

SOCIAL REPORT 2023-24



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A WORD FROM OUR CEO

It's been a transformative year for our business. A new brand strategy, a revitalised product range, and a renewed purpose when it comes to doing more to protect outdoor spaces.

In 2023 we asked ourselves where we were falling short on our sustainability promises and where we could leverage our unique structure to lower our overall impact. In response, we appointed a new sustainability director, hired from within our product design team, and deepened our commitments to compliance and certifications, putting pieces in place to shape a new direction for the next decade.

Some of this work included committing to the global Science Based Targets Initiative, establishing a regional partnership with Sustainable Textile Switzerland, further supporting Protect Our Winters Switzerland, and – as we have for a decade – working with Fair Wear Foundation to assess labour conditions across our supply chain. Indeed, we've made progress, but the sentiment across the company is that we can still do more.

This report details much of the work to enhance one of our strategic sustainability pillars which we call "Make It Fair." From our owned manufacturing facility in Romania to manufacturing partners in Europe and Asia, we see fair working environments – the focus of this report – as one area of our sustainability strategy where we will heavily invest.

As such, we continue to influence anyone with whom we work to ensure fair working conditions, openness, communication, responsible sourcing, and fair wages for garment workers – the people on whom our entire business depends.

We've learned a lot during this period – through workshops, speaking with partners and other outdoor brands, and through internal collaboration – and have come to understand that this is a process measured by progress and momentum as much as it is KPIs. By that measure, we're extremely proud of the steps taken, and inspired by the work that lays ahead.

#TheresMoreOutThere



Daniel Eppler
Chief Executive Officer
Odlo International



ABOUT ODLO

Inspired by Nordic sports and our founder's passion to push boundaries, Odlo exists to heighten every outdoor experience. We design base layers without equal and all-season apparel that drives outdoor devotees to go for more, more often, in comfort.

We live for the limitless potential of personal podiums and shared experiences. And from the Swiss Alps, we develop clothing for those who know that whatever lies ahead – there's always more out there.

Odlo has been a part of Monte Rosa Sport (MRS) since 2020. The holding group was established with our acquisition by Monte Rosa Capital, an investment fund managed by Christian Casal and Hugo Maurstad. Janus, the Norwegian merino wool brand, and Henri Lloyd, the British sailing brand, were both acquired by the group shortly after in 2022.

Within the group, each brand is responsible for its own design and product development, marketing, and sales. This allows us each to maintain our distinct heritage and identity, while benefitting from shared sourcing and manufacturing, logistics, technology investments, and financing.

03
SUSTAINABILITY
AT ODLO



3.1 A Fresh Start

While sustainability was always essential to our business, it's now a strategic priority. To accelerate our progress, our sustainability (CSR) team evolved into a new department in 2023, reporting directly to the CEO. The two-person team leverages support from the entire organisation with our sustainability workstream, a group of key partners who facilitate integration into our daily business.

In 2023-2024, we put our focus on developing a new foundation. We're currently revising our sustainability framework and commitments, as well as actioning insights and learnings from a recent materiality assessment. This assessment captured opinions and perspectives from across our network, identifying which environmental, economic, governance, and social topics are most important. We continue to crystallise our strategy and commitments based on these results, in addition to working on clear and measurable KPIs and a roadmap.

The sustainability team includes:



Johanna Heimlicher
Sustainability Director



Sara Campidelli
Sustainability Manager

For this year's social report, we are focused on what we know, specifically regarding fair working environments in our own and our partner's manufacturing facilities. A broader capture of our work, including other strategic focus areas, will be shared in subsequent year's reporting.

3.2 Our Commitment

“We can do more” is our commitment to protect the people and places we love.

As we enter this new chapter as a brand and with Monte Rosa Sport, we’re focusing on areas where we can make the greatest progress. As such, this report contains language that acknowledges how much work remains. Each day, we’re adding resources, learning from our stakeholder network and partners, and revising our commitments, which today, are comprised of four main themes:

Make It Fair

Every person working in our facilities should have the right to fair working conditions, a healthy lifestyle, and well-being in the workplace. Our objective is for our garment workers to only work reasonable hours and to earn a living wage for themselves and their families. For over ten years, we’ve partnered with Fair Wear Foundation to monitor and improve labour conditions and further these ambitions.

Go for Green

Going for green is about ensuring our energy sources at Odlo-owned facilities are renewable by 2030. By producing solar energy and heating with renewables, we will keep air cleaner and better protect environments where we operate. We committed to the Science Based Targets Initiative (SBTi) in December 2023 to keep us on track.

Choose with Care

While still maximising the functional comfort of our products, we prioritise preferred materials wherever possible to lessen our impact on places we love. From fibre production to yarn preparation, every step in the production process can decrease our environmental footprint, including carbon emissions and water use.

Close the Loop

Our products are durable. With wear and tear damage, products can often be repaired and worn again for years. To close the loop and encourage circularity, we offer our **ReWEAR** programme – an initiative that gives Odlo pieces a second chance at life through repair, resale, and take-back programmes.



3.3 Stakeholder Engagement

Partnership and collaboration are two key drivers of our sustainability work. In 2023-2024, we worked with the following organisations:

Fair Wear Foundation

Odlo has been a member of the [Fair Wear Foundation](#) (FWF) since 2008. A multi-stakeholder initiative, Fair Wear and its members work to improve labour conditions in the textile industry worldwide. The organisation maintains its independence through governance, equally representing trade unions, NGOs, and business associations.

Transparency and accountability are key principles of Fair Wear membership. Their Code of Labour Practices (CoLP), which includes eight labour standards, is the foundation for their collaboration with brands. Fair Wear also verifies participating brands' monitoring systems through a yearly rating audit which is commonly referred to as Brand Performance Checks (BPC).

Cascale (formerly Sustainable Apparel Coalition or SAC)

We have been a member of [Cascale](#), a multistakeholder initiative in the apparel and footwear industry, since 2016. The 250+ member brands, retailers, and manufacturers, as well as governments, nonprofits, and academic institutions, are collectively committed

to improving sustainability performance along the supply chain. Cascale partners closely with Worldly, the software provider behind the suite of Higg tools for ESG management platforms widely adopted across the apparel industry.

We use the Higg Facility Environmental Model (FEM) and Facility Social Labor Model (FSLM) to monitor our suppliers' progress on their sustainability journey. These modules are self-assessments, which are often verified by a third party. By submitting the Higg Brand and Retail Module (BRM), we're also assessed against an industry benchmark. The Higg BRM reflects our strengths and weaknesses holistically, which empowers us to make improvements. We plan to report on our Higg BRM progress in next year's report.

Protect Our Winters Switzerland

We've been partners with [POW](#) since 2021 – a climate advocacy NGO which was founded in the United States by professional snowboarder, Jeremy Jones. POW Switzerland is focused on using positive and emotional communication to drive climate legislation locally. Our partnership helps fund their critically important advocacy work and gives a shared voice to the protection of outdoor playgrounds.

Sustainable Textiles Switzerland

[Sustainable Textiles Switzerland](#) (STS 2030) is a multi-stakeholder programme with the mission to contribute significantly to the achievement of Sustainable Development Goals (SDGs) in the Swiss textile and apparel sector along the entire value chain.

By committing to STS 2030, we pledge to take measures to achieve the following targets:

- 1) **Reduction of greenhouse gas emissions**
- 2) **Promotion of fair wages and humane working conditions for all**
- 3) **Promotion of innovative business models toward a circular economy**
- 4) **Transparency to ensure that sustainable purchasing decisions can be made**



3.4 Transparency & Communication

“By communicating openly and honestly with stakeholders, Odlo can strengthen its reputation, build trust, and create a positive impact.”

