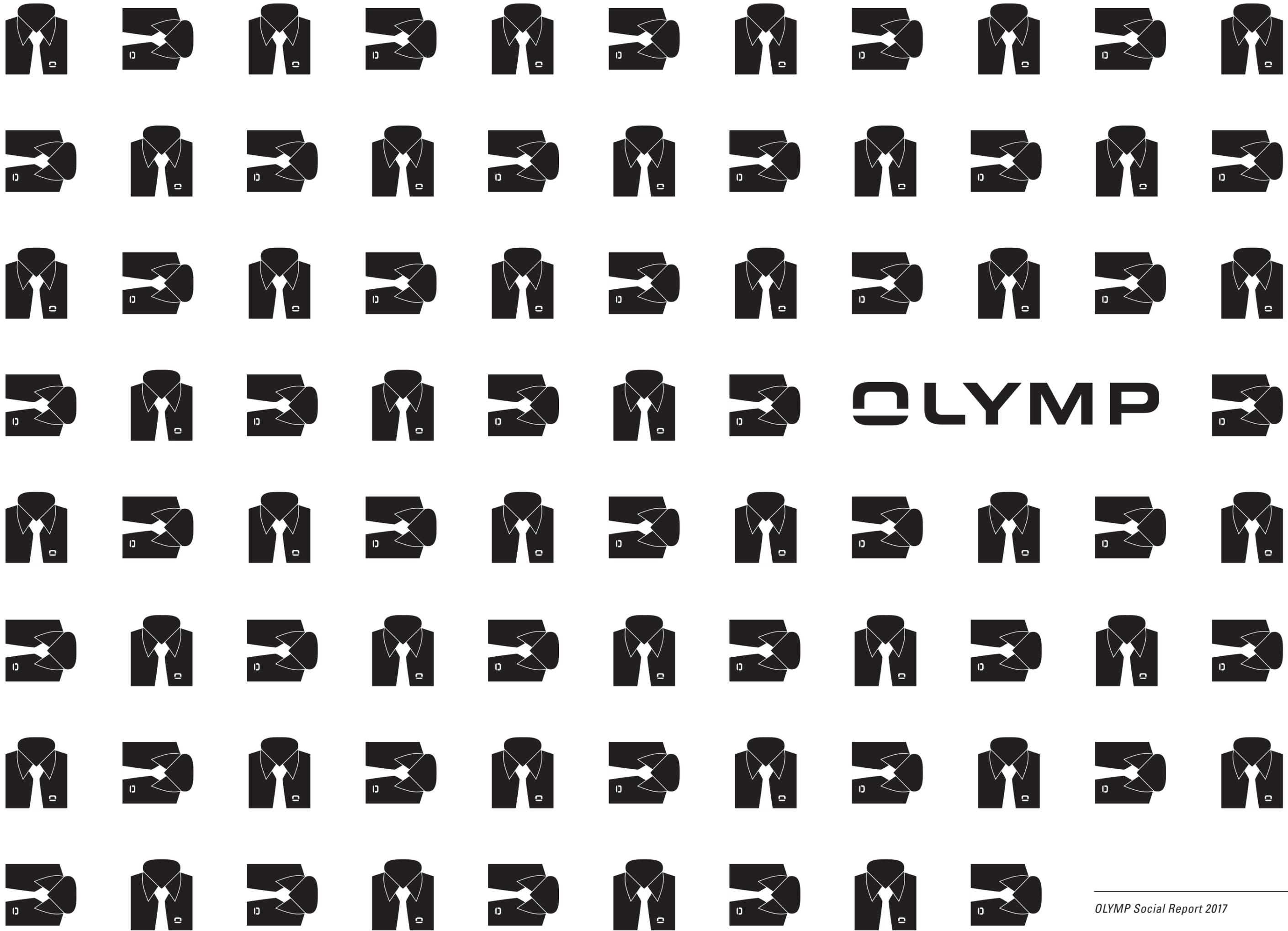


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# RESPONSIBILITY REPORT

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**OLYMP**



**OLYMP**

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THE OLYMP-BEZNER-  
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***At OLYMP, we have always firmly believed that every company should constantly be aware of its responsibility towards its employees, suppliers, manufacturers and customers, and also with regard to the utilisation of resources.***

*This is a philosophy we have pursued long before the occurrence of tragic events that resulted in the serious injury or death of people in production operations and before public attention was alerted to the working conditions in these types of production facilities. For many decades we have done our utmost to ensure that OLYMP products are not only of good quality and flawless from a human ecological perspective, but that they are also manufactured under socially responsible and environmentally sustainable conditions.*

*In order to ensure this, sophisticated production is deliberately only carried out by a limited number of long-standing production partners in Asia and Southeastern Europe, with whom we have already had a close and very trust-based economic cooperation, in some cases for several decades.*

*OLYMP consistently demands general compliance with globally valid, respected and binding social standards from partner operations. These include, apart from measures for occupational safety, also the regulation of working hours, fair remuneration, humane working conditions, provision of health and social facilities as well as a clear ban on any form of child labour, forced labour or discrimination. Compliance with these standards is monitored and audited at regular intervals by independent testing institutes.*

*In addition, the virtually exclusive direct import of products, transparency in the supply chain and a local presence in manufacturing operations safeguard these clearly defined production conditions and social standards in a sustainable manner.*

*This approach results not only from our moral or ethical convictions, but also from the certainty that a high quality item of clothing such as an OLYMP men's shirt can only ever be produced in a work environment suitable for this purpose.*

*We have already achieved a great deal and this is clearly outlined in our current RESPONSIBILITY REPORT. We will also progress even further in this direction to a significant extent. ■■*



Mark Bezner, Owner and Chief Executive Officer



# OLYMP

9

THE OLYMP COMPANY

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## HISTORY OF THE BUSINESS <sup>1/2</sup>

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### ***OLYMP Bezner KG is a typical child of the German economic miracle of the post-war period and was founded by the textile entrepreneur Eugen Bezner in 1951.***

*He began to produce men's shirts in the modest laundry room of his home at the time in Bietigheim (Württemberg) with initially only six employees. Through the use of product-oriented handpicked fabrics and skilled workmanship, OLYMP was able to establish itself early on as a supplier of high-quality men's shirts in the German clothing market. With the proven and particularly stable "Original Bezner Collar", a pioneering invention of the company founder, the original OLYMP shirt proved to be extremely durable, wash-friendly, wrinkle-free and very heavy-duty.*

*Due to the sudden death of the company founder, Eugen Bezner in 1960, his only son, Eberhard Bezner took on the responsibility as CEO of the medium-sized operation at the age of only 24 years. Eberhard Bezner has since regularly expanded the company and given it the impetus to successfully further develop the OLYMP brand in the decades that followed.*

*Mark Bezner is meanwhile the third generation of the family to be owner and CEO of OLYMP Bezner KG. Grandson of the company founder Eugen Bezner and son of the co-owner Eberhard Bezner, he committed early to the company tradition and succession in the Swabian family business. On joining his father's company in 1990 as Head of Marketing and Sales, he began first of all to expand the established OLYMP shirt brand throughout Europe. Moreover, he repositioned OLYMP in the market, refined the range identity, and expanded and extended the product range in a targeted and market-oriented way.*

*In the meantime, apart from manufacturing high-quality business shirts, OLYMP was also manufacturing casual shirts, polo shirts and fashionable ties. The takeover of the Bavarian knitwear specialist MÄRZ München AG in 2010 can be described as consistent entrepreneurial decision-making; it is meanwhile an independent company within the OLYMP-Bezner group of companies and operates under the name of MAERZ Muenchen KG. The knitting skills thereby obtained, including their own production site in Hungary facilitated the successful launch of an OLYMP knitwear range in autumn 2011, with fashionable sweaters, tank tops, cardigans and troyer jumpers (stand-up collar, zipper neck), in order to press ahead with expansion with high-quality*

*men's outerwear and place the entire company on an economically broader footing.*

*OLYMP is now the market leader in men's shirts in Germany, with a turnover of 258 million euros (2017), and furthermore also continues to be on course internationally. Apart from consistent handling of the domestic market in Germany, OLYMP exports over 35 percent of production to more than 40 countries globally. These include Scandinavia, Poland, the Czech Republic, Hungary and Russia, apart from the export markets to the west such as Belgium, France, Great Britain, Ireland, Luxemburg, the Netherlands, Austria and Switzerland.*

*Sales of OLYMP products are primarily made through clothing retailers, which comprise around 3,000 partners throughout Europe. Since the inclusion of retail activities by OLYMP Retail KG towards the end of the 1990s, OLYMP has aimed at peaceful coexistence between the various different sales channels within its own commercial strategy, which is a useful addition for expanding the brand presence and exhausting additional market potential. Currently (as of 30 November 2017) there are 61 OLYMP monobrand stores in Germany, including 45 directly operated stores and 15 externally operated partner retail outlets, which are*

*operated by long-standing trade partners in the franchise system. Three further establishments of our own are located in neighbouring Austria. In order to complement the ranges in the monobrand stores and outlets, OLYMP Retail KG purchases additional products such as trousers, belts, scarves, pocket squares, socks and cufflinks.*

*The owner family Bezner has at all times expressed its strong ties to its native Neckar-Enz region by the clear commitment to the Bietigheim-Bissingen location. With the exception of complex manufacturing, all corporate sectors and departments are consistently concentrated in the corporate headquarters situated about 20 kilometres north of Stuttgart. Since the laying of the foundation stone for the head office, which was newly built in 2001, the premises there have been regularly expanded due to concentrated growth.*

## HISTORY OF THE BUSINESS 2/2

*In October 2013, the efficient OLYMP Logistics Centre (OLZ) was also put into operation at the company headquarters. This largest and globally unique automatic shirt warehouse combining shuttle and overhead conveyor technology has a storage capacity for 265.000 cartons of merchandise for approximately four million garments and cost just under 45 million euros. In 2015, the head office and administrative centre in Bietigheim-Bissingen was enlarged by around 3,000 square metres, and ten million euros was invested in new office space and function rooms.*

*With the continuing expansion of the company, an increasing number of high-qualified jobs have also been created in the modern clothing industry and hence there are further jobs in the economic region of Stuttgart/Central Neckar region. Since the mid-1990s, the workforce has increased 6-fold to currently more than 850 employees in Germany*

*and Austria. Within the framework of our long-term human resources planning, additional jobs will also be created on a regular basis in a wide variety of areas at the company's headquarters. What is more, there is a need for experienced sales people for the additional OLYMP stores being planned throughout Germany. Moreover, OLYMP Bezner KG stands by its social responsibility as a qualified training operation for various job descriptions in the technical, vocational and commercial fields to offer young school leavers interested in fashion, or ambitious lateral entrants, pioneering and interesting career prospects and an outlook on life at the industrial location in Germany. ■■*





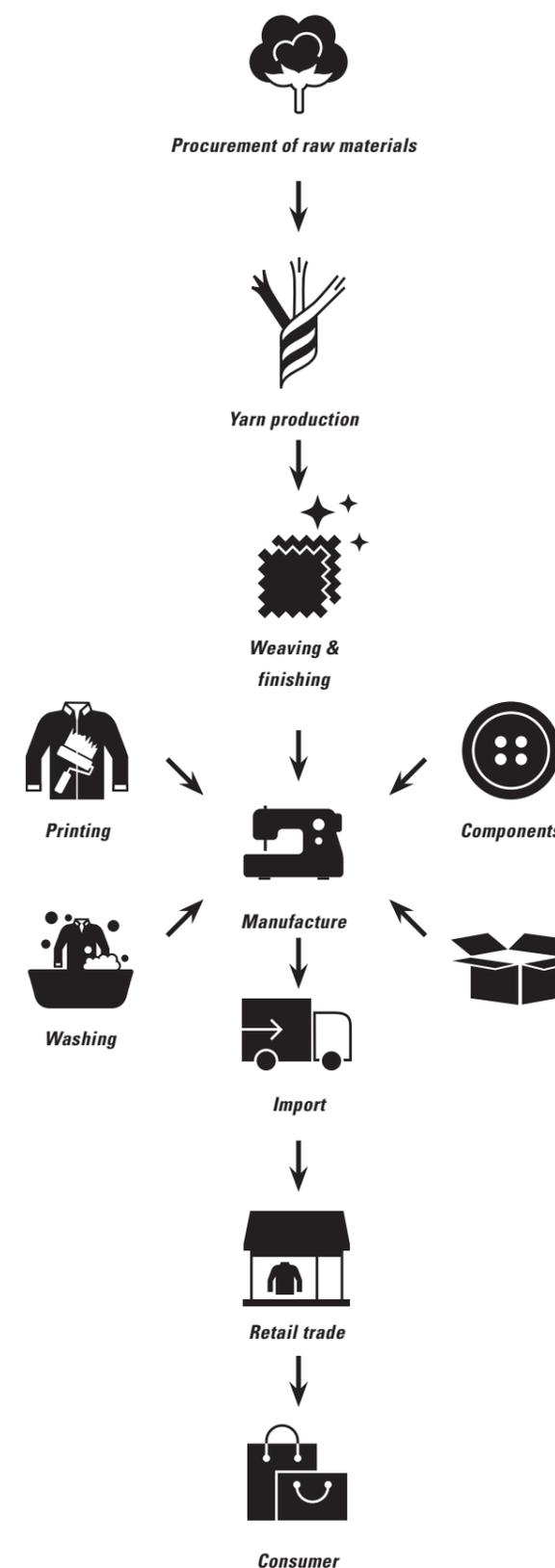
## THE FIRST STEPS ABROAD

### **The extensive global procurement structures in the international clothing industry have drastically changed within the last five decades.**

Unlike former times, the general image of the present day industry is marked by highly complex global supply-chain networks. Both textile yarn and fabric production and costly garment assembly processes have been relocated almost entirely by now to distant countries and regions. Today, less than five percent of all garments sold in Germany are manufactured in Germany.

OLYMP took its first steps abroad at the beginning of the 1970s. The driving factor behind this was not so much the favourable manufacturing costs. In the 1960s, during times of extremely dynamic business growth, it was much more about the fact that OLYMP was finding it increasingly difficult to meet its rapidly growing demand for qualified production staff at its manufacturing facilities in Germany. Production was therefore gradually relocated abroad into Eastern Europe and Asia. Here, OLYMP chose to work together primarily with independent partners who generally also produce clothing for other fashion brands apart from OLYMP.

