

# SOCIAL REPORT

**2023**





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# EDITORIAL



## THOUGHTS OF OUR CEOS

**Together with our production partners, we successfully coped with all the challenges of 2023 – the first full non-COVID year. Despite some uncertainties caused by high raw material and energy prices, inflation, global conflicts and more, we still managed to ensure product availability. We are now all the more determined to harness this momentum in order to anchor social and environmental standards even more firmly in our actions and drive sustainable development alongside our production partners – at the Engelbert Strauss headquarters in Germany and our production locations in 28 countries worldwide.**

At the present time, our industry is subject to many legal regulations at both national and international level. Take, for instance, the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG). This has applied to Engelbert Strauss since 2024, and we prepared well for its introduction. Among other things, it requires close examination of our products, the related production setup and the associated country and sector risks. We are committed to meeting our obligations under the LkSG and other regulations that require companies to hold themselves accountable for their actions. We also want to continue to go over and beyond what is required by law in terms of corporate responsibility.

We aim to do business in a way that lowers resource consumption. To this end, we renewed the photovoltaic modules at our headquarters in Biebergemünd to ensure we are generating and using even more renewable energy from the same surface area.

We cooperated with Bundesforst, the German Federal Forestry Service, again in 2023 to preserve 1,000 beech and oak trees aged over 100 years. In this way, we are contributing to climate change mitigation, nature conservation and environmental protection beyond our own business area.

In addition to protecting the climate and natural resources, we were again very keen to support social projects. We therefore worked with Don Bosco Mission Bonn in 2023 to construct a school in the northwest of Bangladesh – the Don-Bosco-Strauss-School gives children and young people access to high-quality education. Passing on knowledge is also the focus of the Sustainability and Textile Innovation course endowed by us at the Ahsanullah University of Science and Technology in Dhaka, the capital of Bangladesh, which we have been supporting with a range of education partners since as far back as 2019. Members of the university only recently visited our headquarters in Germany.

We understand sustainability to mean taking the long-term view and striking the right balance between business, society and the environment. This includes fair working conditions and environmental and climate protection as well as factoring in the future needs and concerns of our customers, employees and workers along our supply and value chains.

You can get a deeper insight into our engagement here in the pages of our latest social report. We wish you an enjoyable read!

**YOURS,  
THE STRAUSS FAMILY**



# 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.

### 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.



### 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.

### PRODUCTION

28 COUNTRIES WORLDWIDE, PRIMARILY SOUTHEAST ASIA.



### PRODUCTS

WORK AND UTILITY WEAR, SAFETY GEAR. 80% NEVER OUT OF STOCK – IMPORTANT FOR BUSINESS CUSTOMERS. LEADER FOR DECADES IN CUSTOMISATION AND BRANDING.



# SUSTAINABILITY

## SUSTAINABILITY TEAM



### Friederike Hoppe

We want to operate sustainably. This is reflected in the standards we set ourselves and in our actions. Our efforts are focused on addressing the global challenges in our value chains, such as fostering the protection of human rights and tackling climate change and resource scarcity, as well as ensuring compliance with the various requirements of current and future sustainability regulations. In the sustainability team, we work with our colleagues in other departments – especially Purchasing, Product Development, Legal and Communications – and with our suppliers and partners to find solutions to these challenges. Our external partners include Fair Wear Foundation and bluesign technologies as well as GIZ, a German corporation for international cooperation with whom we reinforce our 'Proudly made in Bangladesh' claim: we are investing in education and providing impetus for sustainable development in Bangladesh with the Chair for Sustainability and Textile Innovation endowed by Engelbert Strauss.

### Eileen Blümel

We believe sustainability involves interconnecting social, environmental and economic aspects. This begins at our Biebergemünd headquarters and extends to our production partners in our global value chains. Through continuous dialogue with them and regular audits, we are able to identify room for improvement and build on this. As we forgo intermediaries to work directly with production partners in many cases, we can significantly influence working conditions on the ground. We attach great importance to systematic and ongoing development of social and environmental standards to help bring about lasting improvements to the lives of workers in our production countries. To this end, we target training measures that raise awareness of human rights among managers and workers and thereby reduce the risk of violations. It is especially inspiring to see how we can effect real change time and again.



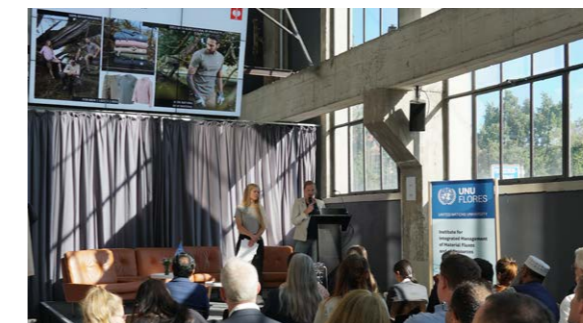
### Sophie Deuerlein

A major part of our daily business involves supporting our production partners to overcome their challenges and make progress as well as cooperating with them to develop solutions that promote socially fair and more environmentally friendly production. Long-standing and trusting partnerships are key to this. Many of our production partners already started to work towards change in the industry years ago: numerous businesses are meeting a significant share of their energy needs with renewable sources and are finding resource-efficient solutions that involve, among other things, rainwater harvesting, digitalisation, energy recovery and the recycling of textile waste. In addition, many production partners offer wide-ranging supports that benefit workers and their families. We also have a major impact on working conditions at sites through our production planning: by keeping our range largely unchanged and ensuring lengthy production runs, we make it possible for the businesses to plan their capacity for the long term.

## DIALOGUE WITH STAKEHOLDERS

We are committed to engaging openly with our stakeholders. We pay heed to their perspectives and take these into account when planning the sustainability topics that require our focus and identifying ways in which we can further improve our activities.

Our customers, employees, production partners and their workers as well as NGOs, the political arena, the media, educational institutions and neighbours have high expectations of us and our products. Transparent communication with all of these stakeholders 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 they need.



A symposium on 'Responsible Resource Use in the Textile Industry' provided a special platform for this in 2023. This event as part of our university cooperation was jointly organised by us, GIZ and the universities involved. Members of the academic and industrial communities as well as international organisations from Germany and Bangladesh came together with us there to discuss the various challenges and best practices in the sector and to address sustainable and innovative solutions for resource management across textile supply chains.

We provide workshops and online training on the latest sustainability issues to our staff in customer service and the workwear-stores to ensure they are kept informed. Sustainability is also part of the orientation workshop conducted when onboarding our new employees. In addition, everyone in the company is encouraged to engage in open discussion and to use our internal complaints mechanism if they feel certain practices violate the law or are not in keeping with our values. In 2023, we also set up a whistleblowing channel that gives all external stakeholders a means to raise with us possible risks in our global supply and value chains.

We document our sustainability activities on our website and in our annual social report. In this report, we describe our activities in 2023 and provide an outlook for our first projects in 2024.

## PARTNERSHIPS



### 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.



### 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.



### Gesellschaft für Internationale Zusammenarbeit

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 businesses that make our high-tech workwear. Good and humane working environments in the production sites and a responsible approach to nature are fundamental requirements for us within the context of this cooperation.

## PRODUCTION COUNTRIES

Engelbert Strauss clothing is produced in many locations worldwide: in 2023, our products were manufactured in 28 countries in Asia, Europe, Africa and North America. Over 90 percent of our manufacturing takes place in partner businesses in Asia, particularly 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. Our steady production orders guarantee secure employment for tens of thousands of people. Stable, close business relationships have developed over the many years of cooperation with our international partners,

allowing us to ensure the quality of our technically sophisticated products and grasp mutual development opportunities.

### PROUDLY MADE IN BANGLADESH

Bangladesh has become our most important production country over the years. A total of 15 businesses there produce 41 percent of our workwear. This keeps more than 15,000 people in Bangladesh alone in employment. Our partners manufacture to a very high standard at the production sites and have already been making sustainable investments for years in support of the country's development and its appeal as a business location. In 2022, we inaugurated our own production facility in Bangladesh – the CI Factory in Chattogram. It forms a production tandem for small-batch series and customised workwear with our CI Factory in Schlüchtern, Germany.

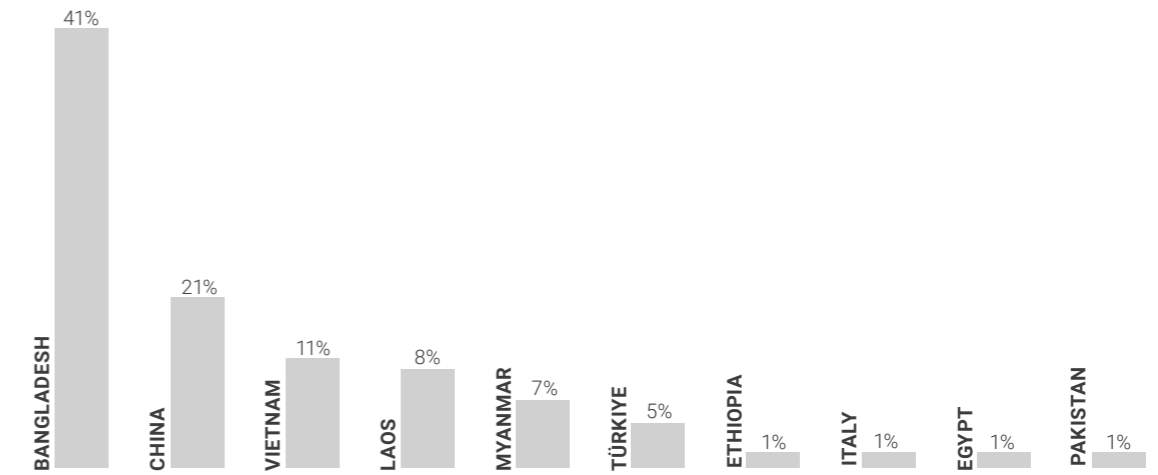


### TRANSPARENCY

Most of our production partners are primarily sewing businesses that assemble our workwear from individual textile components. There is still little automation in the majority of sewing businesses and that is why most people are employed there. We can therefore have a major impact on working conditions in production.

We list all of the sewing businesses that manufacture our products on pages 22 to 25. We also publish the names and addresses of the businesses on the Fair Wear Foundation website at [fairwear.org](https://www.fairwear.org).

## OUR TOP 10 PRODUCTION COUNTRIES BY PURCHASE VOLUME IN 2023



We manufacture more than 95 percent of Engelbert Strauss clothing in these ten countries. In 2023, 41 percent of our workwear was produced in 15 businesses in Bangladesh, 21 percent in a total of 34 businesses in China and 11 percent in nine businesses in Vietnam. One business in Laos and another in Myanmar accounted for eight and seven percent, respectively, of Engelbert Strauss clothing.

