



***"A PARTNERSHIP FOR A MORE ETHICAL
GARMENT INDUSTRY."***

Montane Social Report

Reporting period (Financial year: October, 2019 – January, 2021)



<https://www.montane.com/>

FAIR WEAR MEMBER SINCE OCTOBER, 2019

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Summary: 2020 goals & achievements

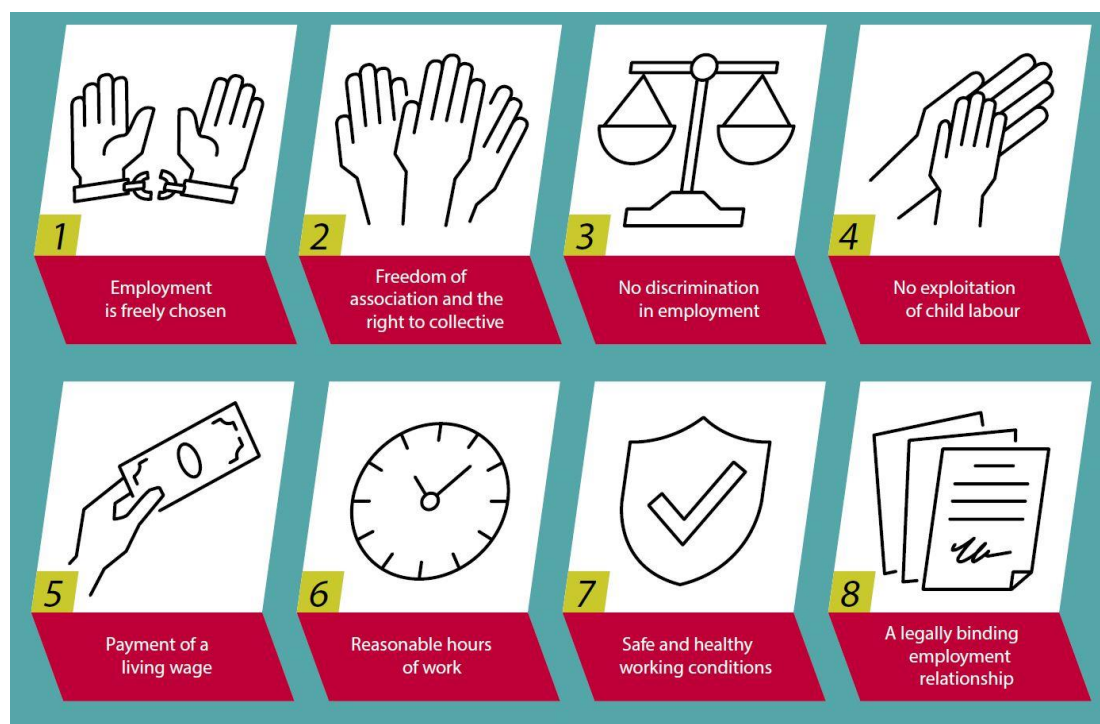
This financial year has marked the beginning of our membership with the Fair Wear Foundation (FWF), and has therefore been a year for learning, establishing greater clarity and developing a network with other FW member brands, who are striving to achieve the same goals as Montane with regards to social compliance.

As many of the factories Montane works with were already producing for other FW member brands, valid audits already existed in many locations. Therefore, Montane's requirement for audits and training has been low, with only one factory audited in October 2020. During this first year we have also received audit reports for past audits conducted, raising awareness of the points raised, which we can then focus on in 2021 and beyond. Establishing a clear picture of when factories were last audited has enabled us to effectively plan ahead for 2021, to achieve our maximum potential as we enter our second year of FWF membership.

Montane received three factory complaints in 2020, which were all within one factory in Myanmar, and have all been dealt with collaboratively with other FW member brands. Two of these complaints have since been resolved, with one paused due to the ongoing coup in Myanmar. Greater detail of these can be found within this report.

Becoming a member of the FWF has given Montane a more structured platform to communicate with our manufacturers regarding social compliance. In light of the COVID-19 pandemic this has created greater transparency, helping Montane to understand the challenges manufacturers faced. It has also helped in highlighting our expectations, for working together with factories and other FW brands to make these realities.

