends collection, communication and sales meetings. During the onboarding process, too, new employees are introduced to the company’s sustainability efforts as a core topic. ▶

The significance of sustainability is also reflected in the fact that ORTOVOX considers its CSR goals to be on a par with its overriding 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
- Climate Protection
- Social Responsibility
- Environmental Protection
- Supply Chain
- 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 Fair Wear Foundation and the Partnership for Sustainable Textiles since 2015. In the course of our membership of these organizations, 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. □

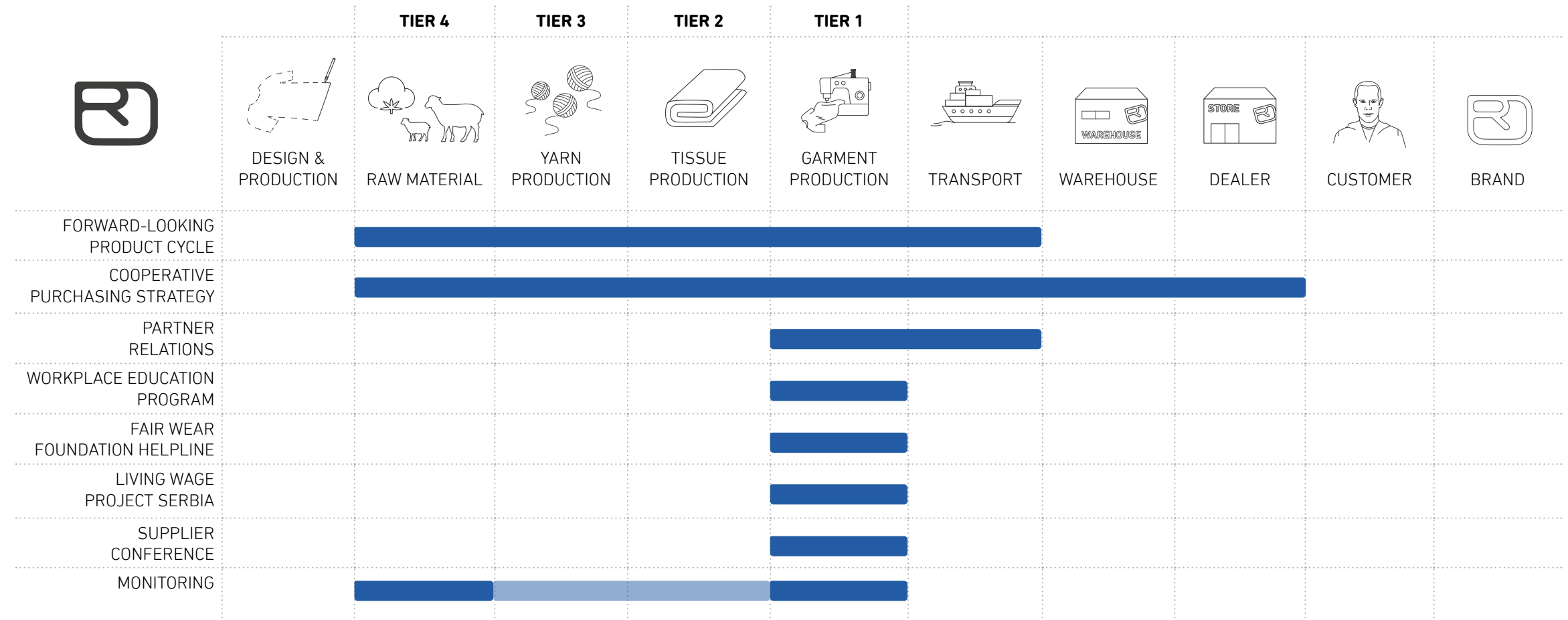
»» Our goal is to be better than that which is required by law. We aim to be pioneers. To make a difference. ««





CONTENT

# VALUE-ADDED CHAIN



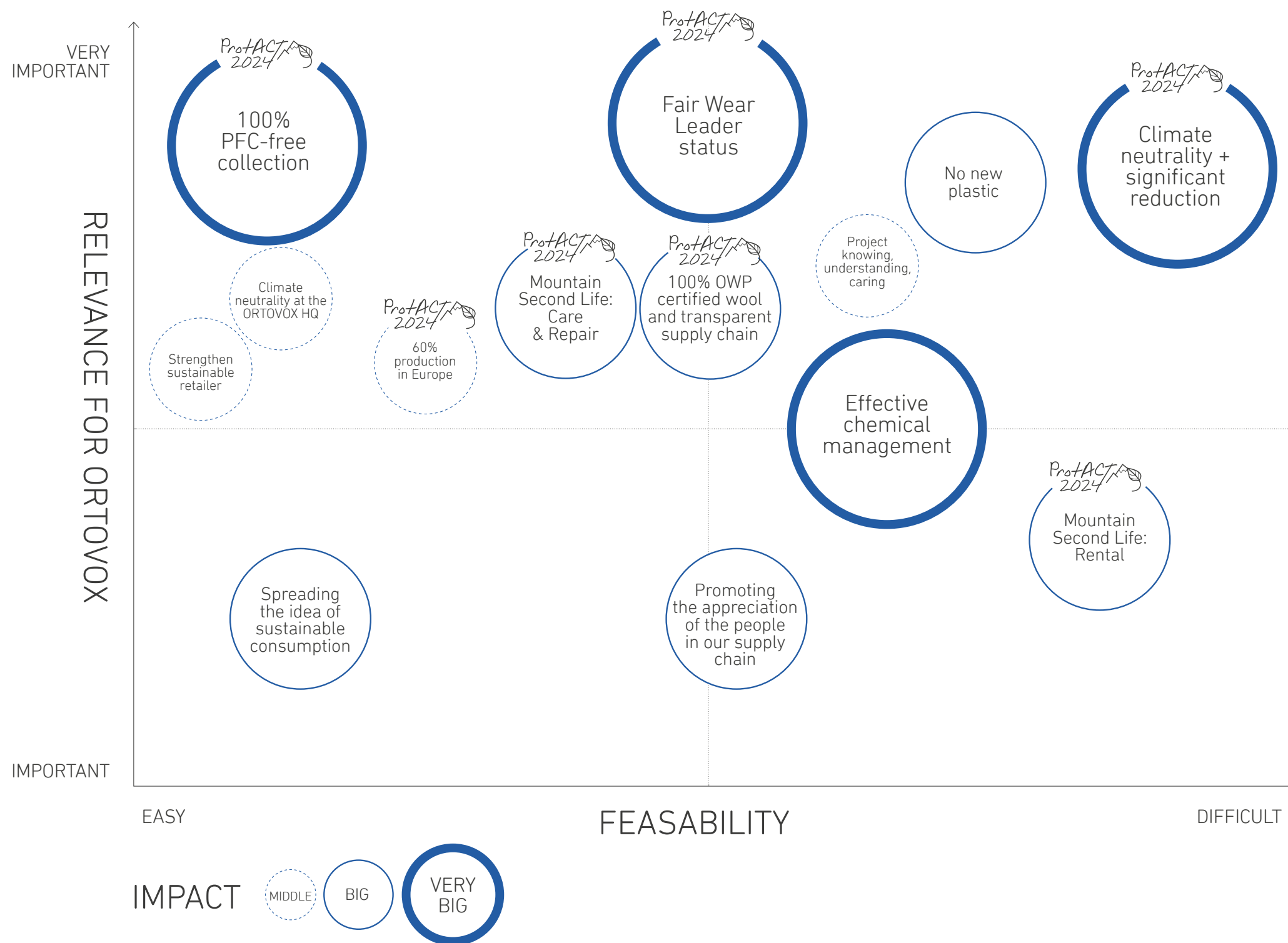
All of our sustainability activities and commitments listed in this report have direct and indirect impacts on various stakeholders. The aim of this overview is to show the stages that the measures affect along the value-added chain. The diagram also shows that we distribute our resources and capacities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

## OUR PARTNERS / INITIATIVES





# MATERIALITY MATRIX



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.





