



# SOCIAL REPORT 2022



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# EDITORIAL



## THOUGHTS OF OUR MANAGEMENT

**2022 was a challenging year. For all of us. The lingering pandemic, the consequences of the war in Ukraine, inflation, rising energy and raw material prices, supply chain bottlenecks – all of these had and are having a direct impact on our company. We see these challenges as an opportunity for greater scrutiny of the things that really matter to us. We are convinced that sustainability is worth the effort. In difficult times, when companies facing economic imponderables are inclined to turn their gaze inwards, we want to try to consider the bigger picture.**

At the heart of our activities are our products and their production. Especially now, however, we also want to focus on society, social standards and protecting the climate and environment. We intend to become even more sustainable in all of these areas – at the Engelbert Strauss headquarters in Germany and our production locations in more than 25 countries worldwide.

At Strauss, we target sustainable, profitable growth through strategic management. Long-term supplier relationships built on trust offer a solid basis for stable orders, secure jobs and high social and environmental standards around the world. At the same time, we want to further reduce our resource consumption and CO<sub>2</sub> emissions and expand power generation from renewable energy sources at our sites.

The Strauss brand is growing. We opened the CI Factory Chattogram last year. Our design and development centre in the south of Bangladesh is closely linked with the Sustainability and Textile

Innovation course endowed by Strauss at the Ahsanullah University in the capital Dhaka. We want to generate greater added value for a country with such tremendous potential. At the same time, we have launched the world's first fully biodegradable work trousers, made from banana fibre.

It is important to us that the workers in the production sites have a fair and safe working environment. Our 'Good' rating in the Fair Wear Foundation Brand Performance Check demonstrates to us that we are making excellent progress with this. We are also striving to make a further difference with our education and development projects, especially in Bangladesh. We are currently working with Don Bosco Mission on the construction of a school in the northwest of the country.

In this, our latest social report, we want to give you a deeper insight into our engagement. We wish you an enjoyable read!

**YOURS,  
THE STRAUSS FAMILY**

# HIGHLIGHTS 2022

## SELECTED PROJECTS FROM LAST YEAR



### CAMPUS IN THE PADDIES

We officially opened our design and development centre in the south of Bangladesh. The CI Factory Chattogram employs around 200 people and forms a production tandem for customised workwear in conjunction with the CI Factory in Germany.



### BOTANICA COLLECTION

We developed fully biodegradable workwear, which is made from banana fibre, organic cotton and bamboo as well as dyes obtained from agricultural by-products.



### CO<sub>2</sub>E FOOTPRINT PILOT PROJECT

We calculated the CO<sub>2</sub>e emissions and other environmental impacts of the production processes relating to two of our products as part of a pilot project.



### TREE CONSERVATION PROJECT

In cooperation with Bundesforst, the German Federal Forests division, we are providing for the preservation of 1,000 beech and oak trees aged over 100 years. The Engelbert Strauss Forest covers 250 hectares and sequesters CO<sub>2</sub> equivalent to the annual footprint of around 5,500 German citizens.



### DON-BOSCO-STRAUSS-SCHOOL

Strauss is working with Don Bosco Mission on the construction of a school in Bangladesh that will enable children and young people to access high-quality education. In addition to our university cooperation and the CI Factory Chattogram, this represents the third pillar in the creation of career prospects and the establishment of equal opportunities in Bangladesh.



### ANTONIUS : GEMEINSAM MENSCH NETWORK

Engelbert Strauss has been supporting the work of the antonius foundation for many years, which advocates for greater inclusion and for people with disabilities. The current project involves the construction of four environmentally friendly buildings with social housing units designed to enable the occupants to lead a largely self-determined life.

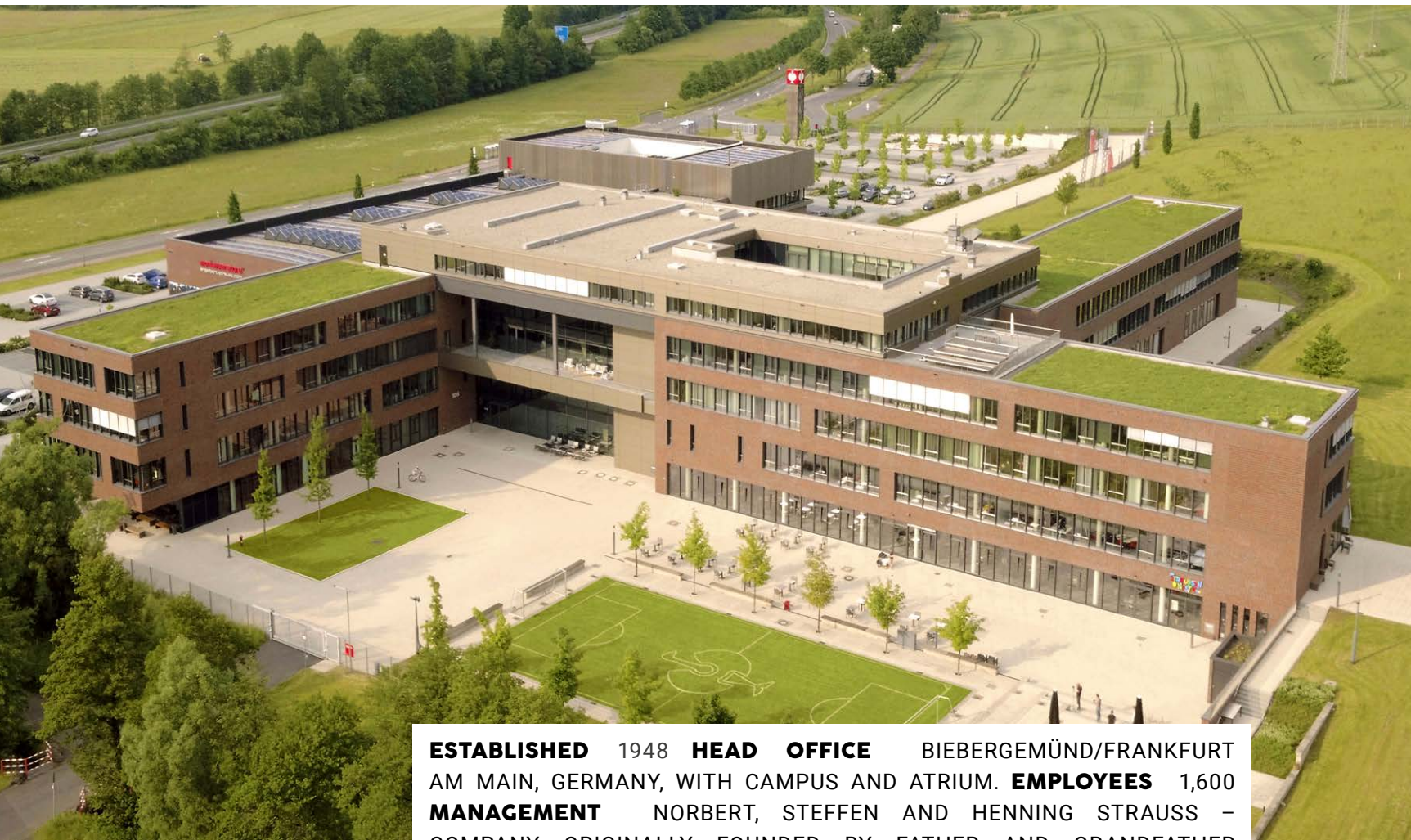


### UNIVERSITY COOPERATION

The first students successfully completed two modules at our Chair for Sustainability and Textile Innovation at Ahsanullah University of Science and Technology (AUST) in Bangladesh in summer 2022. In addition to recruiting further lecturers, we have begun developing new practical and research programmes.

# ABOUT ENGELBERT STRAUSS

## FACTS & FIGURES



**ESTABLISHED** 1948 **HEAD OFFICE** BIEBERGEMÜND/FRANKFURT AM MAIN, GERMANY, WITH CAMPUS AND ATRIUM. **EMPLOYEES** 1,600 **MANAGEMENT** NORBERT, STEFFEN AND HENNING STRAUSS – COMPANY ORIGINALLY FOUNDED BY FATHER AND GRANDFATHER ENGELBERT. **CUSTOMERS** B2B IN THE SKILLED TRADES, INDUSTRY AND SERVICE SECTOR. GLOBAL BRANDS, MARKET-LEADING SMES AND HIGHLY SPECIALISED BUSINESSES. B2C. **OTHER LOCATIONS** CI FACTORY GERMANY NEAR HEAD OFFICE, FOCUS ON SHOE PRODUCTION, TEXTILE FINISHING AND LOGISTICS. FORMS A PRODUCTION TANDEM TOGETHER WITH THE CI FACTORY CHATTOGRAM (BANGLADESH), OUR DESIGN AND DEVELOPMENT CENTRE WITH SMALL-BATCH PRODUCTION. ALSO WORKWEARSTORES IN BIEBERGEMÜND (FRANKFURT), HOCKENHEIM (MANNHEIM), BERGKIRCHEN (MUNICH) AND OBERHAUSEN (DÜSSELDORF), POP-UP STORES IN MAJOR EUROPEAN CITIES AND NATIONAL SUBSIDIARIES IN EUROPE AND WORLDWIDE. **SALES CHANNELS** OMNI-CHANNEL. E-COMMERCE. CATALOGUE. RETAIL. **PRODUCTS** WORK AND UTILITY WEAR, SAFETY GEAR. 80% NEVER OUT OF STOCK – IMPORTANT FOR BUSINESS CUSTOMERS. LEADER FOR DECADES IN CUSTOMISATION AND BRANDING. **PRODUCTION** 28 COUNTRIES WORLDWIDE, PRIMARILY SOUTHEAST ASIA.

# SUSTAINABILITY

## INTERVIEW WITH OUR CEOS

**Sustainability – what does this mean for Engelbert Strauss? In our interview, Henning and Steffen Strauss speak about strategic considerations and the main issues for us at this time.**

**Sustainability is integral to how we see ourselves at Engelbert Strauss. How is this reflected in daily business?**

**Henning:** I understand sustainability to mean taking the long view and striking the right balance between business, society and the environment. This encompasses fair working conditions, environmental and climate protection, the future needs and concerns of our customers, employees and workers along our supply and value chains, and more. Essentially, we make decisions as a company that bring economic success and have a positive impact on society and the environment.

**Steffen:** We are constantly striving to establish our core values in all areas of our business. This includes conveying these beliefs within the company to employees but also to our business partners and customers. This leads to greater understanding of our work and builds trust in our company.

**Henning:** People increasingly want to know where our Strauss work trousers are produced and under what conditions. So it's all the more important for us to speak about what we're doing – and how. It makes a real difference when you can follow the company's development – both the successes and the challenges. People can then better understand where we stand and the steps we're taking to improve our sustainability.



Henning Strauss

**What are the main issues for us?**

**Steffen:** 2022 was another challenging year, with the energy crisis, inflation and the pandemic. It was made clear to us once again how interconnected the world has become. We are greatly saddened by the war in Ukraine. It feels like this is taking place on our doorstep. We have suffered the consequences, and so too have many of our production partners. That's why we're doing our best to assist them and, among other things, help them to safeguard jobs. We appreciate all the more the value of our long-standing partnerships founded on trust.

**Henning:** We are focusing very specifically on our products and how they are manufactured as well as on the people involved in producing them. Key to this are also climate protection and environmental matters. But we have to consider Strauss as an employer as well, at our own locations and in the production

countries. The further development of social and environmental standards in the manufacturing of our products is our fundamental concern. We have also been shining a spotlight on female empowerment for some years. For example, we began recording the share of women in management positions in the businesses in our audits in 2022 with a view to increasing this.

**Steffen:** Education is another important topic. We've been developing projects for advancing the textile industry for a long time, particularly at our production locations. We've noticed that our activities are inspiring others – both within the company and externally. Take Bangladesh, for example: we opened the CI Factory Chattogram there in 2022, while the Chair for Sustainability and Textile Innovation that we established at the Ahsanullah University in Dhaka has continued to grow. We are also building a new school in the northwest of the country with Don Bosco Mission. Together we're creating completely different ways of working with people on the ground.



Steffen Strauss

**What are the challenges facing Strauss?**

**Henning:** Textile supply chains are complex and globally networked. One key area is therefore geographical efficiency in our supply chains as well as logistics in general. This is especially important as we want to further optimise purchasing processes and transport routes, with an even greater focus on sustainability. We also have to work on specific tasks relating to the German Supply Chain Act and its implementation, for example making a complaints procedure accessible to more workers within the supply chain and establishing even more comprehensive reporting.

**Steffen:** We take a holistic approach to sustainability. We derive topics of relevance to us based on the UN's Sustainable Development Goals and our stakeholders' concerns. For example, we want to drive innovation that supports environmental and climate protection – and brings related growth. How can we further improve social and environmental standards in production processes and be profitable at the same time? We feel positive about the work that lies ahead – and the path we're taking.

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## SUSTAINABILITY TEAM

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Friederike Hoppe, Sophie Deuerlein and Eileen Blümel make up the sustainability team at Engelbert Strauss. They develop solutions for the wide-ranging social and ecological issues associated with product development and manufacturing, as well as for our engagement over and above this. For strategic purposes, the sustainability team is closely linked with management. The team

members are integrated into the Purchasing, Product Development and Communications departments. This means we can ask ourselves the right questions at any time – and quickly devise answers or solutions.



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## RISK ANALYSIS

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**We respect human rights and the environment in our global value and supply chains. We consider this part of our corporate due diligence – as also defined by internationally recognised frameworks, including the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector and the German Act on Corporate Due Diligence Obligations in Supply Chains.**

To ensure that we can detect and prevent human rights violations at an early stage, we maintain a country risk matrix based on a comprehensive risk analysis. This focuses on all countries in which our production partners manufacture our end products as well as on other potential procurement markets. For each of these countries, the matrix contains information in relation to the labour and environmental standards set out in our Code of Conduct for suppliers, statutory provisions and other requirements specific to the respective country. We then undertake multi-stage analysis to assess the risk level per country and criterion.

As sources of information for the matrix, we draw on international reports and studies published by, among others, the United Nations, the International Labour Organization (ILO), Fair Wear Foundation, other non-governmental organisations (NGOs) and unions, as well as audit reports and media coverage. We update the matrix on an annual basis, or during the year when appropriate.

From the potential risks identified, we derive the specific risks for our supply chains. We use the results of the risk analysis as the basis for selecting new production countries and partners, planning audits and training, and setting objectives for ourselves. These results and objectives can be viewed on the Partnership for Sustainable Textiles website.

