

hessnatur



IMPACT REPORT

Financial year 2022/23

1 August 2022 – 31 July 2023

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FOREWORD

The fashion industry is known to be one of the world's biggest polluters. Ranging from the massive pollution of our oceans through microplastics from synthetic clothing, toxic dyes, wasted resources and tremendous water use to emitting more CO₂ than France, Germany and the United Kingdom combined.¹

We believe fashion can and should be many things - but no burden on our environment, our health and the people who make our clothes. From the raw material through the finished garment all the way to our products end of life - every step we take as a company has an impact on our planet. And it is up to us to do everything we can to make sure it's a positive one. That's why we do things differently. We choose to focus on turning things around and creating a positive impact. Therefore, we are committed to using natural materials, producing in a way that respects resources, and paying fair prices that allow for the payment of living wages.

To further demonstrate this, we are very pleased to share our Impact Report 2022/2023 with you.

Our report guides you through the key sustainability topics of our last financial year. They are based on the overarching themes of

people, planet and our own commitment, detailing on the figures, targets and the impacts achieved.

We impressively demonstrate that standing still is not an option for us. We work hard every day to live up to our name as a fair fashion pioneer. And in doing so, we take further and decisive steps forward every single day.

Which is why we are proud of the impact and progress we have made with our community and partners over the past year.

We were able to achieve a number of goals together that we have been working towards for a long time:

We have managed to increase our already high share of mono-materials and natural fibers in our collections.

To further close the loop, we have also launched our own secondhand platform including our take-back service as well as our repair & care site and service, as mentioned in our last report.

For 2023/2024, we are looking forward to realize various important projects, e.g. against discrimination, for gender equality and for impact measurement. We are full of motivation and ideas as we continue to shape a better future for all. For a better tomorrow!

ANDREA HOMANN & STEFAN MUES
CO-CEOs
KRISTIN HECKMANN-KIPOUROS
CSIO



¹ McKinsey & Company & Global Fashion Agenda (2020), Fashion on Climate – How The Fashion Industry Can Urgently Act To Reduce Its Greenhouse Gas Emissions, <https://www.mckinsey.com/~media/mckinsey/industries/retail/our%20insights/fashion%20on%20climate/fashion-on-climate-full-report.pdf>

Bundesministerium für Umwelt, Naturschutz, nukleare Sicherheit und Verbraucherschutz, Mode und Textilien,

(2022), <https://www.bmu.de/themen/nachhaltigkeit-digitalisierung/konsum-und-produkte/produktbereiche/mode-und-textilien>

1. FACTS & FIGURES

In 2022/2023:



² The data according lower emissions of organic cotton compared to conventional cotton are based on a Life Cycle Assessment by Textile Exchange: TE LCA: Life Cycle Assessment (LCA) of Organic Cotton - A global average (2014, page 52 et sqq.).

³ The estimated flight emissions are based on an emission calculator provided by [myclimate](https://myclimate.com).

⁴ Based on the findings of the Munich Environmental Institute, which states that the purchase of a single T-shirt made of organic instead of conventional cotton can save seven square meters of cultivated land from chemical synthetic pesticides and fertilizers that are particularly harmful to the environment. This value was then scaled up to one kilogram of cotton. With an estimated 180g per T-shirt, this results in 40 square meters of soil per kilogram of organic cotton. This is an approximate value, as the quantities vary greatly by country and region.

Munich Environmental Institute, Your path to the eco-fair closet, <https://umweltinstitut.org/welt-und-handel/slow-fashion-baumwolle/>

⁵ Based on a standard soccer field with a length of 105 meters and a width of 68 meters.

⁶ Heinrich-Böll-Stiftung (2020), Insektenatlas, https://www.boell.de/sites/default/files/2022-01/Boell_Insektenatlas_2020_II_V01_Kommentierbar.pdf

⁷ The data on water savings of organic cotton compared to conventional cotton are based on a Life Cycle Assessment by Textile Exchange: TE LCA: Life Cycle Assessment (LCA) of Organic Cotton - A global average (2014, page 54 et sqq.).

⁸ According to World Aquatics regulations, an Olympic swimming pool is 50 m long, 25 m wide and 2 m deep, thus holding 2.5 million liters of water.

2. HIGHLIGHTS 2022/2023

INNOVATIONS FOR TOMORROW AWARD – FEMALE FOUNDERS EDITION



In the beginning of 2022, we launched our own and first sustainability award. Our next contribution to the fashion industry of tomorrow. With our Innovations for Tomorrow Award by hessnatur, we want to support young companies and start-ups that provide sustainable, innovative, and visionary solutions for the challenges of the textile industry of today and tomorrow. In 2023, the award has additionally been

dedicated to a special topic: Female Founders. Because only every fifth start-up is founded by women⁹. Our award rewards ideas and brave entrepreneurs who stand up for a better tomorrow. 33 applications, 12 nominees and five finalists later, our jury made a very close call and chose our three winners:

- [Auf Augenhöhe](#)
- [Fashion for Biodiversity](#)
- [Wasser 3.0](#)

The three impact start-ups are active in the fields of inclusive fashion, certification of organic raw materials via space tech and technologies for water without microplastics. The three winners received a prize money, and all five finalists obtained a start-up coaching from DigitalValley®. In addition they have the chance to implement their innovative ideas with us. That accounts for all the other applicants, too, of course. Stay tuned. Because the story will continue next year.

SECONDHAND SHOP

Fashion should be fun, but not at the expense of the environment. That's why hessnatur stands for sustainable fashion that takes responsibility and conserves resources. But fashion can become even more sustainable when worn items are resold or recycled. That is why we launched our own secondhand platform together with our partner [reverse.supply](#) in March 2023. The process is very simple: customers upload a photo, select a category, and send the garment to reverse.supply free of charge. There, the goods are checked and offered for sale online. As soon as this has taken place, the previously agreed amount of

money is transferred. If a piece is too worn for sale, it will be recycled, and the seller will receive a voucher for our online store.



⁹ Deutscher Startup Monitor (2022), <https://deutscherstartupmonitor.de/>

REPAIR & CARE



Fashion becomes more sustainable the longer you wear it. That's why we launched our online Repair & Care Guide in January/February 2023. It demonstrates how clothing can best be repaired, cared for and sustainably returned to the fashion cycle. Six guides provide detailed instructions on how to give garments with blemishes a second life: Care, Repair, Repair Service, Return, Upcycling and Everyday Tips.

COLLABORATIONS

We are convinced: We can't save the world alone, but together we can lead the change. That is why we teamed up with inspiring designers and brands who share our mission towards sustainability for various collaborations throughout the year. Our collaborations range from giveaways (e.g. with [everdrop](#)), package inserts (e.g. denttabs), shared social media content (e.g. [Junglück](#)), to design and brand collaborations (e.g. ftc, [Naito](#), [Liv Lee](#) and [Wunderkind](#))



BETTERRECYCLING



We value natural resources and think in cycles. That is why we create new favorite pieces from our own production scraps and contribute to a sustainable material cycle system. It is resource-saving and does not contain harmful chemicals.

For our [BetterRecycling](#) collection, we only use our own cutting and spinning residues, which we process with raw fibers into new, high-quality yarn. This results in new clothes made from fleece or denim consisting of organic cotton.

Overall, our recycling program has saved 9,2 tons of textile waste in the year under review. Adding up to 21,77 tons in total saved since 2018. And we keep going!

CRADLE-TO-CRADLE COLLECTION

In March 2023, we launched our first own Cradle-to-Cradle certified sweat collection: All materials used can be fully recycled or are biodegradable. This conserves valuable resources and reduces waste.

With this Cradle-to-Cradle collection, we are able to show that the guiding principle of the circular economy works at hessnatur and that our fibers meet high sustainability standards.



PEACE SHIRTS



"Peace is not everything, but everything is nothing without peace" - Willi Brandt's words from 1981 are still extremely relevant today. The peace movement at the time was one of the impulses that prompted Dorothea and Heinz Hess to found the fair fashion label hessnatur in 1976. As a commitment to freedom, fairness and the protection of the environment.

We want to continue this idea through our motto #Peaceshirts. Together with our designers and five selected influencers, like [melinaophelia](#) or [cocos_wonderland](#), we have designed a charity collection: Ten different prints. Ten individual interpretations of peace. Made from organic cotton. The proceeds of the peace shirts have been donated to selected aid organizations for Ukraine.

CERTIFICATIONS

In 2022/23, we are again certified according to **Global Organic Textile Standard (GOTS)** and offer a multitude of GOTS certified goods¹⁰. Additionally, we again received the Leader Status at the Fair Wear Foundation (FWF) - as we have continuously since 2017. A great acknowledgment of our work and that of our partners.



¹⁰ GOTS certified products are labeled separately with the GOTS label.

3. ABOUT HESSNATUR

hessnatur is and has always been a pioneer. From the very beginning in 1976, we decided to break new ground. Our holistic approach respects people and nature equally. When manufacturing our products, we act in the interests of people, animals and the environment. We have been working with natural materials for more than 45 years.

We offer sustainable fashion for women and men, outdoor clothing, home textiles, as well as baby and children's clothing. Everything is made of premium-quality, exclusive and innovative natural materials.

We are an e-commerce company also offering call and mail order. Additionally, we operate five stores in Butzbach, Dusseldorf, Frankfurt, Hamburg and Munich.

OUR VISION

Our vision is to be the most consistent and inspiring sustainable fashion and lifestyle brand.

OUR MISSION

We love fashion, and we love our planet, sustainability is our DNA. That's why we create contemporary fashion and lifestyle products – using natural materials. For people and nature.

OUR VALUES

Sustainable

We are pioneers in sustainable fashion and unmatched in our consistency. Since 1976, we've set the standard for fair, healthy and beautiful clothing. We take responsibility for people and the environment - in every decision. With sustainable growth, we find the balance between profitability, environmental and social responsibility. Our relationships with customers, employees and partners are long-term and fair.

Innovative

Our employees know our business best and love to inspire our customers. From this know-how, we develop a flood of bold ideas, implementing the best of them: from products to collaborations. To do this, we network with innovative partners who complement our expertise.

Authentic

We can only perform at our best if we don't have to pretend to be something we are not. Our authentic attitude as a fair fashion pioneer makes us unique. We are enriched by open dialog across all areas and levels. This is how we make even difficult decisions transparent for everyone.

Excellent

We are not satisfied with mediocrity. We work with passion and take responsibility for our goals and results. Together, we create fast and excellent processes and support each other with our know-how. Our products make our customers feel excellent.