Since joining the FWF, the below eight labour practices have been shared with all factories Montane works with in their local language, to define the expectations of their implementation by both Montane and FW. These practices are closely aligned with Montane's longstanding Social and Ethical Policy, which is included within the Supplier Manual we issue ahead of entering a working agreement with any factory.



FWF Code of Labour Practise (CoLP)

Sourcing strategy

SOURCING STRATEGY & PRICING

Montane is a distribution company, selling men's and women's clothing, backpacks and accessories for hiking, trail running, mountaineering and climbing, into over 50 countries worldwide. The factories who produce our products are independently owned, with many of them producing for other FWF member brands before Montane joined the FWF. This has provided a great starting platform, as the factories were already familiar with FW's requirements, and already met the high social standards Montane has always required of manufacturers, through our Social and Ethical Policy. This policy, like FW's Code of Labour Practice (CoLP) is strongly aligned with the International Labour Organisation's labour conventions.

Within this financial year Montane's sourcing strategy has remained largely unchanged, having moved much of our production from China to Vietnam, Myanmar and Cambodia in 2017, to take advantage of duty savings applicable in these countries. Several of the factories we have moved production to are under the same ownership as previously used Chinese factories. Subsequently, Montane now sources from 21 factories, where 18 are conducting cut and sewn processes. Of these

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18 manufacturers, 50% are now based in Vietnam, with 28% in China, 10% in Cambodia, 6% in India and 6% in Myanmar.

Montane's pricing policy has always been guided by target RRP's, based on commercial price points determined by the perceived market value. We work together with our suppliers across our production programmes to ensure both parties are achieving profitability across the full portfolio of products. Further to this, we are adapting our purchasing practices to provide better volumes for our manufacturers by placing fewer, bigger buys, whilst at the same time not aggressively pushing FOBs to reduce as volumes go up. This can help our suppliers to improve their efficiency.

PRODUCTION CYCLE

Montane produces two cycles or seasons per year – Autumn/ Winter and Spring/ Summer, where products are guided by the Design Manager and Product Line Manager, and developed by our internal team of Designers and Garment Technicians. Led by the production capacity of each factory and planned volumes of each style, we begin work around 18 months in advance of a season going to retail. This ensures production lead times are sufficient and suitable for each manufacturer.

Nominated fabric suppliers receive forecasts to ensure sufficient griegge is available for SMS and bulk production, to prevent manufacturing delays caused by fabric availability.

Montane also holds seasonal sales launches 10 months in advance of a season going to retail, with distributors of Montane product present. Information regarding required dates for product orders are provided ahead of sales launches, and individual presentations also take place, allowing more tailored product Information to be reviewed.

At the beginning of each development season key dates are provided to all factories Montane work with regarding fabric forecasting, greige booking, SMS product orders and delivery, and bulk product orders and delivery. This allows factories to effectively manage their production capacity and to raise any queries or concerns with Montane.

In line with this Montane also accounts for key events and holidays taking place within the countries we manufacture:

Holiday/ Event	Dates (2020)
Independence Day (Myanmar)	January 4 th -6 th
ISPO Fair	January 26 th – 29 th
Chinese New Year (China, Vietnam)	China: January 25 th - February 3 rd Vietnam: January 24 th – 29 th
Holi (Spring) Festival (India)	March 9 th -10 th
Tomb Sweeping Festival (China)	April 4 th – 6 th
Easter	April 10 th – 13 th
Water Festival (Myanmar)	April 10 th – 16 th
Golden Week (Japan)	April 29 th – May 5 th
International Labour Day	May 1 st
Eidul Fitr (India, Bangladesh)	May 23 rd – 24 th
Dragon Boat Festival (China)	June 25 th – 26 th
Eidul Adha (India, Bangladesh)	July 30 th – August 3 rd
Khmer New Year (Cambodia, Myanmar)	August 17 th -21 st
Ancestors Day (Cambodia)	September 16 th – 18 th
Moon Festival (China)	October 1 st – 6 th
Water Festival (Cambodia)	October 30 th – November 1 st
Diwali (India)	November 12 th – 16 th
Christmas	December 25 th – 26 th



Diwali, Varansi, India

FACTORY RELATIONS

High quality manufacturing is at the heart of Montane's development strategy, with product quality monitored and managed in house by a dedicated Quality Control Inspector.

