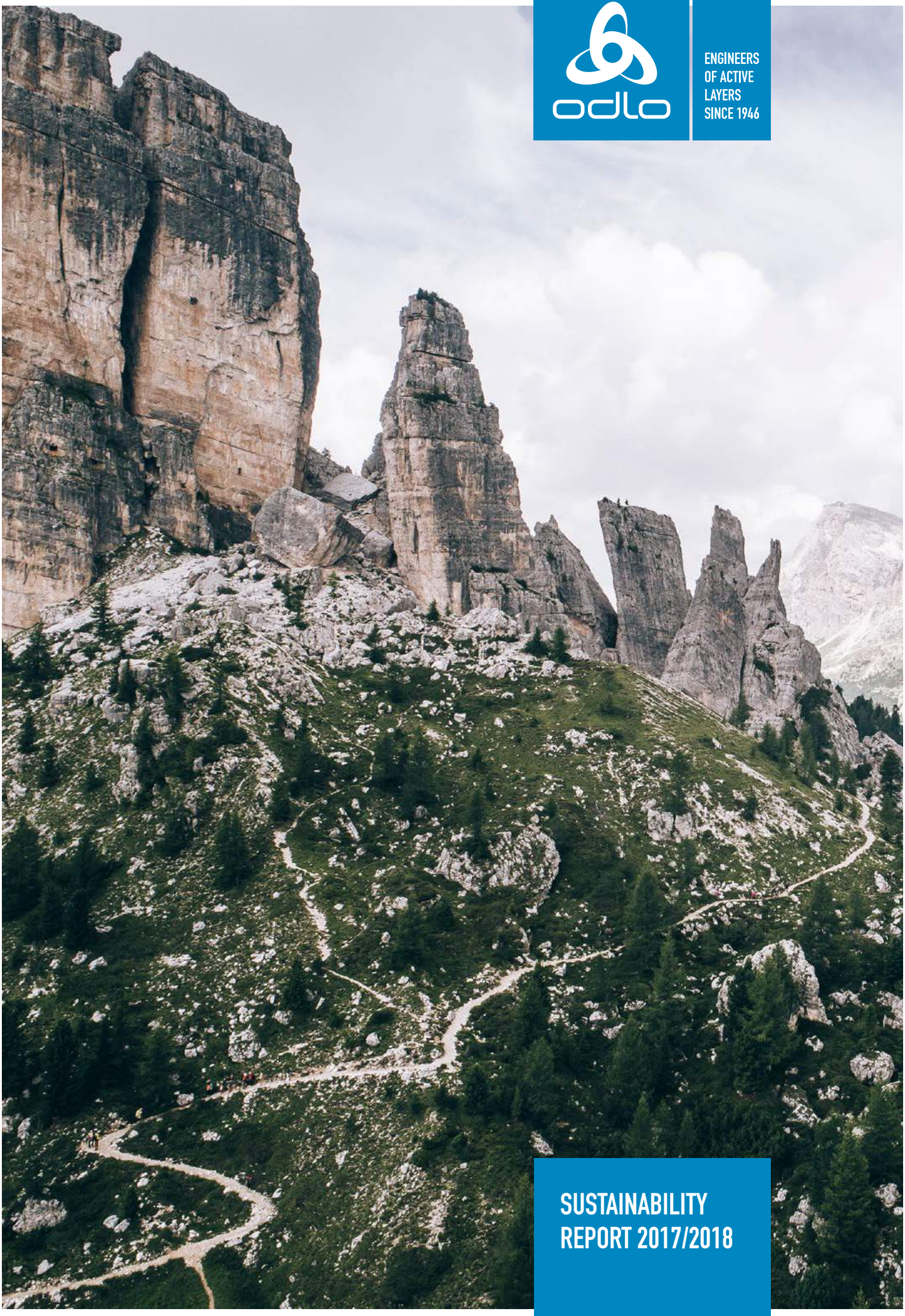


ENGINEERS
OF ACTIVE
LAYERS
SINCE 1946

SUSTAINABILITY REPORT 2017/2018

CONTENTS

FOREWORD **2**

ABOUT ODLO **4**
- ODLO sports group – facts & figures 2017/2018 4
- Code of conduct 6

SUSTAINABILITY **8**
- Sustainability vision & values 10
- Sustainability strategy 11
- Sustainability management system 12
- The ODLO supplier code of conduct 16
- Sustainability initiatives 18
- Goals & achievements 2017/2018 20

MATERIALS **22**
- Environmental monitoring 26
- Material initatives 27

MANUFACTURING **28**
- Manufacturer list 32
- Sourcing strategy 36
- Social monitoring 42
- Living wage project 54
- Environmental monitoring 55
- Own production initiatives 56

TRANSPORT INITIATIVES **58**
- ODLO Logistics initiatives 62

PRODUCT USE **64**

WORKING FOR ODLO **66**
- ODLO International initiatives 70

CONCLUSIONS & OUTLOOK **71**

EDITORIAL INFORMATION **73**

FOREWORD

Knut Are Høgberg
CEO

"Sustainability is all about the future. I want to look my children in the eye and say we are now taking the right actions to respect both people and mother nature, so that eventually their children also can enjoy a fair and healthy planet."

Barbara Hösli
CHRO

"Sustainability is a lifestyle. It starts with each of us and should end with the thought: less is more."

Adrian Schürmann
CFO

"Sustainability requires an overall belief, an ethic towards environmental and social health. Only then, can we ensure that we set the foundation for a healthy future."

"SUSTAINABILITY MEANS COLLABORATION"

Together with our employees, suppliers and partners, we look back on a successful 2017/2018 where we have taken important steps towards a more sustainable future. With this Sustainability Report, we assess our achievements, learnings and set the direction in our continued journey.

Social and environmental responsibility has been at the heart of ODLO since the company was founded over 70 years ago. Each year, with great passion and commitment, we at ODLO create premium performance sportswear for sport enthusiasts. In doing so, we continue to act, as we have learned from our founder, to respect the people and the environment so that we pass on a healthy future to the next generations. Guided by the belief that every person involved in our process needs to embody the values of sustainability, we share with our employees, partners and suppliers our core values: responsibility, action and transparency. We feel it is crucial to maintain a reliable and trusting collaboration with the key stakeholders on the basis of clear communication. Working together is key to strengthening sustainability!

ODLO prioritizes long-term partnerships with its producers and we support them to respect high social and environmental standards. This season was the starting point for the implementation of our Living Wage project.

ODLO is a proud member of respected networks like the Fair Wear Foundation (FWF) and the Sustainable Apparel Coalition (SAC). Thanks to exchanges and a great deal of teamwork, these networks help us to share and deepen sustainable knowledge. This financial year, we maintained our leader status with the FWF by continuously improving social monitoring systems for manufacturers. We are currently celebrating the 10 year anniversary of our membership.

We are constantly strengthening our sustainable practices with progressive improvements and belief that all of this will combine to something bigger. This year, ODLO introduced the use of Dry Dye technology, relying more on sustainable wicking finishes as well as the increased use of Lyocell. Furthermore, to ensure resource efficiency, we implemented a 3D sampling project and finally, through our partnership with My Climate, we are proud to label the Ceramicool articles as climate-neutral.

We are happy with our achievements to date but will continue to increase the impact of the changes we make in our journey of sustainability. Change requires a major joint effort and I am looking forward to attacking this together with our employees, suppliers and partners.

Knut Are Høgberg, CEO

OUR HERITAGE

1946

Odd Roar Lofterød founds ODLO in Oslo.

1963

Our nylon cross-country race suit revolutionizes the sport.

1972

At the Sapporo Olympics, 25 teams wear ODLO competition apparel.

1986

We relocate to Switzerland and launch the groundbreaking three layer principle.

1994

We expand our expertise into running and outdoor products.

2002

Our newest innovation, 'Effect', incorporates antibacterial silver into the materials to put an end to unpleasant odors.

2006

Not one, but two major breakthroughs as we unveil Cubic, an ultra-lightweight knitted fabric and Just One, which has incredible moisture management.

2012

Evolution Greentec is launched, the first seamless underwear from 100 % recycled materials.

2016

We celebrate our 70th anniversary and introduce our new brand claim, 'Engineers of Active Layers since 1946'.

2017

Who would think to use the cooling properties of ceramic in clothing? That'll be us – innovating once again as we launch the pioneering Ceramicool technology.

2018

Innovation continues with Ceramiwool, Ceramiwarm and F-Dry. We also begin a ground-breaking collaboration with Zaha Hadid Design.

FOUNDED	**1946** in Norway, 1986 relocated to Switzerland
HEADQUARTERS	**ODLO International AG,** Bösch 47, 6331 Hünenberg, Switzerland
MARKETS	**ODLO's subsidiaries** in Switzerland, Germany, France, Belgium/Netherlands, Austria, the United Kingdom and Norway generate the majority of its turnover. The ODLO brand is sold in around 35 countries around the world.
EMPLOYEES IN 2017	**Total of 748 (FTE) sport enthusiasts,** of which 103 are based in Hünenberg, Switzerland
MANAGEMENT	**Knut Are Høgberg (Chief Executive Officer), Adrian Schürmann (Chief Finance Officer), Barbara Hösli (Chief Human Resources Officer)**
POSITIONING STATEMENT	**Born in Norway and engineered in Switzerland,** ODLO combines 70 years of innovation with a track record of staying One Step Ahead to produce premium performance sportswear for year-round active individuals.
PRODUCT COLLECTIONS	**As a year-round performance sports brand,** ODLO offers dedicated seasonal collections in Sports Underwear / Baselayers, Running, Outdoor Performance, Activewear, Cycling, Nordic Disciplines and Accessories.
POINT OF SALE	**ODLO products are available in over 8,000 sales outlets around the world,** predominantly in specialist sports shops. Customers can enjoy the ODLO experience at more than 1,500 shop-in-shops. ODLO runs 17 brand stores and 17 outlets across Europe.
PRODUCTION	**Production includes** one spring/summer collection (around 920 styles) and one fall/winter collection (around 940 styles) with a total production volume of approximately 6.8 million items.
MANUFACTURING LOCATIONS	**ODLO manufactures** 63 % of its products in Europe and the Middle East, with 50 % primarily in its own factories. ODLO has state-of-the-art production facilities in Portugal and Romania. 37 % of ODLO's products are produced in Asia.
NUMBER OF FACTORIES	**Total of 34 factories:** own factories in Romania (1), Portugal (1); external factories in Europe (9), Middle East (2), Asia (21)
LOGISTICS	**Own central 26,000 m2 warehouse** and distribution centre in Brüggen, Germany
SUSTAINABILITY	**As a quality-conscious Swiss company** that takes its responsibility to society and the environment seriously, sustainability has always been at the heart of the company's culture. ODLO is a proud member of respected networks like the Fair Wear Foundation (FWF) and the Sustainable Apparel Coalition (SAC). ODLO prioritizes long term partnerships with its producers and all of them have signed the ODLO Code of Conduct. ODLO's Sports Underwear, Baselayers and Midlayers are all certified with "STANDARD 100 by OEKO-TEX®". ODLO publishes an annual sustainability report.
PRODUCT CREATION	**ODLO's product creation teams,** based at the HQ in Switzerland, continuously strive to be One Step Ahead by engineering innovative and industry-leading performance apparel that set uncompromisingly high standards of performance, comfort and quality. To achieve this, ODLO collaborates with a variety of partners to develop industry-leading innovations ranging from world class athletes, to top research institutes like EMPA and globally-leading fabric and garment manufactures.
AMBASSADORS	**Swiss-Ski (Nordic),** Fédération Française de Ski (Nordic), Ski Association of Slovenia (Nordic), Norwegian Biathlon Association, Japan Biathlon Federation, Scott-Sram MTB Racing Team, Oxsitis ODLO Trail Running Team as well as numerous local ambassadors.

CODE OF CONDUCT

The Code of Conduct sets out the principles that we must adhere to in our company. It provides ethical guidelines and norms which we must comply with when we act on behalf of ODLO Sports Group.

The Code of Conduct applies to all employees as well as to the members of the board of directors, independent contractors/consultants, temporary staff and hired staff.

Our ambition as a company is to always act in an ethical and responsible manner. Our Code of Conduct is intended to deter wrongdoing and to promote high standards of integrity and compliance with all applicable laws and regulations by anyone that acts on behalf of ODLO Sports Group. As such, whenever we require someone to provide services on our behalf, we will request that the service provider, agent or consultant also complies with our Code of Conduct, or complies with an ethics policy that ensures our service providers also act in an ethical and responsible manner.

ANTI-CORRUPTION

As a company, we live by a set of high ethical standards. ODLO Sports Group is firmly opposed to all forms of bribery and corruption, and will work against corruption in all forms. We will comply with applicable anti-corruption laws and regulations everywhere we do business. Any attempt to influence a person by providing hospitality, entertainment or gifts to obtain business for our company is strictly prohibited.

FAIR COMPETITION

We commit to complying with fair competition and anti-trust laws applicable to the markets in which we operate. These laws are intended to prohibit practices that restrain trade or unduly limit free and fair competition.

INTERNATIONAL TRADE

Laws governing international trade affect the transmission of goods, services and technology across national borders. It is our policy to strictly comply with these laws and regulations in the countries in which we operate.

HEALTH AND SAFETY

We seek to create a sound workplace for all employees with good working conditions and a good working environment.

HUMAN RIGHTS

We remain committed to respecting the human rights of those affected by our activities and to comply with all applicable national and local labor laws in the countries in which we operate. We will always consider the material social issues and respect basic labor rights when conducting business activities.

EQUALITY AND DIVERSITY

We respect individuals and make efforts to ensure a working environment characterized by equality and diversity. We do not accept any form of discrimination from or towards our own employees, others that are involved in our activities, or those we do business with.

ENVIRONMENT

Protecting the environment and conserving natural resources is important to ODLO Sports Group. Management and employees are expected to be environmentally conscious when carrying out their work and to always support our initiatives to operate in an environmentally sound manner.