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 SUMMER COLLECTION 2023 IS PRODUCED FREE FROM PFC.

MORE INFO

## SUPPLY CHAIN

56% OF OUR PRODUCTS ARE PRODUCED IN EUROPE.

MORE INFO

## CLIMATE PROTECTION

BY SUMMER 2023, ALL OUR PRODUCTS WILL BE CLIMATE NEUTRAL.

MORE INFO

## SOCIAL RESPONSIBILITY

FOR THE FOURTH TIME IN A ROW, WE HAVE BEEN AWARDED FAIR WEAR FOUNDATION LEADER STATUS.

MORE INFO

## ANIMAL WELFARE

100% OF OUR WOOL IS MULESING FREE.

MORE INFO

## DURABILITY

THE INTRODUCTION OF RENTAL AND REPAIR SERVICES ENABLES SUSTAINABLE CONSUMPTION.

MORE INFO



# LOOKING BACK





In last year's People Report, our "Half-Good News" reported on the progress of several measures and also outlined our goals for the current reporting period. Now, we want to take a look back and give an update: What has been completed, what is still ongoing, and where do we go from here?



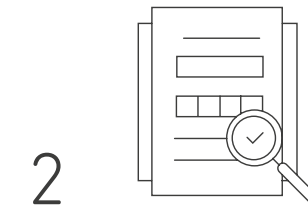
# WHAT BECAME OF ... ? HALF-GOOD NEWS



## CLIMATE NEUTRALITY

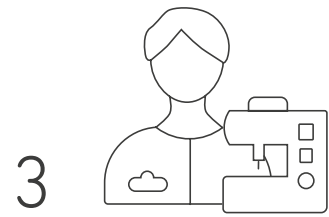
In the last report, we announced that the Freeride and Swisswool collections would be climate neutral in the 2021/22 winter season. But that was only the beginning: This was also true for the entire climbing collection in the 2022 summer season that has just ended.

We will take the final, biggest steps starting in winter 2022/23. All the products in the winter collection will then be produced climate neutrally. And from summer 2023, all ORTOVOX products will carry the Climate Neutral label. One thing is clear: there is no way that we want to go back!



## EVALUATE AND BE EVALUATED

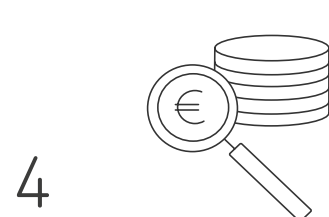
We don't just want to audit our producers – we want to get their feedback, too. That's why we asked our partners to evaluate ORTOVOX and identify any potential for improvement. This prompted us to expand the ORTOVOX internal quality department and to further optimize production-relevant workflows, processes and requirements. Since last fall we have been continuously increasing the number of staff in this department, as well as internationalizing our operations, improving processes and implementing appropriate procedures. These include general requirements, manuals, and production and product instructions that simplify and harmonize collaboration. ▶



3

### JOINING THE HARDGOOD ALLIANCE

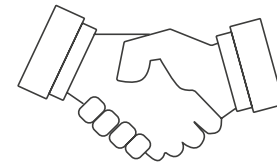
By being a member of the Hardgood Alliance we aim to expand our monitoring of working conditions in the domain of hardware (shovels and probes). An initial audit at a factory in Taiwan discovered that workers had to pay agency fees out of their own pockets. These fees have now been abolished after discussions with the manufacturer and have even been paid back to new employees. However, the employer has now cut other benefits to employees, such as dormitory accommodation. So there's still a lot of work to do! Therefore, there will be a new audit in March 2023 in order to review the improvements.



4

### OPEN COSTING TOOL

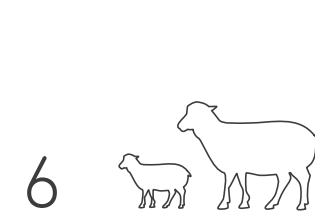
Open Costing is a tool for making the composition of product manufacturing costs more transparent. Our focus is upon the relationship between employee wages and our purchase prices. In the last People Report, we set the goal of expanding the successful implementation at a few manufacturers to additional partners. The biggest challenge here is the immense effort involved in initial data collection. Because the partners work with different internal cost breakdowns, the data often requires time-consuming reformatting. In addition, some producers are reluctant to provide information because Open Costing is simply not yet an established procedure in the industry. However, we are also noticing that willingness to cooperate is growing, as more and more partners also see the benefits for them. We currently do Open Costing in some form with one third of our partners, partly due to a lack of internal capacity. However, the matter is too important for us to drop it. We'll stay on the ball!



5

### RESPONSIBLE PURCHASING PRACTICES

Under this heading, we reported that we and our producers coped well with the challenging circumstances of the coronavirus pandemic. A year on, Covid-19 is still disrupting supply chains around the world. Therefore, we have had to transform the short-term, sometimes very pragmatic, hands-on mentality of the time into long-term changes in the way we work together. For example, this is reflected in the adjustment of production timelines to compensate for quarantine-related downtime and understaffing in factories. As a result, the production of some products has been delayed and others have been prioritized in larger quantities, thus giving producers longer time frames and more flexibility.



6

### BEST OF THE FLOCK

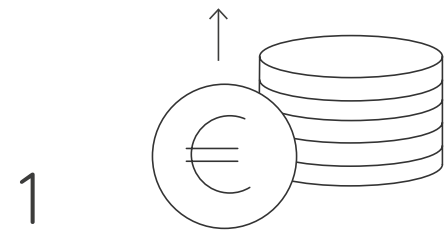
Last year we reported on the "Best of the Flock" award given by the animal welfare organization "Four Paws" for our fully traceable wool and the strict controls on our wool suppliers. Our next step is to intensify our cooperation with farmers regarding proactive climate protection. In a joint discussion, we will explore the various analyses and carbon footprint calculations as well as planned climate protection projects. □



# WHAT BECAME OF ... ?

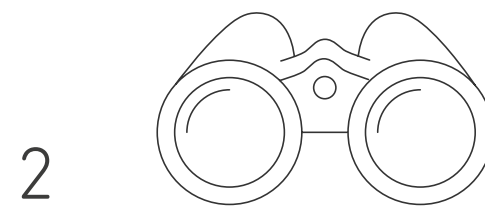
# OUR GOALS

## FOR 2021/22



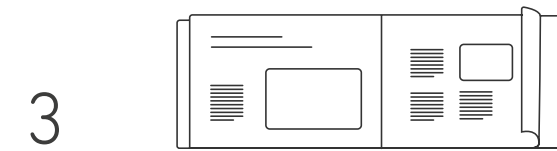
### MORE PAY

By participating in the Living Wage Lab of the Partnership for Sustainable Textiles, we hope to learn from other members about other approaches and methods for ensuring a living wage in the supply chain, and to jointly develop scalable solutions. Meanwhile, in the ongoing initiative, members have divided themselves into different focus groups. Together with three other brands, we are planning a Living Wage project in Vietnam.