In 2020 Montane did not source any new, or exit any existing factories. However, joining the FWF has facilitated developing a clearer structure for monitoring production of Montane products, including where processes are outsourced, for example embroidery or printing.

For 2021 we are expanding our sourcing to Bangladesh, where factories are already working with other FW member brands, and who have also been audited in accordance with the standards set out by the RMG Sustainability Council, Action on Fire Safety and Structural Integrity in Bangladesh.

New factories are currently found and recommended by our Production & Merchandising Manager and Product Development Manager. When beginning a new supplier relationship, all manufacturers are issued with our Supplier Manual, Supplier Purchasing Agreements and information relating to our FWF Membership. These include Montane's Social and Ethical Policy as well as the FW Supplier Questionnaire's, which highlight the eight Code of Labour Practises. Documents will be signed and returned ahead of any orders being placed. In doing this we aim to ensure that the high quality product standards and social compliance expectations we set can be met.

INTEGRATION OF MONITORING ACTIVITIES AND SOURCING DECISIONS

Requirements regarding manufacturers are considered within a two year time frame, to ensure product volumes are suitably distributed. New suppliers are sourced when growth in volume is seen within a product category.

Our supplier KPI's center around quality, price, capacity and ability to meet specified delivery dates. Duty rates, quality of cross costed samples, stability within the country and efficiency of communication will also be reviewed in relation to whether a new supplier is suitable.

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Product margins are monitored by Montane's Finance Controller, helping to maintain profitability in all product categories, and identify whether alternative or additional suppliers are required to meet order volumes.

Travel to factories to mitigate any tensions arising from current issues or sourcing requirements have not been possible due to COVID-19 travel restrictions. In lieu of this, regular business meetings with suppliers have successfully been conducted via TEAMS, helping to remediate any issue's raised and prevent their recurrence in future seasons.

It is important to Montane that all suppliers we work with continue to work in alignment with the agreement outlined by our Supplier Manual, and the FWF CoLP. Confidence in this is achieved through conducting audits, issuing Supplier Questionnaires, and maintaining regular contact with all suppliers. COVID-19 Questionnaire's have also been circulated throughout the pandemic to maintain clarity of OH&S measures taken and any factory closures.

Coherent system for monitoring and remediation

As part of our FW membership agreement, regular audits will help Montane to ensure effective monitoring and maintenance of good working conditions within our manufacturing supply chain. This will also help to assess the extent to which the CoLP are adhered to, highlighting any potential areas for improvement.

To aid transparency, Montane has disclosed 100% of our CMT factories on Fairforce, enabling us to work more easily with other FWF member brands working with the same factories now or in the future. A full list of our factories is also disclosed on our brand website.

The COVID-19 pandemic has prevented any factory visits from taking place, and restricted the arrangement of audits and/ or training. As such, Montane has ensured meeting the requirement by FWF that factories representing 40% of FOB spend have a valid audit in place, whilst planning a more extensive auditing program in 2021, when it is hoped travel restrictions will have eased.

Montane has attended FW webinar's relating to COVID-19 in each manufacturing location, to build our understanding of how the pandemic has impacted each country. We have also been in contact

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with all our manufacturers, to ensure sufficient COVID-19 specific OH&S measures are in place, for the protection of workers. We are continuously tracking measures taken, along with any factory closures resulting from lockdowns. Despite the closure of retail in many countries, Montane has not cancelled any orders in 2020, and in many factories has increased orders due to a growth in online sales, resulting from the pandemic pushing sales online.

Prior to the pandemic Montane conducted annual visits of our manufacturers. Once travel restrictions ease, we aim to reinstate visits, where factory working conditions and visibility of the CoLP and FWF complaints helpline will be assessed.

The Wage Ladder is an area Montane has not yet begun focus on, and will work over the following year to gain a clearer understanding of this, in relation to what is needed from Montane for it's implementation within the factories we work.