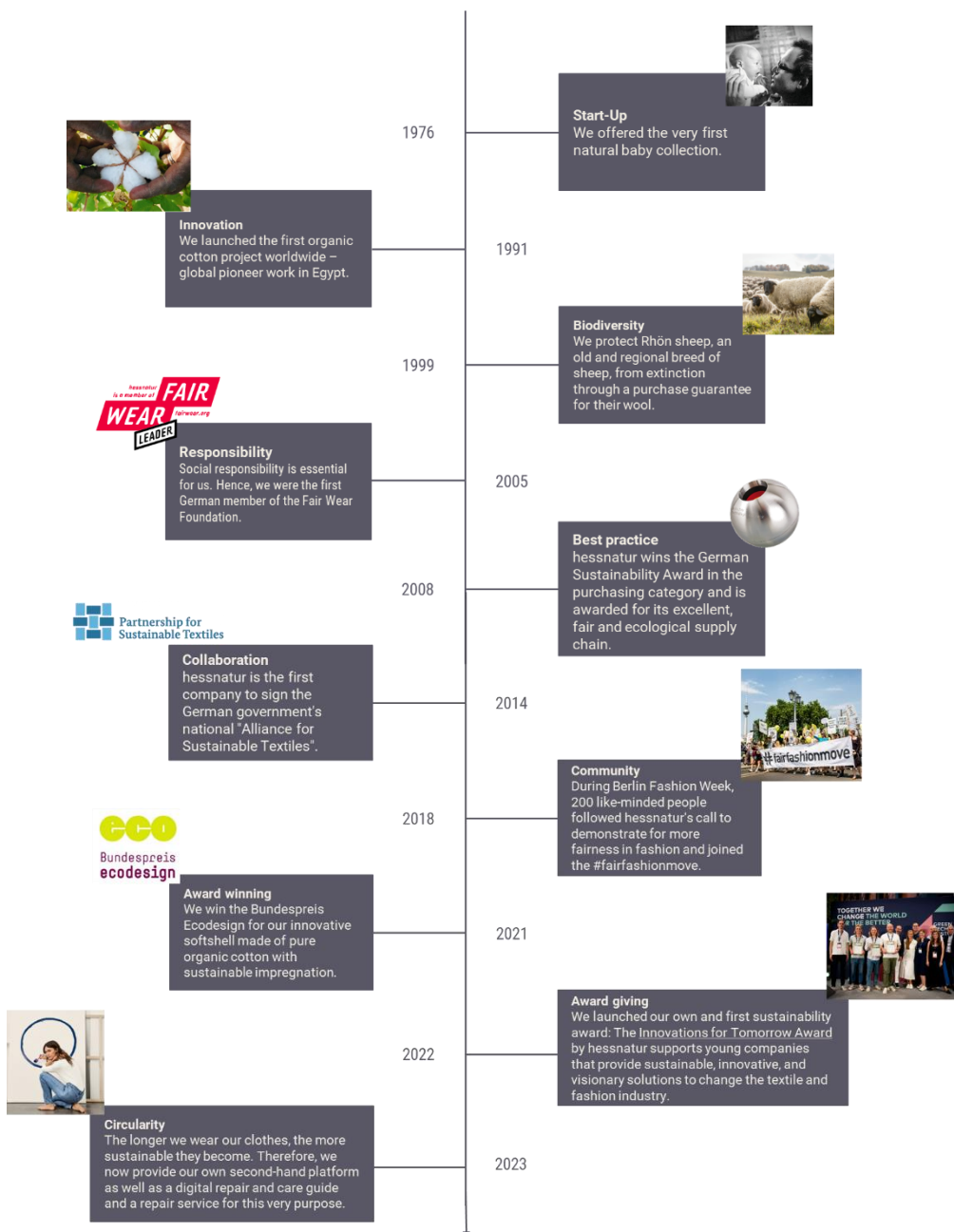
3.1. OUR STORY

hessnatur's founding idea was to produce clothing made of natural materials without using harmful chemicals. With this intention, we developed new standards for sustainability. At a time when fair fashion was still a foreign word. Today, we are Germany's most well-known sustainable fashion brand. We can proudly say: Sustainability has always been our mission, not just an afterthought. Because we have

been doing it for the people and the planet since 1976.

We have been ahead of the curve long before sustainability made its way into fashion and textiles. And we still are today when it comes to fabrics, production and fair prices.

After all, we're doing it for the world, not the word. That's why we set and keep setting standards others are keen to take on:



3.2. SAY NO TO PLASTIC

For more than 45 years, we have been doing what we do best: sustainable fashion made from natural fabrics acting in the interests of people, animals, and the environment. To achieve this, we rely primarily on natural fibers, such as cotton, from controlled organic cultivation. In this way, we not only try to protect our climate and our biodiversity, but also to counteract the plastic crisis our earth is facing.

Every time synthetic clothing, e.g. made from polyester, is washed, tiny plastic particles, which we call microplastics, are released. These enter our oceans via wastewater and rivers, and then our own bodies through our food chains. Today, up to 35% of the microplastics in our oceans come from synthetic clothing¹¹.

That is why for hessnatur, plastic-free is an integral part of our corporate philosophy. With a share of 99,6% we process almost

exclusively natural and nature-based, sustainable regenerated and recycled fibers. We only use elastane in very small quantities where the functionality and durability of our garments require it.

To further raise the share of natural fabrics, we are working at full speed on the development of innovations. Because we are convinced that the future belongs to innovative companies, we have committed ourselves to setting new sustainability standards in the fashion industry. We believe in progress instead of stagnation. We are not simply satisfied with what we have reached already. We want to continue to break new ground. We do it for a better tomorrow for all of us.

Some of our innovations so far:

NATURE FLEECE

Conventional fleece is mostly made of synthetic fibers, such as polyester. To make the fleece as fluffy as possible, the surface is roughened. Unfortunately, this causes it to lose a particularly large amount of microplastic every time it is washed¹².

As stated before, we do things differently: For our soft fleece essentials, we process organic cotton and virgin wool. The advantage: The skin breathes ideally. And the body climate is optimally regulated in both quiet and active phases. Goodbye to excessive sweating and electrostatic charge!



¹¹ Source: European Environment Agency (2023), Microplastics from textiles: towards a circular economy für textiles in Europe, <https://www.eea.europa.eu/publications/microplastics-from-textiles-towards-a>

¹² Verbraucherzentrale Hessen (2021), Mikroplastik aus Kunstfasern: Die wichtigsten Antworten, <https://www.verbraucherzentrale-hessen.de/plastiksparen/mikroplastik-aus-kunstfaser-kleidung-53227>

NATURE SHELL

Outdoor functional clothing is en vogue. But often it is a burden for nature due to the use of plastic and harmful chemicals. We saw this as a challenge and wanted to do better. So together with our partner we developed an organic and natural shell.

The innovation is made of organic cotton which is ultra-tightly woven with a special weaving technique. It is ecologically impregnated and provides full functionality.

Our Nature Shell won several prizes: the Bundespreis ecodesign in the category “product” and the German Brand Award 2022 in the category “excellent brands: fashion”. The Nature Shell Ripstop jacket with eco finish won the Red Dot Design Award 2022 in the category “fashion design”.



COREVA™ – NATURAL STRETCH DENIM



Together with our Partner Candiani we developed a new level of sustainable denim. It is not only super comfortable, but also completely natural and biodegradable. Why? It is made from organic cotton and the innovative and sustainable stretch yarn Coreva™. It is purely natural because the processed rubber is obtained from the rubber tree. This in combination with organic cotton and our high ecological standards throughout the entire manufacturing process makes our denim not only good to wear but also fully biodegradable.

Coreva™ decomposes completely in the compost after just six months, releasing no harmful chemicals or microplastics. Our next step towards a circular economy. In this circular process, sustainable natural raw materials become fabrics, and these become garments that can be returned to nature thanks to their biodegradability. This is one of the ways in which we prevent textile waste and its negative effects on our planet.

3.3. INSIGHTS

SHIPPING AND PACKAGING

In contrast to the decentralization of logistics often encountered in the mail order business, at hessnatur all product movement and logistics are located inhouse at our warehouse in Butzbach. We also try to be as resource-saving as possible while shipping:

That is why our shipping cartons are not only 100% recyclable but also already made of 80% recycled material. In addition, they are FSC-certified.

In addition, 67%¹³ of our products are only packaged with a paper sleeve and where applicable 14%¹⁴ are parcelled in a glassine instead of a plastic bag to save resources and avoid plastic.

We optimize your shipping packaging according to every order to send as little air as possible. For small orders, for example, we use shipping bags made of FSC-certified paper instead of pasteboards to save space and weight in shipping.



RETURNS

Repeatedly, there are headlines, about how returns in the fashion industry are handled. The returned products are mostly flawless and saleable new goods. Nevertheless, they are often destroyed or at least never sold and

worn again.¹⁵ This results in wasted textiles and resources.

At hessnatur, we do not destroy returns. All returned items are carefully inspected. If they are in proper condition, they return into the normal sales cycle. If not, they are sold through our outlet store in Butzbach or donated to Renatec in Dusseldorf. Furthermore, we try to avoid returns in the first place by offering a guide for our [materials](#), detailed information on every product page (e.g. a pants leg lengths, hems widths and height of the model shown on the pictures), a fit finder for all our products as well as a [jeans fit guide](#).



EMPLOYEES

We are committed to maintaining the highest ecological and social standards within our own business activities for our employees. For this purpose, we are guided by the [OECD Guidelines for Responsible Corporate Conduct](#). hessnatur has a freely and democratically elected works council that collaborates closely with the responsible departments (such as Human Resources, House Services) and is represented in key decision-making bodies to implement our high standards.

¹³ Measured against the total number of models per two seasons (Autumn-Winter & Spring-Summer)

¹⁴ Measured against the total number of models per two seasons (Autumn-Winter & Spring-Summer)

¹⁵ E.g. tagesschau (2023), Greenwashing bei Zalando-Retouren, <https://www.tagesschau.de/investigativ/report-mainz/vollbild-zalando-nachhaltigkeit-ruecksendungen-101.html> or Stern (2019), Mode für die Tonne, <https://www.stern.de/neon/vorankommen/nachhaltigkeit/mode-fuer-die-tonne--was-passiert-wirklich-mit-unseren-retouren-8535386.html>

The culture at hessnatur is marked by respect, transparency, cooperation and direct feedback. Inclusion and equality are a matter of course for hessnatur. In addition, our company is characterized by performance, personal responsibility and proactive behaviour.

Diversity enriches hessnatur and improves our products. It is therefore important to provide a safe environment for people with different backgrounds, experiences and identities, where they are respected and can thrive. To further support this our company has a representative for severely disabled persons.

Moreover, we are committed to equal rights and to the balancing of family and career, which is why we offer flexible working hours, remote working, part-time working models and daycare allowances. And these actions prove to be successful¹⁶:

- 74% of all our employees are women.
- 60% of our executive management team are female.

Satisfied, motivated employees who are convinced of their work mean a lot to us. As a natural fashion label, we focus not only on ecologically and socially fair produced collections, but also on our employees' wellbeing. In accordance with the hessnatur philosophy, our goal is to be a role model as a company, to create humane working conditions and an open, trusting relationship with one another.

We believe that those who do good deserve something good as well. And at our company, a lot of people do a lot of good. That's why we offer a wide range of services and benefits to help our employees feel valued and well cared for and improve their financial and physical wellbeing, e.g. a company pension plan, capital-forming benefits, discounts, natural garden and roof terrace for meetings and breaks, organic food in our cafeteria, advanced trainings, bike leasing, flu shots, a company doctor, special days focusing on the health of our employees and a designated health group etc.

For these reasons, we are especially proud to have been named a kununu Top Company in both 2022 and 2023.

BEEHIVES

For more than 2 years now, a team of our colleagues has been taking care of four bee colonies in the garden of our store in Butzbach.

Thereby, they focus on a nature-appropriate beekeeping, where the priority is not the honey harvest, but the bee colony itself.

We are happy to be contributing to the protection of these fundamentally important insects. Not just globally, but also locally.

Pesticides on conventionally farmed fields, general air pollution and difficult weather conditions caused by the climate crisis are taking their toll on bees. Since our founding, we have been working with great respect for the natural habitats of plants and animals. That is why we always try to source our natural fibers from controlled organic cultivation. Organic cultivation uses natural and organic fertilizers and rotates crop to protect the soil. This preserves the habitat of countless insects and benefits bees.



¹⁶ Figures as of 2022

3.4. TRANSPARENCY & COMMUNICATION

For us, transparency and sustainability go hand in hand. That is why hessnatur stands for transparency - from the cultivation of our materials to the clothes' hanger.

We also strive to be an international role model for labor and social standards. Therefore, we are regularly certified and audited by non-profit and government organizations.

Moreover, we believe that transparent communication is essential. This refers to our customers, suppliers, employees, the public, and other stakeholders alike. We want to enhance the understanding of fair fashion and we want people to appreciate the work and resources that went into every single product. This is why we provide our customers with detailed information on each item, such as the country of origin of the fibres and the country of manufacture.

Through various communication channels - such as our online shop, corporate website, online magazine, social media channels and newsletters - we provide comprehensive information, explanations and insights on sustainability issues.

ONLINE SHOP, CORPORATE WEBSITE & MAGAZINE



Our online shop, corporate website and our online magazine offer a variety of topics to our customers and other

stakeholders. We aim to tell stories of our products, projects and partners, to

give insights into our daily work, what drives us and what we want to achieve.

For example, our sustainability microsite provides information about people, nature, and us – hessnatur. Details about our social standards and ecological guidelines, our collaboration with FWF, the eight core labour standards and hessnatur's impact report are also available. This site is an important step

to transport our sustainability performance to our customers.

SOCIAL MEDIA & NEWSLETTER

Social media platforms like Facebook, Instagram and LinkedIn give us a direct path to our community and enable a direct exchange that includes recommendations, remarks, messages, and comments. This gives us the opportunity to share not only clothing and styling tips but also insights, e.g. about our sustainable production or materials and our work with the Fair Wear Foundation.

Furthermore, we inform our community about special occasions such as Fashion Revolution Day, German Overshoot Day or World Ocean Day. Our goal is to inspire our community to live a more sustainable life together. One of this year's highlights was the month-long campaign "Plastic-free July". On the one hand, we wanted to inspire people to join our mission and to save plastic in their everyday lives, and on the other hand, we wanted to raise awareness about the problems associated with synthetic clothing, e.g. through recycled plastic, BPA and microplastics. To increase the reach for an important issue like this we partnered up with like-minded sustainable companies like Junglück, Soulbottles and everdrop.



