



SOCIAL REPORT

2019/20

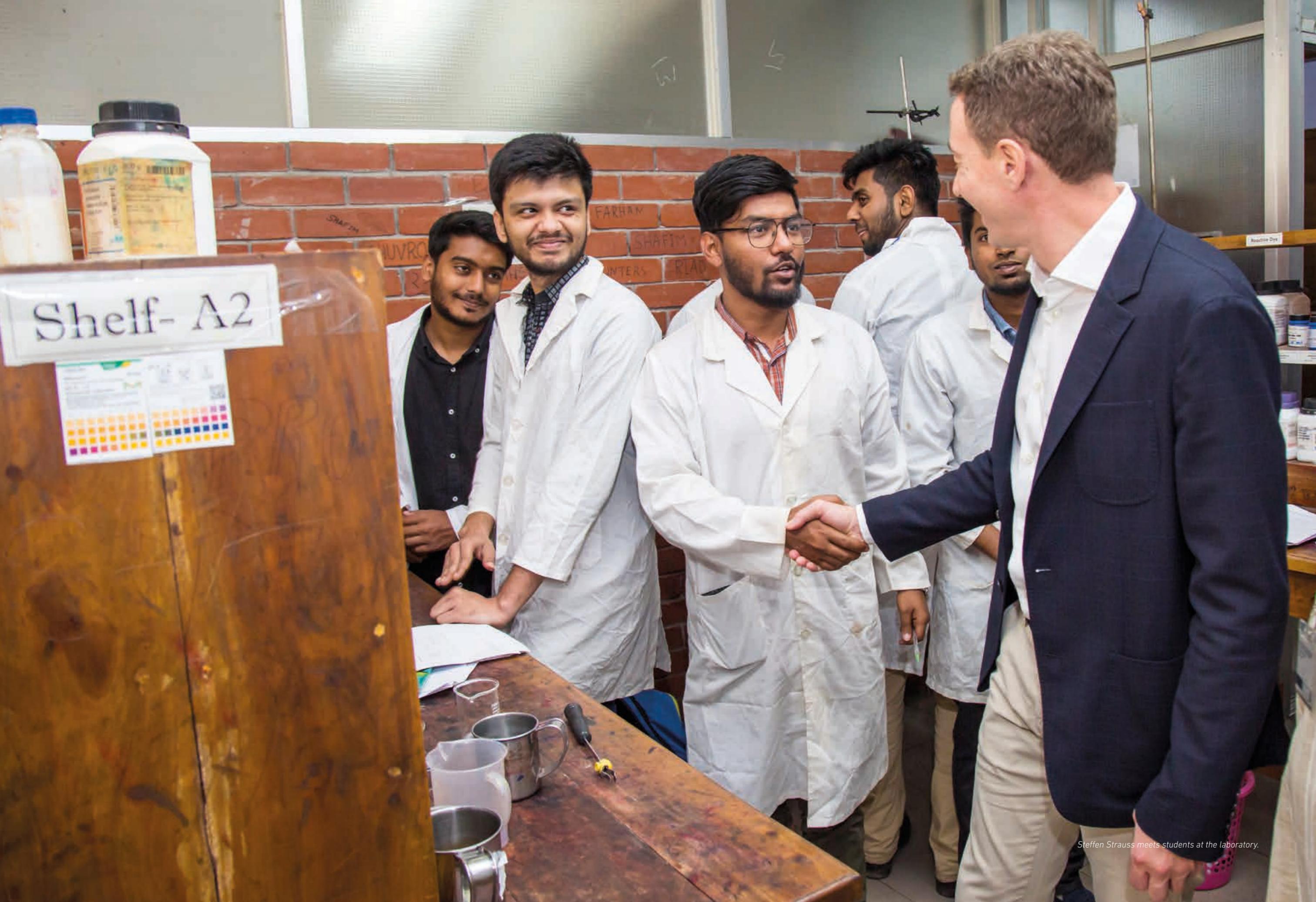




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**NOTHING IS MORE
SUSTAINABLE THAN
EDUCATION!**

STEFFEN STRAUSS

*Steffen Strauss with Prof. Dr. Muhammad Fazli Ilahi at
Ahsanullah University of Science and Technology*



Steffen Strauss meets students at the laboratory.



EDUCATION FOR BANGLADESH

+++ First Chair for Sustainability and Textile Innovation

We believe in Bangladesh. And we believe in the sustainable impact of education. That is why we are establishing the first Chair for Sustainability and Textile Innovation in Bangladesh. Our goal is to permanently improve skill sets with regard to social responsibility, environmental protection and technical innovation in the country.

» We are convinced that education is the most sustainable form of social engagement and will benefit the country and its people for generations «, said Steffen Strauss.

How important education is for the development of the country knows Werner Lange, Coordinator of the Textile Cluster of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH in Bangladesh, where GIZ works since many years to support Bangladesh in its efforts to improve social and environmental standards of the textile industry. "Higher education plays a key role in the sustainability of the country's development. It forms the foundation for quality education and training for future managers, who ultimately shape the social and environmental compliance of the business practices of their companies in the textile industry."

UNIVERSITY COOPERATION

We began an intensive dialogue with GIZ, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, in October 2018. This has resulted in the establishment of a university cooperation that will lead to the endowment of the first Chair for Sustainability and Textile Innovation. The Ahsanullah University of Science and Technology (AUST) in Dhaka is the Bangladeshi

university partner in this cooperation. In this context, AUST is cooperating with the United Nations University Institute for Integrated Management of Material Fluxes and of Resources (UNU-FLORES) based in Dresden and the Technical University of Dresden, which are contributing their expertise in sustainability and innovation to the partnership.



CHAIR

In March 2020, we joined with the project partners in appointing candidates to the positions of Assistant Professor and Lecturer. They will conduct research at AUST and impart knowledge based on the latest international research into sustainability and tex-

tile innovation to future professional and managerial staff in Bangladesh's textile industry. Over the year ahead, they will take advantage of facilities in Dresden and at the Engelbert Strauss headquarters to prepare for their lecturing post.



স্বাগতম, TJ & MUNMUN!

+++ WELCOME, TJ & MUNMUN!

In the summer of 2019, two students from the Asia University for Women (AUW) in Chittagong came to our headquarters in Germany for a six-week internship. Tajkiya (TJ) and Munmun worked together with our sustainability team on topics such as social standards in production and female empowerment.

Besides the mutual sharing of ideas and information, the personal aspects of the exchange were also especially important to us. TJ and Munmun explored Germany with their colleagues: they visited the Bundestag, Germany's national parliament, in Berlin, strolled through Gelnhausen's old town and hiked in the Vogelsberg volcanic region. And we were able to learn a great deal about Bangladeshi culture from both of them. During a lunchtime talk, for example, TJ and Munmun told their colleagues ab-

out their country and showed them a sari, a traditional Bangladeshi garment. They also prepared some typical Bangladeshi cuisine.

» It was incredibly inspiring and valuable to spend time with Munmun and Tajkiya. They helped us to gain an even better understanding of Bangladesh and its distinct culture. This will obviously help us in our daily interactions with our local partners «, said Olivia Spiller, who was in charge of the project.

PROUDLY MADE IN BANGLADESH

Why Bangladesh? Everything began back in 2006, initially with T-shirts, polo shirts and sweatshirts. We have also been manufacturing sophisticated cargo trousers and high-quality winter jackets in Bangladesh since 2012. Our production facilities are among the best in the country.

» We are proud to have achieved this in a country that is only getting started in terms of its economic development in many sectors «, said Henning Strauss.

By investing in technical infrastructure and training and by working closely with our partners, we have been able to create the necessary conditions for the production of sophisticated products. And this also means greater added value in Bangladesh.

Of course, there is still a lot to do in Bangladesh. Hence, our special commitment to education, the academic chair, the campus in the paddies, and our traineeship for young female Bangladeshi students at our headquarters in Germany.



FROM BANGLADESH TO BAD ORB

+++ MUNMUN IN THE INTERVIEW

Munmun enjoyed her time with us so much that she applied for a one-year traineeship after her summer placement. In summer 2019, she graduated from the Asian University for Women in Chittagong, where she had been majoring in Public Health and in Development Studies. She has been living in Bad Orb since October.

WELCOME BACK, MUNMUN! WHAT BRINGS YOU HERE AGAIN?

Thanks! Engelbert Strauss was already very welcoming. So, now that I have finished my university education, I am really delighted to have this opportunity to gain practical experience with an international company.

WHAT HAVE YOU WORKED ON AT ENGELBERT STRAUSS SO FAR?

I am part of the sustainability team. I was able to get a taste for the team's work during my summer internship and I am now supporting ongoing projects. The great thing is that I can use my knowledge from my studies to contribute ideas for sustainability topics. As a 'local', I have a different view of many things, so we really complement each other within the team.

SPEAKING OF 'LOCAL': WHAT CAN BANGLADESH LEARN FROM GERMANY – AND VICE VERSA?

It is important for Bangladesh to develop its infrastructure. This is where Germany can serve as a model – such as in waste management. Another great example is Germany's social safety net. There is little social support for the unemployed in Bangladesh. That is why the efforts of companies like Engelbert Strauss are so important.

WHAT CAN GERMANY LEARN FROM BANGLADESH?

So much! Bangladesh is still very traditional in many ways. People feel closer to each other. And we do not need very much to be content. With increasing affluence, people can often forget the value of gratitude and appreciation. We should hold on to those qualities in spite of our progress.

WHERE IS BANGLADESH CURRENTLY IN ITS DEVELOPMENT?

An increasing proportion of young adults are gaining a university qualification. But it's also clear that there is by no means an equal playing field for all young Bangladeshis looking to improve their education at this time. Young women in particular do not have the same opportunities – TJ and I are the exception. There is still a lot to be done here.

WHY IS EDUCATION SO IMPORTANT?

Education triggers a chain reaction: where there is knowledge, there is growth. And that is how jobs are created – and with them comes prosperity. Then more children can go to school and learn and so on.

WOULD YOU LIKE TO RETURN TO BANGLADESH SOME DAY?

As they say: there's no place like home. I want to use my experience to help drive important developments in Bangladesh. But first I want to learn, and Engelbert Strauss offers the perfect environment for that.

Munmun at the market place in Bad Orb >



CAMPUS IN THE PADDIES

Closely linked with the professorship is the Engelbert Strauss campus in the paddies – a development centre for the work-wear of the future and for the training and further education of young members of staff. As part of the course curated by Engelbert Strauss at AUST, teachers are being trained using the 'train the trainer' method so that they can subsequently pass on their knowledge with tailored teaching modules at the campus in the paddies.

Construction on the facility in Chittagong in rural south Bangladesh is currently underway and we plan to move in at the end of 2020. There are several advantages to being this close to the actual production: future staff members will be trained where there is a vibrant textile industry, where we will test and operate the most advanced processing technology available in the world of textiles. Talented people from all over the world will learn and research at the campus alongside local trainees, just like in a think tank. We will also invite other interest groups, such as the media, non-governmental organisations, representatives from the political arena and customers, to visit our 'walk-through social report'.

We want to create new images in people's minds – our vision of a future Bangladesh, you might say. Our Chittagong campus will bring this vision to life while creating more complex textiles and generating greater added value. Bangladesh is impressive. Bangladesh is vibrant. We want to do our bit with educational projects. And we are delighted to already say today that our products are proudly made in Bangladesh!



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DEAR READER,



'Nothing is more sustainable than education.' Obviously that's true, after all, education shapes the way we think. It enables us to understand the effects of our actions on the world and to take responsibility for ourselves and our surroundings. We want to give people the tools for this.

WHY IS THAT SO IMPORTANT TO ENGELBERT STRAUSS?

We are aware of the fact that sustainable attitudes and actions are needed for long-term success. For us, this means balancing economic considerations with environmental and social factors. We certainly appreciate how well our company has developed. Much of this is attributable to the people involved in our business activities – especially to the people who manufacture our products.

Bangladesh is particularly significant for Engelbert Strauss in this regard. Over the years, it has become our most important

production country. Proudly made in Bangladesh: together with our long-standing partners, we have succeeded in producing increasingly sophisticated products. We strive to ensure that this takes place in a good working environment. We believe that our local activities can have a wider positive impact that goes beyond improvements in production conditions. That is why a major focus of our involvement in Bangladesh is on educational projects.

For many years, we have been committed to ensuring a good working environment at all of our partner businesses through audits, advice and training – and our latest social report shines a light on it. We would be delighted if you could take a look and draw inspiration from the insights!