## RISKS AND CHALLENGES

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. Given our extensive global production network, we place special emphasis on comprehensive risk management.

To ensure that we can detect and prevent human rights violations at an early stage, we maintain a country and industry 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 related industries and other potential procurement markets. For each of these countries and industries, 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, industry 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. In particular, we also take account of the risk database maintained by the German Federal Office for Economic Affairs and Export Control (BAFA). Information from audit reports and general media coverage is included in our considerations. 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 trainings, and setting objectives for ourselves.

### RESULTS OF THE 2023 RISK ANALYSIS

The human rights and environmental issues that we consider particularly relevant are set out in the Engelbert Strauss Code of Conduct for suppliers. In 2023, we identified specific risks for Bangladesh, China, Myanmar, Pakistan, Türkiye and Zimbabwe,

as countries from which we source Engelbert Strauss workwear. We have strongly prioritised the prevention, mitigation and elimination of these risks and challenges. We report on this in the Monitoring results section on [page 12](#).





## ENGELBERT STRAUSS SUSTAINABILITY PROGRAMME

**Working together with our production partners within the framework of the Engelbert Strauss sustainability programme, we take action to prevent, mitigate or eliminate the identified risks. We choose new suppliers carefully and help our existing partners to make the changes needed to meet our high social and environmental standards.**

Our programme is essentially based on our Code of Conduct for suppliers and our statement of principles on our human rights strategy. It also involves analysis of the risks specific to the various countries, industries and businesses, regular on-site audits and follow-up visits with resulting corrective action plans, supplier training and the provision of a complaints procedure.

### SELECTION AND FURTHER DEVELOPMENT OF NEW PRODUCTION PARTNERS

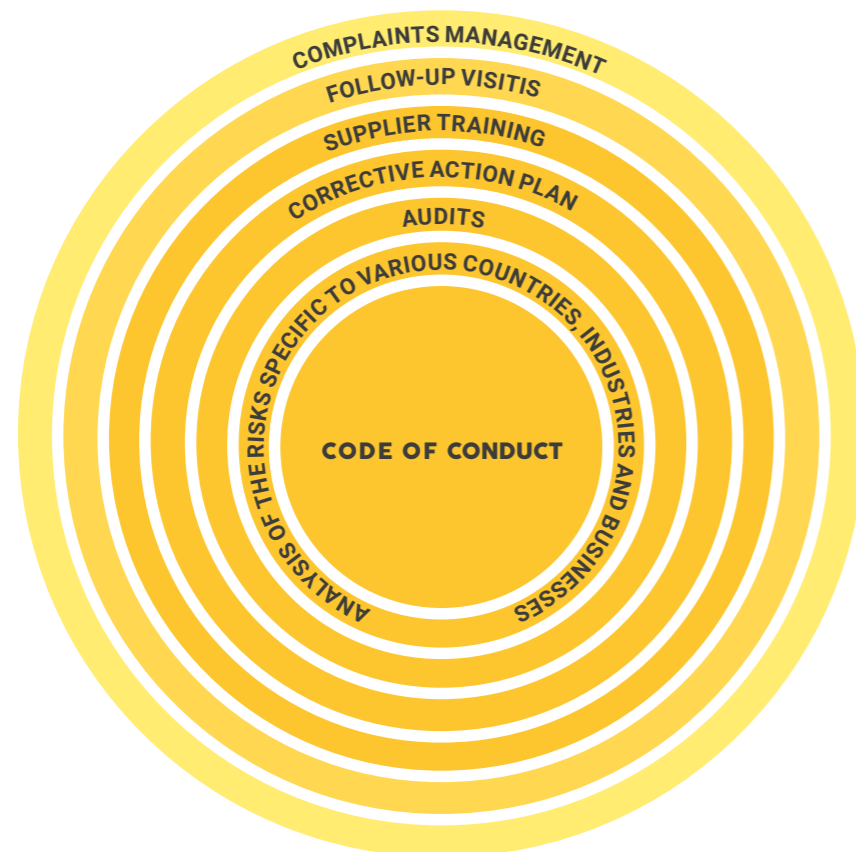
Quality, price, performance and sustainability – these are the most important criteria for us in deciding whether we want to work with a supplier. With regard to sustainability, potential production partners must commit to meeting our requirements and those of Fair Wear Foundation. We see their agreement 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.

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.

## OUR SUSTAINABILITY PROGRAMME FOR PRODUCTION PARTNERS



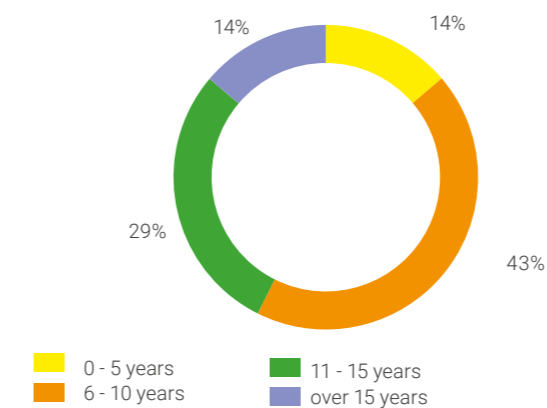
## RESPONSIBLE PURCHASING PRACTICES

**We are committed to building long-term relationships based on trust with our international production partners. These enable us to ensure the quality of our products, offer technically sophisticated collections and grasp development opportunities together with our partners. They also mean we can have a positive influence on working conditions and environmental measures on the ground.**

### LONG-TERM COOPERATION

Stable, close partnerships have developed over the many years of cooperation with our international partners. This is also reflected in the figures: we have already been working with over half of the production sites for six years or more. In total, these produce 86 percent of our clothing. We have in fact been cooperating with nine businesses for over 20 years.

### DURATION OF THE COOPERATION WITH THE PRODUCTION PARTNERS (by production volume)



### STABLE RANGE AND LEAD TIMES FOR ORDERS

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.

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.

### POSITIVE IMPACT ON WORKING CONDITIONS

Our production partners can plan with certainty thanks to our long-term business relationships, stable product range and sufficient lead times. There is 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.

We work directly with most suppliers, rather than through intermediaries. This allows us to have the greatest influence on quality and local working conditions.

### PRICING

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.

In general, we note the wages paid in all audits and compare these with reference values, such as the statutory minimum wage and estimated living wage. We take this information into account in Purchasing when setting prices. In the event of a rise in the minimum wage in a production country, we adjust prices accordingly in consultation with our partners.

### LIVING WAGE PILOT PROJECT IN VIETNAM

We have been running a living wage pilot project at one of our production partners in Vietnam since 2023 together with the Fair Labor Association and other stakeholders. The aim of the project is to work towards a living wage for the workers to examine our purchasing practices. We report on this project on [page 19](#).

### IMPACT OF SUSTAINABILITY PERFORMANCE ON 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.



# 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. 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, 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.

### KEY AREAS ADDRESSED BY OUR CODE OF CONDUCT FOR SUPPLIERS:



**MANAGEMENT PRACTICE**



**REASONABLE HOURS OF WORK**



**FAIR COMPENSATION**



**PREVENTION OF CHILD LABOUR**



**EMPLOYMENT IS FREELY CHOSEN**



**FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING**



**NO DISCRIMINATION**



**ENVIRONMENTAL PROTECTION**



**OCCUPATIONAL HEALTH AND SAFETY**

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

### STATEMENT OF PRINCIPLES ON OUR HUMAN RIGHTS STRATEGY

Our Code of Conduct for suppliers is complemented by our statement of principles on our human rights strategy, in which we set out our commitment to respect human rights in our global supply and value chains.

This statement can be downloaded at [engelbert-strauss.de/en/sustainability](https://engelbert-strauss.de/en/sustainability).

# 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.

### BLENDED MONITORING

Blended monitoring is a new audit format that enables us to audit businesses 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.

Following its introduction during the coronavirus pandemic, this format has now become a very reliable instrument for us that often has an additional motivational effect on businesses: having corrective action plans in place at an early stage means that many businesses work hard to implement the defined measures in anticipation of the subsequent on-site visit.

### 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.



# MONITORING RESULTS



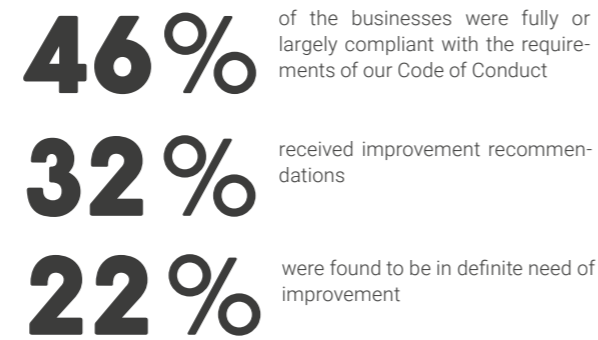
## HOW DID THE BUSINESSES PERFORM IN THE AUDITS 2023?

In almost all cases, Engelbert Strauss workwear comes from audited production partners. We closely monitor their human rights performance and adherence to social and environmental standards. The businesses that jointly manufacture 97 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 2023, 60 audits were conducted of the working conditions at our production partners (also incorporating subcontractors in three cases). In the main, these were audits that we commissioned ourselves. We also consider audit reports and corrective action plans from other audit organisations to gain as comprehensive a picture as possible. We review these reports and plans based on Fair Wear Foundation's strict guidelines.

In total, around 70 percent of the audits in 2023 were carried out on our behalf, either by our external audit partners or Fair Wear Foundation. The remaining 30 percent or so were conducted according to the standards of the Sedex Members Ethical Trade Audit (SMETA), the amfori Business Social Compliance Initiative (amfori BSCI), the Social & Labor Convergence Program (SLCP) QIMA and/or the International Labour Organization's Better Work programme.

The first (virtual) part of our blended monitoring format was carried out at three production partners in 2023. This allowed us to swiftly form an impression of the working conditions at two partners where local travel restrictions were in place and a potential new partner production site. We are already in the process of planning the second (on-site) part. In eight follow-up visits to other sites, our auditors also compared the progress made to the previous year's audit results.



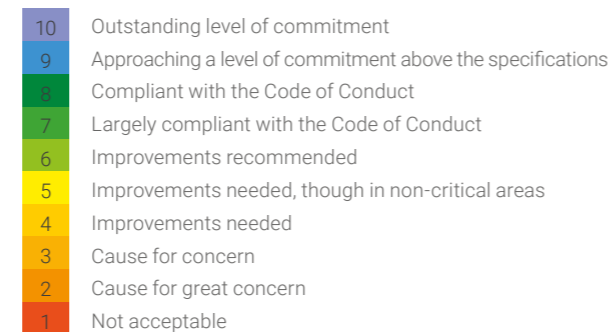
The table shows the average points scored by the audited businesses in the respective countries. The production sites were found to be mostly fully compliant with our Code of Conduct in respect of the 'protection of children and minors' criterion, which means they have control mechanisms for ruling out child labour. The auditors found a need for development in the management of social and environmental standards in around half of the businesses. There was also potential for improvement in occupational health and safety in most businesses.