We believe that transparency is essential for building a strong and sustainable business. By communicating openly and honestly with stakeholders, Odlo can strengthen its reputation, build trust, and create a positive impact. Our recent materiality assessment mentioned in the beginning of this report has shown that *Open Communication & Accountability* should be amongst our top priorities.

Odlo is a proud member of Fair Wear and communicates this externally to retailers and consumers. We share our Social Report with Fair Wear annually and regularly update supply chain information on our website. This Social Report is available on our website [here](#).

As a part of our commitment to transparency, our garment maker supply chain is disclosed on [Open Supply Hub](#), a nonprofit organisation that hosts the world’s most complete, open, and accessible global supply chain map, powering the transition to safer and more sustainable production. We also publish a list of our manufacturing partners on our website.

To strengthen our transparency and accountability, we will prioritize human rights and environmental due diligence in the coming months. By establishing a comprehensive roadmap and setting concrete goals aligned with our identified material issues and focus areas, we aim to provide our stakeholders with an even more detailed and informative understanding of our supply chain in the upcoming year.

This enhanced focus will enable us to:

- **Proactively identify and mitigate human rights and environmental risks within our supply chain.**
- **Reinforce our dedication to ethical and sustainable practices.**
- **Foster stronger relationships with consumers, investors, and other stakeholders by providing additional information.**
- **Use the insights gained from our due diligence efforts to inform our decision-making and drive ongoing improvements in our sustainability practices.**

Through these efforts, we are committed to creating a more sustainable and ethical supply chain that benefits all stakeholders.

04
SOCIAL RESPONSIBILITY
AND HUMAN RIGHTS
DUE DILIGENCE





MAKE IT FAIR

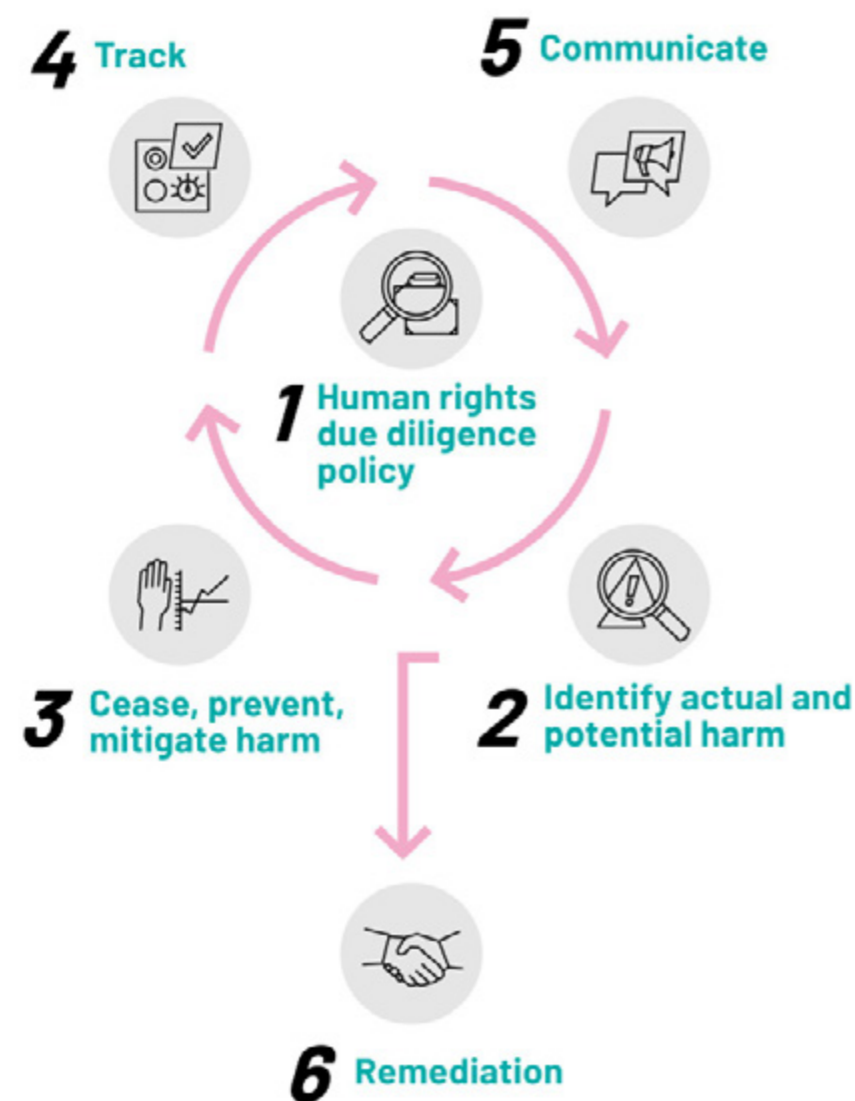
To make it fair, human rights must be guaranteed across our value chain. Furthermore, fair treatment of workers in our garment production is critical for the owners and board of Monte Rosa Sport.

Our 2023-24 materiality assessment identified *Fair Working Conditions* and *Living Wage* as the two most critical issues for our stakeholders owing to their perceived impact on our business. Now, in close collaboration with our sourcing team, our sustainability team is integrating social KPIs into our decision-making processes. To ensure comprehensive due diligence, we've expanded our efforts beyond the traditional scope of responsibility, sourcing, and quality management - all company stakeholders who interact with our suppliers are involved. This unified approach creates shared responsibility and a cohesive company strategy.

Restructuring our sustainability team also empowers us to set more ambitious social responsibility goals and aligns with our required commitments as a Fair Wear member. Feedback from our previous Brand Performance Check was instrumental in further aligning our priorities.

4.1 Implementing Human Rights Due Diligence

The 6 HRDD steps



In 2023 we implemented a Human Rights Due Diligence (HRDD) system that aligns with OECD Due Diligence Guidance and supports decision-making for our sourcing strategy with the support of Fair Wear Foundation Member Hub tools.

These actions include:

- 1) Conducting regular risk assessments and utilizing the OECD framework to identify, assess, mitigate, prevent and address actual and potential adverse impacts.
- 2) Prioritising high-risk areas identified through scoping exercises that highlight country specific risks, sector, product, and enterprise risks (OECD).
- 3) Implementing appropriate measures to mitigate identified risks.
- 4) Collaborating with relevant stakeholders, including workers, suppliers, NGOs, and industry initiatives, to enhance risk assessment processes and share best practices.

This process includes integration of Fair Wear’s recommendations on high and low risk countries, aided by regular visits by Odlo staff to ensure better visibility on the ground, to follow up on findings and to strengthen relationships.

Our Responsible Business Conduct (RBC) policy is the core of our due diligence process. It reinforces our commitment to HRDD and clarifies how due diligence is integrated into our management systems and corporate structure. This policy is a living document and will continue to evolve as we deepen our understanding and refine our practices. To ensure that our business operations align with its principles, we proactively share our RBC policy both internally and externally. Additionally, our sustainability team, HR director, and CFO are collaborating to revise all relevant policies to align with the RBC framework. Our goal is to establish the RBC policy as an overarching guideline for all of Monte Rosa Sport with dialogue and transparency underpinning all our interactions.

In the 2023-24 fiscal year, we have conducted a risk assessment on all levels, utilising the Fair Wear framework that integrates OECD guidelines. The process includes scoping risks within production countries where Odlo products are manufactured, then connecting them to textile industry sector risks. We then go one level deeper, looking at the specific manufacturing partner facility and the risks coming from the products they make.

4.2 Human Rights Risks in the Textile Industry

When reviewing manufacturing suppliers, the risk of human rights violations is evaluated based on the country where the supplier is based, local legislation and governance, and the ratification of International Labour Organisation (ILO) conventions in the country. Key human rights in the textile industry include:

No Forced Labour, No Child Labour, and Fair Employment

Forced labour and child labour are a risk in many textile production countries. Forced labour includes forced overtime, which means even if there are no obvious instances of forced labour, we must remain aware of its potential presence.