VIETNAM

50% of factory's Montane works with are based in Vietnam. We selected one factory to audit in October 2020, as they represented the largest FOB spend for Vietnam, where a valid audit was not already in place. The Corrective Action Plan (CAP) for this is ongoing, with the factory providing regular updates on improvements made, following the remediation points highlighted by the audit. No factory complaints were received by any Vietnamese manufacturer, with most factories we work with both working with other FW member brands and having a valid audit in place. CAPs for previous audits have been shared, reviewed and where relevant assessment is ongoing in line with the remediation work. One facility where an audit is not in place, is planned for an audit in 2021.

CHINA

Although 28% of factory's producing Montane products are based in China, the amount of product manufactured in relation to our total FOB spend is negligible. This is following production moving away from China in 2017, to take advantage of duty savings available elsewhere. Montane has long working relationships with the factories we continue to work with in China, with no complaints having been raised.

CAMBODIA

10% of Montane's factory's are based in Cambodia; in 2010 no factory received any complaints, nor were they audited. We have planned to audit the factory accountable for the highest % of production

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in 2021, together with other FW member brands working with the same factory. Montane has visibility of the ongoing remediation following their last audit report.

MYANMAR

Montane has worked with one Taiwanese owned factory in Myanmar since 2018. An audit (valid for three years) was conducted by another FW brand in 2018, with remediation completed around the time Montane began our membership with FW. Consequently, we have obtained a copy of the audit report to familiarise ourselves with any points previously raised, and planned an audit for 2021 together with other FW brands working with the same factory.

Further to the audit we had planned to conduct a FWF Worker Education Program (WEP) in 2021, following three factory complaints in 2020. We feel that this training program would help to equip factory management with suitable and sufficient tools to support staff, and to engage in open dialogue with them, contributing towards ongoing improvements in working conditions. Unfortunately, due to the ongoing coup, neither a factory audit nor WEP will be possible at this time. We will however continue to closely monitor the situation.

INDIA

This factory has worked with Montane since 2015, and accounts for just 2% of Montane's total FOB spend. A valid audit is already in place, therefore as with the Myanmar based factory we have planned an audit and FWF training for 2021. The previous audit report has been shared with us, which will help to inform points of focus for the next audit. No factory complaint's were recieved, and all information regarding the factory and subcontractors for dying, printing and embroidery has been provided to Montane. The factory is certified to Fairtrade Intl, the Global Organic Textile Standard (GOTs) as well as global social certification standard SA8000.

EXTERNAL PRODUCTION

Montane does not use any external producers for cut and sewn products, and currently has no plans to do so in the future.

FWF do not encompass hard goods, however Montane does work with three external suppliers for water bottles and soft flasks. All of these suppliers have completed the FWF Supplier Questionnaire, which includes the CoLP and aids Montane's understanding of the location and structure of the manufacturers we work with.

Complaints handling

Montane are committed to addressing and resolving complaints made in line with the FWF complaints procedure. Both complaints and their remediation points are published on the FWF website as well as being included here, to aid transparency.

All factories Montane work with are required to display and distribute information regarding the FWF complaints mechanism to staff, which includes contact information for a local FWF helpdesk, if workers wish to utilise this. In turn, complaints are raised with Montane and any other FW member brands present in the factory, to ensure effective and collaborative remediation. Evidence of helpdesk contact information being displayed in each factory (including subcontractors) is kept on file by Montane, and will also be assessed during future factory visits, once travel restrictions have eased.

Our first factory audit in Vietnam in October 2020 highlighted a lack of awareness amongst workers of the FWF complaints mechanism. As such, an annual awareness meeting has begun whereby the FWF complaints mechanism is explained to all staff. This is also included within the training program for new employees at this factory.

Within our first year of FW membership Montane received three factory complaints, all from the same factory in Myanmar. This factory will therefore be audited in 2021, dependent on how the ongoing coup progresses, as well as travel restrictions related to COVID-19.

Details regarding each complaint received to date can be found below:

Complaint #1

Factory 4522: Myanmar

Date received: 18th September 2020

Labour standards breached: #7 Safe & healthy working conditions; #8 Legally binding employment relationship

A worker highlighted to FW that factory rules had been changed, to impose a 14 day period of unpaid leave following one day of absence, even where approval of absence had been sought. This was in response to workers being asked to disclose all areas they travelled to, where some workers were

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dishonest about visiting areas infected by COVID-19. Infections had subsequently risen within the factory.