The results for our partner businesses audited in Bosnia and Herzegovina, Mexico, Pakistan, Vietnam and – in respect of almost all criteria – Sri Lanka were particularly satisfactory. In fact, they exceeded our requirements in some cases. We identified the greatest need for development in Egypt, India, Lebanon, Mauritius, Myanmar, Uzbekistan and Zimbabwe. Since the audits, the businesses have been working diligently with us to eliminate the deviations from our Code of Conduct – with especially close cooperation where there is the most extensive need for development. We severed our relationship with one supplier and one subcontractor in 2023, as these two production sites were unwilling to take adequate steps to resolve the issues found. Detailed results for the individual countries can be found on the following pages.

## SCORES ACHIEVED BY THE PRODUCTION SITES IN 2023

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
Bangladesh	6	7	6	8	7	6	7	5	6
Bosnia and Herzegovina	8	9	9	8	7	7	9	7	7
China	6	5	5	8	7	7	8	6	7
Egypt	5	4	3	7	8	6	5	6	5
Ethiopia	7	7	6	8	8	5	6	7	7
India	5	6	5	6	6	5	5	5	5
Indonesia	6	8	6	8	7	7	6	7	7
Lebanon	5	6	5	5	6	5	5	5	5
Mauritius	5	5	5	8	4	3	5	4	8
Mexico	7	9	7	8	8	7	8	7	8
Malaysia	5	8	7	8	7	8	5	5	5
Myanmar	5	7	9	8	5	5	4	6	5
Pakistan	6	7	6	8	7	7	8	6	7
Türkiye	6	6	6	6	6	6	6	5	6
Uzbekistan	6	5	4	6	6	5	6	4	6
Vietnam	7	7	8	8	8	8	8	7	8
Zimbabwe	5	8	4	8	5	5	6	3	4



## AUDIT RESULTS BY COUNTRY

### BANGLADESH

Bangladesh is the world's second-largest garment exporter, with the textile sector accounting for 80 percent of the country's total export revenue. Bordering the Bay of Bengal, it has become our most important production country over the years. In this time, we have developed a close, trusting relationship with our partner businesses there.

We conducted a total of five audits and two follow-up visits in Bangladesh in 2023. Our production partners demonstrated a particularly high level of commitment to environmental sustainability: several businesses have installed new photovoltaic systems, while one of our longest-standing suppliers has introduced water conservation campaigns and recycling projects. Another production partner has launched a project for the collection of rainwater and self-generation of wind power. One new partner (whose site we audited before manufacturing began in 2023) has received LEED Platinum certification for its building – LEED (Leadership in Energy and Environmental Design) is an internationally recognised green building standard and Platinum is its highest award.

We continued to see a high level of engagement in respect of many social aspects as well. Results in the areas of 'hours of work', 'compensation', 'protection of children and minors' and 'employment is freely chosen' were good for most of the audited businesses. Many also have a solid offering of training opportunities designed to improve workers' awareness of their rights.

In Bangladesh, we place a special focus on occupational health and safety, especially building and fire safety. While most of our production partners have well-established standards in these areas, it is not unusual for us to find some room for improvement. We then monitor the implementation of the relevant measures. There was only one major cause for concern: structural defects that necessitated immediate action were found at the premises of a subcontractor that carries out embroidery work for a production partner.

However, management there was not open to making the necessary improvements. We therefore made sure that this subcontractor would no longer manufacture any Engelbert Strauss workwear. Furthermore, we found defects in respect of electrical safety and the safe handling and disposal of chemicals in a number of audits. Improvements were also needed to the childcare facilities provided for workers. While some were very nicely designed and offered a variety of options for children, there were not always enough places to meet demand and a number of sites had no childcare facilities at all.

Our production partners are taking remarkable steps towards sustainability from both a social and environmental perspective. With its stability, progress and commitment to positive change, the textile sector in Bangladesh is an example of a success story in a challenging environment and is playing an important role in the country's economic development. Through consistent implementation of improvements and the promotion of sustainable practices, the foundations are being laid for a promising future for both businesses and people.





### Increase in the minimum wage

Inflation has remained persistently high in Bangladesh over the past ten years. Having been further exacerbated by the trade crisis triggered by the coronavirus pandemic, it reached its highest point to date in October 2023. Following protests by countless workers, the government increased the minimum wage by 56 percent to 12,500 takas in December 2023. However, many of those protesting rejected this measure as it was not in line with the demands of unions and workers. Some workers demonstrated their discontent through strike action, which led to a number of violent incidents. We liaised with all production partners during the protests to ascertain the welfare of all of the workers at their sites. We also followed the increase in the minimum wage closely and asked our production partners to provide evidence that all workers were still receiving at least the (new) statutory minimum wage. Of course, we have incorporated the adjustments to the minimum wage into our price agreements with the businesses.

### BOSNIA AND HERZEGOVINA

In May 2023, we audited a production site in Bosnia and Herzegovina. The site, which has only been manufacturing for us since 2022, belongs to an Italian production partner with whom we have been collaborating closely for more than 20 years.

The production site achieved good to exceptionally good results in all areas during our audit. In particular, it was shown to have a very high degree of transparency, a good working atmosphere and a corporate policy that emphasises equality and puts it into action. Through good management, the production site has succeeded in retaining workers for many years, and even decades in some cases.

### CHINA

China's textile industry is the largest worldwide – both in terms of overall production and exports. However, the country's textile exports fell slightly in 2023. We have been working with some of our partner production sites in China for over 20 years. In 2023, 34 companies produced over 20 percent of our clothing.

Following the lifting of COVID-related travel restrictions in 2023, our external partners were able to audit 14 Chinese production sites. We have a long-standing cooperation with 12 of these, which have been regularly audited.

The production sites demonstrated particular engagement in the areas of wages and occupational safety. Most workers in China are paid on a piecework basis. To ensure that the workforce receives at least the statutory minimum wage in such cases as well, the respective hourly wage is also calculated in almost all of the production sites. Deviations from occupational health and safety requirements were found in some audits. Most of the businesses in question then took immediate steps to remedy these, which we were able to confirm through follow-up visits or virtual checks.

Getting overtime reduced and ensuring all workers are registered for social security often remains a challenge in China. Furthermore, some production sites were not fully transparent about wage payments. Room for improvement in multiple areas was found in some small sites, mainly due to a lack of knowledge or experience with requirements in respect of social and environmental standards in the export business. The auditors explained to management the steps that needed to be taken and we are tracking their implementation.

With the extensive know-how and reliably high quality in the country, China is an important manufacturing location for us and we have built up relationships there over many years. But challenges do exist – especially due to the frequent lack of transparency with regard to political risks. We are therefore placing a particular focus here on continuous monitoring of human rights aspects and developments – such as forced labour issues – and on maintaining constant dialogue with our production partners.

### EGYPT

Strongly focused on cotton production, the Egyptian textile industry as a whole is forecast to continue growing in the coming years. A production site run by one of our long-standing partners based in Türkiye has been making clothing for us in Egypt since 2023.

When manufacturing began at the site, we conducted the virtual part of our blended monitoring format there in 2023. This consisted of documentary checks, interviews with management and a virtual tour. The results showed that the production site has a very good online training system for its workers and makes a major effort to identify social and environmental risks in order to establish responsible corporate management.

However, we also found room for improvement on working hours and wages during monitoring. The production site immediately brought wages up to the required level, but excessive overtime is still an issue for it and it is now redesigning its working time system with this in mind. Despite the obvious potential for improvement, the overall impression formed during the audit in Egypt was positive. Company management has committed to closing the gaps that exist and begun taking the necessary steps.

### ETHIOPIA

Located in the Horn of Africa, Ethiopia is the continent's second-most populous country. Since 2018, we have been working here with a production site that manufactures exclusively for us.

Compared to our 2019 audit, the site has improved significantly in many respects and can now point to a great deal of knowledge and engagement as well as show that it is going above and beyond in matters of social responsibility. Of particular note is the very respectful interaction among workers and between staff and management. The company also offers its workforce free meals and transport. The level of both environmental protection and occupational health and safety is also high.

There was particular room for improvement in respect of wages – although there has also been considerable progress made here since our last audit. In addition, the auditors recommended that internal dialogue be promoted and better information be provided to workers on their freedom of association and collective bargaining rights. We are pleased that our production partner has made such great progress here in recent years – especially in view of the fact that social and environmental standards are still in their early stages in Ethiopia's comparatively young clothing industry. We are continuing to engage in dialogue with our partner and are conscious of our particular responsibility given that the production site manufactures exclusively for us.

### INDIA

The textile sector is one of the oldest industries in the Indian economy and offers numerous jobs for both skilled and unskilled workers. Exports have a major role to play in this and strong growth is expected to continue here in the years ahead.

We worked with two production partners in India in 2023, one manufacturing textiles and the other gloves. We audited both production sites in 2023. One of these has been certified to the SA 8000:2014, ISO 9001:2015 and ISO 14001:2015 standards – signalling its exceptional commitment to social responsibility, quality management and environmental standards.

Both production sites were cooperative during the audits, but major deviations from our Code of Conduct were identified, particularly in respect of management practices, occupational health and safety, and environmental protection. Gaps were also found in the hiring process at one of the production sites, opening the door to the risk of child and forced labour. Despite several discussions, an independent investigation and the offer of a support programme, management at the site was not interested



in cooperating. We therefore decided to terminate the business relationship. The other site, which holds the aforementioned certifications, had a solid hiring process in place and no risk of child or forced labour was found. Management at that site has also already implemented most of the improvements and measures recommended in the audit.

### INDONESIA

With over 17,000 islands, Indonesia is the world's largest archipelagic state. The country is also one of the ten biggest textile producers globally, and the Indonesian textile industry provides jobs for 3.7 million people. Two production sites there manufacture for Engelbert Strauss – we conducted a conventional audit at one and the virtual part of our blended monitoring format at the other.

We found a good understanding and implementation of social and environmental standards at both production sites, along with a pleasant atmosphere and willingness to cooperate. The auditors found particular potential for improvement with regard to transparency in respect of bonus payments and maternity pay. In one of the two production sites, it was not possible to rule out that certain tasks are being assigned along gender lines, which is considered a discrimination risk. There was no union representation at this site either and the workers had insufficient understanding of their freedom of association and collective bargaining rights. Generally speaking, the audit results were still satisfactory and we are now monitoring the implementation of the required improvements at both production sites.