According to [UNICEF's Children Rights Workplace Index](#), the risk of child labour is generally classified as "Basic" in Europe and "Enhanced" in Asia. While Europe presents a lower risk, it's important to maintain vigilance and have robust measures in place to prevent and address any potential issues. There is a positive trend of an aging workforce in the textile industry, which can be attributed to the younger generation's preference for higher-paying sectors.

In the textile industry, Fair Employment is a key issue because it concerns fair working contracts for factory workers, covering the terms of employment, wage, and social security. Risks are higher for informal employment, especially because home working is still common practice in the textile industry, and short-term contracting also represents a risk.

Due to language barriers, foreign migrant workers represent the most vulnerable category for breaches of these three human rights. Access to information in workers' native language is essential to ensuring fair employment practices. By providing clear and accessible information, we can empower our workforce to understand their rights and advocate for themselves.

Freedom of Association

Freedom of Association is an indicator of the influence that workers have to collectively communicate with management and ensure their rights are respected. The prerequisite is that the workers know what their rights are, which sometimes is not the case, and is additionally challenging because each country has their own legislation. Generally, having a union or a collective bargaining agreement (CBA) is a positive indicator of Freedom of Association. Some countries, like Vietnam or China, are heavily unionised by law - but this does not

necessarily warrant transparent communication and might not be effective in protecting workers' rights.

No Discrimination

No Discrimination addresses equality in the workplace regardless of gender, nationality, ethnicity, religious belief, sexual orientation, social status, or medical condition. In particular, the textile industry is characterised by a higher ratio of women than men, hence the importance of ensuring that the specific needs of women are respected and that they are not harassed or discriminated against. It is also important that they are free to raise their voice should harassment or discrimination occur.

Health and Safety

Every worker has the right to work in a physically safe space that preserves their overall health. Issues in Health and Safety (H&S) are common, but they are also easier to remediate, as there are clear H&S guidelines and our manufacturing partners have policies regarding them.



“Achieving living wage can have a positive ripple effect on the risks of other labour rights.”

Living Wage

Living Wage is conceptualised as a wage sufficient for a worker and their family to afford a decent standard of living, including necessities such as food, housing, healthcare, education, recreation, and savings, without having to do overtime. Minimum wage is the legal minimum amount a worker should earn per month, and minimum wage often is not sufficient to cover living expenses. In the textile industry, low production costs have made it more challenging to ensure a living wage for all workers. The topic is complex because what is defined as a Living Wage can look extremely different from country to country or even region to region. Additionally, living wage is not mandated by law like minimum wage.

There are international standards such as the Global Living Wage Coalition, Asia Floor Wage, and Wage Indicator that provide valuable data for a benchmark, however the data published still requires analysis, interpretation, and collaboration between brands and production partners. Achieving living wage can have a positive ripple effect on the risks of other labour rights. It also represents the highest risk in all countries we manufacture in.

Fair Working Hours

Together with Living Wage, Fair Working Hours is a challenging topic in the textile industry. International and local legislation places 60 hours as maximum working time in a week, including overtime.

While European workweeks typically average 40 hours, Asian workweeks often extend to 45-48 hours. This difference in standards can impact the likelihood of exceeding weekly quotas. With a standard workweek of up to 48 hours, reaching 60 hours can easily occur by working 10-hour shifts and only having a single rest day. Even if regulated by law, excess overtime is very likely during peak time, which is the period where most of the production is concentrated in order to meet a customers' delivery deadline.

4.3 Production Country Risks

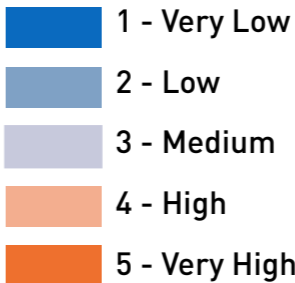
Following the OECD & Fair Wear’s guidance, we created country risk profiles by connecting our supply chain and the country risks for the textile industry. ILO and ILOSTAT data was consulted, as well as [Fair Wear Foundation country profiles](#), [UNICEF Children Rights Workplace Index](#), the [International Trade Union Confederation \(ITU\)](#), the [Global Slavery Index](#), and the [UNDP Human Development Indicators](#).

On this page, the results of our assessment are presented as a diagram. It benchmarks the likelihood and severity of risks in our production countries and includes risks specific to the textile industry. Sometimes, these risks are either confirmed or mitigated by result of audits conducted by Fair Wear or other organisations. More detailed information about the production partners and specific due diligence action can be found in chapter 5 of this report.

It’s important to keep in mind that the profiles are valid for 2023-24 only, as risks are updated regularly based on occurrences in the countries.

The risk level is rated with two criteria: severity, or how impactful the risk is, and likelihood, or how likely it is to occur. The score goes from 1 (Very Low Risk) to 5 (Very High Risk).

The creation of these profiles suggests the most appropriate monitoring strategies and type of engagement we need for our partners.



	No Forced Labour	Freedom of Association	No Discrimination	No Child Labour	Living Wages	Fair Working Hours	Health & Safety	Fair Employment
Romania	2	4	2	1	4	3	3	3
Italy	3	3	2	1	3	3	3	4
Slovenia	3	2	2	1	3	2	3	2
Sri Lanka	3	4	4	3	4	4	2	4
Vietnam	3	3	2	3	4	4	2	4
Thailand	4	4	3	3	3	4	2	3
Türkyie	3	5	3	3	4	4	2	4
Cambodia	4	5	4	3	4	4	4	4
China	4	4	3	4	5	5	4	4



4.4 Living Wage Study at Odlo Romania S.r.l.

Living Wage is one part of supply chain which represents some risk. In the next two years therefore, we've made it a key focus for our team.

To better understand wages across our supply chain, we began by conducting a follow-up study at our own production facility, Odlo Romania S.r.l., in 2023-2024. The goal was to clarify the gap between workers' salary and the Living Wage for the Neamt region where the factory is located.

(We couldn't work with available international standards because they don't reflect the characteristics of the area and the specific composition of the workforce.). Compared to an initial 2017 study, our wages have been improving, bolstered by Romanian legislation raising minimum wage. With the latest minimum wage increase in July 2024 and benefits like meal tickets and transportation allowances, 80% of the workforce has reached Living Wage; we're working on a strategy to reach 100%.

4.5 Freedom of Association and Gender Lens

Another high risk in our production countries is Freedom of Association.

Currently, half of the workers in our supply chain are part of a union. As many of our workers are women, we are expanding our KPIs on gender representation to understand potential threats to No Discrimination within the risk of Freedom of Association.

Women workers	Women managers and supervisors	Workers in a Union	Women workers in a Union
78%	42%	42%	20%

We introduced the Factory Gender Data Collection Questionnaire, an additional data collection system that we aim to send periodically to collect specific factory composition, wage, and freedom of association data with a gender lens and chart our respective progress.

4.6 Contractual Agreement Review

In the context of writing our Responsible Business Conduct policy we reviewed our garment maker contract structure and its terms and conditions to better align it with our responsible sourcing strategy using Common Framework of Purchasing Practices (CFRPP) benchmarks.

The framework was developed in 2022 by Fair Wear, Ethical Trading Initiative, and others with the goal of improving working conditions through purchasing practices.

Currently, we're in the process of vetting a new version with experts. Upon validation, we'll re-introduce it to our manufacturing partners and submit it for a new signature. The final contract will be the basis for all future manufacturing partnerships established by Monte Rosa Sport.



A photograph of three hikers with large backpacks standing on a rocky mountain ridge. The scene is captured at sunset or sunrise, with the sun low on the horizon to the right, casting a warm, golden glow over the landscape. The sky is filled with scattered, light-colored clouds. The hikers are silhouetted against the bright sky. The foreground shows the rough, rocky terrain of the ridge.