Our newsletter is sent on a weekly basis to various groups of customers. Besides information about our new collections and collaborations it includes all the topics mentioned above as well.

In order to become even more transparent, we started several projects which are expected to be launched next year:

CIRCULARITY.ID®

Together with circular.fashion we work on further closing the loop and being even more transparent. circular.fashion develops software and services for circular design and closed loop recycling that enable a transparent flow of information between material suppliers, fashion brands, consumers and recyclers.

We will tag ten of our denim styles with a product identifier. By scanning this identifier, a digital product site can be reached to get information on relevant product data like material, detailed components, care information to ensure longevity as well as reuse and recycling instructions.

3.5. RESPONSIBILITY

We take responsibility for our products, our planet and people including our customers, employees and workers in the factories that make our products. This is at the core of what we do.

What once started with the need to find baby clothes made of [natural fibers](#) has become a holistic business approach.

Responsibility and sustainability are at the core of hessnatur, affecting all areas of our daily work and determining the entire life cycle of our products.

We are committed to a responsible use of resources and to the protection of biodiversity. Thus sustainability, durability, and circularity are essential product requirements for us. That's why we are continuously developing new production methods and innovations that move us forward on the path to becoming nature positive. Like our [BetterRecycling](#) concept, our denim innovation Coreva™ or our Nature Shell products.

IMPACT MEASUREMENT

For us, transparency not only means knowing where our raw materials are cultivated and how and where our clothes are made. But also having knowledge about how our products impact the environment. To measure such impacts, we started a project together with Made2Flow and nine of our key suppliers. Over the next months, 40 articles will be evaluated based on the three impact categories Global Warming Potential (CO₂), water and land use. Moreover, a variety of materials, such as organic wool, organic cotton, sustainable wool from the Rhön sheep and further will be analyzed. Our supply chain partners provide a variety of data from the supply chain for each product to Made2Flow who will calculate the mentioned impacts of the selected products.

PARTNERSHIP AS A FUNDAMENTAL PRINCIPLE



Along our supply chain, we share the responsibility for our products with our partners. Therefore, we only choose partners who share our values and select them very carefully¹⁷. Our partners are true experts in their respective fields, highly experienced in textile production and manufacturing. Our goal is always to build up long-term partnerships.

¹⁷ More information on our partnerships can be found in chapter 5

Only together with our partners we can bring our vision of sustainability to life. Close cooperation and long-term partnerships enable us to apply our social and environmental standards. Whenever working conditions or environmental standards need to be improved, we develop individual solutions together with our partners. That is how we achieve a lasting change. Personal relationships are key and helped us to

achieve innovation and further improvements in the year under review, also in complex topics such as overtime and social dialogue. Supporting our partners to improve social and environmental standards is one of the most important parts of our work. We inform, share examples of best practices and develop individual solutions together.

3.6. ENGAGING WITH OTHERS

To drive the change, we strongly believe in collaboration, sharing expertise and teamwork with other mission-driven and front-running partners, organizations and brands. Therefore, we are member of:

- [Fair Wear Foundation](#)
- [Textile Exchange](#)
- [German Sustainable Business Association](#) (Bundesverband Nachhaltige Wirtschaft)
- [Science Based Targets for Nature's Corporate Engagement Program](#)
- [UN Global Compact](#)
- [German Partnership of Sustainable Textiles](#) (Bündnis für nachhaltige Textilien)
- and we are certified by the [Global Organic Textile Standard \(GOTS\)](#)

In addition, we supported the “Good Clothes, Fair Pay” campaign. A European Citizens’ initiative for [living wages](#) in the fashion supply chain, which demands legislation that helps achieve fair pay for textile and garment workers around the world. Together with our partners, we actively contribute to the sustainable transformation of the textile industry. Because we believe that we can achieve a great deal by joining forces and sharing knowledge.

Given our special approach, we are frequently asked to participate in public events such as panel discussions or experts’ forums. In presentations, discussions or interviews we have the possibility to share our experiences in responsible innovation and sustainable development. The audiences consist for example of industry experts, customers or students.

FASHION REVOLUTION DAY

In 2013 more than 1,000 textiles workers lost their lives during the collapse of the Rana Plaza factory building in Bangladesh. More than 2,000 people were so severely injured that they can no longer work to this day.

But even a decade after the tragedy occurred, there is still work to be done. Brands play an important role in identifying and addressing human rights risks in their operations and supply chains and tackling issues like [living wages](#).

Therefore, we always participate in the global initiative Fashion Revolution Day each year on 24th April. We support the initiative with calls for participation and events in our stores and in social media. We also offer comprehensive information about fashion and its production, production sites, projects and materials.



This year our CSR team took on speaker roles at two events regarding Fashion Revolution Day:

The first one was a movie screening and discussion on "Made in Bangladesh" in Butzbach organized by the Protestant Center for Development-related Film Work in cooperation with Bread for the World, the German Clean Clothes Campaign and others. The second one was a clothing swap party and movie night also showing "Made in Bangladesh" in cooperation with Frankfurt Fashion Movement, Hafen 2, Shout out Loud and Greenpeace.

Moreover, we partnered up with the [Fair Wear Foundation](#) for an online awareness campaign regarding the importance of a [living wage](#), [how it differs from a minimum wage](#) and [what brands can do](#) to support this.

10,000 DAYS FORECAST



Climate change is no longer happening in faraway places, but right here. That is why we collaborated with [wetter.com](#) to create the "10,000 Day Trend" which

is our forecast of tomorrow's climate.

Together, using weather data from Climate Analytics, we show what kind of climate we can expect 10,000 days from now, in 2050. By entering the postal code, anyone can see the potential impact in their own region, demonstrating how much future change is literally on our doorstep.

This highlights once again why every day and every change, no matter how small, to one's own ecological footprint counts. It has never been more urgent to rethink and question our actions. By taking many individual steps - such as the conscious decision for sustainable clothing - every single person can make a positive impact on the climate in 2050. We can all reduce our ecological footprint: for the quality of peoples' lives today and in the future.

HESSNATUR FOUNDATION

Our hessnatur foundation is a non-profit and independent foundation with the goal of bringing sustainable business practices to the attention of a broad public. The foundation develops practical solutions for a sustainable economy by using a holistic approach.

The engineers, scientists and managers of the hessnatur foundation are continuously involved in flourishing cooperations with external partners, companies, associations and scientific institutions. Together, they research new market approaches and practical solutions, develop projects such as raw material and resource-saving textile consumption, and advise on everything from product development, production processes and working conditions to corporate culture and consumption. Their services have an impact not only on companies themselves, but also on products and along entire supply chains.

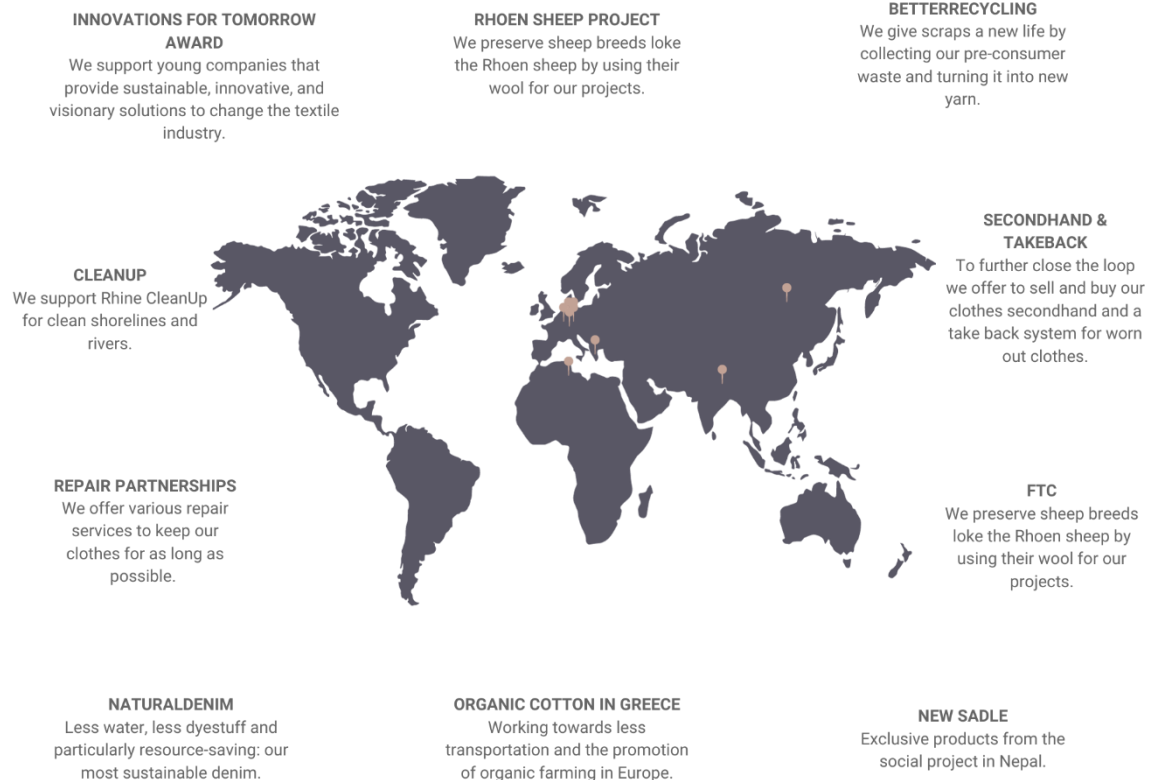
Moreover, the foundation supports students, doctoral candidates and scientific institutions with their expertise. They share their practical knowledge through guest lectures and by organizing learning academies to accompany their studies.

We work with the hessnatur foundation on current topics and different projects ourselves.

3.7. OUR PROJECTS

As part of our holistic approach, we promote various sustainability initiatives in different countries. Wherever our partners are located, we use our projects to bring new approaches

to sustainable business into practice and support good ideas worldwide. For more information about our projects, please look at our [magazine](#).

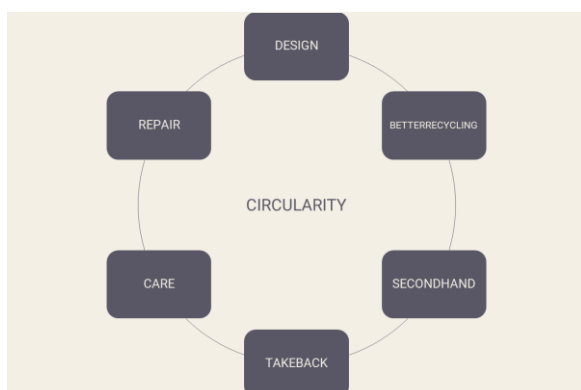


4. PLANET

Mankind uses more resources than our earth can replicate. That is why we must deal consciously and responsibly with the resources we need to produce our products. This refers to fibers, dyes, and ingredients as well as water and energy. Therefore, sustainability, durability, and recyclability are fundamental requirements for our products. Because we always try to operate within the environmental limits of our planet.

4.1. CIRCULARITY

We stand for sustainability and durability. That's why we make timeless fashion that will accompany our customers for many years. Because the longer the life cycle of a garment, the more sustainable it is. There are several ways to extend this cycle. That is why we have a separate Circularity Strategy accompanying our Sustainability Strategy and detailed actions to continuously improve.



DESIGN FOR CIRCULARITY

Circularity does not start at the end of a product's life; it starts at the very beginning with its design and materials. To protect the soils on which our raw materials are

But we want even more: We want to rethink sustainability. We think that the climate crisis and the loss of biodiversity are equally important – that's why we're tackling both problems directly. To achieve this goal, we take a close look at every aspect of our supply chain and align the entire textile chain with a nature-positive future.

cultivated and keep them fertile and productive for future generations, we use environmentally friendly farming and grazing methods. We use organic fertilizers and fight pests with their natural enemies to protect biodiversity and preserve existing ecosystems.

In the year under review, through the consistent use of organic cotton alone, we have achieved the reduction of CO2 emissions by more than 270,800 kilograms¹⁸, saved over 600 million liters of water¹⁹ and left behind more than 13 million square meters of healthy earth²⁰.

But we don't just look at the origin, we also look at the end of life of our products, recyclability, and biodegradability. Our natural fibers are generally biodegradable. With a share of 99.6%, they make up practically all our goods.

