

hessnatur
FÜR MEHR MORGEN



IMPACT REPORT

Financial year 2020/21

1 August 2020 – 31 July 2021

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Ecological and Social Principles for us and our partners
throughout the entire supply chain

Natural
fabrics

High social &
eco standards

Innovation

Transparency

Partnerships

Responsibility



**STRICTER THAN
LEGAL ALLOWANCES**



ECOLOGY
In all steps – from
seed to final product



**SOCIAL
STANDARDS**



NON-HARMFUL
Strict parameters for human
and environmental toxicology



**CODE OF LABOUR
PRACTICE**

Touched by nature for 45 years.

Being different is timeless - unlike many, hessnatur has been committed to sustainability from the very beginning and has focused on the beauty of nature. Living and growing in harmony with nature is our vision of the future.

With our 45th anniversary, we are celebrating our experience of producing beautiful fashion in a fair, sustainable, and resource-saving way. And thus, setting the standards for all others.



Nature positive

We are convinced that it is time to think sustainability differently. And to be even more ambitious. Our approach is NaturePositivity that considers the climate crisis and the loss of biodiversity as equally important. That is why we strive for NaturePositivity along our whole value chain. To achieve this aim, we take a good look at every aspect of our supply chain. From organic farming that promotes biodiversity in many ways to the conscious use of resources in our own headquarters we significantly reduce our CO₂ emissions and protect biodiversity. Only as a last step, we offset our remaining and non-avoidable CO₂ emissions in projects that have a positive impact on the climate as well as on biodiversity. Good examples are reforestation projects, to renaturalize peatlands or to convert conventionally used agricultural land to organic and regenerative farming.

The ecological footprint

At hessnatur, we keep our ecological footprint as small as possible: Already by using organic fibers, we protect soil and water from harmful substances, avoid CO₂ emissions and cut back water use. Through the consistent use of organic cotton alone, we have achieved the reduction of CO₂ emissions by almost 2.3 million kilograms since 2012, saved over 5.2 billion liters of water and left behind almost 110 million m² of healthy earth (since 2012). In our online shop, you can find information about the resource optimization made per garment. For all our cotton products, we show the ecological savings in comparison to conventional cotton.

ÖKOLOGISCHE ERSPARNIS BEIM KAUF DIESES PRODUKTES:

- 177.78 L WENIGER WASSERVERBRAUCH
- 148.21 GR WENIGER CO₂-AUSSTOSS
- 3.4 M² MEHR GESUNDE ERDE

Our projects

As part of our holistic approach, we promote initiatives for a better world in Germany or wherever our partners are located. With our projects, we bring new approaches to sustainable business into practice and support good ideas worldwide.



Supply Chain Law

In order to support the realization of the “Supply chain law”, a law that binds brands to take over social and ecological responsibility for global supply chains, hessnatur has supported the initiative #fairbylaw, together with cooperation partner Neonyt. In June 2021, the law has been adopted – also thanks to all supporters of the online petition.

Innovations

We get the best out of our natural fibers with innovations such as our pure cotton softshell, soft natural colors, our most sustainable denim, and the recycling of production residues in our manufacturing process.



Leader Status at Fair Wear Foundation (FWF) achieved again – a great acknowledgment of our work and that of our partners!

Our certifications

Also in 2020/21 we are again GOTS certified and all our products are labelled with the “Green Button”.



1 SUMMARY

Responsibility for our products, our environment and people is at the core of what we do. For 45 years, we are committed to develop and find new ways to combine the economical, ecological, and social aspects of our work, making our business truly sustainable. We have already achieved a lot: What once begun with the need to find baby clothes made of natural fibres has become a holistic approach of doing business today, concerning all areas of our daily work. Sustainability does not only direct the production of our goods and the cooperation with our production partners. For us, it is the base for all our doing and the foundation of hessnatur.

The current pandemic has shown that strong partnerships and close collaboration are essential for creating resilient supply chains. That's why we have been in continuous and close communication with our partners and were able to individually tackle challenges arising.

We take care of the impact that our work has on climate change. We emit as little CO₂ as possible and do what we can to further reduce our emissions. Since July 2020, we are offsetting our remaining greenhouse gas emissions to reach carbon neutrality.

hessnatur is committed to a responsible use of resources and the protection of biodiversity, sustainability, durability and **circularity** being at the core of our product requirements. That's why we are continuously developing new production methods and **innovations** that move us forward on the path to becoming all-round nature positive. Like our **betterRecycling** concept or our natural, plastic-free softshell.

At hessnatur, **transparency** and sustainability go hand in hand. We believe that transparent communication to customers and other stakeholders is an important basis to enhance an understanding of slow fashion and appreciation of the work and resources that went into every single product. Hence, we provide comprehensive information on company and sustainability

topics via different communication channels, online shop, company website and social media like our online magazine being the most important. We offer explanations and insights into sustainable fashion e.g. with our "Nachgefragt" series. And information about the **ecological footprint** of our articles can be found in our shop: For all our cotton products, we show the ecological savings in comparison to conventional cotton.

Going beyond the work on social standards in our own supply chain, we **strive for a change** in the whole fashion industry in **collaboration** with all relevant actors. This is why we support initiatives and projects like the Fashion Revolution Week and initiated the Fair Fashion Move. hessnatur has also supported the online petition #fairbylaw, together with cooperation partner Neonyt, and highly appreciates the adoption of the German **Supply chain law** that binds brands to take over social and ecological responsibility for global supply chains. We have also been present on the Neonyt in July 2021 with our **Workshop for more tomorrow** to show how important craftsmanship is for us and how much manual and intensive work goes into every product that is sustainably made for hessnatur. In addition, we take part in federal government initiatives like the German Partnership of Sustainable Textiles and the Green Button. Both initiatives aim at promoting and establishing sustainability standards in textile supply chains. In this context we share and discuss best practice experience and examples of how improvements can be made.

In 2020/21 again, hessnatur has achieved the "**Green Button**" certification for the whole collection. The "Green Button" aims to improve working conditions and ecological standards along textile supply chains. hessnatur is also certified according to Global Organic Textile Standard (**GOTS**) and offers a multitude of certified goods.

In our own supply chain, responsibility for our products is a task that we share with our partners. Their experience, craftsmanship and collaboration help us to bring our vision of sustainability to life. Close cooperation and long-term business relations form the base of applying our social and ecological standards in practice. Compliance with our social standards is

monitored in regular on-site checks at every production site. Whenever improvements of working conditions are necessary, we develop solutions and achieve a lasting change for the better together with our partners. The continuous further development of corresponding purchasing practices and support by sharing best practices are only a few steps we take towards that goal. But personal relationships are the key and helped to achieve further improvements in the year under review, also in complex topics such as overtime and social dialogue.

Our high-quality products are manufactured by **partners** in Europe, Asia, and South America. They are experts in their respective fields and most of them have been our partners for many years, 37 % for more than 10 years. **57% of our production is done in EU member countries.**

Supporting our partners to improve social standards is one of the most important parts of our work. We inform, share examples of best practice, and develop individual solutions together.

To facilitate the development of internal solutions for improving social standards in the factories and to promote internal dialogue, we arrange **trainings and workshops** for both workers and management in the production sites. The aim is to inform them about their rights and obligations, to strengthen internal dialogue and to address factory-specific topics. Apart from participation in Fair Wear Foundation (FWF) training programmes, we developed and conducted several own trainings and workshops. **In the year under review, 22 trainings were held resp. valid.**

As a new training format, we successfully continued the hessnatur **webinars** in the year under review.

For good working conditions, a functioning social dialogue is one of the key factors. Therefore, we have intensively supported the internal social dialogue through specialised trainings and ongoing personal dialogue.

In the year under review, we conducted a high number of **supplier checks**. **96,93 % of our partners have already been audited or visited.** Even though some activities were cancelled, most activities took place as planned.

The pandemic made increased monitoring necessary while physical visits were not possible. This challenge was addressed through close monitoring of each country's situation, increased digital communication in form of digital factory tours, regular calls as well as gathering of necessary information on factory level.

In general, the **monitoring results** show a variety of findings. We assess each issue in detail to first understand the root causes. Lasting solutions for the individual production sites are then developed on eye level with our partners. The implementation of improvements is monitored in a very detailed and consequent manner.

One key topic in the work of social standards and sustainability is **collaboration**. We believe that working together with others will lead to more efficient and effective and hence better results. Therefore, we engage with other FWF member brands for many years now to improve working conditions in production countries. In the year under review we initiated in cooperation with other members a research group gathering corona-specific information on production countries. Additionally, we are a member of a FWF expert group reviewing planned actions.

2 ABOUT HESSNATUR

hessnatur began with a decision: clothing should be made of natural materials. From this intention, we developed new standards for sustainability. At a time when fair fashion was still a foreign word. As Germany's most sustainable fashion brand, hessnatur knows that we can rely on nature for a sustainable and healthy future. Nature creates value without compromise.

Based on this trust in nature, we are going forward: since 1976, we have been a pioneer and ground breaker for ecological and social standards in fashion. hessnatur offered the very first natural baby collection. In 1991, we initiated the first organic cotton project as global pioneer work. Since then, quality-crafted natural materials and innovative production methods have made hessnatur the brand name for sustainably produced fashion.

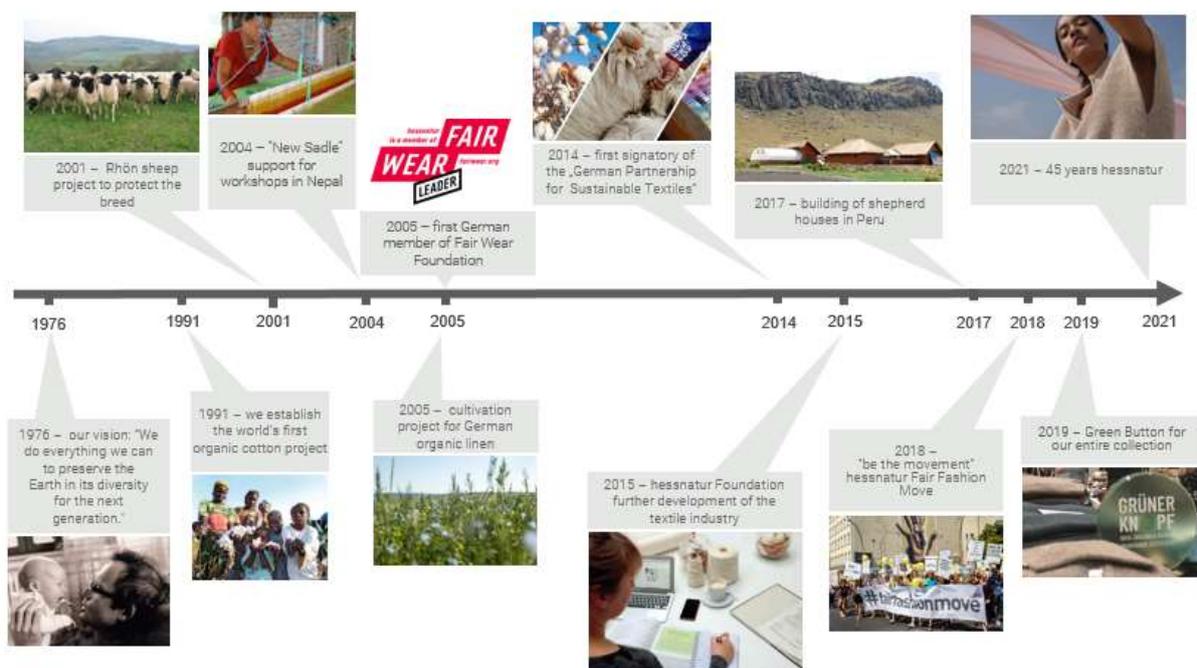
hessnatur also assumes social responsibility: the company was the first German member of the Fair Wear Foundation, is a supporter of the German Partnership for Sustainable Textiles and the Green Button ("Grüner Knopf") as well as the Supply Chain Act and initiator of the Fair Fashion Move.

