

SOCIAL REPORT

EDELRID 2024



TABLE OF CONTENTS

List of Abbreviations	4
1 - Summary: 2023 Goals & Achievements	5
2 - SOURCING STRATEGY	7
2.1 – Embed Human Rights Due Diligence in Policy and Management Systems	8
2.2 – Sourcing strategy	10
2.3 – Organisation of the sourcing department	13
2.4 – Production cycle	13
2.5 – Supplier relations	14
2.6 – Integration of monitoring activities and sourcing decisions	15
3 Coherent system for monitoring and remediation	15
3.1 – Suppliers in Portugal	16
3.2 – Suppliers in Pakistan	16
3.3 – Suppliers in Vietnam	17
3.4 – Suppliers in China	18
3.5 – Suppliers in Germany	19
4 – Complaints Procedure	20
5 – Training and Capacity Building	21
5.1 – Activities to inform staff members	21
5.2 – Activities to inform manufacturers and workers	21
6 – Transparency and Communication	22
7 – Stakeholder Engagement	22

„We strongly believe that far-reaching efforts to ensure fair working conditions in our supply chains are essential to promote the rights and well-being of all people associated with us and the manufacturing of our products, to ensure compliance with legal requirements and thus to fulfil our social responsibility.

We strongly welcome the support of Fair Wear in this regard. We also see the adoption of the Supply Chain Act, which for the first time obliges companies to respect the integrity and welfare of all workers involved, as an important step on official side towards increasing fairness in global value chains.“

Vitus Wuhler, CEO EDELRID GmbH & Co. KG



EDELRID Organisational Chart



LIST OF ABBREVIATIONS

- Acceptable Quality Level (AQL)
- Audit Alliance Hard Goods (AAHG)
- Brand Performance Check (BPC)
- Code of Conduct (CoC)
- Code of Labour Practices (CoLP)
- Collective bargaining agreement (CBA)
- Corporate Social Responsibility (CSR)
- Corrective Action Plan (CAP)
- European Outdoor Group (EOG)
- Fair Wear Foundation (FWF)
- Free on Board (FOB)
- Human Rights Due Diligence (HRDD)
- International Labour Organization (ILO)
- Minimum order quantities (MOQ)
- Organization for Economic Cooperation and Development (OECD)
- Personal Protection Equipment (PPE)
- Pre-Production Samples (PPS)
- Responsible Business Conduct (RBC)
- Safety and Health Check (SHC)
- Salesman Samples (SMS)

1 - SUMMARY: 2023 GOALS & ACHIEVEMENTS

EDELRID's membership at the Fair Wear Foundation (FWF) started in 2021. We took the start of the membership as a chance to define internal goals regarding our social performance, working conditions along our supply chain as well as dealing with the approach of Human Rights Due Diligence (HRDD) according to the OECD guidelines.

This is the second Social Report from EDELRID. The report covers our work with our supply chain and FWF from 1st of January 2023 to 31st of December 2023 with an outlook for the year 2024. We are happy to present our progress and our achievements in social performance and working conditions within our supply chain in the following as transparent and extensive as possible.

The so-called Brand Performance Check (BPC) is an annual review of our work with our suppliers, carried out by the FWF. In our first Brand Performance Check ever for the year 2022, we were only awarded the Needs Improvement Status, with a score of 23. Instead of seeing this as a setback, we see it as a challenge and motivation to strengthen our commitment to social responsibility along our supply chain. We focus on action, learning and authenticity as we work towards becoming an even more socially responsible company.

The main measures undertaken and general progress achieved in 2023, can be summarized as follows:

- We have successfully passed our very first BPC with FWF! This is a major milestone for us. It helped us quite a lot in getting a better understanding of the requirements of FWF and identified as well as prioritized areas where there is need for improvement. Based on the guidance of the BPC report and with help of the Brand Action Plan we were able to structure our further approach to HRDD and working with our suppliers on social performance in a more targeted way.
- We are proud to have established processes and structures which improved the information flow between the CSR and purchasing department as well as our suppliers. Altogether, EDELRID was able to visit six suppliers in 2023 which produce 97% of the order volume altogether in 2023.
- To enhance our supplier monitoring, we have compiled a questionnaire for our suppliers focusing on the 8-point FWF Code of Labor Practices (CoLP). Eleven out of our twelve main suppliers have filled out the questionnaire providing us with valuable information for our risk assessment and general dealing with the individual suppliers.
- We have revised our risk scoping on country level in accordance with OECD guidelines and analogously expanded our risk scoping on factory level. On both levels, we include a gender lens and use the output for specific improvement and prevention programs accordingly.