**05
DUE DILIGENCE
IN 2023-24**

5. Due Diligence in 2023-24

We opted to focus on closing corrective action plans from the previous fiscal year, in the form of audits or Higg FSLM reports, rather than issuing new requests.

This was decided for two reasons:

- 1) **To confirm corrective actions were completed or progress was made, as this is key to help us create risk profiles of our manufacturing partners.**
- 2) **To avoid audit and training fatigue for manufacturing partners due to the high volume of audits they do for all the other brands they manufacture for.**

As many audits were recently executed, it made more sense to follow up on those rather than request new ones.

The graphic below demonstrates our monitoring efforts over the past three years.

Facilities Audited in the last 3 years	Facilities visited in the last 2 years	Facilities checked for H&S in the last 2 years	Facilities submitting Higg FEM	Facilities submitting Higg FSLM
84%	76%	72%	52%	44%

In 2023-24, our team visited partners in Vietnam, Sri Lanka, Türkiye, Romania, Thailand, and China.

These visits covered a significant portion of our manufacturing supply chain, encompassing 84% of our partners and 98% of our annual production volume. Some partners received multiple visits to ensure ongoing oversight and support.

With the findings from this year’s risk assessment, our sustainability team will prioritise visits to high-risk suppliers and countries in 2024-25, focusing our efforts where they are needed most. There are already several audits and trainings planned to follow-up on the past year’s learnings.

The following pages provide a detailed overview of our Tier 1 garment-making suppliers.

Each supplier profile includes a brief description, key metrics, and a summary of our due diligence activities.

“For this year’s due diligence activities we prioritized following-up on corrective action plans and an in-depth risk assessment.”

5.2 Suppliers in Romania

	Odlo Romania S.r.l.	Cottontex S.r.l.
Products Manufactured for Odlo	Knitted Apparel / Accessories	Cycling apparel
Production Volume 2023-24	47.6%	2.1%
Odlo Leverage 2023-24	47.6%	2.1%
Number of Workers	521 (employees) / 449 workers (June 2024)	501-1000
Number of Facilities	1	3
Areas of Risk for the Country	Freedom of Association; Health & Safety	Freedom of Association; Living Wage; Working Hours; Health & Safety
Relationship	Odlo Romania is part of the Monte Rosa Sports Group. It is our own cutting and sewing facility producing garments for the three brands Odlo, Janus, and Henri-Lloyd, all labelled "Made in Europe". The product type is mostly base layers, but also a bit of simple mid layers, all exclusively made of European fabrics. The site has been operational since 2003. Janus supplies Merino fabrics to Odlo, who supplies back finished garments to Janus, to Odlo and to Henri-Lloyd. We see great production synergies within the group.	Cottontex, known as SportsTex since March 2024, has been an Odlo partner since 2011. They are the European leader in cycling apparel and have expertise and capacity for large sublimation printing. The majority of fabrics come from Italy, mostly warpknit. Sublimation printing allows much smaller MCQ (minimum per colour) and even customisation. Cottontex is also a supplier of XX.S Sports, a design intermediary for customised products for Odlo Sports Marketing (e.g. for the Engadin Ski Marathon or Team Sports).
Sourcing Challenges FY 2023-24	Odlo leverage on our production facility in Romania is reduced this year, as the manufacturer has started producing for Janus and Henri Lloyd, the other brands that belong to Monte Rosa Sports Group. This year represented challenges in efficiency due to reduced overall orders, but the introduction of Janus and Henri Lloyd productions mitigated the impact.	
Due Diligence Activities	Closure of 2022 audit corrective action plan, requested evidence and the status of progress for H&S topics have been remediated. With regards to freedom of association, Odlo Romania highlighted that only 10% of the workforce has joined a union. There is no union at the factory, although management is trying to encourage the workforce to join. Worker representatives were elected in March 2024. They meet monthly with management and participated in negotiating the new CBA. They are instrumental in ensuring workers opinions are heard demonstrating how their input has influenced management decisions. Overall, a collaborative working environment has been established thanks to the management team. This is shown through the reduction in the number of complaints.	The last audit executed at Cottontex was in 2020. Odlo has requested a new audit to be conducted in 2024. The last audit was fully remediated and highted few risks, specifically in Health and Safety. Risks on Freedom of Association are linked to the absence of a union at the factory and in general, there is no adequate worker representation. Living wage was not reached in 2020 and more information will be provided on new audit. Working Hours tend to be higher on peak season but never reaching legal threshold. Odlo QA and product development teams visited the factory.
Complaints	No complaints were raised through Fair Wear nor the grievance email channel between the factory and the CSR team.	No complaints were raised through the FWF helpline.
Above and Beyond	Odlo has commissioned a new living wage study by Syndex, a Romanian consultancy specialised on the topic. Syndex already completed an analysis for Odlo in 2017. The study showed that Odlo has progressively closed the gap in these six years. With the increase of the minimum wage level in July 2024 and the increase in value of benefits such as meal tickets and transportation allowance, the gap was closed for 80% of the workforce.	