The human rights and environmental issues that we consider particularly relevant are set out in the Strauss Code of Conduct for suppliers. In 2022, we identified specific risks for Bangladesh, China, Myanmar, Pakistan, Sri Lanka and Ukraine, as countries from which we source our products. In addition, we determined multi-country challenges based on present inflation levels and the coronavirus pandemic. We have strongly prioritised the prevention, mitigation and elimination of these risks and challenges.

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## DIALOGUE WITH STAKEHOLDERS

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Engelbert Strauss is in regular dialogue with a multitude of stakeholders, who have high expectations of us and our products. These include our customers, employees, production partners and their workers, NGOs, the political arena, the media, educational institutions and neighbours.

Transparent communication with all of these groups is an important part of our daily work. Whether in face-to-face discussions, over email, on social media or at trade fairs and conferences – we listen and thereby learn to better understand what our stakeholders need. We report on our activities on our website and in our annual social report.

We provide sustainability workshops or online training for our staff in customer service and the workwearstores. Sustainability

is also part of the orientation workshop conducted when onboarding our new employees. In addition, everyone is encouraged to engage in open discussion. In 2022, we established a whistleblower reporting channel which all employees can use – anonymously, if they wish – to report practices that do not comply with the law or meet our values.

We also maintain a dialogue with our partners, with whom we cooperate closely on sustainability matters. All of these discussions with our stakeholders provide us with feedback that we can use to determine the sustainability topics that require our focus and identify ways in which we can further improve our activities.

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## PARTNERSHIPS

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### Fair Wear Foundation

Fair Wear Foundation is an independent, non-profit organisation that works with companies and production sites to improve working conditions in the textile industry. As a multi-stakeholder initiative, it is supported by business associations, unions and NGOs. We have been a member of Fair Wear Foundation since 2016, and therefore commit ourselves to annual Brand Performance Checks and regular audits of production sites.



### Partnership for Sustainable Textiles

The Partnership for Sustainable Textiles is an initiative of the German Federal Ministry for Economic Cooperation and Development (BMZ) aimed at achieving social and environmental improvements in global textile production. It is also a multi-stakeholder initiative and brings together companies, associations, NGOs, standards organisations, unions and the German government. We have been a member since 2015.



### bluesign® system

The bluesign® system refers to product safety as well as environmental protection and occupational health and safety throughout the entire textile production chain. We have been a bluesign® system partner since 2013. The aim of the partnership is to develop safe products that are monitored at every stage of the manufacturing process. The intention is to eliminate the use of substances harmful to the environment, climate and health. Within the context of the partnership, we liaise with bluesign technologies with the aim of optimising the safety of ingredients used in our products.

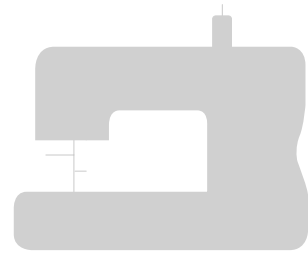


### GIZ

GIZ, Deutsche Gesellschaft für Internationale Zusammenarbeit, a service provider in the field of international cooperation for sustainable development and international education work, is dedicated to shaping a future worth living in around 120 countries around the world. Since 2019, we have been working together with GIZ through our university cooperation in Bangladesh.



You'll find information on our sustainability activities at [engelbert-strauss.de/en/sustainability](https://engelbert-strauss.de/en/sustainability). We welcome your questions and suggestions. Please send them to: [nachhaltigkeit@strauss.de](mailto:nachhaltigkeit@strauss.de)



# PRODUCTION

We work in partnership with the production sites. Within the context of this cooperation, a humane working environment and a responsible approach to nature are fundamental requirements for us in the manufacture of our products.

## PRODUCTION COUNTRIES

In 2022, our products were manufactured in 28 countries in Asia, Europe and Africa. Most of our manufacturing takes place in partner businesses in Asia, especially Bangladesh, China, Vietnam and Laos.

We mainly produce in Asia because many of our partner businesses there have acquired specific expertise and technology through long-term specialisation. This know-how and infrastructure enables us to live up to our quality standards. At the same time, the textile industry is an important economic sector in some Asian countries.

Stable, close partnerships have developed over the many years of cooperation with our international partners. We consider these fundamental to ensuring the quality of our products, creating technically sophisticated collections and providing mutual development opportunities. It is important to us and to our production partners that we can count on each other, especially during tough times. This reliability and stability of our relationships is also reflected in the figures: we have already been working with almost 70 percent of the businesses for six years or more. In total, these produce just under 90 percent of our clothing. Indeed, we have been cooperating with four businesses for over 30 years.

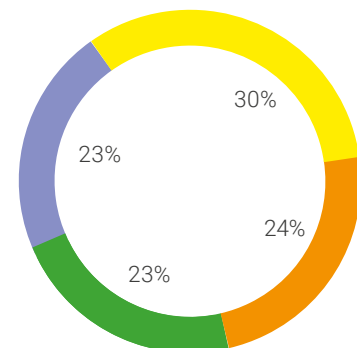


Most of our production partners are primarily sewing businesses that assemble our workwear from individual textile components. Fair Wear Foundation is focused on this stage of the manufacturing process. There is still little automation in the majority of sewing businesses and that is why most people are employed there. The organisation believes that companies like Engelbert Strauss can have the greatest impact on working conditions in production.

We list all of the sewing businesses that manufacture our products on pages 27 to 29. We also publish the names and addresses of the businesses on the Fair Wear Foundation website at [www.fairwear.org](http://www.fairwear.org).

## DURATION OF THE COOPERATION WITH THE PRODUCTION PARTNERS

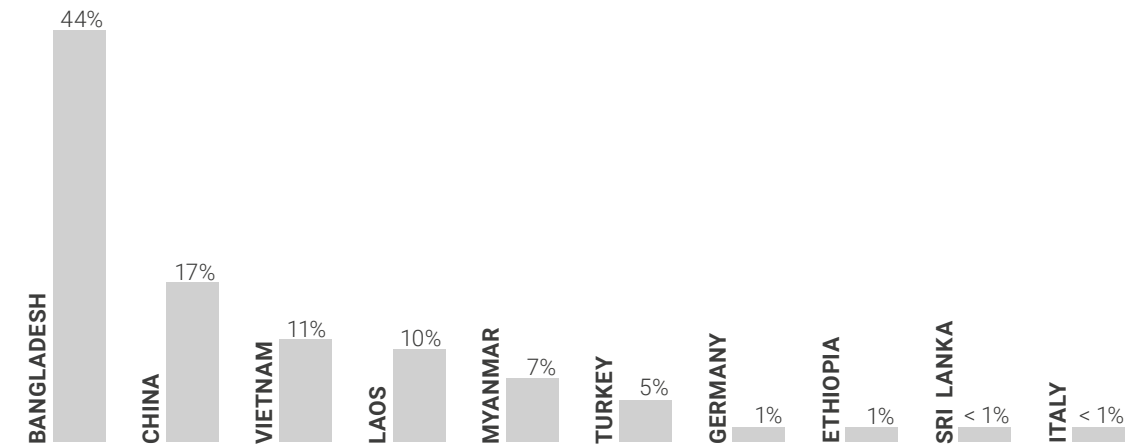
(Number of production sites in percent)



0 - 5 years  
6 - 10 years  
11 - 15 years  
over 15 years



## OUR TOP 10 PRODUCTION COUNTRIES BY PURCHASE VOLUME IN 2022



### 1. BANGLADESH

44 percent of our products are manufactured in a total of 12 businesses in Bangladesh. All in all, some 16,000 workers are involved in manufacturing our clothing in the country. In 2022, we also inaugurated our new CI Factory in Chattogram.

### 2. CHINA

Most of our production sites are located in China, with 33 businesses there manufacturing around 17 percent of our products, some for over 20 years already.

### 3. VIETNAM

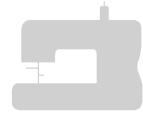
Around 11 percent of our products are manufactured in Vietnam, where we work with nine production sites. One of these manufactures exclusively for Strauss, while our orders account for over 90 percent of production at another.

### 4. LAOS

A partner business in Laos with some 3,000 workers produces around 10 percent of all Strauss clothing. We have been in partnership for 17 years with this business, which manufactures exclusively for Strauss.

### UKRAINE

We do not work directly with any production partners in Ukraine at this time. In early 2022, we were sourcing an extremely small share of our products (< 0.01% of our purchasing volume) through a German partner who was cooperating with a Ukrainian business up until the moment when the war broke out. The city in which the production site is located was not directly affected by the attacks. We liaised continually with our partner in 2022 in order to check on the workers' well-being. Fair Wear Foundation's guidelines were also helpful to us in this respect. In parallel to this, we cooperated with the German Federal Agency for Technical Relief (THW) on a special transport bringing urgently needed clothing to the crisis regions along the Romania-Ukraine border.



# CI FACTORY CHATTOGRAM – DESIGN AND DEVELOPMENT CENTRE

## PROUDLY MADE IN BANGLADESH

It all began back in 2006 – with simple T-shirts. Today, we manufacture textile products of the highest standard with our local partners.

Moreover, we have been producing sophisticated cargo trousers and high-quality winter jackets in Bangladesh for more than a decade. Our partners' production facilities are among the best in Bangladesh and the wages paid at the largest of them are far higher than what is typical for the country. By investing in technical infrastructure and training and by working closely with our partner businesses, we have been able to create the necessary conditions for the manufacture of sophisticated products. And this also means greater added value in Bangladesh.

*"I've been impressed by Bangladesh from the outset. I've met people there with the courage to invest and desire to innovate. Together with our long-standing partners, we have been able to create the necessary conditions for the manufacture of highly sophisticated products – and this also means greater added value in Bangladesh."*

**Henning Strauss**

## ENGELBERT STRAUSS INVESTS IN THE FUTURE

**Sustainable ideas and action are needed at an economic, environmental and social level in order to thrive and survive. Engelbert Strauss continues to invest in research for the development of its textiles. Having already commissioned the CI Factory Germany production facility in 2020, the company opened a sister manufacturing site in rural southern Bangladesh in 2022. Together they form a production tandem for customised workwear. As a think tank, our campus in the paddies is also closely linked with the Chair for Sustainability and Textile Innovation endowed by Strauss.**

Some 220 people are currently employed at the Chattogram location in everything from product development, sales and marketing through to manufacturing. Thanks to the tandem setup between the CI Factory Chattogram and CI Factory Germany, we are able to produce small-scale series and, in particular, workwear tailored precisely to customer requirements.

The clothing industry has been the driver of economic growth in Bangladesh for the last four decades, creating more jobs than any other sector. The textile and clothing industry has also made



progress towards meeting international social and environmental standards. Women have especially benefited from these efforts over the past decade, and now account for the majority of workers in the industry.

Strauss wants to prioritise female empowerment in Bangladesh in particular. "Women in Bangladesh have already acquired a measure of self-determination and financial independence through labour market participation in the clothing industry, but further progress is needed," said Steffen Strauss. He feels it is important to consider the various opportunities presented by the new production site. "It gives our company a way to help shape social conditions."

We certainly appreciate how well our company has developed. Much of this is attributable to those involved in our business activities. Most especially, it is thanks to the people who manufacture our products. Bangladesh is particularly significant for Engelbert Strauss in this regard and has become our most important production country over the years. That is why we are investing in the location, and in a sustainable manner.

The CI Factory Chattogram is closely linked with our university cooperation. In 2020, Strauss established the first Chair for Sustainability and Textile Innovation at Ahsanullah University of Science and Technology (AUST) in Dhaka. The campus in the paddies serves as a think tank, and is intended to give students from Dhaka and Germany an opportunity for dialogue and

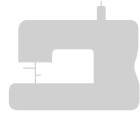
exchange in the future. Its proximity to regular production makes it unique, with vertical large-scale manufacturing operations located directly alongside. This means we can provide extensive training to young employees in the style of a think tank.

Engelbert Strauss has been manufacturing the majority of its products in partner businesses in Asia for many years. During this time, Bangladesh has become our most important production country. "The CI Factory Chattogram and the Chair for Sustainability demonstrate our confidence in the country. Workwear is a sophisticated product that requires skilful textile engineering and modern, sustainable production methods," said Henning Strauss. Together with long-standing partners and thanks to joint investments, he says it has been possible to create the conditions needed to manufacture sophisticated products. "We are delighted beyond all measure to have achieved this in a country that is only getting started in terms of its economic development in many sectors."

**"Nothing is more sustainable than education – it's the most sustainable form of social and environmental engagement. Education shapes how we think. This will benefit the country and its people for generations."**

**Steffen Strauss**





# RESPONSIBLE PURCHASING PRACTICES

## WHAT DEFINES OUR COOPERATION WITH PRODUCTION PARTNERS?

**Long-term partnerships, a stable product range and trust – these define our relationships with our production partners. We consider social and environmental issues during product development and procurement. We choose new suppliers carefully and help our existing partners to make the changes needed to meet our high social and environmental standards.**

### HOW IS PRODUCTION STRUCTURED AT ENGELBERT STRAUSS?

As much as 80 percent of our footwear and clothing range consists of largely unchanged products. We only tweak the design or functionality, if anything. Beyond our permanent range, we present new products twice a year – in our spring/summer and autumn/winter collections. In parallel to this, we launch limited small-batch series from time to time.

We work directly with most suppliers, rather than through intermediaries. This allows us to have the greatest influence on quality and local working conditions. Thanks to our long-term business relationships, production partners can plan with certainty. There is also less time pressure in production, as a permanent range guarantees long production runs. This means that production capacity can be better planned, helping to avoid overtime. Workers then benefit from greater job security.

### HOW LONG DOES IT TAKE TO DEVELOP A PRODUCT?

It takes around one year from the design stage to having a product that is available to order. We always work one year in advance, in parallel to the current season. We issue our production releases and orders four to six months in advance so that our production partners have the freedom to plan accordingly. If there are any national public holidays during this time, we place our orders earlier to account for this.

### HOW ARE PRICES SET?

Whenever we develop new products, we give our partner precise specifications with regard to design, material and function. Based on this, the partner proposes a price. If this does not seem reasonable to us, we jointly seek a solution in order to find a fair price for both parties. For example, we might adapt the technical requirements of a product in order to lower the price. In the event of a rise in the minimum wage in a production country, we adjust prices accordingly in dialogue with our partners.

### WHAT CRITERIA APPLY WHEN SELECTING NEW PARTNERS?

Quality, price, performance and sustainability – these are the most important criteria for us in deciding whether we want to work with a supplier. With regard to sustainability, potential production partners must commit to meeting our requirements and those of Fair Wear Foundation. We see their agreement to observe our Code of Conduct as the basis for a partnership. Every production site has to fill out a self-assessment form,

which provides us with valuable information about the production conditions. Additionally, it highlights to businesses the aspects of working conditions and environmental protection that are important to us. Analysis of available audit reports and visits to new production sites help us assess whether the businesses already meet our standards or have the potential to do so.