The fair fashion market leader hessnatur offers sustainable fashion for men and women, outdoor clothing, home textiles, as well as babies' and children's clothing made of premium-quality, exclusive and innovative natural materials.

Today, hessnatur is an e-commerce company, but also offers call business, has a catalogue for mail order and operates five stores in Butzbach, Dusseldorf, Frankfurt, Hamburg, and Munich.

45 YEARS MORE NATURE.

hessnatur



Our philosophy

A better future always begins with ourselves. And sometimes already with the shirt that we wear. hessnatur has been working with natural materials for 45 years, which saves resources instead of exploiting them. From the beginning, we have gone new ways, true to our philosophy.

This philosophy is based on a holistic approach that respects people and nature equally. When manufacturing our products, we act in the interests of people, animals, and the environment. This is our contribution towards making the world a better place. Day after day, we prove that a combination of ecological, economic, and social factors really works without any sacrifice. From field to wardrobe, we act in a responsible manner: Our fabrics are processed with great attention to detail and under fair working conditions, and they are destined to become favourites in our customers' wardrobes. We strive to use fewer resources than we grow and to collect, recycle and re-use residual materials. This is our understanding of Fair Fashion.

For some, sustainable fashion is just a side issue.

We have never thought about anything else.

For a better tomorrow.





Our way

hessnatur is and has always been a pioneer. We are committed to develop and find new ways for combining the economical, ecological, and social aspects of our work, making our business truly sustainable. We have already gone far in the past decades and strive to go much further.

Our standard has been growing over the years: what once began with the need to find baby clothes made of natural fibres has become a holistic approach of doing business today, concerning all areas of our daily work. Sustainability does not only direct the production of our goods and the cooperation with our production partners. For us, it is the base for all our doing and the foundation of hessnatur. A naturally built headquarters, the thoughtful design of each of our articles or a respectful community are only some aspects of this approach. We are also committed to an open and transparent communication with customers, suppliers, employees, and the public.

We go our way with partners that share our values. We are a member of Fair Wear Foundation (FWF) and the German Partnership of Sustainable Textiles as well as licensee of Global Organic Textile Standard and the Green Button. We actively support the work of organisations like the International Association of Natural Textiles (IVN e.V.) and Textile Exchange. Together with these partners, we actively take part in the transformation of the textile business towards a sustainable future.

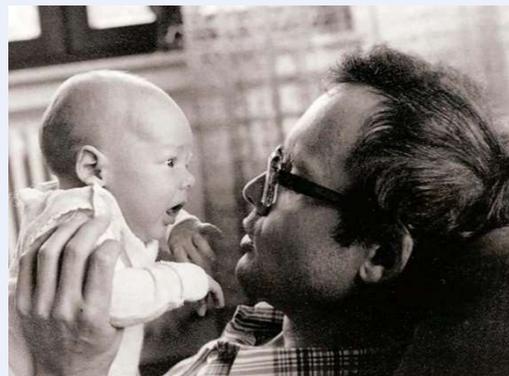
45 years of hessnatur

Touched by nature for 45 years.

Being different is timeless - unlike many, hessnatur has been committed to sustainability from the very beginning and has focused on the beauty of nature. Because it was clear to us: inner values matter too!

With our 45th anniversary, we are celebrating our experience of producing beautiful fashion in a fair, sustainable, and resource-saving way. And thus, setting the standards for all others.

We will continue to work on the future for the next 45 years, focusing on the beauty of nature.



"The reconciliation of economic and ecological demands of our modern society can only succeed through sustainable development."
Heinz Hess, 1996

3 FASHION WITH RESPONSIBILITY

Our standard contributes to the following Sustainable Development Goal:



Responsibility for our products, our environment, and people – customers, employees and workers in the production sites that manufacture our articles – is the core of our doing. It determines the whole life cycle of our products, starting with the fibers we use up to the end of life of a long-used hessnatur favorite item.

Translating this responsibility into cooperation with our partners is the daily work of our sustainability experts. For all single steps of the textile chain, we have defined requirements and set standards that make our products a real sustainable choice. Besides new projects, innovation, and developments, this also includes the formulation of rules and frameworks for a sustainable production process: our ecological and social standards.

PARTNERSHIP AS FUNDAMENTAL PRINCIPLE

Responsibility for our products is a task that we share with our partners. Our social and ecological standards apply to each supplier. Close cooperation forms the base for applying them in practice, and therefore we also solve problems together. If needed, we support with training or know-how and jointly work on the development of solutions and innovations.

Our partners are true experts in their fields, with experience grown over many years of textile production and manufacturing. We select them very carefully – and always strive to build up and enhance long-term partnerships.

4 OUR ECOLOGICAL STANDARDS

Our standard contributes to these Sustainable Development Goals:



Since the company's establishment, focus has been on developing new fabrics and innovating in the field of textile fibers. What started with pure natural materials and went on with projects for organic fiber cultivation has revolved production. Today, the entire textile chain is subject to the highest ecological standards, from obtaining raw materials to shipment of the finished products. They are defined in guidelines that hessnatur developed in close cooperation with external experts and that extend far beyond what is legally required: the hessnatur quality guidelines.

Compliance with these quality guidelines is monitored, documented and regularly reviewed by our experts as part of the ecological monitoring system.

OVERVIEW OF HESSNATUR QUALITY GUIDELINES

These requirements apply along the entire production chain – from raw materials to the finished product. They include:

- sustainable raw materials, preferably natural fibers from certified organic cultivation or certified organic animal husbandry;
- no use of auxiliaries, substances, materials and manufacturing processes that are detrimental to people or the environment;
- application of resource-efficient and sustainable production methods;
- compliance with strict threshold limits and regular testing;
- testing in cooperation with independent external test institutes;
- in-house quality control of physical and ecological requirements;
- monitoring, evaluation and documentation of the hessnatur requirements;
- independent external audit.

Our Quality Guidelines in practice: Natural softshell

Outdoor functional clothing is in vogue. However, this trend also leads to an increased use of PFCs and plastics in conventional outdoor clothing. hessnatur has therefore developed a softshell that does not contain problematic substances such as per- and polyfluorinated chemicals (PFCs) and works with ecologically harmless and renewable resources.

Our softshell relies on materials from nature. It is primarily made of organic cotton which accounts for 98% in the main material. For better functionality, 2% spandex is added, which is made in Germany and monitored with the hessnatur guideline. The partial lining is made of 100% organic cotton. Overall, the softshell 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.

With its special, water-repellent weave that produces a dense fabric surface and the innovative Eco Finish, it has a wind-repellent and water-beading effect. In this way, 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 ecological and social requirements are closely connected. This already starts with fiber cultivation. The strict guidelines for certified organic farming rule out the use of pesticides and additional chemicals. Natural pest control and fertilisation retain soil fertility, which in turn ensures a subsistence base for farmers' families over the long-term. The preferred use of materials from certified organic cultivation thus creates the foundation for significantly improved living conditions for the farmers.

Our ecological 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 come into contact with them. Workers are often exposed to toxic, mutagenic, carcinogenic, or other substances that are harmful to health through skin contact or their presence in the air without being aware of the possible consequences. These substances may also enter the body as a result of disposing wastewater in rivers, ground water and soil and finally by means of food consumption. Our guideline prohibits the use of harmful substances so that workers are protected from the outset.



5 CIRCULARITY

Mankind uses 74% more resources than the earth can replicate. This makes it even more important for us to deal consciously and responsibly with the resources we need to produce our articles – fibers, dyes, and ingredients as well as water and energy. Sustainability, durability and recyclability are therefore fundamental requirements for our products in order to operate within the ecological limits of our planet.

What we do

At hessnatur, we have always been strongly committed to bringing fashion into harmony with people and nature: Through the consistent use of organic cotton alone, we have achieved the reduction of CO₂ emissions by almost 2.3 million kilograms since 2012, saved over 5.2 billion liters of water and left behind almost 110 million m² of healthy earth.



Saving energy.

We use state-of-the-art technologies for the mechanical production of our textiles, thus reducing electricity consumption and the generation of greenhouse gases.



Conserving water.

At hessnatur, we use water-saving and water-conserving processes in every step of production to counteract shortages and contamination.



Protecting soils.

With ecological cultivation and grazing methods, we protect the soils used by hessnatur and keep them fertile and productive for future generations.



Preserving biodiversity.

We use organic fertilizers and fight pests with their natural enemies to protect biodiversity and preserve existing ecosystems.

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 – and with a share of 99.6%, they make up practically all our goods. Only in a small part of our items do we use additional spandex to increase the functionality and durability of the items.

And a total of 78% of our materials consist of only one fiber, for example pure cotton or virgin wool – the best prerequisite for recycling textiles and production waste by type.

Our concept: BetterRecycling

It is a world innovation: our newly developed BetterRecycling stands for products that we manufacture from recycled production residues. In this way, they make an important contribution to conserving resources – and at the same time meet our high quality standards. Because we also know exactly where the high-quality recycled materials come from.

Resources are precious – that's why we have always made sure that as little waste as possible is left over in the production of our fashion. Nevertheless, it is unavoidable that some production steps produce excess cuttings of our valuable natural materials. After long development work, we have now succeeded in setting up elaborate processes for reprocessing and recycling many of them.

