

# FALKE

**Manufacturing and Sourcing Report**

**Collection Fall / Winter 2019**



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## **Mission statement**

Since 1895, the FALKE family business has been standing for modern clothing made from high-quality materials, finished with handcrafted perfection and an eye for detail. A deep understanding of yarns and manufacturing techniques handed down from generation to generation and continuously refined is the basis for all our products.

Customers who decide upon FALKE products not only trust in FALKE's promise of quality. They also make a conscious choice in favour of a manufacturer who has always given priority to acting in a socially and environmentally conscious manner. Instead of outsourcing our production, like many others in the fashion industry did, we continued to run our own production sites. 90% of our articles covering legwear, underwear and apparel are manufactured in our own factories in Germany, Italy, Serbia, Slovakia and South Africa.

As part of our philosophy, our international business processes and operations as well as the cooperation with external partners orientate on three action fields:

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**Product Quality – Social Responsibility – Environment Protection**

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The following report will provide you with detailed information about valid guidelines and ongoing activities that support these three action fields along our supply chain. Please do not hesitate to contact us for further information.

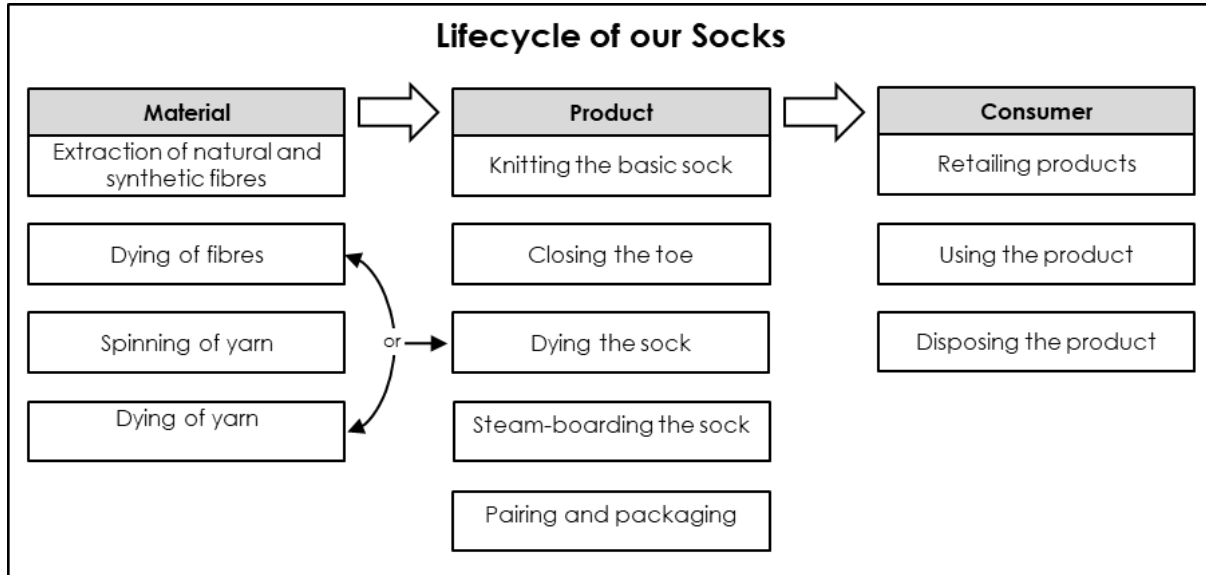
Yours sincerely

Franz-Peter Falke

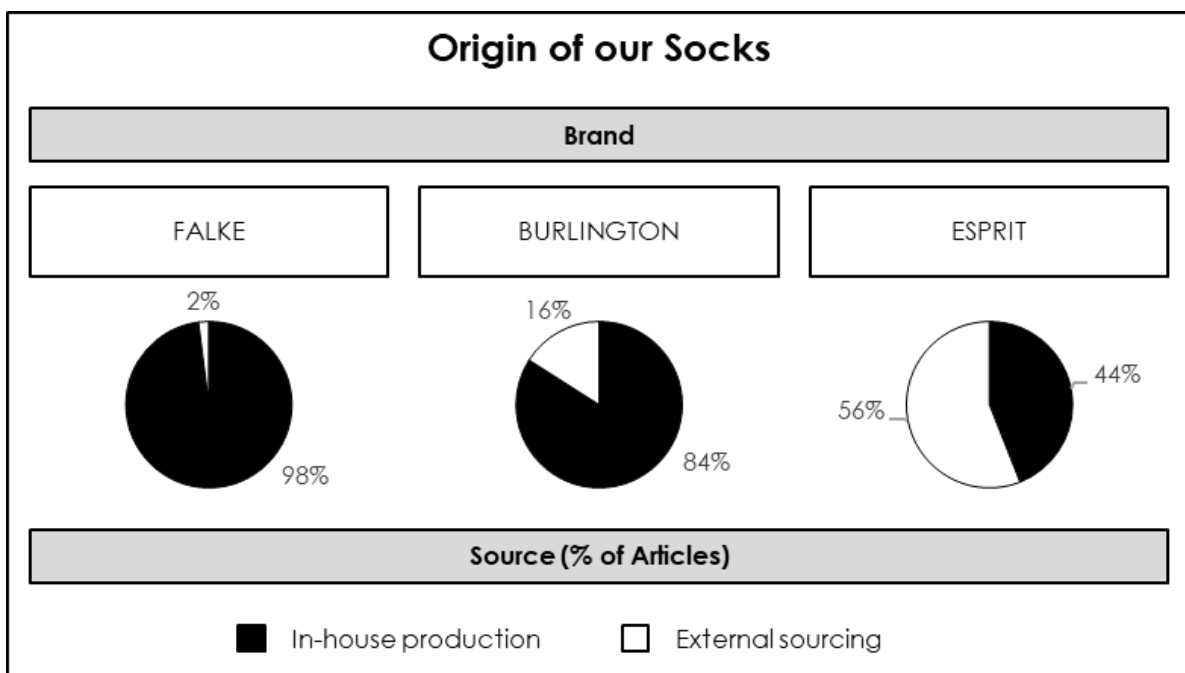
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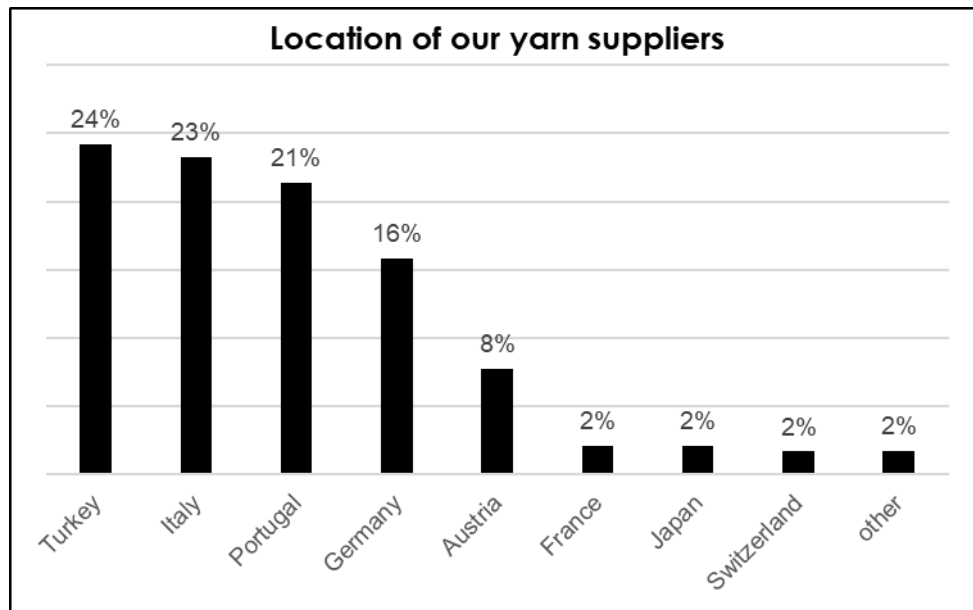
## How we make our products

The FALKE GROUP produces legwear, underwear and apparel of the brands FALKE and Burlington. Furthermore, FALKE is licensee for ESPRIT legwear.



FALKE operates own facilities within Germany and Europe in which more than 90% of our articles are produced. Since 1974, we also own an independent subsidiary in South Africa to supply to markets mainly in South Africa, Australia, New Zealand and North America. Selected global suppliers supply yarn and fabrics for our in-house production. To compensate capacity constraints and to extend the range of technology FALKE also selected and developed strategic suppliers for finished goods within Europe and Asia.