5.3 Suppliers in Vietnam

	Shints BVT Co. Ltd	Vietsun Corp	Gen Nex Apparel Co. Ltd
Products Manufactured for Odlo	Technical Outerwear & Pants	Technical Outerwear & Pants	Knitted Tops and Bottoms
Production Volume 2023-24	9.8%	11%	1.6%
Odlo Leverage 2023-24	8.8%	4.6%	5.1%
Number of Workers	>5000	501-1000	501-1000
Number of Facilities	3	3	1
Areas of Risk for the Country	Freedom of Association; Living Wage; Working Hours; Health and Safety	Freedom of Association; Living Wage; Working Hours; Health and Safety	Freedom of Association; Living Wage; Working Hours; Health and Safety
Relationship	Since 2015, Odlo has partnered with Shints, a Korean company with expertise in producing high-performance technical apparel. Shints' three sewing facilities near Hanoi, Vietnam, and their extensive operations in Ethiopia, employing over 10,000 people, contribute to the production of Odlo's range of products, including Gore-Tex and motorcycle jackets. All Odlo products are currently manufactured in these Vietnamese facilities.	Vietsun, a Vietnamese company, has been an Odlo partner since 2021. They operate three sewing facilities in southern Vietnam, with two located near Ho Chi Minh City, where their headquarters is also located. Vietsun specializes in technical woven apparel, including down jackets, and also produces some midlayers. The company plans to expand its operations both within Vietnam and internationally.	Gennex, a Vietnamese sewing facility owned by YMT Holding (the parent company of Odlo's long-term partner, Yehpattana Tayeh), has been operational since 2016. Located near Ho Chi Minh City, Gennex specializes in knitted garments, including football replica jerseys. They supply Odlo with mid-layers and polos, using fabrics sourced from Asia.
Sourcing Challenges FY 2023-24	Capacity issues at Shints and an order mistake by Odlo caused a delay for a large portion of the FW24 delivery. The partner took responsibility for the capacity issue and paid airfreight. Odlo paid for airfreight of the portion related to the order mistake. Odlo has enquired about the root cause of production capacity and the supplier communicated that they received unplanned production orders for the high peak season, which caused the delay.	Fabric delays for FW24 caused delayed garment delivery to Odlo. Odlo facilitated the request of air freight shipping of the material between the fabric mill and the manufacturer, at the full cost of the fabric mill, who was responsible for the delay. This has helped speed up the process and reduced the impact on the manufacturer's schedule and product delivery.	Nothing to highlight.
Due Diligence Activities	We closed an open corrective action for an audit from 2022 across 2 of the 3 facilities. The partner also submits the Higg FSLM annually with the following findings: Working hours is one of the primary topics. The partner has shown evidence that over time is now within the legal requirement. In Vietnam, all factories have a union because it is required by law, however because members of management head the union, the auditor expressed doubts on its effectiveness. The partner has provided evidence that elections took place fairly and shared the democracy regulations for the company. The company complies to the local CBA. Health and safety issues have been progressively resolved. The wage ladder from Fair Wear identified gap in living wage, but the gap is not too high. Odlo is investigating this topic. In order to increase worker's awareness of FWF CoLP, a training was delivered by Fair Wear in November 2022 for two facilities and in 2023 for the third facility. Odlo quality assurance and sourcing teams have visited the factory.	We closed an open corrective action for an audit that occurred in 2022 across the 3 facilities. In Vietnam, all factories have a union because it is required by law, but the effectiveness of protecting workers' rights is sometimes doubtful, especially if members of management head the union work. We ensured that elections of the members took place fairly. The factory complies to the local CBA. In general, worker awareness of their rights was not sufficient, but the partner has organised an internal training and distributed FWF CoLP leaflets. Health and safety issues have been progressively resolved. The largest issues was the installation of a fire sprinkler in two of the facilities. The wage ladder from Fair Wear identified gap in living wage across the three facilities. This is currently being analysed by Odlo. The factory has also provided evidence of payment for a three-month period during COVID-19, where some of the workers had to be suspended from work for safety reasons. The supplier has provided evidence that the working hours were reduced in 2023, after a high peak in 2022. It is nevertheless a topic that needs to be monitored to ensure it is kept under control at high peak times. Odlo quality assurance, sourcing, and product development teams have visited the factories.	We closed an open corrective action for an audit that occurred in 2022. In Vietnam, all factories have a union because it is required by law, but workers were not aware of its function. We have requested a training on communication and social dialogue to happen through Fair Wear. Health and safety issues have been resolved. The wage ladder from Fair Wear identified gap in living wage. The supplier has also conducted a BSCI Living Wage study. More information is included below. The supplier has provided evidence that the working hours were reduced in 2023, after a high peak in 2022. It is nevertheless a topic that needs to be monitored. Odlo quality assurance and sourcing teams have visited the factory.
Complaints	No complaints were raised through the Fair Wear helpline.	A complaint was raised and resolved by another brand. When this happened, Odlo had not yet disclosed this factory in the Fair Wear system, so we were not aware of the complaint and could not participate in the remediation. This was an error from our end that we have remediated now by disclosing all the supplier's facilities in the Fair Wear system.	No complaints were raised through the Fair Wear helpline.
Above and Beyond	The supplier submits the Higg FSLM (Facility Social Labor Module) annually. This is a self-assessment questionnaire that is verified by an auditor.	The supplier has conducted Fair Wear Code of Labour Practice training and distributed leaflets to raise awareness among the workers because this was an issue found in the audit. They also conducted a training for workers on how to calculate their salary.	The supplier conducted a living wage study through BSCI that was shared with Odlo. The study assessed the required wage to live and operate in the factory's location and determined a living wage was paid. Further analysis is ongoing at Odlo.

5.4 Suppliers in Sri Lanka

	MAS Bodyline	MAS Amity
Products Manufactured for Odlo	Bras / Tights	Seamless
Production Volume 2023-24	3.3%	5%
Odlo Leverage 2023-24	2.3%	2.9%
Number of Workers	>5000	>3000
Number of Facilities	2	1
Areas of Risk for the Country	Freedom of Association; Living Wage; Working Hours	Freedom of Association; Living Wage; No Discrimination
Relationship	MAS Bodyline, a joint venture between Sri Lankan apparel giant MAS Holdings, TRIUMPH, and Victoria's Secret, has been an Odlo partner since 2014. They produce all Odlo cut and sew bras, cycling and running bibs and tights. Bodyline has its own fabric sourcing capability and leverages local materials from the island. They currently operate 2 sewing production sites in Sri Lanka, as well as operations in India, which are in expansion. Odlo products are currently manufactured exclusively in the Sri Lankan factories.	MAS Amity has been an Odlo partner since 2017. They belong to the to the Sri Lankan MAS Holdings, a leader in sportswear, swimwear, and underwear garments. Specializing in seamless apparel, MAS Amity is renowned for its innovative approach and capacity to handle large-scale production.
Sourcing Challenges FY 2023-24	No specific challenges reported.	There were delays due to the prioritisation of other customers. This didn't seem to have consequences on the workforce based on audit verification.
Due Diligence Activities	MAS Bodyline annually submits the Higg FSLM, a self-assessment verified by an auditor. Odlo's sustainability, sourcing, and quality assurance teams have conducted site visits, confirming above average working conditions. In 2024 MAS Bodyline consolidated its production line from three to two facilities, due to a decline in business volume. The plan was shared early on with the workers to mitigate the impact on employees and a voluntary separation scheme was enacted by the company with severance pay compensation beyond legal requirement.	MAS Amity annually submits the Higg FSLM, a self-assessment verified by an auditor. Odlo's sustainability and sourcing teams conducted a site visit in 2023-24 and found the working conditions to be above average.
Complaints	Sri Lanka does not have a local Fair Wear team, so no complaints were raised in 2023-24.	Sri Lanka does not have a local Fair Wear team, so no complaints were raised in 2023-24
Above and Beyond	MAS Bodyline shares quarterly sustainability updates. They have a team working on social and environmental sustainability, not only for compliance, but to exceed beyond. They are also very active in the local community.	MAS Amity have a team working on social and environmental sustainability, not only for compliance, but to exceed beyond. They are also very active in the local community.

5.5 Suppliers in Thailand

Yehpattana Tayeh

Products Manufactured for Odlo	Knitted Tops and Woven Bottoms
Production Volume 2023-24	6.8%
Odlo Leverage 2023-24	16.4%
Number of Workers	501-1000
Number of Facilities	1
Areas of Risk for the Country	Freedom of Association; Living Wage; Working Hours; Health and Safety
Relationship	Yehpattana Tayeh has been an Odlo partner since 2004 and are part of the YMT Holding Group, together with Gen Nex (see chapter about Vietnam). They are located in Thailand, not far from Bangkok. They produce knitted garments, running tops, woven shorts, with good capabilities in bonding.
Sourcing Challenges FY 2023-24	Nothing to highlight.
Due Diligence Activities	We focused on creating a supplier risk profile and decided to request a new audit, which took place in August 2024. There is no union at the factory, but a worker committee reviews grievances monthly. Two thirds of the workforce are Burmese migrants. All policy and procedure documents are available in both Thai and Burmese. Overall, audit interviews reported a positive view on their employer and fair treatment, although workers were missing knowledge about the CoLP. Odlo encouraged the partner to develop trainings to raise the workers' awareness on that topic. Odlo's quality assurance and product development teams visited the factory.
Complaints	Thailand does not have a local Fair Wear team, so no complaints were raised in 2023-24.
Above and Beyond	

5.6 Suppliers in Türkiye

Memteks Tekstil AS

Products Manufactured for Odlo	Seamless
Production Volume 2023-24	4.8%
Odlo Leverage 2023-24	7.3%
Number of Workers	<500
Number of Facilities	2
Areas of Risk for the Country	Freedom of Association; Living Wage; Working Hours; Health and Safety
Relationship	Memteks has been an Odlo partner since 2016. They are located in Türkiye, close to the Istanbul airport. Together with MAS Amity, they share Odlo's seamless business. They are a very reliable partner, with relatively low MOQs, sharp lead-times, and great delivery performance.
Sourcing Challenges FY 2023-24	This year, Türkiye experienced massive inflation issues, which contributed to the doubling of minimum wage in 2024, however, purchasing power has not increased. The supplier increased wages accordingly and this was reflected in Odlo pricing.
Due Diligence Activities	We have been working with the supplier on remediating a complaint from 2022 related to Freedom of Association, which is identified as a high risk in the country. Factory employees received training to raise awareness of their rights and a policy has been produced by the partner endorsing the workers' right to belong to a union. Odlo's sustainability and sourcing teams visited the factories in December 2023 when the training was conducted.
Complaints	Complaint 1242 has been remediated; no other complaints were raised through the Fair Wear helpline.
Above and Beyond	