Yours, the Strauss family

ENGELBERT STRAUSS

FACTS & FIGURES

ESTABLISHED

1946

MANAGEMENT

Norbert, Gerlinde, Steffen and Henning Strauss – the company was originally founded by father and grandfather Engelbert Strauss.

LOCATIONS

workwearstores® in Biebergemünd (Frankfurt), Hockenheim (Mannheim), Bergkirchen (Munich) and Oberhausen (Düsseldorf) as well as 10 wholly-owned national subsidiaries in Europe

PRODUCTS

Work shoes, workwear, safety gear

EMPLOYEES

about 1,300



HEAD OFFICE

Biebergemünd/
Frankfurt am Main,
Germany

CUSTOMERS

Business customers from the skilled trades, industry and the service sectors, plus private customers

High performance and sporty – our products are also popular outside the world of work.

SALES CHANNELS

Online-Shop,
catalogue,
own stores

CI FACTORY

- Production facility in Germany officially opened in late 2019 and set to gradually commence operations in 2020
- Capacity of up to 400,000 shoes per year in the fully transparently operated shoe production facility
- Photovoltaic system with 800 kWp output – equivalent to the consumption of some 200 households
- Approximately 350 new jobs and apprenticeships

PRODUCTS



Work shoes, workwear, safety gear – we equip our customers from the skilled trades, industry and service sectors from head to toe and offer supplementary operating and office supplies. A comprehensive range of never-out-of-stock items makes up over 80 percent of our products. In addition to this, Engelbert Strauss creates new products twice a year: forspring/summer and for autumn/winter. The focus of our new product developments is on safety, functionality and design.

FOOTWEAR

The right shoe whatever the job – from work shoes to safety shoes and for protection classes S1–S5. Customised company shoes soon also available from a shoe factory in Germany.

CLOTHING

Mix & match – our clothing systems can be adapted to any use and taste thanks to their modular design.

SAFETY GEAR

All-round safety – from helmets and gloves through to knee protectors.

SUSTAINABILITY

ORGANISATION & MANAGEMENT

Sustainability – what does that actually mean? Although increasingly talked about, the term itself is a bit vague. Henning and Steffen Strauss talk about their commitment to the people who manufacture Engelbert Strauss products.



STEFFEN AND HENNING STRAUSS

SUSTAINABILITY – WHAT DOES THIS MEAN FOR ENGELBERT STRAUSS?

Steffen Strauss: Here at Engelbert Strauss, corporate sustainability means balancing social and environmental factors with economic considerations. We are responsible for our business activities – and are especially aware of our duties and obligations as a family business. We focus on four areas: our products, their production, the environment and society. One of the main objectives we work towards is the further development of social and environmental standards in the production process for our products.

CAN SUSTAINABILITY BE MANAGED? IF IT CAN, HOW DOES ENGELBERT STRAUSS GO ABOUT THIS?

Henning Strauss: Our sustainability team is growing. We feel it is especially important for it to be directly connected to all relevant processes linked to production. That is why the sustainability team is part of our Purchasing department. This is where we develop products, negotiate with suppliers and make important purchasing decisions.

HOW IS THE COMPANY'S COMMITMENT TO GOOD WORKING CONDITIONS PUT INTO PRACTICE?

Steffen Strauss: Our years of close collaboration with our production partners serve as the lever. We account for a large share of overall capacity in many businesses. With this comes both influence and responsibility. We work together with inter-

national partners such as Fair Wear Foundation, a non-profit organisation. Our common goal is to further improve working conditions and social standards in production. On top of this, we press ahead with our own projects, such as our 'campus in the paddies'.

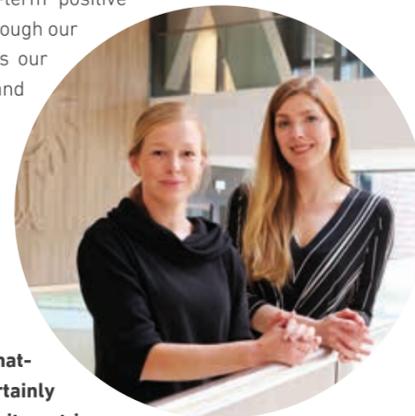
CAMPUS IN THE PADDIES – WHAT DOES THAT MEAN?

Henning Strauss: We are building a development and training centre together with our partner in rural south Bangladesh. Local young talent will learn and research at the campus together with trainees from all over the world, just like in a think tank. This is where we will test and operate the most advanced processing technology available in the world of textiles. We will be able to manufacture limited series and special editions there. And we are creating a place where we can engage with stakeholders – a 'walk-through social report', so to speak.

HOW DO YOU SEE THE FUTURE OF SUSTAINABILITY FOR ENGELBERT STRAUSS?

Steffen Strauss: We believe that nothing is more sustainable than education. Knowledge and awareness take root in a country and bring about long-term positive change. We support this through our education projects, such as our Chair for Sustainability and Textile Innovation.

FRIEDERIKE HOPPE AND OLIVIA SPILLER
RESPONSIBLE FOR
SUSTAINABILITY AT
ENGELBERT STRAUSS

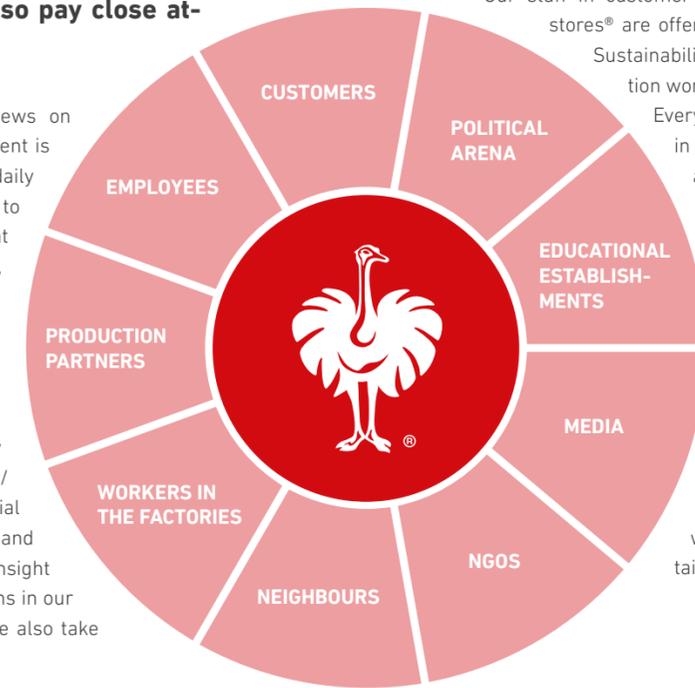


» Sustainability really matters to people. And it certainly matters to us – our commitment is constantly evolving. That is what makes our work so exciting. We tackle all kinds of different issues every day. We coordinate closely with our colleagues and production partners and involve them in social and environmental matters. Olivia Spiller joined the sustainability team at the start of the year. With her Bachelor's degree in Fashion Management and having completed her fashion designer apprenticeship, her expertise greatly complements the many years of experience of Friederike Hoppe, who has been in charge of sustainability at Engelbert Strauss since 2013. «

DIALOGUE WITH STAKEHOLDERS

A lot is expected of us! Our customers are interested in sustainability, but they are not the only ones – our employees, production partners and their workers, NGOs, the political arena, the media, educational institutions and neighbours also pay close attention.

A frank exchange of views on people and the environment is an important part of our daily business. This helps us to better understand what is needed of us – and, therefore, to evolve. We keep our interest groups informed in a number of different ways. We provide up-to-date information on sustainability at engelbert-strauss.de/sustainability. Our social report offers customers and interested parties an insight into the working conditions in our production operations. We also take



on board feedback and provide answers in face-to-face discussions, via email and social media, and at trade fairs.

Internal transparency is especially important if we are to ensure transparent communication with our external stakeholders.

Our staff in customer service and the workwear-stores® are offered sustainability workshops.

Sustainability is also part of the orientation workshop for all new employees.

Everyone is encouraged to engage in open discussion of sustainability.

We cultivate an ongoing dialogue with NGOs, educational establishments, test institutes, the political arena, the media and our neighbours to exchange views both on site and at several events. We also maintain a close dialogue with other partners with whom we cooperate on sustainability matters.

PARTNERSHIPS



Member since 2016

Fair Wear Foundation is an independent, non-profit organisation that works with member companies and production sites to improve working conditions in the textile industry.



Member since 2015

The Partnership for Sustainable Textiles is a German government initiative aimed at achieving social and environmental improvements in global textile production.



Partnership since 2013

The bluesign® system refers to safe products that are produced using methods that meet the strictest environmental and occupational safety requirements.



Partnership since 2019

GIZ, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, a service provider in the field of international cooperation for sustainable development and international education work, who is dedicated to shaping a future worth living around the world.

We look forward to any questions or suggestions on any aspect of sustainability.

Please send them to: sustainability@engelbert-strauss.com

AREAS OF EMPHASIS

+++ What are we focusing on?

You will find much more information on our commitment at:
engelbert-strauss.de/en/sustainability

PRODUCTION

WORKING IN PARTNERSHIP

A humane working environment at the production sites, as well as a considerate approach to nature, are fundamental requirements for us in the manufacture of our products. This social report provides an insight into our efforts in this area.



PRODUCTS

HIGHEST QUALITY STANDARDS

In addition to functionality and design, our understanding of product quality includes aspects of safety, environmental compatibility and fairness. As part of the continuous improvement of our products we are always looking for materials produced in a more sustainable way.



ENVIRONMENT

ENVIRONMENTAL AWARENESS IN ALL COMPANY DEPARTMENTS

Step by step we promote new environmentally sustainable developments and ideas, from the careful selection of the raw materials to the product manufacturing process, through to logistics and the disposal of packing materials.

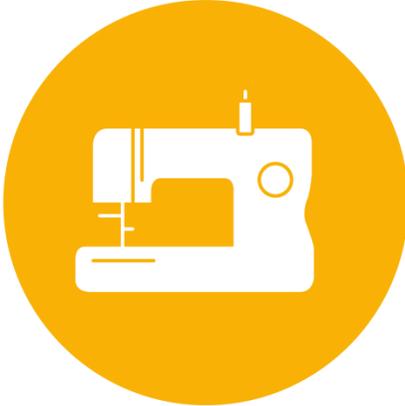


SOCIETY

COMMITMENT LOCALLY AND WORLDWIDE

Above and beyond our entrepreneurial activities, we seek to make a useful contribution to society. The focus of our social commitment is on educational projects in developing and emerging countries.





PRODUCTION

+++

Working in partnership

A humane working environment at the production sites, as well as a considerate approach to nature, are fundamental requirements for us in the manufacture of our products. This social report provides an insight into what we do to ensure implementation of these requirements.



We take responsibility for the people who manufacture our products – and are committed to providing a pleasant and safe working environment in production.



PRODUCTION COUNTRIES

+++ Where do we manufacture our products?

Our products were manufactured in 28 countries in 2019 – in Europe, Asia and Africa. Most of our manufacturing takes place in partner businesses in Asia.

Well over half of all Engelbert Strauss workwear is produced in Bangladesh, Laos and Vietnam. Some of the production sites in these countries produce exclusively for Engelbert Strauss. In addition to these, China, Myanmar and Turkey are among the additional main locations. The countries highlighted on the map are home to our sewing operations, in which usually the main part of the production takes place. Here the individual materials, such as fabric, buttons and zips, are combined to create garments. We intend to commence operations in our first in-house footwear manufacturing facility in Germany, the new CI-Factory, in 2020.

WHY DOES ENGELBERT STRAUSS MAKE ITS PRODUCTS PRIMARILY IN ASIA?