### HOW DO WE ADDRESS RISKS IN SUPPLY CHAINS?

As part of a comprehensive risk analysis process, we regularly ascertain the extent to which human and worker rights are implemented in all existing and, in particular, new production countries. This allows us to identify specific risks for our supply chains. We use the results as the basis for selecting new production countries and partners, planning audits and training sessions, and setting objectives for ourselves.

Working together with our production partners within the framework of the Strauss sustainability programme, we take action to prevent, mitigate or eliminate the identified risks. This programme encompasses not only the Code of Conduct for suppliers, an assessment of new businesses and an analysis of the situation in each country, but also regular on-site audits, corrective action plans, a complaints procedure, supplier training and follow-up visits. We take a look at these elements in the following pages.

The intensity of our cooperation with a production partner in respect of social and environmental standards increases with the purchasing volume handled by them, the length of our business relationship and the severity of the identified risks.

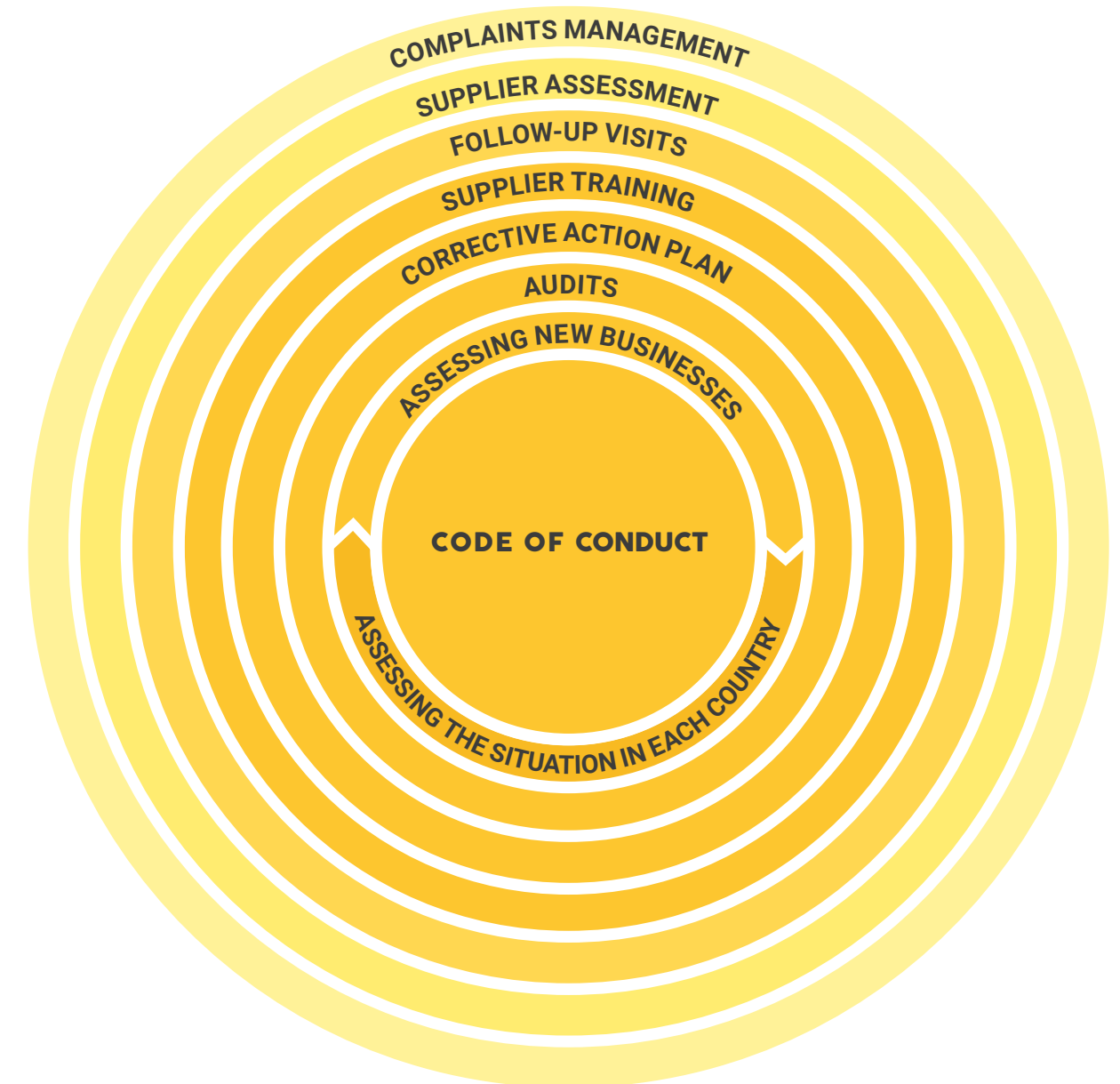
Our sustainability team and Purchasing department coordinate closely for the selection of new suppliers and further development of existing partners. They also work together to scrutinise the extent to which our purchasing practices – including our prices, lead times and order volumes – affect local working conditions, and make the necessary changes when required.

### DOES THE SUSTAINABILITY PERFORMANCE OF BUSINESSES IMPACT PURCHASING DECISIONS?

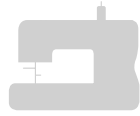
If partners perform well, this has a positive influence on our production and purchasing decisions. If they do not adhere to our requirements and show no progress or will to improve, we sever our relationship. Before making this decision, we consider the possible impact on local working conditions and coordinate at an early stage with our production partner in order to avoid putting jobs at risk if at all possible. However, terminating a cooperation is only ever a last resort for us. We much prefer to give our partners opportunities and to assist them to develop themselves and fulfil our specifications.



## OUR SUSTAINABILITY PROGRAMME FOR PRODUCTION PARTNERS







# CODE OF CONDUCT

## THE KEY POINTS OF OUR SUPPLIER CODE OF CONDUCT

Our requirements in respect of appropriate working conditions and protection of the environment in our production sites are summarised in our Code of Conduct. The code forms the basis for our collaboration with our production partners.

the OECD Guidelines for Multinational Enterprises, and internationally recognised environmental standards. In terms of content, our Code of Conduct is in line with the strict Fair Wear Foundation Code of Labour Practices.

Our Code of Conduct is based on the conventions of the International Labour Organization (ILO), the United Nations Universal Declaration of Human Rights (UDHR), the Global Compact,

You will find the complete Code of Conduct, which is binding for our production partners, at [engelbert-strauss.de/sustainability](https://engelbert-strauss.de/sustainability)

### MANAGEMENT PRACTICE

It is expected of every production partner that fulfilment of the Code of Conduct and the statutory provisions is implemented through systematic management practices. This includes all employees being informed of all rights and obligations arising from the code. If the standards have not yet been achieved, the production partner has an obligation to define corrective actions and to implement these within a reasonable timeframe. All employees must be given a written contract of employment that sets out all duties pursuant to labour and social welfare legislation. In addition, Engelbert Strauss does not tolerate any form of corruption or bribery.

### ENVIRONMENTAL PROTECTION

The company is required to minimise the impact of production on the environment. It must adhere to all statutory regulations and/or internationally established standards or industrial standards relating to environmental protection in commercial operations. Operational environmental protection demands inter alia appropriate handling and disposal of environmentally hazardous substances, waste and water, the reduction of emissions and water consumption and an increase in energy efficiency.

### REASONABLE HOURS OF WORK

Working hours must at least meet the requirements of the law. Regular working hours may not exceed 48 per week. Overtime must be voluntary. The maximum amount of overtime permitted per week is 12 hours. The employee must be granted at least one day off per week. (ILO Conventions 1, 14 and ILO Recommendation 116 apply.)

### OCCUPATIONAL HEALTH AND SAFETY

Employees must be provided with healthy and safe workplaces. The best possible solutions for industry-specific occupational health and safety must be sought. Preventive measures must be implemented at least in accordance with the legal requirements and include building safety and stability, fire safety, machine safety, chemical safety and emergency medical care. (ILO Convention 155 and ILO Recommendation 164 apply.)

### FAIR COMPENSATION

The compensation paid for regular working hours must reach the applicable statutory minimum wage and be sufficient to cover the cost of living and to have money left over for discretionary spending. The wage paid should therefore be a living wage. All overtime worked must be remunerated at the statutory additional rate and all statutory wage components must be granted. If there are any deductions from wages, these must conform to the statutory regulations. Employees must receive written and understandable information about the precise composition of their remuneration for each accounting period. (ILO Conventions 26, 102 and 131 apply.)

### NO DISCRIMINATION

Unequal treatment based on personal or group-specific characteristics such as ethnic or national origin, skin colour, language, political or religious beliefs, sexual orientation, gender, age, family responsibilities, marital status, disability or membership of a labour organisation or union is not permitted. (ILO Conventions 100, 111, 143, 158, 159 and 183 apply.)

### PREVENTION OF CHILD LABOUR

No children may be employed under the age of 15 or who have not completed statutory compulsory education. In relation to young workers, adherence to youth protection laws must be ensured. The work entrusted to them must not constitute a danger to health, safety or morals. Young workers should be allowed to take part in vocational training or enabled to participate in training programmes. It must be ensured that no form of slavery or trafficking of children takes place. (ILO Conventions 79, 142, 182 and ILO Recommendation 146 apply.)

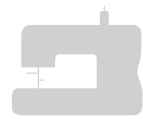
### FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

All employees are to be given the statutory right to form or join trade unions. The right to collective bargaining is to be recognised. Where legislation relating to union rights is limited, employees should be allowed to find an alternative form of representation of employees' interests. It is necessary to ensure that employee representatives are not exposed to harassment, discrimination, intimidation or reprisal. They must have free access to the workplace, in accordance with the legal provisions. (ILO Conventions 87, 98, 135, 154 and ILO Recommendation 143 apply.)

### EMPLOYMENT IS FREELY CHOSEN

The working relationship must be voluntary. This also includes all employees being allowed to leave the production facility site at the end of their regular working hours. All forms of illegal disciplinary measures are prohibited. (ILO Conventions 26 and 105 apply.)





# AUDITS

## HOW DO WE AUDIT THE BUSINESSES?

Regular audits are conducted to review and rate the extent to which production sites are adhering to the requirements of our Code of Conduct. We commission an independent auditing organisation or Fair Wear Foundation auditors to carry out these audits. Fair Wear Foundation also performs independent audits of selected production sites.

### HOW DOES THE AUDIT PROCESS WORK?

In the course of their checks, the auditors talk to the local managers, analyse relevant operational documents, inspect the entire production plant and conduct confidential discussions with the workers and their representatives. The audit team always has a certified SA8000 advanced lead auditor and a member who speaks the local language. We generally announce audit visits in advance. This ensures that everyone with the relevant responsibility is present. Engelbert Strauss bears the costs for all site audits and follow-up visits.

We often conduct joint audits with other brand companies that have items manufactured in the same production sites as ourselves in order to increase our influence on suppliers and make efficient use of resources.

### BLENDING MONITORING

Blended monitoring is a new audit format that enables us to conduct audits even in cases where full on-site audits are not possible. It combines elements of both traditional and virtual audits. The virtual part comprises a survey of management and worker representatives via video call, an inspection of the entire production site and comprehensive documentary checks. We already discuss deviations from our standards after the virtual part, and then define corrective measures. Once it becomes possible to visit the respective partner business again, the auditors supplement the results by reviewing a random selection of documents, conducting an on-site tour and holding interviews with workers.

### WHAT HAPPENS IF AREAS FOR IMPROVEMENT ARE FOUND?

If any deviations from the required standards are identified during an audit, the auditors discuss these with the managers responsible and, if there are any, the workers' representatives while the audit is still ongoing. Together we draw up a binding corrective action plan (CAP). This lists all necessary improvements and sets out actions and realistic timeframes for rectifying the deficiencies. We assist the production sites in analysing the reasons for the deviations, make suggestions for improvements and review implementation of the action.

Depending on the audit outcome and the extent to which a production site shows subsequent improvement, we arrange for auditors to pay another visit. Our colleagues from Product Development and Purchasing are also at the production sites several times a year. During their visits, they check whether and to what degree the previously deficient points have been improved. We also offer our production partners further training.

### ASSESSMENT SYSTEM

When auditing sites for us, the auditors assess each business on the basis of the nine criteria set out in our Code of Conduct. For each criterion, they award points on a scale of 1 to 10. In essence, the auditors examine the extent to which processes are firmly established in each site's systems so as to avoid deviations. We audit our suppliers about every three years. The extent to which social and environmental standards are established in the respective country, a site's performance in previous audits and how much they produce for us are some of the factors that determine whether we plan an audit.

# AUDIT RESULTS 2022

## HOW DID THE BUSINESSES PERFORM IN THE AUDITS?

Almost all Engelbert Strauss workwear comes from audited production partners. The businesses that jointly manufacture 91 percent of our range have all been audited at least once in the last three years. This is well in excess of our 80 percent target. In the last two years in particular, we were again able to conduct numerous audits following wide-ranging restrictions in 2020, the first year of the coronavirus pandemic.

In 2022, we conducted 34 audits of the working conditions at our production partners – 29 of these at partner businesses and five at subcontractors to these. In four follow-up visits to other sites, our auditors also compared the progress made to the previous year's audit results. In one further visit, they examined improvements implemented on site following the results of a Worldwide Responsible Accredited Production (WRAP) audit.

Coronavirus-related travel restrictions and social distancing requirements were still a factor in some countries in 2022, but we had already begun in 2021 to find new ways to assess working conditions. Where a full on-site audit was not possible, our auditors used a blended monitoring format. In 2022, we completed four such blended monitoring audits in Vietnam that had been initiated the previous year. The robustness of the virtual audit results actually exceeded our expectations. We also noticed a motivational effect: having corrective action plans in place at an early stage meant that the businesses worked hard to implement the defined measures in anticipation of the subsequent on-site visit.

We also reviewed audit reports and corrective action plans from other audit organisations based on Fair Wear Foundation's strict guidelines. In total, around 90 percent of the audits were carried out on our behalf by our external audit partners or Fair Wear Foundation. The remaining ten percent were conducted according to the Sedex Members Ethical Trade Audit (SMETA) standard.

### TO WHAT DEGREE ARE OUR PRODUCTION PARTNERS MEETING SOCIAL AND ENVIRONMENTAL STANDARDS?

The table shows the average points scored by the audited businesses in the respective countries. They were found to be mostly fully compliant with our Code of Conduct in respect of the 'discrimination' and 'protection of children and minors' criteria. This means that the businesses have control mechanisms for ruling out child labour. The auditors found a need for development in the management of social and environmental standards in around a third of the businesses. There was also potential for improvement in occupational health and safety in most businesses – however in non-critical areas.