A total of 69.3% of our materials consist of only one fiber. For example, pure organic cotton or virgin wool. That is the best prerequisite for recycling textiles and production waste by type.

¹⁸ The data according to lower emissions of organic cotton compared to conventional cotton are based on a Life Cycle Assessment by Textile Exchange: TE LCA: Life Cycle Assessment (LCA) of Organic Cotton - A global average (2014, page 52 et sqq.).

¹⁹ The data on water savings of organic cotton compared to conventional cotton are based on a Life Cycle Assessment by Textile Exchange: TE LCA: Life Cycle Assessment (LCA) of Organic Cotton - A global average (2014, page 54 et sqq.).

²⁰ Based on the findings of the Munich Environmental Institute, which states that the purchase of a single T-shirt

made of organic instead of conventional cotton can save seven square meters of cultivated land from chemical synthetic pesticides and fertilizers that are particularly harmful to the environment. This value was then scaled up to one kilogram of cotton. With an estimated 180g per T-shirt, this results in 40 square meters of soil per kilogram of organic cotton. This is an approximate value, as the quantities vary greatly by country and region. Munich Environmental Institute, Your path to the eco-fair closet, <https://umweltinstitut.org/welt-und-handel/slow-fashion-baumwolle/>

BETTERRECYCLING

Resources are precious. That's why we have always made sure that we have as little waste as possible in our production. Nevertheless, it is unavoidable that some production steps produce excess cuttings of our valuable natural materials. We now have elaborate processes in place for the reprocessing and recycling of these products.

Our [BetterRecycling](#) collection is a symbol of sustainability in action: We collect yarn and cuttings left over from our own production and turn them into something new. We create casual organic sweats, functional merino knits, modern accessories and even shoes – with a recycled content of up to 50%²¹. Because we know that the planet's resources are finite.

It is a real innovation because we manufacture products from recycled production residues, which is an important contribution to conserving resources. At the same time, we meet our high-quality standards, because we know exactly where the high-quality recycled materials for each model come from.

That is a crucial condition for meeting our high transparency and quality standards. We therefore turn our own, unavoidable spinning residues back into fibers and mix them with new raw fibers. That's how we know that our BetterRecycling garments contain no harmful chemicals.



²¹ For example in our [Jersey products](#)

SECONDHAND

Textiles from hessnatur are of the highest quality and especially durable. Our timeless designs are created from valuable natural fibers. Every hessnatur item that is no longer worn but still in good condition, has the potential to become someone else's new favorite piece.

That is why we aim to prolong the life of our sustainably produced fashion with our second-hand shop, thus conserving precious resources and supporting the idea of a circular economy together with our customers.



TAKEBACK

Sometimes clothing is too worn out to be sold again. Through our secondhand shop, we take back worn-out hessnatur clothing and aim to process them in our new collections in the future.

In return, our customers get a voucher for our online store. In this way, we want to prevent our worn-out clothes from being incinerated or ending up in landfill sites.

CARE

If clothes are properly cared for, their lifespan will be extended. For this reason, we have created our online Care Guide. In this guide, we show everything about caring for our natural fibers, ranging from an explanation of our materials through detailed listings of the individual laundry symbols to the basics of stain removal. In addition, we show how to save valuable energy when washing. This way, our customers can enjoy their favorite garments for as long as possible, while

saving money and protecting the environment.

WÄSCHE	
Wäsche mit Wasser unter Zusatz von Waschmitteln.	
	Normalwaschgang Für normal verschmutzte Wäsche.
	Die Zahl im Waschtisch (30 - 95°C) gibt die maximale Waschttemperatur an.
	Schonwaschgang Der Balken unter dem Bottich verlangt eine reduzierte mechanische Beanspruchung. Füllmenge um ein Drittel reduzieren
	Handwäsche. Leicht verschmutzte Wäsche; Feinwaschmittel verwenden.
	Nicht waschen. Wäsche darf nicht gewaschen, sondern nur gereinigt werden.


REPAIR

If something needs to be repaired, our Repair Guide shows step by step how to plug holes, sew on buttons, repair defective seams and much more. We are also happy to support with a selection of our most popular buttons. This extends the life of our clothing, conserves resources and reduces clothing waste.

For those who are not used to sewing, patching and repairing, we offer support ranging from comprehensive advice to the possible payment of repair costs by hessnatur.

For this we offer various services through our repair partners:

hessnatur stores

 Favorite pieces in need of repair can simply be brought to one of our stores in Butzbach, Dusseldorf, Frankfurt, Hamburg or Munich.

There we discuss the damage and what repair costs hessnatur will cover. Afterwards, we take the clothing to our trusted tailors. A few days later, the repaired clothing can be picked up at our store. Very simple and convenient.

Repair Rebels (finalist of our Innovations for Tomorrow Award)



Repair Rebels offers a simple and modern solution to repair clothes and shoes. Items will be collected at the time and location of the customer's choice and returned 7 days later, in a repaired state. In Dusseldorf a door-to-door service is possible, repairs outside Dusseldorf will be sent by mail. A few simple steps can turn a broken favourite into a much-loved fashion statement in no time.

A-Gain Guide



In Berlin, the digital A-Gain Guide shows the most creative and efficient way to repair, transfer, dispose of and upcycle unworn or worn-out clothing free of charge. The filter function of their integrated MAP makes all relevant textile services and reuse initiatives in the neighborhood visible. The GUIDE function can be used to further individualize solution offers. With the help of A-Gain Guide, used clothing is kept in the local cycle for as long as possible and regains its value. A project of Circular Berlin e.V. and LoopLook.

Stitch by Stitch



In Frankfurt, we recommend the sustainable tailor manufactory Stich by Stich. They work as a social business with refugee tailors who not only design and produce fashion, but also repair and upcycle it.

4.2. OUR ENVIRONMENTAL STANDARDS



Starting with natural materials and continuing with projects for organic fiber cultivation we always focus on developing new fabrics and innovating with textile fibers. Sustainability is a holistic concept. Therefore, we always look at the whole picture, from the beginning to the end of the supply chain.

Which is why our entire textile chain is subject to the highest environmental standards –

from obtaining raw materials to the shipment of the final products. Our standards are defined in guidelines which we developed in close cooperation with external experts. The hessnatur quality guidelines extend far beyond what is legally required. Compliance with our guidelines is monitored, documented, and regularly reviewed by our experts as part of the environmental monitoring system.

For us the climate crisis and the loss of biodiversity are equally important. Therefore, the goal is not only to keep the impact on nature as low as possible, but also to give back more than we take with our company's work. hessnatur wants to create positive value and to become nature-positive in the entire value chain.

To achieve this goal, hessnatur is taking a close look at every aspect of the supply chain and aligning the entire textile chain for a nature-positive future.

How hessnatur acts:



hessnatur saves resources.

We stand for sustainability and longevity. The longer the life cycle of a garment, the more sustainable it is - impact per wear. For us, longevity and design for circularity start with the selection of materials and continue with high-quality workmanship and recyclability. These are all criteria that have a significant impact on the longevity and recyclability of a product. In addition, we offer a free repair service for our products and provide tips on proper care as well as instructions on how to repair them. To further close the loop, we offer to take back our products through partner organizations, as well as a second-hand shop. High-quality fiber-to-fiber recycling is promoted by hessnatur at every point in the chain (pre-consumer and post-consumer) and is already an integral part of the collection (BetterRecycling).



hessnatur preserves biodiversity and protects our soils.

The protection of biodiversity and the preservation of species diversity is a core element of our sustainability strategy and a top priority. Through the ecological cultivation and grazing methods of the raw materials used, ecosystems and biodiversity are protected and soils are kept fertile for future generations. In addition, we promote the keeping and cultivation of endangered or almost disappeared animal and cultural species such as Rhön sheep or linen cultivation in the region, thus making an important contribution to a diverse, species-rich cultural and natural landscape.



hessnatur saves energy.

We work closely with our partners every day to use the latest technologies to steadily reduce electricity consumption and greenhouse gases in the production of textiles.



hessnatur protects people and nature from hazardous chemicals.

Our claim is a manufacturing process without harm to humans and the environment. We exclude substances toxic to humans and the environment from the entire production process. We implement the high ecological production requirements together with our partners and are constantly developing them further.



hessnatur saves water.

Water-saving production is part of the environmental requirements for our partners in every production step. Together, we use new and innovative technologies.



hessnatur protects rivers and oceans from microplastics.

For us, plastic-free is an integral part of the corporate philosophy. We process only natural fibers and nature-based, sustainable regenerated and recycled fibers. We only use elastane in small quantities where the functionality and durability of our garments require it.

Our environmental and social requirements are closely intertwined.

Starting with fiber cultivation, in the year under review 94.6% of our plant fibers were obtained from controlled organic farming, compared to 91.8% in the year before.

The strict guidelines for certified organic agriculture rule out the use of pesticides and other harmful chemicals.

Instead, natural pest control and fertilizers are used, which not only have positive effects on soil fertility and biodiversity, but also on the health of the farmers. In organic farming, they are as well protected from dangerous substances. Thus, the livelihood of the families is secured in the long term, and the use of organically grown materials improves the living conditions of the farmers.

Our environmental standards also have a positive effect on occupational safety and workers' health in production sites along the entire textile chain. Auxiliary materials used in conventional textile production may be

harmful to the health of people who work with them. Workers are often exposed to toxic, mutagenic, carcinogenic or other harmful substances through skin contact or by their presence in the environment without being aware of the potential consequences. These substances may also enter the body because contaminated wastewater is being disposed in rivers, ground water and soil, and ends up in our food chain. Our guideline prohibits the use of harmful substances so that workers as well as nature are protected.



OVERVIEW OF HESSNATUR'S QUALITY GUIDELINES

Our requirements for ecological production apply to the entire production chain – from raw materials to the finished product. These include:

- sustainable raw materials, especially natural fibers from controlled organic cultivation or controlled organic animal husbandry
- no use of auxiliary materials, substances, materials and manufacturing processes that are harmful to humans or the environment
- use of resource-efficient and sustainable production methods
- compliance with strict pollutant specifications and regular product testing in accordance with our strict guideline requirements: compounds excluded from production must not be detectable in the finished product.
- product testing in cooperation with independent external testing institutes
- quality control of physical and ecological requirements
- monitoring, evaluation and documentation of our requirements
- independent external [audits](#)

[More details regarding our quality guidelines](#)

²² The Data regarding saved emissions as well water savings of organic cotton compared to conventional cotton are based on a Life Cycle Assessment by Textile Exchange: TE LCA: Life Cycle Assessment (LCA) of Organic Cotton - A global average (2014, page 52 et sqq.).

OUR QUALITY GUIDELINES IN PRACTICE: NATURE SOFTSHELL

- Outdoor functional clothing is en vogue. However, this trend also leads to an increased use of per- and polyfluorinated chemicals (PFCs) and plastics in conventional outdoor clothing. Therefore, hessnatur developed a softshell that does not contain problematic substances such as PFCs and works with environmentally harmless and renewable resources.
- Our softshell relies on materials from nature. The main material with 98% is organic cotton. For better functionality, 2% elastane is added. The elastane is made in Germany and monitored with the hessnatur guideline. The partial lining is made of 100% organic cotton.
- Our softshell uses organic cotton. This saves 91% water in cultivation compared to conventional cotton. In the production of organic cotton, 46% less CO₂ is emitted and 70% less soil pollution is caused compared to conventional cotton²⁰.
- It has a special, water-repellent weave that produces a dense fabric surface. Its eco finish has a wind-repellent and water-beading effect. Hereby, we conserve resources while maintaining high performance.
- The softshell is also free of PFCs as well as heavy metals, synthetic resins, and chemical finishing throughout the entire process.
- Our Nature Softshell won several prizes: the Bundespreis ecodesign in the category “product” and the German Brand Award 2022 in the category “excellent brands: fashion”. The Nature Shell Ripstop jacket with eco finish also won the Red Dot Design Award 2022 in the category “fashion design”.



With innovations like Nature Shell we are breaking new ground. Because progress only works if we get things moving. Sustainability is not a fixed state that can be achieved like a finish line. For us, sustainability means constantly questioning the status quo; developing and advancing innovative ideas. Only in this way we can bring products and production into harmony with people and nature, and only in this way we can take the next step - from sustainable further to regenerative management.

4.3. CORPORATE CARBON FOOTPRINT HEADQUARTER

What applies to hessnatur products also applies to our company's headquarter. We are conscious and responsible in our use of the resources we need for our daily work, whether it is water, energy or packaging and office materials. This includes the reuse of rainwater collected on the company premises, the use of energy-efficient IT or environmentally friendly office materials such as recycled paper, as well as our own certified organic canteen.