For each model, we ensure that we know exactly where the materials come from, even in the case of the recycled parts – a crucial prerequisite for meeting our high transparency and quality standards, just as we do for our entire collection. Since this is not possible with recycled consumer waste (e.g. old clothes), we rely exclusively on so-called pre-consumer waste – i.e. production leftovers – for our products. For example, we turn our own, unavoidable spinning residues back into their fibers and mix them with new raw fibers. That's why we know that the finished garments contain no harmful chemicals that have no place on your skin.

Our BetterRecycling products

BetterRecycling Denim

For our BetterRecycling denim, our denim partner collects the cuttings from jeans production at our request – for which he had to change his production specifically. He then turned the collected two tons of cuttings into 10,000 meters of BetterRecycling denim in indigo and black. And that is only the beginning – because of course we continue to collect! And: dyeing is done in an innovative process with foam, practically without water – only a little water is used to clean the machines.



BetterRecycling merino wool

For our BetterRecycling models, wool remnants from South America that remain on the bobbins after spinning are frayed by hand. Through the development of an innovative spinning machine, it is thus possible for us to spin a stable, high-quality yarn from recycled merino fibers alone for the first time. The finished products contain 100% recycled merino fibers.

BetterRecycling bag

Our organic denim is worth every fiber it contains. And because of that, we don't want to waste an inch of it! In a joint bag project with Bridge&Tunnel from Hamburg, we used leftovers from our jeans production to create a patchwork idea from the Hamburg label. The lighter side of the bag is made from unsold jeans, the other, darker side, from unprocessed leftover denim. The belt was also made from unused hessnatur belt webbing – even the buckles come from production leftovers. In other words, real better recycling.



BetterRecycling alpaca

For our BetterRecycling models, fiber remnants are defibered from the bobbins in the spinning mill and spun into yarns together with new alpaca. The proportion of recycled fibers in the finished yarn is around 15%.



BetterRecycling with organic cotton

For our BetterRecycling products, spinning surplus from the bobbins is reused and spun with new organic cotton. The finished yarn is particularly tear-resistant and has a recycled content of 10-20%. A special highlight is our BetterRecycling baby blanket, which is created in a zero-waste cooperation with a German support workshop.

BetterRecycling in shoe soles

Our synthetic latex soles also contain recycled material. For returning material residues from the molding of the soles to the production cycle, these are shredded into granulate. This is then added to the liquid latex mass from which new shoe soles are molded. The recycled content of the soft, resilient rubber soles is up to 20%.



Sustainable packaging

Less is more – this also applies to our packaging, which helps us save CO₂. For example, our shipping cartons are made of 90% recycled material and are 100% recyclable. And we also take care to conserve resources when packaging each individual product: By packing over 75% of all items only in a banderole made of recycled paper.

6 MANUFACTURING: FAIR PRODUCTION

6.1 SOCIAL SUSTAINABILITY AT HESSNATUR

Our standard contributes to the following Sustainable Development Goals:



Modern, sustainable and fair: when manufacturing our products, we act in the interests of people, animals and the environment. Acting, trading, and cooperating in a fair way is possible and to our understanding indispensable. It is a core of our credo because fashion must take responsibility – also for the people who manufacture it! The current pandemic has shown that collaboration and solidarity is of great importance. This crisis should be used to find creative solutions in tackling societal challenges. Through our long-lasting partnerships we are able to adjust our working style closely and flexibly.

For a fair acting in manufacturing processes, we adopted the requirements for socially responsible production, as defined in the FWF Code of Labour Practices.

The eight core labour standards are based on the conventions of the International Labour Organization (ILO) and the UN's Declaration on Human Rights. They expressly regulate working conditions at our production sites.

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.

But also, local legislation may 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 Programme" (WEP) shows how this can be done: Trained by experts from FWF, workers are informed of 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.

III THE TEXTILE CHAIN USING A T-SHIRT AS EXAMPLE



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

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. This is why the hessnatur monitoring concentrates on factories that perform production steps after fabric manufacturing in particular: cutting and sewing, but also washing of ready-made clothing.



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.

Our cooperation with Fair Wear Foundation

Fair Wear Foundation (FWF) is an international organization with its headquarter in the Netherlands. Its objectives are to improve working conditions at clothing manufacturers 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 special thing about FWF: It is a “Multi-Stakeholder Organisation”, meaning that all groups involved in clothing manufacturing are represented as members: Non-governmental organizations (NGOs), labour unions, trade associations, manufacturers, and retailers. This ensures the broadest possible participation of all stakeholders in the process of improving working conditions at clothing manufacturers. In addition, implementation of social standards at German members is supported by a national, so-called multi-stakeholder committee, in order 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.

The FWF also supports the process towards high social standards in the fashion industry through the conduct of 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 Programme (WEP). A neutral complaint system of the FWF enables workers to speak with knowledgeable local contact persons in the event of problems.

The work principles of the Fair Wear Foundation are:

- 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.
- 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 commitment to the FWF Code of Labour Practices is not only a lip service but the FWF annually audits all member brands – and thus hessnatur – to monitor that they are also acting accordingly. The last Brand Performance Check confirmed our so-called “leader” status at the FWF, attesting our great efforts for social standards in our supply chain.

6.2 CHOOSING PRODUCTION COUNTRIES AND PARTNERS

Our purchasing strategy

Our purchasing strategy is the base for integrating our high social and ecological standards into purchasing decisions. It is defined involving the purchasing and Corporate Social Responsibility (CSR) teams on equal terms, together with our management board.

We practice good purchasing practices which allow our partners to fulfil our standards - this implies close cooperation with our suppliers on eye-level, good and fair prices and/or the agreement on reasonable lead times to prevent an overload of production capacities that could lead to overtime. Problems are solved together. Continuous exchange and coordination make it possible to find out about possibilities and challenges at an early stage and to react accordingly.

Countries

To always be in line with our highest social and ecological 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 centre of expertise. For example, silk, hemp, and cashmere come from China and the highest expertise in manufacturing these fibres can be found there, too.

Process of selecting new partners

Despite the objective to work with our partners on a long-term basis, it is sometimes necessary to build partnerships with a new manufacturer. New partners are selected with great care and need to be approved by our CSR team before we agree on cooperation. In this framework, the ability of each production site to satisfy our qualitative, ecological, and social requirements is assessed. If the general approval of our CSR team is given, the new partners are demanded to sign our comprehensive supplier guideline where all our requirements – be they ecological criteria, delivery requirements or social standards – are defined in detail. No signature, no cooperation!

In addition to this, there are some countries or regions where we consider the national and legal framework conditions as highly divergent to our social standards so that there are very high risks regarding the compliance of workers' rights. For these countries, cooperation shall only be started in combination with a social project that ensures high social standards.

6.3 AGENCIES, SUPPLIERS AND PRODUCTION SITES – FACTS AND FIGURES

Strong, long-term partnerships are the basis for our collaboration with agencies, suppliers, and production sites: The majority of the 105 production sites have been our partners for at least five years. With 37 percent of them, we have cooperated for a period of even ten years or more. Not only is this a fundamental part of our philosophy, but also, our manufacturers are generally true specialists for processing specific fibres such as silk or for specific product groups: Knitted jumpers for example, hosiery or jackets and coats. A high degree of ecological and manufacturing expertise is built up over many years. This is why skill and quality are more important for us than the lowest price. Specific details such as the countries that our partners are located in are given below.

Agencies

In the year under review, we cooperated with local agencies in 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.

Our manufacturers are experts in their respective fields and most of them have been partners for many years:

The majority of our **105** production sites have cooperated with us for **at least five years**.

We have worked with **37%** percent for a period of **ten years or more**.

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 done by external partners, which sell their products or services to the supplier. Many of our suppliers are also performing earlier production stages, such as fabric production or spinning in-house.

NUMBER OF PRODUCTION SITES PER COUNTRY; AS OF 31/07/2021

EU countries	Number of production sites	Non-EU countries	Number of production sites
Austria	2	Bosnia	2
Bulgaria	1	China	5
Croatia	3	Egypt	1
Czech Republic	1	Mongolia	1
Germany	21	Nepal	2
Greece	1	North Macedonia	6
Hungary	5	Peru	4
Italy	4	Thailand	2
Lithuania	8	Tunisia	2
Poland	2	Turkey	4
Portugal	15	Ukraine	1
Romania	7	Vietnam	1
Slovakia	2		
Spain	2		
TOTAL	74		31

Production Sites

Production sites or manufacturers are the companies who actually 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. Figures are based on production sites with purchasing value in the year under review. With Germany and Lithuania as the two countries with highest purchasing value, 54 % of our total purchasing value was paid to production sites in the European Union.

OUR TOP THREE SOURCING COUNTRIES

BY SHARE IN THE TOTAL PURCHASING VALUE OF FY 2020/2021

1	Lithuania	20%
2	Germany	15%
3	Turkey	10%

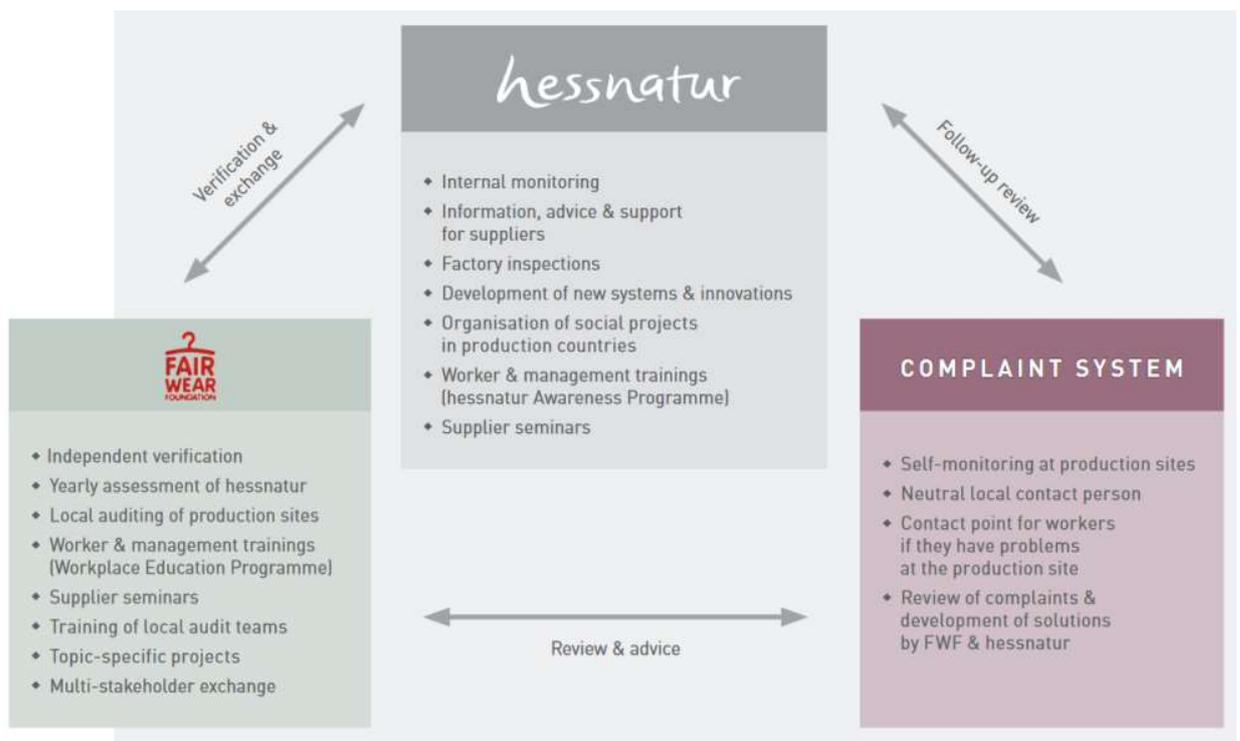
6.4 OUR MONITORING SYSTEM

To ensure that our above described social standards are kept and that potential related problems are solved, we developed our monitoring system for social standards. This is adapted to requirements, recommendations, and policies of FWF.