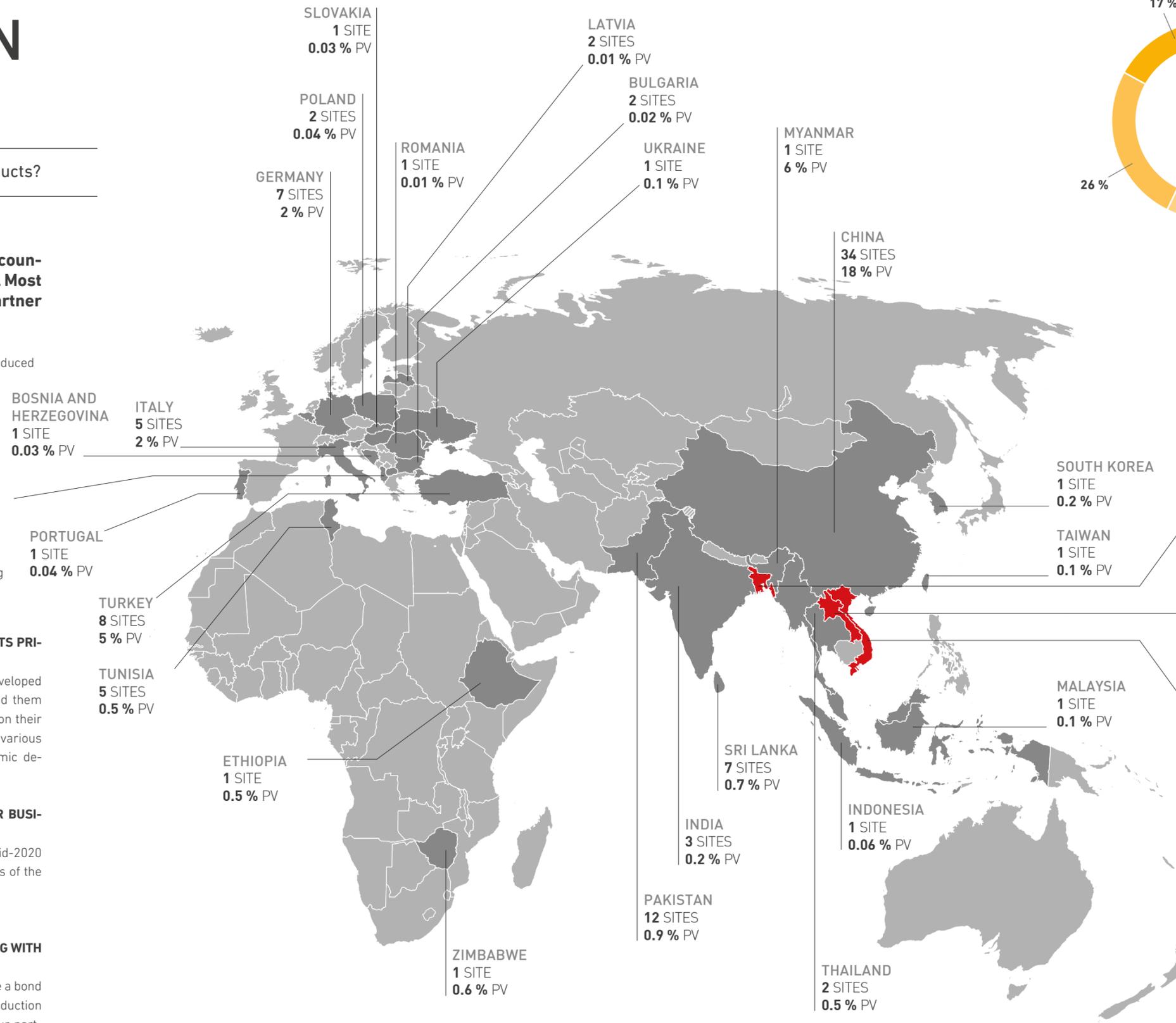
In Asia, many production companies there have developed specific expertise and special technology – and around them the infrastructures required for manufacturing. Based on their particular specialisation, we work with partners from various countries and have a positive impact on local economic development.

DOES ENGELBERT STRAUSS DISCLOSE ITS PARTNER BUSINESSES?

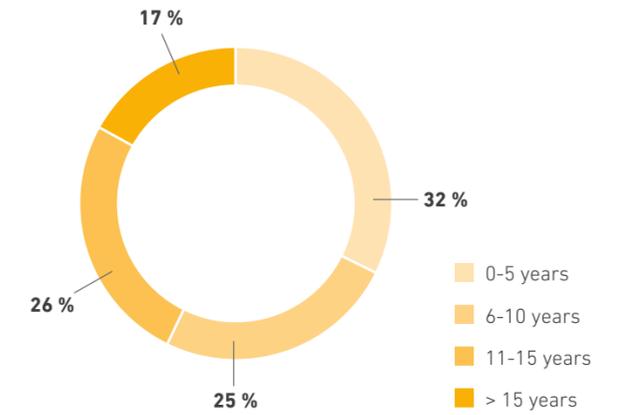
We list all sewing businesses on pages 32-35. From mid-2020 onwards, we will also publish the names and addresses of the businesses on the Fair Wear Foundation website at www.fairwear.org.

HOW LONG HAS ENGELBERT STRAUSS BEEN WORKING WITH ITS CURRENT PRODUCTION PARTNERS?

The Strauss family and engelbert strauss company have a bond based on trust and years of collaboration with many production partners. We have been working with 70 percent of our partners for at least six years already.



PERCENTAGE OF PRODUCTION SITES BASED ON YEARS OF COOPERATION:



BANGLADESH

14 SITES, 36 % PV

Our most important production country! Our orders provide for more than 8,000 jobs in the three largest partner businesses alone. Overall, 36 percent of our production takes place in 14 businesses.

LAOS

1 SITE, 15 % PV

This partner business in Laos, with some 2,500 workers, produces exclusively for us, manufacturing around 15 percent of all Engelbert Strauss workwear.

VIETNAM

6 SITES, 10 % PV

Production for Engelbert Strauss at two of our partners in Vietnam provides more than 1,600 people with secure employment. Overall, ten percent of our production takes place in six businesses.

PV: Production volume

Status: 31.12.2019



PRODUCTION CYCLE & PURCHASING CRITERIA

+++ Which processes are behind our products?

Stability and trust are the basis for successful cooperation with our production partners. This foundation opens up many opportunities to grow together with our partners and develop new collections while improving local working conditions and implementing environmental standards.

HOW IS PRODUCTION STRUCTURED AT ENGELBERT STRAUSS?

Eighty percent of our footwear and clothing range consists of largely unchanged products. We only tweak their 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 bring out limited series from time to time. We always seek to establish long-term partnerships, as these are essential to ensuring the quality of our products and to providing mutual development opportunities.

HOW DOES HAVING A PERMANENT RANGE AND FOSTERING LONG-TERM COOPERATION HELP TO IMPROVE LOCAL WORKING CONDITIONS?

The positive effects are felt in various areas. Long-term cooperation gives our production partners the certainty they need to plan for the future. There is also less time pressure in production, as a permanent range guarantees long production runs. This means that production capacity can be better planned and overtime avoided. Moreover, as workers gain experience in manufacturing the product, there is less waste and better use of resources. This is also kinder on the environment.

HOW LONG DOES IT TAKE TO DEVELOP A PRODUCT?

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

HOW ARE PRICES SET?

Whenever we develop new products, we give our partner precise specifications with regard to design, material and function. Based on this, the partner proposes a price. If this does not seem reasonable to us, we jointly seek a solution in order to find a fair price for both parties.

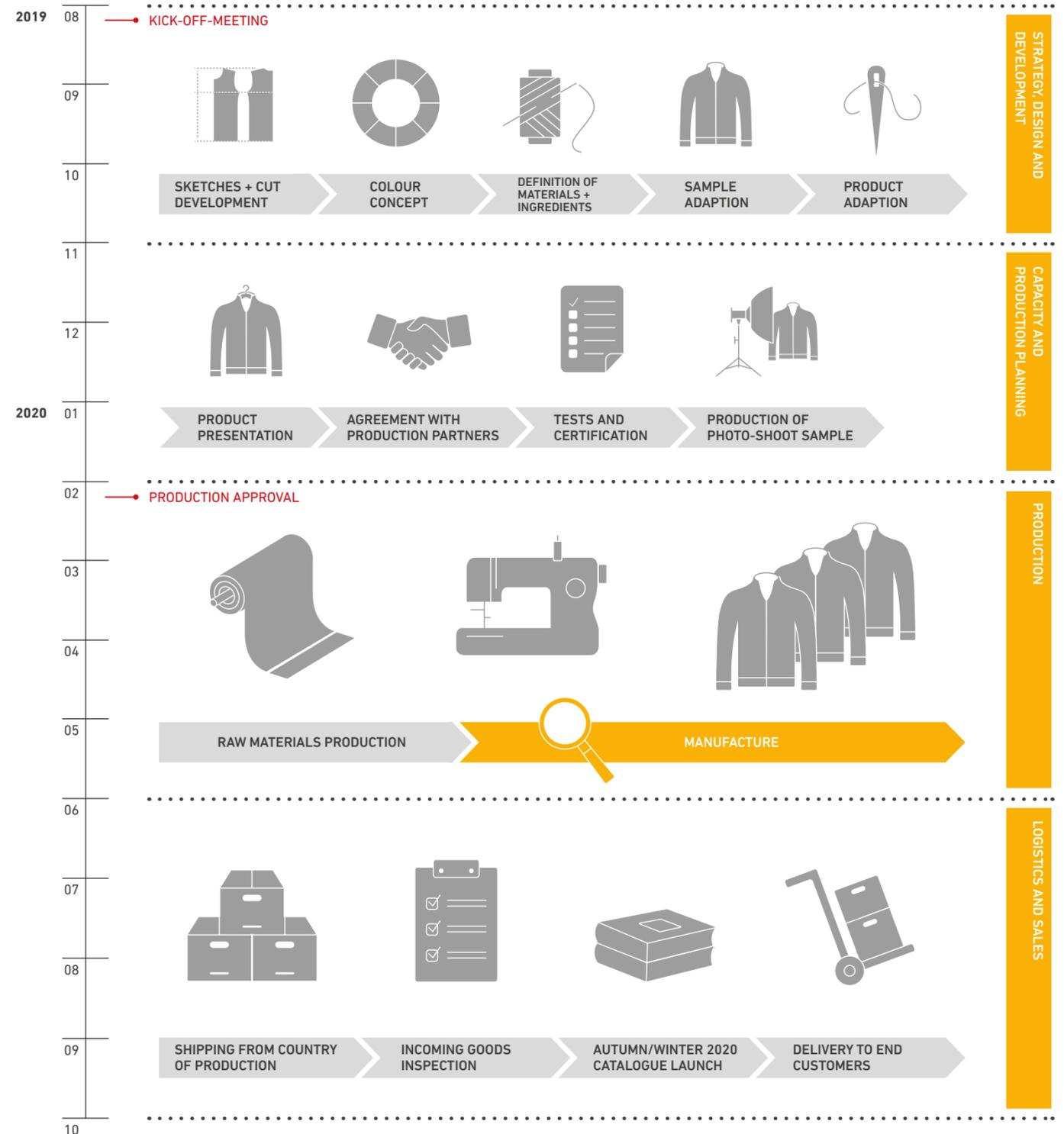
WHAT CRITERIA DOES ENGELBERT STRAUSS USE TO SELECT NEW PRODUCTION PARTNERS?

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. If a partner refuses to accept these requirements or makes no effort to meet them, we do not pursue the cooperation. The decision is taken by the Purchasing department, involving the purchasing manager, buyers, product developers and the sustainability team.

FAIR WEAR FOUNDATION is focused on the manufacturing process. There are still few automated processes in the majority of sewing businesses and that is why most people are employed there. Fair Wear believes that companies like Engelbert Strauss can have the greatest positive impact on working conditions in production in these areas in particular.



SIMPLIFIED PRODUCTION CYCLE, USING A JACKET AS AN EXAMPLE AS AN EXAMPLE





SELECTION & FURTHER DEVELOPMENT

We impose high standards on our production partners in terms of social standards and environmental protection. We therefore choose new business partners carefully and assist existing ones in their further development in line with our requirements.

+++ How do we structure the cooperation with our production partners?

CODE OF CONDUCT

The basis of collaboration with our production partners is formed by the requirements set out in our Code of Conduct. We require all our partners and suppliers to adhere to the Code of Conduct and we ask them to display it at their production sites so that their employees have access to it.