### LEBANON

Lebanon is one of the smallest countries in Asia by land area and has approximately 5.5 million inhabitants. The country is often embroiled in regional and geopolitical tensions due to its central location in the Middle East. Given the deteriorating situation since October 2023, it is not possible to rule out a potential expansion of the Middle East conflict. The country therefore faces major and varied challenges.

We work together with one production partner in Lebanon, which manufactures accessories for us on a small scale. The family business employs around 30 people. On account of the political situation, we conducted only the virtual part of our blended monitoring format instead of a regular audit in 2023. This was the first audit of our production partner and major, yet non-critical potential for improvement was found in all areas – especially in respect of the protection of children and minors and occupational health and safety. There are a number of gaps in the hiring process

at the production site which means it is not possible to rule out the employment of young workers. At the time of the audit, the youngest worker was 17 years of age, but was not being afforded age-appropriate protections, such as reduced working hours. We also called upon the production site to make many improvements in the areas of fire, building, electrical and chemical safety, which it is now in the process of gradually implementing.

Management showed great interest and willingness to cooperate in respect of our improvements. The production site's engagement was obvious even in advance of our audit: given the difficult economic situation, our production partner supports its workers by paying part of the wage in dollars. As that currency is more stable, this measure gives workers greater security in uncertain times.

### MAURITIUS

The island state in the Indian Ocean has established a functioning democracy and market economy since gaining independence in 1968. In addition to various foodstuffs, textiles are among the country's key export commodities. We have been working with one production partner in Mauritius since 2022, which only produces a small amount of our workwear.

The 2023 audit was the first we conducted at this production partner. The business demonstrated good environmental management performance in particular thanks to plenty of expertise among production site management and clearly defined processes for monitoring and improving environmental impacts. With its well-structured hiring process, no risk of child or youth labour was established at the production site either. Many major, yet non-critical deviations were found, particularly in respect of 'freedom of association and collective bargaining', 'employment is freely chosen' and 'occupational health and safety'. Given the numerous steps that the production site must now take and as this was our first audit of it, we are monitoring the implementation of the requirements particularly carefully.

### MEXICO

Mexico is the world's twelfth-largest economy. Here, too, the textile industry has a long tradition. Mexico became a new manufacturing country for us in 2023 and we immediately audited our partner production site.

The site is very modern and achieved good results right from the outset. The business has plenty of experience with international sustainability requirements and demonstrated a high level of transparency and willingness to make further advancements.





Any deviations from our Supplier Code of Conduct were minor and mostly regulatory in nature. The only notable but non-critical gaps we found were in the area of occupational health and safety. The production site took immediate steps to address these. Our cooperation with our new production partner is therefore off to a very good start. We have established a high level of trust and are happy to continue our relationship.

#### MYANMAR

Myanmar is a resource-rich nation in Southeast Asia with 55 million inhabitants. After more than 50 years of military rule and a lengthy civil war, the country is marked by deep divisions. Its progress towards democracy was abruptly halted in 2021 when the military used a coup to regain power. This again plunged Myanmar into a deep political, economic and humanitarian crisis. The military also imposed martial law in some parts of the country. According to the United Nations, over 17 million people in Myanmar were estimated to have been in humanitarian need in 2023. More than half of the population is currently living below the poverty line, resulting in food insecurity, inadequate healthcare and (looming) educational poverty. Workers' freedom of association and collective bargaining is severely restricted and activists are persecuted.

#### Our decision to continue manufacturing in Myanmar

In Myanmar, we have been working with one partner business since 2015 – and therefore feel a deep responsibility for the workers. The incomes of several hundred people employed at the production facility depend on our partner, who also subcontracts the work of embroidering our logo to another company.

After the military seized power, various international trade unions and national pressure groups called on textile manufacturers and other businesses with global operations to leave Myanmar in order to cut off a source of capital for the military government. Some non-governmental organisations are also of the view that clothing brands should reconsider their presence in the country given limitations on exercising human rights due diligence.

We take these concerns very seriously and have carefully studied the production risks in Myanmar – in consultation with our production partner and numerous international and national stakeholders. We have concluded that, with increased commitment, it is possible to manufacture in Myanmar while ensuring the necessary duty of care in respect of human rights.

One important factor in our decision is our long-standing cooperation with our partner business. We feel a responsibility to the workers there who gain a secure livelihood through our

orders. It is important to us to stand with the people of Myanmar at this challenging time and thereby ensure some semblance of economic stability for them and their families. This conviction is shared by other textile manufacturers, too.

We have devised a comprehensive action plan to protect against human rights risks in Myanmar:

- We maintain a close relationship with our production partner. Through on-site audits and visits, emails and discussions, we find out how the implementation of the corrective measures is progressing and are active in helping our partner to make targeted improvements.
- We have signed up to the MADE in Myanmar project, a development programme co-funded by the European Union. Our partner is taking part in its SMART Factories Programme, which closely monitors how the participating production sites are implementing social and environmental standards and in particular promotes dialogue between employers and workers.
- In parallel to this, we have begun conducting regular worker surveys. These give workers the opportunity to disclose anonymously the extent to which their rights are being respected and measures designed for their safety are being implemented as well as where they see room for improvement.
- As a Fair Wear Foundation member, we meet additional requirements placed on us by the organisation. These include determining the degree to which labour rights are upheld as well as providing evidence of this and reporting on any progress made. At the same time, Fair Wear Foundation offers a complaints procedure that workers in Myanmar can access – and have successfully made use of in a number of cases – to report and resolve potentially questionable practices and incidents.
- We also liaise closely with stakeholders to ensure we stay abreast of the situation in the country. EuroCham Myanmar, also known as the European Chamber of Commerce in Myanmar, is an important partner to us in this. It provides daily information on the current happenings on the ground and holds regular meetings with industry representatives and stakeholders such as the EU Ambassador, the OECD, the World Bank and trade unions.

Based on our exchanges with all of the aforementioned players, we continuously assess the complexities, risks and other factors pertaining to our decision to manufacture in Myanmar.

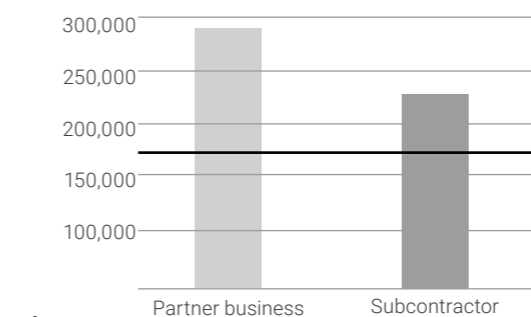
We audited our production partner back in 2022. Corrective measures have since been implemented and the business is taking part in the MADE in Myanmar project. Due in no small part to these activities, the workers are increasingly aware of their rights. In September 2023, we received two reports from workers via the Fair Wear Foundation complaints procedure. We then immediately organised another audit while insisting that the complaints be investigated (see page 20 for details). The audit was conducted by our external audit partner and accompanied by a member of our sustainability team and a Fair Wear Foundation representative. We found that our production partner is on the right track overall and has rigorously worked on all proposed improvements, although some were not yet sufficiently advanced to significantly reduce the risks. The production site also has elected worker representatives and internal complaints mechanisms. The two complaints had not come to light beforehand, however, due to defects in the reporting system and the lack of internal assessment and control mechanisms. There is also a need for improvement in other areas, such as overtime and leave application processes.

Our production partner is extremely transparent in its dealings with us and is energetically and proactively working on the improvements. The audit also showed that only very few workers are receiving the minimum wage (due to low qualifications), while all others are being paid at a much higher rate. The production site has raised wages by more than ten percent on average compared to the 2022 audit. The workers are also occasionally given food as an additional benefit.

We conducted a follow-up visit on the subcontractor as well. It has implemented most of the improvements we proposed in the previous year's audit and is also showing great commitment.

#### AVERAGE WORKER WAGE

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



\* Statutory minimum wage - 168,000 Kyat

#### PAKISTAN

The textile and clothing industry is an important economic sector for Pakistan and accounts for a large part of its export volume. Given the country's major challenges, such as political instability, inflation, economic stagnation and recurring natural disasters, we attach great value to ensuring the safety and job security of the people who work for our production partners. To this end, we maintained a stable order volume in Pakistan again in 2023. During the year, we conducted three audits and one follow-up visit at existing suppliers as well as one audit and the virtual part of our blended monitoring format at two new partner businesses in Pakistan. We place a special focus in this country on the ban on forced labour, freedom of association, occupational health and safety and environmental protection.

A number of our Pakistani partner businesses have made considerable efforts to implement the improvements set out in previous audits, and progress is evident in many areas. For example, great changes for the better could be seen during a follow-up visit to one production site, including a significant reduction in average overtime compared to our last audit and the introduction of a complaints procedure. There was no evidence of forced or child labour at any of the audited production sites.

We established considerable room for improvement at the two new production sites, particularly in respect of wage payment and occupational safety. When a wage calculation error was found, the production site concerned immediately took corrective measures and already paid the difference for the previous 12 months to workers on the second day of the visit. Deviations from the requirements of our Code of Conduct are mainly attributable to management shortcomings and a lack of experience with export products. We will continue to work closely with our partner production sites in Pakistan to help them make the relevant improvements.

#### Inflation

Pakistan found itself in the grip of especially high inflation in 2023. In March 2023, the inflation rate reached a record level of more than 30 percent on a year-on-year basis, and prices of basic foodstuffs doubled in some cases. We contacted all of our suppliers in Pakistan to get an overview of the situation for workers at our partner businesses and offer them our help and support. The circumstances were challenging for all concerned, but some of our production partners themselves took impressive steps to support workers at the sites. For example, one business distributed food to its workers and established community gardens to provide them with further nourishment and minimise the burden on them and their families. Minimum wages were raised in the Punjab region to counteract the situation and we asked our partner businesses to provide evidence that payments had been adjusted accordingly.





## TÜRKIYE

Türkiye is among the world's top textile exporters. The Turkish textile industry has already established a competitive edge on the global market on account of the quality of its goods, moderate prices and fast deliveries. We manufacture in eight production sites in Türkiye, with partnerships going back over 10 years in some cases.

