



OUTDOOR & SPORTS COMPANY

Social Report 2022

January to December 2022



sprayway.com



mountain-equipment.co.uk



ronhill.com

HILLY

hillyclothing.co.uk

Fair Wear Foundation Members for 10 Years

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Summary: goals & achievements 2022

2022 saw OSC Ltd. complete ten years affiliation to the Fair Wear Foundation (FWF). We are proud to say that we continue our Leader status after a Brand Performance Check (BPC) rating of 78 and auditing 93% of our supply base. In 2022 we audited 11 factories, of which three were joint audits with other affiliated brands. Following on from the audit, we completed the Corrective Action Plan (CAP) and believe we have made improvements for the staff within these factories.

In 2022 FWF also carried out a Workplace Education Programme (WEP) in four of our factories and Anti-Harassment training in two others, one was in collaboration with another FWF Brand member. Feedback from these factories reported that both management and workers found it very informative, very worthwhile and would be happy to have follow-up training in the future.



In 2022 we had one complaint log against one of our factories. The issue was around unfair dismissal, after a detailed investigation it was found that the factory had carried out the dismissal in a fair way and in-line with international standards.

Hamish Dunn, Managing Director commented:-

"OSC prides itself on being a good company to deal with. The challenges in our supply chain during 2022 were unprecedented. Long lead-times on raw materials and extended shipping times have also added to the pressure. There has also been the political situation in Myanmar. We have worked very closely with our factories, keeping daily contact in many cases to understand their situation and not add to their problems.

OSC continued to improve its human rights due diligence (HRDD) through 2022, understanding our responsibility in relation to human rights due diligence, including prevention of harm to workers and improvement of working conditions where rights are at risk or violated.

Our HRDD is part of our responsible business conduct (RBC) that describes our commitment to human rights due diligence, including gender inequality, upholding international standards and how this is embedded in the company structure.

We will continue to review our own practices through different departments and decision-making processes to avoid negative impact, conduct a risk assessment, do a prioritisation, and accordingly engage in prevention and improvement. This is called the risk-based supply chain improvement cycle adopted by FWF in 2022."

The COVID pandemic continued to affect our factories in 2022 especially in China who adopted a zero tolerance to COVID. We were unable to visit any factories during 2022, which has limited our ability to verify CAP improvements, with communication limited to virtual meetings.

The war in Ukraine and the Coup in Myanmar continue to be great concerns and have caused a number of challenges within our supply chain. We have maintained regular dialogue with all our affected factories, allowing our teams to evaluate and make judgements on each situation as required.

1. Sourcing strategy

1.1 Sourcing strategy & pricing

We are a distribution company. We have four brands; Outdoor clothing and equipment brands Mountain Equipment and Sprayway, plus Ron Hill (running clothing and accessories) and Hilly (running socks).

We source approximately 66% of our products in China, 7.5% in Vietnam and the rest of the production in ten other countries, including UAE, Ukraine, Cambodia, India and Serbia.

We worked with two factories in Myanmar throughout 2022. Our main concern regarding this country is the effect of the military Coup which started in February 2021. We are in regular contact with the factories and stakeholders to evaluate the situation on a weekly basis.

Our overall sourcing strategy continues to reduce the number of factories in our supplier base. It is at the forefront of our decisions, understanding that a bigger leverage in our factories can improve the effect of managing change. However in 2022 the number of factories stayed the same to combat any effect of COVID and with other global challenges.

It is the responsibility of the Buying Directors to find and recommend new suppliers.

OSC have a formal buying and sourcing process which is in line with FWF Due Diligence (DD) process and which also include the OECD DD guidelines.

One of our key considerations is if the factory work with other outdoor brands and whether they are members of FWF or equivalent. We carry out a pricing programme with the factory to establish whether they are competitive and able to manufacture to the required quality.