ASSESSING NEW BUSINESSES

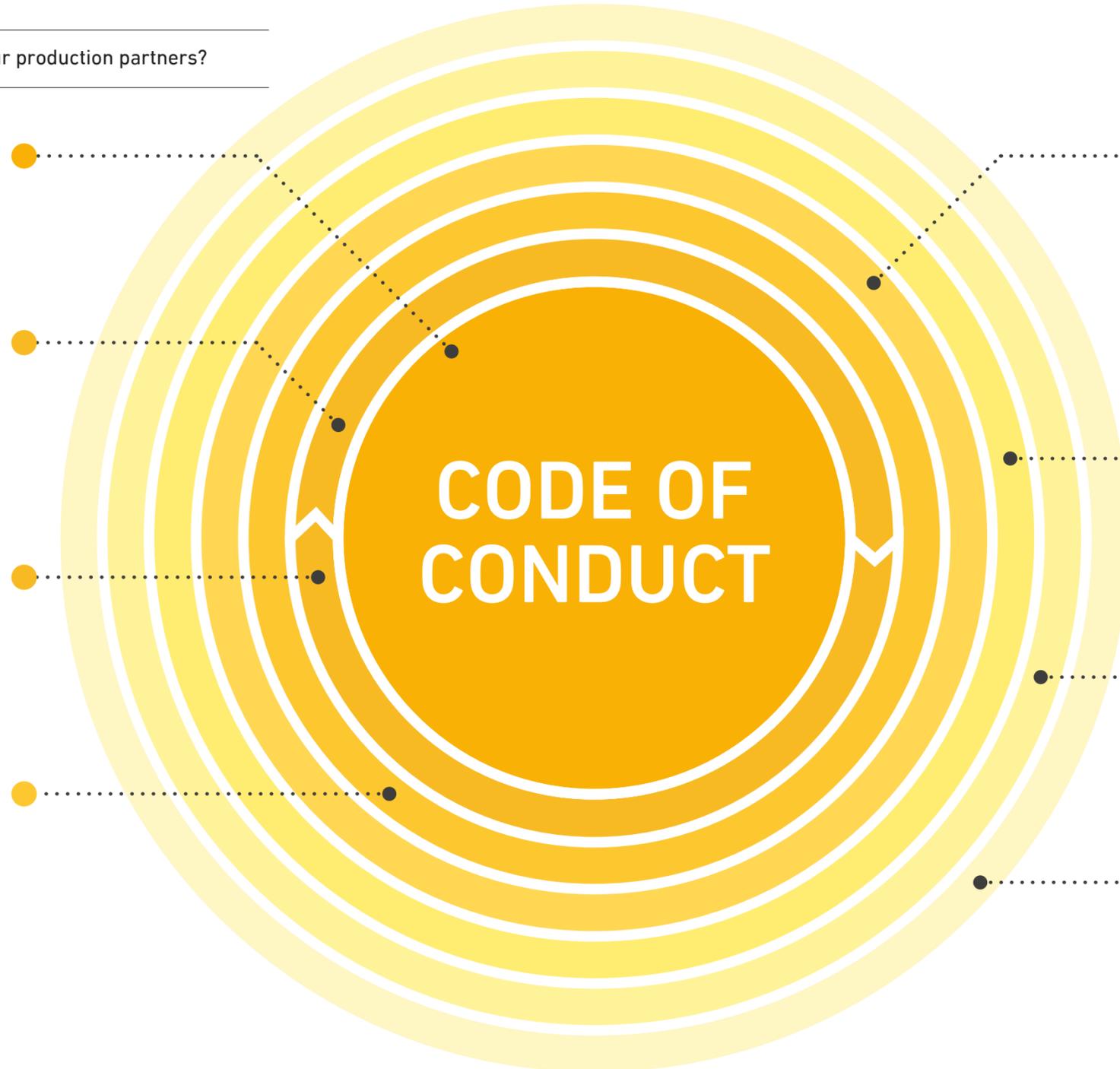
Every production site has to fill out a self-assessment form, which provides us with valuable information about the production conditions. Additionally, it highlights to businesses the aspects of working conditions and environmental protection that are important to us. Analysis of available audit reports and visits to new production sites help us assess whether they meet our standards or have the potential to develop to reach our standards.

ASSESSING THE SITUATION IN EACH COUNTRY

We ascertain to what extent human and workers' rights are implemented – for all existing and, in particular, new production countries. We take into account country profiles and consult with stakeholders or other brand manufacturers. We then use this information to carefully weigh up the risks and opportunities of production in each country.

AUDITS

Audits are conducted to review and rate the extent to which the production site is adhering to the requirements of the Code of Conduct. We commission an independent auditing organisation or Fair Wear Foundation auditors to carry out these audits. Fair Wear Foundation also carries out independent audits of selected production sites. 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 employees and their representatives. At least one member of the audit team always speaks the local language and at least one is a certified SA8000 advanced lead auditor. We generally announce the audit visits in advance. This ensures that everyone with relevant responsibility is present. The costs for all audits and follow-up visits to the site are borne by Engelbert Strauss.



CORRECTIVE ACTION PLAN

If during an audit any deviations from the required standards are identified, the auditors discuss these with the managers responsible and, if there are any, the workers' representatives while the audit is still going on. 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 site in analysing the reasons for the deviations, make suggestions for improvements and review implementation of the actions.

SUPPLIER TRAINING

We help our production partners improve their social and environmental standards through further training. In training sessions, workshops and seminars, we raise awareness among management and workers of good working conditions and how these can be achieved. The key topics include complaint mechanisms and communication aimed at finding common solutions.

FOLLOW-UP VISITS

Depending on the outcome of the audit and to what extent the production site is showing improvements, 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 systematically check whether and to what degree the previously deficient points have been improved.

SUPPLIER ASSESSMENT

If partners perform well, this has a positive influence on our production decisions. If they do not adhere to our requirements and show no progress or will to improve, we sever our relationship. However, this is the last resort. We much prefer to give our partners opportunities and to assist them in developing and fulfilling our specifications.





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



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.

MANAGEMENT PRACTICE

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

REASONABLE HOURS OF WORK

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

FAIR COMPENSATION

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

PREVENTION OF CHILD LABOUR

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

EMPLOYMENT IS FREELY CHOSEN

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

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

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

NO DISCRIMINATION

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

OCCUPATIONAL HEALTH AND SAFETY

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

ENVIRONMENTAL PROTECTION

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



AUDIT RESULTS 2019

+++ How were the companies evaluated?

Have our production partners met our requirements? Or even exceeded them? Where is there need for development? We commissioned external auditors to find out.

The following pages contain detailed information for each country on how the production sites performed during the audits. The auditors assess each business in the audit on the basis of the nine criteria stipulated in the Code of Conduct. For each criterion the auditors rank the individual sites on a scale of 1 to 10, depending on how well a site is implementing the Code of Conduct's requirements. In essence the auditors examine to what extent processes within the site are firmly established in its systems such that any deviations are avoided. For the 'Protection of children and minors' criterion the auditors evaluate, for example, the production site's control mechanisms for ruling out child labour. If, in addition, the site does work in support of younger workers' training, this has a positive effect on the rating.

We audit our suppliers about every three years. The extent to which social and environmental standards are established in the country, how the businesses performed in previous audits and how much they produce for us are some of the factors that determine whether we plan an audit. We often conduct joint audits with other brand companies that have items manufactured in the same production sites as ourselves. The goal of this co-operation is to increase our influence on suppliers and make efficient use of resources.

THE ASSESSMENT CRITERIA

MANAGEMENT PRACTICE

REASONABLE HOURS OF WORK

COMPENSATION

PROTECTION OF CHILDREN AND MINORS

EMPLOYMENT IS FREELY CHOSEN

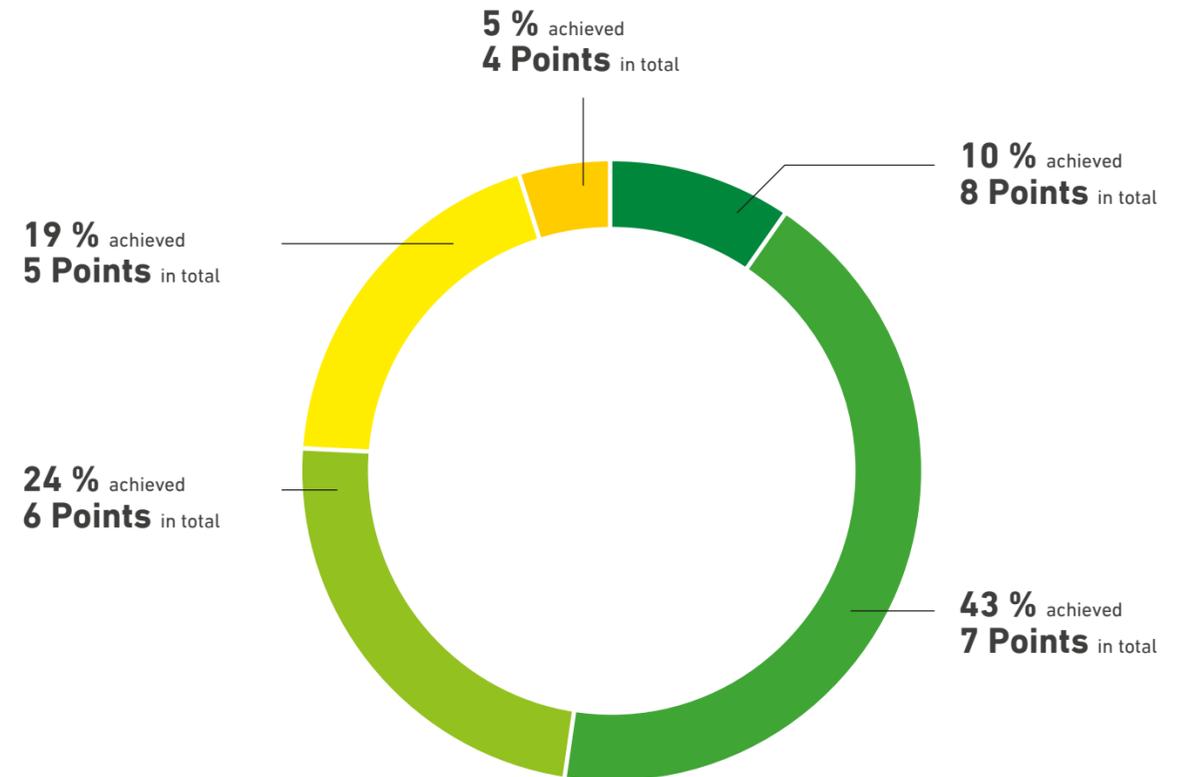
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

DISCRIMINATION

OCCUPATIONAL HEALTH AND SAFETY

ENVIRONMENT

TOTAL POINTS SCORED OF THE PRODUCTION SITES AUDITED IN 2019

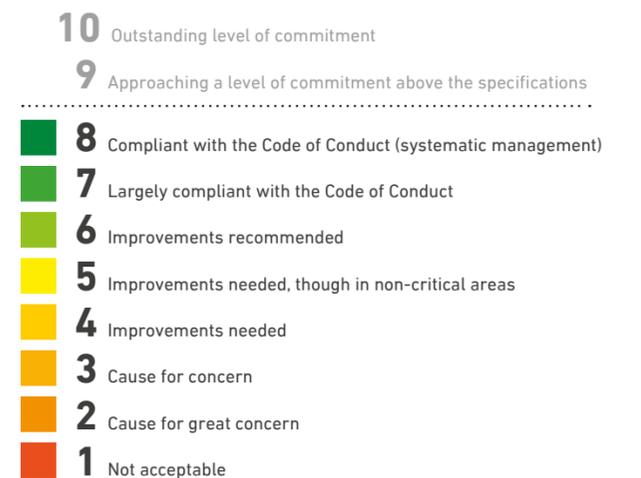


We achieve a high audit coverage rate: almost all Engelbert Strauss products come from audited production partners. The businesses in which 86 percent of our range is produced have all been audited at least once in the last three years.

In 2019, a total of 21 audits was carried out at our production partners' premises. Fair Wear Foundation verified the results in four businesses. In another two follow-up visits, our auditors reviewed the progress made compared to the previous year's audit results. An auditor team also made an advance visit to two prospective production partners. Some 20 percent of the audits were conducted jointly with other brand companies that have products manufactured at the same production sites.

The chart shows the total points that the production sites scored in the audits. A total of 53 percent of the businesses were fully or largely compliant with the requirements of our Code of Conduct. Improvements were recommended for 24 percent of the production sites checked and deemed necessary in the case of another 24 percent.

Overall, our partners worked hard to eliminate the deviations from the Code of Conduct.





» I love my job and am very motivated in my work. I believe in contributing to my own success and that of the company through quality products.

KASAYE AYENEW
QUALITY INSPECTOR



◀ Cut fabric pieces are serged.

▲ Workers operate embroidery machines.