At all times, production in external manufacturing facilities was only possible for OLYMP on condition that no differences in quality whatsoever would occur between one production operation and the next, and also that the quality standards defined in Germany would be adapted without loss. Hence from the very beginning, OLYMP had concentrated on reliable partners, who were similarly interested in a long-term business relationship and were prepared to adapt their own facilities to suit the technical standards and demands of the meticulous Swabian mentality in terms of quality and work. ■■



## COOPERATION ALONG THE SUPPLY CHAIN

### **Along the complex global supply chains, OLYMP follows different models of cooperation:**

With regard to shirts, the core OLYMP product, OLYMP works with the manufacturing partners almost exclusively on a direct basis. Furthermore, for this product group, OLYMP also maintains direct business links with the suppliers of fabrics and components, and is therefore able to exert a particularly strong influence at an early stage on the design and quality of the materials used. For the majority of knitwear and sweatwear items, OLYMP is also in direct contact with the manufacturers. However, for a small part of production, OLYMP is represented at the manufacturing facilities by an agent. Across the entire product area, the procurement of materials takes place independently by the end manufacturing facilities. Ties are procured through a supplier, who in turn commissions the production of the items at independent manufacturing facilities. The products purchased by OLYMP Retail AG to complement the range (trousers, belts, scarves, etc.), are also sourced through suppliers. These all have their company headquarters in Germany, but have most of their products manufactured in facilities abroad. ■■

## COOPERATION ALONG THE “SHIRT” SUPPLY CHAIN

**Men’s shirts are still by far the most important product group in the concentrated product portfolio of OLYMP. In the 2017 financial year, several million items were produced in five Asian and three South Eastern European manufacturing facilities.**

The percentage from Southeastern Europe, where OLYMP cooperates with the garment manufacturers on the basis of “Cut Make Trim” (CMT) – notably on account of significantly shorter transportation routes and delivery times compared with Asian production – amounts to almost ten percent of the annual volume.

Here as well as there, our highest and uncompromising quality standards in terms of the materials used and extreme precision in the workmanship turning them into superb products form the crucial criteria, which OLYMP shirt manufacturing is geared towards. The high level of specialisation on shirts, its core product, enables OLYMP to maintain direct and long-term relationships with its suppliers of fabrics and components. Each shirt fabric is subject to an intensive testing in our in-house laboratory to check

compliance with these guidelines, before it is released for further processing. A similar kind of process is used with regard to the components required in addition, such as buttons, sewing thread, interlinings, labels and packaging materials.

For the Eastern European manufacturing operations, OLYMP obtains all the required fabric directly from the suppliers. However, to save time, the Asian manufacturers obtain their fabrics and components directly from the suppliers stipulated by OLYMP (nomination), as the production of fabrics and components also takes place for the most part in Asia.

 The manufacturing partners in turn are carefully selected using a multi-stage procedure, to create the ideal basis for preferably permanent and successful cooperation. This takes place almost exclusively direct without exception, by which means OLYMP is able to have maximum influence on the production method.

Due to the great variety of production-specific requirements, OLYMP insists upon the fact that individual production lines in every factory are permanently and exclusively available only for OLYMP products. Production partners benefit in return from far-sighted production planning and, as far as possible, from homogeneous capacity utilisation, whereby sector-specific production fluctuations can be avoided with alternate excessive above-capacity and below-capacity employment phases.

OLYMP furthermore supports the shirt manufacturers continuously with a separate technical department. The units created under the designation of “Production International” comprise, on the one hand, of technicians and mechanics and [on the other] of quality assurance teams employed continuously in the factories, who are under common German management.

OLYMP technicians are each in charge of several shirt factories within a sponsorship system and function in this respect as the main contact person in the matter of quality and as middleman between the factories and in-house interfaces, such as e. g. production planning or material planning departments.

Complex topics are discussed on-site in personal meetings during regular visits. The task of mechanics is to check the machinery used for OLYMP production regularly is in perfect working order, and adjust and repair it as required.

OLYMP production lines are moreover permanently monitored by quality controllers specially trained for this purpose. Depending on the size of the production capacities under their charge, the quality teams comprise of up to eleven persons, the majority of whom are employees, who originate from the respective country of production and directly employed by OLYMP. ■■

## COOPERATION ALONG THE “KNITWEAR AND SWEATWEAR” SUPPLY CHAIN

***Sourcing of knitwear garments differs significantly from that of shirts; this can be attributed above all to the manufacturing processes typical for knitwear.***

*The warp knitting sector includes products such as polo shirts, sweat shirts and T-shirts. The weft knitting sector consists primarily of pullovers, tank tops and knitted jackets. Both product groups are supervised by the knitwear purchase department, which cooperates closely with manufacturers.*

 *Garment manufacturers in the weft knitting sector stand out from shirt manufacturers in their mode of operation by the fact that the creation of textile surfaces occurs exclusively directly at the premises of the garment manufacturer. The individual weft knitted parts of an OLYMP weft knitted product are fully fashioned in favour of size definition with stitch accuracy (correct knitting gauge), instead of – as in the case of woven or warp knitted fabrics*

*– cut to size from finished yard goods. In the case of warp knitted goods, in which the thread system (as with weft knitting), arises through the formation of stitches (mesh), OLYMP cooperates amongst other things also with multi-step production factories, which likewise cover the manufacture of warp knitting.*

*Great diversity with regard to execution, material and workmanship is common to both product groups. To be able to guarantee this diversity in consistent high quality according to a uniform requirement requires manufacturers with a high degree of specialisation. The result is a comparatively large number of providers, which in 2017 comprised of four weft and three warp knitting manufacturers respectively. All these manufacturers are supervised intensively during the development and production process by expert OLYMP employees, who operate several times a year personally on-site. Amongst other things, these visits are used to monitor the on-going production, develop new processing techniques and maintain contact.*

*Basically, knitwear products are sourced in “full package deals”, according to which the commissioned manufacturer provides the necessary materials himself, and subsequently supplies the agreed end products. However, OLYMP also attaches great importance to obtaining knowledge on the origin of all yarns and accessories used and to examining the components regularly with regard to their qualitative suitability and human-ecological soundness. As far as possible, OLYMP resorts to the same accessory suppliers as for shirts.*

*In the case of knitwear, OLYMP also cooperates in part with a long-standing agent, through whom one weft knitting producer and one warp knitting producer were commissioned with the manufacture of OLYMP products in 2017. This is advantageous in particular for very small production volumes, taking into account the economic feasibility. An equally trusted agent vis-à-vis both parties, who furthermore bundles the orders of several customers and thereby places larger production volumes, can generally occupy a*

*stronger negotiating position. In such cases, OLYMP also insists on personally meeting the manufacturers, in order to be able to communicate our own requirements direct. ■■*

GERMANY

OLYMP HEADQUARTERS

HUNGARY

0.42%

CHINA

23.88%

BANGLADESH

28.63%

VIETNAM

15.68%

INDONESIA

22.64%

INDIA

0.43%

CROATIA

2.43%

MACEDONIA

5.88%

THE PROCUREMENT STRUCTURE OF OLYMP BEZNER KG IN 2017 FOR "GARMENT PRODUCTION"



Shirts



Knitwear



Sweatwear



Ties



Number of producers

## COOPERATION ALONG THE "RETAIL" SUPPLY CHAIN

For "complementation" of product ranges in the monobrand stores and outlets, OLYMP Retail KG purchases additional products, such as trousers, belts, scarves, pocket squares, socks and cufflinks.

Since our own development of these accessories has so far been unfeasible due to the low production volume, OLYMP deliberately decided to cover the demand with high-quality merchandise. Our retail suppliers are companies that have their company headquarters in the Federal Republic of Germany and have their products mostly manufactured overseas through reliable and efficient sources.

Since the beginning of 2016, OLYMP has been informed by all retail suppliers of the manufacturing sites at which the sourced items have been produced.

Currently, a total of 21 ready-to-wear clothing manufacturers from the ten retail suppliers are used for the production of OLYMP products. In the case of nearly 30 percent of these retail producers, this involves subsidiaries of the retail suppliers that are largely located abroad. Two of the retail suppliers still carry out production at their company's head office. The rest of the retail suppliers, almost without exception, work directly with the remaining producers. ■■

**GERMANY**



**UKRAINE**



**CHINA**



**BANGLADESH**



**TURKEY**



**ALBANIA**



**TUNISIA**

**INDIA**



## NUMBER OF RETAIL PRODUCERS PER COUNTRY



**X** Number of producers



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## SUSTAINABILITY AT OLYMP

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***The implementation of topics relevant to sustainability has become increasingly significant at OLYMP in the last few years. This is also reflected in the continuous increase in the number of jobs in this area.***

*The CORPORATE RESPONSIBILITY team (CR), is affiliated in organisational terms to the position of Director for Production and Procurement and is made up of four full-time employees. The CR team is involved with the implementation of social and environmental standards in the supply chain, and compliance with the strict OLYMP requirements in the field of product safety. A relatively new area, which CR now also deals with, is the subject of sustainable raw materials.*

*In order to successfully implement all of these topics, many departments within the company must provide their input and active support. For this reason, over the course of the*

*last eighteen months, OLYMP has established a variety of organisational platforms, in order to integrate CR-relevant tasks within the company in the best possible way:*

*In the CR Committee, the management team (CEO, CFO and COO), meets at least twice a year with the CR team and marketing management team to discuss the latest developments in this area and to make strategic decisions.*

*In the Sustainability Working Group, the CR team informs the purchasing departments (components, woven fabrics, knitted fabrics), different sales departments, the legal department and scheduling on the latest tasks, and provides the relevant background information.*

*In addition to this, the working group serves as a platform for a broad exchange between the departments.*

*The purchasing departments are particularly important partners in the implementation process as they by definition maintain the closest contact to the suppliers and must*

*ensure that procurement is aligned to the OLYMP CR requirements on an increased basis. In order to ensure optimum cooperation, regular ballot meetings take place between the CR team and the individual departments.*

*Furthermore, there is a continuous exchange of information with the travelling engineers, who report in detail on their visits to the shirts manufacturers, which last several weeks, and the problems they have dealt with there. In this way, the CR Team gains important insight into the operational processes and, potentially, information on misunderstandings relevant to CR.*

*At the same time, the CR Team is in direct contact with the production operations abroad, in order to ensure compliance with the environmental and social standards in an open and constructive exchange. Here, OLYMP considers itself to be a partner, which supports the manufacturers in their development towards a more sustainable management approach. For this purpose, the CR team also travels*

*regularly to the production operations. The members of the OLYMP management team also place great importance on visiting the manufacturing sites several times a year, in order to see the situation for themselves and to strengthen the relationships with these operations even further. ■■*



## THE DRAWING UP OF IMPORTANT STANDARDS <sup>1/2</sup>

**OLYMP has always been of the opinion that the implementation of high quality standards and good working conditions go hand in hand. This is because only in a clean and safe working environment, and with content workers, can the high OLYMP product standard be effectively and sustainably achieved.**

OLYMP's initial experiences with its international manufacturing partners reinforced this opinion. For this reason, at an early stage a keen willingness on behalf of the production facilities to implement and continuously improve social standards became a prerequisite for long-term cooperation.

Furthermore, OLYMP motivated its production partners early on to have themselves certified in accordance with the respected and internationally valid social standard SA8000®. This standard is based on the implementing of a management system, which enables manufacturers to integrate minimum social standards permanently and effectively into the factories. By 2006, the Chinese partner operation had already been awarded the coveted SA8000®

Certificate for the first time, with the factories in Indonesia and Vietnam following its example in 2008. OLYMP still works with all three shirt manufacturers today and this is the reason why in 2017 a total of approximately 60 percent of the entire shirt production for OLYMP was manufactured according to this supreme standard.

## OLYMP ATTACHES IMPORTANCE TO CLOSE AND LONG-TERM PARTNERSHIPS

**Start of cooperation with shirt factories:**

H1: Croatia	1969	
H2: Indonesia		1989
H3: Macedonia		1998
H4: China		2005
H5: Vietnam		2007
H6: Bangladesh		2010
H7: Macedonia		2010
H11: Bangladesh		2016

Cooperation with the producers H8 and H9 was terminated in 2015, with H10 in 2017.

## THE DRAWING UP OF IMPORTANT STANDARDS *2/2*

*With the increase in the number of products, growth in production volumes and the resulting adding of further manufacturers, OLYMP found itself faced with greater challenges at some production sites than at others. The prime goal of manufacturing as far as possible only with SA8000®-certified factories, could not be achieved completely. OLYMP hence decided in 2008 to become a participant of the Business Social Compliance Initiative (BSCI) in addition. The BSCI was founded in 2003 by the Foreign Trade Association (FTA, renamed amfori in 01.01.2018) with the aim of improving working conditions within global supply-chain networks. To this end, the BSCI offers its members a uniform code of conduct, a sound monitoring system and other assistance for incremental improvement in the individual areas.*

*Through the BSCI, all non-certified factories obtain the possibility of having themselves regularly checked by means of a uniform standard so as to be able to subsequently improve the situation on-site systematically in a continuous process. A further benefit is its accordance with the SA8000® standard, since the certificate of the latter wins the highest recognition in the BSCI system. This means that a factory that is already SA8000®-certified, does not have to undergo any additional BSCI audit. ■■*



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## THE SA8000® STANDARD

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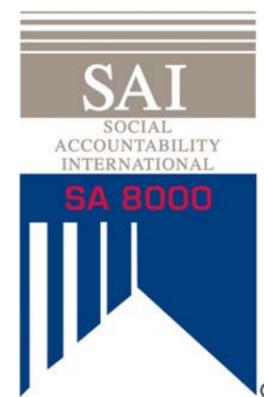
***The SA8000® standard (Social Accountability 8000) is a globally highly recognised management and certification system specially dedicated to inspecting manufacturing companies on their compliance with minimum social standards.***

*This standard was developed by the US-American non-governmental organisation (NGO) Social Accountability International (SAI). The SA8000® standard is one of the strictest standards, which has ever existed in this area. It is based on United Nations (UN) Conventions on Human Rights, Labour Law Conventions and International Labour Organization (ILO) Recommendations, as well as taking into account international and national legislation in the respective country.*

*In its makeup, the SA8000® standard is comparable to ISO standards, in terms of how the latter exist for environmental (ISO 14001) or quality management (ISO 9000:2000). However, depending on the subject-matter, SA8000®, unlike both ISO standards, includes the systematic consultation of the employees and involvement of external stakeholders, such as, for example, trade unions and other local, national and international NGOs.*

*The SA8000® standard can be applied globally and similarly for all manufacturing sectors. Qualification is carried out by independent certification companies, which have previously been accredited by the SAI. An SA8000® certificate always only refers to a single production location and is hence not necessarily universally applicable to the whole company. Nevertheless, the aim of the SA8000®-standard is to ensure that working conditions at the respective preliminary suppliers are also involved in the producers social*

*management. Accordingly, a relevantly certified company undertakes to likewise comply with its social responsibility vis-à-vis its suppliers. Certification takes place in several phases and requires intensive preparation. The certificate is subsequently only valid for the limited duration of three years. During this period, continuous compliance with the standard is monitored by external monitoring audits. ■■*



**Further information is available at: [www.sa-intl.org](http://www.sa-intl.org)**

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## HEALTH AND SAFETY

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*The producer shall provide a safe and healthy workplace environment, free access to clean toilet facilities, potable water, suitable spaces for meal breaks, and, where applicable, sanitary facilities for food storage. The producer shall ensure that any dormitory facilities provided are clean, safe and meet their basic needs. Furthermore, the producer shall provide workers with appropriate personal protective equipment as needed free of charge.*