### Severe earthquakes

Earthquakes and tremors struck southeast Türkiye and northwest Syria on and after 6 February 2023. More than 50,000 people died and millions were made homeless. The site of our most important production partner in Türkiye, which manufactures almost four percent of our workwear, is located in the earthquake zone and was heavily affected: five workers died and many could no longer return to their homes. The quakes also caused the collapse of a newly constructed production building. Fortunately, nobody came to any harm as this occurred at night when the structure was unoccupied. We have been working with this production partner since 2008 and have established a partnership built on trust over the years. It showed a strong commitment to all of its workers by organising over 150 relief tents as temporary shelter, helping with the construction of houses and providing financial support to families. While in almost daily communication with it during this time, we offered our assistance and ensured that production recommenced only once the stability and security of all buildings could be completely guaranteed. Two members of our sustainability team visited our production partner during an audit conducted some months after the earthquakes in order to form a picture of the situation on the ground.

Four audits were carried out at our partner businesses in Türkiye in 2023 and the results were very satisfactory. The only exception was at the production site affected by the earthquakes, where fundamental deviations from our Code of Conduct were found as it was still dealing with the after-effects. For example, some Syrian workers did not have official work permits and had not yet been registered for social security. The amount of overtime allowed had also been exceeded in individual cases. The auditors, the Engelbert Strauss sustainability team and our partner met in person to agree on the measures needed. With our support, the business is actively working to eliminate the deviations and has already made early improvements.

The other three audited production sites, which were not affected by the earthquakes, demonstrated a particularly high level of commitment to environmental protection. We were

encouraged to see that they had initiated projects aimed at preventing waste, measuring their carbon footprint and more. We also found good awareness of social standards. There was a particular need for improvement in respect of the storage of chemicals, overtime and the content of training provided to workers. With our support, the businesses are now working hard to address the areas in question.

## UZBEKISTAN

Uzbekistan is a Central Asian nation with a long tradition of cotton cultivation. Textiles are important export products for the country's manufacturing industry. The key markets are Russia and Türkiye, while sales to the EU are still low. The government plans to increase textile exports considerably in the coming years and is investing in the industry's infrastructure. We have been manufacturing at one production site in Uzbekistan since 2023. We conducted an audit there at the outset so that we could identify strengths and weaknesses at an early stage and address potential risks. The Uzbek site belongs to one of our most important production partners in South Korea and approximately 70 percent of its manufacturing capacity is available for Engelbert Strauss.

Our audit found room for improvement on some points, such as inadequate pay during probation periods and cracks in a number of walls. Management at the production site was very receptive to our findings and moved promptly to tackle the catalogue of measures: it ensured the correct level of remuneration was being paid and had the stability of the building in question assessed by an external party. The deficiencies were due in part to a failure to clearly define responsibilities and a lack of experience at the production site.

The findings on the use of renewable energy were positive: the site's own rooftop photovoltaic system covers up to 30 percent of the power demand in the summer. Given the relatively high need for improvement, we remain in close contact with the production site and are regularly reviewing the steps taken.

## VIETNAM

Vietnam's clothing industry has faced significant turbulence in recent years, with many companies suffering a sharp decline in export orders. Vietnam is an important manufacturing location for us, and we have kept our order volumes constant over the years. This has allowed our production partners to plan with certainty. We manufacture around 10 percent of Engelbert Strauss workwear at nine partner businesses in Vietnam. One of these manufactures exclusively for Engelbert Strauss, while our orders account for over 90 percent of production at another. In 2023, our external audit partner audited two production sites and conducted an advance visit at a new business. All three operations demonstrated very good adherence to and management of social and environmental standards – and proved fully or largely compliant with our Supplier Code of Conduct in almost all categories. The share of women in management positions at the audited sites was also encouragingly high (at least 60 percent). Some minor issues in respect of occupational health and safety were eliminated after the audits. Management at one production site is finding it challenging to keep overtime at a reasonable level and we are liaising closely with it to see how this can be improved upon going forward.

### Living wage pilot project

We have been running a living wage pilot project at one of our production partners in Vietnam since 2023. Fair Labor Association, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the Partnership for Sustainable Textiles and other brand manufacturers that have products made at the same site are collaborating with us on this. The Global Living Wage Coalition, the European Research Council and the Initiative for Global Solidarity are also involved in the project. The aim of the project is to work towards a living wage for the workers. Analysis shows that the wages in this production site are well above the statutory minimum wage and, on average, within the living wage range. Nevertheless, some workers (mostly those with less expertise) are not yet receiving a living wage. In addition to analysing wages and how the levels of pay are set at the site, our purchasing practices have also been examined. This confirmed that our stable order volume ensures that our production partner can plan effectively. On the whole, the pilot project is promoting collaboration between production site management and workers, enabling the latter to be more involved in setting wage levels. It is also further cementing our partnership with the production partner. Further activities are planned before the project ends in 2025. However, we have already gained important insights into the wage-setting process and will maintain our involvement in the project in 2024.

## ZIMBABWE

This country in southeast Africa has a long tradition of cotton cultivation, although its textile industry is quite small these days. We have a long-standing partnership with one of Zimbabwe's leading manufacturers of protective workwear. As a member of the UN Global Compact, the world's largest corporate sustainability initiative, our production partner is committed to responsible business practices along ESG lines.

The results of the 2023 audit showed that our production partner has endeavoured to rectify deviations from our Code of Conduct established during an earlier audit. On the positive side, the production site has introduced an improved time recording system to prevent errors in the documentation of working hours in the future.

Quite some effort is still needed in many areas to achieve a satisfactory level. Major, yet non-critical deviations were especially found in respect of occupational health and safety as well as environmental management. Payment of a living wage is also a challenge, as the current wages do not provide a fair standard of living, especially in view of high inflation. A critical deviation was found in respect of maternity pay: 13 women had not received all of the money owed to them. This was corrected immediately after the audit – the women were retroactively paid the difference. In all other areas as well, our partner showed a strong interest and willingness to deal with the criticisms made. We are in open dialogue with the production site on these and are helping them to gradually implement the corrective action plan.

### Production site fire

Unfortunately, a fire broke out in the production site's storage facilities in early December 2023. Many finished products and stored materials were destroyed. The fire could only be slowly brought under control due to the persistent drought and heat as well as regular failures of the central power supply. Thankfully, nobody was injured in the fire. Our production partner was very impressed with the support shown by employees, neighbours and business partners on the ground – including the supply of additional water tankers and generous provision of food and drink for all of the helpers. The cause of the fire is under investigation but has not yet been established. Fortunately, the site has already been able to begin producing again following clean-up and repair work. Before operations recommenced, we insisted that our production partner have the safety of the building and the renovations undertaken assessed by an independent, certified body.



# COMPLAINTS PROCEDURE

## FINDING SOLUTIONS TOGETHER

All employees of our production partners should have the opportunity to file a complaint via internal factory channels if their labor rights are not respected - Ideally, satisfactory solutions can be found directly. In addition, we offer workers an external means of reporting concerns: they can use the complaints procedure provided by Fair Wear Foundation, an independent body.

We want to encourage workers to trust in the Fair Wear Foundation complaints procedure and to use it to assert their rights. In addition to audits and on-site visits, this gives us a further opportunity to determine whether the requirements of our Code of Conduct are being met in the production sites. This is important to ensuring processes aimed at improving conditions are introduced at the production sites. 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 on behalf of workers. In principle, we welcome the submission of complaints.

Fair Wear Foundation promptly forwards to us any complaint it receives. We investigate the complaint together with management at the relevant production site and work with them to find solutions. At the same time, we maintain close dialogue with Fair Wear Foundation, which also decides in the end whether the complaint has been satisfactorily resolved. All complaints can be viewed on the Fair Wear Foundation website. We received two complaints in 2023. Another complaint from 2022 is still pending resolution.

nature. The supervisor against whom the complaints were made was let go. We have since engaged closely with our production partner to introduce a new, transparent management system that should help prevent such situations from arising in the future. The production site is very committed to working with us on this and has already taken many steps.

### PAKISTAN #1309 – PENDING

Issues:  
fair remuneration, management practice

In November 2022, 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. The court case is still ongoing and we continue to monitor the proceedings closely.

### Whistleblowing channel for all stakeholders

In addition to the complaints mechanism already outlined for workers at sewing businesses, we also wanted to give all others involved in our supply and value chains as well as third parties a way to report human rights and environmental risks. We therefore set up a whistleblowing channel for this purpose in 2023, which can be found at [engelbert-strauss.de/en/sustainability](https://engelbert-strauss.de/en/sustainability).

## COMPLAINTS 2023

### MYANMAR #1509 AND #1512 – PENDING

Issues:  
employment is freely chosen, fair remuneration, occupational health and safety

In September 2023, we received an anonymous complaint from a worker at our production site in Myanmar. This set out instances of sexual abuse by a supervisor, who (it was claimed) had reduced bonuses and put pressure on workers if they did not reciprocate his supposed compliments. Further details were provided in a second complaint (#1512) submitted in this regard a few days later. Apparently, some workers had been asked to start working before the production site had officially begun operating for the day, and holiday requests had been denied or notices of termination rejected in a number of cases. According to the information provided in the second complaint, the workers had also been forced to contribute to an expensive gift for the supervisor to mark a local public holiday.

On receiving these complaints, we immediately took steps to examine the situation at the site in coordination with Fair Wear Foundation. Our external audit partner, Fair Wear Foundation and a member of our sustainability team at Engelbert Strauss conducted a thorough review of the information provided during an audit, which was combined with a joint investigation. Fair Wear Foundation took part in this process by virtual means and held numerous confidential interviews with workers. The accusations were confirmed to be true and we coordinated with Fair Wear Foundation to develop a plan designed to put an end to the labour law violations and prevent further incidents of this

# SUPPLIER TRAINING

## TRAINING COURSES DESIGNED TO SUPPORT OUR PARTNER BUSINESSES

**'Nothing is more sustainable than education' – we also stand by this principle in our cooperation with production partners. We want to help bring about a long-term improvement in social and environmental standards at their facilities. Beyond our monitoring efforts and close involvement in supporting the implementation of corrective measures, we assist our production partners by facilitating their participation in training sessions and seminars. In particular, we make use of Fair Wear Foundation's Workplace Education Programme (WEP).**

The WEP training is focused on familiarising management and workers in the individual production sites with our Code of Conduct and the Fair Wear Foundation complaints procedure. The aim is to increase their awareness of their rights and to foster

their communication and problem-solving skills. Workers learn how to address even difficult topics in a constructive dialogue with production site managers and make use of the Fair Wear Foundation complaints procedure.

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. Specific modules are also offered in the respective regions to cover the particular challenges and realities there.

A total of six training courses were held in 2023: three WEP Basic courses in China, two WEP Communication and Factory Dialogue courses in Vietnam and one WEP Violence and Harassment Prevention course in Bangladesh.