We send out a sourcing pack which includes a Health and Safety questionnaire, an audit questionnaire based on the eight key Code of Labour Practises (CoLP) advocated by Fair Wear Foundation and the OSC brands. We will visit the factory where possible to review the facility, discuss the audit response, the potential capacity available and any financial issues. We have detailed discussions to see if both parties can work together. It is also important to us that we choose factories that we consider suitable to work with on long term basis. This is reflected in over 77% of our supply base working with the brands for more than 9 years.

We have our own office in China who are responsible for monitoring quality within the factories we use in Asia.



1.2 Organisation of the sourcing department

The sourcing department is made up of three Buying teams, led by the Buying Director for Mountain Equipment and Sprayway and the Buying Director for Ronhill/Hilly.

1.3 Production cycle

We have two production cycles per year, Spring/Summer and Autumn/Winter. Each brand has its own internal Design team who work approximately 12 to 18 months in advance and design the range to an agreed Range Plan. Salesman Samples are provided by the factories in time for Sales Launches. Spring/Summer season sales launches take place in May. Autumn/Winter season sales launches take place in November.

Following on from the Sales Launch for each season there are road shows, trade fairs and individual presentations that take place with our customers where they are given information relating to cut off dates for buying meetings and product delivery dates.

OSC buying departments forecast fabric requirements with our nominated suppliers and forecast garment requirements with our manufacturers. The manufacturers are aware of our nominated fabric sources.

We place bulk orders with our factories to an agreed lead time of around four to five months.

1.4 Supplier relations

In 2022 the OSC supply base remained at thirty three factories. The supply relationship and performance is discussed and reviewed internally on a monthly basis. The main aim is to reduce the sources to improve leverage and to make sure they still fall in line with our sourcing criteria which are: quality, price, capacity, availability, communication, factory ownership, location and Corporate Social Responsibility (CSR).



Quality; *We have to be convinced that the factory can make to our required quality.*

Price; *We have to be confident that the level of the quotations given will be sustainable over the long term.*

Capacity Availability; *We have to be assured that the factory has spare capacity to meet our three year plans and that they can manage our orders within agreed lead times.*

Communication; *It is essential that the factory have merchandisers and management who can communicate in English, and will communicate effectively in a timely manner.*

Factory Ownership; *We like to work with small factories who are owner managed, or bigger companies who have strong managers in the factory.*

Location; *It is important that the factory is located in areas where workers are available and also that there is good infrastructure.*

CSR; *It is very important to us that the factory conforms to our ethical guidelines and that the workers are treated well and have a good working environment.*

The final decision to work with any factory is made by the relevant OSC Buying Director.

1.5 Integration monitoring activities and sourcing decisions

The buying teams monitor all orders placed with each factory. Delivery timelines and any quality issues are recorded.

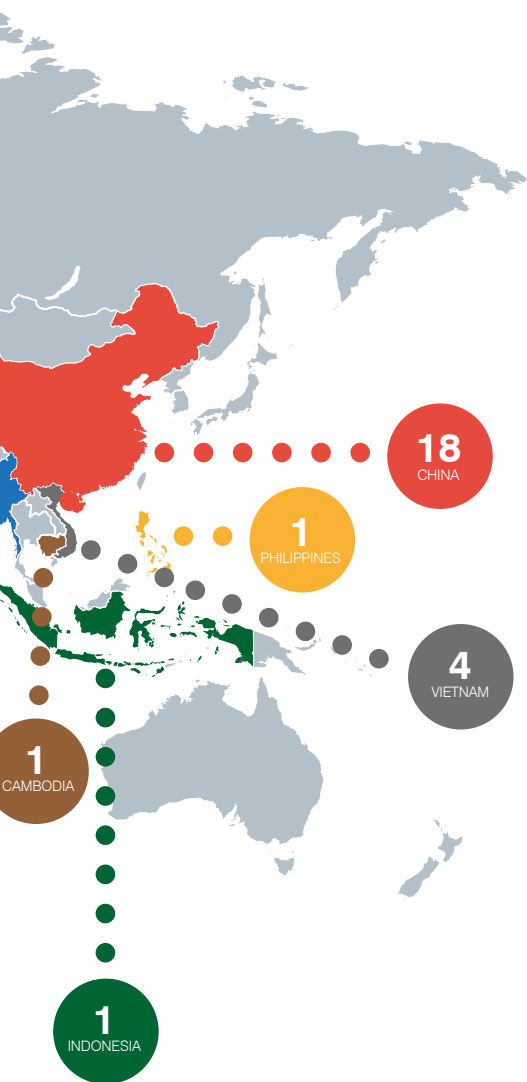
The Covid 19 pandemic caused some disruption to the factory visit schedule, but we have since returned to a regular inspection cycle. The sourcing / buying team visit our strategic factories at least once or twice a year. They follow a set agenda which includes: shipments for the previous season, quality issues, communication and fabric supplies. We also allocate time to discuss Health and Safety in the factory along with the FWF CAP report. We place special emphasis on excessive OT, working hours and payment of the living wage.