ETHIOPIA



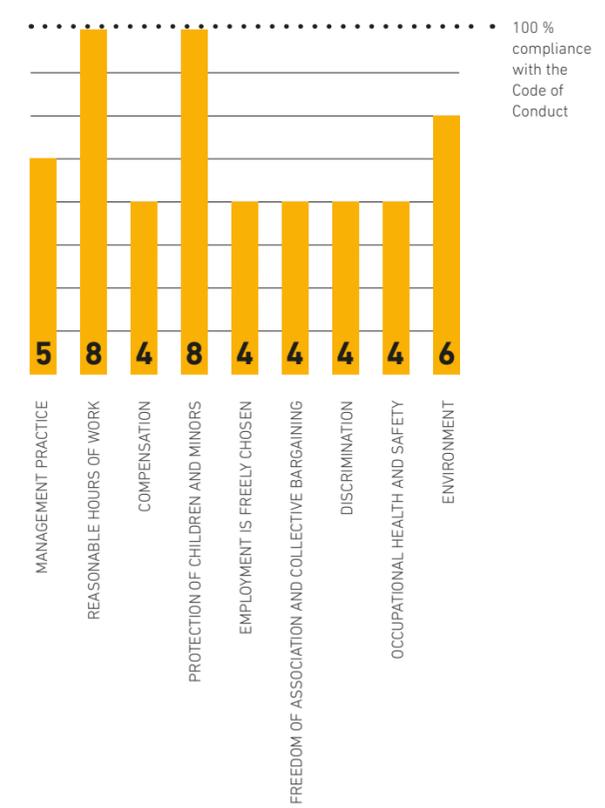
Ethiopia has long been known for its coffee exports in particular. However, the textile industry there has also been growing rapidly for some years now and is contributing to strong economic growth. The industry is creating thousands of new jobs in this East African country, which is beset by great poverty and high unemployment.

Ethiopia is a new production country for us. We see it as our particular responsibility to create a good working environment there. To start production in the country, we teamed up with a long-standing partner with considerable experience in implementing social standards. We conducted the first audit in 2019.

Social and environmental standards played a key role when setting up the production site, but the audit still identified room for improvement. The auditors found the production site to be fully compliant with our requirements in respect of hours of work and the protection of children and minors. There was no overtime and the workers surveyed were very satisfied with their hours of work. Well-functioning hiring processes also rule out child labour.

The auditors found room for development in all other areas. In particular, they pointed to the need for a management system for social and environmental standards that could be systematically applied throughout the business. Action was also needed with regard to the 'employment is freely chosen' criterion, as the workers surveyed stated that it was difficult to get permission to leave work during working hours for health or urgent private reasons. Shortly after the audit, the production site already held training for the relevant managers in order to speed up the granting of approval in such cases in the future. The need for a change to compensation levels was also identified. There is no statutory minimum wage in Ethiopia. While the workers' pay at the production site is in line with local industry levels, it does not meet our requirements for a living wage. We are now engaging with our production partner to find a way to gradually increase wages.

The auditors discussed all of the areas for improvement in great detail with the local management team during the audit. The team showed great enthusiasm and is working its way through these. We are supporting the measures and offering specific suggestions for further development.





Workers program washing machines.



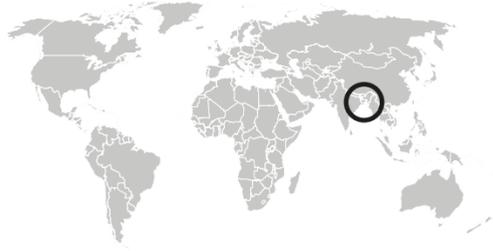
The Engelbert Strauss products are checked and packed.



The worker explains how to operate the circular knitting machine.



BANGLADESH



Bangladesh is one of the world's most densely populated countries. About 166 million people live there, in an area just twice as big as the Republic of Ireland. Over the years, the textile industry has become by far the most important export sector and the driver of a sustained pace of economic growth. Within our long-standing partnerships, our partner businesses have developed an outstanding level of expertise in the production of sophisticated textiles compared with the country's typical standards. We are proud of this.

Bangladesh is our most important production country. We manufactured 36 percent of our high-tech functional clothing with 10 long-standing partners there in 2019. We have audited every business at least once within the last three years. There were seven audits, two advance visits and one follow-up visit in 2019.

Overall, the auditors found that the businesses in Bangladesh had implemented the social and environmental standards in a manner that was compliant or largely compliant with our requirements in most categories and, as a result, had achieved the full eight points in many categories and at least seven in all.

All audited businesses have hiring processes in place that effectively prevent child labour, for example, for which they received eight points. Wage analyses also showed that the wages paid by our largest partners in Bangladesh are far higher than what is typical for the country. At all audited businesses, wages are considerably higher than the statutory minimum wage. These are supplemented by a variety of bonus schemes, such as free apartments in residential facilities, free transport to and from work and heavily subsidised meals. Almost all production sites also have a medical facility or company clinic as well as childcare facilities.

The auditors' proposed improvements mostly related to management of social standards, freedom of association and collective bargaining, and occupational health and safety. For example, they criticised the fact that workers were not sufficiently informed about their rights and complaints mechanisms. Worker representatives had frequently not been freely elected by the workforce, either. We are working closely with the businesses on these aspects and helping them to improve, such as through joint training offerings with Fair Wear Foundation.



Repeated shortcomings were found in the internal complaints procedure at one of our long-standing production partners. At the same time, several workers, especially women, reported receiving verbal and physical reprimands from colleagues or supervisors. These incidents covered all production buildings in which the partner also manufactures for other brand companies. Management did not adequately investigate the reported incidents. In coordination with the production partner, Fair Wear Foundation and other brand companies manufacturing in the same business, the incidents were resolved, disciplinary measures were taken, a new complaints procedure was put in place and all workers and relevant managers received training on this issue. We are closely monitoring development.

Fire and building safety is another focal area for us in Bangladesh. Activities conducted under the Accord on Fire and Building Safety in Bangladesh and the Alliance for Bangladesh Worker Safety ceased in early 2019. Therefore, an expert in electrical safety was specifically added to the auditor team for five of the seven audits conducted that year in order to review electrical safety. The team recommended a number of improvements which the businesses have rigorously worked through.

While we had found that the auditors were provided with falsified working time documents at one business in 2018, they were able to view the correct documents in a follow-up visit in 2019. The auditors were pleased to note that the business had improved in all categories on the basis of our suggestions.

A FAIR WAGE

In our Code of Conduct, we insist that all of our production partners pay a living wage. We carefully review compliance in each audit observing local and international standards. This then requires of us that we pay our production partners a fair price. We liaise closely with our production partners, other brand companies and Fair Wear Foundation on this – after all, we need to pull together if we are to make progress. After an increase in the statutory minimum wage in Bangladesh in late 2018, for example, we also increased the prices that we pay to our production partners accordingly. Moreover, we discussed with many partners how further wage increases might be implemented. Most of our partners in Bangladesh took part in a living wage seminar organised by Fair Wear Foundation.



◀ Soles are attached.



^ The worker punches holes for eyelets on the safety shoe.

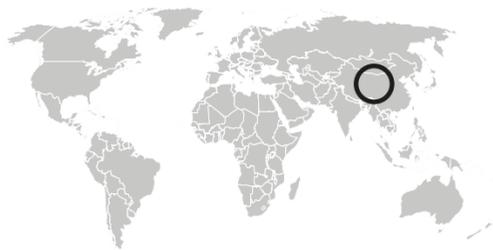


◀ The workers have lunch together.



^ Gloves are manufactured.

CHINA



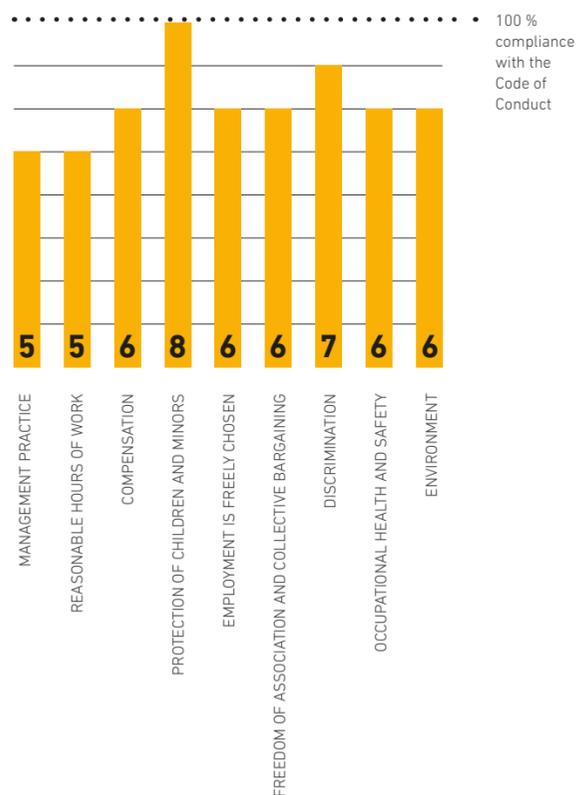
The People's Republic of China is a socialist country in East Asia that has become the world's second-largest economy over the past 40 years. Rising prosperity has changed society and this is reflected in greater awareness of environmental and social standards, for example.

China is our second-largest production country: we manufacture functional clothing and footwear in a total of 35 production sites. Six audits and one follow-up visit of partner businesses were conducted in 2019.

The businesses with the biggest production volumes proved largely compliant with our Code of Conduct. A risk specific to the country and identified in almost all production sites relates to hours of work: in spite of considerable wage growth in recent years, there is still a major reliance on overtime in the Chinese businesses. However, the absolute number of overtime hours and the amount of days worked in a row have generally decreased. It is still customary for older workers in particular to consider an unrelenting work ethic as a positive thing; young Chinese, however, are less interested in signing up for additional work.

Management of small textile businesses often lack knowledge of legal requirements. This was evident in four of our audited businesses. There were also deficiencies with regard to occupational health and safety in three of them. Work methods needed for the safe handling of chemicals were not being fully implemented in those businesses, for various reasons. Generally speaking, the businesses lacked competent staff with the necessary knowledge in this area. In some cases, safety data sheets did not indicate the actual risks, were not up to date and/or were not available in the national language.

We are currently increasing our efforts with a view to having a long-term impact on our partners that are in need of improvement. Armed with the findings of the recent audits, we plan to offer specific training aimed at improving working conditions in 2020.



INDIA



India is now the seventh-largest economy in the world. The textile and leather industry is deeply rooted in the country's history and is still one of India's most important economic sectors today.

Two production sites in northeast India currently manufacture for us. We work with a long-standing partner in one of these. While auditing this business, the auditors found that around a quarter of the workforce was not in a regular employment relationship. These workers were hired and paid through a subcontractor. The business could not provide the auditors with any employment contracts or wage or working time documents for them, which meant that the auditors could not comprehensively assess the employment situation. Discussions were held with a view to resolving this. A management consultant was brought on board and the improvements were reviewed in a follow-up audit. This showed that the production site had now directly hired most of the workers and could provide all necessary documents. The auditors found evidence of considerable progress in almost all categories. They recommended further improvements in relation to management's knowledge of social standards, as well as wages, the protection of children and minors, and environmental protection on site. The production site is now implementing these recommendations step by step.

We have only been working with the other production site for a very short time. The audit results confirmed to us the very satisfactory implementation of our requirements. The auditors awarded seven or eight points in all categories. The management team proved itself knowledgeable of the social and environmental standards and is highly motivated about safeguarding these. The workers interviewed also rated the working environment as pleasant. Furthermore, worker representatives are freely elected. While the business does employ numerous temporary workers, it was able to provide complete and correct documents for these. The auditors only found smaller aspects that could be improved upon. These included more orientation training for new employees and individual measures relating to health and safety in the workplace. The business implemented all corrective measures within just a few weeks of the audit.





◀ The worker is sewing. ▶ Pieces of fabric are checked and folded.



◀ Workers perform quality checks. ▶ Shoes are put through the toe lasting machines.