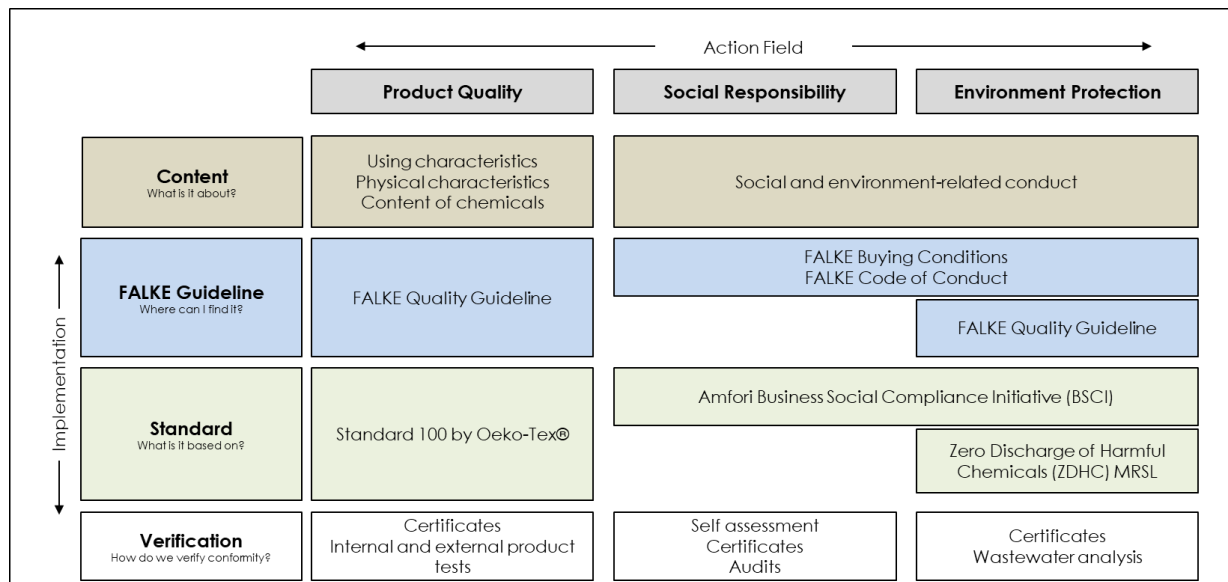




## Our drive and basic principles

Our business operations are determined by the action fields Product Quality, Social Responsibility and Environment Protection. Corresponding guidelines set the framework of thinking and acting for us and also for our suppliers. These guidelines base on internationally accepted standards as Standard 100 by Oeko-Tex®, the Amfori BSCI<sup>1</sup> Code of Conduct and ZDHC<sup>2</sup>.

Accordingly, before supplying goods to FALKE we request conformity to our guidelines from each supplier of material and finished goods.



<sup>1</sup> Amfori Business Social Compliance Initiative

<sup>2</sup> Zero Discharge of Hazardous Chemicals

Through our FALKE Buying Conditions and the FALKE Quality Guideline including RSL<sup>3</sup> and MRSL<sup>4</sup> our suppliers accept on following these guidelines and to supply the demanded goods in the quality we expect.

To verify the compliance to our requirements we assess our suppliers on a regular basis regarding working conditions, environment protection and chemical management. The audits focus on risk countries as classified by Amfori BSCI and are performed either by our specially trained employees or by independent external institutes. Based on the audit results we accompany the relevant suppliers closely to support them implementing our high standards.



## Product Quality

We design and develop our products to be in line with the FALKE quality requirements. Standard 100 by Oeko-Tex® is the basis for the FALKE Quality Guideline which is provided to our material suppliers, our own production facilities as well as external manufacturers of finished goods. We assess quality along four categories:

### Physical characteristics

- Pilling
- Abrasion resistance
- Change of colour shade

### Using Characteristics

- Shrinkage after washing according to care labelling
- Visual appearance after washing
- Loose thread ends

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<sup>3</sup> Restricted Substances List (guideline for substances in the product)

<sup>4</sup> Manufacturing Restricted Substances List (guideline for substances used in the manufacturing process)

**Colourfastness**

Colourfastness to washing  
Colourfastness to heavy water  
Colourfastness to rubbing  
Colourfastness to sweat (alkaline and acid)  
Colourfastness to saliva and perspiration

**Prohibited substances**

Conformity to Restricted Substances List (RSL)  
Conformity to REACH

Meeting the FALKE Quality Guideline starts by purchasing material preferably holding an appropriate Oeko-Tex certificate. Regardless of whether a certificate is in place or not our own laboratory performs standard incoming controls regarding the above-mentioned criteria on all materials before being processed in our facilities. The finished goods are tested during the subsequent product creation process. This applies to both, products from our own facilities and products sourced from external partners.