5.7 Suppliers in China

	Pasasport S.r.l. - Haoqian Factory	Madison 88 - U-Jump Factory	Ronda - Hao Guan Factory
Products Manufactured for Odlo	Gloves	Knitted Hats	Gloves
Production Volume 2023-24	0.3%	0.2%	0.4%
Odlo Leverage 2023-24	12.2%	1.0%	4.4%
Number of Workers	<100	<100	<50
Number of Facilities	1	1	1
Areas of Risk for the Country	Freedom of Association; Living Wage; Working Hours; Health and Safety	Freedom of Association; Living Wage; Working Hours; Health and Safety	Freedom of Association; Living Wage; Working Hours; Health and Safety
Relationship	Pasasport has been an Odlo partner since 2019 and supplies gloves. Pasasport HQ is located in Italy with production subcontracted in China, at a factory called Haoqian, as well as a factory in Tunisia. Odlo products are currently manufactured exclusively in the Chinese factory.	Madison 88 has been a partner of Odlo since 2015 and supplies knitted hats. Their HQ is located in Canada, while the production is done at a factory in China called U-Jump.	Ronda has been an Odlo partner since 2022 and supplies caps. They are Chinese, located not far from Shanghai airport. They show proactiveness in supporting the brand's innovation and deliver strongly on all KPIs.
Sourcing Challenges FY 2023-24	Nothing to highlight.	Nothing to highlight.	Nothing to highlight.
Due Diligence Activities	There aren't many touch points with this partner because they have a small portion of products carried over for a few seasons. The QA team visited the production factory and performed a H&S check. They didn't report any major findings. CSR is currently discussing some of the outcomes of the check, combined with the 2024 BSCI audit report that the partner provided to Odlo. Together with H&S, working hours is another topic that Odlo is discussing with partner. The factory doesn't have a union but has worker representatives.	We closed an open corrective action from an audit that occurred in 2022. The partner also submits the Higg FSLM annually. More information is included below. Working hours is one of the primary topics that we're currently addressing. The root cause identified by the partner is order volume reduction in the industry that has impacted the number of workers they could hire. Consequently, there is labour shortage on peak time. There is a union at the factory of which 74% of the workers are members. Health and Safety issues have been progressively resolved. The wage ladder from Fair Wear identified a gap in Living Wage. Odlo is investigating this topic. To increase worker's awareness of Fair Wear CoLP, a training was delivered by Fair Wear in September 2022. Odlo QA and sourcing teams have visited the factory.	We initiated our business relationship with Ronda rather recently, so we were focused on getting to know them and informing them about Odlo's social responsibility approach. We have requested information through our Garment Maker Questionnaire and requested a recent audit form of the facility to understand how social responsibility is managed internally. The partner already had the Fair Wear CoLP on display within the factory. Because the workforce didn't receive Fair Wear CoLP training, we've requested one for 2025. The factory doesn't have a union due to its size but does have worker representatives. Audit report did not highlight excessive use of overtime. There are some H&S topics to be addressed. The partner is already following up on the issue with another brand producing at the facility. Related to wage, the lowest salary with benefits is substantially higher than minimum wage, although according to Global Living Wage Coalition it is not yet reaching living wage.
Complaints	No complaints were raised through the Fair Wear helpline.	No complaints were raised through the Fair Wear helpline.	No complaints were raised through the Fair Wear helpline.
Above and Beyond			

5.8 Suppliers in Italy & Slovenia

	Intersocks S.r.l.	Teo Sport
Products Manufactured for Odlo	Socks	Gloves
Production Volume 2023-24	0.6%	0.1%
Odlo Leverage 2023-24	1.0%	1.6%
Number of Workers	<500	
Number of Facilities	2	1
Areas of Risk for the Country	Freedom of Association; Living Wage	Freedom of Association; Living Wage
Relationship	Intesocks has been an Odlo partner since 2015. As the name indicates, this is our socks supplier. They are one of the most reputed sock suppliers in Europe, supplying most well-known sport brands. Production is spread between Italy (HQ and knitting), Slovenia (knitting, finishing, packing) and Türkiye and Pakistan (subcontracted). Intersocks belongs to the ARKLYZ group, a vertically connected set of business activities across the whole value chain with a special focus on manufacturing, brand management, distribution, retail, and e-commerce.	Odlo has been working with Teo Sport since 1995. It is a production facility for customised gloves done in partnership with XX.S Sports, the intermediary who designs these custom products for Odlo Sports Marketing. They supply both the fabrics and the glove style. The business volume for Odlo is small.
Sourcing Challenges FY 2023-24	This year, the majority of Odlo production was made in Italy, divided between Intersocks and its subcontractors. Due to low leverage, Odlo only has visibility at the end of the year on the sites that will execute production, so risk assessment was performed on all production sites.	Nothing to highlight.
Due Diligence Activities	Intersocks production sites are audited with the SA8000 standard and the supplier ensures that all its subcontractors are also audited on a regular schedule. The Italian HQ changed its address in 2024, however audit results are related to the previous HQ. Reports show risks primarily in Freedom of Association due to absence of unions and no interest in the workforce to join one. Living Wage is mentioned as a risk primarily because calculations done by the factory seem to be outdated and not reflecting the current status, however, CBAs are followed for salary grades, so the risk is low.	Due to the nature of the business with this supplier and low production volumes, Odlo has collected updated information regarding the structure and workforce composition of the supplier. We have built a risk profile with the result of low risk for human rights violations. There are two unions at the factory and wages follow the national CBA. The partner is Oekotex certified and is currently undergoing Oekotex Step certification.
Complaints	Italy and Slovenia don't have a local Fair Wear team, so no complaints were raised in 2023-24	Italy and Slovenia don't have a local Fair Wear team, so no complaints were raised in 2023-24
Above and Beyond	Intersocks has access to audit reports of all their subcontractors and they facilitate the communication between Odlo and those factories.	

5.9 Suppliers in India

Right Sports - Rajiv Garments

Products Manufactured for Odlo	Shirts
Production Volume 2023-24	0.4%
Odlo Leverage 2023-24	2.7%
Number of Workers	<200
Number of Facilities	2
Areas of Risk for the Country	Freedom of Association; Living Wage; Working Hours; Health and Safety; No Discrimination
Relationship	Right Sports has been an Odlo partner for 24 years. They are an Indian supplier, located close to Mumbai. They are very small, but do vertical, weaving, dyeing, and sewing for Odlo's outdoor check shirts. Their small size and flexibility (MOQ), make them a good fit to our small demand.
Sourcing Challenges FY 2023-24	There was a fire in one of the two facilities in November 2023. It started at night when the neighbouring facility caught fire and spread. No workers were harmed because it happened during off hours. The partner moved operations to another facility, which will be audited in fall 2024 with BSCI. No Odlo products were impacted. Odlo has worked with two brands to monitor the situation and operations have been back to normal since January 2024.
Due Diligence Activities	We have an open audit report with Right Sports together with two other brands. We're working jointly to solve it, sharing resources and effort. The primary issues were related to wages and Health & Safety, where inconsistencies have been found. Odlo has been producing the same products at the factory for a long time, therefore the number of visits at the factory have been reduced over the years. The supplier has proven reliable in the delivery of the desired products that are very important for the Odlo collection. Odlo will visit the partner end of 2024 to help speed up the resolution of the inconsistencies.
Complaints	No complaints were raised through the Fair Wear helpline.
Above and Beyond	

5.10 Suppliers in Cambodia

Sees Global Inc.