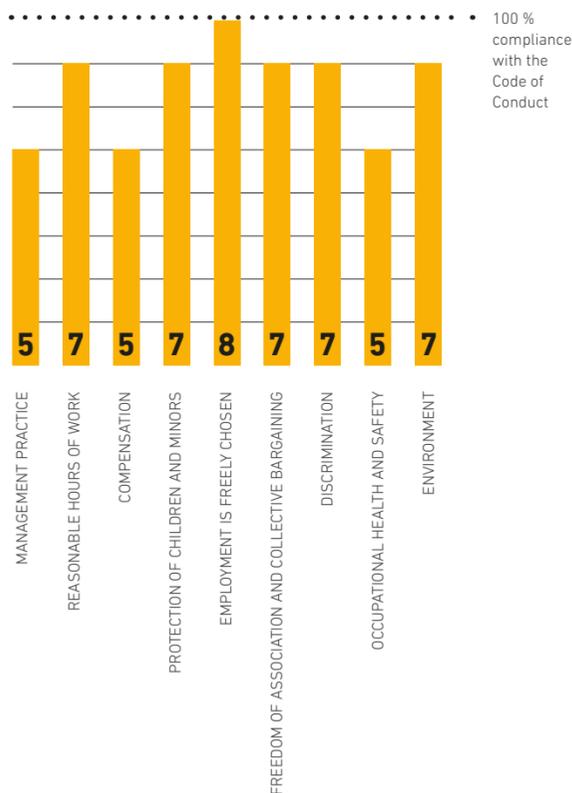
TURKEY



Turkey is an important market for the textile industry. Over the past few years, one of the economic challenges facing the country has been the integration of Syrian refugees into the labour market.

One audit was conducted in Turkey in 2019. This was our third time auditing this production partner and there were clear signs of improvement. However, the audit revealed that the business had responded to a shortage of skilled labour by hiring Syrian refugees without residence permits. In the Turkish textile industry, these refugees are often underpaid and employed on a discriminatory basis. In the audited company, the 22 Syrians worked in various departments and at different hierarchical levels – on the same terms as Turkish workers. They could not be officially registered as they lacked personal documents. We solved this together by going through the process of legalising their residency status and the employment relationship. The Syrians are now covered by social security and have valid employment contracts.

Bookkeeping is a widespread problem area in Turkey. Often, only the minimum wage is reported for social security purposes – overtime is not recorded. This made it challenging to establish the actual situation in relation to hours of work and remuneration at our production partner. Interviews revealed that there is little overtime and workers are remunerated fairly on the basis of their skills. Overall, there is an open communication culture within the business, which is also supported by a well-functioning internal complaints procedure. With regard to occupational health and safety, our partner has improved compared to the last audit but more action is needed. For example, workers rarely use their personal protective equipment. However, the business has improved with regard to the first aid and fire safety training regularly offered to its workers.



VIETNAM



The textile and footwear industries have been gaining in importance in Vietnam, a coastal state in Southeast Asia. This has contributed to the rapid economic upturn that is having a strong impact on the country.

Vietnam is one of our most important production countries. We manufacture sophisticated clothing and footwear with five production partners there. We audited two of our production sites in 2019. We have a long-standing business relationship with one of these partners, while we have only been working for a short time with the other.

We were pleased to find that our new partner showed good compliance with the requirements of our Code of Conduct. Management has a great stock of knowledge when it comes to observing social standards. There was a frank exchange of views with the auditors. At our long-standing partner, however, the auditors found a number of areas in need of improvement. The distribution of duties was found to be insufficient with regard to social standards and the related documentation was difficult to follow. The audit also revealed excessive overtime, but could not clarify the reason for this. The poor overtime records and the lack of wage documentation are the reason for the partner business's low rating. In-depth cause analysis was undertaken and showed that Engelbert Strauss was not responsible for the excessive overtime, as we have ordered our products at reasonable intervals on a continuous and anticipatory basis.

Deficiencies were also identified in areas such as occupational health and safety and in freedom of association and collective bargaining. At both partners, worker representatives include some members of management and the focus is on activities that improve worker welfare. We are now working with our partners on developing specific corrective measures and will continue to monitor their progress.





SUPPLIER TRAINING

+++ How do we help our partners to develop further?

Audits give us an insight into where our partners stand in terms of their development and are the basis for the implementation of our Code of Conduct. We also actively support our partners through training and seminars. These raise their awareness of social and environmental standards and give them the opportunity to develop independently.

We help our partners to develop further in many ways. Awareness of compliance with the Code of Conduct is promoted through Fair Wear Foundation's seminars and Workplace Education Programme (WEP). In order to maximise the impact of these activities, the trainers speak the local language and are familiar with the cultural etiquette in the respective countries.

A total of seven training sessions were conducted in 2019 – in Bangladesh, China, Pakistan and Vietnam. Fair Wear Foundation also held living wage seminars in China and Bangladesh, which 10 of our partners attended. In Vietnam, three of our partners attended a Fair Wear Foundation information seminar for managers on preventing gender-based violence.



BANGLADESH

A WEP was held at one of our production partners in Bangladesh. An anti-harassment committee intended to protect female workers in particular from gender-based violence was set up as part of this training.



CHINA

Three of our Chinese production partners took part in a WEP. This training raised their awareness of appropriate working conditions and was intended to foster interaction and dialogue between management and the workforce, among other things. The managers and workers found the communication training especially useful.



PAKISTAN

Two training sessions were held in a Pakistani business. The WEP focused particularly on aspects relating to the protection of children and minors and avoiding discrimination, while the communication training aimed to foster dialogue between management and workers. Both training sessions were interactive, and specific exercises were used to help convey elements of the Code of Conduct.



VIETNAM

A long-standing and committed production partner hosted a WEP in Vietnam. This focused in particular on legal provisions and a living wage. The participants were actively engaged and took away with them valuable knowledge for their daily work.



FAIR WEAR COMPLAINTS PROCEDURE

+++ Finding solutions together

The Fair Wear complaints procedure serves as a safety net and provides us with an additional mechanism for checking whether the requirements of our Code of Conduct are being implemented in the respective production sites.

Workers can use the complaints procedure to turn to the independent Fair Wear Foundation when problems arise. It provides an information sheet with labour rights and contact details for complaints in the respective national language. The production sites must display these prominently. We explain the system to management and workers during training sessions and visits. All complaints and corrective action taken are published on the Fair Wear Foundation website.

We received three complaints in 2019. These show us that staff at the production sites know their rights and that the system has been successfully established. We have already been able to resolve one complaint together with management at the production site, Fair Wear Foundation and other Fair Wear Foundation member companies. In the case of the other two complaints, we are in close dialogue with all concerned and are in the process of finding solutions together.

CHINA #776*

In August 2019, a worker in a Chinese business complained that he was not informed about his piecework wage, that he did not receive a written payslip and that several workers were regularly instructed to clean up after their hours of work had ended – for no pay. We discussed the complaint and drew up a plan of corrective measures together with Fair Wear Foundation, another company manufacturing in the same business and our production partner. In November, management at the production site gave assurances that all workers would receive payslips from then on and would be informed about their piecework wage. It also stated that the workers concerned would be given back pay for the overtime they had worked. The business was not yet able to provide documents verifying this in late 2019. We are still in discussions with the partner and are planning an on-site visit to review the situation in 2020.

CHINA #786

We received another complaint from China in September 2019. A worker in a partner business complained that the jobs assigned to him were not within the scope of activities for which he had been hired – namely, as an electrician. He was not being scheduled for overtime work, either, which made him feel that he was being treated unfairly in comparison to his colleagues. He wanted the business to terminate his contract and pay him all outstanding wages and a settlement.

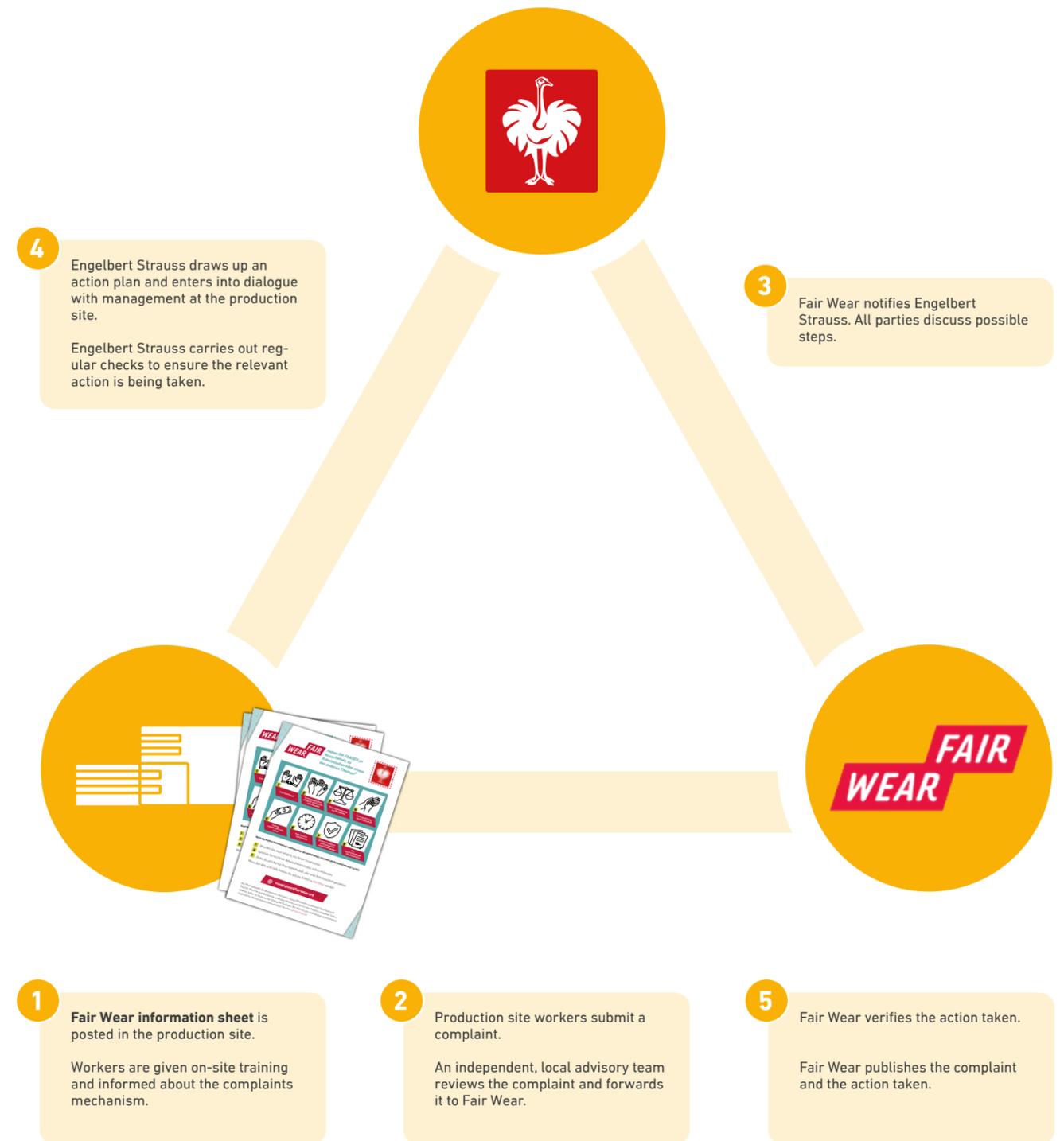
This was then followed by close consultations with Fair Wear Foundation and the other Fair Wear Foundation member companies manufacturing in the same business. During an on-site visit, one of the member companies discussed the complaint with the relevant management staff. The management staff explained that the worker had not been performing his duties as an electrician and other maintenance work to a satisfactory level. The business wanted to have the case reviewed by a labour arbitration committee. The worker would not agree to this and chose to accept the settlement offered to him. He confirmed to Fair Wear Foundation in late October that his request had been met: the business had legally terminated his contract and paid him all outstanding wages and the settlement.

BANGLADESH #813

We received another complaint about a production partner in Bangladesh in December 2019. Two former workers stated that they had handed in their notice. Although they had then received their pay and provident fund, they had not been given additional service benefits for long-serving workers.

We have been working since then with Fair Wear Foundation and another Fair Wear Foundation member company manufacturing in the same business to find a good solution.

EXEMPLARY PROCESS



* Fair Wear complaint number



PRODUCTION PARTNERS

From Albania to Zimbabwe – these production partners manufactured for us in 2019.