Julia Krämer
Sustainability Manager,
ODLO International

ODLO INSIGHTS

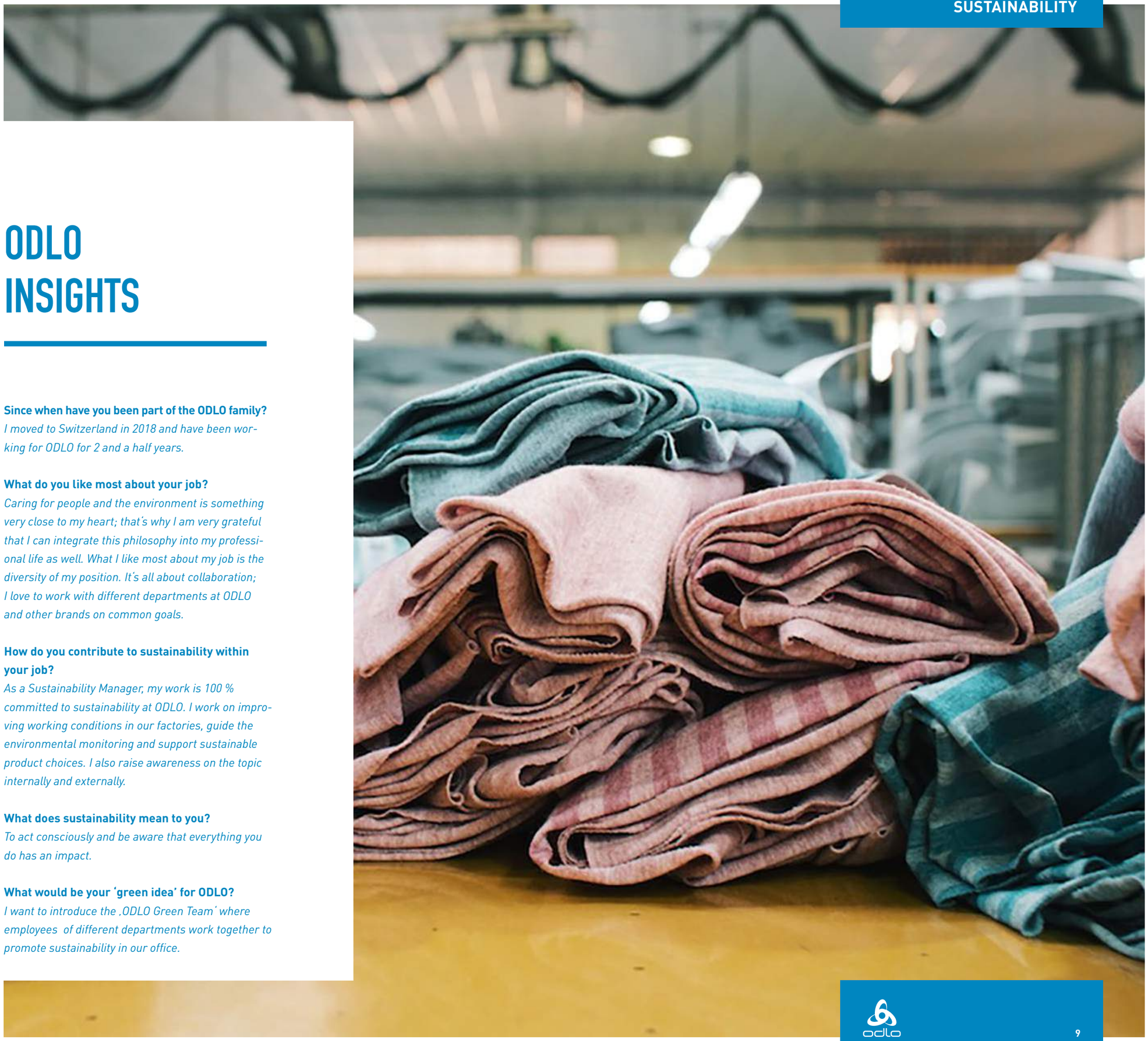
Since when have you been part of the ODLO family?
I moved to Switzerland in 2018 and have been working for ODLO for 2 and a half years.

What do you like most about your job?
Caring for people and the environment is something very close to my heart; that's why I am very grateful that I can integrate this philosophy into my professional life as well. What I like most about my job is the diversity of my position. It's all about collaboration; I love to work with different departments at ODLO and other brands on common goals.

How do you contribute to sustainability within your job?
As a Sustainability Manager, my work is 100 % committed to sustainability at ODLO. I work on improving working conditions in our factories, guide the environmental monitoring and support sustainable product choices. I also raise awareness on the topic internally and externally.

What does sustainability mean to you?
To act consciously and be aware that everything you do has an impact.

What would be your 'green idea' for ODLO?
I want to introduce the ‚ODLO Green Team' where employees of different departments work together to promote sustainability in our office.



SUSTAINABILITY VISION & VALUES

Born in Norway - engineered in Switzerland, sustainability has always been a part of our brand's DNA. The company's three core values are responsibility, action and transparency - and they reflect ODLO's philosophy.

RESPONSIBILITY – WE CARE

As a global acting sportswear apparel brand with our own factories, we take our responsibility seriously so that everyone can enjoy sporting activities long into the future.

ACTION – WE ACT

Our commitment to sustainability is translated into action, contributing to change. We cannot do this alone. Therefore, we act through collaboration and equal partnership to help move the industry forward.

TRANSPARENCY – WE SHARE

We stand by what we do. We communicate our commitment, the measures we take and the progress we achieve.

SUSTAINABILITY STRATEGY

The ODLO sustainability strategy is integrated into the company's overall strategy. To ensure progress, the status and achievements are reported quarterly to the Executive Management Team. The strategy is built on three pillars: social, ecological & product responsibility.

SOCIAL RESPONSIBILITY

I. Be a fair and attractive employer to employees (headquarter, subsidiary companies, own production plants).
II. Be a fair and attractive partner to producers and ensure that they correctly apply the Supplier Code of Conduct.
III. Ensure ODLO's social accountability along the value chain through an integrated social management system.

ECOLOGICAL RESPONSIBILITY

I. Ensure ecological responsibility along the supply chain.
II. Contribute to industry collaboration on environmental protection through multi-stakeholder engagement.

PRODUCT RESPONSIBILIITY

I. Ensure high quality products with long durability.
II. Innovate products that create solutions for improved resource efficiency.
III. Create products that do not harm people or the environment.

SUSTAINABILITY MANAGEMENT SYSTEM

ODLO closely follows the membership principles of the following organisations:

- **Fair Wear Foundation (FWF)**
- **Sustainable Apparel Coalition (SAC)**

The FWF is built on a multi-level verification system while SAC's system is focusing on the HIGG-Index tools.

FAIR WEAR FOUNDATION MEMBERSHIP

ODLO is a member, with leader status, of the Fair Wear Foundation (FWF), which endeavours to improve labour conditions in the textile industry worldwide. FWF verifies that producers abide to their code of conduct and make appropriate improvements. As a multi-stakeholder initiative, FWF's independence is guaranteed because it is governed by trade unions, NGOs and business associations. Transparency and accountability are key principles of the organisation.

FWF members work towards improving the labour conditions in factories that produce sewn textiles all over the world. The basis of the collaboration between FWF and its members is its code of labour practices. Eight labour standards form the core of this code of conduct. FWF members are contractually obliged to comply with these standards.

FWF verifies whether companies comply with the code of labour practices through factory audits and complaint procedures, through audits of its members' management systems and through extensive stakeholder consultations in producer countries. FWF shares its knowledge and (local) contacts with its member companies, providing them with access to information on local legislation, labour legislation and culture.

Members are required to set up an effective monitoring system, including factory audits, factory trainings and factory visits.

FWF has a complaint procedure that enables factory workers to anonymously report any abuses related to labour conditions. To raise workers' awareness of labour rights, FWF also offers Workplace Education Programme.

10 YEAR ANNIVERSARY

2018 is a special year for ODLO, as we are celebrating our tenth anniversary as a Fair Wear Foundation member brand. Together with Mammut, we were the first Swiss brands committing to the implementation of the Fair Wear Foundation standards throughout our supply chain. The membership helped us in our journey to improve our processes and labor conditions worldwide. This has been achieved through great partnerships with our suppliers, fruitful exchanges and great teamwork with the FWF and other member brands. Through sharing expertise, social dialogue and strengthening of industrial relations, the foundation increases the effectiveness of the efforts of its members. We are very thankful to be part of this important network and we look forward to many more years of great collaborations.

For more information about
Fair Wear Foundation:
www.fairwear.org

SUSTAINABLE APPAREL COALITION MEMBERSHIP
Since 2016, ODLO has been a member of the Sustainable Apparel Coalition {SAC}; a multi-stakeholder initiative of the global footwear and apparel industry. With this membership, ODLO joins over 230 global brands, retailers and manufacturers, as well as government, non-profit organizations and academic institutions, which are collectively committed to improving sustainability performance along the supply chain.

The Higg Index is the group's tool of measurement for sustainability. It includes facility, brand and product tools that are open source and indicator-based. The Higg Index enables manufacturers, brands and retailers to evaluate their materials, products, facilities and processes based on environmental and product design choices.

With the implementation of the Higg Index, ODLO's supply chain, as well as the brand itself, is assessed against an industry benchmark, holistically demonstrating the strengths and weaknesses of the corporate activities that empower ODLO to make meaningful improvements.

For more information about Sustainable Apparel Coalition: **www.apparelcoalition.org**

BRAND AND RETAIL MODULE (BRM) – HIGG INDEX
The Higg Brand and Retail Module (BRM) helps ODLO to measure the environmental and social impacts of all operations, so that strategic areas for improvement can be identified and focused on. The key areas that brands are evaluated on are: sustainability strategy, product development, supply chain, packaging, transportation, distribution centres and retail stores. The tool supports the sharing of sustainability information with key stakeholders, including supply chain partners, which is very beneficial in the equal partnership approach that ODLO is pursuing. As the current BRM is undergoing a renewal process, no assessment was offered by the SAC for the 2017/18 business year. Instead, ODLO joined the BRM task team to ensure that the needs of small medium enterprise (SME) are considered as well in the new module. ODLO is participating in the pilot testing of the new BRM, which is taking place between September and October 2018. The official launch of the new module will take place in March 2019.

Sustainable Apparel Coalition

Higg Index

THE ODLO SUPPLIER CODE OF CONDUCT

As early as the 1990s, ODLO signed a code of conduct with its manufacturers. In 2009 it was revised to get in line with the requirements of the Fair Wear Foundation and was re-signed by each of the manufacturers.

This most restrictive code on the market is based on the conventions of the International Labour Organization (ILO) and the Universal Declaration of Human Rights.

EMPLOYMENT IS FREELY CHOSEN

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

FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING

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

NO DISCRIMINATION IN EMPLOYMENT

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

NO EXPLOITATION OF CHILD LABOUR

There shall be no use of child labour. The age for admission to employment shall not be less than the age of completion of compulsory schooling and, in any case, not less than 15 years. (ILO Convention 138) There shall be no forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour. [...] Children [in the ages of 15-18] shall not perform work which, when carried out, is likely to harm their health, safety or morals. (ILO Convention 182)

PAYMENT OF A LIVING WAGE

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

REASONABLE HOURS OF WORK

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

SAFE AND HEALTHY WORKING CONDITIONS

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

LEGALLY BINDING EMPLOYMENT RELATIONSHIP

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

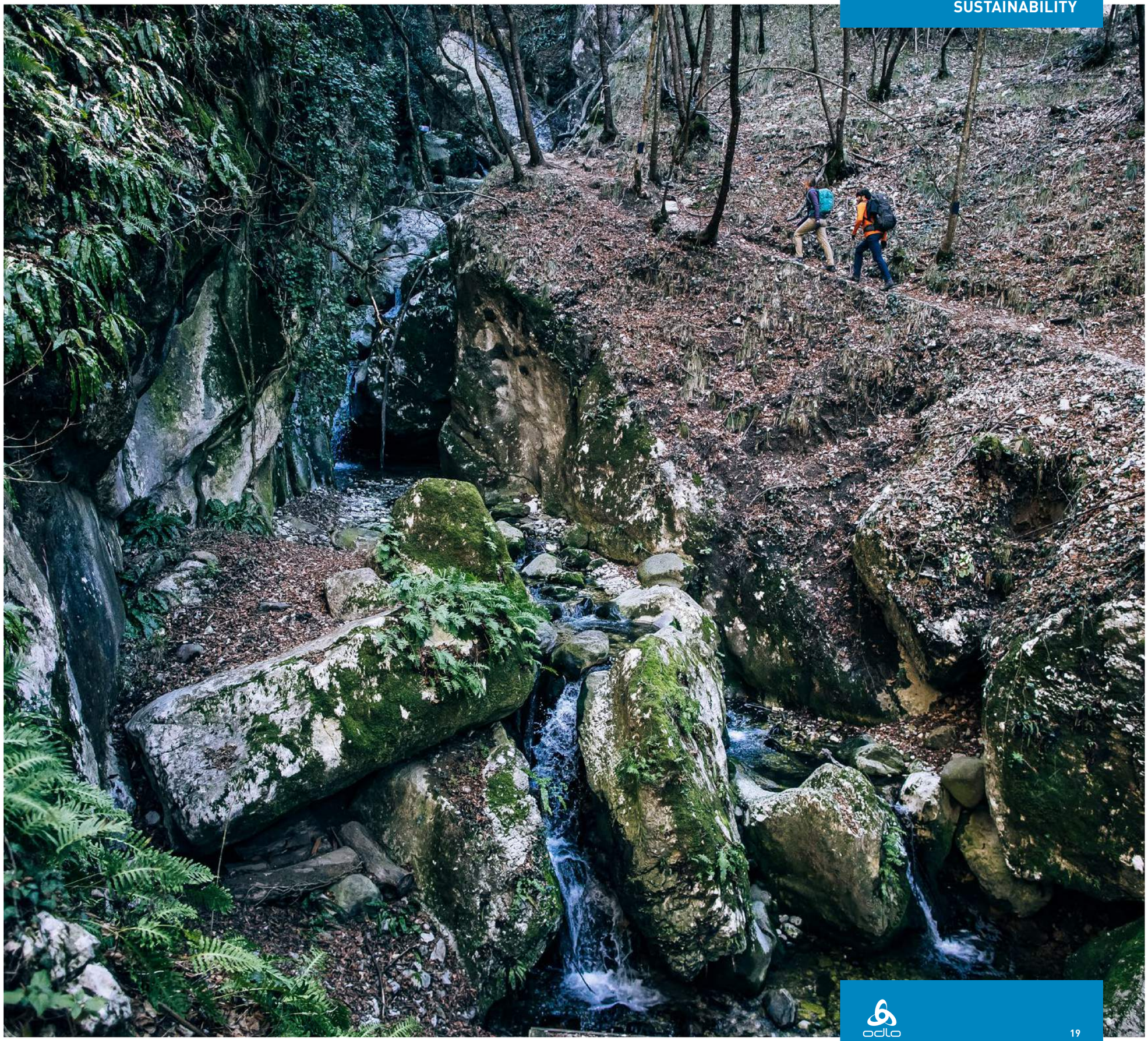
SUSTAINABILITY INITIATIVES

COLLABORATION BETWEEN ODLO AND MY CLIMATE: CERAMICOOL YOUR SKIN AND THE PLANET

In the last year, ODLO collaborated with My Climate, a Swiss non-profit organization dedicated to climate protection. ODLO supported the 'Community Reforestation' project with 1% of the turnover generated from the entire Ceramicool collection for the seasons Fall/Winter 2017 and Spring/Summer 2018. In total, a compensation for 50,000 tonnes of CO2 was raised by the project.