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## FREEDOM OF ASSOCIATION AND RIGHT TO COLLECTIVE BARGAINING

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*All personnel shall have the right to form, join and organise trade unions of their choice and to bargain collectively on their behalf with the company. The producer shall respect this right and shall effectively inform personnel that they are free to join a worker organisation of their choosing without any negative consequences or retaliation from the producer. In situations where the right to freedom of association and collective bargaining are restricted under law, the company shall allow workers to freely elect their own representatives.*

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## DISCRIMINATION

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*Any form of discrimination in hiring, remuneration, access to training, promotion, termination or retirement based on race, national or social origin, caste, religion, disability, gender, sexual orientation, age, political opinions or union membership is expressly forbidden.*

***The SA8000® standard is rooted in nine principles, and precise requirements have been formulated for each one:***

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## CHILD LABOUR

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*The producer shall not engage in or support the use of child labour. A child is defined as any person under 15 years of age, unless the threshold provided is higher by national legislation. A young worker is any worker under the age of 18 but over the age of a child, as defined above. The producer may employ young workers under certain circumstances, if they are placed under special protection.*

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## FORCED OR COMPULSORY WORK

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*The producer shall not engage in or support the use of forced or compulsory labour. Forced or compulsory labour is understood to be any form of work that a person has not offered to do voluntarily and is made to do under the threat of mental or physical punishment or other disciplinary actions.*

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## DISCIPLINARY PRACTICES

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*The producer shall treat all workers with dignity and respect. The organisation shall not engage in or tolerate the use of corporal punishment, mental or physical coercion or verbal abuse of personnel.*

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## WORKING HOURS

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*The producer shall comply with applicable laws and industry standards on working hours and public holidays. The normal work week shall not exceed 48 hours. Workers shall be provided with at least one day off following every six consecutive days of working. All overtime work shall be voluntary, and shall not exceed 12 hours per week.*

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## REMUNERATION

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*The producer shall respect the right of personnel to a living wage and ensure that wages paid shall always meet at least legal or industry minimum standards and at the same time shall be sufficient to meet the basic needs of personnel and to provide some discretionary income.*

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## MANAGEMENT SYSTEM

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*A management system shall be established, which guarantees the successful implementing and maintaining of the foregoing eight principles of the SA8000® standard. The respective principles should be anchored in the company in a binding form through the documenting of the corresponding company guidelines, which are made accessible to all employees, and development of the corresponding structures. Detailed records should help to uncover dysfunctions and in this way foster a constant process of improvement.*

## MEMBERSHIP OF THE BSCI

**By joining the Business Social Compliance Initiative (BSCI) in 2008, OLYMP accepted far-reaching obligations for complying with the extensive social standard.**

The core of this social standard is the BSCI Code of Conduct, which defines the fundamental values and principles for responsible negotiations throughout all the links of the supply chain. This code of conduct is based on the International Labour Organisation (ILO) core conventions, the United Nations (UN) Universal Declaration of Human Rights, the UN Convention on the Rights of the Child, the Convention to Eliminate All Forms of Discrimination Against Women (CEDWA), the UN Global Compact and the Guidelines of the Organisation for Economic Cooperation and Development (OECD).

The BSCI distinguishes between high-risk countries and low-risk countries. In the case of countries with a low risk, it is assumed that no noteworthy infringements of the BSCI Code of Conduct will occur due to the national legal situation and strict prosecution and punishment of legal violations.

On joining the BSCI, OLYMP undertook to implement the contents of the BSCI Code of Conduct in a stepwise process of improvement within the whole supply chain. Hence OLYMP attaches great importance to the fact that all business partners involved in the manufacturing process, which includes agents and manufacturing partners as well as suppliers of ready-made garments, likewise sign the BSCI Code of Conduct. Manufacturers from so-called high-risk countries undertake to being regularly tested with regard to the extent to which they have implemented the BSCI code of conduct. In contrast to the SA8000® standard, the BSCI is not a certification system, but a process-based approach to stepwise and sustained improvement.

In 2017 a total of three percent of OLYMP production was manufactured in countries with a low-risk classification. These are manufacturing facilities in Hungary and Croatia. Details concerning the classification by the BSCI of the respective degree of risk can be viewed by clicking on the following link:

[www.amfori.org/resource/countries-risk-classification](http://www.amfori.org/resource/countries-risk-classification) ■■



Member of amfori, the leading global business association for open and sustainable trade. We improve the social and environmental performance of our supply chain via amfori BSCI and amfori BEPI. For more information visit [www.amfori.org](http://www.amfori.org)

## BSCI PRINCIPLES



**The rights of freedom of association and collective bargaining**



**Fair remuneration**



**Occupational health and safety**



**Special protection for young workers**



**No bonded labour**



**Ethical business behaviour**



**No discrimination**



**Decent working hours**



**No child labour**



**No precarious employment**



**Protection of the environment**

## THE BSCI AUDIT SYSTEM <sup>1/2</sup>

**The BSCI audit system is used to regularly check the producers, based on the approach of continuous improvement.**

In addition, OLYMP recommends that producers take part if possible in the BSCI Producer Workshops that are offered locally as an introduction to the BSCI. Independently from this, the factory can carry out a self-evaluation using a detailed questionnaire and introduce corresponding improvement measures in advance.

In the official BSCI audit, the neutral auditors identify the areas in which the manufacturer complies with the requirements derived from the code of conduct and the area(s) in which there is a need for improvement. Three different information sources are used for this purpose: a detailed examination of documents, a comprehensive factory inspection and detailed interviews with members of the management and the workforce. The audit result achieved ensues from the partial results from the 13 performance areas, which are observed and rated during an audit. By means of this individual classification, a very good assessment can be made with regard to determining the areas in which a high performance level has already been achieved and where there is still a need for improvement.

### BSCI audit results:

<b>A-Outstanding</b>	The audited operation already has a very high level of maturity and for this reason the next inspection will take place again in two years.
<b>B-Good</b>	The audited operation already has a high level of maturity and for this reason the next inspection will take place again in two years.
<b>C-Acceptable</b>	The audited operation needs further support to improve and hence needs to be subjected to a follow-up audit in order to show evidence of its progress.
<b>D-Insufficient</b>	The audited operation needs intensive support to improve and hence needs to be subjected to a follow-up audit in order to show evidence of its progress.
<b>E-Unacceptable</b>	The audited operation reveals a clearly high risk and hence needs intensive support from and supervision by the relevant BSCI members.



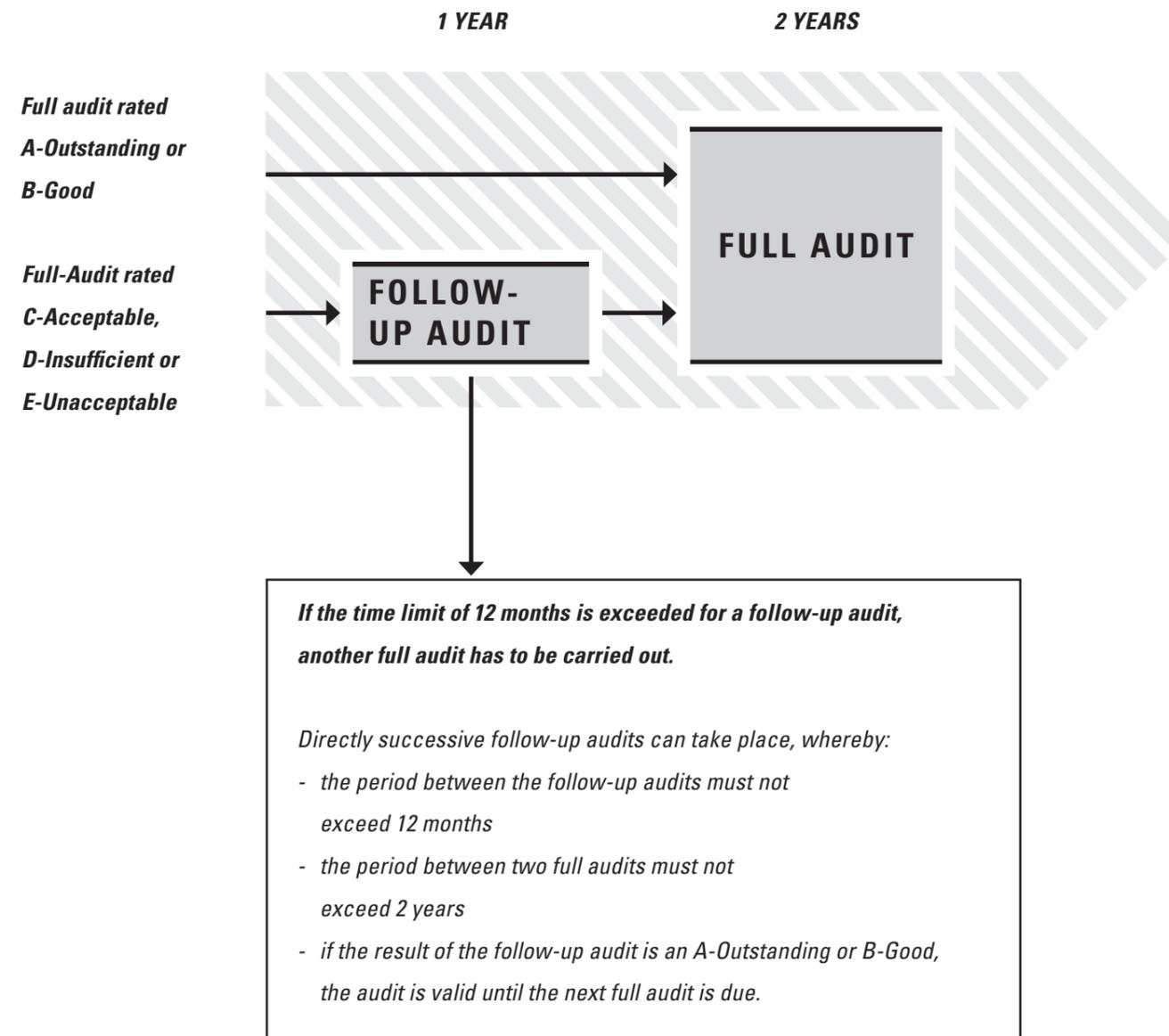
## THE BSCI AUDIT SYSTEM 2/2

The BSCI distinguishes between two different types of audits: Firstly, the full audit, which is always carried out at the beginning of the two-year audit cycle and a full inspection of the production facility is undertaken. The second type of audit is the follow-up audit, which is carried out when an audit result has identified the need for improvement and, in this case, an inspection is only carried out in those areas where the complaints had been made.

If an operation receives an A-Outstanding or B-Good, there is no need for a follow-up audit until the start of the next audit cycle. Nevertheless, the BSCI also carries out random audits on quality assurance at operations with these two results. With the audit results C-Acceptable, D-Insufficient and E-Unacceptable, a corrective action plan is drafted, in which the necessary improvements are specifically stipulated, and a timeframe within which they must be implemented. The length of the period depends on the extent of remediation and its risk classification. At any rate, full implementation of all remediation must be completed within a year. Once the final deadline has elapsed, a follow-up audit takes place, which will entail a further remediation plan if the result is again negative.

Only independent test institutes, which are already accredited by Social Accountability International (SAI) for SA8000® certification, are given the task of carrying out the BSCI audits. In order to guarantee a high quality of audit, the BSCI ensures that the auditors themselves are intensively trained with regard to the BSCI audit standard. The auditors therefore must take part in demanding training and in a final examination they must demonstrate that they have fully understood and absorbed the imparted information. With regard to the auditors already authorised and the accredited institutes, the BSCI has introduced certain monitoring mechanisms for regular performance assessment. ■■

## THE VALIDITY OF A BSCI AUDIT:



## SOCIAL PERFORMANCE IN 2017

**The individual audit results of the partners make it possible to determine the percentage of OLYMP products that are already manufactured in socially favourable conditions, in other words, the level of social performance at OLYMP.**

OLYMP's efforts with regard to social monitoring have so far been focused solely on the manufacturing level. This is a common approach, since most of the workforces are basically employed in very labour-intensive garment manufacturing. In the preliminary stages, such as, for example, the manufacture of yarn, fabric and warp-knitting, as well as production of accessories, machines are being increasingly used, which is why far fewer people are affected here.

With regard to the implementation of social criteria deeper within the supply chain, the entire sector is still faced with major challenges. This is due in particular to the fact that most clothing companies which import their products do not have a direct business relationship with the preliminary stage producers. The deeper you advance into the supply chain, the more branched out the structures become. For this reason, the first fundamental step is to gain increased transparency with regard to the different supply chain stages.

With the procurement model in the core product group of shirts, OLYMP is in a good starting position, as there is direct contact with the fabric and components suppliers and as the business relationships here are mainly close and longstanding.

In 2016 the first steps towards socially fair working conditions were taken with the strategic fabric and components suppliers. Hence, four of the most important fabric suppliers, who alone meet 94 percent of OLYMP's total fabric needs, can already present highly recognised evidence on the adherence to social standards in their production. Three of them, on OLYMP's advice, have achieved certification according to SA8000®. The fourth supplier of textiles is itself a member of the multi-stakeholder initiative Fair Labor Association (FLA) and already has an accredited audit system for safeguarding social standards. Furthermore, the chief supplier of accessories also followed the advice of OLYMP to subject his own factory in China to certification according to SA8000®.

For 2017, OLYMP had set itself the objective, within the framework of its Partnership obligation, to gain more detailed information on the production sites for the components used on the shirts by means of a detailed supplier questionnaire. OLYMP achieved a satisfactory interim result for a first

questionnaire of this kind. At least 75 percent of suppliers have signed the BSCI Code of Conduct and disclosed the production sites used. This information also shows that the production of the components used by OLYMP is mainly located in countries with low social risk and that the small number of Asian companies already have initial evidence of compliance with social standards.

In 2017, around 60 percent of OLYMP's total production volume was manufactured in SA8000® certified factories. A further 30 percent was produced in factories with a positive BSCI rating such as, A Outstanding or B Good. A total of four BSCI audits, five BSCI follow-up audits and three SA8000® recertifications were carried out at eleven manufacturers. A further four manufacturers had BSCI audit results or SA8000® certificates which were still valid for 2016. Just under three percent was produced by two factories in Hungary and Croatia, countries which the BSCI has classified as having a low social risk. This means that a specific need for improvement is applicable to just under three percent of the generated volume. ■■

## Audit/certification activities in 2017



Shirts	Weft knitting	Warp knitting	Ties
H2 + H4: SA8000® recertification still valid for 2017, H5: SA8000® re-certification	W4: SA8000® certificate still valid for 2017, W3: SA8000® re-certification	K1: SA8000® re-certification	
H3: BSCI audit still valid for 2017			
H7 + H11: BSCI full audit	W1: BSCI full audit	K2: BSCI full audit	
H6 + H7: BSCI follow-up audit	St2 + St3 + St5: BSCI follow-up audit		

Cooperation with the producers H8, H9 and W2 was terminated in 2015, with H10 in 2017.