FAIR WEAR NUMBER	PRODUCTION COUNTRY	PRODUCT CATEGORY	FIRST PURCHASE YEAR	PRODUCTION VOLUME	(YEAR) LAST AUDIT
10853	Albania	Shoes	2004	0.816%	2017
13760	Albania	Shoes	2018	0.280%	--
2910	Bangladesh	Textiles	2013	20.155%	2018
9325	Bangladesh	Textiles	2013	7.596%	2019
10876	Bangladesh	Textiles	2011	4.726%	2019
10861	Bangladesh	Textiles	2010	2.223%	2019
14459	Bangladesh	Textiles	2019	0.277%	2019
9686	Bangladesh	Caps & Hats	2016	0.252%	2018
10963	Bangladesh	Textiles	2015	0.242%	2018
10948	Bangladesh	Textiles	2014	0.172%	2017
10845	Bangladesh	Gloves	2012	0.142%	2018
14458	Bangladesh	Textiles	2019	0.125%	2019
10949	Bangladesh	Textiles	2014	0.097%	2016
10957	Bangladesh	Textiles	2015	0.091%	2016
9325	Bangladesh	Textiles	2019	0.050%	2019
10956	Bangladesh	Textiles	2016	0.043%	2018
7847	Bosnia and Herzegovina	Textiles	2007	0.030%	2019
12391	Bulgaria	Textiles	2019	0.011%	2018
13782	Bulgaria	Shoes	2018	0.009%	--
10856	China	Shoes	2009	3.793%	2019
3289	China	Shoes	2012	3.522%	2016
11805	China	Textiles	2017	2.081%	2017
10859	China	Shoes	2013	1.901%	2016
10868	China	Textiles	2008	1.808%	2018
10886	China	Textiles	2009	1.537%	2018
10928	China	Shoes	2009	0.656%	2018
13764	China	Shoes	2018	0.536%	--
10866	China	Textiles	2004	0.457%	2019
2127	China	Textiles	2005	0.300%	2018
10863	China	Accessories	2010	0.243%	2016
3140	China	Gloves	2008	0.221%	2018
10896	China	Textiles	2011	0.207%	2017
10964	China	Shoes	2015	0.119%	2018

FAIR WEAR NUMBER	PRODUCTION COUNTRY	PRODUCT CATEGORY	FIRST PURCHASE YEAR	PRODUCTION VOLUME	(YEAR) LAST AUDIT
10787	China	Caps & Hats	2016	0.115%	2018
10966	China	Gloves	2017	0.100%	2017
14460	China	Shoes	2019	0.085%	2019
10899	China	Textiles	2010	0.069%	2016
14451	China	Textiles	2019	0.069%	--
10916	China	Textiles	2007	0.056%	--
14453	China	Caps & Hats	2019	0.050%	2019
3817	China	Gloves	2015	0.046%	2018
11003	China	Accessories	2016	0.043%	2019
10905	China	Textiles	2010	0.039%	--
4575	China	Caps & Hats	2016	0.035%	2019
10919	China	Gloves	2004	0.032%	--
10920	China	Gloves	2005	0.032%	--
10838	China	Accessories	1997	0.031%	--
10921	China	Textiles	2000	0.030%	--
10923	China	Textiles	2003	0.030%	--
10924	China	Textiles	2007	0.030%	--
10840	China	Gloves	2009	0.014%	2018
12140	China	Caps & Hats	2017	0.006%	--
11301	China	Caps & Hats	2002	0.003%	2018
12683	Ethiopia	Textiles	2018	0.500%	2019
11968	Germany	Shoes	1975	1.652%	--
10922	Germany	Textiles	2005	0.030%	--
10938	Germany	Textiles	1995	0.027%	--
10942	Germany	Textiles	2007	0.015%	--
10943	Germany	Textiles	1994	0.013%	--
10940	Germany	Shoes	2007	0.006%	--
10944	Germany	Accessories	2013	0.003%	--
13777	India	Gloves	2012	0.121%	--
10926	India	Shoes	2009	0.086%	2019
15173	India	Gloves	2019	0.005%	2019
10917	Indonesia	Textiles	2007	0.056%	--
10852	Italy	Shoes	2004	0.816%	2018



FAIR WEAR NUMBER	PRODUCTION COUNTRY	PRODUCT CATEGORY	FIRST PURCHASE YEAR	PRODUCTION VOLUME	(YEAR) LAST AUDIT
10900	Italy	Shoes	2006	0.283%	2018
10901	Italy	Shoes	2004	0.280%	2018
11808	Italy	Textiles	2015	0.233%	2018
10862	Italy	Textiles	2009	0.026%	2018
4580	Laos	Textiles	2006	14.775%	2017
10947	Latvia	Textiles	2004	0.012%	--
10937	Latvia	Textiles	2009	0.002%	--
10850	Malaysia	Gloves	2000	0.068%	--
10888	Myanmar	Textiles	2015	6.146%	2017
10849	Pakistan	Gloves	2009	0.377%	2018
10965	Pakistan	Gloves	2016	0.230%	2017
10846	Pakistan	Gloves	2009	0.146%	2017
10914	Pakistan	Gloves	2014	0.032%	2017
2262	Pakistan	Textiles	2011	0.029%	--
11964	Pakistan	Textiles	2017	0.022%	--
10848	Pakistan	Gloves	2014	0.021%	2017
10839	Pakistan	Gloves	2012	0.015%	2017
10847	Pakistan	Gloves	2009	0.014%	2018
10912	Pakistan	Gloves	1993	0.012%	--
10913	Pakistan	Gloves	1985	0.003%	2017
11809	Pakistan	Gloves	2016	0.001%	--
11811	Poland	Textiles	1990	0.027%	--
10906	Poland	Shoes	2009	0.010%	--
10939	Portugal	Shoes	1990	0.044%	--
10891	Romania	Shoes	2012	0.014%	--
10945	Slovakia	Textiles	2010	0.027%	--
10879	South Korea	Textiles	2016	0.221%	--
10842	Sri Lanka	Gloves	2008	0.191%	2018
12136	Sri Lanka	Textiles	2017	0.149%	--
12183	Sri Lanka	Textiles	2017	0.145%	2017
12182	Sri Lanka	Textiles	2017	0.109%	--
10843	Sri Lanka	Gloves	2008	0.038%	2018
12597	Sri Lanka	Gloves	2006	0.018%	--
10841	Sri Lanka	Gloves	2009	0.007%	2018
10907	Taiwan	Accessoiries	2008	0.139%	--
11806	Thailand	Textiles	2015	0.246%	2017
14455	Thailand	Textiles	2017	0.246%	--
12600	Tunisia	Textiles	2014	0.336%	--
11804	Tunisia	Textiles	2012	0.065%	--

FAIR WEAR NUMBER	PRODUCTION COUNTRY	PRODUCT CATEGORY	FIRST PURCHASE YEAR	PRODUCTION VOLUME	(YEAR) LAST AUDIT
10935	Tunisia	Textiles	1990	0.055%	--
10904	Tunisia	Textiles	2006	0.029%	--
12601	Tunisia	Textiles	2013	0.001%	--
10885	Turkey	Textiles	2008	3.330%	2017
13763	Turkey	Textiles	2017	1.427%	--
10951	Turkey	Textiles	2014	0.336%	2017
10950	Turkey	Textiles	2014	0.181%	--
10952	Turkey	Textiles	2014	0.083%	2019
10902	Turkey	Textiles	2006	0.053%	2014
12684	Turkey	Textiles	2018	0.022%	--
13781	Turkey	Textiles	2018	0.017%	--
11810	Ukraine	Textiles	2000	0.131%	--
10895	Vietnam	Textiles	2011	3.587%	2017
10851	Vietnam	Shoes	2013	2.394%	2019
10894	Vietnam	Textiles	2010	1.537%	2017
10081	Vietnam	Textiles	2003	0.897%	2018
13780	Vietnam	Textiles	2018	0.558%	--
13498	Vietnam	Shoes	2018	0.552%	2019
10867	Zimbabwe	Textiles	2010	0.612%	2018



OBJECTIVES & ACHIEVEMENTS

OBJECTIVE	DATE	STATUS	ACHIEVEMENT IN 2019
Fair Wear Foundation positively evaluated the management of social standards .	2019	✓	Fair Wear Foundation again rated management practice for the implementation of fair working conditions in the textile supply chain as 'good' in 2018. It confirmed that Engelbert Strauss had engaged to a much greater extent than required in its second year of membership.
The production partners have agreed to both the Code of Conduct and the Engelbert Strauss monitoring programme . The production sites have been disclosed.	ONGOING	→	100% of our production partners have agreed to both the Code of Conduct and the Engelbert Strauss monitoring programme. They have all disclosed their production sites – including any subcontractors. This practice has become a fundamental element of all production partnerships.
The suppliers that together manufacture at least 90% of the purchasing volume are audited in the first three years of Fair Wear Foundation membership in accordance with the Engelbert Strauss Code of Conduct or operate in non-risk countries*.	2019	✓	The businesses audited in the first three years of Fair Wear Foundation membership according to the Engelbert Strauss Code of Conduct cover a total of 92% of purchasing volume. The other businesses are either in non-risk countries (2%), were audited in previous years (<0.1%), are earmarked for an audit in 2020 or have a purchasing volume of at most 1% (5%).
All audited suppliers are showing improvements in relation to the audit results a year ago / are putting corrective action into practice and have implemented this systematically.	ONGOING	→	As in previous years, our production partners worked well with us overall again in 2019. Most corrective measures were implemented quickly. Only a few were still outstanding by the end of the year.
We occasionally collaborate with other selected manufacturers/traders in our audits.	ONGOING	→	A total of 20% of the audits and the subsequent monitoring of improvement measures were carried out in conjunction with other manufacturers. This collaboration enables us to combine our influence on the production partners and to avoid duplicate audits.
The employees who are in regular contact with production partners and visit the production sites are trained on sustainability requirements in the production operation.	ONGOING	→	Our sustainability representatives attended conferences and workshops given by Fair Wear Foundation and the Partnership for Sustainable Textiles. Product Development and Purchasing employees received training from Fair Wear in 2017 and 2019. Prior to visiting production facilities, employees are given general checklists as well as specific information regarding issues that need to be checked.
Training on compliance with the Engelbert Strauss Code of Conduct and the complaints procedure is conducted at selected suppliers.	ONGOING	→	Most of the seven training sessions held at our suppliers in 2019 were conducted by Fair Wear Foundation. Another 13 suppliers received Fair Wear management seminars on specific social standards. Online Fair Wear training was recommended to all suppliers.
The Fair Wear Foundation complaints procedure is in place. Complaints received are resolved.	ONGOING	→	We introduced the Fair Wear Foundation complaints procedure in 2017. Since then, we have been continuously raising awareness among suppliers. The first complaints were received in 2019. We have already been able to resolve one complaint and are currently working on another two.
The production sites where Engelbert Strauss garments are manufactured have been published .	2020	→	Fair Wear Foundation has been given a list of all businesses where Engelbert Strauss garments are manufactured. In 2019, we agreed to have this published on the Fair Wear website. This should happen in 2020.
We have launched our own educational initiatives in Bangladesh .	2019	✓	We are building the campus in the paddies in Chittagong – a development centre for the training and further education of young members of staff in the textile industry. We are also cooperating with GIZ to establish a Chair for Sustainability and Textile Innovation in Bangladesh. In 2019, we gave two students from the Asian University for Women in Chittagong the opportunity to complete an internship at our headquarters in Germany.
An Engelbert Strauss social report 2019 is available.	2020	✓	You are holding it in your hands.
There is internal communication to staff on current sustainability activities.	ONGOING	→	All employees have been provided with information on current Engelbert Strauss sustainability activities – via the intranet and through workshops.

* In determining which countries are high-risk countries, we follow the Fair Wear Foundation's classification. This means that all countries outside the EU, as well as Bulgaria and Romania are considered high-risk countries. Switzerland is not included.



PRODUCTS

+++

Highest quality standards

In addition to function and design, our understanding of product quality also includes aspects of safety, environmental sustainability and fairness. As part of the continuous improvement of our products, we are always looking for materials, which are produced in a more sustainable fashion.



RESEARCH AND DEVELOPMENT

+++ How can we use new technology to improve our products?

Our garments must meet our high quality standards. In addition to product safety, we especially incorporate health and environmental requirements into product development. For example, we have been conducting research and development in our new Laser Lab & Dyeing House in the CI-Factory since 2019. Here we try out different garment washing effects, for instance, that are created by using innovative filter systems that require almost no water or chemicals.

WHAT HAPPENS AT THE LASER LAB & DYEING HOUSE?

The Laser Lab & Dyeing House is our cutting-edge research and development facility. It is part of our CI-Factory, the new production site located not far from our headquarters. Technicians and designers work together on new products here. This results in samples and prototypes that may one day be ready for series production. We focus here on two things. Firstly, we want to create new looks. And secondly, we are harnessing technological advancements to create significantly more sustainable products.

LASER LAB

Our developers have access to the latest processing technologies on the market, including a high-end laser that opens up completely new possibilities in the area of textile finishing. For example, we can use this to imitate the pleated looks and faded effects otherwise achieved with denim washes. The laser process also ensures uniformity of appearance, requires no water and does not damage fibres, which makes it considerably more environmentally friendly.