This means:

- We ensure that social standards at our production sites are implemented and monitored.
- FWF reviews our work and conducts audits at the production sites on our behalf.
- A neutral complaint desk offers workers in the production sites additional security.

In below overview the different relationships between our core elements of the monitoring system for social standards are summarized.



Core elements of the monitoring system for social standards

Monitoring in low-risk and high-risk situations

Intensity and focus of monitoring in our production sites depend on the individual production countries. FWF distinguishes between low-risk countries and high-risk countries. In this context, risk relates to compliance with local law and international standards. In the so-called low-risk countries, compliance with laws and standards is generally well regulated and monitored by legislative authorities. These countries include the member states of the European Union except for Bulgaria and Romania.

In high-risk countries by contrast, there is often a discrepancy between existing laws and standards and compliance with them. Accordingly, there is 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.

Figure	Low-risk countries	High-risk countries	Total
Amount of production sites	67	38	105
Percent of FOB	57,64	42,46	100
Percent of FOB counted towards the monitoring threshold	57,63	39,3	96,93

Monitoring threshold in FY 2020/21

The table to the left provides an overview of our production sites in high- and low-risk countries that received payments for delivered goods during the year under review (those payments are called purchase value or freight on board, “FOB”). This table shows that we clearly overfulfilled the requirements for the percentage of production sites under monitoring of the FWF for achieving the highest category “Leader”: To be ranked as a “Leader”, at least 90 percent of the production sites need to be monitored. This requirement was paused but even during these challenging times hessnatur monitored 96,93 % percent in the year under review. Due to the travel restrictions some planned activities could not take place but are planned to be done as soon as possible.

The pandemic made increased monitoring necessary while physical visits were not possible. This challenge was addressed through close monitoring of each country’s situation, increased digital communication in form of digital factory tours, regular calls as well as gathering of necessary information on factory level.



Situation and measures in low-risk countries

A comparatively large share of our production takes place in European low-risk countries. This generally supports short ways within the supply chain and sustains tradition and know-how in nearby countries. Other reasons for focusing on Europe are important social standards aspects: Wages and living standards in low-risk countries are generally higher in comparison to high-risk countries. Likewise, better (legal) mechanisms for social security exist and are implemented in practice.

Despite the high given standards through law, we also pay close attention to the social standards in production sites in the low-risk countries: Companies in low-risk countries must confirm our Code of Labour Practices and provide detailed information regarding social standards on a regular basis. Also, they are required to post the FWF Worker Info Sheet in local language. Strong partnerships with many of our production sites in low-risk countries grew through long-term cooperation. We know our partners personally and meet them on multiple occasions. Due to our high ecological standards and the high number of GOTS certified articles that we offer, many of our production sites are certified according to the GOTS. The standard includes ecological and social criteria.

While the risk for labour rights violations is usually lower in low-risk countries the pandemic posed specific risks to workers. These increased risks were closely followed up through constant gathering of necessary information as well as regular exchange with our partners.

6.5 MONITORING IN THE YEAR UNDER REVIEW

In line with our monitoring system (see chapter 5.4), we continually coordinate and conduct audits, trainings, and factory visits. Detailed knowledge and careful assessment of the working conditions in the factories is the base for effective improvements – that is why we visit and know all our partners.

The table below provides an overview of monitoring activities at production sites in high-risk countries with purchase value in the year under review.

Country	Number of production sites	Audits
Bosnia	2	2
Bulgaria	1	1
China	5	5
Egypt	1	1
Mongolia	1	1
Nepal	2	0
North Macedonia	6	5
Peru	3	2
Romania	7	7
Thailand	2	2
Tunisia	2	2
Turkey	4	3
Ukraine	1	1
Vietnam	1	1
TOTAL	38	33

MONITORING ACTIVITIES AT PRODUCTION SITES IN HIGH-RISK COUNTRIES WITH PURCHASE VALUE FY 2020/2021*

*Audits which took place in the year under review or the two previous financial years are included. In case of several audits, visits and / or trainings at one production site, only the most recent one is counted.

On the following pages we describe the specific challenges regarding the eight core labour standards in the individual high-risk countries. Evaluation scores are based on the most recent audit in each case (as of 31/07/2021). In the case of multiple production sites in one country, the average of all relevant audits is indicated.

The percentages shown under **implementation status** indicate how many of the findings from the last audit(s) have been resolved or improved to date. In case of multiple production sites in one country the average figure for implementation status for all relevant audits is shown. Given that the number and scope of the findings, as well as the amount of time needed for implementation of the corrective measures, may vary greatly, this value cannot be used as a comparison of countries against each other or for an annual comparison. For example, if a production site has not resolved a smaller finding, it would have an implementation level of 0 percent. However, it would be at a significantly better level than a producer with ten grave findings of which 50 percent had been resolved to date. If a production site that previously had an implementation level of 100 percent is audited again, this does not mean that no new findings occur. This shows that work on social standards is a constant and ongoing process.

Improvements that have been achieved are described in summary for each country and give an impression of our partners' progress.

- 8** good results
- 6** deficiencies that may be improved quickly / with relative ease
- 4** deficiencies that may be improved over the medium to long-term / with greater difficulty
- 2** production sites refuse to remedy deficiencies
- 0** no willingness to cooperate / supplier refuses dialogue

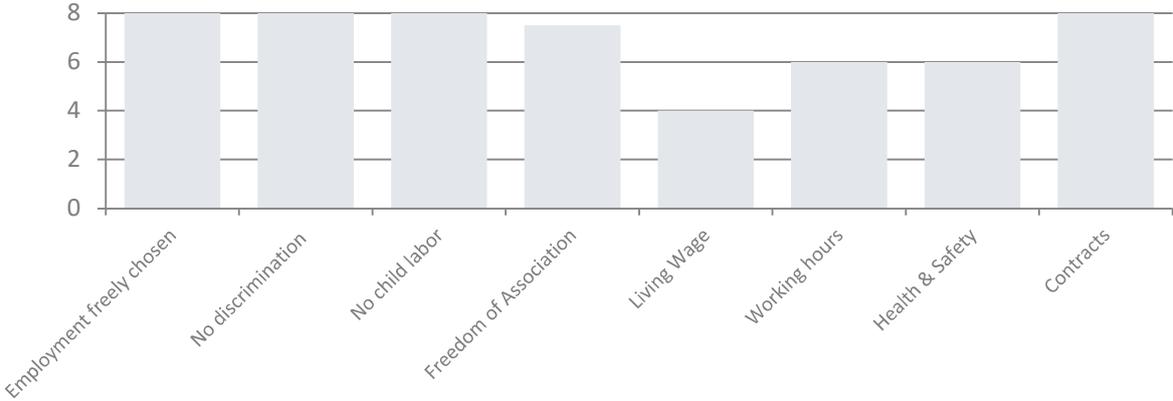
II EVALUATION SCORES

BOSNIA AND HERZEGOVINA

Production sites	2
Audits	2
Implementation status	61%

Two family-managed production sites in **Bosnia and Herzegovina** manufacture underwear and tights for us. They are small to medium sized companies, located in a smaller city and a village. One of the factories has undergone an audit in the year under review. The auditors observed improvements specifically in documentation and highlighted the best-practice measures taken as Covid-19 response. The second production site was audited in the previous year and showed important improvements in health and safety.

II SITUATION OF ADHERENCE TO SOCIAL STANDARDS

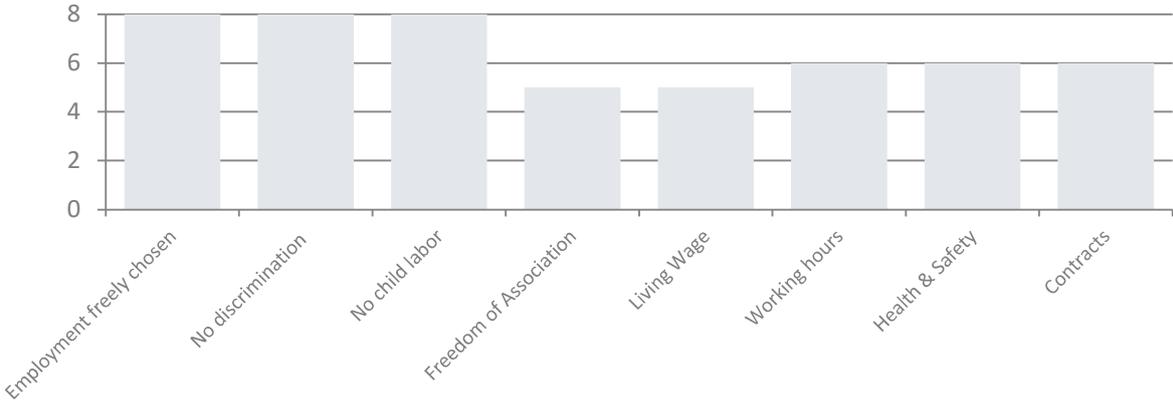


BULGARIA

Production sites	1
Audits	1
Implementation status	44%

In Bulgaria, some of our jersey products are sewed. Our Bulgarian partner was recently audited in summer 2021 and the audit report found that previously detected findings in health and safety were mostly improved. Regarding documentation further improvements can be made and these findings have been addressed with the factory. Workers were happy with the management's care towards them during the Covid pandemic. Several measures, for example social distancing, use of disinfectant and body temperature measuring, were taken since the beginning of the pandemic to ensure worker's health and safety.