As the period of unpaid leave was excessive, the concern was that workers displaying select symptoms of COVID-19 would attend work to avoid losing half a month's salary, in turn further increasing the risk of COVID-19 spreading in the workplace. Furthermore, pregnant workers worried that by attending prenatal appointments they would not be allowed to return to work for 14 (unpaid) days.

Although the factory was closed due to a local lockdown for COVID-19 from September 24th - October 19th, management consulted with lawyers and agreed to abolish the rule upon reopening the factory. Pregnant workers and high risk groups were also offered paid holiday if they could not attend work.

Montane worked together with other FW member brands working in this factory to resolve the complaint quickly, to the satisfaction of the complainant and FWF.

Complaint #2

Factory 4522: Myanmar

Date received: 15th November 2020

Labour standards breached: #5 Payment of a living wage; #8 Legally binding employment relationship

Following Myanmar's lockdown in April 2020, pregnant workers were asked to remain at home for twelve weeks by the Government, and compensated 60% of their wages. Factories were asked to submit applications to local Social Security Bureau (SSB) offices, in order for these subsidies to be paid.

In November, a pregnant worker complained that during the second lockdown for COVID-19 from September 24th - October 19th, her and other pregnant workers were not paid 40% of wages by government subsidy. As SSB insured workers who had remained working at the factory up until its closure, and who had not begun maternity leave during the closure, they believed they were entitled to this.

The information provided by Myanmar's central government in September 2020 was translated and interpreted differently in different townships. This subsequently caused a great amount of confusion

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regarding the % of subsidies workers were entitled to, and the details relating to pregnancy and/ or maternity leave.

Montane worked with FWF and other FW member brands present at this factory to gain clarity, and payment records to all staff during the lockdown were disclosed by the factory. After communicating with the local SSB office, FWF established that the complainant was in fact not eligible to 40% of wages by government subsidy. However, it was found that ten employees who began maternity leave after the lockdown period had ended, were entitled to the subsidy, but had not received it. The factory have followed the correct application procedure for subsidies, and further explanation is required from the local SSB office as to why these ten applications were rejected.

Unfortunately, due to the ongoing coup in Myanmar, SSB offices are closed and the complaint has been placed on hold until normalcy returns to the country. Montane is continuing to monitor the situation closely, liaising with both the factory and FWF regularly to maintain awareness during this challenging time.

Complaint #3

Factory 4522: Myanmar

Date received: December 8th 2020

Labour standards breached: #8 Legally binding employment relationship

Six security guards were employed on a twenty four hour rotation system at the factory, with their two year contracts renewed in March 2020. In November 2020 the factory announced that a third party security company would be employed from December 2020, with all existing security guard contracts terminated and severance pay paid at this point.

Upon querying this with management, the security guards were advised that they could continue to work if they accepted a lower wage, and loss of seniority bonus' and other allowances. Having not consented to the termination of their contracts or violating any of its terms, the security guards raised this complaint with FWF, the Worker Complaints Committee (WCC) and the Township Labour Department. They sought the reinstatement of their previous contracted terms, or alternatively double severance pay as compensation for the unfair loss of employment.

Upon review, the factory disputed the points put forward by the complainant, stating that the main request put to them was for double severance. Following four meetings between December 1st-18th

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2020, this was rejected by the Township Labour Department and factory management, where standard severance pay was deemed satisfactory.

Although reinstatement in any role was preferred due to the difficulty of finding alternative work during the pandemic, the six security guards accepted the severance pay on December 22nd. Appreciation was expressed to the FWF and Montane for their support throughout the meetings, and the complaint was closed.



Image source: Palace CPCG Intl, Cambodia

Training and capacity building

ACTIVITIES TO INFORM STAFF MEMBERS

Internal staff, UK retailers and international partners of Montane receive newsletters, including a notification in 2019 regarding our FWF membership agreement. Updates regarding this Social Report and scheduled BPC are planned within 2021.

Additionally, management representing all departments have attended an overview meeting covering who the FWF are, the CoLP and the wider implications of Montane’s membership to the business.