Products Manufactured for Odlo	Gloves
Production Volume 2023-24	0.5%
Odlo Leverage 2023-24	1.3%
Number of Workers	501-1000
Number of Facilities	1
Areas of Risk for the Country	Freedom of Association; Living Wage; Fair Employment; Health and Safety
Relationship	Sees has been an Odlo partner since 2017. They have two main facilities, one in Cambodia and one in Vietnam, both of which are large. Odlo products are made solely in the Cambodian factory.
Sourcing Challenges FY 2023-24	Nothing to highlight.
Due Diligence Activities	We received a recent audit from the factory to have updated verified information. The audit highlighted Freedom of Association and Health & Safety issues that have been mostly remediated. There are still some topics in progress. The factory has three active unions. The factory makes use of FDC (temporary contracts) to fulfil peak periods. As a result, no overtime issue has been highlighted.
Complaints	Cambodia does not have a local Fair Wear team, so no complaints were raised in 2023-24
Above and Beyond	

06. RESPONSIBLE SOURCING



6. Responsible Sourcing



We're committed to only working with manufacturing partners who share our same pledge to ethical, social, and environmental practices. With strong policies and practices, we can mitigate the risks of human rights violations.

To that end, our sourcing strategy is based on two principles:

Our own production

About 50% of our total revenue comes from our own production facility, Odlo Romania S.r.l. New garments or additional production volumes are manufactured in our own production facilities, when possible, considering manufacturing capability, capacity to fulfil the ordered quantities, and price competitiveness.

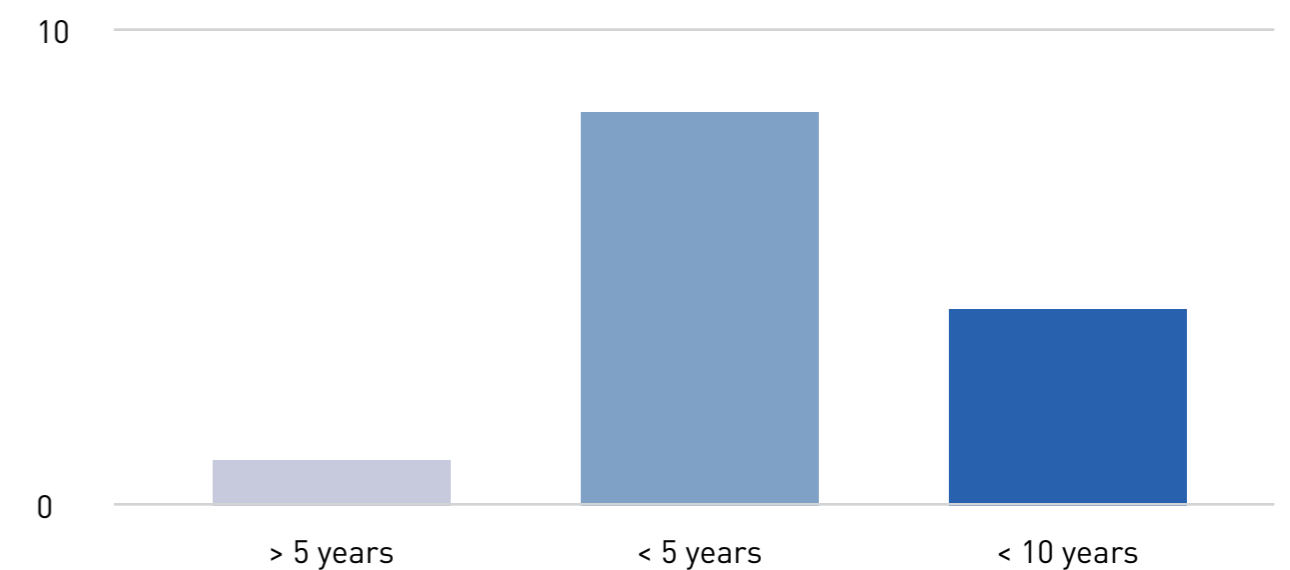
Long-term partnerships with a small number of manufacturers

Our supplier base includes 16 partners, most with whom we have partnered with for more than five years.

By having fewer suppliers and strong relationships, these partners can plan longer-term, thereby increasing their own stability and job security for workers.

The leverage we have with our partner suppliers is fundamental for collaboration when implementing best practices and remediation.

Odlo holds long term partnership with its suppliers with the majority being more than five years:



6.1 Our Garment Maker Contract

Before collaborating with us, all manufacturing partners are required to sign our Garment Maker Contract where we detail the workflow, costing, terms, quality requirements, and general conditions of the agreement. The following policies are included in the contract and must be accepted by the partner:

- **Odlo's Code of Labour Practice based on Fair Wear's Code of Labour Practices**
- **Odlo's Code of Conduct**
- **Odlo's Chemical Policy**

Upon signing, the manufacturing partner is onboarded to the company workflow and tools, as well as our social compliance and health and safety expectations. The newly onboarded suppliers also receive:

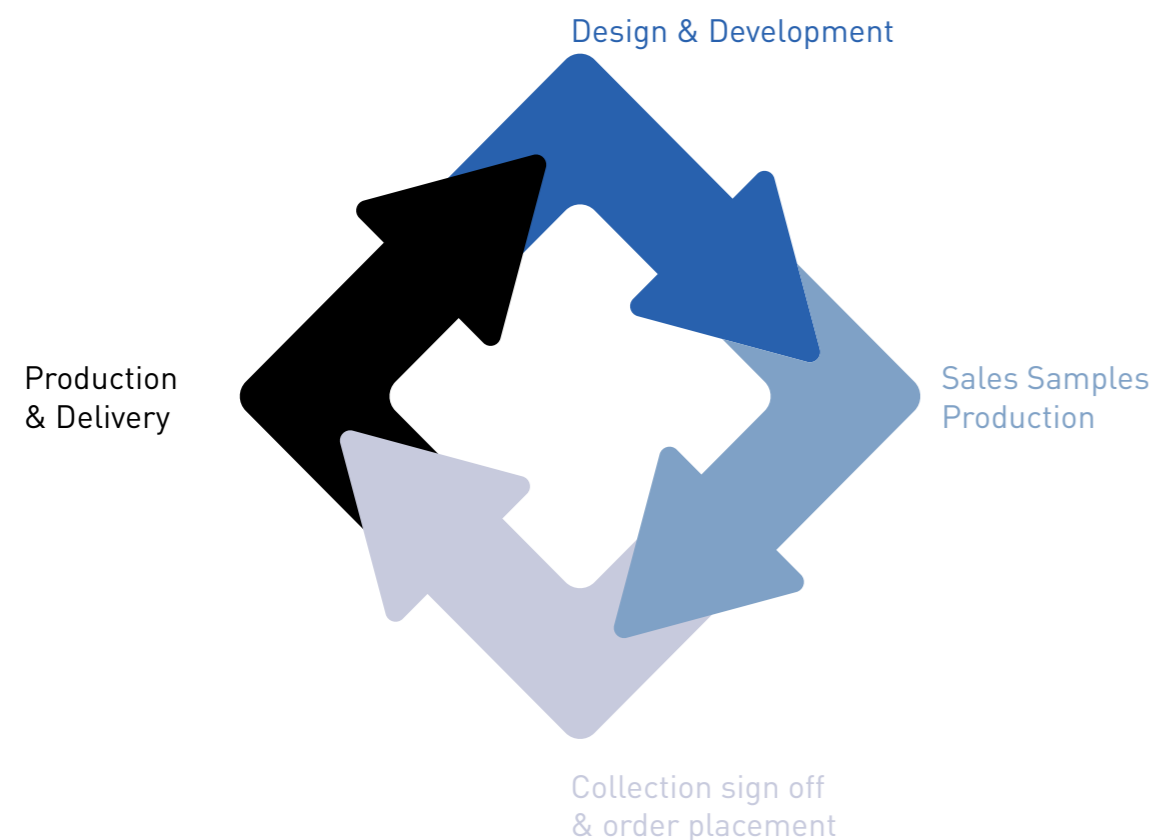
- **Presentation deck of Odlo's social responsibility goals and processes**
- **The Garment Maker Questionnaire to collect detailed information about the supplier, facilities, workforce, and policies**
- **Our Transparency Agreement, where we ask for consent to share the partner's information publicly and with Fair Wear**
- **Our Responsible Business Conduct Policy**

We are planning to expand our due diligence to subcontractors soon. Contractually, we require manufacturers not to utilise subcontractors or third parties when manufacturing our products without first obtaining approval. When subcontractors have been approved, we also ask them to complete the Garment Maker Questionnaire and expect direct partners to share information on the [Fair Wear Code of Labour Practices](#) and labour standards with them.