### 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 COMMUNICATION AND FACTORY DIALOGUE TRAINING

- Fosters the communication and problem-solving skills of workers and managers,
- Creates a working environment in which management engages in dialogue with worker representatives
- Empowers managers to contact us to discuss our purchasing practices and their impact on workers

### 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

**18 production site managers** took part in the WEP Basic training programme in 2023.  
**92 workers** took part in the WEP Basic training programme in 2023.  
**92 percent** of workers were familiarised with the relevant legal requirements in the course of the training and therefore now have a greater understanding of their rights.

In addition to WEP training, Fair Wear Foundation also offers various other seminars which we recommend to our production partners. Our production partner in Myanmar took part in a three-day personnel management course organised by the local Multi-stakeholder Alliance for Decent Employment (MADE). The training covered a comprehensive range of topics, including compliance with legal requirements in the clothing industry

(such as various obligations on employers in the recruitment process and the ban on child labour). During our visit to Myanmar a few months later, we were pleased to find that managers at the production site had already implemented much of the content of the course there.

In Pakistan, one production site accepted our invitation to take part in a GIZ e-learning programme on sustainable chemicals management. The programme aims to train managers on the efficient use of chemicals.

A business in India learned about the importance of school education in a child labour webinar hosted by GoodWeave International. The intention behind the webinar is to effectively prevent child labour.

### PARTNER IN BANGLADESH WITH IN-HOUSE TRAINING PROGRAMMES

One production partner in Bangladesh has introduced a programme to promote the development of women and a project providing educational support to low-income workers at its production site. The aim of the women's promotion programme is to achieve gender equality and equity. The educational project equips participants with knowledge on managing personal finances.



# PRODUCTION PARTNERS

## FROM ALBANIA TO ZIMBABWE - THESE PRODUCTION PARTNERS HAVE MANUFACTURED FOR US IN 2023

FAIR WEAR NO.	PRODUCTION COUNTRY	PRODUCT CATEGORY	YEAR OF STARTING BUSINESS	PURCHASING VOLUME	LAST AUDIT	AUDIT CONDUCTED BY
10853	Albania	Shoes	2004	0.697%	2022	External Partner
13760	Albania	Shoes	2018	0.102%	2022	External Partner
9325	Bangladesh	Textiles	2013	16.380%	2023	External Partner
2910	Bangladesh	Textiles	2013	12.574%	2021	Fair Wear
10876	Bangladesh	Textiles	2011	4.213%	2022	External Partner
10861	Bangladesh	Textiles	2010	3.194%	2022	External Partner
14459	Bangladesh	Textiles	2019	2.236%	2023	Sedex
4868	Bangladesh	Textiles	2008	0.798%	2022	External Partner
35411	Bangladesh	Shoes	2022	0.764%	2023	External Partner
15425	Bangladesh	Textiles	2020	0.220%	2023	Fair Wear
9686	Bangladesh	Caps & Hats	2016	0.165%	2023	Sedex
10845	Bangladesh	Gloves	2012	0.095%	2023	External Partner
10963	Bangladesh	Textiles	2015	0.078%	2021	External Partner
10957	Bangladesh	Textiles	2015	0.062%	2021	External Partner
35185	Bangladesh	Textiles	2022	0.057%	2023	Fair Wear
34381	Bangladesh	Textiles	2023	0.034%	2023	External Partner
36230	Bangladesh	Textiles	2023	0.008%		
7584	Bosnia and Herzegovina	Textiles	2022	0.009%	2023	External Partner
7847	Bosnia and Herzegovina	Textiles	2007	0.006%		
13782	Bulgaria	Shoes	2018	0.009%		
3289	China	Shoes	2012	3.609%	2021	External Partner
10856	China	Shoes	2009	3.393%	2022	Fair Wear
10886	China	Textiles	2009	3.023%	2023	External Partner
10859	China	Shoes	2013	2.802%	2023	External Partner
4591	China	Textiles	2004	2.049%	2022	Fair Wear
10868	China	Textiles	2008	1.805%	2023	LRQA
33606	China	Textiles	2020	0.913%	2023	External Partner
10859	China	Shoes	2019	0.623%		
10896	China	Textiles	2011	0.449%	2023	External Partner

FAIR WEAR NO.	PRODUCTION COUNTRY	PRODUCT CATEGORY	YEAR OF STARTING BUSINESS	PURCHASING VOLUME	LAST AUDIT	AUDIT CONDUCTED BY
14451	China	Textiles	2019	0.449%	2023	External Partner
11805	China	Textiles	2017	0.428%	2023	LRQA
2127	China	Textiles	2005	0.329%	2023	Sedex
10964	China	Shoes	2015	0.177%	2023	BSCI
4575	China	Caps & Hats	2016	0.174%	2020	Fair Wear
35647	China	Accessories	2023	0.167%	2023	External Partner
14460	China	Shoes	2019	0.156%	2023	LRQA
3140	China	Gloves	2008	0.135%	2023	LRQA
10966	China	Gloves	2017	0.079%	2023	BSCI
34028	China	Textiles	2021	0.074%		
3817	China	Gloves	2015	0.072%	2023	LRQA
35384	China	Textiles	2022	0.063%		
14453	China	Caps & Hats	2019	0.054%	2023	LRQA
10921	China	Textiles	2004	0.048%		
10838	China	Accessories	1997	0.029%		
4927	China	Textiles	2021	0.027%	2023	BSCI
11003	China	Accessories	2016	0.023%	2022	External Partner
10787	China	Caps & Hats	2016	0.019%	2021	Fair Wear
11966	China	Textiles	2017	0.017%		
35976	China	Accessories	2023	0.017%	2023	External Partner
34127	China	Textiles	2020	0.016%	2023	BSCI
12140	China	Caps & Hats	2017	0.011%		
35577	China	Textiles	2023	0.002%	2023	BSCI
35977	China	Textiles	2023	0.001%		
11301	China	Caps & Hats	2002	0.0002%	2018	External Partner
35919	Egypt	Textiles	2023	1.302%	2023	External Partner
12683	Ethiopia	Textiles	2018	1.522%	2023	External Partner
36232	Germany	Accessories	2023	0.058%		
34367	Germany	Shoes	2021	0.057%		
10938	Germany	Textiles	1995	0.022%		
10942	Germany	Textiles	2007	0.016%		
10943	Germany	Textiles	1994	0.013%		
10940	Germany	Shoes	2007	0.007%		
10944	Germany	Accessories	2013	0.003%		





FAIR WEAR NO.	PRODUCTION COUNTRY	PRODUCT CATEGORY	YEAR OF STARTING BUSINESS	PURCHASING VOLUME	LAST AUDIT	AUDIT CONDUCTED BY
35096	India	Textiles	2022	0.063%	2023	External Partner
15173	India	Gloves	2019	0.027%	2023	External Partner
36244	Indonesia	Textiles	2023	0.530%	2023	External Partner
15306	Indonesia	Textiles	2019	0.058%	2023	External Partner
10852	Italy	Shoes	2004	0.697%	2022	External Partner
10901	Italy	Shoes	2004	0.408%	2022	External Partner
10900	Italy	Shoes	2006	0.354%	2022	External Partner
4580	Laos	Textiles	2006	8.194%	2022	External Partner
36245	Lebanon	Accessories	2010	0.161%	2023	External Partner
10850	Malaysia	Gloves	2000	0.037%	20,23	QIMA
35195	Mauritius	Textiles	2022	0.063%	2023	External Partner
35194	Mexico	Textiles	2022	0.586%	2023	External Partner
35920	Morocco	Textiles	2023	0.067%		
7848	Morocco	Textiles	2022	0.010%		
10888	Myanmar	Textiles	2015	6.519%	2023	External Partner
10844	Pakistan	Textiles	2011	0.359%	2022	External Partner
10849	Pakistan	Gloves	2009	0.236%	2023	Sedex
10846	Pakistan	Gloves	2009	0.192%	2023	External Partner

FAIR WEAR NO.	PRODUCTION COUNTRY	PRODUCT CATEGORY	YEAR OF STARTING BUSINESS	PURCHASING VOLUME	LAST AUDIT	AUDIT CONDUCTED BY
10965	Pakistan	Gloves	2016	0.181%	2023	External Partner
10847	Pakistan	Gloves	2009	0.059%	2021	External Partner
10848	Pakistan	Gloves	2014	0.030%	2023	External Partner
35924	Pakistan	Textiles	2023	0.017%	2023	External Partner
10839	Pakistan	Gloves	2012	0.012%	2023	Sedex
2262	Pakistan	Textiles	2011	0.009%	2021	STeP
11964	Pakistan	Textiles	2017	0.009%	2022	External Partner
35978	Pakistan	Gloves	2023	0.002%	2023	External Partner
10913	Pakistan	Gloves	1985	0.002%	2023	Sedex
10939	Portugal	Shoes	1990	0.031%		
10891	Romania	Shoes	2012	0.028%		
10945	Slovakia	Textiles	2010	0.027%		
10842	Sri Lanka	Gloves	2008	0.313%	2022	External Partner
10843	Sri Lanka	Gloves	2008	0.079%	2022	External Partner
33355	Tunisia	Textiles	2020	0.462%		
10885	Türkiye	Textiles	2008	2.465%	2023	LRQA
10952	Türkiye	Textiles	2014	0.126%	2023	BSCI
11099	Türkiye	Textiles	2020	0.036%	2022	External Partner
15349	Türkiye	Textiles	2020	0.036%	2023	Sedex
36247	Türkiye	Textiles	2023	0.029%		
10952	Türkiye	Textiles	2023	0.013%		
35868	Türkiye	Textiles	2023	0.010%		
36233	Türkiye	Textiles	2023	0.007%	2023	Sedex
36246	Uzbekistan	Textiles	2021	0.430%	2023	External Partner
10851	Vietnam	Shoes	2013	3.684%	2023	External Partner
10895	Vietnam	Textiles	2011	3.347%	2022	External Partner
10081	Vietnam	Textiles	2003	1.092%	2021	Better Work
13527	Vietnam	Textiles	2022	1.092%	2022	External Partner
15308	Vietnam	Textiles	2020	0.542%	2023	SLCP
10894	Vietnam	Textiles	2010	0.540%	2022	External Partner
13780	Vietnam	Shoes	2018	0.341%	2023	Better Work
35379	Vietnam	Textiles	2022	0.139%	2023	External Partner
34053	Vietnam	Textiles	2021	0.051%	2021	External Partner
10867	Zimbabwe	Textiles	2010	0.261%	2023	External Partner





# OBJECTIVES & ACHIEVEMENTS

We set ourselves objectives with a view to further increasing our engagement. These 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. Die folgenden Ziele beziehen sich auf die Sozialstandards bei der Herstellung unserer Produkte.