An overview of the FWF is included within our seasonal Sales Launches to maintain awareness amongst our sales team and distributors.

WE ARE FAIR WEAR

We're pleased to announce that the brand recently joined the Fair Wear Foundation, an independent multi-stakeholder organisation that works with garment brands, garment workers and industry influencers to improve labour conditions in garment factories.

We believe we work with some of the best factories in the world and by joining the FWF we have embarked upon a long term commitment to improving and maintaining world-class working conditions for staff in all of our partner factories.



Image source: December 2019 Montane Newsletter

ACTIVITIES TO INFORM AGENTS

Montane predominantly works directly with manufacturers, however where agents are in place, they are required to sign Montane's Supplier Purchasing Agreement & Supplier Manual before we begin working together. Agents have full visibility of the FW Supplier Announcement and Questionnaire, CoLP, Worker Information Sheets, as well as any plans regarding training or audits. This ensures the expectations of both FWF and Montane are understood by all parties.

ACTIVITIES TO INFORM MANUFACTURERS AND WORKERS

Upon beginning our FWF membership agreement, all manufacturers were issued with a Supplier Announcement Letter explaining the agreement and what it entails, as well as the CoLP poster.

We also issued Worker Information Sheets in both the local language and in English to all factories including subcontractors. These include the CoLP, and are displayed in each factory. Montane has photographs on file to confirm the display of these posters. Worker Information Cards were also distributed to workers in the local language, which provides contact information to a local FWF helpdesk, if workers wish to utilise the complaints mechanism.

Supplier Questionnaire's and consent to disclose our working relationship were also issued to all manufacturers. A signed copy of these documents is kept on file, with the Supplier Questionnaire being re-distributed annually to capture any changes within the factories producing for Montane.

During our first year with FWF no training of workers or factory management has been arranged, however we have planned this for our second year of membership.

We conducted our first factory audit in October 2020, with the Corrective Action Plan (CAP) work ongoing. This audit highlighted a lack of awareness amongst workers of Trade Unions, the FWF complaints mechanism and/ or CoLP at that particular factory. As such, an annual awareness meeting has begun whereby the CoLP and FWF system is explained to all staff. This is also included within the new staff training program. Additionally, proposals boxes are in place to facilitate anonymous suggestions, and the Trade Union meeting schedule is displayed on a bulletin board to ensure awareness and access to any workers who wish to participate.



Image source: Fusion Tenim Company

Information management

Montane has come under ownership by Inverleith LLP in February 2020, therefore alongside the global pandemic has undergone a period of great change. To provide clarity to all departments regarding Montane's manufacturing locations, we have taken steps to establish an internal document detailing agents, parent factories, factories and related factories (subcontractors). Furthermore, our manufacturing locations are disclosed publicly here: <https://www.montane.com/ethical-trading-manufacturing-and-production-i1090>

All CMT factories Montane work with are disclosed via Fairforce (FWF), enabling Montane to work more effectively with other FWF member brands working with the same factories. Some of the CMT

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factories we work with use subcontractors for select processes such as printing, dying and embroidery. Details of subcontractors are also provided on the FWF website.

To maintain up to date knowledge of our manufacturers, Montane will resume (at least) annual visits, once travel restrictions due to COVID-19 are lifted. Regular social audits will be conducted as per our FW membership requirement, and where necessary training of workers conducted. These elements will facilitate Montane in having an accurate understanding of the extent to which the CoLP are implemented within the factories we manufacture.