We produce as little CO₂ as possible. Together with our partner [myclimate](#), we calculate our CO₂ footprint. We then finance a climate protection project in the amount of generated emissions which cannot be avoided.

We have continuously reduced our CO₂ emissions with numerous measures:



Genuine green electricity.

The electricity at our headquarters in Butzbach has been generated exclusively from renewable energy sources for around 20 years. Thus, hessnatur produces 95% less greenhouse gases²³ than with conventional electricity.

Sustainable packaging.

Less is more. We also take care to reduce CO₂ emissions and avoid the use of plastic when it comes to packaging. Cardboard and paper used for packaging and shipping are made of recycled or FSC-certified material and are fully recyclable. Except for very sensitive materials, our products are wrapped with a band of recycled paper only, thus additionally conserving resources.

Climate-neutral shipping.

In order not to ship air, we make sure to pack the packages as space-saving as possible. Furthermore, since January 2021, all CO₂ emissions caused by the shipping of our fair fashion are compensated.

Active and environment-friendly way to working

This applies to all packages and catalogs shipped by us. We support the "bike to work" initiative. Its goals: reduce emissions, collect miles, burn calories. To open up new ways of commuting, hessnatur offers bike leasing. For those who still have to drive to work, the company's headquarter in Butzbach has charging stations for electric cars - for customers and employees alike.

²³ goClimate.de (2023), Ökostrom CO₂: So hoch sind die Emissionen beim grünen Strom, <https://www.goclimat.de/glossar/oekostrom/co2-emissionen/>

At hessnatur, we work with great respect for the natural habitats of plants and animals. We put this principle directly into practice promoting biodiversity on the company premises: numerous different woody plants,

flowering areas, herb garden, rainwater ponds and [Benjes hedge](#) provide a variety of habitats for flora and fauna and are home to our own four beehives.

4.4. ANIMAL WELFARE



Animal fibers such as wool are among the oldest natural materials people use for making clothes. We have worked with wool since the beginning, because we love high quality fibers, the performance of wool in specific and its many wonderful characteristics.

We believe: Fairness does not stop with people and nature. That's why animal welfare has always been very important to us and played a crucial role in how we work being an integral part of our requirements.

Therefore, we have defined strict standards for ourselves and our partners that ensure the animals' well-being.

First step: The selection of our partners

Before we work with suppliers and production facilities, we intensively check whether they have the same values and can implement our requirements. Transparency is important to us. We know our partners and are regularly on site. In addition, we work with independent organizations that support us and, for example, carry out factory visits and certifications.

Second Step: The "5 Freedoms"

Our standard is based on the "5 Freedoms" of the Farm Animal Welfare Committee (FAWC). This concept is internationally established as an evaluation criterion for animal welfare.

The "5 Freedoms"

1st freedom: The animals have ready access to fresh water and a diet to maintain full health and vigor.

2nd freedom: The animals are provided with an appropriate environment including shelter and a comfortable resting area.

3rd freedom: The animals' health is maintained through preventive measures. Sick and injured animals are cared for by appropriate treatment.

4th freedom: Stress and fear are avoided through good handling of the animals.

5th freedom: The animals can exercise their normal behavior, e.g., by having sufficient space, not being tethered and by being outside.

Third Step: Additional criteria

Our additional criteria include:

- Whenever possible, we use animal fibers from controlled organic livestock farming. Their origin is controlled by independent certification organizations. In the year under review 75% of our animal fibers were obtained from controlled organic livestock farming, compared to 68.9% in the fiscal year before. For sheep's wool, even 86% were from certified organic livestock and 5% from project-based collaborations. For this we rely, for example, on regional wool from Rhön and dike sheep.
- Of course, we clearly exclude [mulesing](#) through our hessnatur guidelines. Every partner who works with us must acknowledge this in a legally binding manner and prove it with certificates.
- We source our high-quality fibers from selected, sustainable partners. For each material, we check throughout the textile chain whether the production meets our standards.

5. PEOPLE

Sustainable and fair: When manufacturing our products, we act in the interest of people, animals, and the environment. Acting, trading, and cooperating in a fair way is

possible and to our understanding indispensable. The fashion industry must take responsibility - including for those who make fashion.

5.1. PARTNERSHIPS

Our vision of sustainability can only become reality with our partners. Our social and ecological standards are best achieved through close cooperation and long-term partnerships. We also work together on individual solutions to improve working conditions or environmental standards. This is how we achieve lasting change. Decisions are made in partnership and planning is collaborative. We are a member of the [Fair Wear Foundation \(FWF\)](#), the [Partnership for Sustainable Textiles](#) (Bündnis für nachhaltige Textilien) and the [German Sustainable Business Association](#) (Bundesverband Nachhaltige Wirtschaft) and are in constant exchange with stakeholders through these memberships in order to jointly promote a fairer and more sustainable textile industry.

Risk analysis and preventive as well as corrective actions are carried out in cooperation with independent partners, FWF members and, where possible, non-FWF members.



5.2. FAIR PRODUCTION



Social standards are of great importance to us. As a company that thinks and acts ecologically and socially, we are accountable to our customers and other stakeholders for the working conditions under which our products are produced. We regulate the requirements for a fair production through social standards that have been defined by the FWF. These social standards are based on core labor standards of the International Labor Organization (ILO) and the Universal Declaration of Human Rights. They explicitly regulate working conditions at our production site.

The individual points:



1. EMPLOYMENT IS FREELY CHOSEN

There shall be no use of forced, including bonded or prison labour (ILO Conventions 29 and 105).



2. THERE IS NO DISCRIMINATION IN EMPLOYMENT

Recruitment, wage policy, admittance to training programmes, employee promotion policy, policies of employment termination, retirement, and any other aspect of the employment relationship shall be based on the principle of equal opportunities, regardless of race, colour, sex, religion, political affiliation, union membership, nationality, social origin, deficiencies or handicaps (ILO Conventions 100 and 111).



3. NO EXPLOITATION OF CHILD LABOUR

There shall be no use of child labour. The age for admission to employment „shall not be less than the age of completion of compulsory schooling and, in any case, not less than 15 years“ (ILO Convention 138). „There shall be no forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour. [...] Children [in the age of 15-18] shall not perform work which, by its nature or the circumstances in which it is carried out, is likely to harm their health, safety or morals.“ (ILO Convention 182).



4. FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING

The right of all workers to form and join trade unions and bargain collectively shall be recognized (ILO Conventions 87 and 98). The company shall, in those situations in which the right to freedom of association and collective bargaining are restricted under law, facilitate parallel means of independent and free association and bargaining for all workers. Workers' representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to carry out their representation functions (ILO Convention 135 and Recommendation 143).



5. PAYMENT OF A LIVING WAGE

Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic

needs of workers and their families and to provide some discretionary income (ILO Conventions 26 and 131). Deductions from wages for disciplinary measures shall not be permitted, nor shall any deductions from wages not provided for by national law be permitted. Deductions shall never constitute an amount that will lead the employee to receive less than the minimum wage. Employees shall be adequately and clearly informed about the specifications of their wages including wage rates and pay period.



6. NO EXCESSIVE WORKING HOURS

Hours of work shall comply with applicable laws and industry standards. In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every seven-day period. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate (ILO Convention 1).



7. SAFE AND HEALTHY WORKING CONDITIONS

A safe and hygienic working environment shall be provided, and best occupational health and safety practice shall be promoted, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Appropriate attention shall be paid to occupational hazards specific to this branch of the industry and assure that a safe and hygienic work environment is provided for. Effective regulations shall be implemented to prevent accidents and minimise health risks as much as possible (following ILO Convention 155). Physical abuse, threats of physical abuse, unusual punishments or discipline, sexual and other harassment, and intimidation by the employer is strictly prohibited.



8. LEGALLY-BINDING EMPLOYMENT RELATIONSHIP

Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment. Younger workers shall be given the opportunity to participate in education and training programmes.

We follow a zero-tolerance policy towards forced and child labor. Should these risks occur, they must be remedied immediately. We commit to regularly assessing the likelihood of occurrence as well as the adequacy of its own monitoring measures.

The last resort is to terminate the cooperation.

OUR SOCIAL STANDARDS AND LEGAL REQUIREMENTS

Our social standards address many points that are also covered by local legislation in production countries. However, the rules do not always coincide with each other. In all cases where differences arise between our social standards and local legislation, the stricter rule has priority.

Local legislation may also conflict with our social standards. For example, there are countries in which trade union freedom is limited by law. Working together with FWF, we try to find alternatives and test new approaches in such countries. The FWF "Worker Education Program" (WEP) shows how this can be done: Trained by experts from FWF, workers are informed about their rights and learn about methods for asserting these rights, e.g., in cases where trade union freedom is restricted. Establishing an in-house complaint system also promotes dialogue between workers and management.

OUR FOCAL POINT: MANUFACTURING

Our work on social standards has a clear focal point: the production steps after material production,



in our case this usually refers to sewing. In contrast to the preliminary production stages such as spinning, weaving, or dyeing, sewing has hardly been automated to date. A lot of manual work is needed, often subject to great time and cost pressure - facts that often cause poor working conditions. Therefore, our monitoring concentrates on factories that carry out production steps after the fabric manufacturing, especially cutting and sewing, but also washing of ready-made clothing.

III THE TEXTILE CHAIN USING A T-SHIRT AS EXAMPLE



1. IDEA

hessnatur fashion represents a modern sustainability. We produce according to strict ecological requirements. Regular controls assure these high standards.



2. CULTIVATION

For organic production, already the cotton seeds come from certified organic farms, where special care is given to the use of natural fertilizers, crop rotation and natural pest control.



3. YARN

Only a good yarn can be processed to a good fabric. We take care that no contamination with conventional fibres can occur. Operational policies are subject to the strict hessnatur standards.



3. FABRIC

During the production process, yarns are protected against abrasion and tearing using natural sizing agents.



5. PROCESSING

One of the main working steps when it comes to ecology: At hessnatur, oxygen is used for bleaching, colours without heavy metals are used for dyeing and a water-based printing process is used. The characteristics of the cloth are primarily optimized by mechanical and thermal methods. In addition, recycling systems are used so that all water passes through a two-stage treatment facility at least.



6. MANUFACTURING

This production phase is subject to great time and wage pressure. As a result, people work under appalling conditions at many producers. By contrast, hessnatur is in close contact with production sites and advocates for continuous improvement in working conditions in cooperation with FWF.



6. TRANSPORT

We take care of short transportation ways and environmentally friendly packaging – one reason for us to concentrate on European production. Because less kilometers mean more sustainability.

3-5 High degree of automation and little manual work / 6 Low degree of automation and a lot of manual work

OUR COOPERATION WITH FAIR WEAR FOUNDATION



Fair Wear Foundation (FWF) is an international organization headquartered in the Netherlands. It aims to improve working conditions in the clothing industry and to promote collective social responsibility. Companies that join FWF commit to implement and monitor social standards at their production sites. As the first German brand, we joined FWF in 2005.

THE WORK PRINCIPLES OF FWF:

- Brands and producers share the work of improving social standards.
- Labour standards conform to the widely accepted ILO conventions and the UN's Universal Declaration of Human Rights.
- Processes follow the OECD Due Diligence Guidance.
- Implementing the standards is seen as a process that may take many years.
- Local entities are included in auditing and corrective measures.
- Implementation of the Code of Labour Practices on the part of members is independently reviewed ("external assessment" or "verification").

The FWF also conducts audits at factories to assess the current situations and define areas where improvements are needed. In addition, they offer trainings on social standards and their implementation to workers and the factory managements as part of the FWF Worker Education Program (WEP). A neutral complaint system of the FWF enables workers to speak with knowledgeable local contact persons in the event of problems.

The commitment to the FWF Code of Labour Practices is not only a lip service – FWF audits all member brands. hessnatur is also monitored annually. The last Brand Performance Check confirmed our "leader" status at the FWF, attesting our great efforts for social standards in our supply chain.

FWF is a multi-stakeholder organization meaning that all groups involved in clothing manufacturing are represented as members: non-governmental organizations (NGOs), labor unions, trade associations, manufacturers, and retailers. This ensures the broadest possible participation of all stakeholders in the process of improving working conditions. In addition, implementation of social standards at German members is supported by a national, so-called multi-stakeholder committee, to integrate German advocacy groups. The Clean Clothes Campaign (CCC), IG Metall and other German member companies are represented in addition to FWF and us.