Our partner businesses audited in Vietnam, Laos and – in respect of almost all criteria – Sri Lanka fared particularly well. In fact, their results exceeded our requirements in some cases. We identified the greatest need for improvement in Myanmar and Pakistan. Since the audits, the businesses have been working diligently with our support to eliminate the deviations from our Code of Conduct. Detailed results for the individual countries can be found on the following pages.

# 76%

Overall, 76 percent of the businesses were fully or largely compliant with the requirements of our Code of Conduct.

# 15%

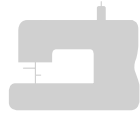
Improvements were recommended for 15 percent of the production sites audited, and deemed necessary in the case of another 9 percent.

## SCORES ACHIEVED BY THE PRODUCTION SITES IN 2022

(average per country and assessment criterion)

	Management practice	Reasonable hours of work	Compensation	Protection of children and minors	Employment is freely chosen	Freedom of association and collective bargaining	Discrimination	Occupational health and safety	Environment
Albania	6	7	7	8	8	8	8	6	7
Bangladesh	6	7	7	8	8	7	7	6	6
China	6	5	6	7	7	7	8	6	7
Italy	6	7	7	8	7	7	7	7	7
Laos	8	8	9	9	8	7	8	6	7
Myanmar	5	6	5	6	6	5	7	5	5
Pakistan	4	5	5	6	6	6	6	6	6
Sri Lanka	8	8	9	9	8	8	9	5	6
Turkey	7	7	7	8	7	7	8	6	7
Vietnam	8	8	8	8	8	8	8	7	8

- 10 Outstanding level of commitment
- 9 Approaching a level of commitment above the specifications
- 8 Compliant with the Code of Conduct
- 7 Largely compliant with the Code of Conduct
- 6 Improvements recommended
- 5 Improvements needed, though in non-critical areas
- 4 Improvements needed
- 3 Cause for concern
- 2 Cause for great concern
- 1 Not acceptable



## AUDIT RESULTS BY COUNTRY

# ALBANIA

**Albania is a small European country with a population of just under three million. Its most important export products include shoes and clothing, which together account for almost 44 percent of exports. Following an economic downturn in 2020 on account of the coronavirus pandemic, workers and companies were highly dependent on the placement of new orders. The economy has recovered over the past two years.**

Two of our Italian production partners have shoes manufactured at their own sites in Albania. We had both production sites audited in 2022 and found that almost all legal requirements and the provisions of our Code of Conduct for suppliers were being met. All workers had permanent employment contracts and were receiving at least the statutory minimum wage (on average even 10 to 15 percent more), along with all statutory wage components as well as voluntary attendance and annual bonuses. The

few cases of deviations found were based on a lack of knowledge or a different understanding by management. Working hours were also within the limits of the requirements, with only a few instances of excessive overtime.

The auditors rated the atmosphere and collegiality in both businesses as good. While they did not find any systematic violations in respect of the 'employment is freely chosen', 'discrimination' or 'worker participation' criteria, they did identify some potential for further improvements in their implementation. Both businesses have put in place reliable processes for ruling out child labour. The auditors found deviations from the Engelbert Strauss Code of Conduct in the area of occupational health and safety. The management teams at both businesses took these issues very seriously and resolved them directly following the audits, which we were able to follow-up on and verify.



# BANGLADESH

**Bangladesh is one of the world's biggest textile exporters. The textile sector is also very important to the country's economy, accounting for 80 percent of all exports. Although the production sites were allowed to continue operating during the coronavirus pandemic, a decline in orders in the industry coupled with high inflation and energy prices have had wide-ranging consequences.**

Over the years, Bangladesh has become our most important production country. In this time, we have developed a close relationship, built on trust, with our partner businesses there. For many of them, our steady orders account for a large share of overall capacity. We are thus helping to safeguard the incomes and knowledge of the people who make our sophisticated clothing.

We had seven partner businesses audited in 2022. This also included a SMETA audit, which confirmed the previous year's findings. We arranged follow-up visits to three businesses that had been in need of improvement.

The partner businesses demonstrated a high level of cooperation during the audits. Challenges were evident mostly in the areas of management practice, occupational health and safety, and environmental protection on site. We have discussed the necessary improvements with the businesses – and are closely monitoring their implementation.

One area of general focus for us is that of fire and building safety. An engineer was commissioned to review the implementation of existing action plans and highlight outstanding areas for improvement during the audits. For all businesses in Bangladesh that were not audited in 2022, we also reviewed the state of implementation of their action plans.

All businesses had complied with legal requirements to establish worker representation. Such representatives advocate for, among other things, worker welfare and appropriate treatment of harassment in the workplace. Fortunately, there were also fewer instances of excessive working hours, which were within an acceptable range for almost all businesses.

Our wage analyses confirmed that the wages paid by our largest production partners in Bangladesh are far higher than what is typical for the country. The wages of job starters were at least equal to the statutory minimum wages, the wages of skilled workers were in the living wage range. Any downgrading of the wage payment rating mostly related to a lack of remuneration for days off or inadequate final accounting when workers left a business.

As there is no public health insurance system in Bangladesh, all businesses are required by law to provide medical care for their workers. One of our long-standing partner businesses, which manufactures a considerable share of our goods, even goes much further than this and offers its workers free access to an in-house clinic employing several medical specialists.





# CHINA

**China is the world's largest producer and exporter of clothing. The country accounts for more than half of global textile and clothing production and over 30 percent of all clothing exports. Despite the pandemic, strict lockdowns and travel restrictions, both domestic and international, China's textile and clothing exports grew steadily in 2022. Given that it represents around 17 percent of our purchasing volume, China is also an important production country for us.**

Far fewer audits were conducted in 2022 than planned on account of the very strict travel restrictions. Nevertheless, four audits and five follow-up visits (two on site and three virtual) went ahead. The three virtual follow-up visits comprised a management interview, document check and virtual tour. Only the interviews that would otherwise have been conducted with workers for information comparison purposes were not possible in this format. We were also able to accept two suitable external audit reports and apply our assessment scheme to these.

Frequently identified challenges related to overtime and fair compensation. The latter mainly resulted from the fact that workers are often paid on a piecework basis. In such cases, it must be ensured that they end up earning at least the statutory minimum wage during their regular working hours. This was often not documented or calculated in the audited businesses. In addition, multiple audits found that not all workers were registered for social security.

Deviations in respect of occupational health and safety were also discovered in many instances, especially in the handling of chemicals. There were further deviations in the area of worker participation, although there have already been many improvements in this regard over the years. Child labour was ruled out in the businesses visited. The auditors explained to management the steps that needed to be taken and we are tracking their implementation.

# ITALY

**Italy is traditionally a manufacturing country for high-quality shoes. Our partner businesses are family companies with fewer than 100 workers. There are well-established social and environmental standards in this European country. Given the risk of unsatisfactory working conditions for illegal immigrants, however, we no longer consider Italy a low-risk country. Having said that, all of the workers in our audited partner businesses are employed on a lawful basis. The collectively agreed wage level in Italy is relatively high and comparable to that of Germany.**

Practically without exception, the auditors confirmed the excellent implementation of our requirements in two of the audited businesses: both factories proved compliant or largely compliant with our Code of Conduct for almost all criteria. They received a high score in respect of 'hours of work', 'compensation', 'protection of children and minors' and 'employment is freely chosen' in

particular. The working hours were reasonable and the wages far higher than the negotiated minimum level.

Across all audited production sites, evidence of considerable, yet non-critical, potential for improvement was discovered in just one business, namely in the areas of management practice, hours of work and compensation. We are working together with that business to track the implementation of a detailed catalogue of optimisation measures.

What made the situation exceptional was that Italy had introduced legislation permitting factories to lay off workers aged 50 and over who decided not to be vaccinated against COVID, in some cases without wage compensation. However, none of the factories we visited had done so. Non-vaccinated workers were simply required to provide proof of a negative test result on a regular basis but were otherwise welcome to come to work.

# LAOS

**Textiles and clothing account for almost four percent of exports in Laos. The economic development process in this country of seven million inhabitants suffered a severe setback on account of the coronavirus pandemic: the national currency lost 68 percent of its value, consumer prices surged by 37 percent and many people became unemployed.**

We have already been working for a good number of years with our production partner in Laos, who manufactures exclusively for Engelbert Strauss. This means we have a great responsibility towards the workers in this business and it is important to us that the employment situation remain stable, even at times of reduced demand. Accordingly, while the amount of overtime was low in 2022 and vacated positions were not refilled, nobody was let go.

The production site has been audited for a fourth time already and the results were very satisfactory. Indeed, there were even improvements in some areas compared to previous audits. All workers are permanent and many of them have been working

there for a long time. As a result of bonus schemes, the workers earn more than twice the statutory minimum wage in Laos and can take advantage of in-house development opportunities. For example, the present HR manager is now 23 years with the company, having started there as an assistant. Men and women have access to the same development opportunities. Women account for 87 percent of the entire workforce and 81 percent of management.

The company already granted co-determination rights in the past. These are asserted by elected worker representatives and the activities are well documented. A functioning trade union has also been established. The auditors recommended a number of improvements and discussed the measures required in the areas of occupational health and safety and environmental protection on site.

# MOROCCO

**The Kingdom of Morocco serves as a vital link between Europe and Africa and has been a new procurement market for Engelbert Strauss since 2022. Textiles and clothing account for around 10 percent of all Moroccan exports.**

In 2022, a long-standing German partner began manufacturing products on our behalf in Morocco. This partner is also a Fair Wear Foundation member and has been working with the local production site since 2013. Fair Wear Foundation had already audited our new Moroccan partner business several times. Management and worker training had also been conducted there. The company has improved management structures and worker participation, while investing in a new building and measures for greater occupational health and safety. The workers are paid at

least the statutory minimum wage. Indeed, the average wage is actually higher than this as many of the workers have been with the business for a long time. Although progress has been made since earlier audits, areas for improvement were still found in respect of occupational health and safety and also environmental protection. We are following up the improvements together with our production partner.



# MYANMAR

We have been working with a production site in Myanmar for many years. The country faces numerous challenges. A coup was staged in February 2021 by the military, who seized full power, thus wiping out much of the progress made to date and the elements of democracy previously introduced. The military exerts influence over the judicial system, suppresses freedom of expression and prohibits independent trade unions and workers' organisations.

To ensure that workers' rights are being upheld in our partner business and its subcontractor, where our logo is applied, we had both businesses audited in 2022. The workers interviewed stated that they are very happy and grateful to have these jobs.

The audits established that the businesses have improved their management of social and environmental standards compared to previous audits, but there is still significant room for improvement in some fundamental areas. While many processes have been defined, implementation is patchy. Moreover, employment contracts with workers are frequently not concluded within the prescribed time frame. In respect of the subcontractor, the auditors identified gaps in the documentation of the hiring process, which is intended to fully ensure the protection of juveniles. However, no actual employment of minors was established.

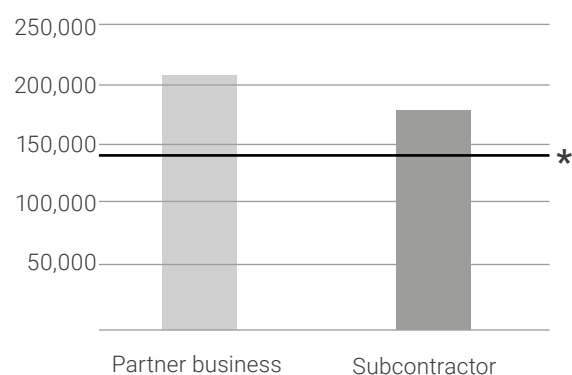
The production site now has elected worker representatives – a further sign of progress. However, meetings were not being held on a regular basis, but only as problems arose. Through dialogue, we are working to clarify how the workers might receive more efficient representation. At both businesses, there was still plenty of room for improvement in the areas of occupational health and safety and environmental protection. While good fire safety measures were already in place, there was still a lack of knowledge and experience, particularly in relation to the safe handling of chemicals and the separation and disposal of waste.

Overtime was down on previous years. However, the auditors found that some workers were failing to take their prescribed breaks at times, in order to boost their income. All workers receive at least the statutory minimum wage as well as an attendance bonus and have the opportunity to earn performance bonuses. Those whose wages are at or just above the level of the minimum wage are generally young and inexperienced, while most of the workers earn considerably more.

Given the need for improvement and the challenging situation in the country, we are working closely with our partner and assisting them in their further development. We have already been able to arrange management training aimed at enhancing knowledge and skills at both businesses.

## AVERAGE WORKER WAGE

including non-performance-related bonuses, excluding overtime (in Kyat)



\* Statutory minimum wage - 148,800 Kyat

## OUR DECISION REGARDING MYANMAR

Our long-standing production partner in Myanmar mainly manufactures Engelbert Strauss products – and we therefore feel a deep responsibility for the workers. The incomes of several hundred people employed at the production facility depend on our partner.

On several occasions, employment law experts have called on textile manufacturers to leave Myanmar in order to cut off a source of capital for the military government. However, it is questionable whether such a step could bring about a swift collapse of the regime. As a responsible family business, Strauss wants all of the people along the supply chain to have a secure livelihood. It is important to us to stand with the people of Myanmar at this challenging time in particular and thereby ensure some semblance of economic stability for them and their families. This conviction is shared by other textile manufacturers, too. We are in constant dialogue with our production partner, Fair Wear Foundation and non-governmental organisations operating on the ground, and are continuously assessing the situation and our decision to manufacture in Myanmar.

# PAKISTAN

Pakistan is a country shaped by tradition and Islam. There is a large gap between rich and poor. Although the country made steady progress for many decades up until the coronavirus pandemic, poverty figures have begun rising again. In addition to the effects of the pandemic, the country also suffered severe flooding in 2022.

For the most part, we maintained our order volume again in 2022. This is a basic prerequisite for safeguarding the jobs on which so much depends at this time. Fortunately, all production partners were able to confirm to us that their businesses were not in areas hit by flooding and the workers were therefore safe. We conducted two audits in Pakistan in 2022 to ensure that the working conditions met our standards.

In one partner business, the auditors were able to carry out their usual inspections to determine whether the working conditions were in line with our requirements or were moving in that direction. They found only a few areas with potential for improvement. In another business, however, the team were restricted in their

ability to investigate compliance with our Code of Conduct as factory management opposed the audit. We have since been liaising closely with management and the production partner based in Germany to raise awareness of the need for open cooperation and further develop the social and environmental standards.