- We conducted an audit at one factory in China representing 12% of our overall order volume. Thus, 60% of our order volume has been produced in factories audited on our behalf within the last three years, with additional 26% of our order volume being produced at our production site in Germany.
- We continued our work on Corrective Action Plans (CAPs) from former audits together with our partners in the supply chain. The topics dealt with ranged from health and safety issues to compensation. Additionally, we set up a systematic root cause analysis for our identified harms.
- In 2023, more than a quarter of FOB was produced at our self-owned production site in Germany. We are very proud of this percentage as the location of our self-owned facility enables us to ensure fair working conditions for our employees.

2 - SOURCING STRATEGY

EDELRID's vision is to make ideas come to life that enable free movement in a vertical world. Therefore, we aim at understanding every detail about the development, the use and the impact of our products and make it publicly available. We use and share our knowledge to make the best product, reduce its social and environmental impact and help climbers, i.e., people that move in the vertical world, to consciously assess their risks.

To achieve these goals, we rely on internationally accepted standards certified by independent organizations. To expand our goal to reduce our business-related societal impacts on the environment as well as on the people making our products, we committed ourselves to improve labor standards along our supply chain. Since 2021, we are not only bluesign®, EMAS-, and TÜV-certified but also a member of the FWF.

2.1 - HUMAN RIGHTS DUE DILIGENCE

With our membership start at FWF and consequently our introduction to the HRDD process in late 2021, we are only at the beginning of implementing and structuring our processes accordingly.

HRDD is in accordance with the Organization for Economic Cooperation and Development (OECD) Due Diligence Guideline the process of a business to first and foremost assess actual and potential human rights impacts that the business enterprise may cause or contribute to through its activities, or which may be directly linked to its operations, products or services by its business relationships, integrating and acting upon those findings, tracking responses, and communicating how the

identified impacts are addressed. These impacts are not only limited to workers' rights, but also environment, bribery and corruption, disclosure, and consumer interests.

Based on the OECD Due Diligence Cycle, the FWF expects its member brands to carry out the following six steps of the risk-based supply chain improvement cycle. Further actions from our side concerning the single steps can be read within the different chapters of this report.



Source: Fair Wear Foundation

1 – EMBED HUMAN RIGHTS DUE DILIGENCE IN POLICY AND MANAGEMENT SYSTEMS

Each brand must have a policy that commits to Human Rights Due Diligence (HRDD). The HRDD policy sets the brands' commitments to conducting HRDD and clarifies how due diligence is embedded into the company's management systems and corporate structure.

To be able to communicate our goals, efforts and processes in the area of human rights due diligence transparently and clearly to all our stakeholders, we recognize an HRDD policy as an essential tool. In our view, this is precisely what makes it so

important for us to proceed in a structured, well-founded manner and with the involvement of the relevant departments (CSR, top management, product development, sourcing & buying). This is a time-intensive process. At the time of writing this report, we have gathered all our internal requirements as well as those of the FWF and have drawn up a working document with the involvement of the various departments. Using the self-assessment quality checklist for HRDD policy and the digital learning pathway provided by FWF we have now evaluated our draft once again and are in the process of incorporating this information. Internal target date for an HRDD policy adopted by top management is end of 2024.

2 - IDENTIFY ACTUAL AND POTENTIAL HARMS IN SUPPLY CHAINS

The second step of a company's HRDD process is to conduct a scoping exercise, risk assessment and inform workers and suppliers on the basis of the following three sub-steps: Scope the risk of harm, conduct a factory-level risk assessment, assess the brand's relationship to impacts.

To effectively identify actual and potential harms in supply chains, the process is guided by the OECD Due Diligence Guidelines and focuses on the eight International Labour Organization (ILO) standards. The process is comprehensive and involves multiple levels of analysis which are the risk assessment on the country, sector, and factory, and product level. Additionally, a gender lens is integrated to ensure gender-specific risks are identified and addressed. A color-coded system is used to evaluate the likelihood and severity (including scale, scope and irreversibility) of identified risks.

3 - CEASE, PREVENT OR MITIGATE HARM IN OWN OPERATIONS AND SUPPLY CHAINS

Based on the outcomes of the risk scoping and risk assessments, brands should prioritise follow-up actions based on the severity and likelihood of potential or actual harm in its operations as well as in its supply chain.

In the context of our specific leverage/production volume at the individual suppliers we want to take the conducted risk assessments as a basis for prioritizing follow up plans including improvements and preventative steps. This can include, among others, working through CAPs from audits, organizing workplace trainings at the individual factories or adjusting our own purchasing practices as well as the cooperation with the supplier in question (see, as well, Chapter 3 – Coherent system for monitoring and remediation).

4 – TRACK PROGRESS

Each brand is expected to track its progress on HRDD and how it can invest in continuous improvement on the basis of the three elements Verification – Monitoring – Validation.