By committing to reducing the same quantity of CO^2 emissions generated from Ceramicool production through engagement in the 'Community Reforestation' climate protection project, ODLO's Ceramicool products can be labeled as climate-neutral. The 'Community Reforestation' project helps smaller farming families in Nicaragua collaborate to reforest underutilized portions of their land. Thanks to better land-use management and more sustainable use of forest resources, the forest cover of the nearby watershed will be increased and the quality of life of the residents will be improved.

My Climate is an experienced Swiss non-profit organization that promotes ong-lasting development worldwide and climate protection projects of the highest quality. ODLO is proud to partner with My Climate and support climate compensation projects with a direct impact.



GOALS AND ACHIEVEMENT 2017/2018

SOCIAL RESPONSIBILITY

GOALS	ACHIEVEMENT
Keep Fair Wear Foundation (FWF) leader status by continuously improving social monitoring systems for manufacturer.	The annual Brand Performance Check by FWF in October 2017 confirmed ODLO's FWF leader status.
Start implementation of the Living Wage Project.	After an in-depth analysis in 2016/17, goals were agreed on and the starting point was set for January 2018.
Keep local presence and local stakeholder networks within manufacturing countries.	In 2017/18, the involvement of the local Quality Control team was increased with regards to social compliance monitoring. Alongside this, local presence continued through on-site visits made by ODLO's Sustainability Manager, as well as ODLO's sourcing and development teams.
Increase internal staff awareness of FWF and ODLO's supplier Code of Conduct.	All new employees receive a detailed introductory training on sustainability at ODLO, including the FWF Code of Labour Practises. More refresher courses are also planned for 2018/19.

ECOLOGICAL RESPONSIBILITY

GOALS	ACHIEVEMENT
Expand environmental monitoring of Tier 1 suppliers by implementing Higg-Index.	'Facility Environmental Module' (FEM) filled by 85% of total FOB for Tier 1 suppliers.
Expand environmental monitoring of Tier 2 suppliers by implementing Higg-Index.	'Facility Environmental Module' filled by more than 65% of total FOB for Tier 2 suppliers.
Creation of a follow up process for Higg Index FEM data.	Due to the delayed posting of the FEM modules, data was not available in time to build a follow-up plan, this goal is postponed to 2018/19.

PRODUCT RESPONSIBILITY

GOALS	ACHIEVEMENT
My Climate collaboration: Ceramicool the planet.	Through the partnership with My Climate, ODLO's Ceramicool products can be labeled as climate-neutral.
Increase in sustainable product solutions focusing on material resources and dyeing processes.	During the development phase taking place in 2017/18, the Dry Dye technology was introduced into the Outdoor Performance category. For the new F-DRY sports underwear range, a sustainable wicking finish was chosen. In addition, the general use of Lyocell was increased.
Focus on resource efficiency.	Introduction of the 3D Sampling Project to reduce resources in time, finances and raw materials.
Keep product certification STANDARD 100 by OEKO-TEX®.	Class I for baby article was renewed beginning of 2018. The renewal process of Class II was started in June 2018.

Regina Goller
Head of Material Management,
ODLO International AG

ODLO INSIGHTS

Since when have you been part of the ODLO family?
I joined ODLO in 2009, so I have worked for the brand for more than 8 years.

What do you like most about your job?
We are always up to date with the latest industry developments, especially when it comes to functionality. In the last 2-3 years, we've made a lot of sustainable innovations such as renewable resources, biodegradable materials or bio-based chemicals. Even after a long time in the business, it's still exciting because development never stops.

How do you contribute to sustainability within your job?
Innovation nowadays means function, but based on sustainable resources. That's why sustainability is a daily part of my job.

What does sustainability mean to you?
Sustainability for me as a consumer means to use long-life products, be it in textiles, electronics or otherwise. ODLO, as a high-quality brand fits perfectly with my personal values.

What would be your 'green idea' for ODLO?
My green idea would be to consolidate styles.

WORLD OF MATERIALS

Great products are built with great materials. To achieve this, the material development considers three principles: designing to last, exclusivity and collaboration. ODLO continues to use mainly synthetic fibres, though we also use natural materials such as wool and down.

DESIGNED TO LAST
We take great care to select top-quality materials, as this lays the foundation for creating products that are designed to last.

EXCLUSIVITY
ODLO attaches a great deal of importance to building long-term working relationships with suppliers at all levels. As a result, in many areas we have the exclusive rights to particular materials.

COLLABORATION
We recognise that working together in collaboration with other stakeholders to tackle some of the bigger issues allows us to effect greater change than working on our own. We are a member of the Sustainable Apparel Coalition and work very closely with our nominated material suppliers as well as our garment makers.

SUSTAINABLE DYEING AND FINISHING PROCESS
Looking at the production chain of a fabric, the dyeing process uses the most water and energy. There are several methods on the market, mainly for PES, to reduce water and energy in the dyeing process. ODLO uses „Dry Dye“ (dying without water, but with supercritical fluid CO2) in the outdoor range, as well as dope dye for certain colors in the midlayer range. For our F-DRY range, we use a bio-based wicking chemical to achieve function combined with sustainability.

SOURCE FROM NATURE
Natural fibers are not necessarily sustainable in their definition. ODLO is therefore also using sustainable sources like Lyocell, where the entire production chain is transparent and highly environmentally friendly.

ANINMAL WELFARE
ODLO is committed to ensuring that these natural products are obtained using fair production methods. Practices such as „mulesing“ are strictly forbidden when sourcing wool. The down used is a by-product of the meat production industry and is guaranteed not to involve live plucking or force-feeding.

OEKOTEX STANDARD 100
ODLO only works with material suppliers who are Ökotex and/or bluesign-certified, have their own certified testing facilities or work very closely with an independent laboratory. Not only the materials, but also the entire range of the company's underwear and base layer ranges are certified with Oekotex Standard 100.

PFOA/PFOS
Per- and polyfluorinated chemicals (PFAS or PFC) are fluorocarbon connections that possess unique water and fat rejecting properties. Because of this, they are frequently found in DWR (Durable Water Resistance) treatments used on outdoor clothing. Where possible, we avoid the use of PFOA/PFOS in our water-repellent finishes. 95% of ODLO products with a DWR (durable water-repellent) finish are treated using a fluorocarbon-free product, and we are working hard to ensure that we hit the 100% FC-free mark as soon as possible.

ENVIRONMENTALLY FRIENDLY
Of course ODLO also avoids the use of PVC and nickel in its components, using only products that have been tested for their environmental compatibility.

TRANSPORTATION
We do our best to ensure that materials are generally sourced from regions close to the manufacturing site in order to avoid unnecessary transportation.

CHINA GERMANY INDIA ITALY JAPAN KOREA PORTUGAL SRI LANKA TAIWAN THAILAND TURKEY VIETNAM

ENVIRONMENTAL MONITORING

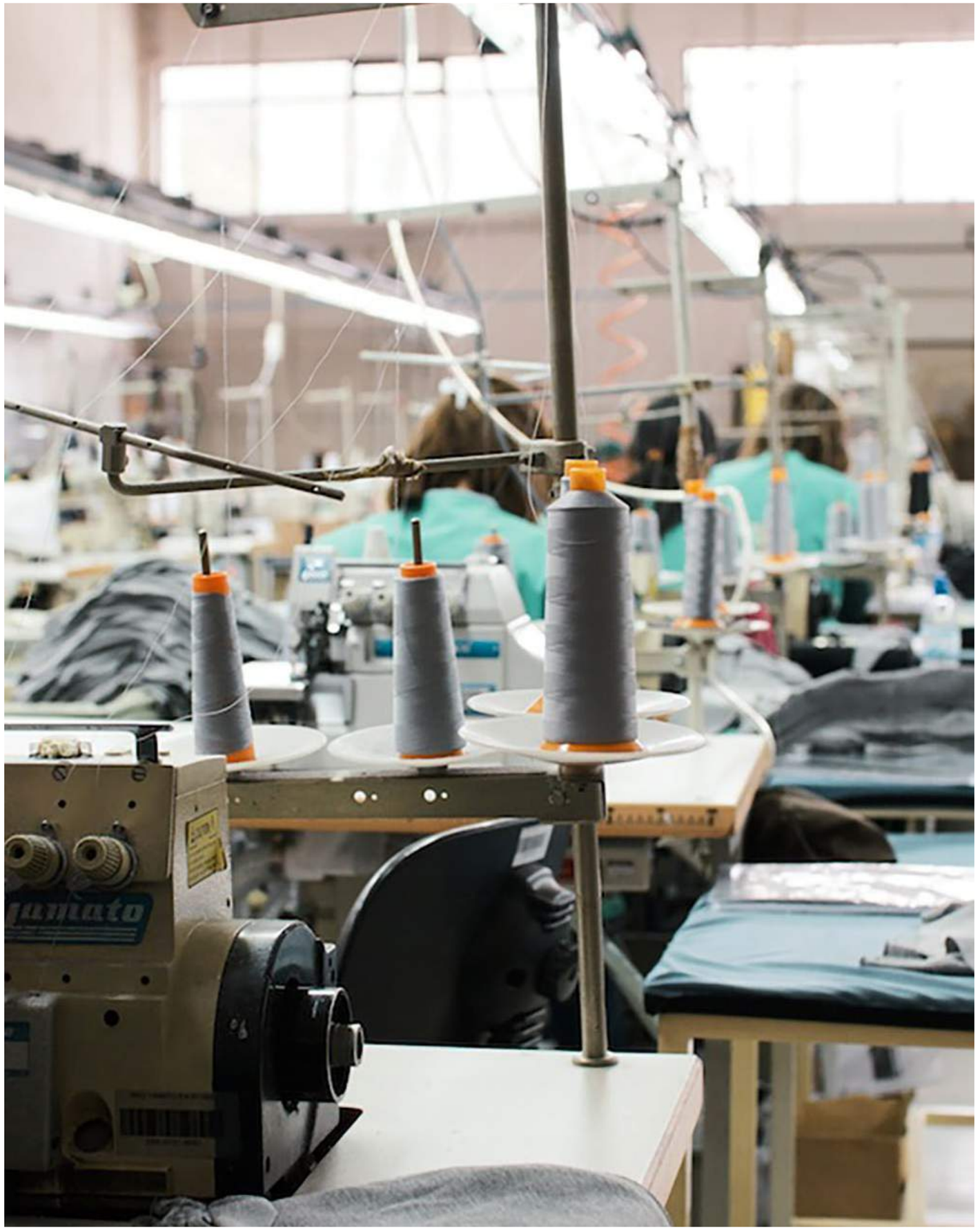
FACILITY ENVIRONMENTAL MODULE (FEM) – HIGG-INDEX – TIER 2

After joining the Sustainable Apparel Coaliton (SAC) in 2016, this is the second time ODLO is using the initiative's tool, the Higg Index, for internal environmental monitoring. In November 2017, the SAC released an updated version of the Facility Environmental Module (FEM). Developed in collaboration with industry leaders, the module shows improved sustainability assessment capabilities. By directing questions specific to a facility's outputs, it provides greater scoring accuracy and allows smarter analytics and benchmarking. The modules core focus remains on a facility's systematic approach to its performance in terms of energy & greenhouse gas, water use & water effluent, emissions to air, waste management and chemicals.

Five of ODLO's main fabric suppliers have joined the environmental monitoring journey by dedicating time, efforts and expertise in filling the numerous questions of the relaunched FEM 3.0 module. We are glad we could reach our target of increasing the monitoring scope to a total of eight individual facilities. More than 65 % of ODLO's fabric purchasing volume is covered through the self-assessment.

At the time of publication for this report, it was not yet possible to export and therefore analyse the results in detail, or compare them to industry standards because the release of these features was delayed. Next steps will be to analyse the results, to define key areas and to set targets with strategic partners to achieve improvement in the environmental performance of the key areas.

[1] Following SAC's transparency roadmap, ODLO is working on publishing more detailed data in future; once the system of HIGG-Index is established for it.



MATERIAL INITIATIVES

LEFTOVER FABRIC DONATION (2017/18)

In a complex value chain system such as the textile industry, it can be the case that too much fabric is ordered and there are therefore leftovers after products have been manufactured. Any materials that can be implemented for new products are reused directly. For smaller quantities, ODLO looks for recycling options. In close collaboration with our Thai manufacturing partner, leftover material has been donated to local facilities. During the last business year fabric was given to support five different facilities: a children's school, an association for women's rights, a sister's order, a home for the elderly and a foundation for welfare of disabled people. The fabrics were used for different projects within those institutions.

CLOTHING DONATION ECUADOR, BHUTAN, THAILAND (2017/18)

In a cooperation with a very dedicated private volunteer, ODLO donates segregated styles on a yearly basis that are unsellable but still in good condition. The clothes are given to various non-profit organisation in Ecuador, Bhutan and Thailand. Part of the clothes were delivered to the NGO Pro Minadores de Sueños in Quito that supports children and adolescents in need. Some of our clothes were also donated to mountain guides in the area Latacunca who help adolescents. Both the guides and kids were very grateful for our functional outdoor clothing. Every year we receive a detailed report about the voluntary work. We are happy these clothes get a second life in another part of this world.

Monica Pricope
Quality Control,
ODLO Romania

ODLO INSIGHTS

Since when have you been part of the ODLO family?
I joined ODLO in spring of 2004, so I have been a part of the company for more than 14 years.