### GOING DEEPER

The stated objective was to establish the requirements for more sustainable production in the lower tiers of the supply chain. To this end, we have developed an even more detailed producer survey that also includes the tasks and processes among their subcontractors. In this way, we are striving for more holistic monitoring with greater transparency.



### BETTER REPORTING

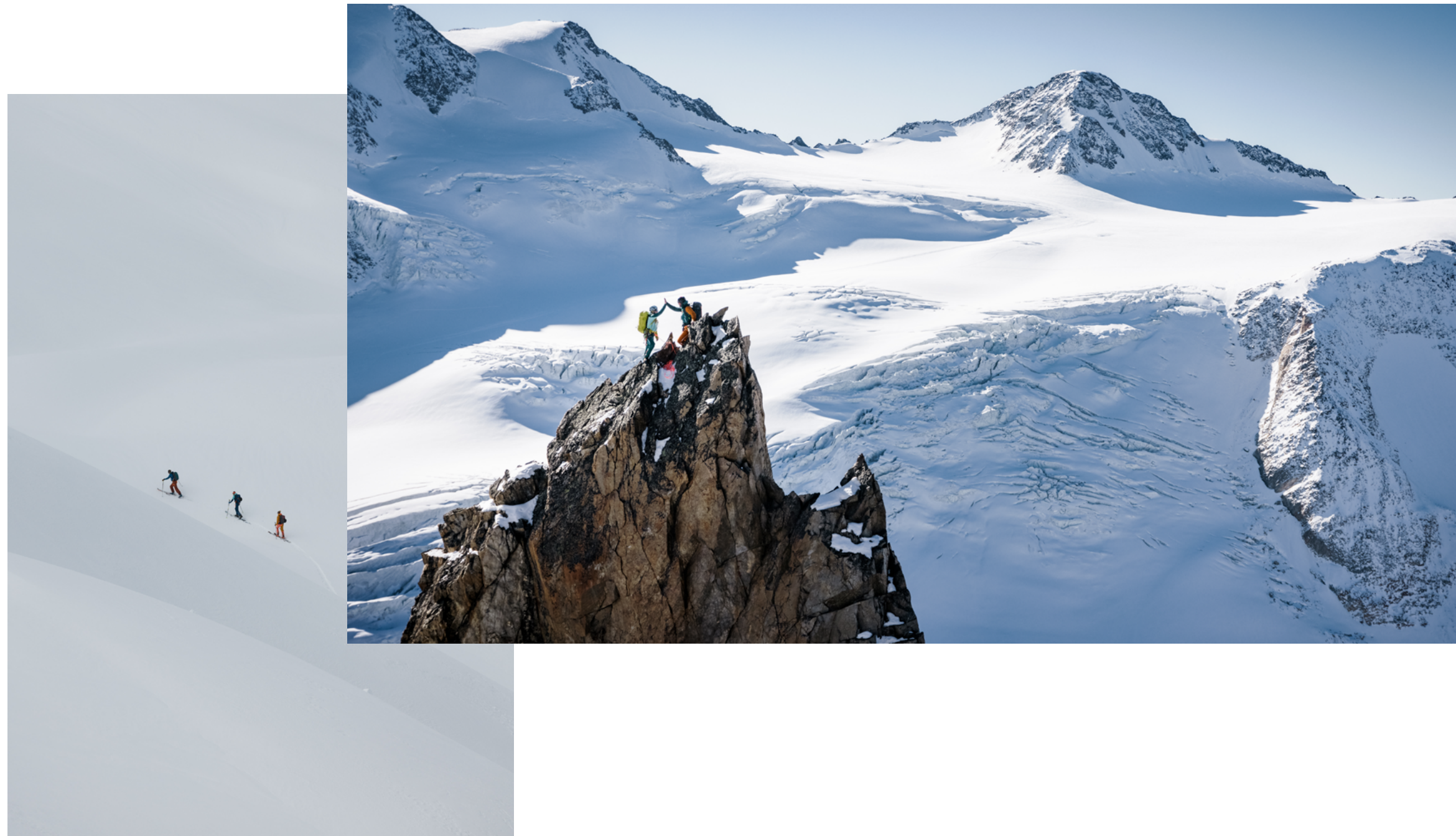
With the publication of the Planet Report in May 2022, we successfully achieved our goal of producing a comprehensive report on all environmental topics in accordance with German Sustainability Code (DNK) criteria. We are proud of what we have achieved and are happy to share this with our clients and all interested parties. There will be a similar report again next year.



### LET'S DO IT AGAIN

The goal was simply worded and yet a challenge nonetheless, but one that we were happy to take on: we wanted to achieve Fair Wear Foundation Leader Status for the fourth time in a row – and we did it! Our commitment to fair working conditions has once again been endorsed by an independent, trusted, industry-recognized body.

# SOCIAL RESPONSIBILITY ALONG THE SUPPLY CHAIN





# FORWARD-LOOKING PRODUCT CYCLE

ORTOVOX also strives for long-term production planning for social reasons. Taking the 2021/22 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 2021/22 clothing took place in March 2020. Due to long delivery times for some of ORTOVOX's exclusive fabrics, sales forecasting started in August 2020. 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

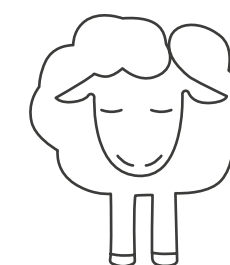


SUMMER  
ca. 37%



WINTER  
ca. 63%

ORTOVOX produces two collections per year – one in winter and one in summer. At 63%, the winter collection makes up the larger portion, while the summer products account for the remaining 37%.

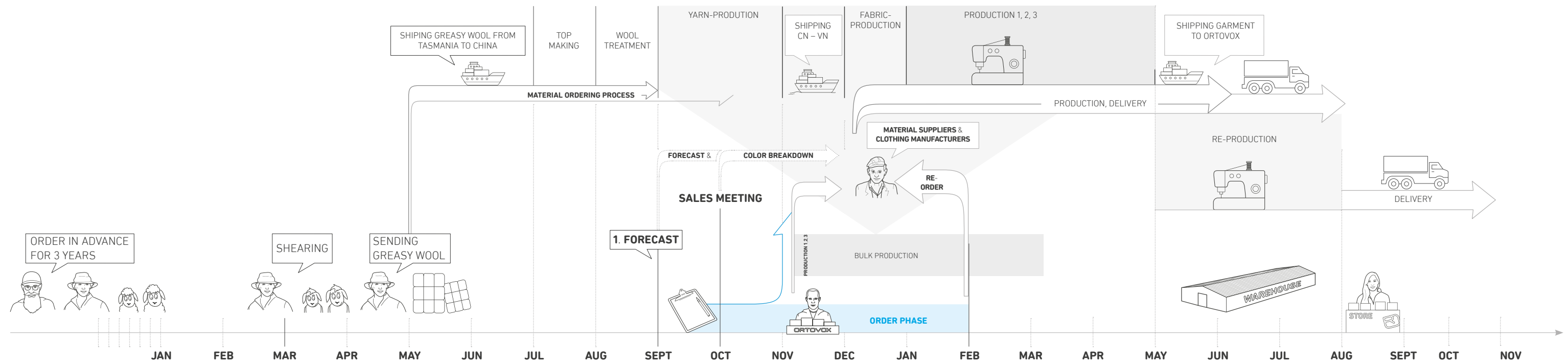




CONTENT

The updated forecast, including the color breakdown, was drawn up after the sales meeting in October 2020. This information was then sent to the suppliers and further orders were placed. A first repeat order was placed in January 2021, 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. In keeping with this, it needs 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 14% 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	4	10.94
1 – 4	19	34.74
5 – 10	21	47.41
> 10	7	6.91