We want to track our progress on HRDD through continuous monitoring, e.g. via our internal documents and records, as well as by a constant dialogue with our suppliers regarding social performance and working conditions. Additionally, the new Member Hub of the FWF provides further possibilities for tracking our own as well as our supplier's progress. These possibilities still have to be incorporated and standardized in our processes yet.

5 – COMMUNICATE ABOUT HUMAN RIGHTS DUE DILIGENCE

Brands should communicate what they are doing, the harms and risks they assess, how they have addressed potential and actual harms, and what dilemmas they encountered along the way.

The core purpose of this report – we want to transparently communicate our work in the area of social performance and working conditions in our supply chain to FWF, externally as well as to our suppliers.

6 – PROVIDE FOR OR CO-OPERATE IN REMEDIATION

Brands are expected to provide for or cooperate in the remediation of adverse impacts where they have caused or contributed to that adverse impact.

In making use of the FWF system, promoting the FWF Complaint Helpline and joining forces with other brands producing at the same supplier, we aim at providing a practicable system for all of our stakeholders to raise concerns and complaints (see, as well, Chapter 4 – Complaints procedure).

2.2 – SOURCING STRATEGY

EDELIRID produces personal protection (PPE) and outdoor equipment. The nature of our products involves the development and production of a broad range of products, from hardware over safety ropes to apparel. Red Chili is a brand of EDELIRID focusing especially on the development of climbing shoes but as well providing apparel for climbers.

The products that fall within the FWF scope are harnesses, slings, cable kits, backpacks, chalkbags, crashpads, climbing shoes, (safety) gloves, headware, and other apparel (trousers, shirts, sweaters, jackets, etc.). Our ropes, helmets and hardware products (e.g., carabiners) are not part of the FWF scope. Some of these products

we are producing at our manufacturing site in Isny, Germany ourselves and for the remaining product categories we are, of course, aiming at fulfilling our HRDD duty as well (see Chapter 7 – Stakeholder Engagement).

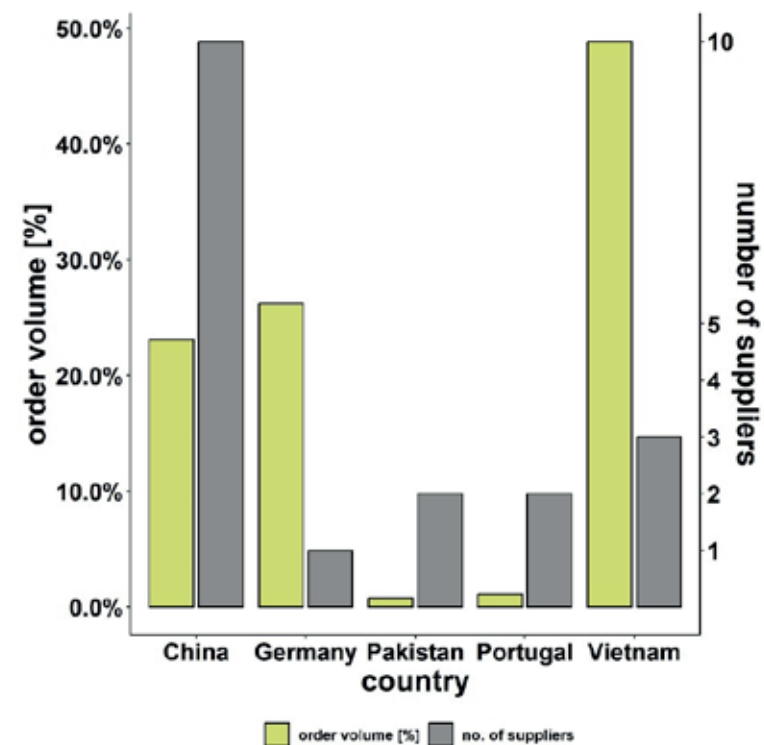
EDELIRID is proud to announce that a great share of products, e.g., ropes and slings, are produced at our production site located in Isny, Germany. For some items, e.g., complex harnesses or climbing shoes, this is hardly achievable due to cost factors and related competitiveness on the market. This way or another, EDELIRID's aim is to monitor and improve the working conditions along the whole supply chain, especially countries deemed at being at high risk to meet internationally accepted labor standards.

One of our core principles relies in the maintenance of long-term business relationships with our suppliers. Our partnerships exemplify a respectful interaction – an indispensable pillar to achieve a high degree of receptiveness, quality, and reliability. We are proud to announce that 87% of our order volume (of products within the FWF scope, see below for details) is placed at suppliers with which we have a business relationship for at least five years. To keep this up, we carefully select suppliers to create the basis for long-lasting business relationships.