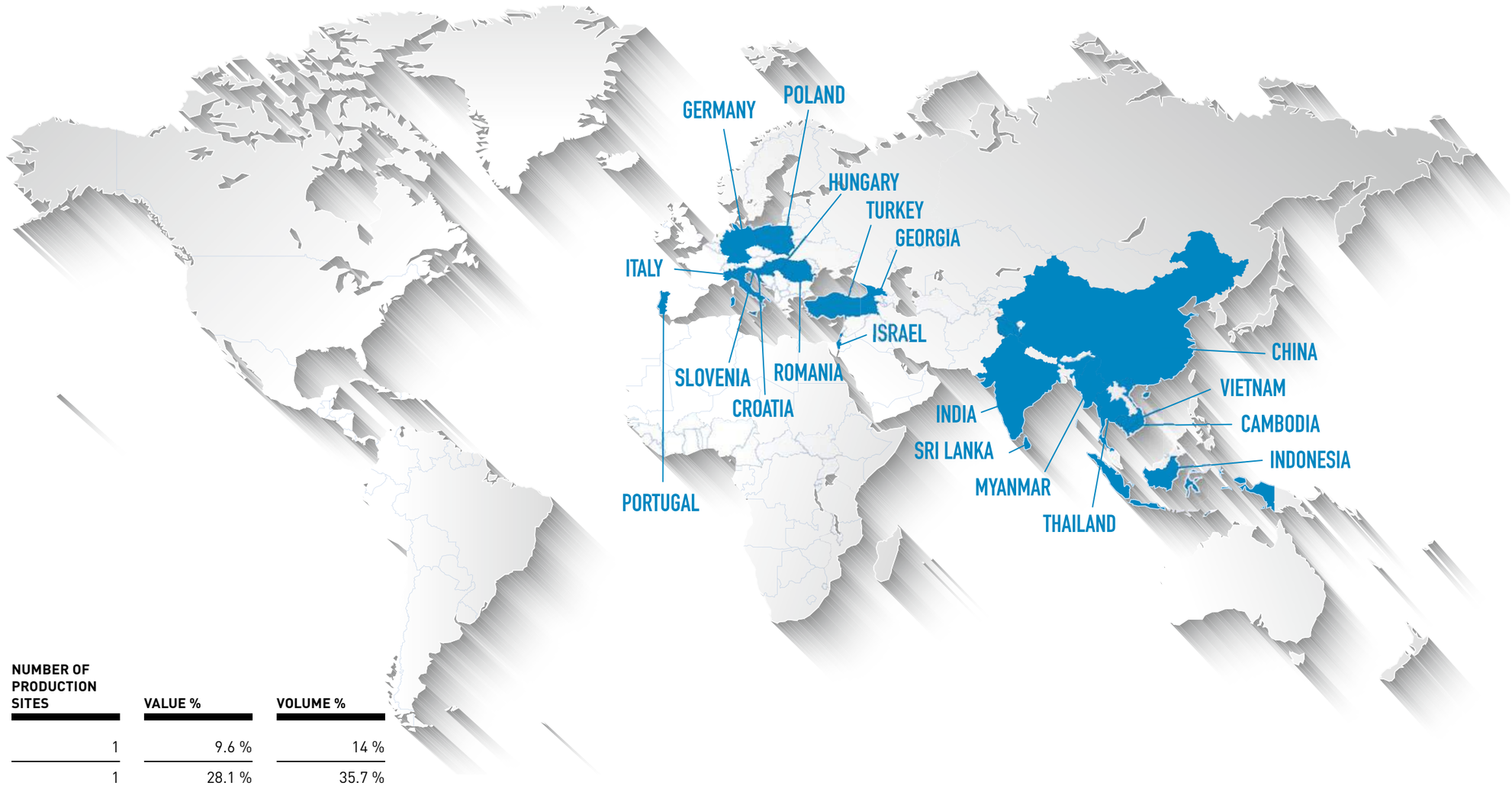
What do you like most about your job?
Honestly, I like traveling. I like the variety of companies, people, personalities and the cultures. I like the challenge of meeting others with the same level of quality and social compliance that ODLO promotes.

How do you contribute to sustainability within your job?
Quality Control means ensuring that the products we deliver are long-lasting and meet our high-quality expectations As I am travelling a lot for quality inspections, I have the chance to see the factories on a regular basis. Often these visits are used to do health and safety checks. I report back to Julia Krämer our Sustainability Manager.

What does sustainability mean to you?
A sustainable product means for me that it is high quality and will last a long time so it can be worn for many years.

What would be your 'green idea' for ODLO?
It would be great to introduce a volunteering day at ODLO Romania to support a charity project in Roman.

WORLD OF MANUFACTURING



DURATION OF MANUFACTURER'S PARTNERSHIP
(By a total of 26 main contractors)

0-2 years	8 partners
3-5 years	6 partners
6-10 years	3 partners
10+ years	9 partners

COUNTRY OF PRODUCTION	NUMBER OF PRODUCTION SITES	VALUE %	VOLUME %
Portugal	1	9.6 %	14 %
Romania	1	28.1 %	35.7 %
TOTAL (own production Europe)	**2**	**38 %**	**50 %**
Croatia	1	0.5 %	0.3 %
Georgia	1	0.9 %	1.2 %
Germany	2	2.2 %	1.4 %
Hungary	1	0.4 %	0.2 %
Israel	1	0.2 %	0.2 %
Italy	1	0.8 %	2.9 %
Poland	1	0.6 %	0.3 %
Romania	1	2.4 %	1.2 %
Turkey	2	4.8 %	5 %
TOTAL (Europe and the Middle East)	**11**	**13 %**	**13 %**

COUNTRY OFPRODUCTION	NUMBER OF PRODUCTION SITES	VALUE %	VOLUME %
Cambodia	1	0.4 %	0.8 %
China	8	3.7 %	4.2 %
India	2	1.3 %	1 %
Indonesia	1	0.1 %	0.1 %
Myanmar	1	1.7 %	0.9 %
Sri Lanka	2	9.8 %	9.3 %
Thailand	3*	4.1 %	3.4 %
Vietnam	6	28.3 %	17.8 %
TOTAL (Asia)	**21**	**49 %**	**37 %**

*reporting from 1st July 2017 – 30th June 2018

CAMBODIA CHINA CROATIA GEORGIA GERMANY HUNGARY INDIA INDONESIA ITALY MYANMAR POLAND PORTUGAL ROMANIA SLOVENIA SRI LANKA TURKEY THAILAND VIETNAM

MANUFACTURER LIST

ODLO is proud to disclose its contracted manufacturer. The list contains the address of the main contractors and, in case applicable, main production sites of subsidiaries.

SUPPLIER NAME	COUNTRY	ADDRESS
ODLO Portugal Texteis Lda	Portugal	Rua do Tanque 25, 4785-715 Trofa
ODLO Rumania Srl	Romania	Str. Chimiei F.N, Jud. Neamt, 611119 Roman
Aqualimax Manufacturing Ltd.	China	Foshan City Nanhai District Chengde Suitcase Co., Ltd, Eastern Industrial Park Helangsha, Lishui Town, Nanhai district Foshan, Guangdong
Jiangsu Asian Sourcing Headwear MFG Co. Ltd.	China	No.2 South Guangzhou Road, Huai An City, Jiangsu Province 223005
Cottontex SRL	Romania	Calea Buziasului Nr. 18, 300571 Timisoara
Delta Galil Industries LTD	Israel	45 Ha'Eshel St., Southern Industrial Zone, Caesarea, 3088900
	Vietnam	Delta Galil Vietnam, Cat Trinh Commune, Phu Cat District, Binh Dinh Province
	China	Zhejiang Tianpai Knitting Co.,Ltd, No. 2237 Xuefeng West Road, Chengxi Street, 2237 Yiwu City, Zhejiang
	China	Zhejiang Qiaoer Tingting Garment Co. Ltd, West Renmin Road No.147, Shangyu City, Zhejiang
GW Sports Brands GmbH	Germany	Hohmannstrasse 10, 97421 Schweinfurt, Unterfranken
Intersocks	Slovenia	Reska cesta 14, 1330 Kocevje
	Italy	Zone Industriale Paludi, 32010 Pieve D'Alpago
Madison 88	China	Hangzhou U-Jump Arts & Crafts Co., Ltd., Chongxian Village, Tangkang Road 31, Chongxian Street, Yuhang Area, Hangzhou, Zhejiang
Bodyline Pvt Ltd.	Sri Lanka	Ratnapura Road, Gurugoda, Horana
MAS Active (Pvt) Limited – Linea Intimo	Sri Lanka	Lot. 89A, Biyagama EPZ, Walgama, Malwana
Memteks Tekstil San. Ve Tic.a.ş.	Turkey	Cihangir Mh. Ord.Prf.Dr.Ali Fuat Başgil Cd. No:20/1 Avcılar, Istanbul
MFD Mode Fashion Design	China	Dongguan Cason Knitting Co., Ltd., Shang-dun Village, 523416, Liabu Town Dongguan, Guagdong
Noon GmbH	Germany	Talstrasse 6, 09212 Limbach-Oberfrohna
Perfect Footwear International Co., Ltd	China	#24 Nanhuan Road, Chaotian Industrial Zone, Shilou Town, Panyu district, GuanZhou City
Right Sports Apparels	India	Unit 1, Rajiv Garment, Plot no. A1/284/3, G.I.D.C, Near Welcome Hotel, Umbergoan, Valsad, Gujarat
	India	Unit 2, Rajiv Garment, Plot no. C1-171/3, G.I.D.C, Umbergoan, Valsad, Gujarat
SEES Global Inc.	Vietnam	SEES Vina Co., Ltd, Minh Duc Commune, Tu Ky District, Hai Duong Province
	Cambodia	SEES Global (KH) Co., Ltd, Prey Chas Village, Vihear Suo Commune, Khsach Kandal District Kandal Province
Shin Textile Solutions Co. Ltd.	Vietnam	Shints BVT Co., Ltd., Thach Khoi Com, Gia Loc Dis, Hai Duong Pro
	Vietnam	Shints TN Co. Ltd, Lot 7, Duong Tu Minh Subzone, 250000 Du Town, Thai Nguyen
	Vietnam	Shints TM Co. Ltd, An Nghiep village, Tu Cuong commune, 170000Than Mien District, Hai Duong,
	Vietnam	Hung Long II, Cao Xa Hamlet, Lam Son wards, Hung Yen City, Hung Yen
Swany China Cooperation	China	238 Chaoyangzhonglu, Yu Shan Zhen, 215301 Kunshan, Jiangsu
	Indonesia	Pt. Woneel Midas Leather, Jl Gembor Raya, desa Pasir Jaya, Kec, Jatiuwung, 15135 Tangerang, Jakarta
Sln Tekstil Ve Moda San. Tic. A. S	Turkey	Mahmutbey Mh. 2655. Sk. No:2 Bagcilar-Istanbul
TUW Textiles	Thailand	113 Moo 4, Nakornchaisir-Dontoom Road, Sampaturn, Nakornchaisri, Nakornpathom 73120 Nakornthom

SUPPLIER NAME	COUNTRY	ADDRESS
Usha Garments	India	Unit No. 269,GIDC Industrial Estate, Umbergaon West, 396171 Umbergaon, Gujarat
VT Garment Co,. Ltd.	Thailand	602/50 Soi Sathupradit 48, Bangpongpang Yannawa, Bangkok 10120
	Myanmar	Sawbwa VT Limited, No. 131, Yangon Industry Zone, Mingalardon Garden City, Mingalardon Garden City, Mingalardon Township, Yangon
Yehpattana Tayeh	Thailand	243 Soi Wiroonrat Moo 2, Setthakij Road, 74130, Omnoi, Kratumban, Samutsakom
	Vietnam	GenNex Apparel Ltd, Lot A4, Giao Long Industrial Zone, An Phuoc Commune, Chau Thanh District, Ben Tre Province

(as per 30.06.2018)

SELECTION OF NEW MANUFACTURERS

ODLO applies a 7-step plan in the selection of new manufacturing facilities.

(1) Analysis of procurement spend, supplier performance and company strategy.
(2) Assessment of the supplier market place, country-specific risks and supplier-specific risks.
(3) Conduct a supplier survey.
(4) Produce a strategy to help us achieve our goals.
(5) Assess all possible suppliers against the following criteria: Cost / CSR / Lead-time / Quality / Reliability / Fit.
(6) Select the supplier
Proposal is made by Head of Sourcing and Development and the final decision is approved by the board.
(7) Communicate to the new supplier and start planning the first season.

SOURCING STRATEGY

ODLO sourcing is based on a dual-principle strategy. This system covers the wide range of products in each ODLO collection.

PRINCIPLE 1: OWN PRODUCTION
When possible, in terms of capacity and competitiveness, new garments or additional production volumes are manufactured in our own factories in Portugal and Romania.

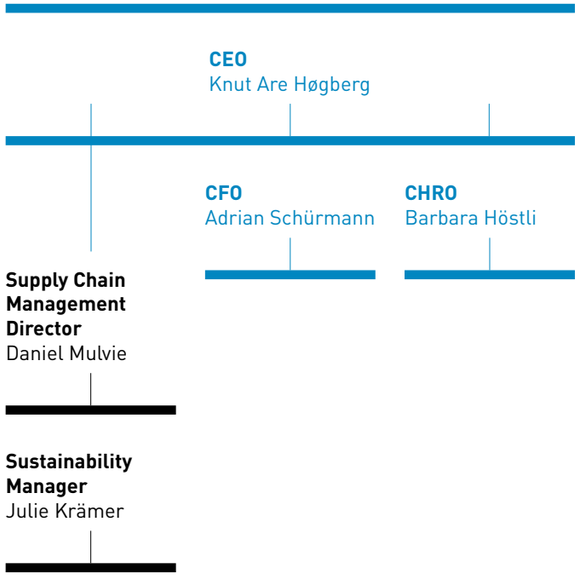
PRINCIPLE 2: LONG-TERM PARTNERSHIPS
ODLO aims for long-term partnerships with a small number of manufacturers and prefers to keep the portfolio small. Together with an early involvement of the manufacturer in the product development process, the sourcing strategy enables manufacturers to plan for the long-term, which increases their stability and job security.

PRODUCTION TRANSPARENCY
ODLO strives for full production transparency and therefore manufacturers are to disclose all production sites. Subcontracting is only allowed by pre-notice and is analysed by the sourcing team case by case.
ODLO lists these subcontractor exceptions in its supplier register to include them in the CSR management system step-by-step.