» We have worked with 54.32% of our business partners for at least five years. This creates trust and results in the highest product quality! «

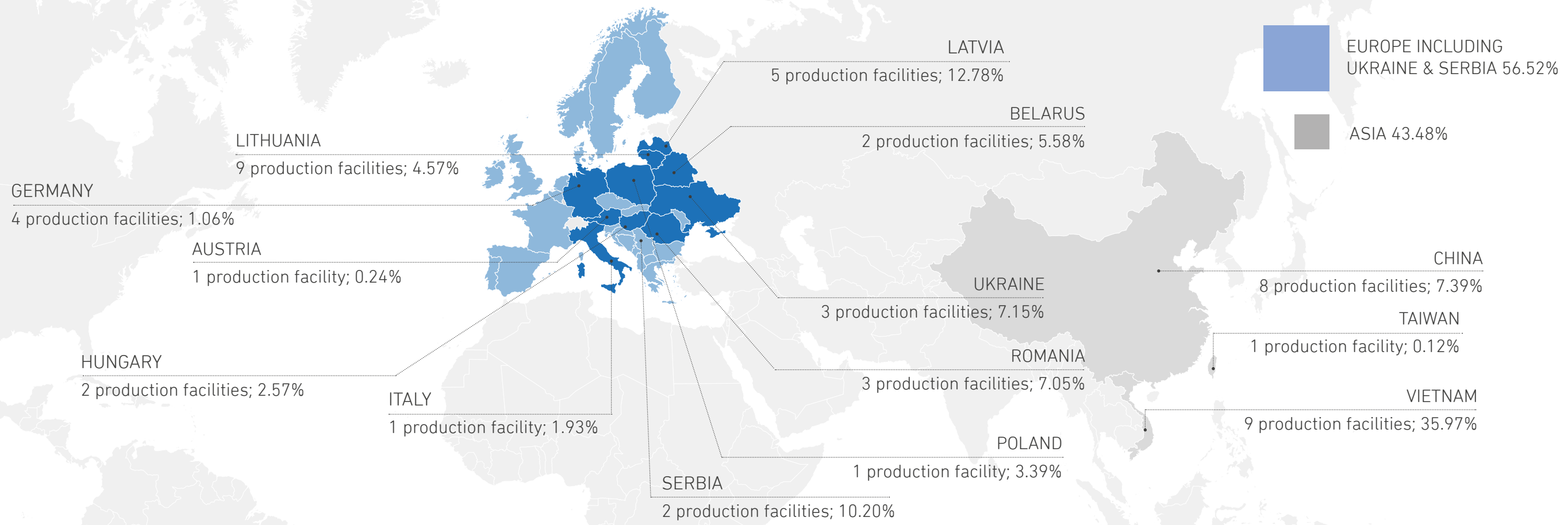


Robert Hellwig,  
ORTOVOX CSR Manager

# STRONG PARTNERS IN EUROPE AND ASIA

Globalization provides production companies with a variety of options for developing and manufacturing their goods. We are constantly facing the challenge of combining production in Asia and Europe, making use of their respective benefits and acting sustainably and socially in the process.

Production is concentrated upon Europe and Vietnam, but there are also production sites in Taiwan and China. ORTOVOX strives to ensure that a substantial part of its products (currently 56.52%) is produced in Europe. □



# ĐỂ HỢP TÁC TỐT!\*

## \*HERE'S TO GOOD COLLABORATION!

Vietnam was one of the most successful countries in the fight against the virus at the beginning of the pandemic. The situation only changed with the outbreak of the fast-spreading Delta variant. The Vietnamese government then adopted long, strict lockdowns that crippled production facilities in the country and threatened global supply chains across all industries. ORTOVOX was also affected by this.

The strength and trust of a partnership is particularly evident in challenging times like these. Here at ORTOVOX it is imperative that we live up to the commitment we have set ourselves, and offer our partners a wide range of support. For our producers in Vietnam, the following principles offered valuable support during the crisis:

- The decision not to withdraw products from Vietnam despite the uncertain situation
- An acceptance of delivery date delays due to temporary closures
- Adjustment of payment terms to support producers with a difficult cash flow situation

In order to maintain an overview of the constantly unclear situation and to be able to plan at least in the medium term, the Sourcing and Production Planning Team also convened a weekly task force meeting with the Vietnamese producers. Not only was the situation regularly re-evaluated and measures adjusted accordingly in these meetings, but the personal interaction also played an important role in deepening the partnership and consolidating mutual trust.▷



## FORWARD-LOOKING TRANSFORMATION OF OUR SUPPLIER RELATIONSHIPS

The lessons learned from the coronavirus crisis are shaping our future supplier relationships. The effects of the pandemic will be felt for quite some time, and the consequences of a possible energy crisis are also uncertain. The freight situation in particular will remain challenging. These uncertainties are putting pressure on our production partners. Therefore, we are working closely together to develop long-term approaches to take the pressure off the supply chain:

- Changes in the production volume forecast are communicated at early on
- “Early bird” orders have been placed for the winter 2023/24 season. Production can thus be planned and started at an early stage in order to balance out workflows
- Longer lead times will be calculated from now on, e.g. for transport, quality assurance, etc. This reduces the time pressure in production
- We request information about the energy supply to the production facilities in order to anticipate potential difficulties at an early stage and, if necessary, to intervene with support

The strong market dynamics continuously force us into a balancing act between proactive, long-term planning and reactive, short-term flexibility – a challenge that can only be overcome together in a cooperative relationship with our suppliers! □

»» We see ourselves as a reliable partner within the supply chain and resolve any difficulties that arise through dialog. ««



Anke Roll,  
ORTOVOX Sourcing and Production Planning

# WORKPLACE EDUCATION PROGRAM

The key to any successful relationship, including that between workers and management, is good communication. In addition, both parties need to be aware of the rights and obligations that form the guiding principles of the cooperation. This is taught in workshops organised by the FWF and external audit companies.

The main goal of the training courses is always to raise awareness of employee rights in the workplace. However, in addition to knowing one's own rights and duties, being able to put these into practice is also essential in order to improve the working environment and strengthen relationships.

In the last fiscal year, a four-day training course was held at one of the factories working for us in Ukraine (before the war broke out). An external trainer taught 23 employees the basics of the FWF Code of Labor and the complaints system (see also [page 24](#)). The aim is to improve internal company communication and thus identify dissatisfaction and impending conflicts at an early stage so that appropriate action

can be taken. In addition, the management was given further intensive training on the requirements of Fair Wear Foundation.

