



engelbert strauss
enjoy work.

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SOCIAL REPORT 2017



CONTENTS

ABOUT ENGELBERT STRAUSS

Facts & figures	2
Product range	3

SUSTAINABILITY

Areas of emphasis, organisation & management	4
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PRODUCTION

Production countries	6
Production cycle & purchasing criteria	8
Selection & further development of production partners	10

MONITORING & DEVELOPMENT

engelbert strauss Code of Conduct	12
Audit results 2017	14
China	18
Bangladesh	19
Vietnam	20
Turkey	21
Laos	22
Myanmar	24
Thailand	25
Pakistan	26
Sri Lanka	27
Albania	28
India	29
Our production partners	30
Supplier training	34
FWF complaints procedure	35

OBJECTIVES & ACHIEVEMENTS

DIALOGUE WITH STAKEHOLDERS

SUSTAINABILITY ACTIVITY HIGHLIGHTS IN 2017

Cotton made in Africa	38
bluesign® system	39
Feeling good on the job	40
Climate-neutral delivery	41

Front cover: Our employee Janika Schneider is talking to Mogdaporn Kaewilai. She is employed at our key production partner in Laos with which engelbert strauss has a long-standing business relationship.

DEAR READER,

There is more to engelbert strauss products than first meets the eye. They are normally transported great distances to reach our customers. Maintaining transparency is a challenge, especially given increasingly complex supply chains. It is therefore important to us that we take responsibility for the supply chain and the people who manufacture our products. As the market leader, we are obviously the focus of particular public attention in this regard and it is our duty to lead by example. While this serves to motivate us, it is also a matter of course for us – as a family run and owned business, we are committed to our sustainable principles.

We have now been a member of Fair Wear Foundation (FWF) for one year. We have used this year to gradually implement the strict FWF requirements. We want to combine our efforts to expand our activities aimed at ensuring a good working environment in production. We also want to anchor FWF guidelines in our purchasing policy and incorporate them to a greater degree in our decision-making. We are especially committed to helping our production partners develop further. But, starting with external and internal training, we have also been able to raise awareness among our own employees of the importance of a sustainable supply chain. How has our involvement with our production partners evolved? What challenges did we face last year and what progress has been made? Read on to find out.

Yours, the Strauss family

Norbert Strauss with wife Gerlinde and their two sons Steffen and Henning



FACTS & FIGURES

ESTABLISHED:
1948

EMPLOYEES:

ABOUT 1,200

SALES CHANNELS:

**ONLINE SHOP
CATALOGUE
OWN STORES**

HEAD OFFICE:

**BIEBERGEMÜND / FRANKFURT
AM MAIN, GERMANY**

MANAGEMENT:

NORBERT, STEFFEN AND HENNING STRAUSS
– the company was originally founded by father
and grandfather Engelbert Strauss

CUSTOMERS:

**BUSINESS CUSTOMERS FROM THE SKILLED
TRADES, INDUSTRY AND THE SERVICE SECTORS,
PLUS PRIVATE CUSTOMERS**

Based on the technical quality and sporty character, our products are also increasingly worn outside of the world of work.

OUR PRODUCTS:

**WORKWEAR AND PERSONAL PROTECTION ITEMS
AS WELL AS RANGE SUPPLEMENTING PRODUCTS**

LOCATIONS:

WORKWEARSTORES®
IN BIEBERGEMÜND (FRANKFURT),
HOCKENHEIM (MANNHEIM),
BERGKIRCHEN (MUNICH) AND
OBERHAUSEN (DÜSSELDORF),
as well as ten wholly-owned national subsidiaries in Europe.

CLIMATE-FRIENDLY BUILDINGS:

Photovoltaic systems, electricity from renewables, geothermal energy for climate-neutral heating



PARTNERSCHAFTEN:



FAIR WEAR FOUNDATION
engelbert strauss has been a member of Fair Wear Foundation (FWF), an independent, non-profit organisation, since 2016. FWF works with member companies and production sites to improve working conditions in the textile industry.



BLUESIGN® SYSTEM PARTNER
engelbert strauss has been a bluesign® system partner since 2013. The bluesign® system not only evaluates product safety, but also environmental protection and occupational health and safety throughout the textile production chain.



PARTNERSHIP FOR SUSTAINABLE TEXTILES
engelbert strauss joined the Partnership for Sustainable Textiles, initiated by the Federal Ministry for Economic Cooperation and Development, in 2015.



COTTON MADE IN AFRICA
engelbert strauss supports the Cotton made in Africa initiative and thereby sustainable cotton production in Africa.

PRODUCT RANGE

Safety shoes, workwear, personal protection items – these product segments, as well as supplementary office supplies, tools and equipment, provide our customers from the skilled trades, industry and the service sectors with everything they need for their daily work.

A comprehensive range of never-out-of-stock items makes up over 80 percent of our products. In addition to this, engelbert strauss creates new products twice a year: for spring/summer and for autumn/winter. The focus of our new product developments is on safety, functionality and design.



FOOTWEAR

- A large selection of shoe ranges for every requirement.
- Safety shoes for safety classes S1-S5 and work shoes for various areas – engelbert strauss has the right shoe whatever the job.