Due to cultural factors, the audits in Pakistan focus on discrimination, especially gender equality. Thankfully, the factories audited have developed a good internal culture of respect, which was also confirmed by the workers. Despite a lack of transparency in part, it was possible to rule out high-risk scenarios in the area of occupational health and safety, where the measures in place are of a high standard. Even in the factory in which the auditors encountered a certain reluctance to cooperate, no critical situations were discovered, and progress is being made with gaining access to all documents and working conditions. A follow-up audit of the production site conducted by another independent accreditation body already turned out better. We therefore feel vindicated in our decision to continue working with the business.

# SRI LANKA

Sri Lanka is an island nation located off the southeastern coast of India. It has a population of 22 million. The country had long been considered a role model due to its high literacy rate and relative prosperity. However, it suffered its worst economic crisis since independence (1948) in 2022, triggered by the consequences of the coronavirus pandemic. This provoked strong popular dissent and violent unrest, in the course of which the government also collapsed in summer 2022. A new president was appointed, but the situation remains critical.

We have only been able to conduct limited audits in recent years on account of the strict travel restrictions. Nevertheless, two in-person audits were conducted in 2022 in two large businesses where we mainly produce gloves, as is generally the case in Sri Lanka.

The results were very positive and give cause for hope. In particular, the production sites are better than average when it comes to the wages paid to the approximately 4,000 workers, who receive far more than is required by law. It was also found that the production sites are voluntarily providing numerous benefits and thereby serving as a good example for other businesses in the region. The only areas in which there was a slight need for improvement were those of environmental protection (chemical storage and waste separation) and occupational health and safety (electrical equipment, etc.).

As we did not limit our orders to the production sites, we were able to help safeguard employment there while the crisis was raging.



# FAIR WEAR FOUNDATION COMPLAINTS PROCEDURE

## FINDING SOLUTIONS TOGETHER

**In addition to the internal mechanisms put in place by our production partners, workers can turn to an independent body in the form of Fair Wear Foundation if they wish to file a complaint. This gives us another way besides audits and on-site visits to determine whether the requirements of our Code of Conduct are being met in the production sites.**

on behalf of workers. In principle, we welcome the submission of complaints, as it shows us that the system is established and workers trust the process.

Any complaint submitted to Fair Wear Foundation is dealt with promptly and forwarded to us. We investigate the complaint together with management at the relevant production site and work with them to find solutions. Ultimately, Fair Wear Foundation decides whether the complaint has been satisfactorily resolved. All complaints can be viewed on the Fair Wear Foundation website. We received three complaints in 2022, two of which have already been resolved.

In order to make it as easy as possible for workers to submit complaints, we insist that our production partners clearly display Fair Wear Foundation's information sheet in their sites. This makes workers aware of their rights and provides details of local Fair Wear Foundation contacts. Workers may also submit complaints anonymously if they wish. As the contacts speak the respective national language and are familiar with local cultural norms and values, trust can be quickly established. We explain the complaints procedure to management and workers during training sessions and visits. NGOs can also submit complaints

## 2022 COMPLAINTS

### Bangladesh #1207 – closed

#### Issues: fair remuneration, management practice

In April, a pregnant worker complained to our external audit partner that she had not received maternity pay since going on maternity leave. She stated that she had returned to the production site on several occasions in the meantime to demand the money, but in each case was asked to return at a later date instead. On receiving the complaint, we contacted the production site right away, which then immediately notified the worker that she could collect her money. The woman and the site then confirmed that the payment had been received. The issue was therefore resolved very rapidly. We were especially pleased with how quickly our production partner moved to action our request and do what was necessary.

Our sustainability team and our audit and consulting partner then paid the business a visit, during which we agreed a project for conducting further training there. Following this, the workers received training, processes were optimised and it was ensured that all workers were registered for social security and receiving at least the statutory minimum wage. As the complainant could no longer be reached in order to obtain further information or confirmation from him, Fair Wear Foundation decided to close the case.

### Pakistan #1309 – pending

#### Issues: fair remuneration, management practice

In November, we received a complaint from an NGO stating that 18 workers in a Pakistani production site who had been let go between November 2018 and February 2021 were still owed wages. By the time Fair Wear Foundation forwarded us the complaint, another two Fair Wear Foundation member companies also manufacturing at the same production site had already offered their support and the cases were heard in a Pakistani court. The production site has been very cooperative in helping to find a solution. A decision is expected sometime in 2023.

### Turkey #1226 – closed

#### Issues: fair remuneration, no discrimination

A worker complained in April, that his employer was not paying some workers the statutory minimum wage and that a number of Syrian workers were not registered for social security. Moreover, he criticised the fact that overtime had been greatly reduced. We then contacted management at the production site and requested the relevant wage and working time documents. Management confirmed that there had been a few instances in which they had hired workers who had not provided all documents needed for social security registration. Overtime had been reduced to the level permitted by law, as is required of the company under our cooperation.

## TURKEY

**Turkey is an important producer for European markets. Textiles and clothing account for almost half of Turkey's exports, some eight percent of which are destined for the German market. There were no longer any government-imposed COVID restrictions in 2022. State supports that had been put in place for businesses were also removed. In the second half of the year, many producers in the industry recorded a decline in order volumes on account of fiscal policy challenges and saw their costs rise sharply due to high inflation. The minimum wage in Turkey was increased twice to counter soaring consumer prices. Overall, the hike in the minimum wage amounted to around 100 percent.**

We produce textiles in Turkey, from jeans to socks. As in all other countries around the world, we want to assist our Turkish production partners and the people who work for them at difficult times. In 2022, our order volume in Turkey remained largely constant.

We audited four partner businesses during the year and conducted a comprehensive training programme at one production partner. We were pleased to find that all businesses were more transparent and open compared to previous audits and that management practice had further improved.

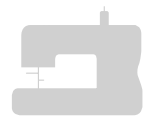
On average, wages were well above the statutory minimum at all of the businesses. It is common for workers in Turkey to receive additional non-wage benefits, such as free lunches and transport to and from work. One of the businesses voluntarily makes various extra support payments to workers, which primarily benefit families. In addition, companies in Turkey are obliged by law to appoint a trained occupational safety officer. Occupational health and safety has improved at all partner businesses since this legislation was introduced. While the results showed there was still room for improvement, overall the level is very satisfactory.

## VIETNAM

**After two extremely difficult years, the textile and clothing industry in Vietnam began to recover in early 2022. However, it again faced significant turbulence in the second half of the year, with many companies suffering a sharp decline in export orders.**

Our external partner was able to audit four production sites for us in 2022. For three of these, our partner's results were also confirmed by robust external WRAP audit reports. On account of the pandemic, our four audits already began in 2021 using a newly developed, partly virtual 'blended monitoring' format and were then concluded on site in 2022.

All businesses achieved a high score in the management of social and environmental standards. The auditors confirmed the payment of at least the statutory minimum wage at all production sites, and significantly higher at two sites, as well as the provision of numerous bonus schemes covering childcare, free or heavily subsidised meals, and more. Furthermore, child labour was ruled out in all production sites. In one business, some overtime in excess of the statutory maximum hours was established as well as a need for improvement in respect of occupational health and safety and also freedom of association and collective bargaining. The results in these areas were consistently good in all of the other audited businesses.



# SUPPLIER TRAINING

## TRAINING COURSES DESIGNED TO SUPPORT OUR PARTNER BUSINESSES

We want to help bring about a long-term improvement in social and environmental standards at our production partners' facilities. In addition to conducting our audits and supporting the implementation of corrective measures, we are intensifying our focus on this area by offering training sessions and seminars in our production sites. In particular, we make use of Fair Wear Foundation's Workplace Education Programme (WEP) for this.

Each WEP training is aimed specifically at the management team and workers in the individual production sites and familiarises participants with our Code of Conduct and the Fair Wear Foundation complaints procedure. The aim is to increase their awareness of their own rights and educate them on compliance with the Code of Conduct. They are also given the tools they need to engage in open dialogue and deal with

critical aspects. By increasing their awareness of important labour standards, in tandem with a functioning complaints procedure, we want to help to continuously improve working conditions.

In order to maximise the impact of these activities, the trainers speak the local language and are familiar with the cultural etiquette in the various countries. In terms of training, modules that cover the particular challenges and realities of the respective production regions are also offered. Despite continued travel restrictions on account of the coronavirus pandemic, we were again able to conduct more training in 2022 than in the previous year.

A total of 7 training courses were run in 2022: 3 WEP Basic courses in China and 4 WEP Violence and Harassment Prevention courses in Bangladesh and India.

### WEP BASIC TRAINING

- Informs workers of their rights and raises their awareness of appropriate working conditions
- Offers an introduction to the Code of Labour Practices, the Fair Wear Foundation complaints helpline and other complaint mechanisms
- Trains managers, supervisors and workers separately on these topics in two-hour sessions

### WEP VIOLENCE AND HARASSMENT PREVENTION TRAINING

- Training module for country-specific risks in Bangladesh and India (16-month programme)
- Focuses on the establishment of anti-harassment committees and the provision of support to these
- Offers help with the election of a committee and member training
- Offers assistance to committee members with the development and management of the committee
- Trains managers, supervisors and workers separately on these topics in five-hour sessions

**24** production site managers (7 women and 17 men) took part in the WEP Basic training programme in 2022.  
**96** workers (46 women and 50 men) took part in the WEP Basic training programme in 2022.  
**86** percent of the participants surveyed stated that the training had raised their awareness of their rights.

In addition to WEP training, Fair Wear Foundation also offers various other seminars which we recommend to our production partners. For example, one business in India took part in a seminar entitled 'Social Dialogue in the Garment Industry' at our suggestion. The goal of the seminar was to create a discussion platform for multilateral dialogue between factories on improving working conditions, with input from experts. In Indonesia, one production site accepted our invitation to take part in a seminar that covered

the implementation of legislative changes in businesses and the effects on production site managers and workers. The seminar aimed to raise awareness of political developments in the labour market and facilitate discussion of the consequences.

In addition, we conducted a tailored, intensive, four-month training programme at a production site in Turkey as we had noticed a need for improvement relating to some aspects of our Code of Conduct in previous audits. An external service provider held regular on-site meetings with our production partner to assist in process optimisation. In addition, the workers were taught the skills needed to maintain and continuously improve the management system that had been introduced.

# PRODUCTION PARTNERS

## FROM ALBANIA TO ZIMBABWE - THESE PRODUCTION PARTNERS HAVE MANUFACTURED FOR US IN 2022

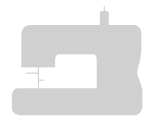
FAIR WEAR NO.	PRODUCTION COUNTRY	PRODUCT CATEGORY	YEAR OF STARTING BUSINESS	PURCHASING VOLUME	LAST AUDIT	AUDIT CONDUCTED BY
10853	Albania	Shoes	2004	0,41%	2022	External partner
13760	Albania	Shoes	2018	0,05%	2022	External partner
2910	Bangladesh	Textiles	2013	17,29%	2021	Fair Wear
9325	Bangladesh	Textiles	2013	16,52%	2020	Fair Wear
10876	Bangladesh	Textiles	2011	3,87%	2022	External partner
14459	Bangladesh	Textiles	2019	2,86%	2022	External partner
10861	Bangladesh	Textiles	2010	2,45%	2022	External partner
35411	Bangladesh	Shoes	2022	0,38%		
10963	Bangladesh	Textiles	2015	0,15%	2021	External partner
15425	Bangladesh	Textiles	2020	0,14%	2022	External partner
9686	Bangladesh	Caps & Hats	2016	0,14%	2022	SMETA
10845	Bangladesh	Gloves	2012	0,06%	2021	External partner
10957	Bangladesh	Textiles	2015	0,05%	2021	External partner
35185	Bangladesh	Textiles	2022	0,005%		
7847	Bosnia and Herzegovina	Textiles	2007	0,03%	2019	External partner
7584	Bosnia and Herzegovina	Textiles	2022	0,02%		
13782	Bulgaria	Shoes	2018	0,01%		
3289	China	Shoes	2012	3,10%	2021	External partner
10886	China	Textiles	2009	2,86%	2022	Fair Wear
10856	China	Shoes	2009	2,71%	2022	Fair Wear
10859	China	Shoes	2013	2,54%	2022	External partner
4591	China	Textiles	2004	1,76%	2022	Fair Wear
10868	China	Textiles	2008	1,66%	2021	External partner
11805	China	Textiles	2017	0,47%	2021	External partner
10928	China	Shoes	2009	0,36%	2021	BSCI
2127	China	Textiles	2005	0,25%	2022	SMETA
14451	China	Textiles	2019	0,22%	2021	External partner
10896	China	Textiles	2011	0,16%	2021	External partner
10863	China	Accessories	2010	0,16%	2021	External partner
11301	China	Caps & Hats	2002	0,14%	2018	External partner
33606	China	Textiles	2020	0,10%	2021	SMETA
14460	China	Shoes	2019	0,10%	2019	External partner
3140	China	Gloves	2008	0,09%	2018	External partner



FAIR WEAR NO.	PRODUCTION COUNTRY	PRODUCT CATEGORY	YEAR OF STARTING BUSINESS	PURCHASING VOLUME	LAST AUDIT	AUDIT CONDUCTED BY
10964	China	Shoes	2015	0,08%	2021	External partner
10921	China	Textiles	2004	0,07%		
10966	China	Gloves	2017	0,05%	2017	External partner
14453	China	Caps & Hats	2019	0,04%	2019	External partner
3817	China	Gloves	2015	0,03%	2018	External partner
34028	China	Textiles	2021	0,03%		
11003	China	Accessoires	2016	0,03%	2022	External partner
4927	China	Textiles	2021	0,02%		
10838	China	Accessoires	1997	0,02%		
33356	China	Textiles	2020	0,02%		
10916	China	Textiles	2007	0,02%	2021	BSCI
35384	China	Textiles	2022	0,02%		
4575	China	Caps & Hats	2016	0,01%	2020	Fair Wear
34127	China	Textiles	2020	0,01%		
10787	China	Caps & Hats	2016	0,01%	2021	Fair Wear
11966	China	Textiles	2017	0,01%		
12140	China	Caps & Hats	2017	0,01%		
12683	Ethiopia	Textiles	2018	1,15%	2019	External partner
11968	Germany	Shoes	1975	0,96%		
34367	Germany	Shoes	2021	0,26%		
10938	Germany	Textiles	1995	0,01%		
10942	Germany	Textiles	2007	0,01%		
10943	Germany	Textiles	1994	0,01%		
10940	Germany	Shoes	2007	0,002%		
10944	Germany	Accessoires	2013	0,003%		
10926	India	Shoes	2009	0,05%	2021	BSCI
35096	India	Textiles	2022	0,01%		
15173	India	Gloves	2019	0,01%	2019	External partner
15306	Indonesia	Textiles	2019	0,13%		
10917	Indonesia	Textiles	2007	0,01%	2020	Fair Wear
10852	Italy	Shoes	2004	0,34%	2022	External partner
10901	Italy	Shoes	2004	0,22%	2022	External partner
10900	Italy	Shoes	2006	0,21%	2022	External partner