II SITUATION OF ADHERENCE TO SOCIAL STANDARDS



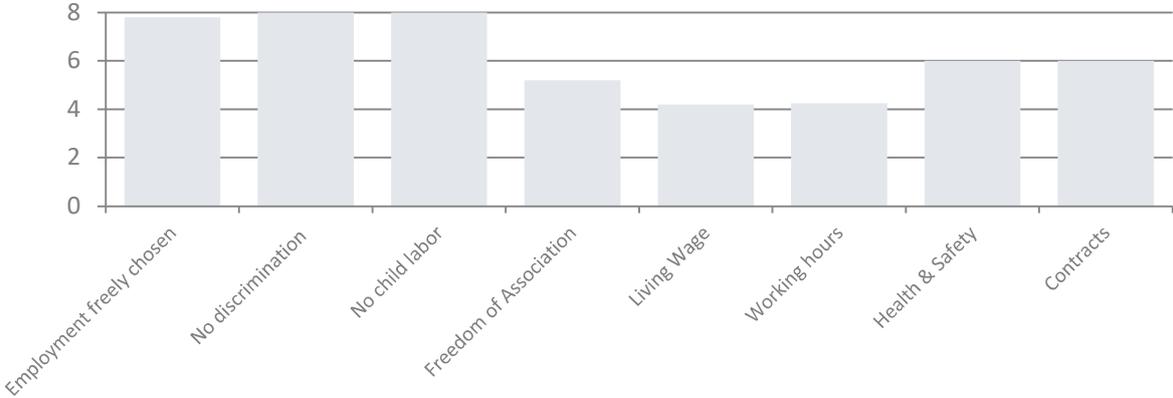
CHINA

Production sites	5
Audits	5
Implementation status	50%

Our partners in **China** manufacture a variety of different articles for us. Many are experts for specific natural fibres such as silk, hemp, or cashmere. Many special materials and manufacturing techniques have been continuously improved with our Chinese partners for several years.

Most of our Chinese partners were audited several times as we have long-term partnerships with them – the most recent audits show that significant improvements have already been implemented since the beginning of our cooperation. In the year under review two audits were conducted and both audits showed improvements compared to previous audits.

II SITUATION OF ADHERENCE TO SOCIAL STANDARDS

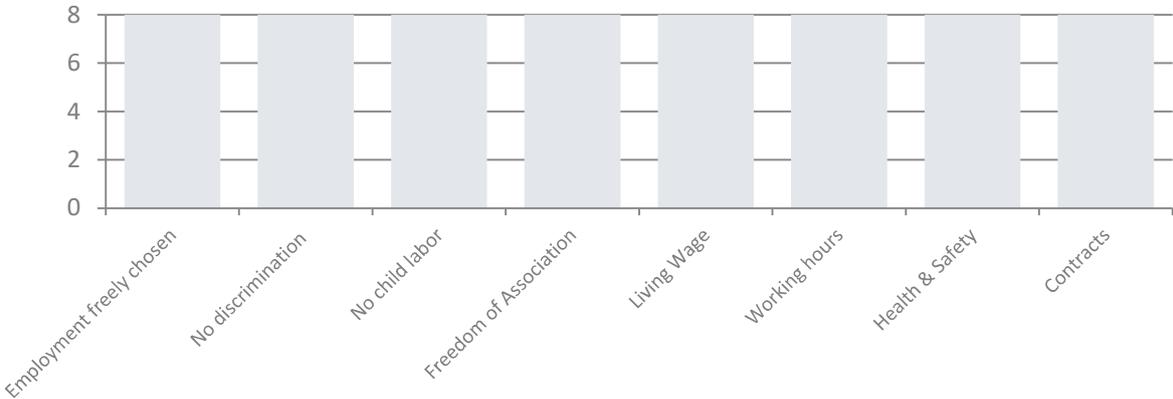


EGYPT

Production sites	1
Audits	1
Implementation status	100%

Our partner SEKEM in Egypt is a worldwide leading social company. The start of our cooperation dates back several centuries when our founder Heinz Hess initiated the first organic cotton in Demeter quality to be harvested. You can find more info about in the chapter “Our projects”. The audit conducted at SEKEM acknowledged good working conditions and no major findings were detected.

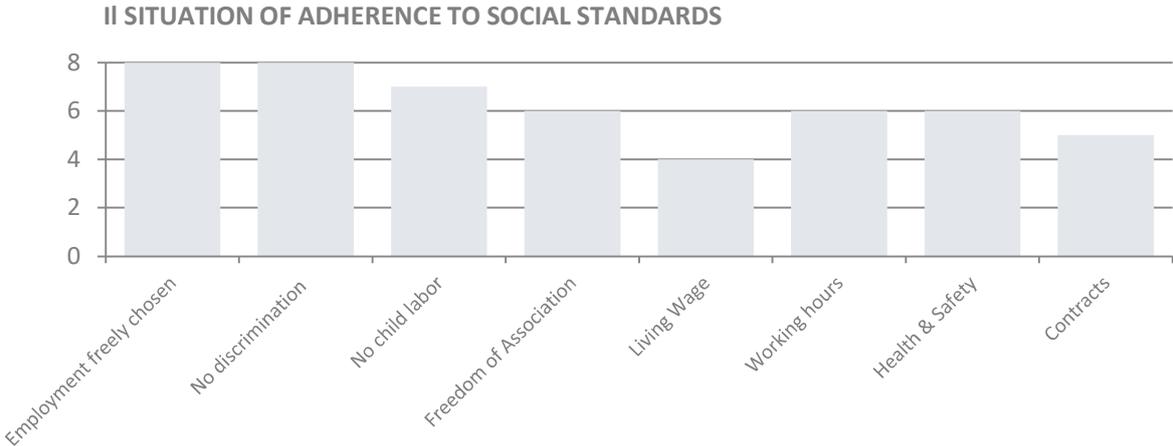
II SITUATION OF ADHERENCE TO SOCIAL STANDARDS



MONGOLIA

Production sites	1
Audits	1
Implementation status	43%

In **Mongolia**, knitted articles made of Yak wool are manufactured for us. The audit showed need for improvement in the areas of awareness for social standards on the part of the workers and the management, legal security and some issues regarding health and safety. Workers were updated on social standards and an internal grievance mechanism was established. By June 2021, all workers were vaccinated.

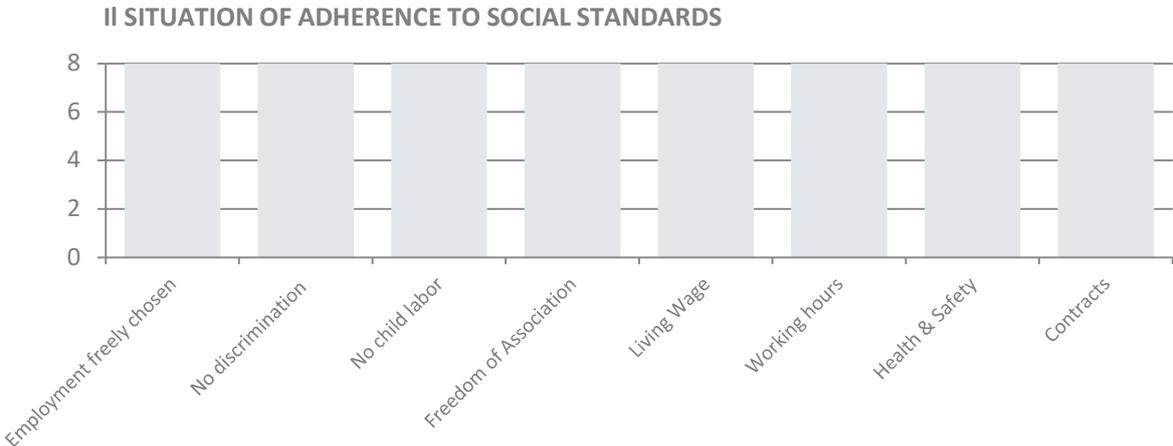


NEPAL

Production sites	2
Audits	0
Implementation status	100%

In **Nepal**, our partner produces accessories. The workshops are part of a project aiming at the reintegration of people that suffered from leprosy.

New SADLE is member of the World Fair Trade Organization (WFTO) and was thus audited in line with the WFTO requirements. The audit confirmed good working conditions so that no mandatory improvements were required. But suggestions were given and have been fully implemented. As in the previous financial year Nepal was forced to go into strict lockdowns to stop the spread of Covid-19. New SADLE continued to provide food, medication, and other necessities to people being restricted in movement through the lockdowns. We are able to continue our support through prepayments and additional contributions to ensure the workers well-being.

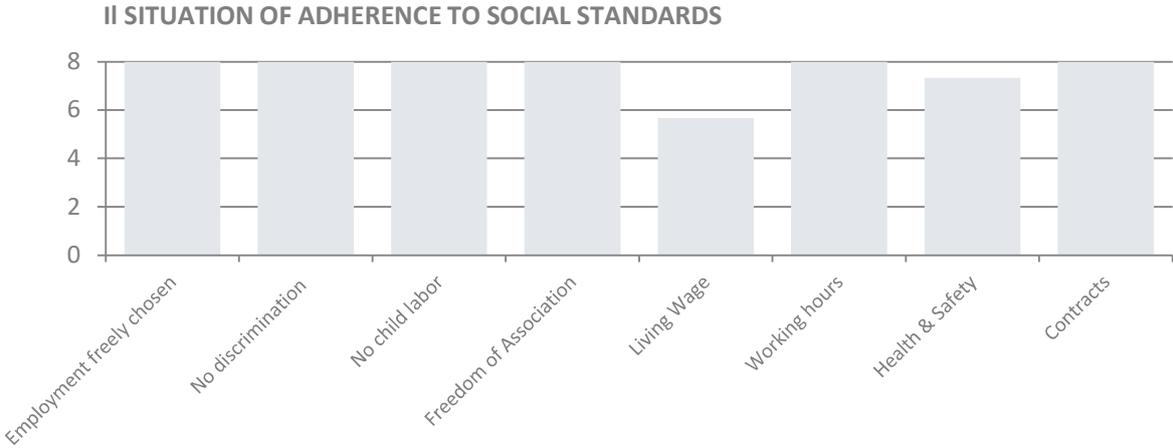


PERU

Production sites	3
Audits	2
Implementation status	100%

Our production sites in **Peru** manufacture wool articles. All of them are longstanding partners, partly doing production for us for more than 16 years. Several audits and visits took place during these long-term partnerships.

During the year under review one audit took place and minor findings in health and safety as findings in documentation were found. The factory was closely cooperating with the existent union to ensure workers well-being in these challenging times. All audit findings in our Peruvian factories were closed during the year under review.