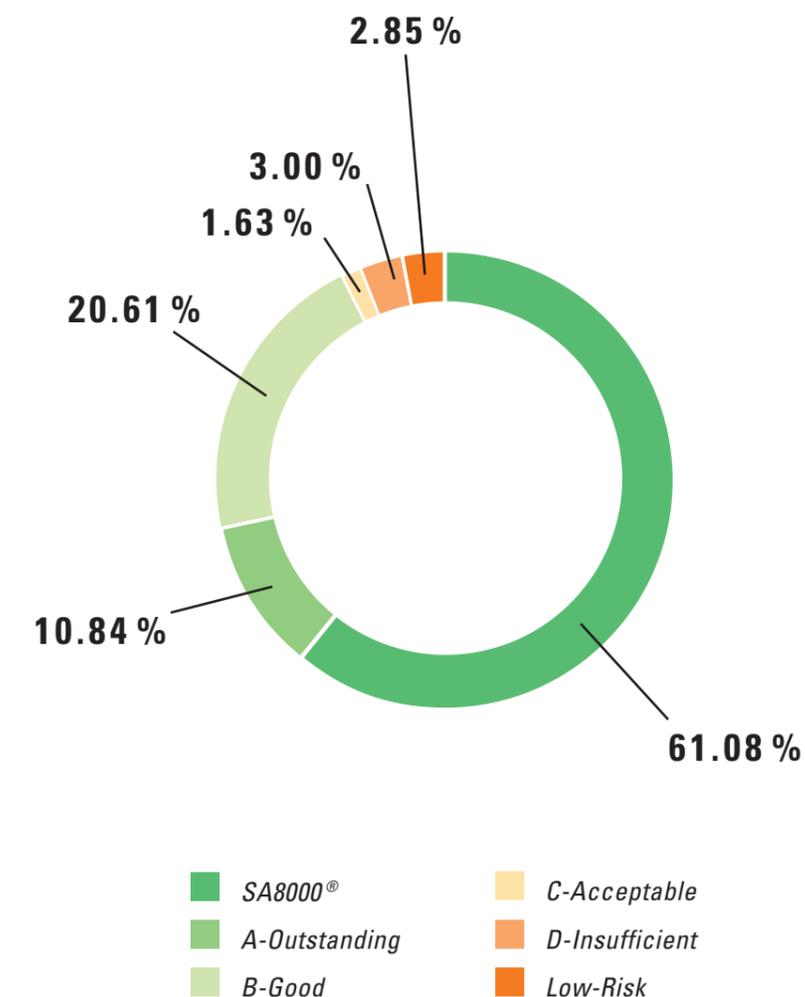
## THE SOCIAL PERFORMANCE OF THE OLYMP MANUFACTURING PARTNERS IN 2017

Producer	Production company	Product group	Start of the cooperation (year)
Producer H1	Croatia	Shirts	1969
Producer H2	Indonesia	Shirts	1989
Producer H3	Macedonia	Shirts	1998
Producer H4	China	Shirts	2005
Producer H5	Vietnam	Shirts	2007
Producer H6	Bangladesh	Shirts	2010
Producer H7	Macedonia	Shirts	2010
Producer H11	Bangladesh	Shirts	2016
Producer St2	China	Knitwear	2013
Producer St3	Bangladesh	Knitwear	2014
Producer St4	Hungary	Knitwear	2010
Producer St5	China	Knitwear	2017
Producer W1	Bangladesh	Sweatwear	2012
Producer W3	India	Sweatwear	2012
Producer W4	China	Sweatwear	2014
Producer K1	Vietnam	Ties	2002
Producer K2	China	Ties	2006

Cooperation with the producers H8, H9 and W2 was terminated in 2015, with H10 in 2017.

As of March 2017

Producer	Social performance
Producer H1	Low-Risk
Producer H2	SA8000®
Producer H3	A-Outstanding
Producer H4	SA8000®
Producer H5	SA8000®
Producer H6	B-Good
Producer H7	D-Insufficient
Producer H11	A-Outstanding
Producer St2	C-Acceptable
Producer St3	C-Acceptable
Producer St4	Low-Risk
Producer St5	C-Acceptable
Producer W1	A-Outstanding
Producer W3	SA8000®
Producer W4	SA8000®
Producer K1	SA8000®
Producer K2	D-Insufficient



## THE SOCIAL PERFORMANCE OF OLYMP RETAIL PRODUCERS IN 2017

**As already mentioned in the section on GLOBAL PROCUREMENT – cooperation along the “retail” supply chain, other products, such as for example, belts, scarves, pocket squares, socks or cufflinks are purchased currently from ten external retail suppliers by OLYMP Retail KG to complement product ranges in monobrand stores and outlets. They in turn use a total of 21 ready-to-wear clothing manufacturers for the production of OLYMP products.**

Nearly thirty percent of these retail producers are subsidiaries of the retail suppliers that are largely located abroad. Two of the retail suppliers still carry out production at their company’s location. The retail suppliers work almost without exception directly with the remaining producers. This now provides OLYMP with a good starting point for working together with the retail suppliers on a continuous improvement of working conditions at the retail producers, as direct influence can be exerted on these through the retail suppliers. In this context, OLYMP has developed a standardised approach of when and how the suppliers will be regularly approached on the subject. This will clearly demonstrate to the suppliers the high level of importance that is attributed to socially acceptable working conditions

in the production of OLYMP products. With regard to the social acceptability of the working conditions at the 21 retail producers, OLYMP is able to report the following positive development:

Furthermore, at least 90 (2015: 70) percent of retail producers already have a valid BSCI audit, an SA8000® certificate or are located in a country with a low social risk rating. Of the twelve companies with this BSCI audit, around 30 percent achieved a positive audit result. The other almost 70 percent still have room for improvement but display no particularly critical shortcomings. There are only two retail producers who have not yet undergone a BSCI audit, although they are located in countries classified as risk countries by the BSCI.

With regard to the targets set, OLYMP had already achieved a pleasing partial success in 2016, which unfortunately could not be fully maintained in 2017. A particular focus in 2018 will therefore be on a further improvement to audit results. ■■

OLYMP has set itself the following targets for 2018:

1. Auditing and/or certification of as many retail producers as possible, who have not yet obtained an audit result or SA8000® certificate.
2. Supporting, within OLYMP’s scope of possibilities, the eight operations with BSCI audit results between C-Acceptable to E-Unacceptable in improving their working conditions.
3. Maintaining the high certification level of the four operations with a SA8000® certificate and/or the audit result A-Outstanding and B-Good through monitoring and assistance.



**Social performance –  
number of retail producers**

- SA8000®
- A-Outstanding
- B-Good
- C-Acceptable
- D-Insufficient
- Low-Risk
- No qualification

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**FIRE AND BUILDING SAFETY** 1/2
 

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***There has been a stronger focus on the topics of fire and building safety in the last few years as part of the efforts by the Western clothing sector for safe working conditions in the supply chain.***

*The tragic disasters in Pakistan and Bangladesh in 2012 and 2013 drastically demonstrated the structural problems that prevail in some third-world manufacturing countries when it comes to the legal anchoring of structural safety measures and notably, consistent implementation of the same.*

*The devastating fire in the Tazreen Textile Factory in Bangladesh in 2012 prompted OLYMP at the time to have the four strategic shirt factories in Indonesia, China, Vietnam and Bangladesh once again intensively checked with regard to the existing fire prevention. To this end, OLYMP engaged the services of Global Risk Consultants Corp.® (GRC) at the start of 2013, which subjected the factories to detailed inspections according to current internationally valid standards in accordance with the National Fire Protection Association (NFPA).*

*On 24th April 2013, a tragedy occurred when the Rana Plaza building in Bangladesh collapsed. The causes of the collapse were complex: the use of sometimes inferior building materials, lack of studies of the subsoil (supporting the ground underneath a building) on its suitability, bribing of the responsible authorities, insufficient statics and many others. The disaster very dramatically illustrated what unknown defects still prevailed in building safety until then in this country in Southeast Asia.*



*In response, the “Accord on Fire and Building Safety in Bangladesh” was launched in May 2013. The Accord is a legally binding agreement between Western brands and retailers, and Bangladeshi and international trade unions. Its aim is to improve the safety of workers in the Bangladeshi Ready-Made Garment Industry in a sustained manner. Non-governmental organisations (NGOs) such as the Worker Rights Consortium (WRC) and the Clean Clothes Campaign (CCC) also signed the Accord as witnesses and as participants in the preceding discussions and negotiations.*

*OLYMP began manufacturing in Bangladesh in 2010 and integrated manufacturers directly into the Social Monitoring System. The shirt factory was already part of the GRC fire prevention initiative and since May 2010 had been assessed by the BSCI almost continuously as “good”. Nevertheless, OLYMP also signed the Accord in the context of basic duty of care in November 2013.*

*The Accord comprises a far-reaching safety programme, which is to be implemented within five years in all factories, which work for Accord signatories. In the meantime, almost 200 companies from 20 countries in Europe, North America and Asia, as well as companies from Australia, are signatories to the Accord. Hence the Accord reaches out to more 1.660 factories. In order to support this large number of factories, the Accord established its own branches in Bangladesh which have almost 200 specialist engineers, trainers and professionals.*

*As a first step, all the factories which had registered were checked by independent inspection companies in accordance with the high Accord Standard. The inspections included the three essential areas of fire, electrical and building safety. Following the initial inspections, corresponding corrective action plans have been drawn up.*

*The factories report their progress to the Accord team on a monthly basis. During regular follow-up inspections, the Accord engineers then check on site whether the factories have actually implemented the improvement measures in the appropriate manner.*

*The Accord considers transparency to be of great importance, which is why on the Accord website ([www.bangladeshaccord.org](http://www.bangladeshaccord.org)), all inspection reports and current corrective action plans are also published, as well as a list of all the factories registered.*

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**FIRE AND BUILDING SAFETY** 2/2
 

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A further important component of the Accord Programme is to strengthen the position of the workers in a sustained way. In order to achieve this, the Accord is focusing on four areas of action: If they have concerns about their own safety, workers can contact the Accord team directly and at any time via the official Accord complaints mechanism. The Accord team will pursue the notification immediately and work out a solution together with the factories and the Accord members.

Furthermore, the Accord carries out training sessions for the entire workforce of the factories to provide information on the work of the Accord. During these training sessions the workers will also be informed of the Accord complaints mechanism and will also have the fundamentals of safety at work explained to them.

In addition, the Accord guides the introduction of safety committees in the factories for sustained integration of the topics of occupational health and safety and building safety. These committees should comprise of representatives of both the respective management and the workforce, and must be elected on a democratic basis in accordance with a new legal framework. The Accords supports the training of the safety committees with an intensive training programme.

Accord training for the in-house safety committees began in April 2016. The programme has now been launched in 846 factories and 181 of these have already successfully completed the full training programme. Of the four OLYMP manufacturers, H6 and St3 are included amongst the 181 who have already completed the programme and who therefore have a well-trained safety committee with employee participation. The programme has already started in the case of W1 and H11. ■■



## ABOVE-AVERAGE PROGRESS OF THE OLYMP PARTNERS IN BANGLADESH

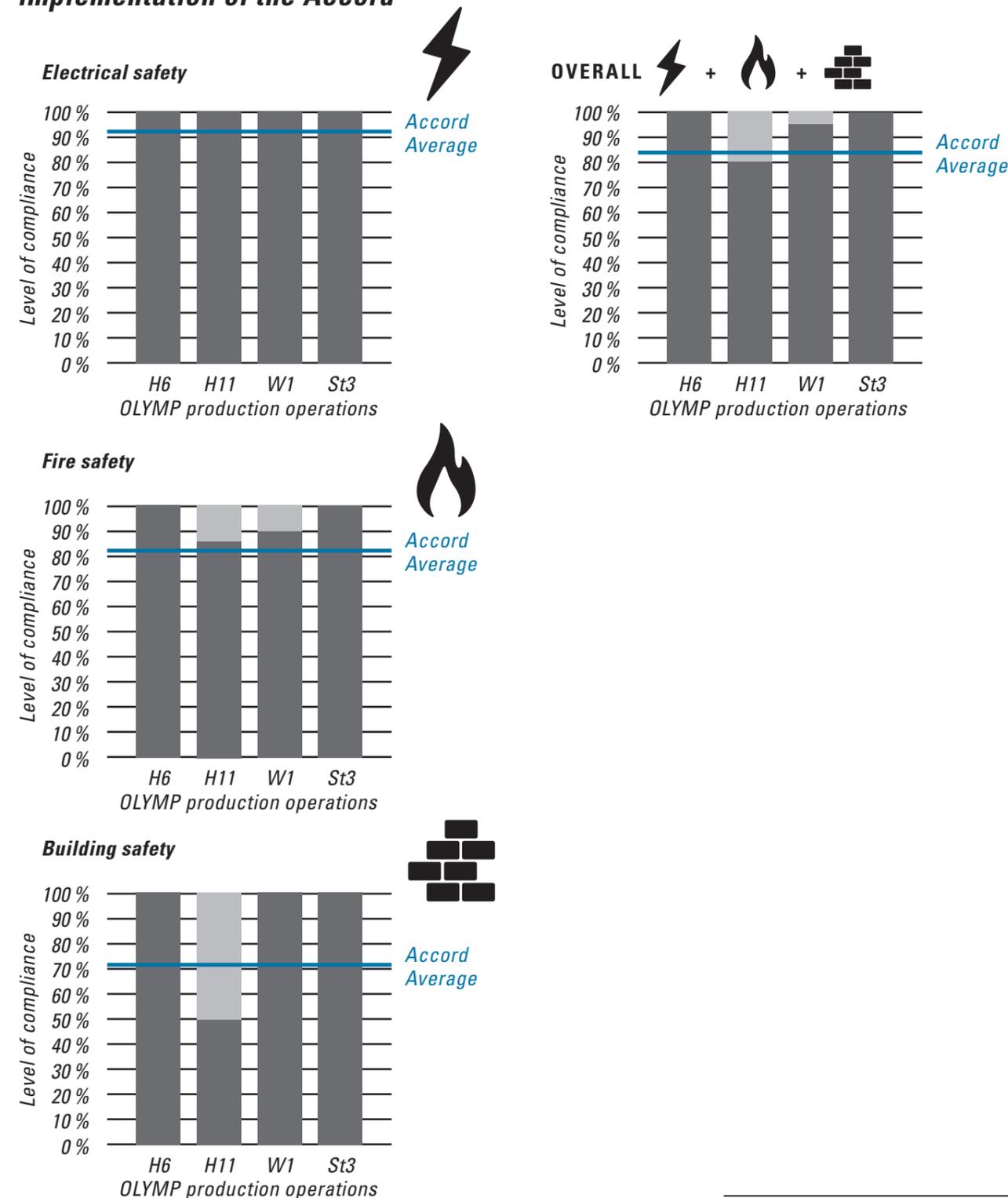
**OLYMP currently has a collaboration with two shirt producers, one weft and one warp knitting producer in Bangladesh.**

All four factories are demonstrating above-average progress in terms of the implementation of action plans imposed by the Accord. In the summary of the inspection of the three partial areas of fire protection/prevention, and electrical and building safety, the level of compliance was at least 79 percent, and in the best case even 100 percent – measured against the short-comings detected during the initial inspections, which have meanwhile been reported or verified as rectified. Hence the figures, apart from H11, lie above the average level of compliance of 84 percent for all the factories listed in the Accord.