FAIR WEAR NO.	PRODUCTION COUNTRY	PRODUCT CATEGORY	YEAR OF STARTING BUSINESS	PURCHASING VOLUME	LAST AUDIT	AUDIT CONDUCTED BY
5842	Italy	Textiles	2003	0,01%		
4580	Laos	Textiles	2006	9,98%	2022	External partner
10947	Latvia	Textiles	2004	0,004%		
10850	Malaysia	Gloves	2000	0,03%		
35195	Mauritius	Textiles	2022	0,02%		
7848	Morocco	Textiles	2022	0,01%		
10888	Myanmar	Textiles	2015	6,68%	2022	External partner
10844	Pakistan	Textiles	2011	0,24%	2022	External partner
10849	Pakistan	Gloves	2009	0,15%	2021	External partner
10846	Pakistan	Gloves	2009	0,13%	2020	External partner
10965	Pakistan	Gloves	2016	0,12%	2021	BSCI
10847	Pakistan	Gloves	2009	0,04%	2021	External partner
2262	Pakistan	Textiles	2011	0,02%	2021	STeP
10848	Pakistan	Gloves	2014	0,02%	2020	External partner
10839	Pakistan	Gloves	2012	0,01%	2021	SMETA
10913	Pakistan	Gloves	1985	0,004%	2017	External partner
11964	Pakistan	Textiles	2017	0,004%	2022	External partner
11811	Poland	Textiles	1990	0,02%		
10939	Portugal	Shoes	1990	0,02%		
10879	Republic of Korea	Textiles	2016	0,38%		
10891	Romania	Shoes	2012	0,02%		
10945	Slovakia	Textiles	2010	0,02%		
12136	Sri Lanka	Textiles	2017	0,31%		
12182	Sri Lanka	Textiles	2017	0,25%		
10843	Sri Lanka	Gloves	2008	0,17%	2022	External partner
10842	Sri Lanka	Gloves	2008	0,15%	2022	External partner
33355	Tunisia	Textiles	2020	0,34%		
10885	Turkey	Textiles	2008	3,96%	2021	Fair Wear
13763	Turkey	Textiles	2017	0,44%		
10951	Turkey	Textiles	2014	0,06%	2022	External partner
10952	Turkey	Textiles	2014	0,05%	2022	External partner
11099	Turkey	Textiles	2020	0,03%	2022	External partner
15349	Turkey	Textiles	2020	0,03%	2022	External partner
35095	Turkey	Textiles	2022	0,03%		
13781	Turkey	Textiles	2018	0,01%		
15307	Turkey	Textiles	2020	0,0004%		
11810	Ukraine	Textiles	2000	0,004%		
10895	Vietnam	Textiles	2011	2,89%	2022	External partner
10851	Vietnam	Shoes	2013	2,85%	2020	Fair Wear
10081	Vietnam	Textiles	2003	1,54%	2021	Better Work
34053	Vietnam	Textiles	2021	1,35%	2021	WRAP
13527	Vietnam	Textiles	2022	0,77%		
10894	Vietnam	Textiles	2010	0,58%	2022	External partner
15308	Vietnam	Textiles	2020	0,55%	2022	External partner
13780	Vietnam	Shoes	2018	0,30%	2022	External partner
35379	Vietnam	Textiles	2022	0,27%		
10867	Zimbabwe	Textiles	2010	0,12%	2018	External partner

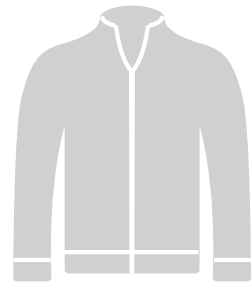




# OBJECTIVES & ACHIEVEMENTS

Every year, we review our achievements and consider what further improvements we could make. Our objectives are based not only on our corporate conviction to act more sustainably but also on a comprehensive risk analysis along the supply chain and the findings of the Brand Performance Check conducted annually by Fair Wear Foundation. The following objectives relate to the social standards associated with the manufacturing of our products.

OBJECTIVE	DATE	STATUS	ACHIEVEMENT IN 2022
Fair Wear Foundation positively evaluated the <b>management of social standards</b> .	2022	✓	Fair Wear Foundation again rated management practice for the implementation of fair working conditions in the textile supply chain as 'good' in 2022.
All production partners agree to the <b>Strauss sustainability programme</b> . Prior to starting production, all partner businesses recognise the Strauss Code of Conduct for suppliers, which sets out, among other things, our requirements in respect of anti-corruption and anti-bribery measures.	ongoing	✓	100% of our production partners have agreed to our sustainability programme. In 2022, all partner businesses recognised the Strauss Code of Conduct for suppliers.
By the end of 2023, all nominated <b>Tier 2 and 3 partner businesses</b> will have been incorporated into the Strauss sustainability programme.	2023	➔	We are currently in the process of gradually incorporating all Tier 2 and 3 partner businesses into the Strauss sustainability programme.
The suppliers that together manufacture at least <b>80% of the purchasing volume</b> were audited in the past three years in accordance with the Strauss Code of Conduct for suppliers or operate in non-risk countries.	2022	✓	The businesses audited in the past three years according to the Strauss Code of Conduct for suppliers cover a total of 91% of purchasing volume, while businesses operating in non-risk countries manufacture 1% of purchasing volume. The remaining businesses were either audited in previous years (2% of businesses ), have a purchasing volume of at most 1% (5% of businesses ) or are scheduled to be audited from 2023 onwards.
All audited suppliers are showing improvements in relation to the audit results a year ago / are putting <b>corrective action</b> into practice and have implemented this systematically.	ongoing	✓	Overall, the production partners put a good effort into the improvements. We were able to promptly schedule follow-up visits of some factories and track the improvements on the ground.
The first course modules have been established as part of the <b>Chair for Sustainability and Textile Innovation</b> endowed by Engelbert Strauss at the Ahsanullah University of Science and Technology (AUST) in Bangladesh.	2022	✓	Two course modules are now already established. In 2022, 148 students completed the Water Management in the Textile Industry module and 79 the Sustainability Assessment module. Two further modules have been developed and will be offered in 2023 for the first time.
We will continuously anchor <b>gender equality</b> in the education process, especially in university education in Bangladesh, so that the importance of the topic and the right approach to it is conveyed already when training managers in the textile industry.	2023	✓	The topic of gender equality and female empowerment has been included in the 2023 course programme of the Chair for Sustainability and Textile Innovation. The Chair's activities are being coordinated by Assistant Professor Rashed Al Mizan. Two additional female lecturers were hired in 2022.
The <b>share of women in positions of authority</b> will be gradually increased on an annual basis from 2022 onwards if this is not at a level commensurate with the proportion of women in the workforce as a whole.	ongoing	✓	Since 2022, we have been recording the share of women at the various hierarchical levels during audits. For all partner businesses at which our share of production exceeds 10% and where we identified a need to increase the proportion of women in positions of authority, we suggested ways of supporting women's advancement. Immediately in response to this, one business promoted three women to supervisory positions.
Improvements will be implemented on a continuous basis at all audited partner businesses in which deviations from our <b>hours of work and overtime</b> requirements are established.	2023	➔	In 2022, we examined the progress made in respect of previously established deviations from our hours of work and overtime requirements at all partner businesses. At three of the 43 audited businesses, the auditors felt there were deviations that necessitated improvements or gave cause for concern. We determined the factors causing these and took preventive measures. Follow-up visits are planned.
Measures aimed at increasing wages will be implemented by 2023 at all audited partner businesses in which deviations from our <b>wage and social benefits</b> requirements are established.	2023	➔	In 2022, we examined the progress made in respect of previously established deviations from our wage and social benefits requirements at all partner businesses. At two of the 43 audited businesses, the auditors felt there were deviations that necessitated improvements. We determined the factors causing these and took preventive measures. Follow-up visits are planned.
Measures will be taken to provide redress and ensure compliance at all audited partner businesses, regardless of the procurement market, in which <b>deviations from youth protection laws</b> or instances of <b>forced labour</b> are found.	2023	➔	No instances of child or forced labour were found during any audit. In two audits, the auditors identified a lack of transparency in the documentation of the hiring process by the businesses concerned, with whom we worked closely to swiftly address this.
Attention will be drawn to the risk of child labour and forced labour in traditional <b>cotton cultivation</b> .	2023	➔	We are currently working to create transparency in respect of the origin of the cotton.
Knowledge in relation to the possibility and implementation of <b>freedom of association and collective bargaining</b> will be strengthened among management and workers at a minimum of four partner businesses (focus: Bangladesh, China, Turkey and Vietnam).	2023	✓	In 2022, seven Fair Wear Foundation training courses (Workplace Education Programme) were held for suppliers that account for a large share of our production volume in Bangladesh, China and India. 86% of the participants surveyed stated that the training had raised their awareness of their rights. One of our larger partners in Turkey received a tailored, intensive training programme. All of the training courses addressed each of the social standards covered by the Strauss Code of Conduct for suppliers and gave the participants an introduction to the complaints procedure. Another partner in India took part in a Fair Wear Foundation seminar entitled 'Social Dialogue in the Garment Industry'.
Management and worker awareness of <b>discrimination</b> will be increased by 2023 in Tier 1 partner businesses at which Engelbert Strauss accounts for a large share of production volume, and management practices intended to reduce the risk of discrimination will be improved (focus: Bangladesh, China and Turkey).	2023	✓	
Risks to worker <b>health and safety</b> revealed in audits will be continuously improved by all partner businesses in all procurement markets by 2023.	2023	➔	In 2022, we examined the progress made in respect of previously established deviations from our worker health and safety requirements at all partner businesses. Most of the improvements have already been implemented. We are continuing to closely monitor the rest, and follow-up visits are planned.



# PRODUCTS

At Engelbert Strauss, we set the highest quality standards for our products. In our view, this not only relates to form and function, but also to aspects of safety and environmental sustainability.

## CO<sub>2</sub>E FOOTPRINT PILOT PROJECT

We are committed to manufacturing in a more climate-friendly way. If we know the precise CO<sub>2</sub>e emissions\* of our products, we can make the right improvements. As a first step, we have had the CO<sub>2</sub>e footprint of two of our products calculated as part of a pilot project.

We selected a long-standing supplier in Bangladesh, who manufactures large quantities for us, as our project partner in this. The products examined were the e.s. Polo shirt cotton for men and the e.s. T-shirt cotton V-Neck for ladies, both in white. In collaboration with local experts in Bangladesh, we collected and evaluated the relevant production data from 2018 and 2021. All CO<sub>2</sub>e emissions from production were recorded, from the material manufacture to the finished products, so that we could get a picture of the present situation and the potential for improvement at all stages of the process. However, the calculations do not yet include the emissions generated by our raw material suppliers or the logistics operations associated with the products. Currently, around 95 percent of the CO<sub>2</sub>e emissions result from the manufacture of materials, and just five percent from cutting, sewing and finishing.

To better understand the environmental impact of our products, it is helpful to consider the CO<sub>2</sub>e footprint together with the consumption of various resources. That is why in addition to calculating CO<sub>2</sub>e emissions, we also established how much water, energy and chemicals are consumed during the manufac-

ture of our products. We found, for example, that the white T-shirts use just one third of the water and a tenth of the chemicals of their black equivalents. At the same time, the data analysis showed that the T-shirts' footprints were significantly lower in 2021 than 2018 in all measured areas. This is due to extensive environmental measures taken in the meantime by our production partner – it has succeeded in significantly lowering resource consumption by acquiring more advanced machines, introducing an updated LED lighting concept and using energy-saving fans for a new cooling system. We now know where we can make adjustments that will have a big effect in the supply chain.

However, a product's CO<sub>2</sub>e emissions do not end with their manufacture – it is also important to factor in the way in which they are used and disposed of when evaluating the environmental impact. We are having a positive effect on our CO<sub>2</sub>e footprint by manufacturing durable, high-quality products with a long useful life. We also consider what happens to our products after they have served their purpose, which is why we have developed our first fully biodegradable collection.

\* A CO<sub>2</sub>e (CO<sub>2</sub> equivalent) calculation includes not only CO<sub>2</sub>, but also other greenhouse gases such as methane and nitrous oxide.



e.s. T-shirt cotton V-Neck for women



e.s. Polo shirt cotton for men



## BOTANICA – BIODEGRADABLE WORKWEAR

We're breaking new ground with our Botanica collection, for the first time using only natural raw materials to produce our workwear. Following their useful life, the products can biodegrade without leaving any residue. We developed the collection in an Engelbert Strauss production tandem: initial prototypes were created at our CI Factory in Schlüchtern, Germany, while the first small-scale series was produced at the CI Factory in Chattogram, our development centre in Bangladesh.

The Botanica collection is made from banana fibre, organic cotton and bamboo and is 100 percent biodegradable. The dyes are also completely natural: by using agricultural by-products that would otherwise be discarded, we can achieve warm, earthy tones while giving beetroot waste, nutshells and leaves a second life.

Biodegradability has been ensured through a biodegradation test conducted by Hohenstein, our testing service provider and research partner. During this test, samples of our collection were combined with soil in a test container. After two months and then again after three months, the samples were removed to determine the degree of degradation based on the mass loss.

Biodegradability is confirmed in this test if samples are at least 90 percent degraded and pass special ecotoxicological tests after no later than 12 months. All of our samples showed significant mass loss after only two months had passed, and most were already 90 percent degraded after just three months.

**"Botanica is 100 percent biodegradable, with only recyclable biomass being produced during the degradation process. This constitutes an enormous advancement."**

**Juliane Alberts**  
– Material Performance Manager at Hohenstein

The Botanica collection is on sale from spring 2023. In addition to work trousers, it also includes T-shirts and hoodies for both adults and children.