OBJECTIVE	DATE	STATUS	ACHIEVEMENT IN 2023
We have a <b>statement of principles</b> on our human rights strategy in which we commit to respecting human rights and the environment and set out our expectations of our employees and business partners in this regard.	2023	✓	We have published a statement of principles on our human rights strategy.
Fair Wear Foundation positively evaluated the <b>management of social standards</b> .	2023	✓	Fair Wear Foundation again rated management practice for the implementation of fair working conditions in the textile supply chain as 'good' in 2023.
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 2023, 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	➔	30% of our active nominated Tier 2 and 3 partner businesses have signed up to our sustainability programme. In particular, these include the businesses that manufacture a very high proportion of our materials. We plan to further pursue this objective.
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.	2023	✓	The businesses audited in the past three years according to the Engelbert Strauss Code of Conduct for suppliers or a comparable standard cover a total of 97% of purchasing volume; businesses in Germany, Portugal and Slovakia (countries in which we assume a low level of risk) not audited by us manufacture 0.2% of purchasing volume. The remaining businesses each account for no more than 0.8% of purchasing volume and were either audited in previous years or are for the most part scheduled to be audited from 2024 onwards.
All audited suppliers are showing <b>improvements</b> in relation to the audit results a year ago / are putting corrective action into practice and have implemented this systematically.	ongoing	✓	Almost all production partners demonstrated commitment to implementing corrective measures. We were able to promptly schedule follow-up visits of eight sites and track the improvements on the ground. We cut ties with two suppliers, one in Bangladesh and another in India, as they were unwilling to take adequate steps to resolve the issues found.
Further 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.	2023	✓	Two course modules – Sustainability in Textiles and Designing a Circular Fashion Industry – have been added to complement the already established Water Management in the Textile Industry and Sustainability Assessment modules.
Since 2022, the share of <b>women in positions of authority</b> has been steadily increased every year if this is not at a level commensurate with the proportion of women in the workforce as a whole.	ongoing	✓	For the partner businesses audited in the past two years where our share of production exceeds 10%, the average proportion of women in management positions has been over 40%. We engage with our production partners on positive action for women and equal opportunities, and raise awareness of these topics. Some partners have already launched their own programmes aimed at fostering women's advancement in the workplace.





# OBJECTIVES & ACHIEVEMENTS

OBJECTIVE	DATE	STATUS	ACHIEVEMENT IN 2023
Improvements will be implemented on a continuous basis at all audited partner businesses in which deviations from our hours of work and <b>overtime</b> requirements are established.	2023	✓	In 2023, we examined the progress made in respect of previously established deviations from our hours of work and overtime requirements at all partner businesses. At 10 of the 60 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. We cut ties with two businesses due to a lack of cooperation in respect of improvements found to be needed during audits.
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 2023, we examined the progress made in respect of previously established deviations from our wage and social benefits requirements at all partner businesses. At 13 of the 60 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 improved cotton traceability regarding some of our largest suppliers. This process will be continued and intensified.
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, Türkiye and Vietnam).	2023	✓	In 2023, six Fair Wear Foundation training courses (Workplace Education Programme; WEP) were held for suppliers in Bangladesh, China and Vietnam. All course participants were surveyed, with 92% stating that the training had familiarised them with the relevant legal regulations, thereby giving them a better understanding of their rights.
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 Türkiye).	2023	✓	In 2023, a Bengali partner signed up for a WEP training course on the topic of violence and harassment prevention offered by Fair Wear Foundation, while three Chinese partners implemented Fair Wear Foundation's WEP Basic training. In 2024, we will again establish which sites could benefit from anti-discrimination training based on our risk analysis for each country, audit results, our purchasing volume and our share of manufacturers' production capacity.
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 2023, 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.
Thanks to a new <b>whistleblowing channel</b> , anyone in our value chain can anonymously report potential risks to human rights and the environment as well as rights violations.	2023	✓	Our 'Report a Concern' portal has gone live, complementing the Fair Wear Foundation complaints procedure established at our production partners.





# ENVIRONMENT

## CLIMATE PROTECTION

**Climate change is one of the biggest challenges facing humanity at this time and its effects are increasingly evident worldwide, including extreme weather events. Our goal is to reduce carbon emissions and offset those that are unavoidable.**

### PRODUCTION

Across the Engelbert Strauss workwear life cycle, the majority of emissions are generated during manufacture. 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, one of our large production partners in Vietnam obtains electricity from its own rooftop photovoltaic system. In 2023, this generated around 820 megawatt-hours of electricity, equivalent to more than 40 percent of the factory's energy consumption.

### LOGISTICS AND TRANSPORT

Our products mainly cover the distance between the production facility and warehouse by ship and rail, saving carbon emissions and costs in the process. We cut down on air and road transports wherever possible. In 2023, our share of air freight returned almost

to its pre-pandemic level (following a considerable increase in 2020 and 2021 on account of pandemic-related shortfalls and delays in the supply chain). When shipping our products, we look for ways to reduce 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.

For a ten-day pilot project in Germany in summer 2023, we teamed up with GLS to use the first electric truck in long-distance transport: a Volvo FH Electric with a swap body system and a range of up to 300 kilometres. Loaded with around 600 packages at a time, it ran four times daily between our headquarters in Biebergemünd and the GLS depot in the municipality of Schaaheim in southern Hesse during the test period. The 40-tonne vehicle covered almost 500 kilometres a day – climate-neutral transport that also produced less noise pollution than a regular truck. The electric truck was charged for half an hour at a time at each facility. We are pleased with the results of our pilot project and have gained valuable insights that will help us to achieve zero-emission logistics in the long term. Compared to the progress made with passenger vehicles, the HGV e-mobility segment is still in its infancy – we are aiming to expand this project in the future.

### COMPANY BUILDINGS

We have also driven the implementation of climate-friendly solutions in our facilities in recent years: all of our buildings are powered exclusively by electricity from renewable sources, such as photovoltaic systems and hydropower. In 2023, we upgraded the photovoltaic installation on the roof of our Biebergemünd workwearstore to improve the output achievable on the same

surface: by increasing the total output from 330 to 491 kilowatt peak, we are boosting our share of green electricity generation by almost 50 percent. 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 and a combined heat and power plant (240 kW output) and heat recovery in the ventilation systems at our nearby CI Factory.



## RESOURCE PROTECTION

**Global demand for natural resources is rising, leading to the overuse of many important raw materials and ecosystem degradation. Our goal is to use our planet's resources carefully and become ever more efficient.**

dyes, detergents and bleach – like a small-scale water treatment plant. We then use this treated water in the washing process for three months.

### ENVIRONMENTALLY FRIENDLY TECHNOLOGIES IN SCHLÜCHTERN

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

### LOGISTICS NEXT LEVEL IN BIEBERGEMÜND

By upgrading our logistics setup at our headquarters, we are striving to combine technological progress and resource protection. We have been using resource-saving, high-tech logistics in our CI Factory in Schlüchtern since 2020. For example: with the aid of state-of-the-art technologies that automatically adjust our box sizes to the respective contents, we have been able to improve our shipping process by loading our freight containers even more efficiently. This also makes for better inventory management and replenishment. Along the same lines, we have been optimising our logistics in Biebergemünd over the past two years through our Logistics Next Level 2024 project while still maintaining operations. We completed upgrade work on an initial section in November 2023. The project is expected to be completed in late 2024.







# TREE CONSERVATION PROJECT

## CLIMATE PROTECTION AND BIODIVERSITY WITH BUNDESFORST IN NORTHERN HESSE, GERMANY

**Engelbert Strauss launched a pilot project in the North Hessian Federal Forestry District of Schwarzenborn in 2022: the protection of more than 1,000 beech and oak trees over a century in age as biotope trees and carbon stores. The Engelbert Strauss Forest is a 250-hectare large area and binds the annual carbon footprint of around 5,500 German citizens.**

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 primeval forest in the long term. In this way, Engelbert Strauss is promoting the diversity of rare species and creating untouched natural areas. The wood from these giant trees will remain in the forest and, as 'biotope wood', create habitats and become a source of nutrients for insects, birds and small mammals. 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.

***"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

It is essential to protect old forests, especially in these times of climate change. "After just one year, the cooperation between Engelbert Strauss and the Federal Forestry Office has helped us to initiate many projects for which we previously did not have the required resources", says Stephanie Pollmeier from the Nature Conservation Unit of the Federal Forestry Office in Schwarzenborn. For example, a survey covering all available habitat types has been underway across the entire project area since February 2023.

This has also provided evidence for the strictly protected and rare Bechstein's bat. Documentation of a European honey buzzard eyrie, including the ringing of one of the birds, has created a bit of a stir as well. "We are excited to see where in the world this bird will be spotted again. The aim of the monitoring is not only to prove that things are going well in Homberg – we also hope to find out how we can improve even further and which measures we can derive from this for our cooperation", says Stephanie Pollmeier.

The project area covers not only the Engelbert Strauss forest but also a large clearing. This includes an old meadow orchard suffering like many others of its type from an ageing stock of trees. A number of older regional varieties have been replanted and are being watered regularly in coordination with the relevant nature conservation authorities to prepare the tree population for climate change.

We also use the Engelbert Strauss forest for team building and other employee events – for example, under the Engelbert Strauss Leadership Programme. This ensures our cultural landscape is preserved and our employees get to experience the forest.

***"The Engelbert Strauss forest cooperation has a direct impact on the region. It is sustainable because it strengthens local economic structures and makes a significant contribution to climate change mitigation, nature conservation and environmental protection efforts."***  
Stephanie Pollmeier, Nature Conservation Unit,  
Federal Forestry Office in Schwarzenborn

# PRODUCTS



## MATERIALS

### BLUESIGN® SYSTEM PARTNER

In our commitment to more sustainable products, we are also guided by strict textile standards. For example, we have been a bluesign® system partner since 2013. The bluesign® system refers to product safety as well as environmental protection and occupational health and safety throughout the entire textile production chain. The intention is to reduce the use of water, energy and chemicals as well as the volume of wastewater produced and to eliminate problematic substances from the outset. Instead of only auditing the final product, the system requires that the components and processes used are examined before production even begins. The aim of the partnership with bluesign® is to develop safe products that are monitored at every stage of the manufacturing process and to ensure the protection of people and the environment.

Various textiles that correspond with the strict bluesign® criteria are already used in our clothing. Many of our production partners for products or materials are also bluesign® system partners and must allow strict production operations inspections - these include some of our most important production partners.