Further training courses are in the pipeline. Information on the [Workplace Education Program](#) is available on the Fair Wear Foundation website. □



# A MODERN SUGGESTION BOX THAT WORKS

Ensuring that employees can raise their complaints, that they are then heard and that their concerns are dealt with quickly requires an independent system. This is why Fair Wear Foundation offers confidential contact persons in countries with a particularly high level of textile production. A complaint was even made at an ORTOVOX supplier.

Employees in production facilities of FWF members who feel that their rights have been violated, or their relatives, can use the helpline to submit complaints in confidence, for example about insufficient pay, violations of working hours or general working conditions. FWF listens to the complaint and calls on the brand(s) producing in the fac-

tory to identify the problem and find a solution together with the employer.

Every complaint is published on the FWF website. This not only creates transparency, but also increases the pressure to find quick, satisfactory solutions. ▶







# TIMELINE AND MEASURES TAKEN IN RESPONSE TO A COMPLAINT AT A PRODUCTION FACILITY

## OCTOBER 14/15, 2021 BEFORE THE COMPLAINT IS EVEN RECEIVED; THE FACTORY AUDIT

Shortcomings already recorded at that time:

- No proper wage records available and reluctance to provide information on wage calculations
- No record of working hours
- Leftover vacation days not paid out
- Some workers want to form a union to meet and talk about important issues

A comprehensive catalog of measures was developed and implemented in part. See "Current situation" and "Outlook".

## DECEMBER 7, 2021 COMPLAINT RECEIVED FROM A WORKER'S RELATIVE

Allegations:

- Working time violations with large amounts of overtime and double shifts (including on weekends), without additional pay
- Undocumented payroll
- Workers are encouraged to lie to auditors about pay and working hours
- Workers are sometimes denied vacation to which they are entitled, time off in the event of illness is not always guaranteed, and unused vacation is not compensated
- Workplace bullying and intimidation.

[See the detailed complaint](#)

## DECEMBER 10, 2021 MEETING WITH THE SUPPLIER TO FIND SOLUTIONS

Agreements:

- Visit to the factory in January to discuss the allegations with the Executive Board and ensure they understand the urgency of this complaint

## CURRENT SITUATION

Progress already made:

- Introduction of a time recording system as well as pay slips in spring 2022 for transparent wage calculation in accordance with Serbian law
- Employee elections to form a union have taken place and are documented with photos; the elected representatives have confirmed the election results with their signatures

## OUTLOOK

Further steps:

- Introduction of a clear, transparent wage group and collective agreement system
- Training workers to better communicate with management, if necessary through FWF's Workplace Education Program.
- Follow-up audit expected in October 2022 to review implemented measures and evaluate their effectiveness



# LIVING WAGE

## PROJECT SERBIA

The issue of living wages in production is becoming increasingly important for companies. We have launched an initial pilot project to this effect in Serbia in cooperation with one of our long-standing suppliers.



A living wage is defined as the minimum income workers require to meet basic needs such as food, shelter, health care, transportation, utilities, etc. And while payment of this amount (for a full-time position) shouldn't really be up for debate, living wages are unfortunately not a standard in the clothing industry. For ORTOVOX it is obvious that something has to change here!▷

### THE CHALLENGE OF CALCULATING LIVING WAGES

The calculation must be performed individually by country, as the factors relevant to the calculation – average family size, number of employed persons per household, etc. – can vary greatly, meaning the calculations may vary widely. Munich is not Vilnius, Budapest is not Hanoi.



In some cases, current living wage benchmarks are freely available for various producing countries. However, for other nations and regions, the living wage amount must be calculated from scratch. We also wish to do our bit here, for example by participating in the Textile Partnership's Living Wage Lab. This supports members in developing and implementing individual strategies to ensure living wages along the supply chain. In addition, we decided to work with one of our long-standing suppliers in Serbia to establish a regional benchmark for its factory. We are doing this by using the Anker methodology, which is a recognized guideline for calculating living wages.

The amount of the living wage that is established is then taken as the starting point for an initial target wage that ORTOVOX can implement as client. The target wage only represents a first step on the way to the actual calculated living wage. This is because the major challenge when establishing a living wage is the question of where the financial resources for it will come from (in the short and long term) without endangering the economic viability of the client and contractor, and, thus, of the entire production. This also has a serious impact on future price negotiations between ORTOVOX and producers, for example. However, there is a consensus that by jointly developing a scalable solution, the wage level in the factory in question should then be increased continuously, up to the calculated living wage. □



# ORTOVOX BRINGS SUPPLIERS TOGETHER

For us, one thing is certain: collaborative dialog is mutually beneficial to us all. Together, we can meet the challenges of our industry more quickly and thus make the entire industry more future-proof and socially responsible.



The first ORTOVOX Supplier Conference facilitated exchange and peer learning among all European TIER 1 suppliers. The 2.5-hour online meeting covered various key topics:

- Information from ORTOVOX on current developments in the textile supply chain
- Presentations by two suppliers on onboarding of new factories, on supplier management and on improving the subcontractor selection process
- Presentation by Fair Wear Foundation on monitoring working conditions at production facilities

Afterwards, we received plenty of positive feedback from the eight participating suppliers, with the option of anonymous participation. Initially planned as a one-time dialog, the event was seen as highly rewarding by the participants. This has inspired us to create a regular platform for joint dialog on CSR-related topics. We will establish the feasibility and what form it will take in the coming months. □



# IMPACT OF THE UKRAINE CONFLICT

The close cooperation and partnerships with our production sites in Ukraine do not simply stop with the employees. We feel connected to the country and its people and wish to do our bit to support them in these difficult times. However, despite everything, the situation is affecting producers and us economically.



## IMPACT ON PRODUCTION

ORTOVOX works with three production facilities in Ukraine. The Sourcing and Production Planning Team is in close contact with our local contacts. We are trying to cooperate and provide support as best we can to alleviate our producers' concerns about lost sales due to limited or cancelled production.

One of our suppliers completely relocated its production to sister factories in Latvia and Vietnam after the start of the war and bombings in the region. This helped ensure the economic viability of the company. ▶

CONTENT

ORTOVOX agreed to relocate production back to Ukraine, and production at the factory is now under way again. A contingency plan has been developed with the producer in case the war hits the region more severely again.

Production has continued almost uninterrupted since the beginning of the war at the two other partner sites. However, in some cases factories have faced challenges due to reduced staffing levels, as some workers, especially younger ones, have left the country.

All three sites wanted to maintain production, if possible, to provide stability for employees. But one thing is clear: Safety and well-being is our top priority – as a company, we are not imposing any demands!

## SUPPORT FROM ORTOVOX

### 1 MARCH, 2022

Donations of €3 for each unreturned package in the online store will be channeled into humanitarian aid from now on, in close coordination with beneficiaries of the non-profit organization of the Danube-Carpathian Programme biodiversity project. So far, we have raised around €13,260. Donations will be used for food, clothing, hygiene items, medicine, transportation, tools and protective equipment.

### 2 APRIL, 2022

Shipment of 2,000 first aid kits to Ukraine and donation of fabric remnants for the production of blankets by a partner company in Lithuania.