CLOTHING

- Clothing systems designed for the requirements of the respective industry sector.
- Based on the modular system, we constantly develop new products to match every taste, designed for different areas of use.



PERSONAL PROTECTION ITEMS

- A large variety of protective products for our customers' personal safety.
- We offer a particularly extensive range of work gloves.

SUSTAINABILITY:

AREAS OF EMPHASIS, ORGANISATION & MANAGEMENT


For us sustainability means bringing social, ecological and economic aspects into line with each other. We take responsibility not only for our business activities, but also for the people and the environment involved.



HENNING AND STEFFEN STRAUSS
JOINT CHIEF EXECUTIVES AT E.S.

„ The emphasis of our commitment to sustainable development is on our products and their production, the environment and society. Sustainability management is based in the Purchasing and Product Development departments, which report directly to the senior management team. This is where new production partners are selected, products developed and tested in tandem with them and purchasing decisions taken. The important area of sustainability is thus directly linked to relevant processes. Key areas of our work include promoting social and environmental standards in the production process, enhancing sustainability in relation to our products and coordinating and communicating our sustainability activities. As a family business, it is particularly important to us that we take responsibility for our own employees and the workers who manufacture our products. We have been a member of Fair Wear Foundation for one year. We intend through membership of this organisation to further expand our activities aimed at ensuring a good working environment in production.“

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



PRODUCTS

Highest quality standards

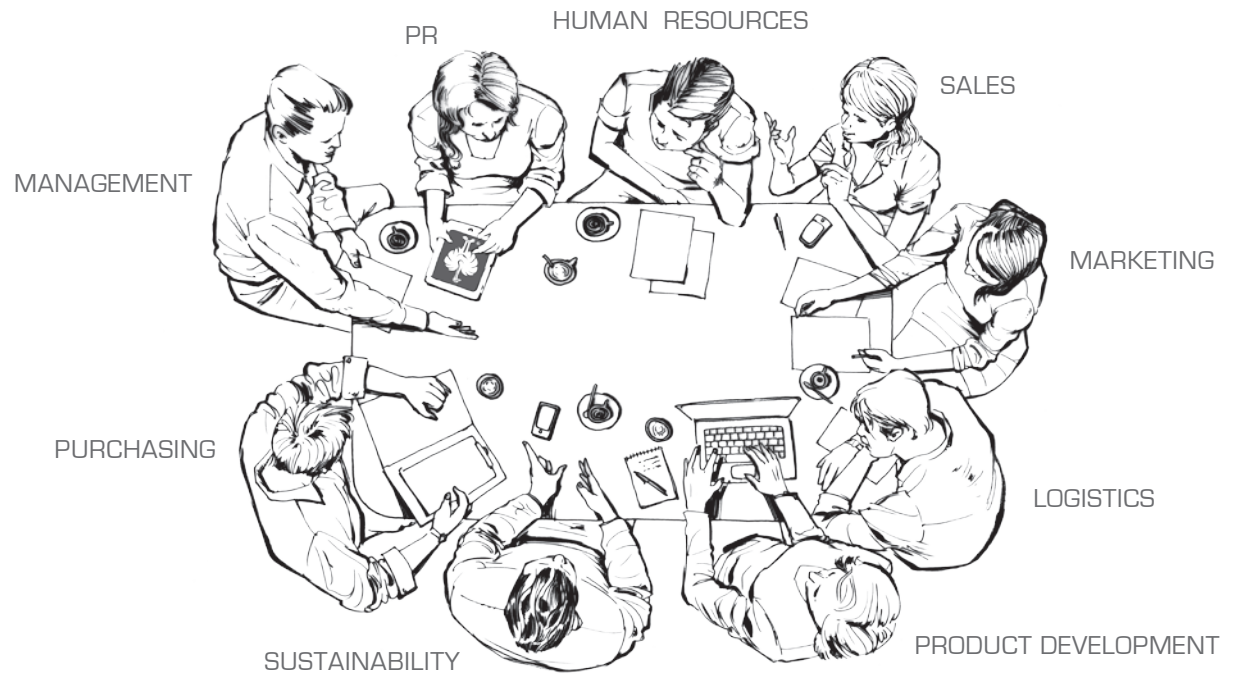
In addition to function and design, our understanding of product quality includes aspects of safety, environmental compatibility and fairness. As part of the continuous improvement of our products we also search for materials produced in a more sustainable way.



PRODUCTION

Working in partnership

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



FRIEDERIKE HOPPE AND VICTORIA LAUER RESPONSIBLE FOR SUSTAINABILITY AT E.S.

„ We want to put our products and related business dealings on the most sustainable footing possible. It is therefore important that we engage in direct, transparent dialogue with our production partners. Accordingly, we consult especially closely with our colleagues in Purchasing and Product Development. We, our colleagues and selected production partners have taken part in Fair Wear Foundation training seminars to further strengthen our awareness and practical knowledge of the social aspects of manufacturing.