### RECYCLED MATERIALS

We are able to save valuable resources by increasing the number of products in our range that contain recycled elements. To this end, we regularly review which products could be (partly) made from recycled materials. In addition to three glove models produced in accordance with the strict Global Recycled Standard (GRS), many other Engelbert Strauss products also contain materials with recycled elements. For example, a good deal of the products in our e.s.vision collection are made from 65 percent polyester with recycled content and 35 percent cotton. What's more, we use almost entirely recycled polyester for the upper material of our e.s. Bani next all-round shoe.

## E.S.BOTANICA COLLECTION

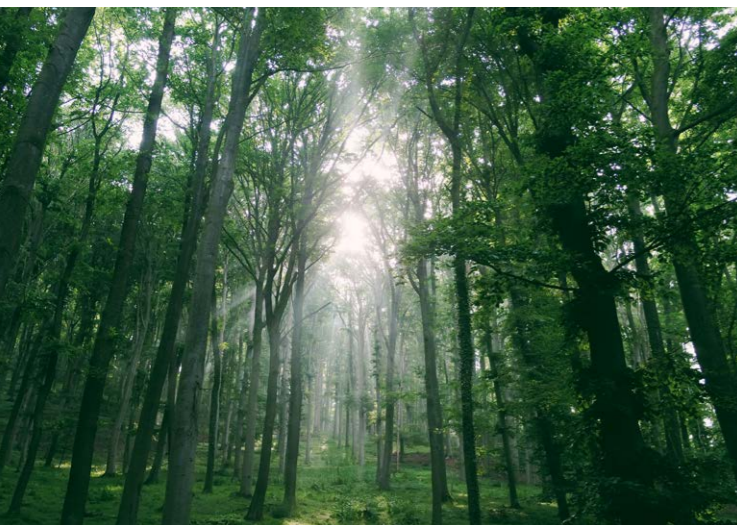
**In 2023, we launched our first fully biodegradable workwear. Made exclusively of natural materials, the products in our e.s.botanica collection biodegrade following their useful life without leaving any residue. We use banana fibre, organic cotton and bamboo as well as dyes made from agricultural by-products, such as parts of beetroot, nutshells and leaves, that produce soft, earthy hues.**

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. The samples were examined after two months and then again after three months 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.

We developed the collection in an Engelbert Strauss production tandem: initial prototypes were created at our CI Factory in Schlüchtern, while the first small-scale series was produced at the CI Factory in Chattogram, our development centre in Bangladesh.

The collection went on sale in spring 2023. In addition to work trousers, it also includes T-shirts and hoodies for both children and adults. We have been able to gain valuable experience in developing biodegradable workwear through this pilot project.





## DON-BOSCO-STRAUSS-SCHOOL OPENS

In cooperation with the Don Bosco Mission organisation, Engelbert Strauss has completed the construction of a school in the northwest of Bangladesh. This was ceremoniously opened in February 2024 in the presence of CEO Steffen Strauss, a delegation from Germany, and Dr. Nelson Penedo, managing director of Don Bosco Mission in Bonn. The long-term goal of the project is to provide children and young people in Joypurhat and the surrounding villages with access to high-quality education with what the Don Bosco Strauss School has to offer.

The school building currently accommodates around 500 girls and boys. A kindergarten as well as primary and middle schools are housed in various classrooms. Additionally, there are external sanitary facilities, a library, and a sick bay. With the pending completion, further classrooms for the high school will be added. In the future, the Don Bosco Strauss School will be able to cater to more than 1,000 children and adolescents. As all lessons in higher grades are solely conducted in English, children will start learning the language in kindergarten. Proficiency in English and a solid education significantly enhance future career prospects and equal opportunity.

Strauss has been involved in educational projects in its production countries for many years. In addition to funding the chair for "Sustainability and Textile Innovation" at Ahsanullah University of Science and Technology (AUST) in Dhaka and the design and development campus CI Factory Chattogram, Engelbert Strauss now supports a comprehensive educational offering at a third location with the Don Bosco Strauss School.

**"The motto 'Journey of a Lifetime' clearly describes what has been implemented in Bangladesh together with trusted partners: a unique educational initiative. Because education is a lifelong journey. We want to accompany children and young people from the beginning on their path and help them lay the foundation for a successful professional future. Our support ranges from early childhood education through university attendance to a professional career at our campus in Chattogram."**  
Steffen Strauss

Bangladesh is one of the most densely populated countries in the world. Approximately 31 percent of the population live below the poverty line. The city of Joypurhat is located in the northwest of the country, about 250 kilometres from the capital Dhaka. In the region, more than 4,500 large families live at subsistence level. Children here often have to contribute to the family income, assisting with fieldwork and caring for younger siblings. There is a great need for school education: many children and adults cannot read or write. Since 2019, the Don Bosco Mission has been offering a range of care and educational programs in a local parish, before last year, a larger school building in Hatil was built together with Engelbert Strauss.

In addition to imparting knowledge, the "Don Bosco Strauss School" also focuses on personal development, i.e., personal and emotional education. Schools are important focal points for children from socially disadvantaged families, where they find care and security. The programs in Khonjonpur are also open to children and adolescents from all regions, ethnicities, and social classes. Strauss is committed to holistic development. Our desire is to establish sustainable and long-term education in Bangladesh, enabling children and young people to pursue positive life paths.

**"Education is a critical contribution to combating poverty. That's why at Don Bosco, we want to provide access to education primarily for children from poor families. Thanks to the cooperation with Strauss, more than 1,000 boys and girls in Hatil will now be able to go to school. An important step to escape poverty and lead a dignified life."**  
Dr. Nelson Penedo

Don Bosco Mission Bonn supports the projects of the Salesians of Don Bosco for disadvantaged children and young people worldwide. The focus is on young people and their families who are living on the margins of society and are socially excluded. Another focus is on educational work at home and the placement of Don Bosco volunteers abroad. The Don Bosco Mission was founded 55 years ago in Bonn.

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

**Do you know your neighbours? The people who live above you, across the way, a few doors down? In fact, only very few of us do. People tend to keep to themselves and there is little integration or inclusion in most neighbourhoods. The 'Gartenhäuser' (garden houses) residential project established by the antonius civic foundation in Fulda is looking to change that – with the support of Engelbert Strauss.**

Adults with a learning disability generally live in co-living communities. The antonius civic foundation in Fulda is currently building four special apartment complexes intended to serve as models for new forms of living arrangements while also promoting inclusion – or 'a world for all'.

In the residential blocks with 29 dwellings being constructed under this innovative inclusive living project, people with and without disabilities will live together and look out for each other. While supporting one another in their day-to-day lives, they will also be able to seek their own privacy as needed. This living project is taking shape on the main antonius campus, which is in the process of being transformed into an open, lively quarter. The 'garden houses' are being funded through grants, rental income and private donations – including a sizeable sum from Engelbert Strauss.

The groundbreaking ceremony was held in April 2023 and construction work is currently underway. The buildings are expected to be completed and occupied by summer 2025. More than 200 applications have already been received from

prospective tenants and will now be deliberated on by a panel. "We want to combat isolation and loneliness, further open up our quarter and invite people to experience how diversity enriches us," says project manager Michaela Lengsfeld. "We are looking for people who feel deeply connected to our vision – as we want this to be a true community of values."

### Joint projects of Engelbert Strauss and antonius : gemeinsam Mensch

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

**2015:** A donation from Engelbert Strauss enables 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:** Engelbert Strauss team leaders complete a management programme at antonius and engage in activities in various parts of the network.

**2023:** Construction work commences on four new 'garden houses' co-financed to a significant extent by Engelbert Strauss.







# CHAIR FOR SUSTAINABILITY AND TEXTILE INNOVATION

## TRAINING FUTURE PROFESSIONAL AND MANAGERIAL STAFF IN THE TEXTILE INDUSTRY

In 2019, we joined forces with GIZ, a German corporation for international cooperation, to initiate our cooperative university project with AUST, a university in Dhaka, Bangladesh. Our goal then and now: to permanently improve skill sets with regard to social responsibility, environmental protection and technical innovation. Bangladesh's textile sector is advanced 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) 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.

We further expanded the chair and course programme in 2023 again: two new course modules – Sustainability in Textiles and Designing a Circular Fashion Industry – were added to complement the already established Water Management in the Textile Industry and Sustainability Assessment modules. We also discussed the course content with selected production partners and sought practical feedback.

### NUMBER OF COURSE PARTICIPANTS IN 2023

90	"Water Management in the Textile Industry"
67	"Sustainability Assessment"
80	"Sustainability in Textiles"
86	"Designing a Circular Fashion Industry"

## STAKEHOLDER DIALOGUE

### SYMPOSIUM ON 'RESPONSIBLE RESOURCE USE IN THE TEXTILE INDUSTRY'

In September 2023, all stakeholders in the university cooperation in Germany and Bangladesh joined with members of the academic and industrial communities as well as international organisations at UNU-FLORES in Dresden for the Textile Symposium. At this platform for international and interdisciplinary exchange, the participants discussed challenges, best practices and innovative solutions for responsible resource use in the textile industry along supply chains in the Global North and Global South. By facilitating open dialogue, the event was intended to support the definition of key topics for future research projects and action plans to collaboratively drive change towards global justice and responsible resource use.

### DIALOGUE BETWEEN INDUSTRY AND ACADEMIA

While in Germany, the AUST delegation also visited our CI Factory in Schlüchtern in the federal state of Hesse. Since 2019, we have been using the most advanced technology on the market here to create new, resource-conserving solutions for customising workwear and safety shoes. By means of a high-end laser, for example, we can produce pleated and faded effects without the water and chemical use that would otherwise be necessary.



During their visit to UNU-FLORES while attending the Textile Symposium a few days later, the guests from Dhaka presented a number of student research projects to participants from GIZ, UNU-FLORES, TU Dresden and the Engelbert Strauss sustainability team. The topics covered included natural dyes, the reuse of production waste and the use of plants to treat waste water. We are actively engaging with various production partners in Bangladesh to get these research projects – valuable theoretical ideas in their current form – implemented in practice.



Our design and development centre in Chattogram, some 250 kilometres south of Dhaka, is also playing a key role here: over 100 AUST students and faculty members visited our CI Factory there in January 2024. This gave them the opportunity to deepen their theoretical knowledge in practice and gain valuable insights into the development and production of textiles of the highest standard. Our CI Factory Director took the group on a tour of production and explained the two core areas of our campus – small-batch production and development – as well as the background to and vision for our facility in Bangladesh. The students showed great interest and we are looking forward to intensifying the exchange of practical knowledge and skills through further projects in the near future.

*"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."*

Rashed Al Mizan,  
Chair for Sustainability and Textile Innovation

*"We are convinced that education is the most sustainable form of social and ecological engagement and will benefit the country and its people for generations. Nothing is more sustainable than education!"*

Steffen und Henning Strauss



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







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