When selecting suppliers, we look at factors like quality, price, and communication but also social and ecological criteria. We do have guiding criteria which we consider during the evaluation of new suppliers, e.g., ISO standards, AQL controls, etc. With our Supplier Information Form, we gather all necessary criteria which help leading towards a decision whether a new supplier will be contracted. In most cases this decision is supported by a visit at the potential supplier. Suppliers are, among others, only contracted if they agree to sign our CoC as well as the Confirmation of Compliance for Basic Health and Safety Requirements.

Once, a supplier has been contracted, EDELIRID visits production locations on occasional basis and conducts walk-through inspections and discussions with the management on various topics, including labor, safe and health standards as well as progress on CAP, if applicable.

We source our products from 17 suppliers (12 direct business relationships and five sub-suppliers) in five countries, namely China, Germany, Pakistan, Portugal and Vietnam. As mentioned above, we rely on long-lasting business relationships. The longest business relationship was established in 2004.



Supplier	Country	FOB 2023	Audited	Visited
1 - Direct	China	0.35%	✓ 2022	-
2 - Direct	China	0.92%	✓ 2022	-
2.1 - Sub	China	NA	-	-
3 - Direct	China	0.67%	✓ 2022	-
4 - Direct	China	11.71%	✓ 2023	✓ 2023
4.1 - Sub	China	NA	-	-
4.2- Sub	China	NA	-	-
5 - Direct	China	9.32%	-	✓ 2023
6 - Direct	China	0.01%	-	-
7 - Direct	Germany	26.05%	-	✓ 2023
8 - Direct	Pakistan	0.75%	✓ 2022	-
8.1 - Sub	Pakistan	NA	-	-
9 - Direct	Portugal	0.18%	✓ 2022	✓ 2022, SHC 2022
10 - Direct	Portugal	0.91%	-	✓ 2023, SHC 2022
11 - Direct	Viet Nam	46.75%	✓ 2022	✓ 2023, SHC 2022
11.1 - Sub	Viet Nam	NA	-	-
12 - Direct	Viet Nam	2.38%	2022	2023, SHC 2023

✓ : by EDELRID; ✓ : audit report provided by supplier; **SHC**: on-sight Safety & Health Check by EDELRID

2.3 – ORGANISATION OF THE SOURCING DEPARTMENT

The sourcing department at EDELRID is made up of the Category Management. The Category Manager Textile is responsible for the order management, demand planning and supplier communication for textile products including clothing, accessories (gloves, beanies, caps), harnesses, crashpads, chalkbags as well as backpacks. The Category Manager Hard Goods is responsible for the order management, demand planning and supplier communication for hard goods including climbing shoes. In addition, there is a Category Manager Packaging and Commercial Goods as well as a coordinating Team Lead. The Category Management is part of the Department for Procurement and Logistics. In the department, as well, there is the position of the Strategic Buyer who is taking the lead in optimizing the supply chain of EDELRID by evaluating the suppliers, sourcing new suppliers, etc.

Depending on sales forecast as well as stock situation the Category Management places orders at the relevant suppliers. The decision for new suppliers is the responsibility of the Strategic Buyer who is incorporating the demands concerning contractual arrangement and pricing of the Category Management as well as concerning quality and design of the Development Team in the selection process.

Mainly, we are working and communicating directly with the individual production locations. Only regarding the two clothing suppliers in Portugal, we are working via an agency. This is due to historically evolved reasons. The communication and ordering process runs through the agency, but payments are made directly to the suppliers.

2.4 – PRODUCTION CYCLE

The categories of EDELRID and RED CHILI products within the FWF scope is quite broad and divergent: Clothing, accessories (gloves, beanies, caps) as well as climbing shoes on the one hand are more like the typically known commodity type whereas harnesses, crashpads and bags on the other hand are produced on our extended workbench together with our sister company in Vietnam. Regardless of product category, we design and develop, in contrast to fashion and typical apparel companies, only one collection per year. Nonetheless, the production cycle varies according to the type of product due to the reasons stated above.

Last year, we set up a detailed product development process that reflects the cycle for clothing (incl. beanies/caps) as well as for climbing shoes, which are quite similar in conceptualization. All in all, the cycle takes about two years before a new collection is put on the market: Within the design phase the specification sheets are already sent to and discussed with the manufacturer before the order of salesman samples (SMS) is placed in autumn/winter. The samples are provided by the factories in time

for quality control as well as the sales meeting in May. Regarding clothing, we place our quantity forecasts already in March/April, thus allowing the suppliers to order the bulk fabric in time. By doing so, pre-production samples (PPS) can be produced already in bulk fabrics serving the bulk production quality. We place the orders with our factories to a lead time of around six to seven months.