# ENVIRONMENT

**We strive to be environmentally conscious across all of our divisions and want to ensure that future generations also enjoy the living conditions and resources available to us. We consider this environmental commitment a continuous and natural component of our corporate responsibility. We advance environmentally friendly innovations and ideas at every stage – from the careful selection of raw materials and other inputs, the production process itself and logistics through to the disposal of packaging.**

## CLIMATE PROTECTION

**Climate change is one of the biggest global challenges of our time. To counteract this, we are working to prevent, reduce and offset CO2 emissions wherever possible. Even though there is still a long way to go, we are already making strides in the right direction.**

### COMPANY BUILDINGS

In recent years, we have found more climate-friendly solutions for our buildings and logistics operations in particular and have already been able to achieve a great deal. All of our buildings are powered exclusively by electricity from renewable sources, namely the photovoltaic systems on the roofs of some of our own facilities and workwearstores as well as hydropower since 2016. Economical and efficient energy usage is ensured by a number of means, including a geothermal field (700 kW heat output) at our company campus in Biebergemünd, Germany, and a combined heat and power plant (240 kW output) and heat recovery in the ventilation systems at our nearby CI Factory. We are always looking for further ways to reduce our electricity usage. In 2021 and 2022, for example, we gradually switched much of our office lighting to more energy-efficient LED bulbs. Over the next few years, we aim to achieve 100 percent LED lighting in our offices. We have also made progress in the area of sustainable mobility and added a fully electric car to our fleet, which already includes two hybrid vehicles.

### PRODUCTION

Most of our emissions are generated during the manufacture of Engelbert Strauss workwear. Our CI Factory in Germany is powered exclusively by electricity from renewables – although the production sites in Asia account for most of our products and therefore emissions. We have limited influence there, as these are not our companies, but those of our production partners. Nevertheless, we have set ourselves the challenge of gradually limiting the effects on the climate there, as well. Some of our partners have already committed to green power on a large scale, having installed solar panels on their factory roofs.

For example, the photovoltaic modules on the roof of one of our most important partners in Bangladesh generated around 6,000 megawatt-hours of electricity in 2022. The combined photovoltaic system in that particular industrial park is one of the country's largest, with a maximum output of 20 megawatt-peak. Part of the electricity generated here covers 25 percent of the power needed to manufacture Strauss products at the site. In addition, one of our large production partners in Vietnam obtains electricity from its own photovoltaic system. In 2022, this generated approx. 820 megawatt-hours of electricity, roughly equivalent to 40 percent of the factory's energy consumption.



Photovoltaic system of one of our most important production partners in Bangladesh



Solar project supported by GLS in Karnataka, India

### LOGISTICS

Our products are mainly transported by ship and rail between the production facility and warehouse, saving carbon emissions and costs in the process. We cut down on air and truck transports wherever possible. However, we had to considerably increase the share of air freight in 2020 and 2021 on account of pandemic-related shortfalls and delays in the supply chain. We were again able to reduce this share by 40 percent in 2022, although it has not yet returned to its pre-pandemic level. When shipping our products, we look for ways to prevent carbon emissions and to offset those that are unavoidable. GLS and DPD, our shipping providers who deliver the majority of our parcels to our customers (and bring them back to us in the event of returns), are working on cutting these emissions. In addition, they calculate the carbon emissions caused by parcel transport and offset these by investing in certified climate protection projects. At the same

time, we are continuously looking for ways to reduce the number of returns. We were also able to cut the share of part shipments through improved logistics processes in 2022.

### CLIMATE PROTECTION PROJECTS

We offset the carbon emissions from our parcel shipments by indirectly supporting various projects through our shipping providers GLS and DPD. Our partner GLS, for instance, invests in a solar project in India via the organisation ClimatePartner: for example, a 100 megawatt solar power plant was put into operation in a village in Karnataka, a state in southwest India, in 2018. The power generated is fed into the Indian grid, reducing the amount of electricity still typically produced from fossil energy sources there. This offsetting project has been verified with the Voluntary Gold Standard (GS VER). All in all, Strauss was able to compensate some 6,400 tonnes of CO<sub>2</sub> through offsetting projects in other parts of the world in 2022.

## RESOURCE PROTECTION: PACKAGING

**Packaging plays an important role in the transport of our products. However, it is a very complex area. On the one hand, it protects the product on its way from production to our customers and facilitates smooth handling of logistics. On the other hand, this requires large quantities of packaging materials. To counteract this, we are always looking for ways to reduce and improve our packaging.**

### SHIPPING PACKAGING

Most of our products are transported in shipping boxes. It is therefore especially important that we reduce and improve in this area. We already began in 2021 to switch from boxes made from 80 percent waste paper and 20 percent virgin fibre to alternatives produced entirely from waste paper. We completed this change-over in 2022, saving valuable resources in the process.

We want to further optimise our shipping packaging over the coming years. For example, we plan to make the lids of our boxes thinner (65 millimetres instead of the present 80 millimetres) and match box heights more precisely to the respective filling heights. This will allow us to load delivery trucks more efficiently and transport more packages per vehicle. We are already sending shipments containing only a few or small items in smaller boxes or a shipping bag made from sack kraft paper. Since 2021, we

have been piloting a machine that scans items and dispenses a paper shipping bag of suitable size for this purpose. This allows us to save on paper and avoid unnecessary packaging. However, we have identified some room for improvement yet in respect of output and handling in logistics. We are researching how to scale up the use of such packaging bags in an environmentally friendly and cost-efficient way in the future.

### PRODUCT PACKAGING & BOX FILLER

We have significantly cut back on the use of 'polybags' – thin film packaging designed to protect goods from dirt and moisture in transit. When developing new items, we now automatically investigate whether and how paper packaging might work instead. Hard-wearing garments, such as jeans and various other trousers, are shipped simply rolled and wrapped in a paper sleeve rather than in film. As far as possible, we do not add box filler to our shipping parcels either. Where this is absolutely essential, however, such as in the case of fragile items, we are increasingly turning to paper cushioning material produced from our own waste paper.

## RESOURCE PROTECTION: ENVIRONMENTALLY FRIENDLY TECHNOLOGIES

### CI FACTORY IN GERMANY

Since 2019, we have been using the most advanced technologies on the market to create new, resource-conserving solutions for customising workwear and safety shoes at our CI Factory in Schlüchtern, Germany. Among other innovations, a high-end laser is opening up completely new textile-finishing possibilities. We can imitate pleated and faded effects without the washes and huge quantities of water and chemicals that would otherwise be necessary. In the textile dyeing process too, we require

only around a quarter of the usual amount of water needed, and we are also minimising resource consumption by means of a filtration system: the water used is first passed through sand, then ozone and finally membranes to remove chemicals such as dyes, detergents and bleach – like a small-scale water treatment plant. We then use this treated water in the washing process for three months. This allowed us to reuse approx. 67,000 litres of water in 2022.



# STRAUSS IS PROTECTING 1,000 GIANT TREES

## CLIMATE PROTECTION PROJECT WITH BUNDESFORST IN NORTHERN HESSEN

Engelbert Strauss wants to increase its commitment to climate protection. We are cooperating with the Federal Forestry Office to preserve 1,000 beeches and oaks that are

more than one hundred years old. The Strauss Forest is a 250-hectare large area and binds the annual CO<sub>2</sub> footprint of around 5,500 German citizens.



Strauss has started a pilot project in the North Hessian Federal Forestry District of Schwarzenborn. The company is protecting 1,000 giant trees as biotope trees and carbon stores. "Projects, like this with the Federal Forestry Office, have opened our eyes to the most important things: sustainable production, resource efficiency, innovative production techniques, and recyclable materials. Sustainability is growth. And we want our products to reflect this even more in the future", says Strauss Brand Director and CEO Henning Strauss.

One special part of the project area will be turned into a natural forest reserve without any forestry management. This will turn the managed forest into a primaeval forest in the long term. In this way, Strauss is promoting the diversity of rare species and

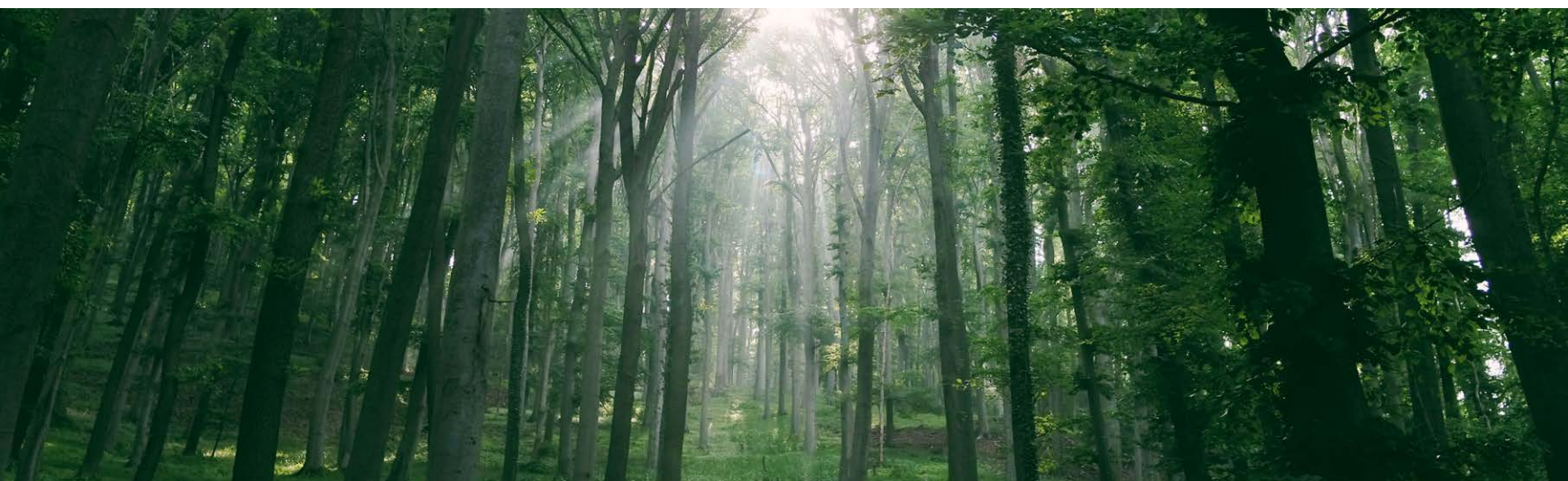
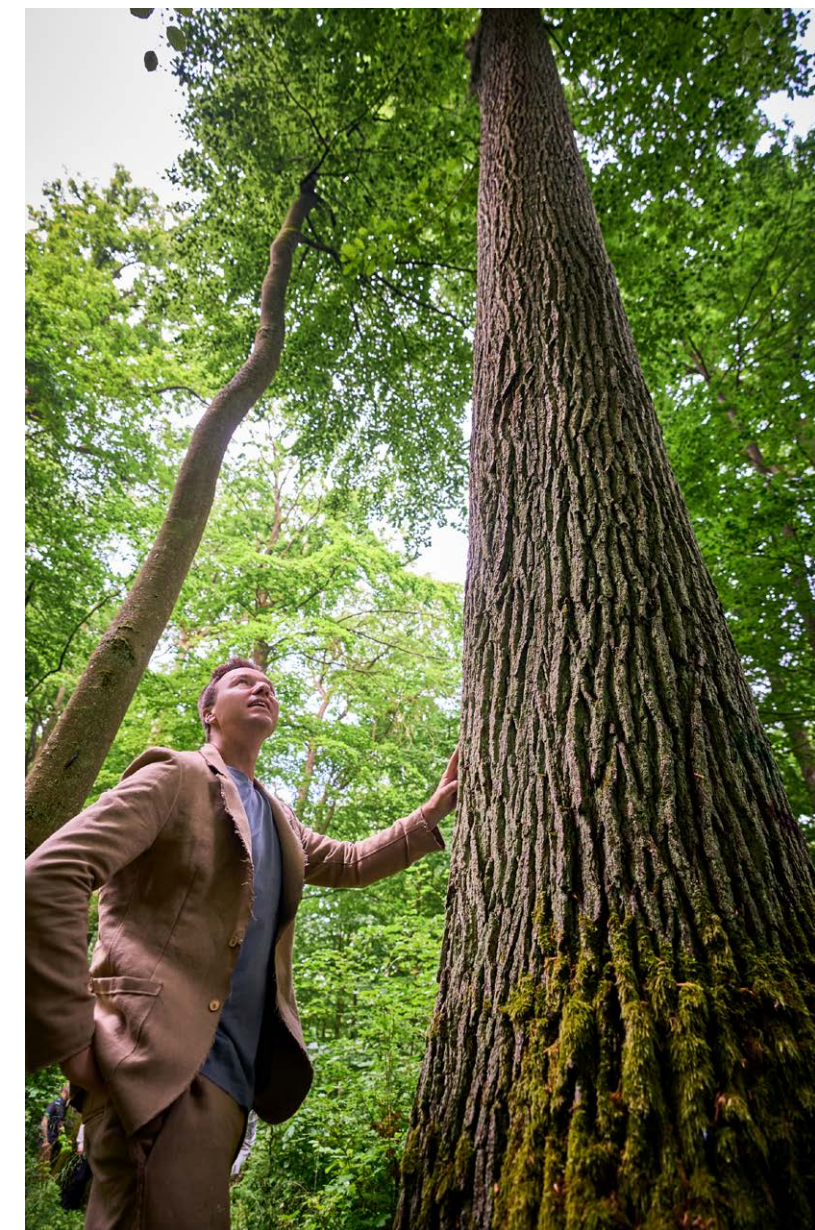
creating untouched natural areas. The wood from the giant trees remains in the forest and, as biotope wood, creates habitats and becomes a source of nutrients. The plan for managing the remaining Strauss forest involves only marketing harvested timber regionally – to ensure a positive eco footprint of a local construction material. Also, all game bagged in the area will remain in the region.

Human awareness for forests is increasing. The partnership between the Federal Forestry Office and Engelbert Strauss is just what the forest needs – it is essential to protect old forests, especially in these times of climate change. Strauss is sending a signal and showing that environmental protection can be successful, if we reach people's hearts and minds.

Strauss also uses this special place for team building and initiates unique events for employees – for example forest bathing or excursions for the company's trainees and students. The project also includes workshops on the topics of climate, species and resource protection.

One special aspect in the Strauss forest: The trees are digitally mapped; it is possible to navigate to the individual giant trees per GPS. Strauss sees the "Giant tree" project as an important part of a change of culture that has been taking place in the company for some time. Company processes are continuously adapted to be more sustainable: from the supply chain through product packaging and resource protection. "The project with the Federal Forestry Office is just one example of our commitment that we intend to continue expanding in the future. Strauss has already incorporated a culture of sustainability", adds CEO Steffen Strauss. One of the central tasks we will be facing in the upcoming years is to combine ecological, economic and social aspects. "This encourages dynamic values and a clear vision."

**"Strauss and the Federal Forestry Office – this is a relationship that has grown over time. Many forestry workers have worn the bird on their clothing for many years. The forest is also a symbol for sustainable management. This is a perfect partnership for us as a family company."**  
Henning Strauss





# SOCIETY

Above and beyond our entrepreneurial activities, we would like to make useful contributions to society. We have decided to focus our social commitments on education projects in developing and emerging countries: in particular, we would like to make access to education easier for children of workers at our manufacturing sites, for example through the construction of school buildings and providing teaching materials. We do not have a fixed yearly budget for the money required for these projects but decide the number of projects to support at our own discretion and personal beliefs.