We discuss pricing levels for the following seasons, new orders placed for the next season and try to resolve any issues that may have caused delays in the past to help improve the service going forward. If factories have a history of quality or shipment issues we try and find the root cause of those challenges. For example, this may require having to agree to a longer lead time between order placement and expected shipment date so that the factory can take better care of quality or avoid excessive overtime.

We introduce FWF to any potential new supplier, outlining why we are affiliated to FWF and explain our aim to improve the conditions and welfare of the workers in our supply chain. We wouldn't work with any new supplier if we felt after the initial introduction and visit they were unable to comply with FWF standards.

2. Coherent system for monitoring and remediation





2.1 China

66% of our manufacturing is carried out using eighteen factories in China, seven of which are strategic partners. Workers salary expectations have increased and this has made some styles uncompetitive in the volatile UK/European retail market. An increasing concern is the trend to employ migrant or temporary workers to cover the peaks in production. These workers do not have the benefit of contracts and security in employment. However while China is strategically still our preferred choice we are considering reducing our reliance on China for the future.

Over 96% of the China factories have been audited over the past three years. Amongst all the audit findings there are the critical challenges, FWF awareness, excessive OT hours, OT payments, number of days off per month, social insurance payments, a lack of a grievance procedure, holiday pay and payment of a minimum wage.

The critical challenges are regularly monitored using the CAP's and follow up visits. On the whole, the factories agreed with the audit findings and to implement the recommendations made by the FWF audit team.

Remediation with our seven strategic partners has meant the majority of the workers are paid the minimum wage and OT payments are as legally stipulated. This information is taken from monthly wage sheets sent in by every factory. We have reduced Sunday working in five factories, excessive OT in two and social insurance is fully paid in four.

FWF has a target for all workers to be paid a living wage. With the help of open costings and actual wage sheets our brands are starting to evaluate and discuss with our strategic partners the possibility of increasing wages above the local standard.

Health and Safety issues are also a factor in the audits and to-date the factories have addressed any serious issues which are brought to their attention. We have actively increased our dialogue with other outdoor brands affiliated to FWF. Four of our China factories are also used by other FWF affiliates, in these cases we work together on the factories key objectives. Collaboration allows for greater leverage and has been a key objective through 2022.

2.2 Indonesia

In Indonesia we have one factory in our supply chain, who we have worked with since 2010. They were audited in 2018 and the result of the audit was very positive.

2. Coherent system for monitoring and remediation

2.3 Hungary/Ukraine/Serbia

OSC buys from one manufacturer whose Head Office is based in Hungary. The office manages work load, raw material purchasing and distribution for a factory in Ukraine and one in Serbia.

We represent over 50% of their business.

All factory audits were carried out in collaboration with another FWF outdoor brand along with the OSC CSR Manager. The CAP's are driven jointly by the two brands.