The processes behind our product categories harnesses, crashpads and bags are quite more complex and require close coordination regarding order and production management with our sister company in Vietnam. Generally, due to the well in advance planning of up to ten months, we can provide in these product categories a great degree of planning reliability for our sister company and (material) suppliers in general. For example, the development cycle of a sport harness typically takes around two years from the concept to the first bulk production. Depending on the project's complexity, the development of the initial harness concept can even start up to one year before. Once we define the requirements and specifications for the new harness, we begin prototyping to test its construction, find suitable materials, and finalize the design. The load-bearing construction undergoes lab testing to ensure it meets certification standards. After several rounds of sampling, we will have a final sample of the harness developed in-house that we can hand over to our sister company in Vietnam to ensure that the workmanship is feasible for production. Certification is typically achieved by the end of the first year, allowing the product to be released for the next season. In the second year, production of salesman samples (SMS) begins in early winter to ensure availability for the sales meeting in May. For sport harnesses, bulk orders are placed in April/May, with the initial bulk production scheduled for autumn. Through sea shipment, the goods for the new season arrive at our warehouse at the beginning of the third year.

2.5 – SUPPLIER RELATIONS

In general, as mentioned before, we strive for long-term relationships with our suppliers. Especially regarding our suppliers of PPE (e.g., harnesses), so products to which people entrust their lives, trust and liability between the supplier and ourselves is essential. This as well as a deep understanding of our quality standards can only be built up over a certain period. Nonetheless, there are occasions when it becomes necessary to start a business relationship with a new supplier, mostly due to a combination of different factors, e.g., quality or technical requirements, change in the product range, etc., or even to end a cooperation with a supplier. In most of the times the latter is driven by the decision of the supplier and connected with not being able to meet the individual minimum order quantities (MOQ).

In 2023 we started working with two new facilities, one new supplier in Vietnam and one new supplier in China. Due to low forecast numbers as well as low sales quantity

and resulting stock situation in our warehouse we were not able to place any orders for the 2024 collection at three of our suppliers in China and Portugal. Already a longstanding part of our production capacity but new to our statistics 2023 for our Fair Wear membership is our own manufacturing site in Isny, Germany (see table and chart above). Our slings and cable kits made here do fall into the Fair Wear scope and we are more than happy to provide our German production site a stage within this framework as well.

Strategic Buyer, Product Development and Category Management work closely together for sourcing decisions. Quality and design requirements as well as contract and pricing options are synchronized in the process of selecting a new supplier. General sustainability issues are addressed as well and relevant information are obtained to ensure that the supplier pursues a corresponding approach. During on-site visits and a visible inspection of the factory, these aspects are considered as well and discussed with the management. Regarding general sustainability and working conditions aspects we are asking, e.g., for certificates, existing audit reports as well as our own supplier questionnaire with several questions concerning the FWF CoLP.

2.6 – INTEGRATION OF MONITORING ACTIVITIES AND SOURCING DECISIONS

Having long-term relationships with suppliers is key for our PPE products as well as for making progress on the implementation of HRDD. Audits as well as constant dialogue with our suppliers are essential to our monitoring activities and help us to detect shortcomings in our supply chain.

Depending on purchasing volume, our Development Team, the Category Management and the Strategic Buyer visit the most relevant suppliers once a year to discuss quality issues, communication, shipments but also Health and Safety topics along with critical non-compliances along with the relevant CAP reports from audits.

We continuously strive to connect these information and sourcing decisions. The CSR department and the relevant teams and employees are in the process of exchanging this information more and more on a regular basis. As well, aspects concerning working conditions and general sustainability performance with regard to individual suppliers are gradually getting integrated into our internal supplier evaluation and the criteria for selecting new suppliers.

3 – COHERENT SYSTEM FOR MONITORING AND REMEDIATION

The adjustment of our risk assessment system according to the OECD Guidelines and the FWF HRDD policy were core of our work in 2023. Gathering information about country-specific risks and production locations (via e.g., country studies, our supplier questionnaire newly established in 2023, audits or on-site visits and the

health and safety checks), identifying actual and potential risks, documenting and managing information, transforming findings into corrective actions and monitoring and keeping track of the progress, needs a system which has to be developed by trial and error. In line with the motto of a continuous improvement process the developed risk assessment system must be put into practice first to show where we need to put further work into.

60% of our order volume has been produced in factories audited on our behalf within the last three years, plus 26% of the order volume being produced at our production site in Germany, where we have direct control. The resulting CAPs are supervised by our CSR team which take care of the implementation of measures mainly via e-mail contact, photographic documentation and, if possible, visits on-site. Generally, to achieve a greater impact, the stewardship of audits may sometimes be shared by multiple brands producing at the same factory. Such joint efforts increase the power of auditing companies, thus the probability to execute remedial measures in a quick and resilient manner and simultaneously pares down human and economic capacities which can be used for additional audits.

In the financial year 2023, we conducted one audit at a supplier in China which ranks third in terms of overall order volume with 12%.