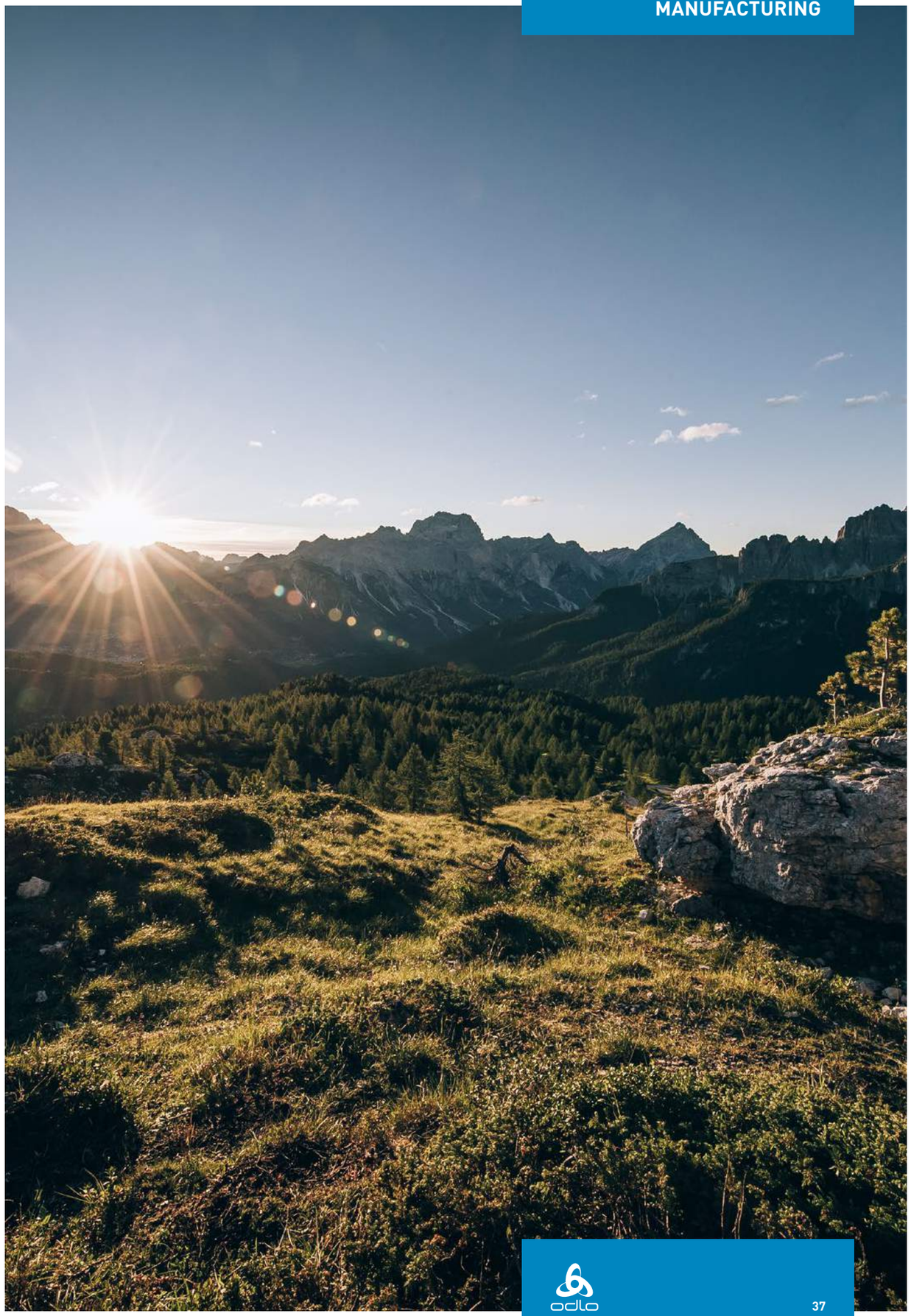
PRICING POLICY
ODLO calculates its price using the "open costing" principle. This means that the sales price is calculated individually for every product, listing the material and labour costs, overheads and the profit margin. The prices are negotiated directly with manufacturers.

ORGANISATION – SOURCING & SUSTAINABILITY

ODLO positions sustainability where the biggest impact lies – in sourcing. The Sustainability Manager reports to Supply Chain Management Director. This guarantees that sustainability is fully integrated into the corporate strategy and followed up by the Executive Team.



Above organization chart is valid from September 2018 onwards with ODLO's new management team organization. In the reporting period of 2017/18 the former executive management structure was in place with the position of CEO held by Christophe Bézu, Knut Are Hogberg as COO and Antoine Sathicq as CSO.



PRODUCTION CYCLE

To ensure that our products are delivered on time to our customers, detailed planning between our product team and manufacturers is essential. The following graphic illustrates ODLO's production cycle with the example of the Fall Winter 2018 collection:

Collection Concept: With the seasonal kick-off, initial category concepts and design inspirations are presented. Subsequently, our category managers build up the collection framework and prepare the product briefing.

Design & Development: Our designers and R&D team start designing and defining products and material innovations for the new season. When the product range is finalized, our developers, designers, pattern makers and the R&D team work together to bring the designs to life.

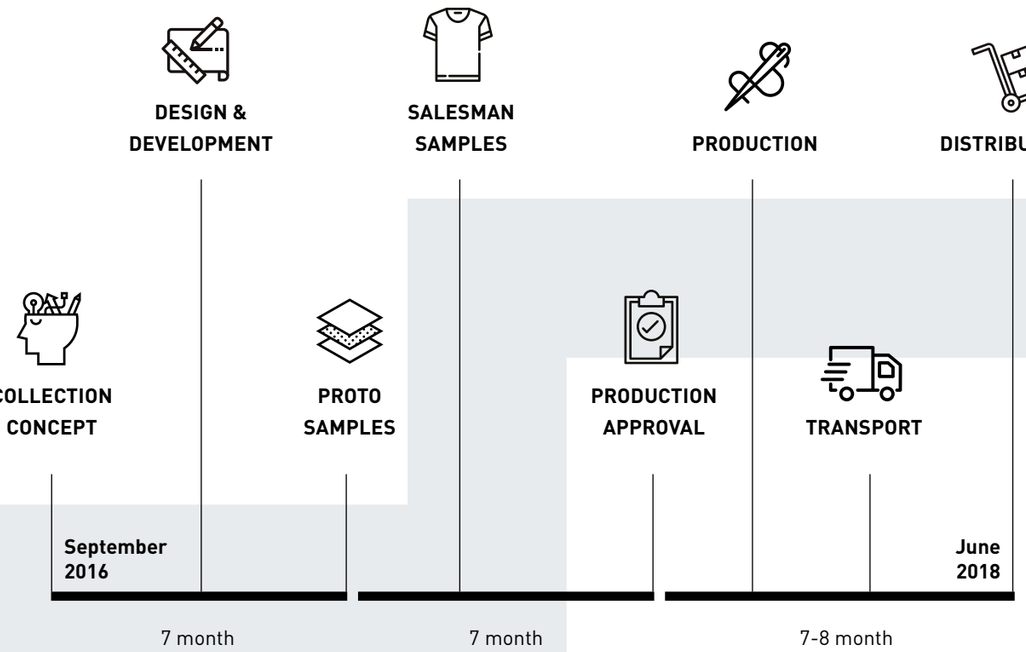
Proto Samples: Garment makers are briefed for proto sample production, and materials and trims are booked. For each new style, one to two proto sample rounds are scheduled.

Salesman Samples: The different sample stages from proto to salesman samples help to define the final fit, workmanship, pricing and best quality outcome of our functional products.

Production Approval: At the end of the sales period, all styles are approved for production and orders are placed at the manufacturers.
Production: Each manufacturer conducts internal capacity planning, orders fabrics, and trims and starts production as soon as all product 'ingredients' are in the factory.

Transport: As soon as the production of one order is finished, the goods will be transported to our central warehouse. European suppliers ship by truck, all other deliveries are shipped by vessel, only in urgent case do we use air shipment. (11% of our total shipment).

Distribution: The warehouse distributes ODLO products to our customers and own stores. From June onwards, the first items of the Fall/Winter 2018 ODLO collection are available in stores and online.

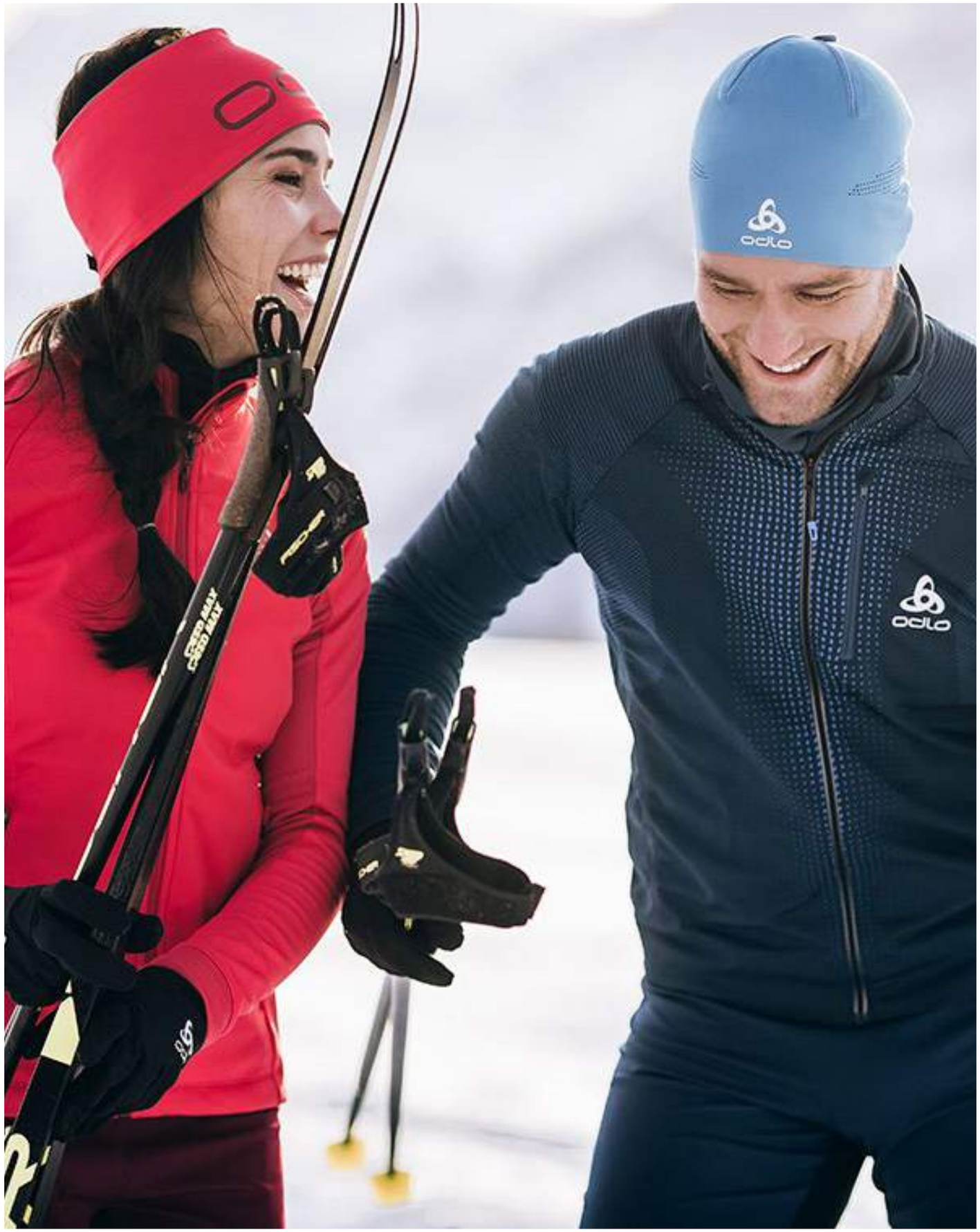


3D SAMPLING

In Fall/Winter 2018, ODLO started the season with a brand-new project on 3D sampling, a milestone in our journey of innovation. For this special task, we created the new role of 3D project leader who is integrated into the pattern team.

In our first trial season FW18, we were able to create 3D samples of 85 running styles and 65 communication samples. We checked the general workflow process and received feedback both from marketing and sales on the look of the 3D product samples through the online workbook. The 3D project is focusing on cut and sewn styles. Due to the complexity of the seamless styles and accessories, they are currently excluded from the project. After the trial season, we brought three of our main garment makers on board who had acquired the software and trained staff to use it in order to further increase the style count in collaboration with these partners.

Through 3D sampling we were able to reduce the total amount of our salesman samples by 30% so far. This is mainly achieved by reducing the sampling by one color, offering all other colors digitally with the help of 3D. Next to saving costs, this means a high amount of savings in raw materials, shipping costs and time for sample creation. In addition, the 3D images can be used for marketing purposes and replace real photography of samples in our online shop. It also increases visibility through the turntable view. This again saves a lot of resources as the products do not need to be sent to an external partner for the torso shooting. To sum up, benefits can be seen in added value, increased efficiency, time saved, costs reduced and saved material resources.



MANUFACTURING INITIATIVES

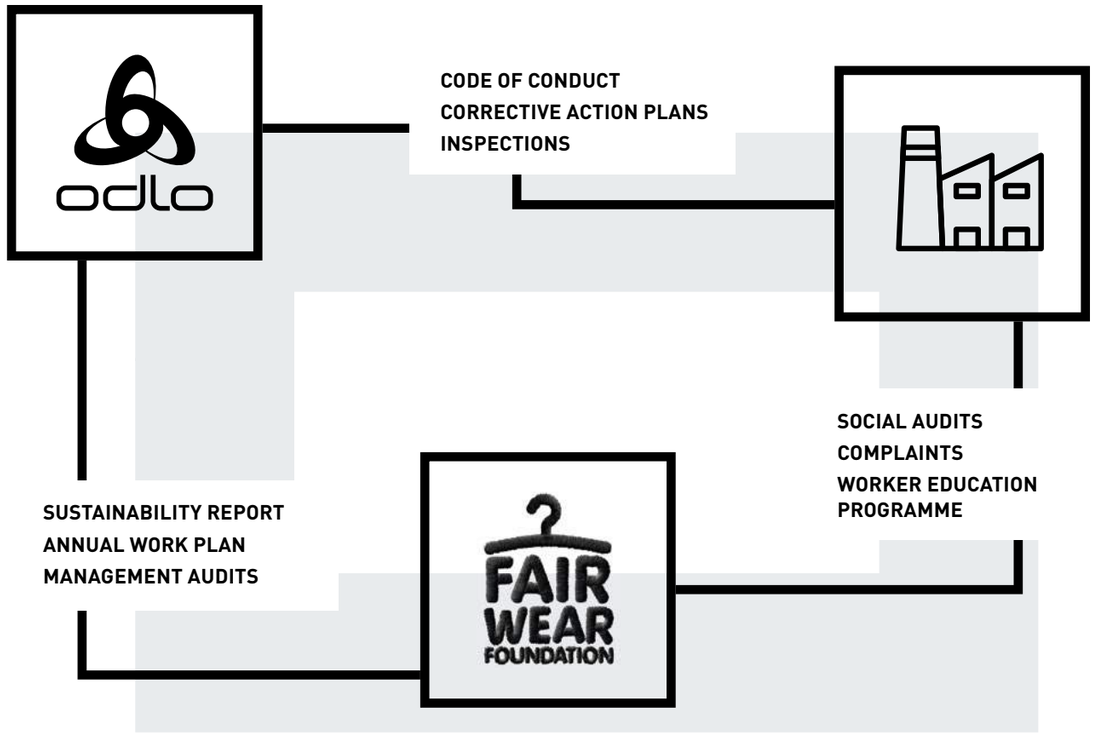
Supplier Summit (March 2018)
This year's supplier summit had a different set up than in the past. To ensure our focus, ODLO decided to invite the main strategic Asian suppliers and divided the two-day meeting into two locations; Bangkok and Colombo. The summit provides an opportunity to share knowledge and experience with a view to encouraging direct dialogue in the supply chain. During a series of presentations, ODLO management showed ODLO's overall business and brand strategy, as well as giving detailed supply chain directions. Supplier representatives used the opportunity to present business updates as well as research and development innovations. The event was also used to review the individual performance of the invited suppliers. Sustainability is one of the seven scoring categories which includes KPIs such as communication and quality information, last audit results, changes implemented from last audit and ratio compared to last evaluation. In addition, general social compliance topics such as living wages and community projects were discussed during the meeting.