The factory in Ukraine was audited in 2021. Improvements in this factory since the audit have been to the worker's rights for collective bargaining, increased wages and health and safety issues including installation of air-conditioning.

The factory in Ukraine is located on the eastern border with Hungary. They have not been directly affected by the war in Ukraine however they have lost male workers to the war and are affected by power shortage. The sourcing office have provided a power generator and we have been in regular contact with the factory and workers.

The factory in Serbia was audited in 2021. The Head Office has hired a CSR Manager to follow up on all the objectives. Health and Safety issues along with some processes have already been improved, however there are a number of challenges on wage calculation, hiring procedure and overtime payment calculation that need to be addressed.

There are minimum wage, average wage and best practice wage levels in Hungary, Ukraine and Serbia. The factories pay above the minimum and average wage levels but below the best practice level.

2.4 Vietnam

We have four factories in Vietnam; two are affiliated to FWF through other outdoor brands. All are Taiwanese owned. Two have been audited in 2022. We continue to focus on areas for improvement around excessive overtime and working days, social dialogue, severance payments and formal grievance procedures.

2.5 Myanmar

We began working with Myanmar factories in 2016. Understanding the extra due diligence required, we worked with our current supply chain partners who had moved into this country along with other brand collaboration. Our main concern regarding this country is the ongoing effect of the military coup which started in February 2021. We are in regular contact with the factories and stakeholders and evaluate the situation on a monthly basis.

2.6 Bangladesh

We began work with two Bangladesh factories in 2022. One is a member of Accord and the other is a new build. OSC are aware of the heightened due diligence required by FWF and have used these standards to assess the risks and to implement audits in both.

2.7 General; excessive overtime, living wage, 7 day working

Excessive overtime, the living wage, working 7 days, and using part time migrant workers are recurring challenges in most of the factories we have audited in the Far East. Factories have to pay the minimum wage to comply with the local law and to retain their staff. Encouraging them to increase the wages has been a challenge throughout 2022. We have a better understanding of the FOB (Free On Board) price calculation through open costings. We also are aware that in peak season there is pressure on the factories to work above the 60 hour guidelines (maximum 36 hours per month in China) along with only working 6 days before a rest day. Both are high priority in our discussions with the factories.



2.8 External productions

Oboz:- USA walking shoe manufacturer. Sprayway are their UK / European agents. Their shoes are produced in one factory in Vietnam. We have a FWF questionnaire along with an image of the FWF CoLP on their factory information board.

Zempire:- Manufacturer of high quality family tents produced in China. We have a FWF questionnaire along with an image of the FWF CoLP on their factory information board.



Sprayway Footwear:- Walking shoe manufacturers producing in two China factories. Both have been independently audited in 2020 and have ongoing corrective action plans.



3. Complaints handling



We received a complaint in 2022 logged against one of the factories in Bangladesh.

The complaint was concerning unfair dismissal. However, after investigation, it was found that the factory had carried out the dismissal in a fair way, in line with international standards, and the complainant dropped the complaint.

OSC are committed to addressing any complaints in accordance with the FWF procedure. It is our intention to resolve any dispute to the satisfaction of the person making the complaint.

4. Training & capacity building



4.1 Activities to inform staff members

Each brand has a monthly meeting along with a monthly management meeting at which FWF is a permanent item on the agenda.

We have our FWF affiliation posted on our relevant brand websites and product catalogues.

All new employees are given a FWF presentation in their induction.

Additionally each brand holds two Sales Launches per year, where new ranges are presented to our worldwide Sales Team, FWF is included in the presentation with a short introduction for any new sales personnel and an update on work that has been carried out by the CSR and Buying teams in this area.

Every member of staff in the Head Office is given the FWF CoLP leaflet.

4.2 Activities to inform agents

It is our policy not to work with agents/intermediaries wherever possible.