Reviewed individually, it becomes clear that the H11 shirt factory is the only operation to be below average with regard to building safety. This can be attributed to the fact that this factory did not have its initial inspection until towards the end of 2016. Taking into consideration the shorter time-span of three years available to H11 for improvement strategies, compared to the great majority of participating operations, we can be satisfied with its progress. The fact that it is above average in the other areas is evidence of its remarkable commitment. ■■



### Levels achieved by OLYMP production partners in Bangladesh during implementation of the Accord





## THE REQUIREMENTS OF MODERN TEXTILES

***In the 21<sup>st</sup> Century, modern textiles need to satisfy all kinds of extremely stringent requirements. Contemporary clothing is expected to maintain lasting colour brilliance, offer a high level of wear comfort and be durable, easy-care and wrinkle-free. Nowadays, these quality criteria and the many additional functional characteristics of textiles are demanded as a matter of course and, depending on their specific use, can be indispensable.***

The different types of fibres that are used for the manufacture of clothing already possess many positive characteristics from nature alone, for example, absorbent cotton or cooling linen. However, for a long time, the extensive demands placed on textiles mean that natural fibres in their original form are no longer adequate. For this reason, the use of a number of mechanical and chemical treatment processes are required in textile production: on the one hand, to produce a textile fabric from the raw fibres, and on the other, to optimise the fabrics in terms of the desired and necessary textile characteristic. ■■

## ENVIRONMENTAL CONSIDERATIONS ALONG THE TEXTILE CHAIN

***In consideration of climate change, the increasing shortage of natural resources and global environmental pollution, governments, companies and private individuals regard it as their duty to become aware of the environmental effects of their own business and to take responsibility for this.***

The textile and clothing sector, as an important branch of the economy and as a result of its procurement structures, is called upon in particular to take responsibility for the manufacture of its products. The value-added chain of the clothing industry is highly complex and is greatly influenced by globalisation. An item of clothing often has a long journey to travel before it reaches the consumer. From raw materials production to semi-finished products, right through to the finished garment, many production steps take place at different suppliers and at different locations throughout the world based on the division of labour. Today, raw materials production and garment finishing mainly take place in developing and emerging countries such as China, Bangladesh, India, Vietnam and Turkey. These structures are important for many production countries as they offer people work on a local basis and accelerate the industrialisation and development process in these countries. However, in most cases, the production countries have low environmental standards and are still only at a very

early stage when it comes to issues such as climate and environmental protection. For this reason, there is a need for clothing companies to exert influence on their highly branched supply chains in order to establish compliance with the ecological minimum standards in the production countries. At the same time, the different environmental considerations along the textile chain also represent the ecological areas of activity for the companies who have clothing produced on their behalf throughout the world. Only those companies who scrutinise their supply chain in terms of all relevant environmental considerations can become aware of the environmental effects and introduce the necessary measures.

## RAW MATERIALS



The process of creating a new item of clothing begins with the production of raw materials.

Cultivation of renewable materials, such as cotton, is associated with a considerable requirement for land and water. The production of synthetic chemical fibres requires the use of non-renewable raw materials such as oil, coal and natural gas. The starting material for the production of cellulose chemical fibres is wood. In the manufacture of a garment, up to 20 percent of the fabric can be wasted. In particular, textiles which have a short

life and which end up in the household rubbish straight after use, contribute to a deterioration in the balance of resources.

## ENERGY



Energy is a central production factor throughout the entire textile chain, as it is required – to differing extents – at all stages. High levels

of energy consumption can be noted in the machine production of yarns and fabrics and in fabric finishing as a result of the heating and drying processes involved. The manual processing of the materials into the finished textile also requires a great deal of energy for operating the sewing machines and ironing systems. When the entire life cycle of a garment is taken into account, it is the end-user who uses the greatest amount of energy and emits the greatest amount of CO<sub>2</sub> pro rata through garment care (washing, ironing, drying).

## WATER



Clothing production is extremely water-intensive, depending on the raw materials used and the product. Even at the cotton cultivation

stage, depending on the cultivation area, the levels of water consumption can be very high as a result of artificial irrigation. Several hundred litres of process water are used during textile finishing in the bleaching, dyeing and finishing of fabrics and for the artificial production of signs of wear such as vintage, destroyed and used effects, for example in jeans. Additional fresh water is used during the utilisation phase depending on the type of textile and the behaviour of the consumer in terms of garment care.

## WASTE WATER



All washing procedures in the textile manufacturing process inevitably result in waste water, which contains potentially problematic substances. Textile waste water contains residues from synthetic fibre production, from fabric production and particularly from the bleaching, dyeing and finishing processes.

## EXHAUST GAS



The initial air emissions occur at the phases of raw materials production during the manufacture of synthetic fibres. Dust is created in the production of fibres and yarns from natural fibres. A large proportion of the emissions occurs during the further processing stages as a result of drying processes during finishing.

## WASTE



Waste is also produced during the individual phases of garment manufacture. This includes fibre waste in the case of yarn production, waste water and sludge from the textile washing processes, and also textile waste in the cutting process during garment production.

## CHEMICALS



Chemicals are already used at the cotton cultivation stage, in the form of fertilisers and also pesticides, which are used as pest repellents, and these are applied in the field. The production of synthetic and cellulose chemical fibres also involves the use of chemicals. Lubricating and sizing agents are used to improve the processability of yarns and to protect them. A variety of textile processing agents, colourants and base chemicals are used in the subsequent finishing process. The improper release and drainage into the environment of the chemicals used in the manufacturing process can pollute the adjoining ecosystems. The use of substances of concern without adequate health and safety measures can also pose a health risk to the employees involved in production. Chemical residues in textiles can have negative effects on the consumers and create problems in terms of disposal. ■■

## ECOLOGICAL RESPONSIBILITY – A WIN-WIN SITUATION

***OLYMP has identified its environmental effects along its own supply chain and is aware of its responsibility towards the environment, the residents in the production countries, the workers in textile production and the end-user.***

OLYMP considers itself to have the same level of obligation towards environmental protection as it does towards compliance with far-reaching social standards and the high quality demanded of its products. At the same time, OLYMP recognises that an improvement in environmental performance is not only beneficial for the environment but also for humans. Eco-logical improvements can also provide considerable savings potential as costs for energy, water, raw materials and disposal can be reduced. Active environmental protection is also of economic significance both in the medium and long-term. In its endeavours to maintain its strong market position for its customers, employees and suppliers on a long-term basis, OLYMP considers the use of sustainable and environmentally-friendly solutions to be indispensable in view of the shortage and rising cost of resources, in order to be well equipped for the future. In this respect, OLYMP prefers to work with economically sound partners who invest in innovations, efficient systems and environmentally-friendly processes on a continuous basis and who are also prepared in the long term to meet the high standards of OLYMP. ■■

## OLYMP FABRIC PRODUCTION

**The fabric is the core element and, as it forms 90% of the garment weight, it is the main component of a high quality OLYMP shirt.**

The production of OLYMP shirt fabrics is a complex process, based on numerous processing stages and the use of energy, water, heat, dyes, chemicals and textile processing agents. At the same time, in the different phases, from the fibres right through to the finished fabric,

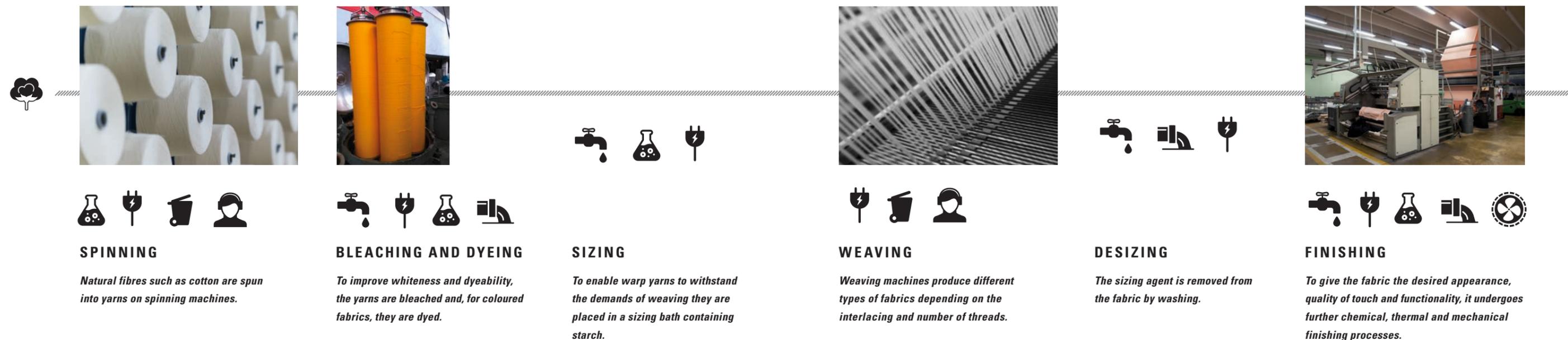
waste water, sludge, solid waste, exhaust gas and noise also occur. The manufacture of fabric within the overall shirt production process is therefore of particular significance with regard to ecological impact and potential risks.

The most important process stages in fabric production are spinning, bleaching, dyeing, sizing, weaving, desizing and finishing. Depending on the fabric design, the bleaching or dyeing process can take place after spinning, for example, as with checked or striped fabrics, where the

different coloured yarns have to be dyed before weaving, but this does not necessarily have to be the case.

Bleaching and dyeing can take place at different stages in fabric production. In the case of single-coloured fabrics, the lengths of fabric are bleached and dyed after weaving. This is referred to as piece dyeing, as opposed to yarn dyeing in the case of patterned fabrics. In order to produce melange fabrics, the natural fibres are dyed and then spun in different colours into a melange yarn.

An additional optional process in fabric production is the printing of single-coloured fabric lengths before finishing. All-over prints are only used when they are featured on collection garments for fashion purposes. ■■



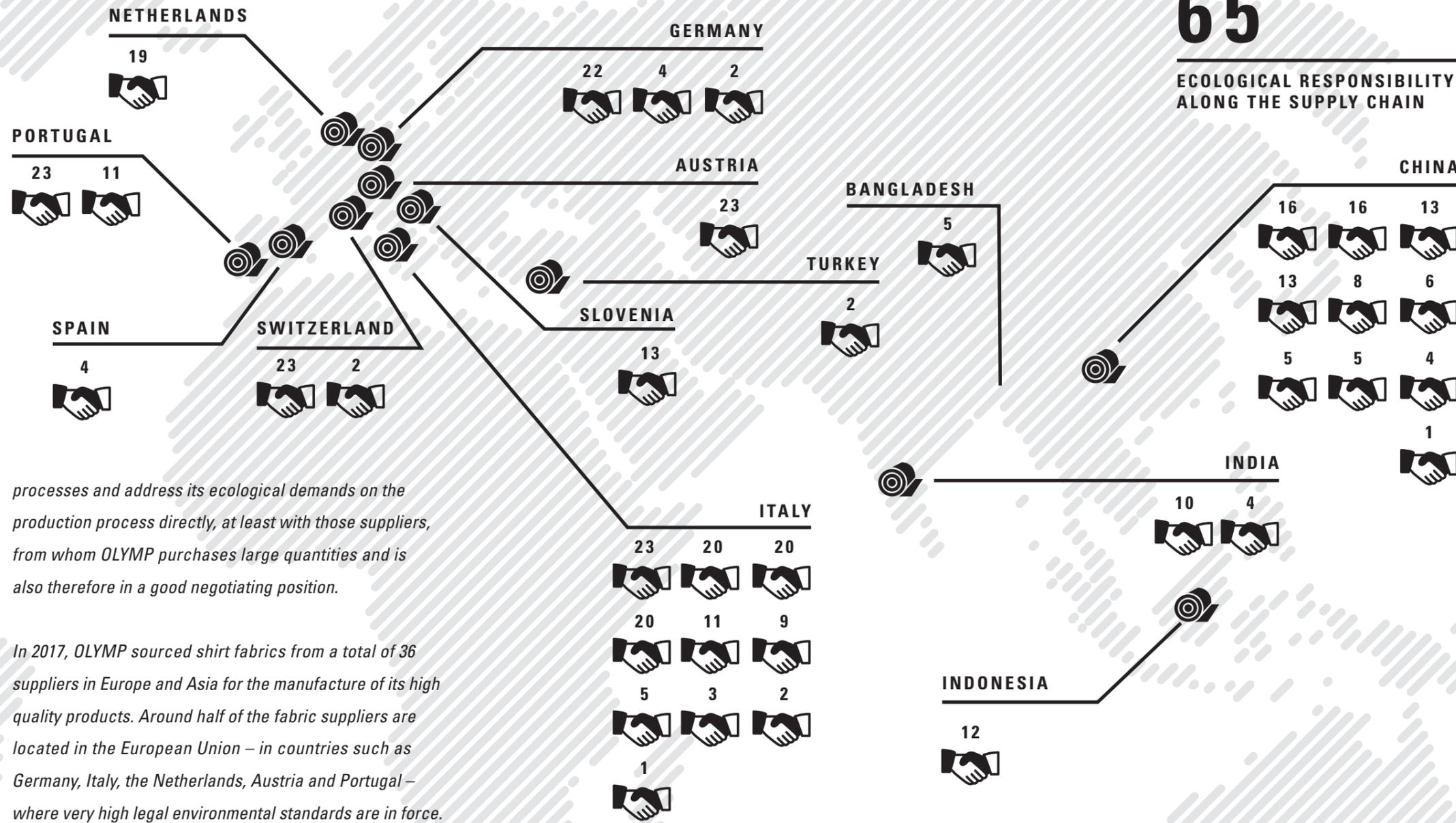
THE DIAGRAM SHOWS THE MOST IMPORTANT PROCESS STAGES IN OLYMP FABRIC PRODUCTION AND THEIR ENVIRONMENTAL RELEVANCE USING THE EXAMPLE OF A YARN-DYED FABRIC.