SOCIAL MONITORING

An important component of the implementation of the Supplier Code of Conduct is monitoring. ODLO follows FWF's verification system, a multi-level approach consisting of three levels; management audits of brand (Brand Performance Check), factory audits & complaints procedures. Those verifications are all held by FWF acting as a third-party organisation.

THE ODLO SUPPLIER CODE OF CONDUCT

All manufacturers are required to sign the ODLO Supplier Code of Conduct, the base of all the social monitoring measures. By signing this, they agree on the labour practices and that they are prepared to implement all necessary measures within their organization to fulfil them.



OVERVIEW OF MONITORING ACTIVITIES

	SOCIAL AUDIT	WEP	COMPLAINT
July 17	7583		
August 17	7371		
September 17	12157 10014		
October 17	4575		
November 17			
December 17			
January 18			
February 18	11430 12050		
March 18			
April 18		10298	
May 18		11329	10014
June 18	6115 10553		

(Numbers are referring to FWF factory ID)

SOCIAL AUDIT & CORRECTIVE ACTION PLAN

A FWF audit reviews the social standard of the manufacturing sites. Conducted by local FWF teams, the methodology is shared for all countries. To get an insight into the organization, the auditors conduct offsite worker interviews before the factory visit. During the factory visit, they interview the managers and workers, inspect the documents and follow up with a visual inspection of the factory site. The result is given to ODLO in an audit report and a corrective action plan. Both documents are then shared and regularly followed up with the manufacturer – with the aim to continuously improve the working conditions.

FWF COMPLAINT PROCEDURE

By placing local complaints handlers in countries where FWF is active, workers making products for ODLO can safely and fairly seek redress for violations of the Code of Conduct. In all production sites, ODLO ensures an information sheet is posted where workers can find the labour rights listed and the phone number of the local complaint handler.

WORKER EDUCATION PROGRAMME (WEP)

How can workers and managers talk to each other and resolve problems together? FWF's WEP is a short, targeted, on-site training during which workers are trained to recognize violations of their rights, and to resolve them constructively. In the same training, managers are supported in the development of healthy internal structures that reduce conflict.

BRAND PERFORMANCE CHECK

Each year, FWF visits the ODLO headquarters to verify the systems and its effectiveness on how the FWF Code of Labour Practices is being implemented into internal management systems to support good workplace conditions for the manufacturer.

ANALYSIS OF AUDIT RESULTS

All audit details from this report have been elaborated by third-party organizations; mostly through local FWF audit teams. Wherever possible, audits and follow-ups of action plans are shared with other FWF affiliates.

From nine audited manufacturers in five different countries, the results demonstrated an insight to our supplier portfolio. The majority of our partners showed good performance in the conducted audits and were internally categorized as ‚well performing'. One partner is between ‚well' and ‚excellent', whereas one other partner showed a need for improvement in some areas. To ensure continuous improvement is taking place, ODLO set up a closer monitoring and exchange process compared to the standard follow-up process. This ensures that improvements are taking place.

The audits are internally evaluated by ratings from A – D, which is integrated and accountable to the company's overall supplier evaluation. The audit evaluation system:

AUDIT FINDINGS	
A	Good practise & Minor
B	Minor & Major
C	Critical as exception
D	Critical mainly

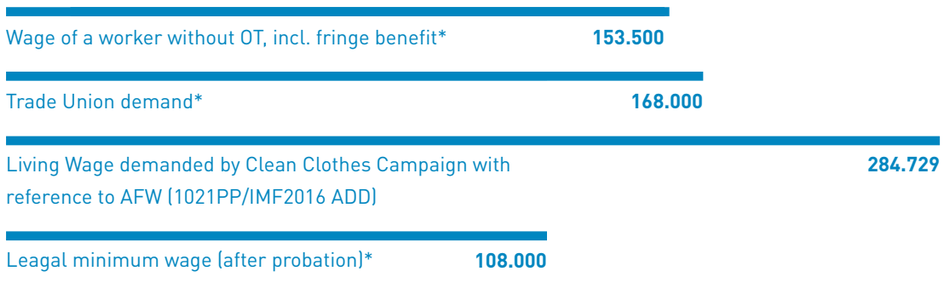
The biggest challenges for our partners were reported as 'freedom of association', 'payment of a living wage', 'reasonable hours of work' and 'safe and healthy working conditions'. Positive results in 'employment is freely chosen', 'no exploitation of child labour', and 'legally binding employment contract' could be seen at most suppliers. The performance of social compliance is not only varying from partner to partner, but also from country to country, depending for example on the country legislation and culture. Where possible, we encourage our partners by sharing best practises and learnings seen from other audits.

Overall, we experience a very good understanding and collaboration with our partners on the importance of fair labour conditions. As findings can be very complex, ODLO is looking for active cooperation and knowledge exchange with other FWF affiliates, but also local experts wherever needed and possible. During the last business year, more than half of all audits could be shared with other FWF affiliates. This reduces audit fatigue and increases efficiency for our partners who work on one centralized corrective action plan for several brands.

AUDIT FINDINGS & FOLLOW UPS

Factory 7583 – Myanmar
As Myanmar is categorized as a high-risk country, ODLO is conducting annual audits in this factory in close collaboration with another FWF affiliate. This has been the second audit we conducted in this factory. Good systems are in place for the labour practices of 'employment is freely chosen', 'no child labour', and 'reasonable hours of work'. 'freedom of association' was again one of the major findings during the audit. No union was in place at the factory, and supervisors discouraged workers to form a union. Within the last year of remediations, the factory made great progress, installed a functioning union which is meeting on a regular basis and is well respected by the management; a great example as well for other factories in the area. Regarding wage levels at this partner in Myamar, it is to mention that the factory raised wages to new minimum wage (plus 33% from 3600MMK to 4800MMK as of April 2018) before the new law came into place. In addition, as result of the CAP follow up, as of November 2017 all workers are paid at least minimum wage regardless of their worker status. Some major findings were reported in the area of safe working conditions due to missing second exits in storage rooms, missing emergency lights and fire extinguishers. Minor findings were reported in discrimination as disciplinary rules were not clear to all employees and needed additional classification. As part of the recruitment process, newly hired workers had to pay the fee for the Social Security Board themselves. This practise was stopped immediately after the audit and is now paid by the employer.

WAGE LADDER OF FACTORY 7583 (AT TIME OF AUDIT, CURRENCY MMK)



*Wages reflect situation at audit date July 2017 but were increased with respect to new legal minimum wage of 4800MMK/day in 2018.

OT=Overtime. IMF=International Monetary Fund.

Factory 7371 – Vietnam
ODLO started producing only quite recently at this manufacturer as it is a facility belonging to another partner of ODLO in Vietnam. Therefore, this audit was conducted in the name of three other affiliates, with ODLO only joining later in the follow up process. The audit results showed no areas of improvement in 7 out of the 8 labour standards which is a very good result. Only two major findings were reported in the area of safe work conditions such as the lack of PPE (personal protection equipment): hearing protectors in the quilting department, but this was resolved shortly after the audit.

Factory 12157 – Thailand
Although FWF is not active in Thailand, there is a local team conducting audits on behalf of FWF. With this partner, ODLO products products are produced for the Japanese market. However, as no audit reports were available, we conducted an audit before producing at this facility. The factory showed good results in the areas of 'employment is freely chosen', 'no child labour' and 'no excessive working hours'. Several findings at this partner were connected to the lack of translations for Burmese migrant workers for complaint procedures, payslips and the CBA (collective bargaining agreement), which were translated in the meanwhile to improve communication across several areas. One major finding was the lack of PPE (personal protection equipment) in the dyeing facility; PPEs were provided afterwards and supervisors trained all workers on using them. Regular checks were thereafter implemented.

Factory 10014 – Vietnam
Good practises were reported in the areas: 'employment is freely chosen', 'no child labour', 'no excessive working hours', 'legally binding employment contracts'. A critical issue was found under fire safety. During the last fire safety audit by the local fire brigade, three requirements were set, but action before the social audit had yet to take place. As the finding requires rebuilding actions in the factory, the finding unfortunately has not yet been closed and is still in progress. A common problem in Vietnam relating to 'freedom of association' is that managers are elected as union members or chairmen. This problem was also found in the factory and recommendations were given for the next election process of union representatives. For the next elections, the procedures to empower worker representatives are still under definition. Regarding legal wages, it was shown that for workers who resign, procedures of payment were delayed and annual leave was not paid out correctly. Both procedures were corrected shortly after the audit.

Factory 4575 – China
For ODLO and five other FWF members, a verification audit took place, making it the third audit with this partner. The audit team confirmed that most findings from the last audit have been partially improved. Important improvements were seen in the area of working hours, workers do not work more than 6 consecutive days and working hours are below 60 hours per week. Not improved yet were the two following points: worker representatives are not aware of their rights of freedom of association and wages are not fulfilling living wage standards. The management increased trainings and general worker information notice on freedom of association. Also, the lack of communication between factory management and workers was detected. Management showed progress in improving communication. The factory showed good results in the areas of employment is freely chosen, no discrimination, no child labour, safe and healthy working conditions, legally binding employment relationships.

Factory 12050 – Vietnam
As one of ODLO's partners in Vietnam planned to produce at an additional facility where no FWF audit had been conducted yet, ODLO decided to arrange an audit before the first production would start. At this factory, discrepancies of overtime records were found, and payment was not according to the legal premium rate. This is a critical finding, but was solved during the months after the audit. Also in this factory, worker representation includes factory management and the democratically-elected chairman of the union who is the CEO. This jeopardizes the freedom of the union. Here, discussions are still ongoing about how to proceed for the next election period. Another critical issue was related to fire safety as the inspection from the local fire brigade which required fire alarm systems in two areas had not yet been installed. However, this was installed in the meantime. In addition, no safety officer was appointed in the factory, which was resolved shortly after. Good practises were reported in the areas: employment is freely chosen, no discrimination and no child labour.

Factory 11430 – Cambodia
FWF started a new strategic partnership with Better Work (BW) and as FWF is not active in Cambodia this gave ODLO the opportunity to use the BW auditing system for the first time. In Cambodia, by law, all factories are required to be a member of BW. Using their audit prevents double auditing and extra workload for the factories. With BW, all suppliers follow a continuous improvement program with three cycles which include assessments, assessment reports, improvement plans, progress reports and several factory visits including customized factory trainings. The main follow up and remediation of corrective action plans CAPs is done by BW local staff (Enterprise Advisors) and the factory's internal worker-management committees. ODLO is supporting the remediation process where possible. Findings within the last cycle we reviewed February, were, amonst others that chemicals were not labelled in the local Khmer language and in peak seasons, some overtime outside of legal law was detected. Also, communication and understanding of working contracts or Health Committees were missing and required more trainings. According to the factory, either improvements or plans for improvements were made for all mentioned points, but this needs to be verified during the next cycle by BW. Moreover, wages do not reach the living wage standard. Standards such as employment is freely chosen, no discrimination and no child labour showed good practises.

Factory 6115 - China
ODLO, together with two other FWF members has organised an audit with this partner for the second time. The factory showed good results in the areas of employment is freely chosen, no discrimination, no child labour, safe and healthy working conditions and legally binding employment relationships. The point of overtime remained challenging for the factory and high overtime in peak months was found at the factory. Also, workers are still not aware of how the factory's trade union functions, which proves that trainings on the topic are needed. In addition, there is no internal grievance mechanism or complaints handling process in place to support worker's voices. Minor findings were reported regarding safe working conditions. As the audit report was received only recently during the writing of this report, findings are still pending and improvements could not be reported yet.

Factory 10553 - China
This was the first FWF audit that was conducted with this partner in China, where ODLO started producing in 2017 for the first time as it is a new production site of one of ODLO's long-term partners. The overall feedback on the cooperation of the facility was very positive. The wage level has been reported high above legal minimum wage and industry average, but still below the living wage demand according to Asia Floor Wage. Positive findings were as well reported on free employment, no discrimination, no child labour and legally binding employment contract. But a critical finding was reported in the field of reasonable hours of work where excessive working hours were found. A sensitive topic which will be remediated with high priority. In addition, the report mentioned that the union was not democratically elected and the union chairman was a management member which violates the right of free worker representation. Regarding safe and healthy working conditions, a minor finding was reported. Due to the publication of the audit report during the late stages of writing this report, no update could yet be given on progress of the findings.

[3] Better Work is a collaboration between the International Labour Organization (ILO) and the International Finance Corporation (IFC), who work in a comprehensive programme bringing together all levels of the garment industry to improve working conditions and respect of labour rights for workers, and boost the competitiveness of apparel businesses

WORKPLACE EDUCATION PROGRAMME (WEP)

Factory 10298 – Vietnam

To get a better insight into the training procedures offered by FWF, ODLO's sustainability manager participated in the Worker Education Programme (WEP) basic training at this strategic partner who is producing base- and midlayers in Vietnam. As the workforce is below 500 workers, the training could be held within one day and in total three session. There was one management session and two worker sessions. The Workplace Education Programme has been given to 80 % of the management team and supervisors, 19 % of total staff. The attendees have been introduced to FWF and the responsibilities of FWF members, they learned more about a decent and productive work place, the Code of Labour Practise, internal grievance mechanism and FWF complaint system. In groups, the participants could also assess the current implementation of the Code of labour practise at their own factory. The training sessions were well received; both management and workers participated very actively in the sessions. As learnings from the training, workers reported that awareness about FWF, as well as the grievance mechanism and complaint hotline was achieved. In addition, through the training, the recent performance of high overtime hours could be detected. These were no reported in the latest audit in 2016 and are now being followed up for improvement. The pending point of worker representation could be facilitated through intensified follow ups thanks to the training.