We have our own office in China. It is managed by a team who have worked with us for twenty years. Their team is made up of one Merchandiser and three full time Quality Control (QC) people. Through this office we manage the quality that our factories produce. They have attended an FWF audit as an observer and have also attended meetings in factories along with our Sourcing and Buying Directors where FWF presentations have been made to the suppliers and corrective action plans have been discussed. The QC team carries out a Health & Safety workplace questionnaire every six months.

4.3 Activities to inform, manufacturers and workers

The new FWF brand CoLP information poster is hung in every OSC factory including subcontractors. We have images on file of the posters in place. Every supplier has completed and signed the FWF questionnaire, which is also held on file.

We continue to encourage our factories to inform their workers of the FWF eight Code of Labour Practices through FWF CAP comments, face-to-face discussions, internal training and distributing the CoLP workers card produced by FWF.

We have instructed FWF to carry out WEP training in over 50% by turnover of our factories. The feedback from the owners and workers suggests they have found the training to be very productive and they feel it will help them to improve communication between management and workers in the future. The WEP training report is sent to the factory for comment and follow up where necessary.



5. Information management

Monitoring progress of CoLP implementation is usually via annual supplier visits by the Sourcing and Commercial Directors. Along with quarterly CAP reviews where the factory sets out their action plans and timelines against the audit objectives. However due to the Covid 19 global pandemic this has not been possible in person so regular video calls have taken place as an interim measure.

We continue to use the buying and sourcing process to reduce risk and exposure for any factory to be independently set up and used without Director approval. All relevant factories are registered with FWF which is included in the process.

We do not allow our product to be made in subcontracted factories. However, we are aware that some of our factories use subcontractors for embroidery and / or printing. These are identified through the FWF audits and factory visits. All subcontractors have images of the CoLP in their units.



6. Transparency & communication



All our brands confirm they are members of FWF via biannual catalogues / work books. FWF membership is also highlighted at the global sales conferences. The FWF logo has appeared on all our garments since Autumn 2017 through the FWF swing ticket.

We clearly display the FWF logo (along with the logos of our brands) at the following trade fairs where we exhibit: ISPO, Outdoor in Munich, OTS Liverpool and Outdoor Retailer in Salt Lake City.



All OSC brands actively share Social Reports and Brand Performance Check (BPC), leadership status updates and news stories, on their social channels including Facebook, Twitter and LinkedIn. This is our tenth Social Report, which will be posted on our website along with our 2022 BPC.

7. Stakeholder engagement

OSC continues to engage with the European Outdoor Group (EOG). We also set up looking at implementing the Brand Higg Index. We have set up factory training along with another brand using the International Labour Organisation. We do also rely on the FWF web site to inform us of country updates.

8. Corporate & social responsibility



Down Codex

An internal Mountain Equipment initiative that is designed to ensure our down supply chain meets acceptable ethical, environmental and animal welfare standards. We have established a set of rules that all down suppliers must conform to and put an audit process in place to check that what we are being told about our down supply is actually true.

www.thedowncodex.co.uk



John Muir Trust

A charity supported by Mountain Equipment with an annual corporate membership subscription. The John Muir Trust is a leading UK charity dedicated to the protection of wild land for both nature and people. Inspired by the work, spirit and legacy of John Muir.

www.jmt.org



European Outdoor Conservation Association (EOCA)

A charity supported by Mountain Equipment with an annual corporate membership subscription. EOCA's Mission is to support valuable conservation work by raising funds from within the European Outdoor sector and promoting care and respect for wild places.

www.outdoorconservation.eu



Community Action Nepal (CAN)

A charity supported by Mountain Equipment with an annual cash donation. CAN helps to bring long term benefits to mountain peoples of Nepal. The charity has established more than 50 community projects focusing on health, water and sanitation, schools, education and cultural development.