3.1 – SUPPLIERS IN PORTUGAL

Textiles and clothing are Portugal's largest industrial sectors with up to 20% of total workforce being employed in the garment industry. As a member of the EU with functioning trade unions and clear legal requirements regarding workers' rights existing, Portugal is classified as a "low-risk country" by the FWF. However, Portugal was greatly hit by the financial crisis in 2008, thus resulted in a period of stagnation in wage levels lasting several years. Consequently, 'Payment of a Living Wage' remains the most challenging labor standard for garment factories to comply with. Meanwhile, working overtime was amended to enable factories to adopt to low and peak seasons, thus remaining their competitiveness in comparison to other garment factory countries. The combination of flexible working hours and low living wages leads to an increase in excessive working time.



Portugal is the country where a great share of our apparel, especially cotton-based products are produced. Here we work together with two manufacturers via an agency. To our knowledge, no sub-contractors are commissioned to produce parts of our order volume. No complaint has been filed in the respective period.

3.2 – SUPPLIERS IN PAKISTAN

In Pakistan's, the textile sector plays an important role, thus accounting for around a quarter of the country's manufacturing added value and almost 60 percent of its exports. It is also the fourth largest cotton producer in 2021 and a major player in the leather industry. Compared to other Asian countries, the proportion of women employed in Pakistan's textile sector is relatively low (<30%). Informal employment is common. Employment conditions are often still inadequate and could be improved upon in many areas. It is common knowledge that a major instrument of driving change relies in the work of workers' associations. Unfortunately, only approx. 2.2% of the workforce is unionized. Another big issue is related to "Safe and healthy working conditions". After the tragic fire in the Ali Enterprise in 2012 costing the life of more than 250 workers, laws have been adapted, however, many factories don't comply with the respective requests. In response, brands adapted their inspectorate capacity and use monitoring audits to raise awareness of suppliers for internationally accepted standards regarding fire protection, electricity, and chemical safety.



Pakistan is the country where most of the different kinds of our gloves are produced. Here, we maintain a direct business relationship with one supplier established in 2004, who commissioned one subcontractor with parts of our FOB. The respective manufacturer was first audited in 2022. Most of the corrective actions detected were related to "Safe and healthy working conditions", especially fire protection. In 2023 the supplier put a lot of work and expenses into the remediation of findings recorded in the CAP – e.g., first aid and fire protection trainings have been organized, a finger printing system has been installed, policies have been set up, first aid and fire protection personnel has been educated. Many of the remedial measures were compiled. The remaining ones, with a focus on social payments (Employee Old Age Benefits, EOBI), are continuously followed up upon by our CSR team in 2024. All employees are well informed about the possibility of filing a complaint via the anonymous grievance hotline. However, no complaint has been recorded, yet.



3.3. – SUPPLIERS IN VIETNAM

Vietnam is currently one of the world's five largest garment exporters. The textile sector produces 15 percent of national economic output and employs around 2.7 million people, of whom more than 75 percent are women. In parallel to the strong export growth in the sector over the last decade, awareness of labor rights and social factors in textile production has also increased in Vietnam. There are still shortcomings, however, particularly in respect of 'Freedom of association and collective bargaining' and 'occupational health and safety, and environmental protection'. Regarding the first, there is only one trade union allowed in Vietnam, which is further- more embedded in the national government. The combination of increasing place for social dialogue together with overdue implementations of actions re- garding internationally accepted labor standards made wildcat strikes a popular weapon for workers to protect their own rights and bargain for better interests.



Vietnam is our main intercontinental production country. Here, we currently source our products from three suppliers. To two of them, we maintain a direct business relationship whereas the third is a sub-supplier of the direct supplier to which we maintain a 13 years-lasting business relationship. The respective manufacturer produces all the different kinds of our harness, backpacks, crashpads, and chalk bags whereas the other oversees the production of the trousers of our apparel line. The former was audited together with another FWF member in 2022. A great share of corrective actions has already been implemented and verified with appropriate pictures or documentation in 2022. The focus of remediation and cooperation in 2023 was on a finding related to compensation. Together with the other FWF member's CSR team and based on wage calculations and time records provided by the factory we were able to ensure that all laws regarding the payment of wages are complied

with. The factory management has been very cooperative in this regard. In light of the past positive experiences, we are confident that we will be able to complete the outstanding findings of the CAP, e.g., concerning insurance standards and union composition, in cooperation with the supplier this year.

No complaint has been filed in the respective period out of any of the Vietnamese factories.

3.4 – SUPPLIERS IN CHINA

Globally, the People's Republic of China is the largest producer and exporter of textiles and clothing. The activities of the country's textile and clothing industry covers a wide spectrum, from the production of raw materials through to the manufacture of end products. Accordingly, a large part of China's growth momentum is attributable to this industry sector. Our risk assessment provides evidence that several FWF CoLP, i.e. 'Freedom of Association and the Right to Collective Bargaining', 'Payment of a Living Wage', and 'Reasonable hours of work' are at high risk to meet internationally accepted labor standards in China's garment industry.