5.3. CHOOSING PRODUCTION COUNTRIES AND PARTNERS

OUR PURCHASING STRATEGY

We rely on an advanced production planning system that allows reasonable working hours and avoids excessive overtime. The prices we pay our partners enable the payment of living wages for the part of the production that is carried out for hessnatur. Our payment terms are fair and payments are made on time. Partners are required to make payments to their subcontractors and suppliers in a timely manner and as agreed, and to ensure responsible purchasing

practices on their part. All suppliers are assessed annually on their environmental and social due diligence. This assessment has a decisive influence on future purchasing decisions.

We have zero tolerance for corruption. hessnatur employees and suppliers are prohibited from offering, demanding or accepting anything that is understood as corruption in the following sense (based on the definition established by FWF):

Corruption is the abuse of power for unlawful individual or group advantage.

To ensure this, hessnatur has a company agreement on gift acceptance, and the dual control principle applies to purchasing processes in each case. Decisions are made in consultation with all departments involved.

COUNTRIES



To always be in line with our highest social and environmental standards, we rely on a close cooperation with our partners, who are true experts in their fields. In that light, we carefully assess where our production shall take place. The result is

a clear focus on production in Europe as well as on countries and regions representing the source of special materials and/or center of expertise. For example, silk, hemp, and cashmere are from China, where the highest level of know-how in manufacturing these fibers can be found.

SELECTING NEW PARTNERS

Employees in the Corporate Responsibility (CSR) and Procurement departments pursue

a joint strategy when selecting new production sites. While the procurement department takes the lead in proposing new suppliers, the CSR department has a decisive say in the selection process. The start of a new collaboration and order placement can only take place after the new partner has been approved by the CSR department. In existing partnerships, the CSR department has the right and responsibility to stop production if risks reach a critical level. An analysis of social and environmental risks is part of the decision-making process when selecting new suppliers. In principle, our partners are allowed to nominate subcontractors. However, these must be checked and approved by us in advance. Unauthorized use of subcontractors is not permitted. The commissioning of home workers may only take place with the prior review and approval of hessnatur (CSR).

TERMINATION OF COOPERATION

Since we focus on long-term partnerships, the termination of the cooperation is the last resort. We are committed to informing our partners at an early stage about a possible exit and to working on a joint solution to prevent it. If an exit does occur, we commit to planning a socially responsible exit in a spirit of partnership.

5.4. AGENCIES, SUPPLIERS AND PRODUCTION SITES – FACTS AND FIGURES

Strong, long-term partnerships are the basis for our collaboration with agencies, suppliers and production sites: 74% of our buying volume is done with partners we have worked at least five years with and about half of our buying volume is done with partners we have worked with for at least ten years. Our manufacturers tend to be true specialists in the processing of specific fibers, such as hemp, or in specific product groups, such as knitted pullovers, hosiery or jackets and coats. A high level of environmental and manufacturing expertise has been built up over many years. That is why skill and quality are more important to us than the lowest price.

AGENCIES

In the year under review, we cooperated with local agencies in Portugal, Turkey and Thailand. They organize and supervise production on our behalf in the sourcing countries and are important points of contact for the suppliers. In addition, the agents work particularly close with our relevant employees from purchasing, quality assurance and CSR. Orders and payments to production partners are made directly and not through the agency.

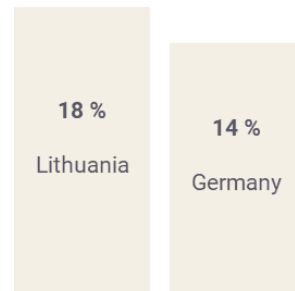
SUPPLIERS

Suppliers deliver ready-for-sale products and bring them to account at hessnatur. In many cases, our suppliers manufacture the finished goods themselves in their own companies. In other cases, manufacturing is (partly) done by external partners, which sell their products or services to the supplier. Many of our suppliers also carry out earlier production stages, such as fabric production or spinning in-house.

PRODUCTION SITES

Production sites or manufacturers are the companies who manufacture our products; in our supply chain this usually refers to sewing. The following overviews show the number of manufacturers per country and the share of our main sourcing countries in our

purchasing value. The figures are based on production sites with purchasing value in the year under review. With Germany and Lithuania as the two countries with the highest purchasing value, 62% of our total purchasing value was paid to production sites in the European Union.



OUR TOPSOURCING COUNTRIES (by share in the total purchasing value of FY 2022/2023)

5.5. OUR MONITORING SYSTEM

For the implementation and monitoring of social standards in the production facilities working for hessnatur, we have developed our own monitoring system that implements the OECD recommendations on due diligence. Together with our suppliers we jointly commit to implementing these due diligence requirements in the supply chain.

MONITORING IN LOW-RISK AND HIGH-RISK SITUATIONS

Previously countries have been distinguished between low-risk and high-risk countries according to their EU membership. In low-risk countries, compliance with laws and standards was generally well regulated and monitored by legislative authorities. These countries included the member states of the European Union except for Bulgaria, Italy and Romania. In high-risk countries by contrast, there was often a discrepancy between existing laws and standards and compliance with them. Accordingly, there was an increased need to work on social standards in the respective production sites and FWF defines different monitoring requirements for low-risk and high-risk countries.

Moving away from this form of risk assessment we now assessed potential risk in three steps:

1. Country risk scoping
2. Production location risk assessment
3. Risk assessment according to business model and product type

This means that production partners in high-risk countries can be considered lower risk according to their specific practices, the sourcing model or product type and vice versa. In the year under review the production locations in enclosed table were considered low or medium risk. Production partners in generally high-risk countries (e.g. Peru and Nepal) are either social projects or have well-established fairtrade practices. Our monitoring practices have shown that our partners in these countries show lowered risk profiles.

The likelihood and severity of violations of core labor standards against women, migrant workers and other minorities is increased. When assessing risks, findings, or complaints we take into consideration how above-named groups can be specifically affected by labor rights violations and how remediations can meet their potentially

specific needs. Therefore, we employ a gender-lens and pay attention to minority groups.

Risks are assessed in the risk analysis by country, sector, business model, procurement model and product level. These include ensuring that there is no excessive overtime, that workers are paid a living wage and that they are empowered to stand up for their own rights (including through internal grievance systems, elected employee representatives and trade unions). To this end, training courses are held, employee representatives are elected and their participation in the above-mentioned processes is ensured. It is monitored that

there are functioning internal grievance systems, because the additional independent FWF grievance mechanism should only be used as a last resort in case of failure of the internal dialogue or complaint. Training on communication is provided to ensure that internal grievance systems work. In addition, we support the free and democratic election of workers' representatives with high priority. Freedom of association and the right to collective bargaining are systematically taken into account in the hessnatur due diligence system.

The tables below provide an overview of high, medium and low risks at our production sites:

Low- and medium risk countries	Number of suppliers	Number of CMT partners	Number of partners supporting processes
Austria	2	2	0
Croatia	3	3	0
Czech Republic	1	1	0
Germany	16	19	0
Greece	1	1	1
Hungary	4	4	1
Italy	2	2	2
Lithuania	6	8	2
Nepal	1	2	0
Peru	3	5	0
Poland	2	2	0
Portugal	8	12	7
Slovakia	2	2	0
Spain	2	4	0
TOTAL	53	57	11

High-risk countries	Number of Suppliers	Number of CMT partners	Number of partners supporting processes
Bosnia	2	2	0
Bulgaria	2	2	2
China	6	7	1
India	1	1	0
Mongolia	1	1	0
North Macedonia	3	4	1
Romania	3	4	0
Thailand	2	3	0
Tunisia	1	2	1
Turkey	3	3	1
Ukraine	1	1	0
Vietnam	1	1	0
TOTAL	26	31	6

SITUATION AND MEASURES IN LOW- AND MEDIUM-RISK COUNTRIES

A comparatively large share of our production takes place in (European) low-risk or medium-risk countries. This supports short ways within our supply chain. It also sustains tradition and know-how in nearby countries. We also factor in social standard aspects: Wages and living standards in low-risk countries are generally higher than in high-risk countries. Additionally, better (legal) mechanisms for social security exist.

But low- or medium-risk profiles do not mean that there are no risks. In these countries the main risks are related to living wages and discrimination. A significant proportion of partners in low-risk countries pay living wages or the gap to living wages is low compared to medium- and high-risk countries. Medium-risk countries mostly show a bigger gap between living wages and actual wages. Discrimination is considered a

risk in all sourcing countries as even low-risk countries show a significant risk in regard to gender pay gap and other forms of discrimination (e.g. gender-based discrimination in hiring or discrimination of specific ethnicities).

We pay close attention to the social standards in these production sites. Companies in low-risk and medium-risk countries must also confirm our Code of Labour Practices and provide detailed information regarding social standards on a regular basis. They are required to post the FWF Worker Info Sheet in local language. If we identify a higher risk, we request audits or conduct training.

Strong partnerships with many of our production sites grew through long-term cooperation. We know our partners personally and meet them on multiple occasions.

5.6. MONITORING IN THE YEAR UNDER REVIEW

BOSNIA & HERZEGOVINA

Bosnia & Herzegovina	
Number of suppliers	2
Number of CMT production partners	2
Number of production partners doing supporting processes	0
Number of Audits in the past 3 years	2
CAP completion	65%
Number of trainings in the past 3 year	1

In Bosnia & Herzegovina, we work with two very long-term partners. They produce socks respectively stockings. In the year under review, we had the opportunity to personally visit both, and it was very helpful to understand the situation on site.

The main risks identified in Bosnia & Herzegovina are:

The payment of living wages

The European Floor Wage by the Clean Clothes Campaign shows a significant gap between minimum wages and living wages in Bosnia & Herzegovina. hessnatur ensures that the prices paid allow for the payment of a living wage, but is not the only customer for most of its partners. Wage analyses show that wages are well above minimum wage levels, but do not yet reach living wage levels.

Effective worker representation

There is a low engagement in unions and workers are not used to worker representation. Both factories have elected worker representatives and hessnatur has conducted trainings to make worker representation more effective.

Risk to workers' health and safety

Audits identified several concerns in regard to health and safety, e.g. missing documentation of fire evacuation or blocked fire extinguishers. Most findings have now been corrected, while some particularly costly corrections are still pending. These do not pose an immediate threat to workers' health.

BULGARIA

Bulgaria	
Number of suppliers	2
Number of CMT production partners	2
Number of production partners doing supporting processes	2
Number of Audits in the past 3 years	3
CAP completion	64%
Number of trainings in the past 3 year	0

In Bulgaria, we have been working with a long-term production partner and have recently brought a new shirt production partner on board. The supporting processes done in Bulgaria are printing and washing.

The main risks identified in Bulgaria are:

The payment of living wages

The European Floor Wage by the Clean Clothes Campaign shows a significant gap between minimum wages and living wages in Bulgaria. hessnatur ensures that the prices paid allow for the payment of a living wage, but is not the only customer for most of its partners. Wage analyses show that wages are well above minimum wage levels, but do not yet reach living wage levels.

Effective worker representation

There is a low engagement in unions and workers are not used to worker representation. Both factories have elected worker representatives, but in one factory the acceptance is low. We have held discussions to highlight the benefits of involving worker representatives and are still looking for service providers who can provide advanced training on worker representation in Bulgaria.

CHINA

China	
Number of suppliers	6
Number of CMT production partners	7
Number of production partners doing supporting processes	2
Number of Audits in the past 3 years	6
CAP completion	56%
Number of trainings in the past 3 year	1

Our long-term partners in China manufacture a variety of articles for us. Many are experts for specific natural fibers such as silk, hemp or cashmere. Many special materials and manufacturing techniques have been continuously improved with our Chinese partners for several years. One partner changed its location to a newly built location and one partner was recently onboarded to ensure a fully transparent supply chain for cashmere products.

The main risks identified in China are:

Freedom of Association

As China only legally recognizes one trade union, freedom of association is limited. Unionization is often seen as fulfilling requirements but not to improve social dialogue. Additionally, there is no right to strike. hessnatur focuses on ensuring that worker representatives are elected and involved into internal decision-making processes.

Living Wages

The Asian Floor Wage is three to four times higher in China than the minimum wage

levels. However, progress in actual wages has been significant, with average wages more than double the minimum wage and the gap to the living wage closing significantly. This shows that hessnatur paying prices which allow the payment of living wages can have a significant positive impact.