www.canepal.org.uk



PLAS Y BRENNIN

Plas y Brenin

The National Mountain Centre

A not-for-profit organisation supported by Mountain Equipment with annual large-scale supply of equipment. Plas y Brenin is the National Mountain Centre for England and Wales, located at Capel Curig in Snowdonia. The Centre is operated by the Mountain Training Trust, which aims to provide the widest range of outdoor opportunities offering the best in value.

www.pyb.co.uk



Sport Scotland Avalanche Information Service (SAIS)

A not-for-profit organisation; supported by Mountain Equipment with annual large-scale supply of equipment. SAIS is funded by the Scottish Sports Council to publish daily forecasts of the avalanche, snow, and climbing conditions at 5 key climbing areas of Scotland during the season.

www.sais.gov.uk



British Mountaineering Council (BMC)

A membership organisation supported by Mountain Equipment with an annual corporate membership subscription. The BMC is a national representative body that exists to protect the freedoms and promote the interests of climbers, hill walkers and mountaineers. The BMC also represents Britain on various international matters relating to climbing and mountaineering.

www.thebmc.co.uk



RONHILL

TEAM Ronhill

Sponsorship program of individual athletes and selected clubs. Working together to create development opportunities for aspiring young athletes to take part in races and training academies alongside supplying kit requirements.

www.ronhill.com



Dartmoor National Park Junior Rangers

Dartmoor covers an area of 368 square miles and is the largest and wildest area of open country in southern England and includes moorland, steep-sided river valleys and ancient woodlands. Dartmoor National Park has been working with Sprayway since 2011 to provide kit for their junior Rangers programme and others members of staff.

www.dartmoor.gov.uk



Ashton Youth Club

Since 2016 Sprayway have been partnered with Ashton Youth Club, based only 5 miles away from our head office in the ward of St Peter. Ashton (one of the most disadvantage wards in the country). The AYC has a real focus on outdoor education and offers local teenagers of all backgrounds the opportunity to participate in a broad range of activities, from climbing to kayaking. The outdoor experiences give those involved the opportunity to build essential life skills: communication, team work and confidence.

Sprayway support Ashton Youth Club with clothing and equipment, but also welcome members to work with us at consumer events allowing them to further grow their skill set and put some of what they have learnt to the test.

www.ashtonyouthclub.org



Climbers Against Cancer (CAC)

A charity supported by Mountain Equipment with an annual supporter contribution. Through the worldwide climbing community, Climbers Against Cancer aim to increase awareness and raise funds for research in the continued fight against a disease that affects so many. CAC is a none profit organisation, with all proceeds donated directly to cancer research facilities throughout the world.

www.climbersagaincancer.org



Trash Free Trails

TFT is a community-focussed, non-profit organisation; a positive, inclusive call to arms for riders, runners and roamers alike. They exist to protect our trails and the wild places they take us, and they're starting with litter (aka - Plastic Pollution!). Their mission is two-fold; both inextricably linked:

- To reduce plastic pollution on our trails and wild places by 75% by 2025.
- To (re)connect people everywhere with their 'wild selves' through purposeful adventure.

Sprayway are proud to support the TFT Trash Mob Academy project.

More information at:

www.trashfreetrails.org/trashmob-academy-report



Small Woods

Small Woods are the UK organisation for woodland owners, workers, supporters, and social foresters. They stand for living, sustainable woodlands alive with wildlife, people and work. Managed and used well, small woodlands are vital to thriving local economies, wildlife, and the health and wellbeing of local communities, as well as hugely valuable in the fight against climate change. Sprayway work with Small Woods on several projects here in the UK including consumer events planting and restoring woodland areas.

www.smallwoods.org.uk



Kenial e.V

Sprayway are proud to support KENIAL e.V. KENIAL e.V. supports children's charity projects in some of the most inaccessible mountainous regions of the world. By working with a network of athletes and suppliers like ourselves, KENIAL e.V. are able to get outdoor clothing and equipment to those needing it the most.

www.kenial.de





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