## THE COLLABORATION OF OLYMP WITH THE FABRIC SUPPLIERS:

**OLYMP does not just place great importance on lasting collaboration with its shirt factories. When it comes to the procurement of its high quality shirt fabrics, OLYMP also maintains long-standing and close partnerships with leading and highly specialised fabric manufacturers, in order to be able to offer its customers exceptional quality and maximum product performance on a continuous basis.**

OLYMP obtains its shirt fabrics through direct business. The OLYMP purchasing department makes regular visits to the suppliers and this ensures that the high demands placed on the shirt fabrics are met and the relationship of trust is strengthened.

OLYMP benefits from a multi-stage, and even in some cases, fully integrated production process, particularly in the case of its strategic fabric suppliers. This means that the individual process stages such as spinning, weaving, bleaching, dyeing, printing, right through to finishing, all take place at the fabric suppliers and are not divided amongst several different producers, which is often the case in the textile sector. In this way, in the case of multi-stage and fully integrated fabric suppliers, OLYMP is able to exert an influence right down to the most preliminary



processes and address its ecological demands on the production process directly, at least with those suppliers, from whom OLYMP purchases large quantities and is also therefore in a good negotiating position.

In 2017, OLYMP sourced shirt fabrics from a total of 36 suppliers in Europe and Asia for the manufacture of its high quality products. Around half of the fabric suppliers are located in the European Union – in countries such as Germany, Italy, the Netherlands, Austria and Portugal – where very high legal environmental standards are in force. The remaining 17 fabric suppliers are situated mainly in China and other non-EU states. A supplier pool of this size is necessary as the fashionable shirt collections of OLYMP require a specific variety of fabrics. Measured in terms of the total volume of fabric, OLYMP obtains only very small quantities of fabric from the majority of the suppliers. Most of the OLYMP shirt fabrics are produced by just a handful of strategically important partners. OLYMP has been working with more than 50 percent of the suppliers for at least ten years and with 30 percent of the suppliers for at least 15 years. In the case of several partners, OLYMP can look back on a collaboration spanning more than 20 years. ■■

## THE OLYMP FABRIC SUPPLIERS AND THE DURATION OF COLLABORATION IN EUROPE AND ASIA.

x  
 Duration of collaboration in years

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## STEP CERTIFICATION WITH STRATEGIC FABRIC SUPPLIERS

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***With regard to sustainable procurement, it is important to OLYMP that the diverse production stages involved in fabric production take place in production conditions that are both environmentally friendly as well as socially acceptable. For this reason, OLYMP had already made a start years ago to encourage its strategically important fabric suppliers to achieve STeP certification.***

STeP by OEKO-TEX® stands for Sustainable Textile Production and is an independent certification system for production facilities of all processing stages in the textile chain with regard to sustainable manufacturing processes. The objectives of STeP certification are the continuous implementation of environmentally-friendly production processes, the efficient use of resources and socially acceptable working conditions in the textile factories. The STeP standard represents an integrated approach which is based on a comprehensive sustainability analysis and specifies globally uniform minimum requirements for the areas of chemicals management, environmental performance, environmental management, health and safety, social responsibility and quality management in the textile industry.

A prerequisite for STeP certification is compliance with specific minimum requirements within the individual STeP modules. The criteria of these modules are outlined in detail as follows.



## CRITERIA OF STEP CERTIFICATION

### CHEMICALS MANAGEMENT

Within the framework of a suitable harmful substances management, constant monitoring of the use of chemicals is to be ensured, in addition there must be compliance with the guidelines of a Manufacturing Restricted Substance List for the entire production chain. The principles of "green chemistry" must be applied.

### ENVIRONMENTAL PERFORMANCE

Compliance with the stipulated limit values for waste water and air emissions. The efficient use of resources and a responsible handling of waste, waste water, sludge and emissions. The production processes should be optimised using the best available production technologies. Endeavours to achieve a reduction in the CO<sub>2</sub> footprint.

### ENVIRONMENTAL MANAGEMENT

Proof of a suitable environmental management system for the targeted coordination and systematic implementation of all environmental protection measures. Environmental objectives will be regularly set, environmental reports produced and training carried out for the implementation of the environmental measures.

### SOCIAL RESPONSIBILITY

Socially acceptable working conditions in accordance with the conventions of the UN and ILO (International Labour Organization) must be ensured, as well as compliance with legal provisions. Regular discussions with employees and training measures relating to social issues are established.

### HEALTH AND SAFETY

Proof of suitable measures to ensure the required health and safety in the workplace, the safety of buildings and production plants, as well as risk prevention.

### QUALITY MANAGEMENT

Within the framework of a suitable quality management system, the traceability, responsibility and appropriate documentation must be ensured with regard to the flow of goods and the manufactured products.

Existing certification of the production operations can be recognised in the individual STeP modules, for example, the ISO 14001 environmental certificate, the SA8000® social certificate and the ISO 9001 quality certificate. Depending on the assessment of the different STeP modules by the independent OEKO-TEX® auditors, the companies can achieve one of three levels of STeP scores within the framework of their certification.

The STeP level achieved describes the extent to which the certified company has achieved sustainable production and working conditions.

### STeP scoring system:

<b>Level 3</b>	Exemplary implementation in the sense of a best practice example
<b>Level 2</b>	Good implementation with further optimisation potential
<b>Level 1</b>	Entry level, i. e. compliance with all minimum requirements has been achieved

The six individual modules – chemicals management, environmental performance, environmental management, social responsibility, health and safety, and quality management – are evaluated individually for the STeP certification

using this scoring system. An overall evaluation is then compiled from the individual evaluations across all modules.

The objective of the STeP certification is the lasting and continuous improvement of sustainable working and production conditions in the production facilities. The evaluation of the sustainability performance of the production facilities on the basis of the scoring system is an expression of this dynamic process. The regular updating and further development of the STeP criteria in line with current requirements and new scientific findings also supports the continuous improvement process of the certified companies.

The STeP certificate is valid for a period of three years and can be extended for a further three years following successful recertification. Following issue of the certificate, intermediate audits – known as compliance audits – and unannounced audits are carried out on site by OEKO-TEX® to check and verify continuous compliance by the production facilities with the stipulated STeP requirements throughout the entire validity period of the certificate.

STeP by OEKO-TEX® is a very extensive and stringent certification standard and this is reflected in the fact that, at the end of 2016, only 109 production facilities throughout the world had achieved STeP certification. ■■

## THE ECOLOGICAL PERFORMANCE OF OLYMP FABRIC PRODUCTION 2017

**In 2017 OLYMP obtained 94 percent of all produced shirt fabrics from STeP-certified fabric producers. This included five fabric suppliers who carry out multi-stage and fully integrated production and represent all important processing stages of fabric production.**

OLYMP is particularly proud of the fact that the five certified companies have, without exception, achieved an overall SteP score of Level 3 and are therefore able to demonstrate exemplary production conditions in ecological, social and qualitative terms. Overall, the processing stages – from spinning right through to the finishing of OLYMP shirt fabrics – comply with the highest ecological requirements.

*In order to ensure verifiable sustainable manufacturing conditions in the case of a maximum fabric volume, with the implementation of STeP certification OLYMP has intentionally focused on its strategic fabric suppliers with large production volumes and strenuously driven this forward.*

*With regard to the remaining six percent of OLYMP fabrics which are not covered by STeP certification, around half of this amount was sourced in 2017 from suppliers in EU countries and the other half from partners in Asia. Those suppliers located in the European Union produce the OLYMP fabrics in compliance with the strict EU regulations and high environmental standards. The procurement of goods from these suppliers consequently poses little risk with regard to potential environmental protection violations and pollution at the production site. In emerging and devel-*

<b>OLYMP Fabric supplier</b>	<b>STeP certified processes</b>	<b>STeP certification since</b>	<b>STeP-Level</b>
G1	Spinning, weaving, dyeing, finishing	2014	3
G2	Weaving, dyeing, finishing	2016	3
G3	Weaving, dyeing, printing, finishing	2016	3
G4	Spinning, weaving, dyeing, finishing	2016	3
G5	Weaving, dyeing, finishing	2016	3

*Exemplary performance of the five largest OLYMP fabric suppliers.*

*oping countries, where today most of the global textile production takes place, there is in some cases a lack of corresponding national environmental regulations, or compliance with them is only monitored by the state in an inadequate manner. In production countries where global environmental standards are not necessarily guaranteed, the environmental risk with regard to textile production must be categorised as being significantly higher.*

*Following successful STeP certification of the strategic fabric suppliers in 2016, OLYMP will also gradually incorporate the fabric suppliers, from whom only the smallest*

*quantities are purchased, into its environmental monitoring. At the same time, ecological minimum standards in the case of suppliers in risk countries must be ensured, and building on this, the environmental and sustainability performance of each supplier must be evaluated. In this supplier circle, influence on the production conditions on site and, in particular the implementation of the high STeP standard that the strategic fabric suppliers have undertaken, presents a particularly large challenge for OLYMP due to marginal purchasing quantities. ■■*

**94 % OF OLYMP SHIRT FABRICS WERE PRODUCED IN  
STEP-CERTIFIED PRODUCTION FACILITIES IN 2017.**

## BEST PRACTICES IN OLYMP FABRIC PRODUCTION <sup>1/3</sup>

Within the framework of their certification, all STeP-certified production facilities were confirmed as having an exemplary sustainability performance. They work at a very high and responsible production standard, which far exceeds the prevailing environmental regulations and the standard of practice which is common for that sector in the respective production country. The certified fabric suppliers are all able to demonstrate an established and functioning environmental management system, use the best available technologies, invest in environmentally-friendly innovations on an ongoing basis and regularly undertake pilot projects, in part in collaboration with scientific institutions. They are characterised by the fact that they work unceasingly with a great deal of ambition and motivation on the improvement of their environmental performance. In operational practice, these producers lead the way with many good examples.

## ENERGY



In order to save energy, modern dyeing processes at low temperatures are used in the production of OLYMP fabric. The desizing of the fabric following weaving is also possible at low washing temperatures due to special enzymes which are used to break down the starch. Through the installation of heat recovery systems, the thermal energy produced in the

various heating and drying processes of the different wet treatments is reused. The waste heat from the waste water and exhaust air is reintroduced into the process, for example, hot waste water is used for prewarming fresh water by means of heat transfer.

In this way, primary energy consumption in the production operations is reduced and improved energy efficiency is achieved. The waste heat produced is also used for cooling, e. g. for air-conditioning or necessary cooling processes in finishing.

In addition to the active and extensive energy conservation measures, the production facilities meet some of their energy requirements with regenerative energies, which they derive from their own solar energy systems. As a whole, all strategic fabric suppliers have continuously reduced their total energy consumption and CO<sub>2</sub> emissions in recent years. Looking back over the past five years, the production operations have been able to record reductions of up to 30 percent and over a period of ten years even up to 45 percent.

## WATER



Water consumption which occurs in the various wet processes, is significantly determined by the liquor ratio. The liquor is the treatment bath in which the textiles are washed, bleached, dyed and finished. The dyes, finishing chemicals and textile auxiliaries are dissolved in the liquor and are applied to the textile fabric via the medium of water. The liquor ratio is the term used to express the ratio of the weight of liquor used in the machine to the weight of fabric being treated. The better the liquor ratio, the lower the water consumption per kilogram of textile. The STeP factories therefore make sure that the lowest possible liquor ratio is used in the different wet processes and use modern dyeing procedures, which save 25 to 35 percent fresh water in comparison to the conventional methods. A low liquor ratio also means that less energy is required for heating the liquor and less waste water is produced.

The highest optimisation level in wet processes is achieved through the use of minimal application techniques such as foam technology. Instead of being treated with an aqueous liquor, the fabric is treated with a foam in which dyes and finishing chemicals are dissolved. In this way, approximately only as many resources are used as the fabric can absorb.

This special application process is already being used by the OLYMP partners for a variety of wet processes. The advantages of this application technology can be illustrated using the example of the sizing process. When a sizing agent is used to strengthen the yarn, if it is applied in the form of foam rather than by means of a sizing bath, the following positive out-come is achieved: less sizing agent is used, significantly less water is used, less energy is consumed and less waste water produced. As there is less sizing agent in the fabric, the quantity of desizing agents following weaving can also be reduced.

Another approach used for saving water is the reuse of cooling water and the reuse of slightly dirty process water, for example, rinsing water, for other operational processes. Water recycling plants clean the waste water produced and then provide a good quality of water for production. Two fully integrated fabric suppliers are already using the practice of water recycling to a large extent. With regard to one of the factories, the water recycling rate in 2016 was already 40 percent. In the case of all strategic fabric producers, it has been possible to continuously reduce the entire water consumption every year: by up to 33 percent in the last five years and even up to 65 percent over a period of ten years.

## BEST PRACTICES IN OLYMP FABRIC PRODUCTION 2/3

### CHEMICALS



Exemplary chemicals management, as demonstrated by the certified OLYMP fabric suppliers, involves in addition to a complete inventory listing and safe storage of all chemicals used, a constant assessment of the risks posed by these chemicals. Before they are used in production, new chemicals undergo detailed screening for critical substances, which the OLYMP fabric suppliers strictly exclude in the production process. Automatic dosing systems for chemicals not only improve the process and product quality, but also help to reduce the use of chemicals. The recovery of used chemicals at the end of a process also contributes to the minimisation of chemical use and the waste water pollutant load.

Even though the certified factories deliberately and intentionally do not use any critical chemicals – and this also includes substances banned in accordance with the STeP standard – some of these chemicals can still be detected in low concentrations in waste water and in sludge. A possible source of these undesired chemical concentrations is the communal fresh water, which as a result of the ubiquitous environmental pollution in some production countries, is already contaminated with these substances. Furthermore,

chemical commercial products, which the factories procure from leading chemical manufacturers, are not pharmaceutically pure per se. Small concentrations of impurities can result from the chemical starting materials such as fossil fuels or by-products of chemical reactions. These types of pollutants are not technically avoidable in the manufacture of chemical products and are therefore not declared on the commercial products.

In order to differentiate between the detectable but unavoidable impurities and a deliberate use of critical chemicals, the Zero Discharge of Chemicals (ZDHC), an association of textile and clothing manufacturers, has drawn up a Manufacturing Restricted Substances List (MRSL). The ZDHC MRSL is a list of hazardous substances and does not only specify the ban of critical chemicals in the manufacturing process, but also the acceptable limits for chemical commercial products, which mark the technically feasible limit and take account of the unavoidable impurities.

In 2016, OLYMP communicated the MRSL of the ZDHC to its strategic fabric suppliers and obligated them to only use chemical products which comply with the limit values of the ZDHC MRSL in the production of OLYMP fabrics. The fabric suppliers in turn pass this requirement on to their chemical suppliers and only source chemicals which conform with the ZDHC.

In this way, the presence of critical chemicals in the manufacturing process can be reduced to a maximum achievable lower limit.