China has developed at an incredible pace over the last ten years, but it has also undergone major changes. As a result, the standard of living and gender equality has risen in recent years, especially in the urban centres. The payment of a living wage also adapted, however, rising wages in urban areas forced factories to relocate in cheaper regions. These developments entail a lower competitiveness of China in comparison to other garment producing countries. Regarding the 'Freedom of Association and the Right to Collective Bargaining' one must mention that only one trade union is permitted which is further part of the governmental hierarchy, i.e., no independent trade unions are allowed and neither the freedom of collective bargaining nor strikes. Working overtime is also especially challenging. In China, working overtime is culturally very accepted and common practice. This is supported by the employment of migrant workers who have a strong incentive to work overtime hours to send money to their families. Furthermore, China is especially under risk of forced labor, particularly involving Uyghurs and other ethnic minorities in the Xinjiang region. Reports have indicated that forced labor practices are prevalent in this area, with workers subjected to poor working conditions, lack of freedom of movement, and coercion. The Australian Strategic Policy Institute (ASPI) has documented that Uyghur labor is used in factories across China, making it a significant concern for supply chain integrity and human rights compliance. By considering these factors, our risk assessment highlights the substantial challenges in ensuring labor standards are met in China's textile and clothing industry, necessitating rigorous monitoring and tailored interventions.



In China, we currently source our products from nine different production sites from which six business relationships are direct while two of these suppliers maintain a contract with one/two sub-suppliers. Most of the business relationships are relatively young. Only one relationship lasts since 2017 whereas the others were established between 2019 and 2023. The greatest share of FOB in China is attributed to the suppliers producing our climbing shoes. The remaining oversee the production of headwear, shirts, and jackets.

In the end of 2023, we conducted an audit with Global Services (GS) at a supplier in China which ranks third in terms of overall order volume with 12%. No child labor, forced labor, discrimination, or incidence of gender-based violence was identified during the audit. Findings center around freedom of association, compensation, overtime, social security benefits as well as health and safety issues, although no urgent and life-threatening issues were observed. The factory management proofed to be quite cooperative during the audit as well as, despite major language barriers, in discussing and following up the findings detailed in the CAP. Basic questions about and a further roadmap concerning compensation formalities were resolved/established and initial measure to remedy findings concerning health and safety aspects have been initiated. Nonetheless, the tracking of the relevant corrective actions is still going to be a focus for the CSR team. As on-site support our Strategic Buyer will be at the factory for a while in 2024, supporting the implementation of defined corrective measures, supporting the discussion language-wise as well as monitoring the general progress on the ground.

No complaint has been filed in the respective period out of any of the Chinese factories.

3.5 – SUPPLIERS IN GERMANY

Germany has robust labor laws safeguarding workers' rights, including freedom of association and collective bargaining. Active trade unions and workers' councils ensure compliance with the Fair Wear Foundation's Code of Labour Practices. While the right to strike is protected, union presence can be weaker in smaller companies, leading to inconsistencies. Minimum wage laws and social safety nets generally ensure fair wages, but discrepancies exist among subcontracted and temporary workers. Ongoing monitoring is needed to address these issues. Strict regulations on working hours limit maximum hours and ensure rest periods, though some high-demand sectors occasionally see excessive overtime. Gender equality has significantly improved through laws and initiatives aimed at reducing the gender pay gap and enhancing



workplace conditions for women. Nonetheless, balancing career and family responsibilities remains a challenge for many women. Gender-disaggregated data aids in identifying and addressing gender-specific risks. Migrant workers face barriers such as language issues and recognition of qualifications, which can lead to exploitation. Ensuring their fair integration into the labor market is essential. Overall, Germany's textile and clothing industry adheres to a well-regulated framework aligned with international labor standards. Continuous vigilance is necessary to manage subcontracting practices, ensure fair wages, control overtime, and support migrant worker integration. Maintaining rigorous monitoring and proactive measures will help uphold Germany's high labor standards.

EDELRID produces about 26% of its current FOB at its own production site in Germany, ensuring full control over the manufacturing processes and working conditions. Fair working conditions at our production site in Isny im Allgäu are a core priority. Labor laws provide just the baseline for our commitment to creating fair and employee-friendly working conditions. Our occupational health and safety procedures are audited annually by EMAS (ISO 14001) and every three years by bluesign. We also organize events to help our employees maintain their fitness and health, such as yoga lessons and nutrition lectures. Gender equality is a core value for EDELRID, and although we have not yet achieved this goal, we are committed to progress. Employees are annually updated on our progress toward gender equality, including data on the gender pay gap. Recognizing that awareness is key, we organize events such as lectures, workshops, or exhibitions every International Women's Day. Additionally, we monitor the employee turnover rate and reasons for job terminations to better understand and address workers' needs. For example, wage comparisons with other industries are often discussed. To address this, EDELRID created a working group dedicated to improving remuneration procedures. Representatives from each team participate in a group discussion to ensure all employees are on the same page. This consortium works on finding solutions to balance flexible working hours and satisfying wages.