DYEING HOUSE

The laboratory is also equipped with state-of-the-art washing machines. This may sound rather dull, but there is actually great potential for conserving resources: thanks to this technology, we only need a quarter of the usual amount of water for the dyeing process.

By also using a filtration system, we are thus minimising resource consumption: water is first passed through sand, then ozone and finally membranes to remove chemicals such as dyes, detergents and bleach. The treated water can be completely reused in the washing process for three months.



ORGANIC COTTON

Some of our cotton items are made of organic cotton. In contrast to conventional cotton, the use of chemical pesticides and fertilisers is prohibited for the cultivation of organic cotton – and so, too, are genetic modifications. Due to the natural fertilisation and higher humus content, the soil can store more water and CO₂. Compulsory crop rotation strengthens the resistance of the cotton plants. The fabrics for our organic cotton garments meet either the Global Organic Textile Standard (GOTS) or Organic Content Standard (OCS). Currently about half of the Engelbert Strauss underwear and some T-Shirts are made from organic cotton.



ENVIRONMENT

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Environmental awareness in all company departments

We want to ensure that future generations also enjoy the living conditions and resources available to us today – and that is especially important to us as a family business. We are gradually putting environmentally friendly innovations and ideas into practice. Read on to find out over the following pages what we are doing to protect the climate and natural resources in the context of our business activities.



CLIMATE AND RESOURCE PROTECTION

+++ How do we protect climate and resources?

RESOURCE PROTECTION: FOCUS ON PACKAGING

Packaging plays an important role in the shipping of Engelbert Strauss products – it protects the product on its way from production to the customer and facilitates smooth handling of logistics. However, large quantities of packaging materials are required for this. We try to cut down on these materials wherever possible and look to optimise any essential packaging.

CONSIDERING ALL OF THE PARCELS SHIPPED TO CUSTOMERS EACH DAY, HOW ARE WE GOING ABOUT SAVING RESOURCES IN THIS INSTANCE?

We have reduced the amount of packaging that we use to ship products in recent years. Since 2018, we have been sending shipments containing only a few or small items in a shipping bag instead of a box. This bag was initially made of plastic, but we switched to sack kraft paper that can be disposed of with waste paper in 2019. This has enabled us to reduce the material weight by 73 percent compared to boxes and also shrink the size of the parcels. This has resulted in lower transport emissions, as more items fit in each truck.

The bags have only been used by our logistics service provider to date. We are currently investigating ways of using these in our own logistics, as well. We also worked on our shipping boxes in 2019 and managed to save on packaging material there too by analysing and optimising the filling level.

IS IT REALLY NECESSARY TO PACKAGE EACH GARMENT SEPARATELY?

We are also working on this. We have been able to considerably reduce the packaging material for shirts and blouses in recent months, for example. Many small pieces of plastic, metal and paper were previously used to stabilise garments. We have been able to minimise the use of these and completely switch to cardboard for the pieces that are still required. We have also changed the folding dimensions of shirts and blouses so that they fit in our smallest shipping box. This has allowed us to cut transport volumes as well.

Further reducing the packaging we use on our garments is high on our agenda. But it is not so easy in practice: for instance, the plastic bag that surrounds each individual Engelbert Strauss garment protects it against moisture and dirt, as each item passes through several hands, is carried along conveyor belts and lies in cartons on its way from the production site to the customer via our logistics. Film packaging is light, transparent and thin, but still stable enough for logistics requirements. Until we find alternatives, we will continue our long-established practice of using bags made of recycled plastic.



A photovoltaic system on the roof of our new CI-Factory



CLIMATE PROTECTION PROJECTS IN INDONESIA

In order to offset the carbon emissions generated by sending out our parcels, we have supported two projects on the island of Borneo in 2019. The goal of the projects is to protect the tropical peat swamp forest there from clearing and to reforest it so that it can be preserved as a valuable habitat for countless endangered species. The projects are certified by the Verified Carbon Standard and the Climate, Community & Biodiversity Standard. We were able to avoid some 5,140 t CO₂ in 2019 by protecting woodland with valuable peat soil covering 21,200 m².

CLIMATE PROTECTION

Climate change is a global concern and combating it is one of the world's biggest challenges. We are taking action in this regard and are working to prevent, reduce and offset carbon emissions wherever possible in order to counteract climate change.

HOW IS ENGELBERT STRAUSS COMMITTED TO THE CLIMATE?

We are working on finding more eco-friendly ways of doing things, particularly when it comes to logistics, mobility and office buildings. We have already achieved a great deal in these areas in recent years.

SUCH AS?

We use climate-neutral shipping when sending products to customers. Our service provider GLS calculates the CO₂ emissions generated by sending out parcels. Based on the amount calculated, we then invest in certified climate protection projects in Indonesia via GLS and the PRIMAKLIMAs e.V. non-profit organisation.

From production to the warehouse, we transport our products mainly by ship and rail, reducing carbon emissions and costs in the process. We cut down on air and truck transports wherever possible. We procure 100 percent of electricity for all our business premises from renewable sources. Photovoltaic systems are in operation on the roofs of several of our business premises and workwearstores®. Any additionally required electricity has been procured from hydropower since 2016.

THE NEW CI-FACTORY WAS OPENED IN LATE 2019. TO WHAT EXTENT DID ENVIRONMENTAL PROTECTION PLAY A ROLE IN ITS CONSTRUCTION?

A photovoltaic system on the roof of our new production facility in Germany provides green power. It has an output of 800 kWp, corresponding to the consumption of around 200 homes. A combined heat and power plant (240 kW output), heat recovery in the ventilation systems and other measures ensure economical and efficient energy usage. There will also be plenty of colour around the CI-Factory thanks to the large flowering meadows created over the 86,000 m² plot. These are intended to provide a habitat for insects, especially bees.

WHERE DO THE BIGGEST FUTURE CHALLENGES LIE?

There is still a lot to be done. Most of the energy consumption and emissions in relation to Engelbert Strauss workwear result from production – especially the production sites located in Asia. We have limited influence there, as these are not our own companies, but production partners. Nevertheless, we have set ourselves the challenge of limiting the effects on the climate there, too, going forward.



SOCIETY

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Commitment locally and worldwide

Above and beyond our entrepreneurial activities, we seek to make a useful contribution to society. We believe that nothing is more sustainable than education. That is why we focus our social engagement on educational work in the countries in which we manufacture our products. But we are also committed to improving educational opportunities on our own doorstep.



EXCHANGE AND EDUCATION

+++ How do we get involved in our local region?

Engelbert Strauss supports the work of the antonius – Netzwerk Mensch initiative near our headquarters in Germany. This is based on an inclusive concept that enables people with a disability to lead a self-determined life in which they are encouraged and challenged.

In 2015, Engelbert Strauss donated over a million euros to fund the construction of a new school building to house the Antonius von Padua Schule in Fulda. We have maintained close ties with antonius for years. Beyond our financial commitment, we greatly value the exchange element of this cooperation – for example, our apprentices regularly visit the aforementioned school, the antonius farm or the GestaltenWerk workshop as part of the 'SeitenWechsel' (change of perspective) project day. In 2019, our team leaders received training at antonius within the scope of a development programme for managers.

WHAT IS SPECIAL ABOUT THE ANTONIUS – NETZWERK MENSCH CONCEPT?

The foundation behind this initiative is committed to ensuring that people with disabilities are given a better start in life and enjoy a higher standard of living. Its innovative projects in all areas of life are designed to give everybody the opportunity to live as independently as possible. These include living, working and leisure initiatives as well as early intervention and education programmes. The antonius – Netzwerk Mensch initiative integrates people with disabilities into the working world in many areas – from the market garden and GestaltenWerk workshop through to the shop café, kitchen, bakery and its own farm with direct sales to the public. People with and without disabilities live, learn and work together, bringing to life the antonius vision

that everybody is accepted just as they are and can fully contribute with their strengths and weaknesses.

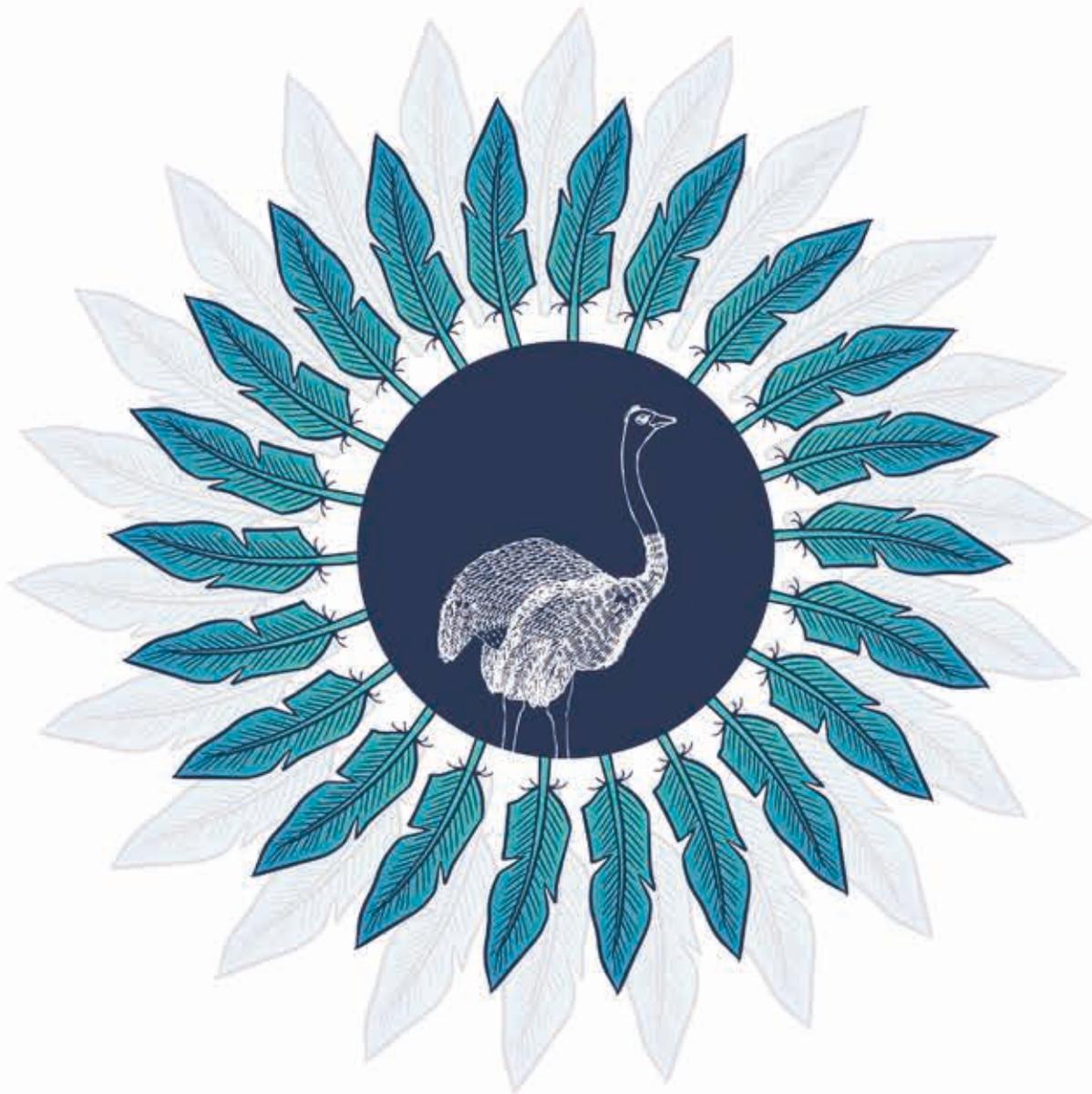
HOW DOES ENGELBERT STRAUSS COOPERATE WITH ANTONIUS?

We never stop learning – in 2019, nine of our team leaders had the opportunity to participate in a development programme for managers offered by the antonius – Netzwerk Mensch initiative. The programme aims to foster exchange and encourage managers to embrace a different perspective. In a total of five modules within the year, the participants got involved in various aspects of the work of antonius and were able to gain valuable experience. The programme gave them a new perception of how different potential can be recognised and released by focusing on strengths rather than weaknesses.

» The day at antonius was a valuable experience. What I took away with me is that there is something to be learned from everyone in any life situation. It's all a matter of perspective! « Matthias Lerch, Controlling

Our apprentices also gain new insights during the 'SeitenWechsel' project day at antonius, which they spend working side-by-side with people with disabilities as they go about their tasks.

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