### 3 JULY, 2022

In coordination with and at the request of those responsible for the “Danube-Carpathian Programme”, the donations for the ecological restoration of the Narcissi Valley, which were frozen at the beginning of the war, are to be resumed so that the preservation of this unique habitat can continue. According to our contacts, the war is happening well away from the valley, so it is possible to work safely. Last year’s efforts are having an impact, but further steps are now urgently needed to ensure that the results already achieved do not come to nothing.



## ORTOVOX IN RUSSIA AND BELARUS

Russia is not one of the ORTOVOX producing countries, but we have been working with our distributor as well as a few local dealers for over 20 years. And even though our relations with them are very amicable and they are appalled by the government's actions, we have decided in favor of a strict freeze on deliveries to Russia.

Outsourcing to two production sites in Belarus took place in 2011 and 2019 respectively. These steps were unavoidable in order to be able to handle ORTOVOX's entire production volume.

We had already critically scrutinized production in Belarus before the outbreak of the war due to the political situation. We started working on an exit strategy. However, implementing this took time, as it is not easy to find and set up a reliable production facility because of ORTOVOX's high demands on quality, sustainability and working conditions. But after the outbreak of the war, we felt it was our responsibility not to have any further production in Belarus with immediate effect. We are aware that this has to be looked at critically in view of the Fair Wear Foundation requirements in terms of being able to plan cooperation with producers.

The topic is very complex and should thus be considered from multiple angles. Imposing sanctions is how politicians and businesses have responded, and in this case it is also an important and indeed correct course of action for us. An immediate exit is a way for us to show solidarity with Ukraine. Our motivation for this is purely political; there were no economic reasons. In the end, we are actually doing ourselves economic harm, but ORTOVOX's values are our prime focus. □

»» The current events in Ukraine are incomprehensible and leave me speechless. Our thoughts are with our partners and we hope we can provide valuable support. ««



Christian Schneidermeier,  
CEO ORTOVOX



# MONITORING



# 2021/22 MONITORING

The 2021/2022 business year was ORTOVOX's seventh as a member of Fair Wear Foundation. A major focus was placed upon regular, intensive communication with suppliers, in addition to the existing monitoring system.

After taking a break from on-site audits due to Covid-19, we were able to start conducting audits again in the last fiscal year. A total of six audits took place. In parallel with this, virtual meetings were held to allow intensive dialog and discussion of unresolved issues.

The table on [page 35](#) 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. ▶



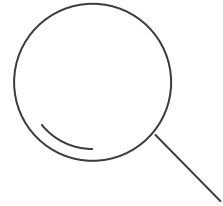
The Fair Wear Foundation specializes in improving working conditions in the textile industry. The basis of the collaboration between the independent organization and the members is the Code of Labour Practices (or labor standards). Every year, Fair Wear Foundation conducts a "Brand Performance Check", 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.

ORTOVOX has been awarded the highest distinction for the fourth year in a row – Leader status.



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

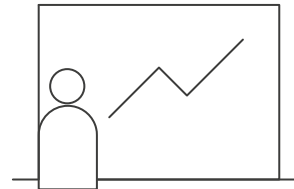
1



### 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.

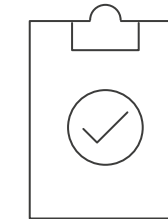
2



### 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 November 2022.



# EVALUATION BY COUNTRY AND FACTORY

COUNTRY	DB#	AUDIT DATE	1. MANAGEMENT	2. WORKING TIME	3. COMPENSATION	4. NO CHILD LABOUR	5. NO FORCED LABOUR	6. FREEDOM OF ASSOCIATION & COLLECTIVE BARGAINING	7. NO DISCRIMINATION	8. HEALTH AND SAFETY	9. ENVIRONMENT	10. LEGAL BINDING EMPLOYMENT RELATIONSHIPS
Serbia	5586	11.10.2021	→	↑	→	✓	✓	↑	↑	↑	↑	↑
Serbia	34147	14.10.2021	!	!	!	✓	✓	!	✓	!	✓	✓
Viet Nam	8499	01.06.2022	↓	↓	↓	✓	✓	→	✓	↓	✓	↓
Viet Nam	2945	03.06.2022	→	↓	↓	✓	✓	→	✓	↓	✓	↓
Ukraine	12673	13.09.2021	↓	→	↓	✓	✓	↓	✓	↓	→	✓
Romania	15208	07.06.2022	✓	!	!	✓	✓	✓	✓	!	✓	✓

! 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.

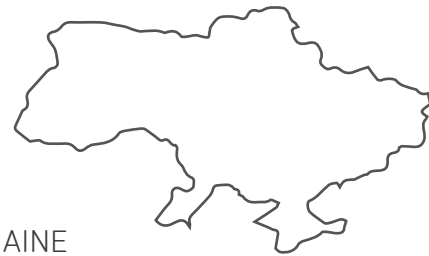
↓ Setback in comparison to previous factory audit.  
Urgent work to solve problem.

At both Vietnamese factories (ID: 8499 and ID: 2945), the audits highlighted some areas that had worsened since the previous inspections. This is due to the impact of the government-ordered coronavirus lockdowns in Vietnam and the factory's economic losses. We are now working with the factory to find solutions and initiatives to reverse the setbacks and put the crisis behind us.

In the aforementioned factory in Serbia, a complaint was made by a relative of a worker. See [page 25](#).



# WE LOOK VERY CAREFULLY



## UKRAINE

In Ukraine, there is a relatively well-developed textiles industry in which goods are produced by many Western companies. Nevertheless, the country has been classified as high-risk by Fair Wear Foundation (FWF). Even before the war broke out, FWF had already withdrawn its active support in the country due to the political instability, and we jointly held a workshop in a factory as part of the Workplace Education Program (ID: 12673). See also [page 23](#).

The outbreak of the war then naturally presented the suppliers and ORTOVOX with new challenges. Due diligence towards employees as well as cooperation with the management and other brands were needed more than ever. The situation in Ukraine and the impact of the war are described in more detail from [page 29](#).



## SERBIA

According to FWF, Serbia is a high-risk country; FWF is not active there itself. Textile production is an important industrial sector in the country, but low wages are a particular risk factor. A wage system that is difficult to understand was found during an audit at one of the factories where ORTOVOX produces (ID:5586). Working together with the supplier and another brand, ORTOVOX was able to introduce transparency to the system. The next step in this process was implemented in the form of the Living Wage Project Serbia (see [page 26](#)).

Similar problems were also revealed by a complaint from a relative of a worker at another Serbian supplier (ID: 34147). The allegations were discussed with management, and agreements were reached to improve the situation. See [page 25](#) of this report for the timeline and measures taken in response to the complaint. ▶





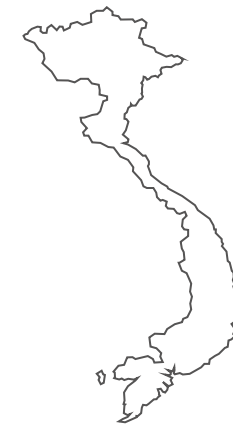
CONTENT



BELARUS



Belarus has been classified as a high-risk country by FWF. However, our supplier there has very high working standards and is very willing to cooperate. There is merely a lack of a living wage, even though the statutory minimum wage is paid at the factory. Due to the political situation ORTOVOX has decided to stop production in Belarus immediately. For more information, see [page 31](#) of this report.