The tests performed in our laboratory cover the requirements of physical characteristics, using characteristics and colourfastness as figured above. Independent research and testing institutes verify compliance with the FALKE RSL, which sets the limits of certain substances that must not be exceeded in our products. The FALKE RSL considers relevant requirements of Oeko-Tex, ZDHC and REACH. Any exception from our guideline will be declared and results in root cause analyses with subsequent corrective actions.

Should there be any reason for complaint – we look forward to receiving your feedback for consideration in our product development and improvement process.

**Product certification and testing**

|                                                                     |      |
|---------------------------------------------------------------------|------|
| Materials certified or tested according to Standard 100 by Oeko-Tex | 100% |
| Products certified or tested according to Standard 100 by Oeko-Tex  | 100% |

**Social Responsibility**

To be in line with our definition of social responsibility the conformity to the BSCI Code of Conduct along the supply chain is an essential part of our Buying Conditions. BSCI is an optional initiative for companies to support the improvement of working conditions along their supply chains. Specific institutes perform audits on a regular basis at participating companies around the world. FALKE is BSCI participant for years and performs audits in all own facilities in BSCI risk countries.

Independent of the availability of a valid BSCI audit we follow up the adherence to the intended social standards. Based on the supplier evaluation either our specially trained employees or independent external institutes visit the facilities on a regular basis. Assessments include but are not limited to monitor working conditions, fair wages and safety aspects. Based on audit results and development we provide close support to the factories to implement our high standards and to improve their BSCI rating. In addition to full audits FALKE continuously performs spot checks along the value chain during regular routine visits for status updates and progress monitoring.



### **Environment Protection**

Environment Protection means to FALKE meeting nature with the biggest respect along the whole product creation process and supply chain. Right from the start, we develop our products under consideration of material origin and consequences of the required production process. We review our production and logistic processes continuously to reduce energy consumption, waste and rejects. We started to summarize our goals, activities and achievements regarding Environment Protection in the green box below. You will find updates of this box on a regular basis.

### **Animal Welfare**

Beside prevention of pollution and carbon dioxide emission, animal welfare has been and is a matter of course for us. Wool is one of the most important raw materials we use in our products. Therefore, we have set animal protection as an essential principle

in our FALKE Quality Guideline. Please find relevant standards for the individual kinds of wool below.

| Material    | Compliance to following guideline |
|-------------|-----------------------------------|
| Sheep wool  | IWTO Guideline for sheep welfare  |
| Angora      | Certified by Caregora™            |
| Merino wool | Mulesing free                     |

### **Zero Discharge of Hazardous Chemicals (ZDHC)**

In textile production the main concern is the exhaust of wastewater from chemical processes. These so called “wet processes” are used for dyeing as well as for treatment of materials to achieve certain functional or haptic product characteristics. We continuously work on innovative processes to reduce the usage of chemicals within our processes – no matter if this concerns our own or external factories. All chemicals used for the production of our products meet the statutory REACH standards of the European Union.

As a proof of conformance, all of our own as well as external factories with “wet processes” have to provide valid wastewater analyses. The analyses base on ZDHC criteria, a global initiative of fashion brands targeting to bring harmful substances within the manufacturing process to zero.



### Goals, activities and achievements in Environment Protection

#### Plastic & Waste

- The high quality of our products ensures long durability in the use phase - and with that, there is no need to dispose FALKE clothing after using it only a few times.
- We started abandoning plastic from our packaging:
  - The common plastic hooks on FALKE Ergonomic Sport System products for hanging the goods at the point of sale have been replaced by an innovative paper solution. FALKE has the aim to replace the plastic hooks on all products and is currently testing new organic based materials.
  - Almost all socks ordered via the FALKE online shop are sent without additional plastic packaging – while most of the established online retailers demand plastic packaging.
- Currently we are working on implementing recycled and recyclable packaging. FALKE Ergonomic Sport System will introduce a recycled paper quality in 2020.