Factory 11329 – Vietnam

This newly built facility in 2017 in the South of Vietnam belongs to one of ODLO's long-term partners with whom the business relationship has spanned more than eleven years. With a big workforce of around 1400 workers, the training sessions were spread over two days. In total, 30% of the management team and 9.5% of the workforce were trained. The attendees have been introduced to FWF and the responsibilities of FWF members. They learned more about a decent and productive work place, the Code of Labour Practise, internal grievance mechanism and the FWF complaint system. The feedback about the sessions was very positive and participants stated that the trainings are a great opportunity for them to be made aware of the local law and FWF standards. They felt free to discuss their working conditions without any fear of retribution. The training showed as well that workers would like to talk more about salary increase possibilities, working hours and workers representation. This feedback is very valuable and supported further follow ups between the factory and ODLO to find ways in which to fulfill workers wishes.

COMPLAINTS REPORT

ODLO has a local complaints procedure in place, supported by local FWF staff. The standardized process is based on 7 steps.

(1) The complaint is received by the FWF complaints handler or other FWF representative.
(2) The complaint is reviewed by FWF for admissibility.
(3) FWF investigates the complaint.
(4) Corrective action is decided with the involved factory management, member company, the complainant, and any other relevant stakeholders.
(5) The implementation of the corrective action is monitored by ODLO and other FWF affiliates, if applicable.
(6) FWF verifies, and publicly reports upon, action undertaken pertaining to the complaint. Where stakeholders agree, complaints may be closed.
(7) If necessary, a complainant may appeal the conclusion of a FWF complaint investigation.

Detailed reports are published on FWF's website.

In the business year 2016/17, a total of four complaints were filed to FWF by workers of different factories supplying for ODLO. The complaints in Myanmar and Vietnam were both fully resolved and could be closed due to a verification audit in the first quarter of 2017/18. The complaint that occurred at a Chinese factory was remediated as well but was formally not closed yet by FWF as overtime was the main problem reported. Next to other customers, this factory is shared by eight FWF members, all of whom only have small leverage. To ensure improvement, each brand had to follow up separately in terms of production planning to ensure that individual orders do not further contribute to over time. The complaint at the Romanian partner was remediated so far but a verification audit is required to verify that all points are fully resolved, so that the complaint can be formally closed. The audit will take place within the first half of 2018/19.

During the last business year 2017/18, one new complaint was reported to FWF.

Factory 10014 – Vietnam

The complaint reached ODLO at the end of May and is at the time of this report under investigation. The factory is shared with two other FWF affiliates, which means remediation is done together by all three brands. The complaint reflects violations against the ‚reasonable hours of work' and 'payment of a living wage'. The complainant reached out to Vietnam's complaints handler regarding the overtime hours and the way these are paid. Furthermore, the complainant stated that workers are required to continue working during lunchtime and that workers are required to sign two sets of the overtime registration sheets. The complainant said that workers informed the factory manager, who replied that they must work as such because they are not reaching their production targets. According to the complainant, this problem has occurred throughout the past several months. At the time of the publication of this report, the complaint was still under investigation from FWF, the latest status can be found on the Fairwear homepage.

BRAND PERFORMANCE CHECK 2017

The indicator-based Brand Performance Check was held by FWF at the ODLO headquarter in September 2017. This report, published in full detail on ODLO's website, contains summarized findings based on interviews with affiliate employees who play important roles in the management of supply chains and a variety of documentation sources, financial records and supplier data.

Scoring overview from last Brand Performance Check:

% of own production under monitoring
90 %

Benchmarking score
84

Category
Leader

FWF states that ODLO did effective work on implementing FWF's Code of Labour Practices and made exceptional progress. The good result is based on long-lasting relationships with most suppliers, own production sites in Romania and Portugal, as well as high leverage at most suppliers. In addition, it was mentioned that the monitoring system and due diligence process were strengthened, and country risk assessments were improved. The report stated that ODLO's production planning system supports reasonable working hours - and for excessive overtime cases, root cause analysis was done and steps for gradual improvement could be shown. Positive feedback was given as well on the living wage project which was started in Romania. FWF encouraged ODLO to implement higher wages. The remediation of worker complaints was followed up actively and FWF encouraged ODLO to raise structural issues to prevent future complaints.

LIVING WAGE PROJECT

In 2017/2018, ODLO set the goal to take an important step towards living wages. The partner with which we wanted to start the project was clear from the beginning; it should be our own factory in Romania, where 35% of our production volume is produced. In order to get an exact picture of the living wage benchmark in this specific region of Romania, we assigned an independent third party to execute a very detailed study on living wages and key indicators for our production site in Romania in 2017. This study showed that the majority of our workers in Romania have incomes below the living wage.

The report looked at existing living wage benchmarks for Romania and introduced a new living wage benchmark relevant for the Neamt County, where ODLO's production facility is located. The proposed benchmark was based on the governmental minimum consumption model, which was adapted to region-specific features such as prices, goods and availability of services, as well as to demographics of the factory. The benchmark also accounts for the expectations resulting from collective interviews with members of the ODLO workforce. Using information collected through a questionnaire-based survey and collective interviews, the study analyzed the standard of living of ODLO Roman employees.

As result of the analysis, the report calculated a living wage gap and recommended ODLO to implement a 'bridge the living wage gap' strategy for its production facility in Romania. After the publication of the report, an implementation plan was done, starting in January 2018. With the announcement in December 2017, that as of January 2018 there would not only be a new minimum wage of 1900 RON but also a significant shift in social contribution from employer to employee, the implementation plan had to be adjusted. This first learning underlined that a review of the benchmark on a regular basis is a necessity.

There is no 'one fits all solution' when it comes to closing the living wage gap. The topic varies according to country, region, factory and throughout the different project steps, new challenges can arise such as for example, changes in national labor laws.

With the reopening of Fairwear Foundations Living Wage Incubator in 2018, ODLO was able to join a bigger community of brands to strengthen the living wage goals The Incubator started in 2017 with 17 FWF member brands and 19 projects in 8 different countries. The Incubator gives the participating brands a platform for expert advice, knowledge and experience exchange.
In July 2018, ODLO joined the first Living Wage Incubator Meeting which was hosted by Schöffel in Augsburg.

ENVIRONMENTAL MONITORING

FACILITY ENVIRONMENTAL MODULE (FEM) – HIGG-INDEX – TIER 1
Also, for the Tier 1 supplier – the manufacturer, ODLO expanded the environmental monitoring with the Higg Facility Environmental Module (FEM). Based on the technical product specifications, the manufacturers have different infrastructure set-ups and therefore also a variation in environmental impact. We therefore differentiated between two types of manufacturing: cut&sew and seamless. Next to our own production facilities, a total of 10 cut&sew and 4 seamless suppliers filled the renewed "Facility Environmental Module". This makes up to 85% of ODLO's total production value. Through a self-assessment, the module is checking a facility's systematic approach in performing for energy & greenhouse gas, water use & water effluent, emissions to air, waste management and chemicals, with the same procedure for Tier 2 supplier.

Due to delays in the general publication of the module as well as the analytic features, it was not yet possible to export and hence analyse the assessment results in detail during the time of publication of this report. This is why unfortunately we cannot give any general insights into the results for the time being.

For the first time, ODLO will perform a full environmental audit at one of its production sites. The official SAC Higg FEM verification audit will take place at ODLO's own production site in Romania in the first half of 2018/19.
It will be conducted by an independent third-party organisation from Germany which is a certified SAC Higg FEM verifier, trainer and chemical specialist. With the help of this verification, ODLO can on one hand compare results of the self-assessment with the verified results and on the other hand gain experience in the process to consider a future expansion of environmental auditing in Tier 2.

[4] Following SAC's transparency roadmap, ODLO is working on publishing more detailed data in future; once the system of Higg-Index is established for it.

OWN PRODUCTION INITIATIVES

ODLO PORTUGAL SOCIAL ACTIVITIES

VOLUNTEERING DAY
Every year, ODLO Portugal workers refurbish a charity institution, a school or a public place within the community that is in need of assistance. In 2017, the subject of this annual project was "ASCOR", a Senior Daycare Center in the neighboring village of São Mamede do Coronado. The renovation of the building, such as restoring bathrooms and ceilings, painting walls and applying new materials on the walls and the floor, was planned by the workers and executed by professionals throughout the months prior to the Volunteering Day. On May 26, everyone spent the day working on the final details and fraternizing with the elderly.

FOOD BANK
The workers of ODLO Portugal take part in the national Food Bank collection twice a year, ensuring the collection of donated food for a day at a local supermarket. This year, these initiatives took place in June and December.

CHILDREN'S SHELTER CARE FACILITY
The 'Centro de Acolhimento de Crianças Mãe d'Água' is a shelter care facility for abandoned, abused or neglected children that provides a home for 22 children and adolescents from 0 to 18 year of age.

Since 2012, ODLO Portugal has helped this center on many occasions, building an invaluable sense of community and trusting relationships between ODLO's workers and the center's children.

In 2017, we provided on request two weeks of vacation activities for the children who would otherwise not get the chance for such experiences Thus, they went to the waterpark, the amusement park, visited a sealife center and the zoo, experienced horseback riding and all sorts of activities such as acroyoga for children, gardening, paper kite construction, etc.

ENVIRONMENTAL ACTIVITIES

IMPLEMENTATION OF A SYSTEMATIC APPROACH FOR ENVIRONMENTAL PERFORMANCE
Throughout the year of 2017, ODLO Portugal worked on the implementation of a systematic approach for environmental performance, which entails monitoring the consumption of natural resources and the production of industrial waste, as well as defining targets and implementing strategies to improve the efficiency of natural resource consumption and the reduction in overall waste production.

This year, we also started the process of energy recovery from textile waste to reduce the ecological impact of the polyester fiber's life cycle.

AWARENESS-RAISING MEASURES FOR WASTE REDUCTION
As part of the professional training project for 2017, we worked towards raising awareness among all the workers for the impact that our actions have in the organization's environmental performance, as well as in the community and the world. The training focused on the strategies defined to reduce the use of paper, plastic and textiles, reusing and sorting for recycling, all integrated into an environmentally efficient production process.

BAN OF SINGLE-USE PLASTIC IN THE CANTEEN
Aware of the catastrophic impact that plastic pollution has on a global scale, ODLO Portugal banned all single-use plastics in the canteen, replacing the coffee plastic cups for paper cups and favoring the use of washable dishware.

ODLO ROMANIA SOCIAL ACTIVITIES

COMMUNITY INVOLVEMENT
Traditionally, ODLO Romania organizes several initiatives throughout the year to support the factory's surrounding area and its community, as well as the employees themselves and their families. One example is the weekly football game ODLO Romania organizes for employees and friends at a football field in the central park of Roman.

SCHOOL SUPPLIES FOR EMPLOYEE'S CHILDREN
ODLO provides employee's children with school supplies and a school bag. For children aged between 6 and 12, ODLO supports them with materials needed based on their school level.

GYM FOR EMPLOYEES
ODLO Romania offers a gym space to their employees, located directly on site. By using treadmill, bicycle, tennis table - or mats and weights, employees can work on their fitness.

EMPLOYEES' SUPPORT FOR MEDICAL AND DENTAL TREATMENTS
A full-time nurse takes care of the health of the employees. Alongside the regular visits, employees are occasionally offered home treatments. Basic medication is available for the employees; in some cases dental services are offered.

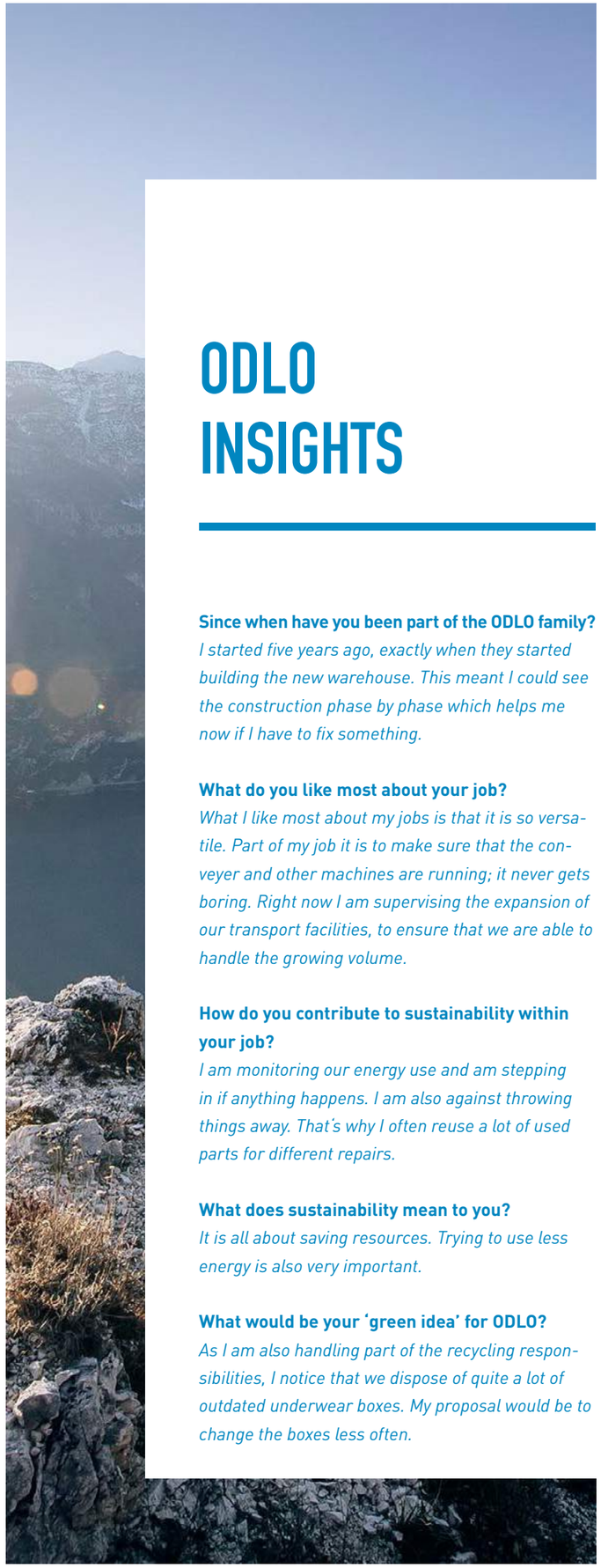
FOOD FOR BOGDANESTI MONASTERY
As an engagement for the greater community, ODLO provides food for 150 elderly people with disabilities. In partnership with the priest of the local monestary, the monthly food package contains a range of products from meat to pasta or rice.