The ZDHC is working on different solutions and measures in order to gradually get closer to achieving its objective of eliminating dangerous chemicals in the entire textile manufacturing process. The ZDHC has concluded, amongst other things, a cooperation agreement in 2016 with the China National Textile and Apparel Council (CNTAC), a trade association of the Chinese textile industry, for the improvement of chemicals management along the textile value-added chain in China. The CNTAC has launched a programme called the Chemicals Stewardship Initiative 2020 for minimising the adverse effects of chemicals on human health and the environment, and this is supported by the ZDHC.

The focus of the activities of the strategic agreement include supporting participants, exchanging best practices, driving innovations forward, training, communicating with stakeholders and holding regional conferences. As best practice companies, two of OLYMP's strategic fabric suppliers were invited by the alliance to participate and provide their support. The two fully integrated fabric manufacturers regularly take part in conferences and workshops, and one of them is also involved as a pioneer in pilot projects of the Chemicals Stewardship Initiative 2020.

### WASTE WATER, EXHAUST GAS AND SOLID WASTE



All strategic fabric suppliers with STeP certification operate their own multi-stage waste water treatment plant. The operation and cleaning performance of the treatment plant are continuously monitored by means of a rigorous monitoring system. The regular in-house testing of the treated waste water ensures compliance with legal requirements and also with the high requirements of the factory itself. In addition to self-monitoring by the factories, sampling tests are also regularly carried out by the authorities. Third-party tests carried out by independent test institutes, which are usually initiated by customers of the fabric producers, further reinforce this extensive waste water monitoring. OLYMP requires that its strategic fabric suppliers have their treated waste water and the sludge produced, tested for banned or critical substances at least once a year by an accredited test institute and that the test results are submitted. Furthermore, the suppliers are encouraged by OLYMP to publish the latest waste water and sludge results on the platform of the Institute of Public & Environmental Affairs (IPE).

## BEST PRACTICES IN OLYMP FABRIC PRODUCTION <sup>3/3</sup>

*The IPE is a non-profit, non-governmental organisation based in China, which maintains an online database for the voluntary disclosure of emissions data by producers.*

*The exhaust gas produced from drying processes, which take place in between or after the finishing processes, is also subject to regular emission measurements, some in real time.*

*Modern exhaust gas purification systems ensure that the permitted limit values for emissions are not only observed, but that the level of emissions is clearly below these permitted limit values. Solid waste such as sludge is of course disposed of in the correct manner.*

*An important factor in the success of the certified fabric producers in the areas of environmental protection, safety and quality is the consistent implementation of good housekeeping. This includes the appropriate cleaning and maintenance practice, continuous servicing of the machine park, and also measures such as turning off the water supply when the machines are at a standstill or switching off lights.*

*Detection and control systems for the precise and reliable monitoring of input and output flows of, for instance, energy, water, steam, chemicals, waste water, exhaust gas and solid waste are implemented in the factories. Power consumption from all production areas and processes is also recorded, some in real time, using a software based ERO system. A comprehensive monitoring programme for measuring the performance of different processes is the prerequisite for ensuring a high production standard and for driving improvement measures forward. Only in this way can leaks, unusual deviations in consumption or malfunctions be quickly identified and rectified. In addition, the measurement devices also enable a direct performance test of new improvement measures to be carried out. ■■*

## THE MANUFACTURE OF OLYMP SHIRTS <sup>1/2</sup>

***The manufacturing process of a high quality OLYMP shirt involves up to 116 individual processing stages, depending on the style and design.***

*Even though a very large proportion of these processing stages are carried out by hand, virtually all of them involve electrical machines. The OLYMP shirt factories are therefore high-tech facilities and are equipped with a variety of machines for the individual processing stages. In addition to the pool of conventional sewing machines, special machines such as cutting machines, die cutting machines,*

*fusing presses, collar and cuff presses, embroidery machines, button and buttonhole machines and folding tables are used, which as a whole consume a considerable amount of electricity. Further energy is required for pressing the finished shirts on steam pressing tables. The lighting in a sewing department also requires energy. To ensure the high quality requirements of OLYMP are met, adequate lighting of the many individual work stations in shirt production, particularly in the extensive manual intermediate and end inspection areas, is essential.*

### THE MOST IMPORTANT STAGES IN THE MANUFACTURING PROCESS OF AN OLYMP SHIRT



#### CUTTING

*In the first stage, all components of the shirt, from the collar to the cuffs, are precisely cut using a hand knife or an automatic cutter in accordance with a cutting template. The interlinings are cut using a die cutter.*



#### SEWING

*The cut components are sewn together using a high standard of workmanship on modern sewing machines.*



#### PRESSING

*Before the shirt is packed, it is carefully pressed.*



#### FOLDING AND PACKING

*Before starting its journey to the store, the shirt is intricately folded together and packed.*

## THE MANUFACTURE OF OLYMP SHIRTS 2/2

*In comparison to the wet processes carried out in the manufacture of fabrics, the use of water and chemicals in shirt production is very minimal and therefore plays a lesser role. Water is required for steam production, sanitation systems and the operation of canteens. Materials such as lubricating oil and cleaning agents are used to maintain the machine park. In the rare occurrence of a stain on a manufactured shirt, textile cleaning agents are used to remove this. Stains and soiling cannot be completely avoided due to the many different processing stages, particularly in the case of light coloured fabrics. As the shirts are not treated as standard with stain removal agents, but only in the rare occurrence of a stain, and only the soiled area itself is treated, the use of cleaning agents is negligible. In a clean manufacturing facility, the consumption of energy and the textile waste produced when the fabric is cut, are therefore of greater relevance.*

*With the signing of the BSCI Code of Conduct, all OLYMP garment manufacturers are obligated to take the necessary measures for preventing environmental damage and to reduce the adverse effects on the community, natural resources and the environment. BSCI audited factories are therefore regularly inspected and assessed to see if they identify environmental effects of their own activities, have implemented a procedure for the integration of local environmental laws into their own business activities, possess all the necessary environmental approvals and*

*licences, dispose of their waste in a manner which is environmentally sound and take a responsible approach to water resources.*

*In the 2017 reporting year, all BSCI audited OLYMP manufacturers received the best possible rating of "A" in the BSCI performance area of "environmental protection" and therefore consistently comply with the environmental requirements of the BSCI standard.*

*In order to implement the high OLYMP quality standards, to increase productivity and to save energy, the OLYMP shirt manufacturers have a very advanced and efficient machine park. Sewing machines with modern servomotors and electric motors are predominantly used. In comparison to traditional clutch motors, which run continuously, servomotors only work when the foot pedal is operated and have an adjustable output. Depending on the machine type, the use of servomotors can achieve energy savings of between 30 and 50 percent. In sewing departments, large machines and equipment which consume high levels of energy are fitted with frequency converters for speed regulation and this also contributes towards a reduction in energy consumption.*

*In the production of steam, which is used for shirt pressing, condensate collection systems in the factories promote the efficient use of energy. Valuable resources are conserved*

*by collecting and returning the condensate produced back to the steam boiler. Less fuel is required to produce the steam and less water needs to be heated to produce the steam. Steam or condensate can escape from the system, e.g. through system components which are not fully sealed. Correctly sealed supply lines and pipes, which transport the steam to the pressing stations, ensure there is no loss of steam. At regular intervals, the OLYMP travelling engineers visit all OLYMP shirt factories and inspect the functioning of the machine park and the quality of maintenance, this also includes checking that there are no leaks in the supply lines. The OLYMP travelling engineers also advise the shirt manufacturers with regard to the purchase of new machines. OLYMP recommendations are always made on the basis of a long service life, environmental friendliness and efficiency.*

*As part of their strategy to consume energy in the most efficient manner, many OLYMP shirt manufacturers already use highly efficient and long-life LED lighting in their production buildings. Through the extensive use of LED lighting, energy savings of between 30 and 70 percent are possible in comparison to traditional fluorescent lighting.*

*OLYMP and its partner operations pursue the common objective of keeping textile waste in the garment manufacturing process to a minimum. With this aim in mind, the cutting department in Bietigheim-Bissingen creates*

*optimum cutting pattern images for each shirt item. This is done to determine the quantities required for the different shirt designs. The images are also submitted to the manufacturing partners for information purposes. The cutting pattern images are used by the manufacturers as a template for production, but must be specifically adapted to the different sizes required for each order. On both sides, in order to achieve the objective of minimising waste, modern CAD programmes are used to create optimised cutting images and to achieve a high utilisation rate across the entire width of fabric. When the final, optimised cutting pattern images have been created in the production facility, cutters are used, in part fully automated, to cut the individual pieces out of the fabric rolls in a precise and efficient manner.*

*To improve waste management, the manufacturing operations carry out waste separation. Textile waste, paper and waste water are disposed of in the correct manner. If possible, the manufacturing operations have their textile waste sent to local textile recycling companies for recycling and in this way are already supporting a closed loop raw materials cycle. ■■*

## GREEN BUILDING IN BANGLADESH <sup>1/2</sup>

**A considerable amount of the world-wide primary energy requirements can be apportioned to the construction and operation of buildings. In times of increasingly scarce resources, the topic of sustainability is becoming more and more important in this area as well. As buildings are usually designed for decades of use, their green credentials and resource-efficient operation represents an important future investment in the long term.**

Since 1998, buildings which are ecologically efficient in terms of their sustainability criteria can be objectively assessed and certified within the framework of the international LEED buildings classification programme. LEED stands for Leadership in Energy and Environmental Design and is regarded as the most successful certification system worldwide for sustainable buildings, which are also referred to as “green buildings”. The production operation EcoFab in Bangladesh, which since 2016 has been manufacturing a proportion of high quality shirts for OLYMP, has been certified in accordance with the international LEED standard.



### The LEED standard

The LEED building certification system was developed by the non-profit US Green Building Council and stands for “Leadership in Energy and Environmental Planning”. The building label, which was originally developed for the American market, has established itself as the most famous certification system for all types of buildings. Today, new builds, existing buildings, private and commercial buildings, as well as hospitals and schools in more than 160 countries have been certified in accordance with the LEED system. Successful LEED certification provides confirmation from an independent institution that a building has been planned and constructed from quantifiable sustainable perspectives. The LEED certification system relates to all life cycle phases of a building and takes into account sustainable performance with regard to the materials and resources used in construction, the energy and water efficiency in the utilisation phase, as well as air quality and the thermal comfort inside the building. The sustainability performance of a LEED-certified building is inspected and assessed on the basis of the following criteria:

Sustainable location
Water efficiency
Energy and atmosphere
Materials and resources
Interior quality
Innovation and design process
Regional priorities/special issues

The seven categories are then subdivided into corresponding criteria. Points are awarded for compliance with the individual criteria. The overall number of points across all categories determines the level of certification awarded to the building in terms of its sustainability. The maximum number of points currently achievable is 110 and on this basis the LEED assessment procedure awards the following certification levels:

LEED certification levels	Number of points
Platinum	80 and above
Gold	60 – 79
Silver	50 – 59
Basic	40 – 49



### EcoFab in Bangladesh

EcoFab is a young manufacturing operation in Bangladesh, which produces premium shirts and carries out all processing stages from cutting, to sewing, right through to packing. Ecofab is part of the Viyellatex Group, which has many years of experience in textile production and in addition to high quality shirts also manufactures knitted garments such as T-shirts, polos and sweatshirts. The Viyellatex Group is one of the leading clothing manufacturers in Bangladesh and demonstrates a very high level of commitment to sustainability, both on an operational and social level. For example, the group runs day care facilities for children, schools and an orphanage. In addition, it also cultivates tea plantations which compensate for a proportion of the CO<sub>2</sub> emissions produced in textile production. The Viyellatex Group has been recognised by state and private institutions on many occasions over recent years for its outstanding sustainability performance.

Viyellatex and OLYMP have already enjoyed a very close and trusting partnership for numerous years. As a production partner, the Viyellatex Group is very highly regarded internationally and as a result of the continuously increasing demand for production facilities – which is also due to demand from OLYMP – started operations at EcoFab in Bangladesh as an additional production facility. From the very beginning, EcoFab was designed and implemented on the basis of sustainability. In 2016, EcoFab moved into its

## GREEN BUILDING IN BANGLADESCH 2/2

modern new building, amidst green landscaping, outside the densely populated city centre of Dhaka, and in the same year achieved certification in accordance with the LEED international building standard (Version 3). For its constructional sustainability performance, EcoFab was awarded a level GOLD LEED certificate. In the middle of 2016, EcoFab also successfully started shirt production for OLYMP.

The ecologically efficient production building of the shirt specialist EcoFab achieves resource savings of up to 30 percent in comparison to conventional buildings of the same size. In order to keep the consumption of resources to a minimum, even during the construction phase, and to achieve a high recycling rate with regard to the construction materials used when the building is eventually demolished in the future, EcoFab decided to use prefabricated steel girders as the main structure for the new production building. Steel is the ideal construction material for sustainable building because it can be completely and repeatedly recycled without any loss of quality and therefore enables a closed loop materials cycle to be achieved. It should also be highlighted here that the steel girders used were already manufactured from recycled steel. Furthermore, steel is extremely durable and requires minimal maintenance and repair work, which keeps the use of resources required for maintenance during the utilisation phase very low. Due to the resource-efficient industrial production and

prefabrication of the steel girders, the energy and transport requirements at the construction site were reduced and damage caused by construction work kept to a minimum.

During continuous operation, EcoFab achieves an above-average level of water efficiency, which in the case of LEED certification in this category reflects the maximum number of points achievable. The waste water produced is purified in the factory's own water treatment plant and then together with collected rainwater is reused for irrigation of the green areas and also for cleaning roofs and paths on the factory premises. Water-saving toilet flushing systems and fittings with flow limiters are installed as standard throughout the production facility. Overall, the water-saving measures at EcoFab achieve a reduction in the total water consumption of 40 percent in comparison to corresponding buildings.

The consumption of resources and energy in the utilisation phase has the greatest influence on the overall environmental impact of a building. In order to achieve maximum energy efficiency, EcoFab only uses long-life, energy-saving LED lights throughout the factory, which switch off automatically during the set break times. In addition, all sewing machines are equipped with modern servomotors and the large machines with inverter motors. A collection system which returns the condensate produced in the pressing room back to the steam boiler, also contributes to a reduction in energy consumption. EcoFab also has



a monitoring and measuring system for continuously monitoring the operational energy consumption. In total, the manufacturing operation requires 24 percent less energy than conventional buildings of the same size. The use of solar energy, which is obtained by means of solar collectors on the roof of the building, was also positively appraised during LEED certification.

The EcoFab building complex is very impressive due to the extensive use of glass. To avoid undesired solar heat gain, energy-efficient heat protection glass was installed, which has a significantly higher reflectivity than conventional glass and is designed to deflect solar thermal radiation. Through the highly effective insulation of this high performance solar control glass, the energy efficiency of the glass components was able to be raised to an optimum.