Overtime

Excessive overtime has been a major issue in China for a very long time. There are four main root causes for excessive overtime: overbooking of capacity for factories to ensure they can continuously employ their work force, (unscheduled) short-term re-orders, delayed material deliveries and workers' expectation to work longer hours as normal working hour wages are not sufficient for a decent living. hessnatur has encouraged partners to openly discuss capacity constraints with us and other customers. hessnatur does uniformly set delivery dates but discusses these mutually with partners and accepts delays if a proper explanation is provided. The increased wage level has already led to a reduction in overtime, and during the year under review excessive overtime was completely eliminated.

Forced Labor

Throughout the past years reports on forced labor through re-education camps, unemployment reduction programs or prison labor have continuously been published. hessnatur only works with very selected long-term partners and in the case of one production partner full transparency from yarn to manufacturing is ensured. As hessnatur cannot rule out any forced labor in Chinese cotton, the use of Chinese cotton is forbidden in hessnatur production.

INDIA

India	
Number of suppliers	1
Number of CMT production partners	1
Number of production partners doing supporting processes	0
Number of Audits in the past 3 years	1
CAP completion	100%
Number of trainings in the past 3 year	0

In India hessnatur worked with one production partner who produced our Cradle-to-cradle collection. This partnership lasted one season and was not continued. hessnatur plans to on-board new production partners in the upcoming year.

The main risks identified in India are:

Living Wages

Depending on the estimate of the living wage and the position of the workers in Tiruppur, the minimum wage is as little as a quarter of the living wage. The factory is part of a Fairtrade Textile Standard pilot that aims to pay workers a living wage within the next five years, but the living wage was not achieved during the period of cooperation.

Discrimination

According to a 2019 FWF country study, the gender pay gap in the garment sector in India is 39%. Additionally, there is a lack to women

in leadership positions. The provided audit did not identify any issues in these regards but lacks gender-disaggregated data in its report.

Sexual Harassment

The country report further states that the workforce in Tiruppur majorly consists of young woman (aged between 16-25) who face sexual harassment at the workplace as well as at the hostels they live at. There is no evidence, either from audits or complaints, that the women of the production partner under review are subject to sexual harassment but as this risk is generally underreported, it cannot be completely ruled out.

Overtime

Excessive overtime is a widespread issue across regions in India which has severe effects on workers' health. The partner under review did not have excessive overtime.

Sumangali Scheme

The so-called Sumangali scheme is a form of forced labor in which young women are hired for several years and then housed in a company-owned facility. At the end of their tenure, they receive a lump sum to pay for their dowry. If they leave early, they are often not paid. Women working in such schemes often suffer from long work hours, sexual harassment, minimum and overtime pay violations and significant risk to their health. The partner under review does not engage in this practice.

MONGOLIA

Mongolia	
Number of suppliers	1
Number of CMT production partners	1
Number of production partners doing supporting processes	0
Number of Audits in the past 3 years	0
CAP completion	75%
Number of trainings in the past 3 year	0

In Mongolia, knitted articles made of Yak wool are manufactured for us. The Yak yarn is sourced from local Yak farmers and further processed in Mongolia to turn into a knitted fashion item.

The main risks identified in Mongolia are:

NORTH MACEDONIA

North Macedonia	
Number of suppliers	3
Number of CMT production partners	4
Number of production partners doing supporting processes	1
Number of Audits in the past 3 years	4
CAP completion	66%
Number of trainings in the past 3 year	0

Our North Macedonian production sites manufacture jersey and woven articles.

The main risks identified in North Macedonia are:

Social Dialogue

We have managed to get workers' representatives elected at all the production sites in North Macedonia, but this can only be seen as a first step towards improving social dialogue between workers and management. Often worker representatives are not involved in the way we expect, and responsibilities are

Living Wages

The living wage in Mongolia is more than double the minimum wage, with workers receiving wages well above the minimum wage, but not yet a living wage.

Temporary Workers

Temporary workers are at higher risk for human rights violations and our monitoring system found that the management systems in place did not fully cover temporary workers. They neither received written contracts nor were their working hours recorded. These findings have now been corrected.

Health & Safety

There were several health and safety findings, most of which have been rectified. These did not include first aid or firefighting training.

unclear. We offer training to address this, but we are still looking for more advanced training that focuses specifically on social dialogue.

Living Wage

The minimum wage in North Macedonia is according to the European Floor Wage by the Clean Clothes Campaign significantly below living wage levels. On average workers receive more than the minimum wage but have not yet reached living wage levels.

Health & Safety

The audits identified a significant number of health and safety findings, but over 70% of these have now been rectified. These included fire extinguishers hanging too high, a lack of exit signs and dust levels.

ROMANIA

Romania	
Number of suppliers	3
Number of CMT production partners	4
Number of production partners doing supporting processes	0
Number of Audits in the past 3 years	4
CAP completion	56%
Number of trainings in the past 3 year	1

Underwear, shoes and knitted products are examples of items manufactured by our partners in Romania.

The main risks identified in Romania are:

Living Wage

The living wage in Romania is significantly higher than the minimum wage, so most of the workers do not receive a living wage. Our prices allow the payment of living wages. On average, workers were paid significantly above the minimum wage but did not receive a living wage.

THAILAND

Thailand	
Number of suppliers	2
Number of CMT production partners	3
Number of production partners doing supporting processes	0
Number of Audits in the past 3 years	0
CAP completion	55%
Number of trainings in the past 3 year	0

Our partners in Thailand are located near Bangkok and have been working with us for over ten years. They both produce knitwear and we have had the opportunity to visit them in Bangkok during the year under review. One of them moved to a new location during the year under review and our personal visit also

Health and Safety

The audits revealed several health and safety findings, and some corrections are still outstanding.

Freedom of Association and Collecting Bargaining

Romania scores 4 on the ITUC Global Rights Index (scale 1-5) for freedom of association and workers' rights. An audit identified challenges in regard to workers involvement and FWF provided training to help improve the situation. We are currently following up on the training.

Discrimination

In Romania several groups face discrimination in the workplace, namely women, Roma and LGBTQI. During the previous financial year there was a complaint of discrimination against a woman who did not want to work overtime. The complaint was found to be a personal dispute between a supervisor and an employee, and the factory had proper systems in place to ensure that overtime was always voluntary and that there was no discrimination against workers who did not work overtime.

allowed us to see the facility in the process of being set up and to make recommendations on what should be considered when setting up the new location.

The main risks identified in Thailand are:

Migrant Workers

Thailand has a significant number of Burmese workers employed in Thai factories. These workers are at increased risk of being unaware of their rights and suffering discriminatory practices (e.g. paying their own work permit registration fees or not understanding their contracts). The factories audited both employ Burmese workers and had corresponding audit findings all of which have now been corrected.

Living Wage

The Thai minimum wage is less than half of the Asian Floor Wage. As a result, workers often do not receive a living wage. We make sure that our prices allow the payment of living wages. Both of our partners have not yet reached living wage levels.

Overtime

Overtime has been a recurring problem in the past, but no excessive overtime has been worked recently as overall reduced order volumes, particularly from other customers,

have led to a significant reduction in overtime.

Health & Safety

Both factories showed areas for improvement in terms of health and safety. The partner that changed locations was able to address many of the existing findings (e.g. lack of secondary power for fire exit lighting) with improved conditions at the new location. The other partner corrected most of the health and safety findings at the existing location.

TUNISIA

Tunisia	
Number of suppliers	1
Number of CMT production partners	2
Number of production partners doing supporting processes	1
Number of Audits in the past 3 years	3
CAP completion	65%
Number of trainings in the past 3 year	2

Our partner in Tunisia manufactures and washes denim at three production sites. Two of our partners participated in an innovative pilot training by FWF and Just Solutions Network (JSN), which aimed “to ensure a well-functioning base of social dialogue in participating factories that could provide a forum where issues such as the promotion of a living wage for garment workers could later be discussed and negotiated with mutual respect and in a spirit of cooperation.”

The main risks identified in Tunisia are:

Gender

Tunisia ranks 128 out of 146 on the Global Gender Gap Index. The representation of

women in higher positions is limited, and women are more likely to suffer from weak or vulnerable employment contracts. There is also gender-based inequality in pay. Audit reports and complaints must identify any discriminatory practices. Experts say that audits and complaint systems are not sufficient tools to detect most gender-based problems. That is why we have launched a gender data project as part for the Partnership of Sustainable Textiles. The project is being carried out in cooperation with Femnet, the hessnatur foundation, GOTS and Gerry Weber, and focuses on Tunisia. The project is expected to be completed by spring 2025.

Living Wages

The minimum wage in Tunisia is less than half of the living wage. Our production partners pay significantly above the minimum wage, but living wage level has not yet been reached.

Social Dialogue

In the pilot project mentioned above, workers expressed that the Company Consultative Committee was not effective. The training sessions then addressed this issue by teaching specific problem-solving methods. The factory reported a positive impact on internal communication.

TURKEY

Turkey	
Number of suppliers	3
Number of CMT production partners	3
Number of production partners doing supporting processes	1
Number of Audits in the past 3 years	4
CAP completion	34%
Number of trainings in the past 3 year	1

Our Turkish partners produce a wide range of goods. Our local representative visits the factories on a regular basis and provides strong support for the implementation of social standards, as well as issues related to the production process. During the year under review, we visited our manufacturing partners in Istanbul and Denizli.

The main risks identified in Turkey are:

UKRAINE

Ukraine	
Number of suppliers	1
Number of CMT production partners	1
Number of production partners doing supporting processes	0
Number of Audits in the past 3 years	1
CAP completion	43%
Number of trainings in the past 3 year	1

Although the factory is in the far west of the Ukraine, the Russian invasion had an impact on the workers. FWF immediately organized a joint call to advice brands on how to proceed. The Ukrainian wish was to continue economic activity where possible to provide stability and economic income. All workers the regular wages do not yet reach the living wage estimates, but when benefits are

Syrian Workers

The influx of millions of Syrian refugees into Turkey has made them a particularly vulnerable group to labor and human rights abuses. They often work in informal employment and face discrimination. Some of our manufacturing partners employ a small number of Syrian refugees. We ensure that they have work permits and are treated in the same way as Turkish workers.

Overtime

Excessive overtime is a recurring issue in most audits, and we have been discussing with our partners how to reduce overtime. During our personal visits we could already see that overtime has been significantly reduced.

Living Wage

In recent years, inflation has been rampant in Turkey, hitting workers hard. While the minimum wage has been significantly increased several times, the gap between the minimum wage and living wage has widened. Wages are above the minimum wage, but not at the level of a living wage.

were paid independently, whether they came to work or not. All workers were offered jobs in Lithuania, but most chose to stay. Since then, the factory has continued to operate. Most of the Ukrainian workers want to stay and continue working in the factory.

The main risks identified in Ukraine are:

Social Dialogue

It was found that workers' suggestions were not properly integrated into the overall process, and a trusted partner conducted a training to help improve the internal communication.

Living Wage

According to the European Floor Wage by CCC, there is a significant gap between living wages and minimum wages. The wages at our partner factory are comparatively high, included, the average worker already receives a living wage.

Discrimination

Two cases of discrimination were found during an audit. One related to who received

transportation benefits and the other to medical benefits. One has already been remedied and the other is still pending.

VIETNAM

Vietnam	
Number of suppliers	1
Number of CMT production partners	1
Number of production partners doing supporting processes	0
Number of Audits in the past 3 years	1
CAP completion	38%
Number of trainings in the past 3 year	0

Our partner in Vietnam produces a small part of our footwear. The partnership was terminated because hessnatur’s leverage was not sufficient to achieve working conditions that met hessnatur’s expectations. As the supplier continues to source from the factory for other customers, we continue to support the ongoing remediation process.

The main risks identified in Vietnam are:

Living Wages

The audit found that during Covid, workers did not receive the minimum wage for suspended days of work, and piecework did not guarantee that the minimum wage was paid. During Covid, we helped to ensure that workers received at least the minimum wage through a solidarity fund and proactively approached factories to request such support. The labor rights’ violations were only uncovered by the audit, and we ensured that future wage payments would guarantee at least the minimum wage. No resolution was found for past violations.

Working Hours

Overtime is an issue in Vietnamese factories, but no conclusion could be drawn on working hours as records were incomplete, with health concerns leading to manual recording as fingerprint scanners were considered too risky during the Covid period. The fingerprint attendance has been re-installed.

Health & Safety

Most of the findings were related to health and safety, including inadequate chemical storage and the lack of an ergonomics program. Half of these were confirmed as closed during the year under review.