TEAMBUILDING EVENT
As teamwork is essential for a company, ODLO Romania organized a workshop in October 2017 called ‚Team spirit at work' in the city Iasi with a specialized trainer.

ENVIRONMENTAL ACTIVITIES

LED LIGHTS
ODLO Romania set the target to replace all lighting in the factory with LED lights by 2020. During the last business year, the majority were replaced in- and outside the main building, as well as in the warehouse.

WASTE MANAGEMENT ANALYSIS
A local external third party analyzed ODLO Romania's waste management to get insights into the company's environmental impact and learn about improvement options in this field.



ODLO INSIGHTS

Horst Römer
Facility Operation,
ODLO Logistics

Since when have you been part of the ODLO family?
I started five years ago, exactly when they started building the new warehouse. This meant I could see the construction phase by phase which helps me now if I have to fix something.

What do you like most about your job?
What I like most about my jobs is that it is so versatile. Part of my job it is to make sure that the conveyer and other machines are running; it never gets boring. Right now I am supervising the expansion of our transport facilities, to ensure that we are able to handle the growing volume.

How do you contribute to sustainability within your job?
I am monitoring our energy use and am stepping in if anything happens. I am also against throwing things away. That's why I often reuse a lot of used parts for different repairs.

What does sustainability mean to you?
It is all about saving resources. Trying to use less energy is also very important.

What would be your 'green idea' for ODLO?
As I am also handling part of the recycling responsibilities, I notice that we dispose of quite a lot of outdated underwear boxes. My proposal would be to change the boxes less often.

WORLD OF TRANSPORT

ODLO tries to transport goods by sea wherever possible, as this is the most economical and environmentally-friendly option. Decisions on transportation methods are heavily influenced by the origin of the products in question.

Transport distances for our products can be kept rather short, as 63% of the production volume, which originates from Europe and the Middle East is being sold in Europe as well; our biggest sales market. In addition, direct shipments, for example from Asian producers to distribution parties and key accounts such as an Asian client, is minimizing the amount of double freight. Despite careful planning and order tracking, we had an increase of goods transported by air last year, the percentage went up by 3% to a total of 11%, compared to 2016. The increase is mainly caused by a very high increase in production volume and the prevention of delivery delays to key customers. Our planning team is working hard on solutions to reduce the figures again.

MODE OF TRANSPORTATION

(GOODS RECEIVED 2017)

Land	62 %
Sea	27 %
Air	11 %

Our central distribution center in Brüggen (Germany) makes every effort to sort and recycle its packaging materials. For example 70,000 units of inner cardboards are reused by exchanging between the central warehouse and own production. The warehouse also makes use of reusable cardboard pallets for export, which are made from recycled paper and use less space in the truck. This reduces the fuel usage in transportation. In addition, all deliveries to the Outlet in Brüggen are done with reusable plastic trolleys.

To save energy, the warehouse is equipped with a geothermal heat pump and a lighting system which can be regulated independently by workplace division. In addition, the warehouse has its own seepage reservoir for waste water.

AUSTRIA BELGIUM CAMBODIA CANADA CHINA CZECH REPUBLIC DENMARK FINLAND FRANCE GEORGIA GERMANY GREAT BRITAIN GREECE HONG KONG INDIA INDONESIA ISRAEL ITALY JAPAN LUXEMBOURG MYANMAR NETHERLANDS NORWAY POLAND PORTUGAL ROMANIA RUSSIA SINGAPORE SLOVAKIA SPAIN SRI LANKA SWEDEN SWITZERLAND TAIWAN THAILAND TURKEY UKRAINE UNITED STATES OF AMERICA VIETNAM

ODLO LOGISTICS INITIATIVES

INCLUSIVE WORKERS PROGRAM – COLLABORATION WITH HEILPÄDAGOGISCHE ZENTRUM (HPZ) KREFELD

The Heilpädagogische Zentrum (HPZ) in Krefeld Germany is a nonprofit company, that offers occupational and social integration for people with disabilities and mental disorders. As long as two years ago, ODLO Logistics started working with the HPZ in Krefeld by transferring several packing orders during peak seasons. After these positive experiences, the next step in the cooperation was taken. In October 2017, a team of 10-12 workers plus two caregivers were integrated into the ODLO Logistics warehouse by establishing a new work space for the team members. The tasks vary from package folding, repacking to labelling and so on. The caregivers are coordinating and supervising the team, making sure the workers are trained well and the work matches best with the skills of each individual team member. Bernd Wolf, managing director of ODLO Logistics is convinced that companies have a social responsibility towards disadvantaged people. After a successful trial period in house, ODLO logistics signed in June 2018 a permanent agreement with HPZ, eleven workers will join the warehouse team in Brüggen, supervised by one main supervisor of HPZ.

ODLO INSIGHTS

Ulrike Wolf
Team Lead Returns,
ODLO Logistics

Since when have you been part of the ODLO family?
I moved in 2007 from Bavaria and celebrated last year my 10th anniversary at ODLO, I am proud to be part of ODLO this long.

What do you like most about your job?
I really like the versatility of my tasks; claim handling, quality management, working with end consumer or depot clients - it is always exciting.

How do you contribute to sustainability within your job?
We try to handle the returns as resource-efficiently as possible by reusing sent packaging and hangtags. The consolidation of the returns is exclusively done in used cartons which saves packaging and can be brought back more efficiently into the logistics process.

What does sustainability mean to you?
Sustainability for me means to save resources and reuse things. It would also be good to bring sustainability more into our packaging. The green dot is an important step, but we can do more. Sustainability also means avoiding returns in the first place.

What would be your 'green idea' for ODLO?
My green idea would be to reduce the complexity. Developing packaging that supports easier reuse when returned.

WORLD OF PRODUCT USE

ODLO PRODUCTS ARE MADE TO LAST.
An important part of a textile product's total environmental impact is related to how long the product can be used before it is worn out. ODLO only manufactures and sells products that are guaranteed to be durable and long-lasting. We believe this makes an important contribution to promoting sustainability in our society.

A number of different management systems and measures have been put in place to ensure we continue to provide our customers with this guarantee in the years to come.

REPAIR SERVICE
We truly live up to the promise of a long lifecycle for our products. In the case that a customer returns one of our products because it did not fulfill quality expectations, our customer service takes the item back and the first step is to see if it can be repaired. To bring these products ‚back to life', we work with local tailors in our different distribution countries. As an example, through our service department in Germany, we were able to repair 110 pieces in the first half of 2018.

MINIMIZING YOUR ENVIRONMENTAL FOOTPRINT WHEN USING ODLO PRODUCTS
Each washing of clothes consumes water and energy and therefore 20% of the environmental impact within a product's life is caused by the laundry we do at home. Following the proper washing instructions also significantly extends the life of your clothing. For this reason, we at ODLO want to support the customer in looking after their ODLO gear. The general recommendations can be found on the sewn-in care label. This advice is customized for each product. As this information is limited by the space on the label, we added a QR code on each garment. This QR code is linked to our website, where the customer can find more general advice on how to care for their ODLO products. These tips are not only extending the lifespan of the sportswear, but are also helping to minimize the environmental impact we have when caring for our clothes. What is good for the environment is also good for your ODLO gear.

PACKAGING
All ODLO underwear packaging features the "Green Dot", meaning that it is totally recyclable. In our shop, we replaced all plastic shopping bags with biodegradable shopping bags.

AUSTRIA BELGIUM CANADA CHINA CZECH REPUBLIC DENMARK FINLAND FRANCE GERMANY GREAT BRITAIN GREECE HONG KONG ITALY JAPAN
LUXEMBOURG NETHERLANDS NORWAY POLAND RUSSIA SINGAPORE SLOVAKIA SPAIN SWEDEN SWITZERLAND TAIWAN UKRAINE UNITED STATES OF AMERICA

Lemco van Dam
Country Manager,
ODLO BE/NL

ODLO INSIGHTS

Since when have you been part of the ODLO family?
I joined ODLO in November 2010, so I've worked almost eight years for this beautiful brand!

What do you like most about your job?
First of all, my daily work with my team, who is young and motivated. Much has changed in the (sport) retail world and we as a functional sports brand need to differentiate. The last years we introduced strong innovations and collaborations.

How do you contribute to sustainability within your job?
We can all contribute to sustainability with small things like printing less paperwork: If possible I take my bike to the office.

What does sustainability mean to you?
Sustainability for me means using high quality products; this can be clothing but also products of daily life. I try to stay alert on this topic. There is a lot of mass production and this is one of the reasons I'm very proud of our brand.

What would be your 'green idea' for ODLO?
First of all, the development in natural garments, the combination of the request of the market and our own green ideas. Besides that we can make a step forward in our packaging and shipments.

WORLD OF ODLO

Marked by growth and innovation, this financial year has been a challenging, exciting and successful one.

This is based on the daily commitment and perseverance of all our employees as well as our partners. Together we have managed to make the small difference that is needed to inspire our demanding customers and to surprise them again and again. The 750 employees all over the world are responsible for this success and it makes us proud to be able to combine this cultural diversity under the name ODLO.

The current changes in the market make sustainable human resources work a challenge. The focus is on fierce competition for qualified employees and rapid technical progress. Demographic change also requires a high degree of adaptability in daily work. The ODLO working world is becoming increasingly international and working models are becoming more flexible. In this environment ODLO tries to position itself as an attractive employer. This is particularly important to attract and develop qualified employees. The attractive location of our headquarters in the heart of Switzerland helps us to offer our employees not only an interesting working environment but also a high quality of life.

GENDER	
Female	65 %
Male	35 %

COUNTRY OF ORIGIN EMPLOYEES FROM 25 COUNTRIES	
Germany	40 %
Switzerland	26 %
France	10 %
Austria	7 %
Italy	5 %
Netherlands	3 %
Great Britain	2 %
Others	7 %

AGE (AVERAGE AGE – 39)	
15-20 years	1 %
21-30 years	23 %
31-40 years	34 %
41-50 years	23 %
51-60 years	16 %
61-65 years	2 %
66 Years	1 %

(As of July 2018 excl. production sites in Portugal and Romania)

AUSTRIA BELGIUM BOSNIA-HERZEGOVINA BRASIL CANADA CROATIA DENMARK FINLAND FRANCE GERMANY GREECE GREAT BRITAIN HUNGARY ITALY KOSOVO MEXICO NETHERLANDS NORWAY PORTUGAL ROMANIA RUSSIA SPAIN SWITZERLAND TURKEY UNITED STATES OF AMERICA

ODLO INTERNATIONAL INITIATIVES

We Act Challenge 2017 (September 2017)
We are proud that ODLO was part of this year's We Act Challenge with 37 enthusiastic employees participating. The six ODLO teams performed very well in the competition and showed great team spirit by implementing together sustainable actions into their work and everyday life. The challenge had 999 participants in 183 teams from all over Switzerland. A total of 38,372 activities on the subject of personal and natural resources were participated in. Among other things, this meant that 11,000km were covered by foot or bike, 12 tonnes of tap water were drunk and 2,300kg of Co2 were reduced thanks to different activities. For each activity, the South Pole Group compensated for the equivalent of 5kg of Co2. Throughout the whole challenge, a total of 191,860kg of Co2 was compensated for. The compensation supported three projects (Kariba Forest Protection, Zimbabwe 48%, Caceres and Cravo Norte Colombia 28%, Chorchaiwat Wastewater Treatment, Thailand 24%).

Bike to work (June 18)
For more than 10 years now, ODLO International AG takes part in the national 'bike to work' initiative organized by the association 'Velo Schweiz'. For one month, employees commute to work by bicycle, in combination with a team competition about the longest distance taken as a team. Here, our five teams cycled 6,511km, making not only a positive contribution to their own fitness, but also to the environment; saving a total of 938kg of CO2.

Feel fit! (all-year)
This refers to the health and fitness package available for ODLO employees at the Swiss headquarters in Hünenberg. It offers employees a variety of activities such as the indoor fitness centre, in-house pilates lessons or bike rentals.

Sports events (all-year)
ODLO supports a variety of internal and external sports events, thus promoting popular sports, employee health and the development of young athletes.

OUTLOOK

SOCIAL RESPONSIBILITY

Keep FWF leader status by continuously improving social monitoring system for manufacturer.

Continue Living Wage Project and start rolling out to other manufacturers.

Increase local presence and stakeholder network in manufacturing countries, set up of a process to include inspection trips for on-site corrective action plan follow ups.

Increase internal staff awareness on FWF and ODLO's supplier Code of Conduct.

ECOLOGICAL RESPONSIBILITY

Maintain environmental monitoring of Tier 1 & Tier 2 suppliers by implementing Higg Index.

Performing SAC Higg FEM verification audit.

Use Higg FEM results to drive impact, following up with a corrective action plan process with key suppliers.

Increase internal awareness on ecological responsibility by setting up an ODLO ‚Green Team' at the ODLO headquarters.

PRODUCT RESPONSIBILITY

Start implementing the Higg Materials Sustainability Index (MSI) to compare material's environmental impact and make informed choices.

Extend sustainable product solutions focusing on material resources and dyeing processes.

Start implementing the Design & Development Module (DDM) to increase awareness and assess concepts early in the product creation process.

Extend focus on resource efficiency.

Keep product certification OEKOTEX standard 100.

CONCLUSIONS & OUTLOOK

We look back at an eventful year, which shows strong integration of a holistic sustainability management system in our business.

The textile value chain is long and complex, as is the list of social and environmental challenges that we face. Strong relationships with our business partners as well as being part of international business initiatives supports us in mastering any obstacles that cross our path. "If you want to go fast, go alone. If you want to go far go together." this African proverb underlines the importance of collaboration; a key in our sustainability work. We are very proud to celebrate our tenth anniversary of membership with the Fairwear Foundation this year; a big milestone in our social monitoring journey. Through our second year as a member of the Sustainable Apparel Coalition, important steps on our environmental roadmap were achieved. It is our goal to drive our ecological impact in cooperation with our strategic business partners.

The natural resources on our planet are limited and require responsible usage. ODLO, as a sportswear brand takes its product responsibility seriously - the focus on resource efficiency was therefore the logical result. Also, our new journey into digitalization supports these efforts in many ways.

These experiences are motivating us to intensify our commitment to the future. Our outlook gives a summary of the different goals we have set ourselves for the current business year 2018/19. We are looking forward to an exciting year ahead of us.

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