The Fair Wear Foundation Code of Labor Practices

Employment is freely chosen	1				5	Payment of a living wage
Freedom of association and the right to collective bargaining	2				6	Reasonable hours of work
No discrimination in employment	3				7	Safe and healthy working conditions
No exploitation of child labour	4				8	A legally binding employment relationship

6.2 Our Production Cycle



Excellent production planning is directly linked to Fair Working Hours for workers. Like most performance apparel brands, we release products in two seasonal cycles per year: Spring-Summer and Fall-Winter. Certain products in our range are relevant for both seasons, so they have a continuous production cycle and are called Never Out of Stock or NOS. This continuity allows prompt replenishment and secures business for our production partners.

For all products, a detailed seasonal calendar outlines the 12-month production cycle, from initial design to salesman samples' (SMS) approval. This calendar ensures a streamlined process and is shared with our production partners. Product development begins two years prior to the collection's commercial launch. Throughout this cycle, we maintain regular communication with our partners, sharing technical documentation (tech packs), and reviewing prototype samples. This iterative process culminates in the production of SMS, which are presented to retailers for the final forecast collection.

Before production, SMS undergo rigorous quality checks and reconfirmation. Each sample submission is accompanied by a comprehensive cost sheet detailing the associated costs.

SMS and production orders are managed through an official document, called a production order (PO) where we commit to buying specific quantities of the styles, based on the minimum order quantity (MOQ) available given the partner's production efficiency. We book our supplier partners' production capacity through a document called style per order run (SPOR), which outlines the production allocation requests, specifying the desired quantities of each style to be produced, and the expected delivery dates.

The partner provides feedback and validation for the SPOR, which is updated accordingly. We place production orders only on fully commercialised styles, approved for quality and price, at our final stage of development when no further changes are allowed. The expected delivery time is agreed with the manufacturing partner, who has the right to refuse the order if above requirements are not respected.

In the event of disruptions, whether originating from Odlo, our manufacturing partners, or external forces, we prioritise collaborative problem-solving to mitigate adverse impacts. Penalties are considered only as a last resort, specifically when the issue is directly attributable to the manufacturing partner and is causing significant business disruptions for Odlo.

6.3 Pricing Policy

To have a win-win pricing policy that creates Living Wages for workers, we apply an open costing principle. This means that we request our partners to deliver the product price with a transparent view on the different components such as materials, labour, overhead, financial costs and profit margin of the partner.

With this knowledge, we're able to ensure fair labour costs are paid to the garment maker and approve products quickly or modify them if pricing does not meet our commercial goals simultaneously.

Prices are then negotiated directly with manufacturers and are based on a minimum order quantity (MOQ). An upcharge is sometimes requested by the manufacturing partner - and granted by Odlo - when the MOQ can't be met or if there are updates in the labour or material cost.

When there is a change in minimum wage legislation, clear communication between manufacturers and Odlo is essential in understanding its impact on cost increases.

6.4 Supplier Visits and Audits

Our engagement strategy with manufacturing partners includes regular site visits from our HQ teams, including operations and sourcing, design and development, as well as CSR. Based in Asia and Europe, our local four-person quality control (QC) team also plays a pivotal role.

They conduct annual factory inspections, assessing production quality and health & safety compliance, and provide photos of the factories. Their expertise in the Fair Wear Code of Labour Practices enables them to identify key areas for the CSR team to address. We normally audit our partners on a three-year cadence.

Partners who submit yearly Higg FEM & FSLM receive feedback and are only audited for specific risks. If problems are highlighted during an audit, the partner receives a list of issues to improve upon and we follow up with a corrective action plan. Partners who submit yearly Higg FEM & FSLM are only audited for specific risks.

In the past two years, 76% of our partner facilities were visited.



6.5 Initiating Supplier Partnerships

We apply a seven-step plan when selecting new manufacturing partners:

- 1) **Analyse procurement spending, supplier performance, and company strategy.**
- 2) **Assess the supplier marketplace, country-specific risks, sector, product, and enterprise risks.**
- 3) **Conduct supplier surveys to verify commitment to CoLP and achieve transparency on subcontracting relationships.**
- 4) **Develop a strategy to help Odlo achieve our business goals.**
- 5) **Assess suppliers according to cost, social and environmental performance, lead time, quality, reliability, and fit.**
- 6) **Select a supplier and prepare a proposal for the supply chain director to approve.**
- 7) **Communicate onboarding to new supplier and begin planning the first season.**

6.6 How we work with our partners

We believe that dialogue and transparency are key to nurture a great partnership and deliver the expected results on both ends and make the customer happy. Odlo commits to precisely follow the working calendar that marks deliveries agreed upon with the manufacturing partner.

Production orders are placed only on fully commercialized styles (approved for quality and price) to avoid changes that would disrupt the partner's workflow. The partner has the right to refuse the order if the above requirements are not respected.

In the event of disruptions, whether originating from Odlo, from our manufacturing partners or from force majeure, we prioritize collaborative problem-solving to mitigate impacts.

“We’re committed to being transparent about our decision-making so workers’ well being can be addressed.”

6.7 Contract Termination and Responsible Exit

Manufacturing contracts may be terminated for multiple reasons. When these cases occur, we’re committed to being transparent about our decision-making so workers’ well being can be addressed. Reasons for contract termination include, but are not limited to:

- **Changes in our sourcing strategy**
- **Quality of the relationship between the manufacturing partner and Odlo**
- **Manufacturing partner’s performance**
- **Results of risk assessment or continuous breaches to the contract and to Odlo’s Code of Labour Practice, Code of Conduct, or the Chemical Policy that were not jointly resolved**

When a contract is terminated, we initiate a conversation with the partner to outline clear timelines to complete the final production season. Strategies to manage any leftover materials are also discussed and the partner is asked to provide information on the potential impact of the termination. Through collaborative dialogue, we work together to identify mutually beneficial solutions.



6.8 Sourcing Consolidation in Recent Years

We initiated a sourcing base consolidation in 2022 with the purpose of having a leaner supply chain with increased leverage. In 2023-2024, we moved from 21 to 18 cut-make-trim (CMT) or garment making partners and will have final production with three additional suppliers in 2024.

The decision was made after a comprehensive review of our programmes' lifecycles at the affected partners and identifying those nearing completion time to best plan the exit. One year's notice was provided before the final shipment. We requested that the impacted suppliers invoice leftover fabrics under our financial liability and we also sought confirmation to repurpose these materials.

Across all concerned suppliers, our maximum leverage represented 2.1% of their business, so the impact of our exit was expected to be low.

We're exiting VT Garment and Perfect Foundation by the end of 2024 and as a result, a formal due diligence assessment was deemed unnecessary for this year. While a comprehensive assessment was not conducted, any significant risks or non-compliance issues associated with these suppliers would have been identified.



THERE'S MORE OUT THERE

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