5.7. COMPLAINTS

COMPLAINTS SYSTEM

In case of work-related problems, employees at our production sites can contact an independent party through the FWF complaints procedure. The contact persons for the workers are local complaint handlers, who are chosen and trained by FWF. Their contact details can be found on the FWF Worker Info Sheets, which must be prominently displayed in the local language at all hessnatur production sites at the beginning of the cooperation. Additionally, factory managers and workers are informed about the complaints system during social audits and training sessions as well as during factory visits by our social standards team or by the FWF contact person itself.

When receiving a new complaint, the FWF complaints officer assesses whether the complaint concerns the regulations of our Code of Labour Practices. If so, the FWF head office and we are informed. We analyze each case in detail, including interviews with all parties involved and usually on-site visits. Appropriate corrective action is then defined and reviewed in collaboration with FWF, which reports publicly on each complaint.

THE COMPLAINTS' PROCEDURE IN BRIEF

1. Management and workers are informed about the complaints system
2. Complaint is received
3. Admissibility of the complaint is assessed by FWF
4. Investigation of the case
5. Corrective Action Plan is agreed on with all involved parties
6. hessnatur supports and monitors the implementation of corrective actions
7. Verification of taken steps and public reporting by FWF

COMPLAINTS IN FY 2023/2023

No complaints were received during the year under review. Two complaints from the previous financial year were closed or resolved.

Complaint in Romania

The complaint in Romania raised concerns about forced overtime, verbal harassment, and arbitrary job rotation. The complaint was immediately addressed by the factory explaining that overtime is always voluntary

and that there is a written confirmation for overtime work. To address the complaint, worker representatives and management jointly signed a policy on rotation, overtime and quotas. If quotas are not met, all workers are updated to receive at least 100%, and if they are exceeded, they receive additional pay. The verbal harassment was not systemic and occurred between one supervisor and one worker. The following FWF audit and the complainant concluded that the complaint had been remediated. The factory was highly appreciative of the complaint process.

Complaints in Turkey

The complainant reported that overtime was compulsory, and that workers had difficulty taking sick or annual leave. The factory management stated that overtime should always be voluntary and started an investigation into why overtime was perceived as being compulsory. To find the cause of the complaint, a training session was planned and a visit by hessnatur will take place in the new financial year. The complaint was concluded by FWF as follows:

„Fair Wear conducted two training sessions at the factory in January 2023, one for the management, line supervisors, and administrative staff and the other for the production workers. The workers did not raise an issue about the current working hours during the training.

The factory management shared the time records with the member brands. The complaints handler reviewed those documents, and no excessive overtime and no consecutive work of more than six days were observed on that time records.

Since the complaint was anonymous, the complaints handler did not have a chance to verify the information with the complainant directly. However, the complaint was resolved based on document review and training feedback.“

One complaint in Turkey remains unresolved. There have been several historical complaints about compulsory overtime, Sunday work, daily workers and double-entry bookkeeping. The most recent complaint was in 2020. Some of the complaints were

confirmed, while others could not be conclusively verified. As it is challenging to implement corrective action when there is no

agreement on the actual situation, remediation is ongoing.

5.8. TRAININGS AND CAPACITY BUILDING

SUPPLIER TRAININGS

Awareness of workers' rights and duties is the basis for effectively taking care and improving working conditions in production sites. If the management of production sites as well as the workers themselves know their rights and duties and ways to assert and improve them in detail, they can jointly define vulnerabilities and steps for improvement. Workers can also stand up for their rights. Therefore, regular trainings on social standards are conducted for workers and the managers at our production sites. Various formats for training are used for this purpose.

WORKPLACE EDUCATION PROGRAM (WEP)

The WEP was developed by FWF. Workers and management are informed about social standards, their rights and obligations and how to deal with them. WEP trainings are performed by qualified trainers from FWF who are familiar with the local languages and customs. Part of the training are the core labor standards, the FWF complaints procedure, internal communication mechanisms, as well as opportunities to improve them. During the year under review, the FWF adjusted the training methodology and added onboarding training divided into two modules: module one is onboarding and module two is social dialogue.

WEP FOLLOW-UP ON COMMUNICATION

This training concept is intended for production sites who have already completed the WEP training. The objective of the training is to strengthen a company's ability to achieve improvements in working conditions through worker-management dialogue such as effective complaint mechanisms. By the end of the training, each production site should have established working communication standards and an internal grievance mechanism that is jointly managed by workers and management. This format is currently only available in a limited number of producing countries.

AWARENESS TRAINING PROGRAM

This program for workers and management at the production sites was developed by hessnatur. As with the WEP training, both workers and management are trained by local trainers with experience in social standards. The training covers our eight core labor standards, mutual rights, and obligations, as well as communication mechanisms for improving working conditions. Emphasis is placed on raising awareness by means of interactive group exercises, discussions, and case studies. Participants then develop their own solutions based on the specific conditions and communication channels at their production site.

NEW EMPLOYEE TRAINING

At hessnatur, it is not only the CSR department that is responsible for our high environmental, social, and quality standards, but every department has its share in this responsibility. This is why every new employee receives training on the fundamental values of hessnatur. Our environmental and social standards are explained in detail. In addition, a hessnatur expert for social standards specifically describes the eight core labor standards, membership of the FWF and the hessnatur monitoring system for social standards. New employee training took place three times in the year under review, in August 2022, December 2022 and in April 2023.

In addition to the on-boarding training for all employees, several individual training sessions were held for new employees with a specific impact on social standards, e.g. purchasing colleagues.

All group training sessions were held digitally. In addition, one of the sessions was recorded for re-watching.

GLOSSAR

Audit

An audit (Latin, audire: to listen) refers to an inspection procedure that examines processes for compliance with requirements and guidelines. The audits are carried out by specially trained independent auditors. For example, the Fair Wear Foundation audits production facilities on behalf of hessnatur.

BENJES HEDGE

For a Benjes hedge, several wooden posts are placed in the ground in two rows, and between them dead wood, brushwood and other garden debris are piled up in the form of a hedge. This "dead wood" can be put to great use - as a habitat for numerous animal species that are looking for a cozy place to live during the cold winter months.

BETTERRECYCLING

The concept of BetterRecycling developed by hessnatur stands for products made from recycled production residues from our own production. Resources are precious, but it is inevitable that some production steps, such as weaving and cutting, will produce an excess of valuable natural materials accrue. After long development work, hessnatur has succeeded in setting up elaborate processes for reprocessing and recycling. Always under the condition that the high hessnatur transparency and quality standards are maintained. This assurance is not given for recycled consumer waste (e.g. used clothing donations). For this reason, hessnatur exclusively relies on so-called preconsumer waste for BetterRecycling products. These are residual quantities from the company's own production. For example, leftover yarn is unwound, mixed with new raw fibers and spun again.

FAIR WEAR FOUNDATION (FWF)

The Fair Wear Foundation is a multi-stakeholder organization based in Amsterdam, the Netherlands. Its mission is to promote fair and humane working conditions in the global textile industry. To this end, the FWF has drawn up eight standards which are based on the core labor standards of the International Labor Organization (ILO).

GERMAN SUSTAINABLE BUSINESS ASSOCIATION (BUNDESVERBAND NACHHALTIGE WIRTSCHAFT)

The German Sustainable Business Association was founded in 1992 out of the conviction that ecological, social and economic issues belong together. It provides companies driving the environmental and social transformation of the economy with inspiration, exchange and cohesion internally and a strong and respected political voice externally. Through this and operational projects, it also actively participates in the transformation.

GLOBAL ORGANIC TEXTILE STANDARD (GOTS)

GOTS is a textile label that, since 2008, has set a controllable standard for ecological responsibility in textile production. Any company that sells GOTS certified products must be licensed accordingly.

The guideline is constantly being further developed under the guidance of the German IVN. This guideline is given to the GOTS which is responsible for the implementation and certification (by accredited certifiers). The special feature of the label is its holistic approach to the entire production chain, taking into account ecological and human toxicological criteria.

IMPACT PER WEAR

Impact per Wear is a performance indicator that relates the ecological footprint of creating a garment to the number of times it is worn. This means that the more a garment is worn, the lower its impact per wear - and the better its sustainability performance.

INNOVATIONS FOR TOMORROW AWARD

hessnatur's own sustainability award, which supports young companies and start-ups that provide sustainable, innovative and visionary solutions to the challenges facing the textile industry today and in the future.

LIVING WAGES

The remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events.

MONO-MATERIAL

A product made of a single material, e.g. organic cotton. This allows sorted recycling.

MULESING

Mulesing is the treatment of sheep to protect them from infestation by the 'Sheep Blowfly'. The flies lay their eggs in the warm, dirty and poorly ventilated skin folds of the sheep's anus and genital region. The hatched fly maggots then move further into the skin and hypodermis and feed into the animal. The result is severe inflammation and often death. This is why the practice of mulesing is used. This involves cutting out pieces of flesh from around lambs' anus and genital regions when they are 8-12 weeks old. The result is a smooth, scarred area where parasites do not colonize. This procedure is criticized because it is usually not performed by professionals and without anesthesia. Also, the care of the wound is often not done professionally. For this reason, it is very controversial and discussed in different ways.

MYCLIMATE

The myclimate foundation is a leading provider of carbon offset financing, awareness raising and consulting. It develops high-quality carbon offset projects.

NATURAL FIBERS

Natural fibers are all fibers of natural origin which, unlike synthetic fibers, can be directly processed without synthetic processes. Natural fibers can come from many different sources. A distinction is made between plant fibers, animal fibers and mineral fibers. The best-known plant fibers are cotton, linen and hemp. Animal fibers include virgin wool, cashmere and silk. Mineral natural fibers include, for example, asbestos.

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD)

The Organisation for Economic Co-operation and Development is an international organization whose goal is better policies for a better life - policies that aim to ensure prosperity, justice, opportunity and quality of life for all.

PARTNERSHIP FOR SUSTAINABLE TEXTILES (BÜNDNIS FÜR NACHHALTIGE TEXTILIEN)

The Partnership for Sustainable Textiles advocates for a social, ecological and corruption-free textile and apparel industry - an industry that respects the rights of all workers, protects the climate and the environment, and

operates with integrity and within planetary boundaries.

As a multi-stakeholder initiative, the Textile Partnership unites companies, associations, non-governmental organizations, standard organizations, trade unions and the German Federal Government. In addition, the Textile Partnership cooperates with European and international initiatives to disseminate best practices and increase the leverage of its engagement.

SCIENCE BASED TARGETS FOR NATURE NETWORK (SBTN)

Science based targets give companies and cities a clear path to competitiveness and resilience by using science to define their role in restoring nature.

The Science Based Targets Network aims to transform economic systems and protect the global commons - our air, water, land, biodiversity and oceans.

SBTN CORPORATE ENGAGEMENT PROGRAM

Companies, consultants, industry coalitions and financial institutions are invited to work with SBTN in developing their methods, tools, and guidance through the Corporate Engagement Program. Program members help them develop science-based targets for nature that are cost-effective and user-friendly through exclusive testing and feedback opportunities. Their goal is to build on what companies are already doing and help them transform their business.

TEXTILE EXCHANGE

Textile Exchange is a global non-profit driving positive action on climate change across the fashion, textile, and apparel industry. They guide and support a growing community of brands, retailers, manufacturers, farmers, and others committed to climate action to produce more purposefully from the start of the supply chain.

UN GLOBAL COMPACT

The UN Global Compact is the world's largest and most important initiative for sustainable and responsible corporate governance. The UN Global Compact Network Germany (UN GCD) with 1,100 participants from business, civil society and politics supports companies in strategically embedding sustainability on the basis of 10 universal principles and in contributing to the implementation of the Sustainable Development Goals.

ANNEX



COMPANY FACTS

Founding year	1976
Company form	GmbH & Co. KG limited liability company
Distribution channels	E-commerce via online shop, stationary retail via stores, mail order via catalogue
Retail stores	Butzbach, Dusseldorf, Hamburg, Frankfurt and Munich
Subsidiary companies	Hess Natur-Textilien AG Langenthal, Switzerland
Founders	Dorothea and Heinz Hess
Headcount	346
FWF member since	2005

PRODUCTION STRUCTURE

Number of suppliers	79
Number of CMT production sites	97
Number of countries of manufacture	26
Number of CMT production sites in EU countries	65
Number of CMT production sites in non-EU countries	32

Statements and data in this report refer to the financial year 2022/2023 (1 August 2022 to 31 July 2023)

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