VIETNAM

The audits performed by FWF revealed that the lack of living wages, excessive overtime, and shortcomings in workplace safety are the most frequent problems in Vietnam. Whilst safety-related shortcomings are quickly addressed, wages and overtime are complex, multi-causal issues that require an extensive overhaul. To this end, ORTOVOX regularly seeks dialogue with suppliers, other companies and organizations. And two factories (ID:2945, ID:8499) experienced major problems, but these were at least partly due to government-ordered measures during the coronavirus pandemic. See also [page 35](#). In addition, workers were restricted in their use of the toilets in order to increase working hours and thus production volume. New audits will be carried out in the 2022/23 fiscal year.



# OVERVIEW OF ALL SUPPLIERS

It is impossible to make generalized judgements about production locations. We find dedicated, professionally managed, future-oriented companies in both Asia and Europe. Therefore, it is all the more important to scrupulously inspect existing and potential partners. When choosing a production site, we set high standards and carry out audits with our independent partners in advance.

We always take product quality, social aspects and environmental and economical sustainability into account when making our decision for a partner. The memberships in the Partnership for Sustainable Textiles and Fair Wear Foundation as well as our ORTOVOX Wool Promise (OWP) are together a seal of fairness and sustainability along our supply chain. □

»» Almost 95% of our production sites are located in low-risk countries or were audited in the past three financial years. ««



Katrin Bauer,  
ORTOVOX Head of CSR

## CLASSIFICATION OF PRODUCTION SITES BY COUNTRY RISK

	2021/22
<i>Low risk countries and high risk countries with factory audit</i>	94.69%
<i>High risk countries without factory audit</i>	5.31%





LOW RISK

FWF DATABASE	FACTORY LOCATION	1ST YEAR OF PURCHASE	PRODUCING FOR OTHER FWF	AUDITED OR LOW RISK	AUDIT SCHEME
35111	Germany	2021	no	yes	
3253	Germany	2013	no	yes	
10634	Lithuania	2021	no	yes	
35124	Lithuania	2019	no	yes	
15357	Lithuania	2019	yes	yes	
14248	Lithuania	2017	no	yes	
8484	Austria	1990	yes	yes	
9952	Lithuania	2015	yes	yes	
11820	Latvia	2022	no	yes	
4573	Germany	2020	no	yes	
2881	Lithuania	2010	no	yes	
35125	Lithuania	2021	no	yes	
8494	Hungary	2014	no	yes	
10080	Germany	2015	no	yes	
35122	Lithuania	2022	no	yes	
5054	Latvia	2015	yes	yes	SA 8000
11291	Latvia	2017	no	yes	
14434	Lithuania	2019	yes	yes	
3845	Hungary	2009	yes	yes	
8483	Poland	2011	yes	yes	
5053	Latvia	2015	yes	yes	SA 8000
3285	Latvia	2015	yes	yes	SA 8000

HIGH RISK

FWF DATABASE	FACTORY LOCATION	1ST YEAR OF PURCHASE	PRODUCING FOR OTHER FWF	AUDITED OR LOW RISK	AUDIT SCHEME	DATE
12543	China	2017	no	yes	FWF	May 2020
12960	China	2018	no	no		
34150	Ukraine	2021	no	yes	FWF	Aug 18
8497	Viet Nam	2010	no	yes	Better Work	Aug 18
2997	Taiwan	2018	yes	yes	FWF	Jan 20
3801	China	2011	no	yes	FWF	Nov 19
10079	China	2016	no	no		
10013	Viet Nam	2021	yes	yes	SA 8000	Jul 20
4575	China	2019	yes	yes	FWF	Jun 20
3012	Belarus	2011	no	yes	FWF	Jun 19
4568	Viet Nam	2016	yes	yes	FWF	Mar 2019
10428	Romania	2018	yes	yes	FWF	Dec 2019
3268	Viet Nam	2015	no	yes	FWF	Dec 2020
33335	China	2020	no	yes	BSCI	Jun 21
5846	Italy	2016	no	yes	SA 8000	Mar 2020
12268	Viet Nam	2017	no	yes	FWF	Dec 2020
8499	Viet Nam	2013	yes	yes	FWF	Jun 22
15229	China	2019	no	yes	SA 8000	Jul 19
34147	Serbia	2021	no	yes	FWF	SEP 21
15593	Romania	2020	no	yes	FWF	Sep 22
4561	China	2016	yes	yes	FWF	Oct 2019
3847	Ukraine	2017	yes	yes	FWF	Aug 21
15208	Romania	2020	no	yes	FWF	Jun 22
12673	Ukraine	2017	no	yes	FWF	Sep 21
3919	Viet Nam	2018	yes	yes	FWF	Oct 2020
15482	Belarus	2019	no	no		
5586	Serbia	2018	yes	yes	FWF	Oct 2021
2945	Viet Nam	2021	yes	yes	FWF	Jun 22
10081	Viet Nam	2016	yes	yes	Better Work	Oct 2021

# OUTLOOK

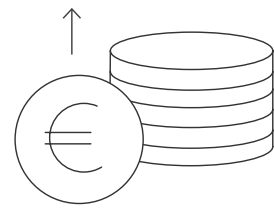




# OUR GOALS FOR 2022/2023

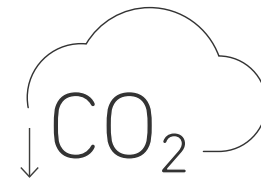
We are proud of what we have achieved so far, but we do not wish to rest on our laurels. There are still areas for improvement and plenty of potential to make ORTOVOX even more responsible, even more sustainable and even more cooperative. Let's get it done!

## *Increasing.*



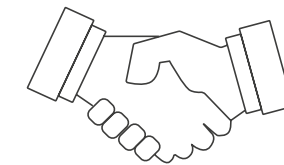
The calculation of the living wage in Serbia is still in full swing at the time of this report's creation (see also [page 26](#)). Subsequently, it is important to implement the plan for the gradual wage adjustment, to observe its effects and to take stock. Further benchmark calculations in other countries/regions are to follow. The knowledge gained from Serbia will help us to deal with this complex issue more efficiently in future.