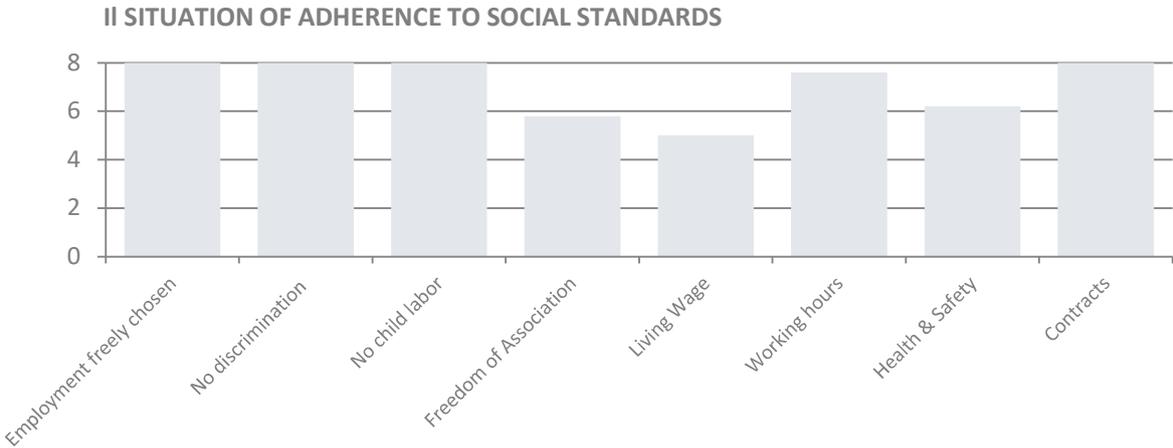


NORTH MACEDONIA

Production sites	6
Audits	5
Implementation status	52%

Our **North Macedonian** production sites manufacture jersey and woven articles. Due to delays in the audit through Covid-19 audits were postponed several times and still 4 audits could be completed, but three reports were still outstanding.

The main findings detected in previous audits are a lack of workers’ organization for collective bargaining, health and safety and living wages. There are already plans in place to increase wages and to strengthen the worker representation. One audit report was already made available and findings concerned supply chain compliance, documentation and living wages. The factory identified a living wage estimate which was published through a local union and has a clear plan on how to reach this living wage estimate. The other findings for this specific audit have already been corrected.



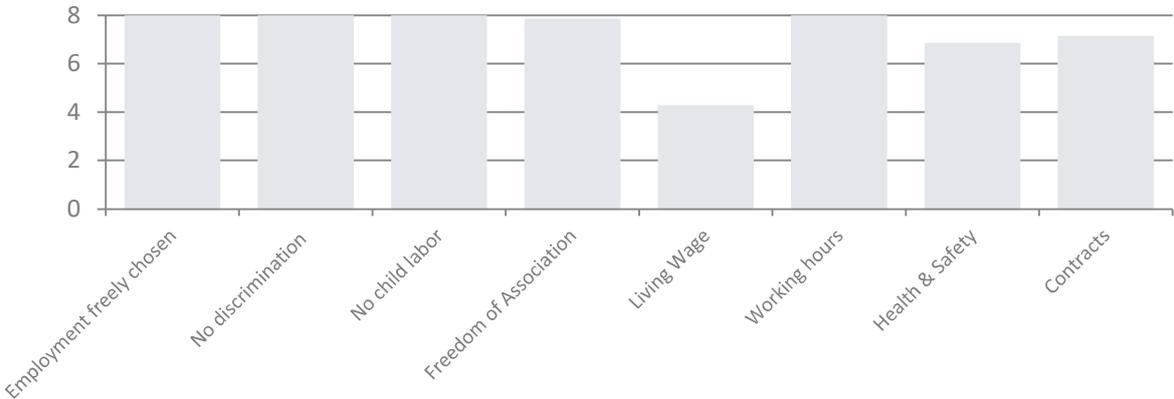
ROMANIA

Production sites	7
Audits	7
Implementation status	50%

Underwear, shoes, and knitted products are examples of articles manufactured by our partners in **Romania**. The conducted audits in the past three years mainly show issues in the areas of living wages and health and safety.

One audit took place in summer 2021 and its results were still outstanding at the point of writing. In general, important improvements were specifically made in healthy and safety. Discussions took place on how workers’ wages can be effectively improved, and targets have been identified.

II SITUATION OF ADHERENCE TO SOCIAL STANDARDS



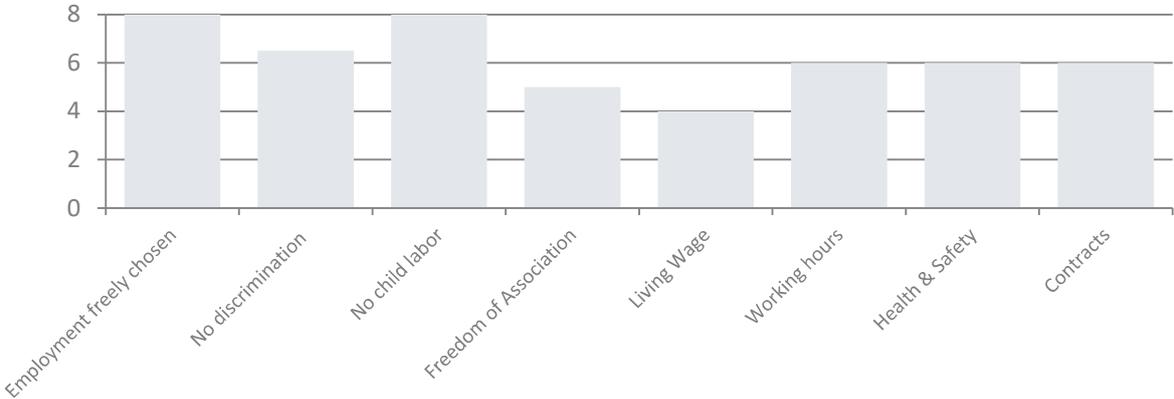
THAILAND

Production sites	2
Audits	2
Implementation status	41%

Our partners in **Thailand** are located near Bangkok and have been working with us for more than ten years. The latest audits of both Thai production sites confirmed that numerous measures have been taken since the last audit. The report showed improvements made in health and safety and in the year under review further progress could be shown. Additionally, documentation was improved, and new elections of safety & health representatives took place.

In the second half of the year under review Thailand was significantly hit by Covid-19. Regular calls which also included digital factory tours and follow-ups took place to ensure the workers’ well-being.

II SITUATION OF ADHERENCE TO SOCIAL STANDARDS



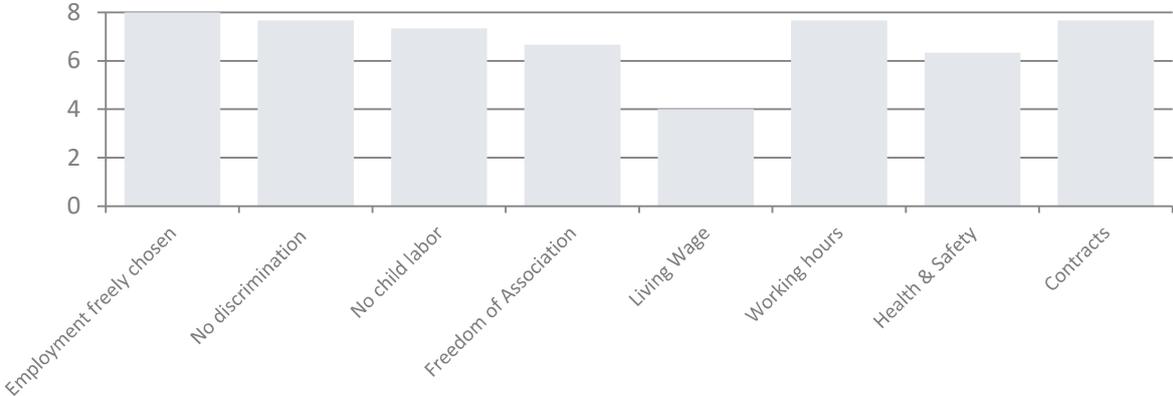
TUNISIA

Production sites	3
Audits	3
Implementation status	54%

Our partner in **Tunisia** manufactures and washes jeans in three production sites for us. All three factories were audited by FWF so that necessary improvements could be detected and implemented. These concern mainly the areas of proper administration, election of worker representatives, wages and health and safety. For all factories, we cooperate with other FWF member brands to improve social standards.

Due to the Covid-19 pandemic the factories closed on several occasions for a few days/weeks. In case of closure joint solutions could be found via the involvement of a union. At the end of the year under review we were in the process of donating Covid-19 quick tests to share the burden and ensure workers' health.

II SITUATION OF ADHERENCE TO SOCIAL STANDARDS



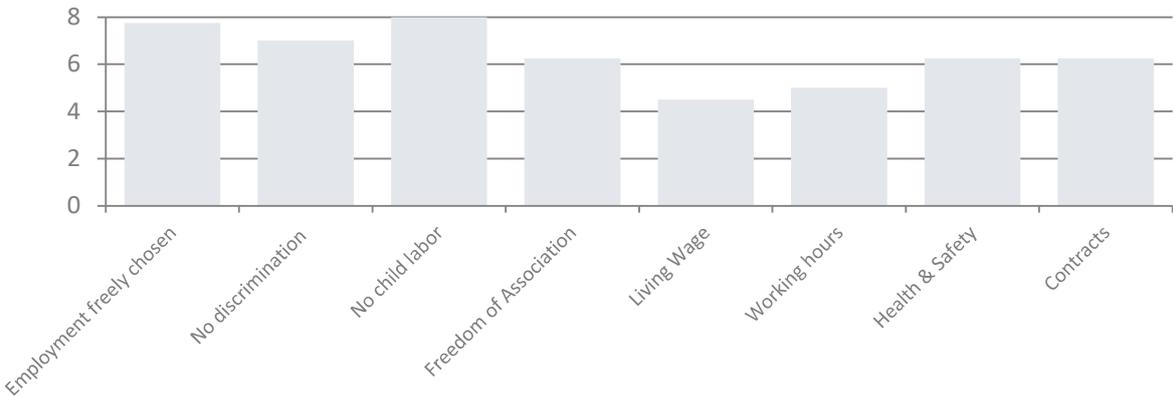
TURKEY

Production sites	6
Audits	5
Implementation status	57%

A variety of goods is produced by our **Turkish** partners. Our local agency is regularly on-site and strongly supports the production sites regarding implementation of social standards next to questions related to the production process. Through our local representation we could also closely follow-up on the developments during times of travel restrictions.