4 – COMPLAINTS PROCEDURE

Via the complaints helplines of the FWF, EDELRID is providing workers or worker representatives at our suppliers the possibility to complain about grievances. The FWF forwards the complaint to the brand or multiple brands sourcing there, and the brand(s) must notify the factory immediately and try to solve the complaint in cooperation with the factory management as soon as possible. FWF and its local teams will maintain contact with the complainant to assess whether, from the complainant's perspective, the complaint is taken care of, and it is FWFs responsibility to verify whether a complaint has been fully remediated. All complaints are published on the website of the FWF for the public to see and provide insight into the status and remediation process of every incoming complaint.

To make sure workers at our suppliers are aware of this complaint mechanism, it is mandatory for our suppliers to visibly post worker information sheets in the relevant local language in their manufacturing hall. To verify this, we demand pictures of the posted information sheets of every supplier, and we check them during on-site visits as well.

In the past financial year, we did not receive any complaints. Nonetheless, we will continue to resolve any incoming complaint to the satisfaction of the complainant and to agree on appropriate and practical preventive measures with our suppliers.

5 – TRAINING AND CAPACITY BUILDING

5.1 – ACTIVITIES TO INFORM STAFF MEMBERS

Every employee of EDELRID should have the opportunity to get a general impression of our CSR activities. Therefore, a CSR introductory session is offered to every new employee within the onboarding process. Our commitment to FWF is part of this. To be able to really implement responsible practices, every department and every single employee must be involved. Additionally, we have decided to offer a training in 2024 as a more detailed deep dive on our membership in the FWF and our resulting obligations from this as part of our internal training program (EDELRID Theory Campus). Participation is open to all interested employees.

Beyond that, we provide information on the intranet (EDELnet) and update our executive management during biannual meetings on news and current topics. Staff members working closely together with the relevant suppliers, e.g., the Development Teams or the Category Management, are updated on more detailed information concerning working conditions at our suppliers and FWF membership on a regular basis by the CSR team.

5.2 – ACTIVITIES TO INFORM MANUFACTURERS AND WORKERS

Within our first year as a FWF member, we informed all existing partners about our new membership and explained the purpose of the FWF via the announcement letter, the CoLP and the FWF Questionnaire. Suppliers with whom we are entering a new business relationship receive these documents as well.

As mentioned before, we have instructed all our suppliers to post the FWF Workers Information Sheet detailing the methods for workers to contact FWF directly at all production sites including subcontractors. We request images of the sheets in place and check this as well on-site when we visit the suppliers.

We did not have any supplier trainings in 2023, but as mentioned already before, one audit in China has been conducted providing the supplier with a further understanding of the requirements in the context of the FWF CoLP.

6 – TRANSPARENCY AND COMMUNICATION

EDELRID's mission is to understand every detail about the development, the use and the impact of our products and make it publicly available. In order to share our knowledge regarding the social aspects connected to the manufacturing of our products and our progress on implementing the CoLP, we aim to publish the annual Social Report and the year's BPC results on our website. Furthermore, we inform our customers and the public about our FWF membership through social media posts and on our website.

7 – STAKEHOLDER ENGAGEMENT

Additional to our engagement with the FWF in regard to social performance and working conditions, we are also part of a group called the Audit Alliance Hard Goods (AAHG) with the purpose of combining outdoor brand's business power and good practices to assess the risks specific to, and improve social practices within, the hard goods supply chain. It is a subgroup of the European Outdoor Group's (EOG) Hard Goods Working Group and together with seven other brands we are having a closer look at shared suppliers in the hard goods field since 2019. The starting point has been hardware factories in Taiwan; in 2022 helmet suppliers in China were taken onto the agenda as well.

FWF's country studies on China, Vietnam, Portugal, and Pakistan as well as the FWF webinars were great resources to stay up to date in the area of country specific risk assessments as well as developments concerning human rights due diligence on a global and legal level.

Regarding ecological aspects at our suppliers, we are a system partner of bluesign system since 2009 and are in constant dialogue with them concerning chemical and environmental management topics within the supply chain.

GERMANY

EDELRID GmbH & Co. KG

Achener Weg 66

88316 Isny im Allgäu

Phone: +49 7562 981 0

Fax: +49 7562 981 100

For further questions, please contact our CSR-Team:
csr@edelrid.de