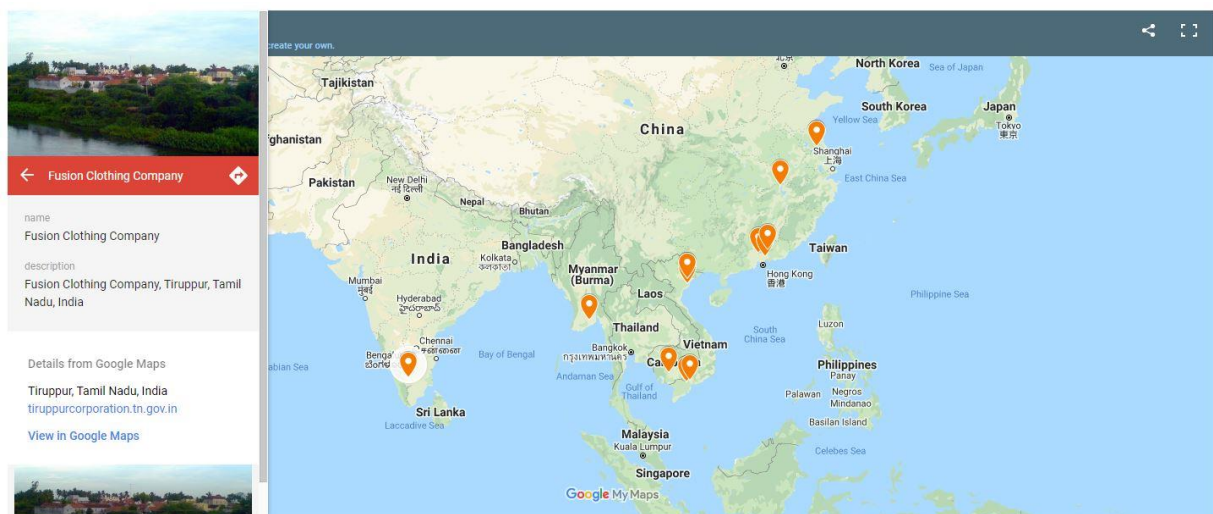


Image source: Montane website

Transparency & communication

Montane's membership with the FWF is featured on our brand website

(<https://www.montane.com/ethical-trading-fairwear-foundation-i201>), and on multiple social media platforms. This aids awareness amongst stakeholders, staff and consumers of our membership, with this Social Report providing greater detail.

This Social Report along with Montane's pending Brand Performance Check will be published on our brand website.



Image source: FWF Instagram

Stakeholder engagement

During the period under review Montane has come under ownership by Inverleith LLP. Details of Inverleith LLP can be found here: <https://inverleith.com/current-investments/>

Montane relies upon our relationships with the FWF and the European Outdoor Group (EOG) to stay updated regarding updates within countries we manufacture in, regarding minimum wages, trade unions, local labour laws and government guidance relating to Covid-19.

Corporate Social Responsibility



All down used in Montane products is certified Responsible Down Standard (RDS) and uses the Track my Down tool. More information can be found here: <https://www.montane.com/allied-feather-down->

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All wool used in Montane products is 100% certified non-mulesed.



Montane uses Polygiene as our anti-odour treatment on next-to-skin products. Polygiene is a silver based, Bluesign approved treatment, where the silver used is also recycled.



Montane are a member of EOCA, supporting their global conservation efforts to promote care and respect for wild places.



As part of Montane's ongoing collaboration with the British Mountaineering Council (BMC), we support the BMC's charity; the Access & Conservation Trust. By donating 5% of MONTANE X BMC sales in the UK, this supports the Access & Conservation Trust's Climate Project, which aims to facilitate the restoration of peat bogs.



The Montane Alpine Club Climbing (MACC) Fund was set up at 2016, to support the Alpine Club's most intrepid expeditions, covering long distances in inhospitable environments. Up to £10,000 is made available annually, to British climbers and mountaineers attempting first ascents and/ or new routes in little known and remote alpine areas.



In May 2019 Montane joined the European Outdoor Group's Single Use Plastic Project, which aims to develop a UK wide (and a European) recycling stream for polybag waste.



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Throughout 2020 Montane has worked to source and secure 100% GRS certified polybags, which will be used from our AW2021 bulk orders onwards.



Montane is a member of the UK's Cyclescheme, which supports staff in purchasing a bike, encouraging an active and healthy workforce whilst also enabling a transportation alternative with lower carbon emissions.



In 2018 Montane launched a repairs service, to provide customers with the opportunity to give their well used and much loved products a new lease of life.

FURTHER. *Forever.*

Montane's sustainability platform is called Further.Forever. This comprises of four key pillars; Built to Last, Ethical Trading, Commitment and Sustainability. Details of these pillars can be found here:

<https://www.montane.com/further-forever-i194>