One audit was conducted in the year under review and the report confirmed improvements made. Findings included specifically documentation, health and safety and working hours. Several findings were already corrected, specifically protection against Covid-19 was further improved.

II SITUATION OF ADHERENCE TO SOCIAL STANDARDS



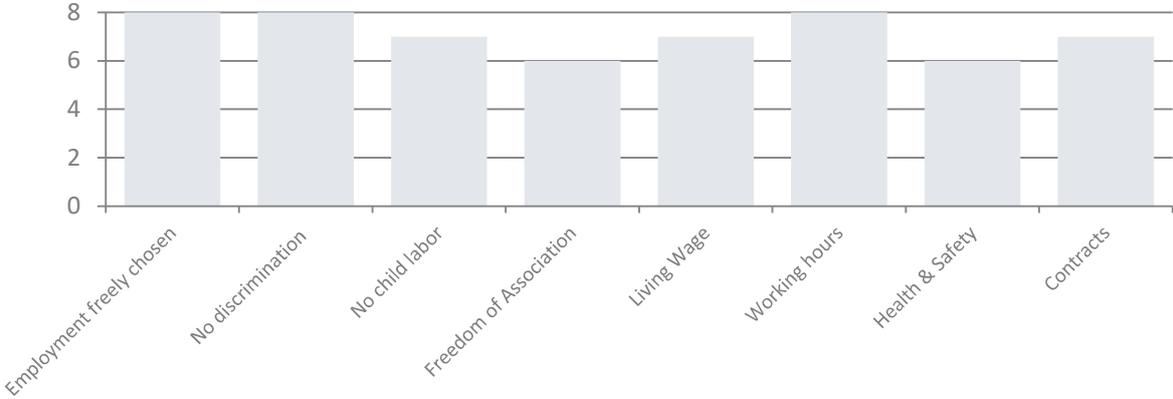
UKRAINE

Production sites	1
Audits	1
Implementation status	76%

Our partner in the **Ukraine** is mainly manufacturing jersey products. When we visited the factory, we found a well-organized facility with high social standards, paying a salary that exceeds estimations of a living wage in Ukraine. A social audit in a previous financial year showed that challenges remain mainly in the area of independent worker representatives and complaint procedures, legal security in trial periods as well as health and safety.

After the audit, several FWF member brands jointly agreed to work with the management on a corrective action plan. The implementation of this plan is mainly done by the CSR manager at the factory’s parent company who is specifically responsible for social standards in all branches.

II SITUATION OF ADHERENCE TO SOCIAL STANDARDS



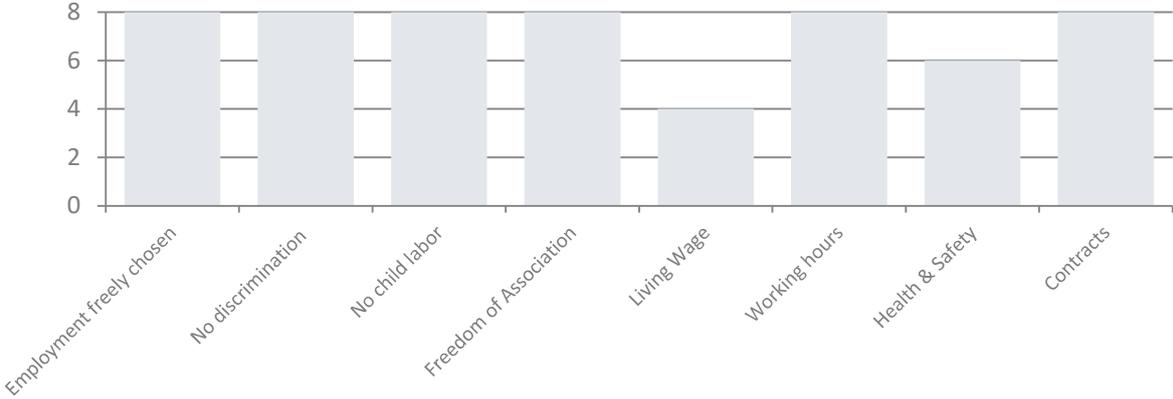
VIETNAM

Production sites	1
Audits	1
Implementation status	46%

Our partner in **Vietnam** produces a small share of the footwear for hessnatur.

In 2020, one audit was conducted and showed specific improvements in wages. Additionally, the trade union leader was freely and democratically elected. It still showed areas of improvements in management systems as well as health and safety. Corrective actions, like improved personal protective equipment, were already implemented in the year under review.

II SITUATION OF ADHERENCE TO SOCIAL STANDARDS



6.6 COMPLAINTS

Complaints system

The FWF complaints procedure allows workers at our production sites to contact an independent party in case of work-related problems. The contact persons for the workers are local complaint handlers, who are chosen and trained by FWF. Their contact details are shown on the FWF Worker Info Sheets which have to be posted well-visible and in local language at all hessnatur production sites at the beginning of cooperation. Additionally, factory managers and workers are informed about the complaints system during social audits and trainings as well as factory visits by our social standards team or by the FWF contact person itself.

When receiving a new complaint, the FWF complaints handler assesses whether the complaint concerns the regulations of our Code of Labour Practices. If so, FWF's head office and we are informed. We analyse each case in detail, including discussions with all involved parties and usually also on-site visits. Afterwards, suitable corrective actions are defined and verified in cooperation with FWF who publicly reports about each complaint.

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

II The complaints procedure in brief

Complaints in FY 2020/21

In 2020/2021, two complaints were raised.

Complaint Thailand

One complaint was raised in Thailand regarding the lay-off of workers and their corresponding severance pay. The situation was first analysed through a FWF affiliated auditor and the complaint was resolved through the cooperation of FWF, hessnatur and the workers.

Complaint Turkey

The second complaint was raised at a Turkish partner. The complaint included delayed payments, the use of daily workers, Sunday work, discriminating wage levels and that the worker did not feel safe regarding Covid-19 measures taken.

The factory confirmed a delayed payment because other customers postponed their payments. Since this incident no further payment has been delayed and in case of a foreseeable delay hessnatur will be informed and it will be jointly agreed how a delay can be avoided.

The use of daily workers and Sunday work could not be confirmed, and the factory agreed to full transparency during the next audit and visit when the pandemic allows.

Wages were raised in spring 2021 and since then no complaint from workers' side was received.

The following measures regarding Covid-19 safety were strengthened. Workers have free access to masks, monthly trainings are conducted, the whole factory is disinfected monthly, handles and bathroom cleaning routine has been doubled, transportation vehicles are disinfected regularly, disinfectant is provided at each entrance. Cafeteria and cleaning personnel is supplied with N95 masks.

6.7 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 hessnatur's production sites. Various formats for training are used for this purpose.

The **Workplace Education Programme (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 know the local languages and customs. In addition to the core labour standards, the FWF complaints procedure, internal communication mechanisms and opportunities to improve them are part of the training.

The **FWF WEP Follow-Up on Communication** is a new training concept, which was introduced by FWF in the 2016/17 financial year. It is intended for production sites who completed the WEP training before. The objective of the training is to strengthen a company's ability to achieve improvements of working conditions themselves by means of worker-management dialogue such as effective complaint mechanisms. The goal is



that at the end of the training each production site should have established functioning communication standards and an internal grievance mechanism managed by workers and management together. Up to now, this format is only available for a limited number of production countries.

An **Awareness Training** programme for workers and management at the production sites was developed by hessnatur. Like WEP trainings, both workers and management receive training by local trainers with experience in the field of social standards. The trainings cover our eight core labour 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. The participants themselves then develop solutions based on the individual conditions and communication channels in their production site.

In the year under review, trainings were paused to avoid the spread of Covid-19. For the upcoming financial year, training activities are already planned.

New employee training

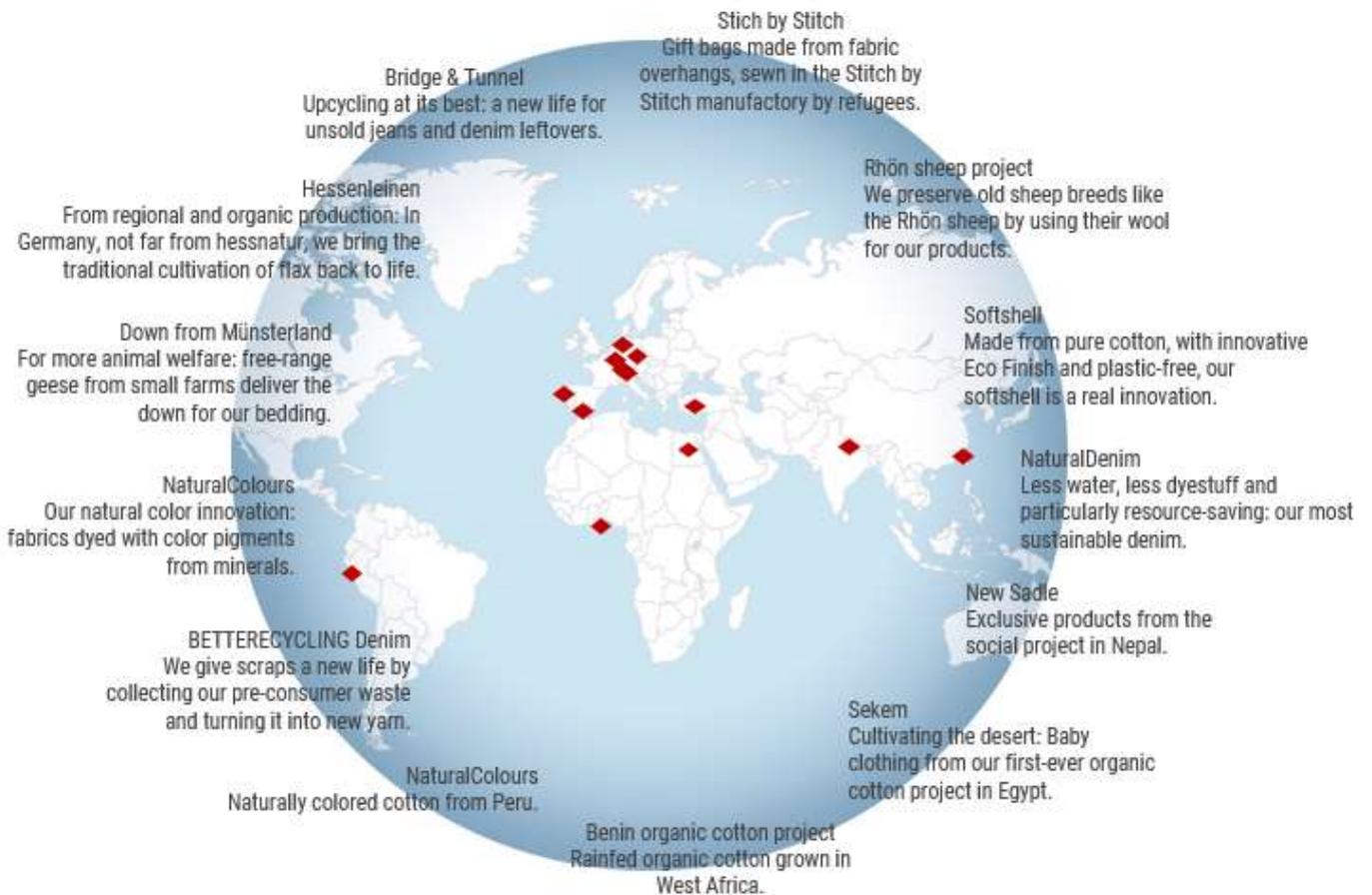
At hessnatur, not only the CSR department is responsible for our high ecological, social, and quality standards but every department has its share in this responsibility. Therefore, each new employee receives a training on the fundamental values of hessnatur. Our ecological and social standards as well as the specific way in which they are implemented are presented in detail. In addition, a hessnatur expert for social standards specifically describes the eight core labour standards, membership in FWF and the hessnatur monitoring system for social standards. In the year under review, the new employee training was held twice, in October 2020 and in May 2021.