## STRAUSS IS BUILDING A SCHOOL IN BANGLADESH

### TOGETHER WE ARE FIRST CLASS

Engelbert Strauss is currently working with the Don Bosco Mission organisation to build a school in Bangladesh. The long-term goal is to provide high-quality education to children and teenagers in Khonjonpur and the surrounding villages at the Don-Bosco-Strauss School.

Bangladesh has one of the highest population densities in the world. Around 31 percent of the population lives below the poverty line. The town of Khonjonpur, where the new school is being built, is located in the Joypurhat District in the northwest of the country, about 250 kilometres from the capital of Dhaka and a day's journey from our new site in Chattogram. Here, in the south of the country, we have teamed up with a partner to build the CI Factory Chattogram, our design and development campus with its own small series production facility.

In addition to financing the first chair for 'Sustainability and Textile Innovation' at the Ahsanullah University of Science and Technology (AUST) in Dhaka and the CI Factory Chattogram, Engelbert Strauss is also investing at a third site by building the Don-Bosco-Strauss-School, which will offer a comprehensive education for children, teenagers and young adults.

More than 4,500 families with many children live in and around Khonjonpur. Most people in this region are day labourers who earn low incomes in brickyards, as rickshaw drivers or on farms. Children often miss out on school because they must help, be it by working in the fields, looking after younger siblings or contributing to the family's income.

Whilst some progress has been made in the field of education in recent years, there is still lots to do with respect to improving the quality of the lessons and the school equipment, especially in rural regions. There are many families in which neither the parents nor the children can read or write. There is a desperate need for school-based education. Therefore, in 2019, the Don Bosco Mission started offering

school lessons and opened a kindergarten in a local vicarage in Khonjonpur; however, space here is limited and it is not possible to provide proper schooling.

With the support it provides, Engelbert Strauss is laying the foundation for qualified education in the region. This school project will involve erecting a new school building on a plot of ground covering around 4,700 square meters this year. In the future, up to 1,000 schoolchildren can attend lessons in the four-storey building. The project will initially finance the construction of a two-story school building, separate sanitary facilities, a library and a first aid room. Over time, a second building will be erected to house a day-care center, a kindergarten, a primary school, a middle school and a high school. In light of the fact that all lessons for the senior years will be held in English, the children start learning English as a foreign language in kindergarten. A good command of English and a solid education will significantly improve their professional prospects and will level the playing field.

In addition to offering the children an education, the Don-Bosco-Strauss-School also aims to help develop their personalities, such as by teaching personal and emotional skills. Schools are important points of contact, especially for children from socially deprived families, and are places where they can enjoy an environment with care and security. This project in Khonjonpur is also open to children and teenagers from all regions and all ethnic and social backgrounds.

A holistic approach is very important for Strauss. We endeavour to establish sustainable and long-term education in Bangladesh so that children and teenagers can embark on positive lives. "Strauss is particularly pleased that the construction of the school will now help and offer encouragement to children, teenagers and young adults in all phases of their life. From kindergarten through high school and university, and then onto a job in our campus in Chattogram. It's certainly a unique project", says Steffen Strauss. The completion of the school building is planned for 2024.



## ENGELBERT STRAUSS SUPPORTS THE ANTONIUS : GEMEINSAM MENSCH NETWORK IN GERMANY

### WE ALL BELONG

**Diversity and openness: we hear these spoken about frequently. And yet, we often still keep to ourselves and stay on familiar terrain. Surrounded by others just like us. Which is a shame, since amazing potential can be unlocked by meeting all kinds of different people. For 'antoniUS : gemeinsam Mensch' – a Fulda-based network that Engelbert Strauss has been supporting for years – such encounters actually constitute the cornerstone of a successful society.**

Less than an hour's drive from the Strauss headquarters lies Germany's most inclusive city: Fulda. Throughout the district there are businesses, schools, projects and clubs in which people with and without disabilities live, learn and work together quite naturally.

Many of these establishments belong to antoniUS, a civic foundation that has just celebrated its 120th anniversary. It remains committed to its original mission undertaken on behalf of the citizens of Fulda – to enable people with disabilities to play a part and lead a self-determined life. Each and every one of them, no matter the extent of their impairment.

### Everyone benefits from inclusion

People with disabilities are not treated with pity by the foundation. Rather, it strives to give them genuine prospects so that they can contribute to society. Increasingly, a conscious effort is also being made to open up the network to people without disabilities – at the end of the day, inclusion is not a one-way street. More than one hundred Fulda companies have joined antoniUS' Perspektiva business network and are offering people with disabilities 'entirely normal' jobs. Local authorities receive advice and support from antoniUS on matters of inclusion. And for the citizens of Fulda, encountering people with disabilities in cafés and shops is now simply a normal part of life. Both sides benefit from this. After all, relationships develop when people meet, which in turn can lead to a change in perception and an understanding of the joys and concerns of others. For antoniUS, this is a prerequisite for a tolerant, caring society.

### Strauss supports 'garden houses'

Based on the close partnership with Strauss, something very exciting is currently underway at antoniUS: the evolution of the main campus into an inclusive quarter. What was previously an isolated suburban site will become a neighbourhood for all, with all the facilities required for everyday life – accommodation, jobs, shops and places of education, leisure, culture and religious worship. A locality where life happens, in all of its aspects.

The current project involves the construction of 'garden houses', which the Strauss family is supporting with a significant sum as a close partner of antoniUS. The four new environmentally friendly buildings will provide 24 social housing units in total, offering people with disabilities a home in which they can live a largely independent life. What sets this project apart is that another five apartments will be let without restriction: to people without disabilities who are interested in living in a diverse, value-oriented community. Everyone involved will need to step outside of their comfort zone, but with the firm prospect of an improved quality of life.

### Strauss x antoniUS

For many years, Strauss apprentices have been taking part in the 'Seitenwechsel' (change of perspective) project and working for a day at antoniUS.

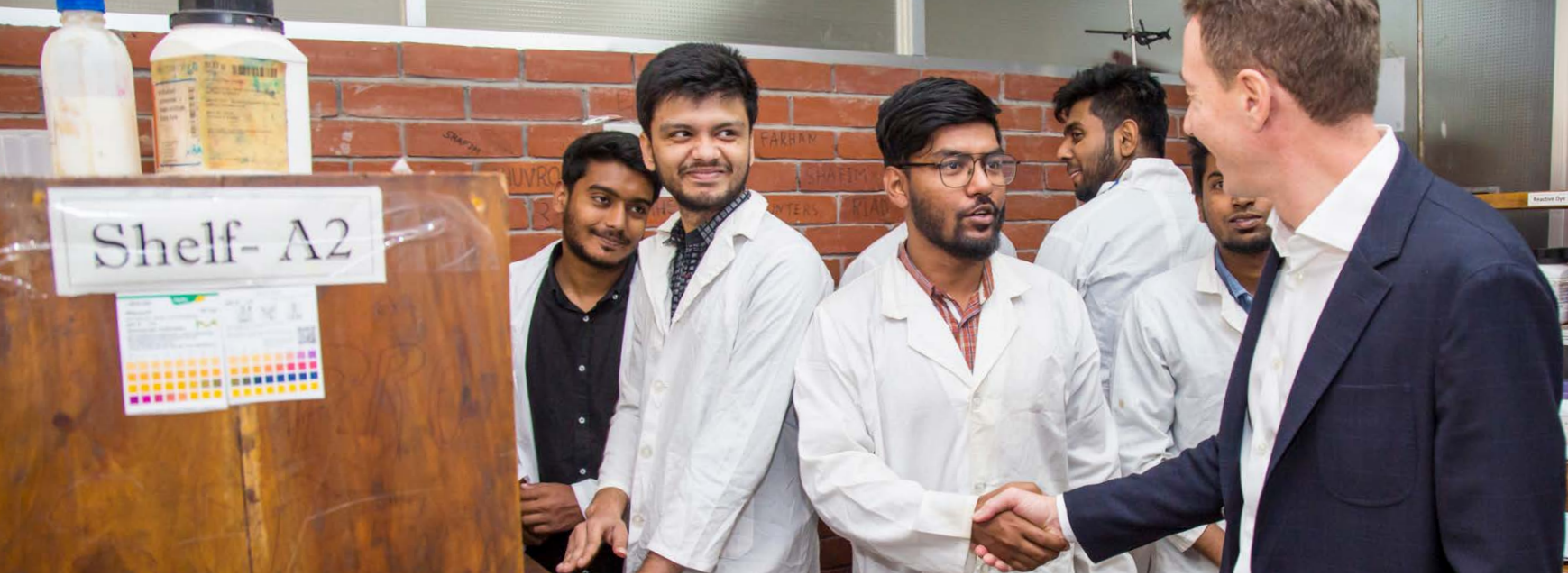
2015: Strauss donates over a million euros to fund the construction of a new school building to house the Antonius von Padua Schule, an inclusive primary and special school.

2018: Work begins on constructing the 'mittendrin' (fully integrated) talent development facility, for which Engelbert Strauss makes a substantial financial contribution.

2019: Strauss team leaders complete a management programme at antoniUS and engage in activities in various parts of the network.

**"We only support projects that we firmly believe will have a lasting impact."**  
Steffen Strauss





# CHAIR FOR SUSTAINABILITY AND TEXTILE INNOVATION

## MADE IN BANGLADESH: A BOOMING COUNTRY

The CI Factory Chattogram is closely linked with a cooperative university project initiated by Engelbert Strauss back in 2019, together with GIZ, a German corporation for international cooperation. Our goal remains the same: to permanently improve skill sets with regard to social responsibility, environmental protection and technical innovation. Bangladesh's textile sector is in a position to advance itself by targeting more sophisticated products that generate greater added value. This will also serve to foster the country's economic development. Strauss' production partners in Bangladesh manufacture to a very high standard and have already been making sustainable investments for years in support of the country's development and its appeal as a business location.

The Chair for Sustainability and Textile Innovation endowed by Strauss at the Ahsanullah University of Science and Technology (AUST) in Dhaka is unique worldwide. In connection with this Chair, AUST cooperates with the United Nations University Institute for Integrated Management of Material Fluxes and of Resources (UNU-FLORES), based in Dresden, as well as the Dresden University of Technology (TU Dresden). In particular, aspects of social and ecological sustainability along the entire product life cycle are covered: from product design, material procurement, production and the utilisation phase through to end-of-life textiles and the possibilities to reuse and recycle them – while taking the latest technologies into consideration, of course. Other topics include, for example, slow fashion, the United Nations Sustainable Development Goals, circular fashion, eco-labelling and zero discharge of hazardous chemicals. The overarching goal of the university cooperation is to trigger a transformation and train future decision-makers in the textile sector for the long term.

Rashed Al Mizan, the Chair's future incumbent, has continued to work on his PhD in cooperation with TU Dresden. He will conduct

research at AUST into thermal management of sustainable smart textiles and impart knowledge based on the latest international findings in the fields of sustainability and textile innovation to future professional and managerial staff in Bangladesh's textile industry.

With the course now in its third year, student satisfaction remains extremely high. Overall, 88.5 percent of the students surveyed said they would recommend the course content to others. Two modules are currently being streamlined in the curriculum and are being taught for a second and third time respectively. Another two modules have been developed, one providing an introduction to sustainability and the other addressing circular design. These will be offered in the 2023 spring semester for the first time. In 2022, 148 students completed the Water Management in the Textile Industry seminar, while a total of 79 students were awarded a certificate for completing the Sustainability Assessment seminar. The modules are still attended by more men than women (at a ratio of around nine to one), which reflects the general makeup of the student body. The course continues to grow, with two new lecturers having been hired.

A delegation from GIZ, UNU-FLORES and Dhaka University also attended the official opening ceremony for the CI Factory Chattogram last autumn. This already provided an opportunity for networking within the local textile industry. The medium-term aim is to establish research projects in cooperation with suppliers and to attract guest lecturers. As a next step, the course programme will be submitted to the University Grants Commission (UGC) for accreditation. The 2024 course programme has been drawn up and will be rounded off with practical and research projects as well as training at the CI Factory Chattogram.

## WHO SHAPES THE FUTURE OF THE INDUSTRY

### Ajmal Fuad Sakib, 24

The lessons introduced us to practical tools that we can use to assess sustainability. These will help us to measure the environmental and economic performance of products and processes. I also learned more about resource efficiency strategies and approaches.



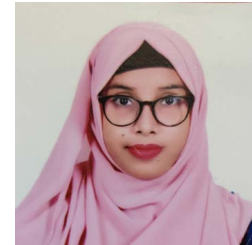
### Nafisa-An-Noor, 23

The insights from this course will help me to understand the latest trends in the industry. As a fourth-year textile engineering student, I can now determine the water-to-material ratio and apply principles of sustainability to the dyeing process. As water is a finite resource, I can work on developing ideas for reducing water consumption in the factory.



### Ayesha Akter Tonny, 24

I attended the modules in order to understand problems in relation to sustainability in the textile industry. I think that the knowledge I have gained from this course will help me to make better decisions in my working life.



**giz** Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

**TECHNISCHE UNIVERSITÄT DRESDEN**



### Rashed Al Mizan, 31, future incumbent of the Chair for Sustainability and Textile Innovation

When we established a Chair for Sustainability and Textile Innovation in Bangladesh, its time had certainly come, as the country's textile industry lacked a systematic concept of sustainability. This initiative, the only one of its kind in the world, is helping the textile industry to address matters of sustainability. Through the training provided, it is also raising awareness of the fact that companies acting in a sustainable way not only stimulate far-reaching economic growth but also protect the environment. This is a long-term process with the promise of strong future returns for businesses, society and nature. The innovative curriculum developed by the Chair is closing a gap and aims to bring together all of the stakeholders in the textile value chain. The concept of textile life cycles is another special feature of the course that has been lacking in textile engineering training to date.



### Noor-E-Farzana Annesha, 27, lecturer

I believe that the textile sector in Bangladesh will need more experts in the future. Global networking with various stakeholders is also necessary to generate expertise and funding opportunities. Given the current trend towards increased sustainability and the immense pressure this is placing on brands, the course is imparting the knowledge that young textile engineers need to take the textile industry in our country to the next level.



### Iffat Ara Ananna, 27, lecturer

This Chair is helping to network science and industry. At the same time, it is raising awareness at industry and university level: sustainability concepts are being implemented to the benefit of business, the environment and society. Because of this, companies in Bangladesh will be very eager to employ our graduates.





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