## *Reducing.*



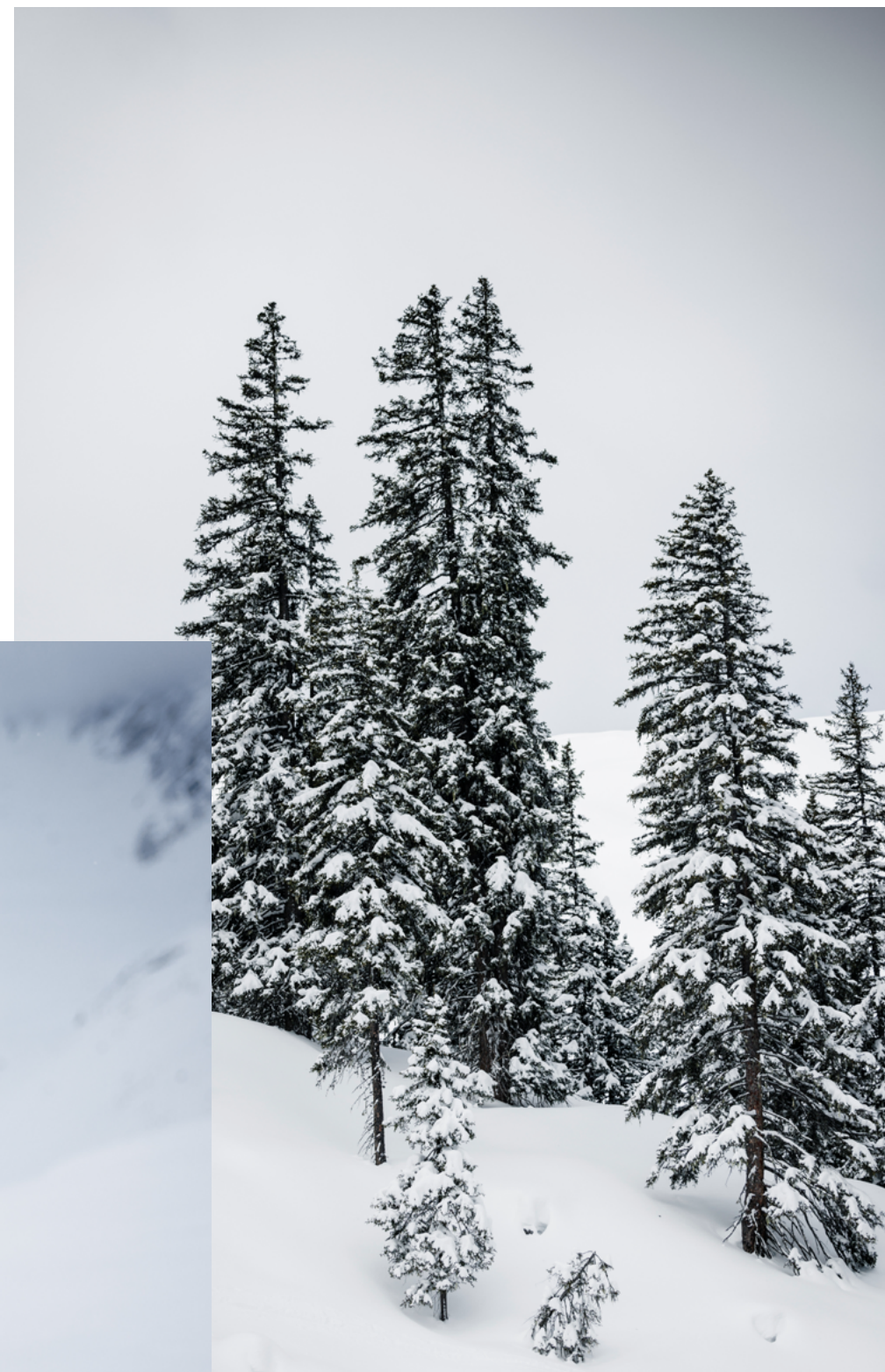
Defining targets for CO<sub>2</sub> reduction is the main issue when it comes to climate protection, because while carbon offsetting is good, reducing our carbon footprint is even better! The first step is to analyze in detail baseline calculations already collected in order to identify levers for reduction. Reduction targets shall then be defined jointly as a company and measures to achieve them agreed.

## *Intensification.*



Partly due to the coronavirus pandemic and the resulting disrupted global freight situation, and partly due to the current threat of a gas/energy crisis, the particular challenges in the supply chain are putting pressure upon us and our suppliers. We see ourselves as a reliable partner within the supply chain and we resolve any difficulties that arise through early, regular dialog as well as the right mix of long-term planning and short-term flexibility. We plan to further deepen our cooperation with our producers in the coming year. This will help us stay one step ahead of any challenges.

# 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	26,27
2	26,27
3	5,6,10
4	23
5	2,6
6	*
7	*
8	2,8,9,11,14,17,23,24,33-39,41
9	10, 41
10	8,10,14,26,27
11	*
12	2,5,7,8,10,11,14,33
13	5,8,10,11,13,41
14	*
15	5,8,10,11,14,17
16	31
17	2,6,14,19-22,28-30,33,41

\* no explicit Focus

# DNK INDEX

<i>DNK Criterion</i>		<i>Pages</i>
0	General information	2,5,6,20
1	Strategie	7
2	Wesentlichkeit	10
3	Ziele	8,11,13,15,41
4	Tiefe der Wertschöpfungskette	9,18
5	Verantwortung	2,5,6,19,28-31
6	Regeln und Prozesse	8 7,8,13,33,34
7	Kontrolle	7,8,13,14,33-39
8	Anreizsysteme	6
9	Beteiligung der Anspruchsgruppen	7-9,13,14,19-22,28
10	Innovations- und Produktmanagement	13,14
11	Inanspruchnahme natürlicher Ressourcen	**
12	Ressourcenmanagement	**
13	Klimarelevante Emissionen (THG-GHG)	**
14	Arbeitnehmerrechte	2,14,23-27
15	Chancengleichheit	2,6
16	Qualifizierung	7
17	Menschenrechte	6,14
18	Gemeinwesen	29-31
19	Politische Einflussnahme	*
20	Gesetzes- und richtlinienkonformes Verhalten	2

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 2022 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 represent a global practice for public reporting on various social, economic and ecological impacts. Sustainability reporting based upon the standards provides information on an organization’s contributions to sustainable development.

A report created in line with the GRI standards provides a comprehensive picture of an organization’s most important issues, associated implications and how these are dealt with.



<i>GRI SRS</i>	<i>Pages</i>
GRI SRS-102-16	2,5,28-31
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	14,24-27,35-38
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](#)



# GLOSSARY

<b>BNW</b>	Bundesverband Nachhaltige Wirtschaft e.V.
<b>CLIMATE PARTNER</b>	Supports companies and organizations with their climate strategy
<b>CODE OF LABOUR PRACTICES</b>	Code of labor practices that FWF audits among its members
<b>CSR</b>	Corporate Social Responsibility: a company's socially responsible actions
<b>DNK</b>	German Sustainability Code: a cross-industry transparency standard for the reporting of business sustainability performance that can be used by companies and organizations of any size and legal form
<b>EOCA</b>	European Outdoor Conservation Association
<b>FWF</b>	Fair Wear Foundation
<b>HIGH RISK</b>	Countries without functioning institutions (trade unions, workers' associations, labor rights and government institutions) responsible for ensuring compliance with existing legislation are categorized as high risk by FWF
<b>ILO</b>	International Labour Organization
<b>IMPACT</b>	Impact in terms of social and ecological issues, thus effecting society and the environment
<b>KONZEPTWERK - NEUE ÖKONOMIE</b>	An independent, non-profit association that, since 2011, has been promoting the economy with a focus upon enabling a good life for all
<b>LIVING WAGE</b>	Living wages provide a minimum income to cover basic needs
<b>LOW RISK</b>	The low-risk category includes countries where there are institutions that reliably pursue compliance with existing legislation
<b>MULESING-FREE</b>	Removal of the skin around a sheep's tail without analgesia to prevent infestations of maggots
<b>OPEN COSTING TOOL</b>	Instrument for ensuring the transparency of manufacturing costs
<b>OWP</b>	ORTOVOX WOOL PROMISE
<b>SDG</b>	The United Nations' Sustainable Development Goals



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## IMPRESSUM

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