Besides the on-boarding training for every employee several individual trainings for new employees with specific impact on social standards, e.g. purchasing colleagues, were held.

All trainings were held digitally.

7 OUR PROJECTS

As part of our holistic approach, we promote initiatives for a better world in Germany or wherever our partners are located. With our projects, we bring new approaches to sustainable business into practice and support good ideas worldwide.



For more information about our projects, please take a look at our magazine.

8 TRANSPARENCY, COMMUNICATION AND AWARENESS BUILDING

At hessnatur, transparency and communication have been going hand in hand from the very beginning – starting with the origin of the collection. Our highest ecological and social standards make it essential for us to know details on all production steps – from fibre production to the arrival of the garments in our warehouse in Butzbach. This information is necessary for assuring and verifying compliance with our standards.

Detailed information on every article is shared with customers in our catalogue and online shop, such as the country of origin of the fibres, the manufacturing country, or the ecological footprint of our articles.

Besides, we believe that transparent communication to customers and other stakeholders is an important basis to enhance an understanding of slow fashion and appreciation of the work and resources that went into every single product.

Online communication

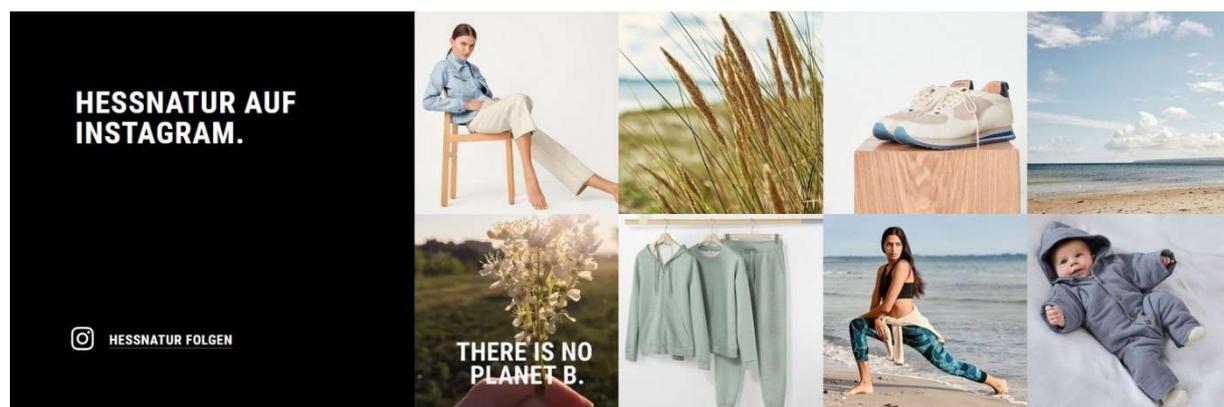
hessnatur provides comprehensive information on company and sustainability issues via different communication channels, online shop, social media, and our magazine being the most important.

Information about our philosophy, standards and projects can be found in our **online shop and the company website**. In our online shop, we tell stories and give insights into our work, what drives us and what we want to achieve,

from vegan fashion to our ecological footprint. Our company website gives comprehensive information about hessnatur, including social standards and ecological guidelines. Collaboration with FWF, the eight core labour standards and the hessnatur monitoring system for social standards are available, as well as in-depth information like videos and links to the hessnatur social/impact report, the FWF website and the Brand Performance Check.

Social media like Facebook, Instagram, Pinterest, or YouTube give customers a direct path to the company and enable a direct exchange that includes recommendations, remarks, and comments. There and in our magazine, we communicate on clothing, styling tips, insider promotions or initiatives, often connected with special occasions such as Fashion Revolution Day, Earth Overshoot Day, or World Water Day. In our **information series #Nachgefragt** - which means as much as “A closer look” – we communicate detailed and, in many cases, widely unknown facts regarding sustainable fashion. The articles give insights into sustainable production and are completed by filmed interviews with friends of hessnatur and illustrations as simple as explanatory. Tips and suggestions around a sustainable lifestyle complement the content.

Our **newsletter** that is sent on a weekly basis takes up these issues as well, including style recommendations, news, or event tips.



Our online **lexicon** explains around 300 keywords around our materials, the ecological production, and the social standards of hessnatur. Terms and definitions around textiles and sustainability are described in a clear and understandable manner. In addition to a general description of the single terms we also explain the special approach of hessnatur to each aspect. The texts, additional pictures and links give comprehensive information about the ecological and social production conditions of all products. To be found in our online magazine.

Communication in print media and stores

The hessnatur sustainable approach becomes clearly visible in our **stores**. They are the base for interesting encounters and a modern, transparent customer communication.

A world map unites the social projects that we stand for and information leaflets provide an overview of the stages in the textile chain and our special requirements. The store teams receive extensive training on the social and environmental standards of hessnatur and their implementation.

In our direct marketing , we connect ecological and social themes with our current collection and use our special products to show how we put our requirements into practice. Image and text bring fashion and sustainability together in a tangible way - natural dyeing, the use of rare natural fibres or recycled materials are just a few examples of the themes we highlight in the catalogue. Membership in Fair Wear Foundation is also clearly shown in every version.

The ecological footprint

Everybody leaves an ecological footprint. At hessnatur, we keep it as small as possible: Already by using organic fibers, we protect soil and water from harmful substances, avoid CO₂ emissions and cut back water use. And we inform in a clear and transparent way about the improvements we make. In our online shop, you can find information about the resource optimization made per garment. For all our cotton products, we show the ecological savings in comparison to conventional cotton:



ÖKOLOGISCHE ERSPARNIS BEIM KAUF DIESES PRODUKTES:

 **177.78 L**
WENIGER WASSERVERBRAUCH

 **148.21 GR**
WENIGER CO₂-AUSSTOSS

 **3.4 M²**
MEHR GESUNDE ERDE

Changing fashion

Since our founding, hessnatur has been standing up for fair working conditions and an ecological and forward-looking relation with nature. As the first German member of Fair Wear Foundation as well as supporter of the Partnership of Sustainable Textiles and the Green Button, we take on responsibility to society. Because we believe that we can achieve a great deal by voluntary action.

That is why we support initiatives and projects that promote a profound and enduring change of the fashion industry – like the German legislative initiative for a “Supply chain law”, a law that binds brands to take over social and ecological responsibility for global supply chains. To reach this aim, hessnatur has supported the initiative #fairbylaw, together with cooperation partner Neonyt. The initiative was an online petition directed to Germany’s Federal Government with the demand to realize the planned law as soon as possible. In June 2021, the law has been adopted – also thanks to the supporters of the online petition.

The Neonyt as global hub for fashion, innovation and sustainability has already been partner of hessnatur for the initiation of the Fair Fashion Move in 2018. hessnatur was present on the Neonyt in January 2020 to show how we can make a difference and to promote the common engagement for the legislative initiative.

In July 2021, we continued this cooperation with our “Workshops for more tomorrow”, an event at Frankfurt Fashion Week. Together with textile artist Stefanie Salzmann, hessnatur presented the creation of a woolen blanket, made of the wool of Swiss black-nose sheep. Over a period of several days, visitors to the fair were able to follow the growth of the blanket, from the carding of the wool to the felting and drying. A project that shows how important craftsmanship is for us and thus how much manual and intensive work goes into every product that is sustainably made for hessnatur.

More than 1,000 textiles workers lost their lives during the collapse of the Rana Plaza factory building in the vicinity of Dhaka, Bangladesh, in 2013. More than 2,000 people were so severely injured that they can no longer work to this day. These figures once again show that a revolution in the fashion industry is essential. This is why we participate in the global initiative **Fashion Revolution Day** each year on April 24th. hessnatur regularly supports the initiative with calls for participation and events in our stores and in social media and, of course, comprehensive information about fashion and its production, production sites, projects, and materials.

Given our special approach, we are frequently in demand as participant 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 of industry experts as well as customers and other interested persons.



The hessnatur Foundation

Cooperation with external partners, businesses and academic institutions enables the hessnatur Foundation to work in a networked and solution-oriented manner with the objective of developing and promoting practical solutions for sustainable economies. The foundation supports initiatives like the MaxTex association and brings projects with business partners and experts to life. The hessnatur foundation is regularly working with hessnatur on current topics and different projects.

Raising public awareness for the topic of sustainability represents another focal point for the foundation. Apart from organizing events or seminars, the sustainability experts address responsible action in the textiles and fashion industry at presentations, panel discussions or trainings and thus bring their specialized knowledge to a wide audience. Cooperation with various colleges or academies is another important field of work as a special focus lies on the support of young talents and the integration of sustainability topics in their education.



The hessnatur Foundation plays an important role as a multiplier.

FACTS AND FIGURES

Year of foundation	1976
Form of foundation	GmbH & Co. KG (limited liability company)
Channels of distribution	E-commerce (online shop), mail order (catalogue) and stationary retail (stores)
Stores	Retail stores in Butzbach, Dusseldorf, Hamburg, Frankfurt and Munich
Subsidiary companies	Hess Natur-Textilien AG, Langenthal (Switzerland)
Founders	Heinz and Dorothea Hess
Headcount	355
FWF member since	2005

PRODUCTION STRUCTURE

No. of suppliers	69
No. of production sites	105
No. of countries of manufacture	26
No. of production sites in EU countries	74
No. of production sites in non-EU countries	31

**Statements and data in this report refer to financial year 2020/21
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