#### CO<sub>2</sub> & other Emission

- We produce the majority of our products in Germany and Europe. We continuously strive to improve our logistic network to reduce transports of material and finished goods between our suppliers, our facilities and our customers.
- Regular independent energy audits ensure that our energy concept and facilities meet state of the art requirements.

#### Hazardous Substances & Chemical Management

- Necessary chemical treatment within the process underlies strict guidelines and tight controls. To track which substances are used in the process and what is released to nature we oblige our suppliers to provide wastewater and sludge analyses on a regular basis. Of course, the same applies to our own facilities. The analyses are based on ZDHC requirements.



### Frequently asked questions

#### ***What does “sustainability” mean to FALKE?***

Sustainability means to us to take over social and environmental responsibility along the whole product creation process and supply chain. We fixed this claim in our Code of Conduct, our Buying Conditions and our Quality Guideline for our suppliers of yarn and finished goods and ourselves. We use different global standards to make sure all of our own facilities as well as those of our suppliers are able to follow our guidelines reasonably. Focus of our activities is on Product Quality, Social Responsibility and Environment Protection.

#### ***Does FALKE use any standard regarding product quality?***

All of our products are designed and developed to fulfil the requirements of Standard 100 by Oeko-Tex. This standard regulates physical characteristics, using characteristics and the limits for harmful substances allowed in our products. The basis for this standard is already set by the choice of material we use. We preferably purchase material holding a valid Oeko-Tex certificate.

#### ***How does FALKE assure that non-certified material and products fulfil the strict requirements?***

FALKE operates an own laboratory to test physical and using characteristics as well as colour and perspiration fastness. Additionally we partner with external institutes to analyse the content of harmful substances. All tests apply for material as well as for finished product made in our own production sites and external factories. Non-compliances will be declared and followed by corrective actions.

***How does FALKE handle the risk of harmful substances in the final product?***

Our Manufacturing Restricted Substances List (MRSL) regulates the use of certain substances in the manufacturing process of yarn, fabrics and finished goods. Mandatory wastewater-tests make sure in how far suppliers and our own factories abide by these restrictions. Furthermore, all suppliers are obliged to comply with our Restricted Substances List (RSL) that regulates the content of harmful substances in the product. Accordingly, the majority of our products is certified by Oeko-Tex. Products without Oeko-Tex certificate are tested by external institutes following the same criteria.

***Does FALKE produce in BSCI risk countries? How does FALKE assure acceptable working conditions?***

FALKE has own factories and strategic partners in countries classified as risk countries according to Amfori BSCI. We expect that all manufacturers of yarn, fabrics and finished goods involved in the creation of our products follow the requirements of the BSCI Code of Conduct independent of where they are located. Please find further information about BSCI on <https://www.amfori.org>.

Our benchmark for social responsibility is the Code of Conduct of the Amfori Business Social Compliance Initiative (BSCI). This Code of Conduct covers important aspects of acceptable working conditions and treatment of employees. Furthermore, it considers certain aspects of chemical management. The complex BSCI audits are standardized and identify weak points within the individual factories. We use the audit results to support our own factories as well as those of our suppliers to develop towards better standards.

***How can FALKE assure the production processes do not harm the environment?***

The BSCI Code of Conduct and the respective national law of the supplying countries define the minimum standard for chemical management each suppliers has to fulfil. Our strict MRSL defines the targeted limits of substances used in the manufacturing process.

To have control over discharge of hazardous chemicals within the internal and external process steps all factories with wet-processes have to provide a valid wastewater analysis on a regular basis. These analyses base on ZDHC criteria, a global initiative of fashion brands targeting to bring harmful substances within the manufacturing process to zero.

***Does FALKE use organic or recycled materials?***

Yes, FALKE already uses organic and recycled material. Our aim is to increase the amount of sustainable products with every season. Please contact us to get further information about our product portfolio.

***Does FALKE use recyclable materials in its products?***

Currently products with such materials are under development. Focus is to guarantee our and our customers' expectation on product performance. We will introduce first products in Fall / Winter 2020.

### ***Does FALKE use plastic in its packaging?***

Yes, we partially still use plastic for packaging. Certain distributors insist on having products packed in plastic for protection of the product. We strive to abandon plastic packaging entirely and will keep you updated about the progress on our website. The products of our Ergonomic Sports System will be plastic free within 2020.