An important role within the LEED standard is also played by the interior quality of the building, which is of great significance for the health and optimum comfort of the employees. The architecture of the EcoFab building offers almost two thousand employees work stations in facilities which are flooded with light and have a constant supply of fresh air. An appropriate air conditioning system, which is particularly important in a subtropical zone, ensures well-being and comfortable temperatures. With its successful LEED certification, EcoFab is clearly underlining the consistently sustainable business activities of the Viyellatex Group and is an outstanding example of resource-saving, energy-efficient and innovative construction in Bangladesh. ■■

## THE TRANSPORTATION OF OLYMP PRODUCTS

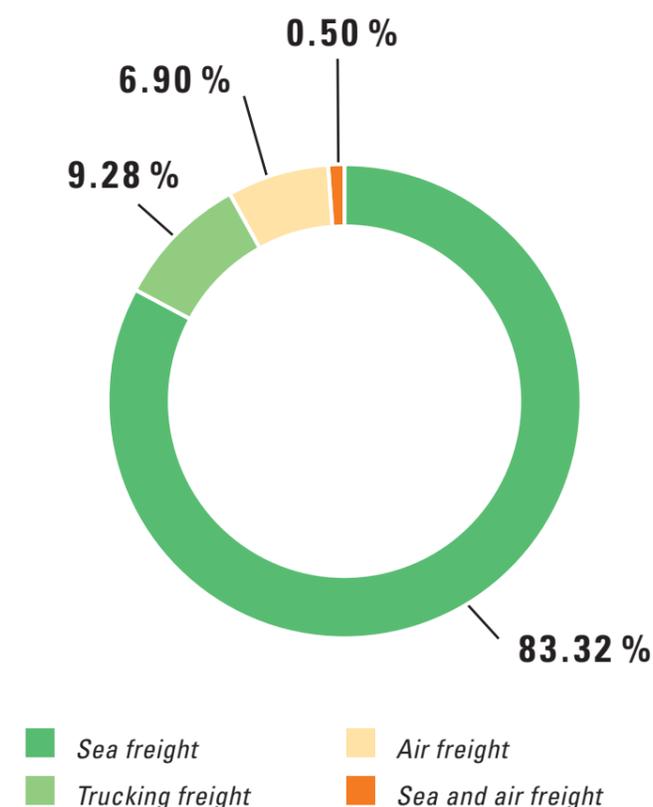
**Climate change also presents the transport sector with major challenges. Almost a quarter of worldwide CO<sub>2</sub> emissions are created by the transportation of people and goods.**

An increased demand for transport services and a further increase in traffic are predicted for the coming years. In order to reduce traffic-related greenhouse gases on a global scale, there is a need first and foremost to increase the efficiency of the different modes of transport and to achieve improvements in the worldwide infrastructure. Companies who are involved in global procurement can make their own contribution by using climate-friendly transport solutions.

Overseas production means that some OLYMP products have to travel very long distances from the production location to the modern OLYMP Logistics Centre in Bietigheim-Bissingen. OLYMP uses different modes of transportation for its products depending on the distances involved – primarily sea and truck transport and a combination of sea and air. OLYMP always ensures that the transportation of its products is carried out in a manner which is as environmentally friendly as possible and that the optimum transport solution is used.

As in the previous years, in 2016 OLYMP was also able to achieve a positive balance in the use of transport modes. Ships are the preferred means of transport for the import of OLYMP products. Transportation by ship creates a significantly lower level of CO<sub>2</sub> emissions than air transport and is the most environmentally-friendly solution for lengthy journeys. As a result of good planning, almost 84 percent of OLYMP products were able to be delivered by ship with a transportation time of six weeks. The ports of destinations for finished goods from Asia are Hamburg or Rotterdam (the Netherlands).

### Proportional use of transport modes in relation to OLYMP product quantities in 2016



The proportion of OLYMP products transported by air was just less than seven percent in 2016. In the interests of climate protection, a lower proportion of air freight would be desirable. However, transporting goods by air is not always avoidable. For example, a change in demand or an increased demand in the market for specific products

requires that the desired items arrive in Stuttgart as quickly as possible and are transported on to Bietigheim-Bissingen. Short lead times specified by customers also demand short transportation times. In addition, procurement transactions do not always run smoothly. If a specific resource is delivered late to the production operation, the order cannot be fulfilled within the time required for sea transport and must then at short notice be transported by air freight in order to meet the deadlines of the customer or of the start of the season. However, OLYMP strives to keep air freight to a minimum, from a cost perspective alone.

A very small number of finished products from the Far East are imported by means of a combination of sea and air freight, which with a required transportation time of four weeks combines the benefits of both means of transportation. In these cases, the OLYMP products are transported from the production site by sea to Dubai (United Arab Emirates) and from there they are transported by air to Stuttgart.

All OLYMP shirts and knitwear produced in Europe are transported without exception by truck from the production sites in Croatia, Hungary and Macedonia to the logistics centre in Bietigheim-Bissingen. Due to European production, truck transportation in 2016 represented the second highest proportion of goods transportation at just above nine percent. ■■

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## OLYMP PRODUCTS IN USE

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***The durability of clothing makes an important contribution to the conservation of resources and to easing the burden on the environment. The longer a garment is used, the smaller the ecological footprint.***

*The premature wear of textiles is not only annoying and costly for the consumer, but also produces unnecessary waste and is unacceptable in terms of valuable resources such as raw materials, energy and water, which were used in the manufacture of the textile. In order to ensure lengthy durability, clothing must not only feature good workmanship, but must also have excellent easy-care properties and be able to retain its shape and colour brightness even after many care cycles. Quality products can meet these requirements when the correct care procedures are observed.*

*With its extensive focus on quality, OLYMP is able to lay the foundation for the lengthy service life of its products. Regardless of whether a garment is an exclusive business*

*shirt or a casual leisure shirt – in the case of all of its products, OLYMP pays great attention to first class materials, exceptional workmanship, as well as easy-care properties, so that the wearer can enjoy this high level of quality for a long time to come. Spare buttons are of course always supplied with OLYMP products.*

*In the life cycle of a textile, the greatest proportion of CO<sub>2</sub> emissions is created during the utilisation phase. In a study carried out on behalf of the OTTO Group in 2009, Systain Consulting GmbH determined that, in the case of a white, long-sleeved ladies' shirt manufactured from 100 percent cotton, approximately one third of the entire CO<sub>2</sub> emissions produced could be apportioned alone to care by the customer. In statistical terms, 55 washes and the proportionate amount of drying and ironing, make the CO<sub>2</sub> ratio add up to 31 percent. In comparison to this, the cotton production makes up 12 percent and the manufacture of the garment 28 percent of the overall CO<sub>2</sub> footprint of a long shirt.*

*The rest can be apportioned to transport, distribution, packing, catalogues and disposal. Regular use of a dryer further increases the burden in the utilisation phase.*

*If it is used after every wash, the CO<sub>2</sub> emissions during use will increase threefold. The CO<sub>2</sub> footprint of textiles can therefore be positively influenced and significantly improved particularly by caring for the garments in an efficient manner.*

*With its core products of non-iron and easy-iron business shirts, OLYMP is helping its customers to save energy to a considerable extent. The bestsellers, which have sold in their millions, are not just impressive in terms of their exceptional wear comfort. Energy consumed in the care of clothing can be saved by keeping ironing to a minimum or by not ironing a garment at all. Tumble dryers are also completely unnecessary for OLYMP products, fresh air is sufficient – and whilst the waiting time is a little longer until the garment can be worn again, this is compensated for by the costs and resources that are saved and, of course, by the lengthier lifespan of the product. ■■*

## ENVIRONMENTALLY-FRIENDLY GARMENT CARE

*Whilst correct care can significantly contribute to the washing result and the durability of all items of garments and their components, OLYMP has also formulated detailed care instructions, which are enclosed individually in printed form with each product and are always available to read online in the STYLE section of OLYMP.com. Turning the shirt inside out and then also folding the collars and cuffs inwards into the fully buttoned sections of the shirt before washing or tumble drying, are effective methods of protecting the edges and buttons from premature wear or damage. Today, almost all modern detergents contain enzymes, which contribute towards an increase in performance also at lower washing temperatures. In addition, reducing the washing temperature and shortening the washing time offers excellent opportunities, particularly in the case of garments such as business shirts which are usually less soiled, to save energy and at the same time to reduce the impact on the environment in a sustainable manner.*



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**THE OLYMP-  
BEZNER-STIFTUNG**


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**“Giving is far more blessed than receiving!” – under this motto Eberhard Bezner together with his son Mark Bezner and daughter Birgit Bezner-Fischer has been doing a great deal for humanitarian relief projects for a long time and hence in 2008 launched the OLYMP-Bezner-Stiftung (charitable foundation).**

The purpose of the foundation which has been endowed with one million euros is to support children and young people worldwide in the areas of education, health and literacy by means of facilities such as schools, day-care centres, residential homes and hospitals and through specific individual projects.

As a result of his numerous business trips to the manufacturing factories overseas built up by him and OLYMP Bezner KG, the textile entrepreneur Eberhard Bezner's attention was drawn early to the difficult

situation threatening the existence of the poor social strata in the Third World and in particular in Asia.

An important condition for the long-standing and extremely trusting links to the production factories is hence the serious, intensive and lasting cooperation within the framework of meaningful charity projects in the manufacturing countries – with the aim of improving the quality of life of destitute people in a sustained way and granting the poorest in society needs-based support. In the 1980s, when OLYMP still maintained its own production factory in the Philippines, a hospital ward for the blind was established and operated with the help of the city of Bietigheim-Bissingen in Manila, the capital of the island nation.

Since 2012, OLYMP has been supporting the education centre PKBM Buana Mekar in Bandung/Indonesia together with the Indonesian production partner METRO GARMIN. This facility accepts up to 70 new pupils per year, who have had to leave state schools prematurely or were unable to attend secondary schools because of poverty. These young

people continue to be taught here and after successful completion, obtain the opportunity of sound vocational training, so they can then earn a living independently.

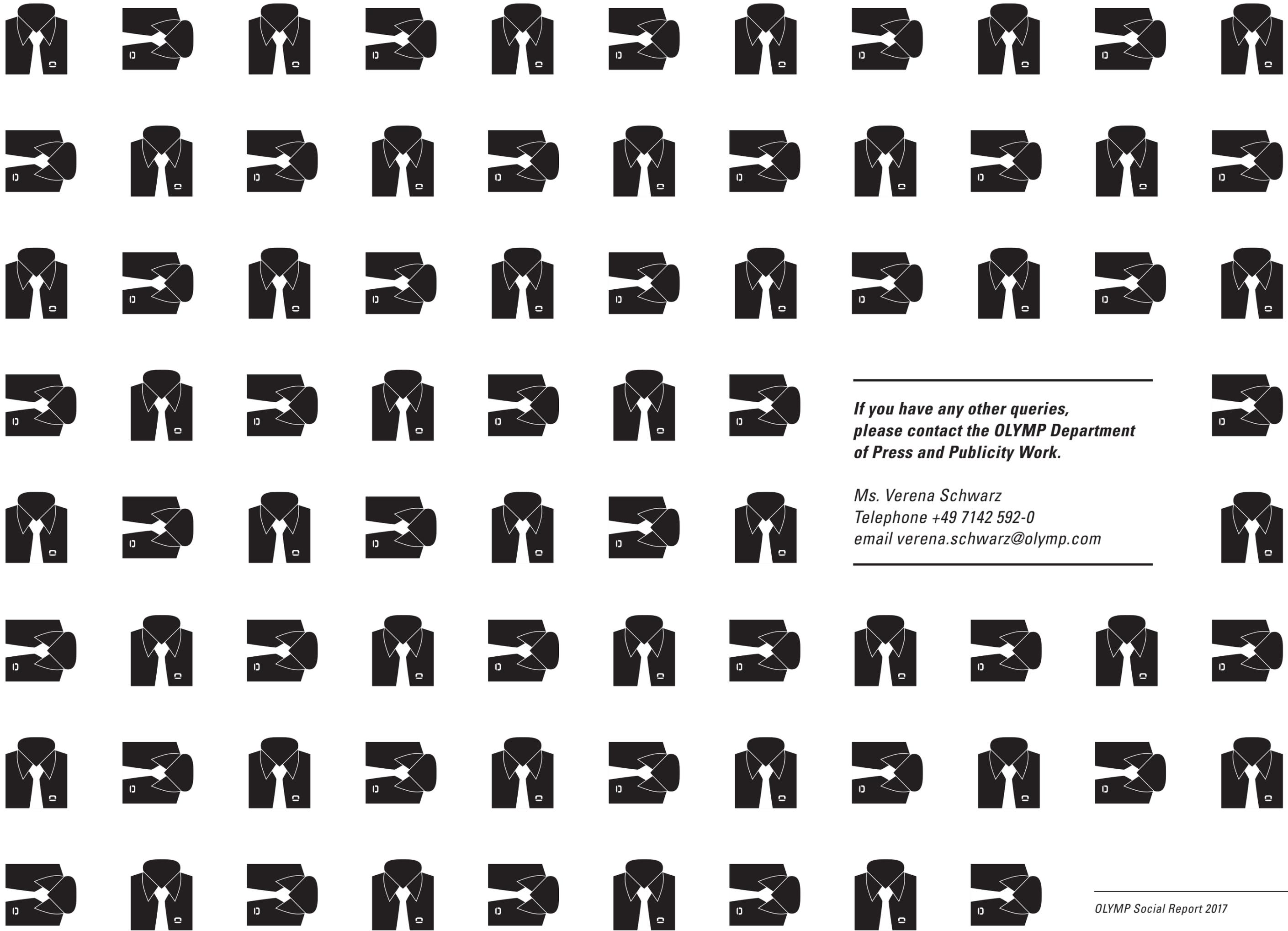
A further pleasing example is a school project supported together with the Bangladeshi production partner VIYELLATEX GROUP, which is the only one of its kind in the private sector in Bangladesh. In the BIKASH School in Gazipur, which was founded in 2013, blind and disabled children and young people are supported and educated, whose education and training opportunities and a better life in the densely populated Bangladesh is not foreseeable without this help.

Together with the Vietnamese production partner PROTRADE, which directly looks after the project and reports on it regularly, OLYMP's charitable foundation, the OLYMP-Bezner-Stiftung, also supports the “Center for Social Protection and Social Work of Ninh Hòa Town”, a home for the disabled. This facility for disabled and orphaned children in the province of Khánh Hòa was able to be renovated with the

aid of the extensive support funds provided and was successfully extended through the addition a multi-functional building with three new classrooms, a recreation space and a sound space for children with hearing and speech impairments.

Particularly important, apart from funds for the financing of basis needs, are naturally also practical support, human care and medical expertise. There are detailed descriptions on these and the many other charitable and social projects of OLYMP-Bezner-Stiftung in Germany, Africa, Bangladesh, Brazil, Bulgaria, Indonesia, Myanmar, Thailand and Vietnam at [www.olymp-bezner-stiftung.de](http://www.olymp-bezner-stiftung.de) ■■





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