Furthermore, we want customers, interested parties and employees from all departments to receive comprehensive and current information on activities towards sustainability being undertaken by engelbert strauss. We very much welcome feedback, as it shows us which topics require more focus. This is why we coordinate closely with colleagues communicating directly with our customers and other interest groups as well. Sustainability has also been an important topic in numerous training courses for employees for a number of years now. We have further improved the selection of courses and workshops on offer and have also been able to strengthen dialogue on sustainability in our workwearstores®.“



ENVIRONMENT

Environmental awareness
in all company departments

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



SOCIETY

Commitment locally and worldwide

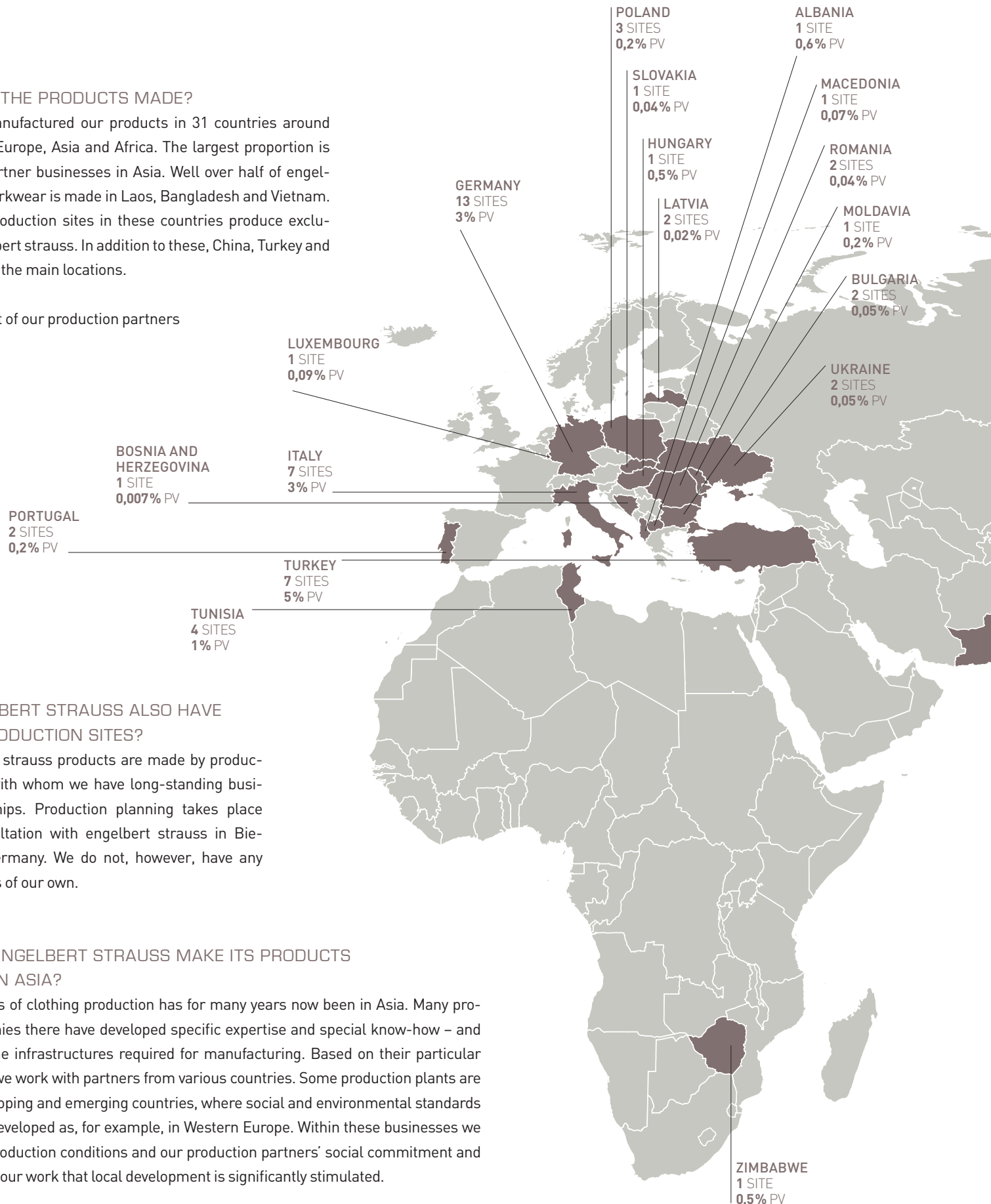
Above and beyond our entrepreneurial activities, we seek to make a useful contribution to society. The focus of our social commitment is on educational projects in developing and emerging countries.

PRODUCTION COUNTRIES

WHERE ARE THE PRODUCTS MADE?

In 2017, we manufactured our products in 31 countries around the world – in Europe, Asia and Africa. The largest proportion is produced at partner businesses in Asia. Well over half of engelbert strauss workwear is made in Laos, Bangladesh and Vietnam. Some of the production sites in these countries produce exclusively for engelbert strauss. In addition to these, China, Turkey and Italy are among the main locations.

Please see a list of our production partners on page 30–33.



DOES ENGELBERT STRAUSS ALSO HAVE ITS OWN PRODUCTION SITES?

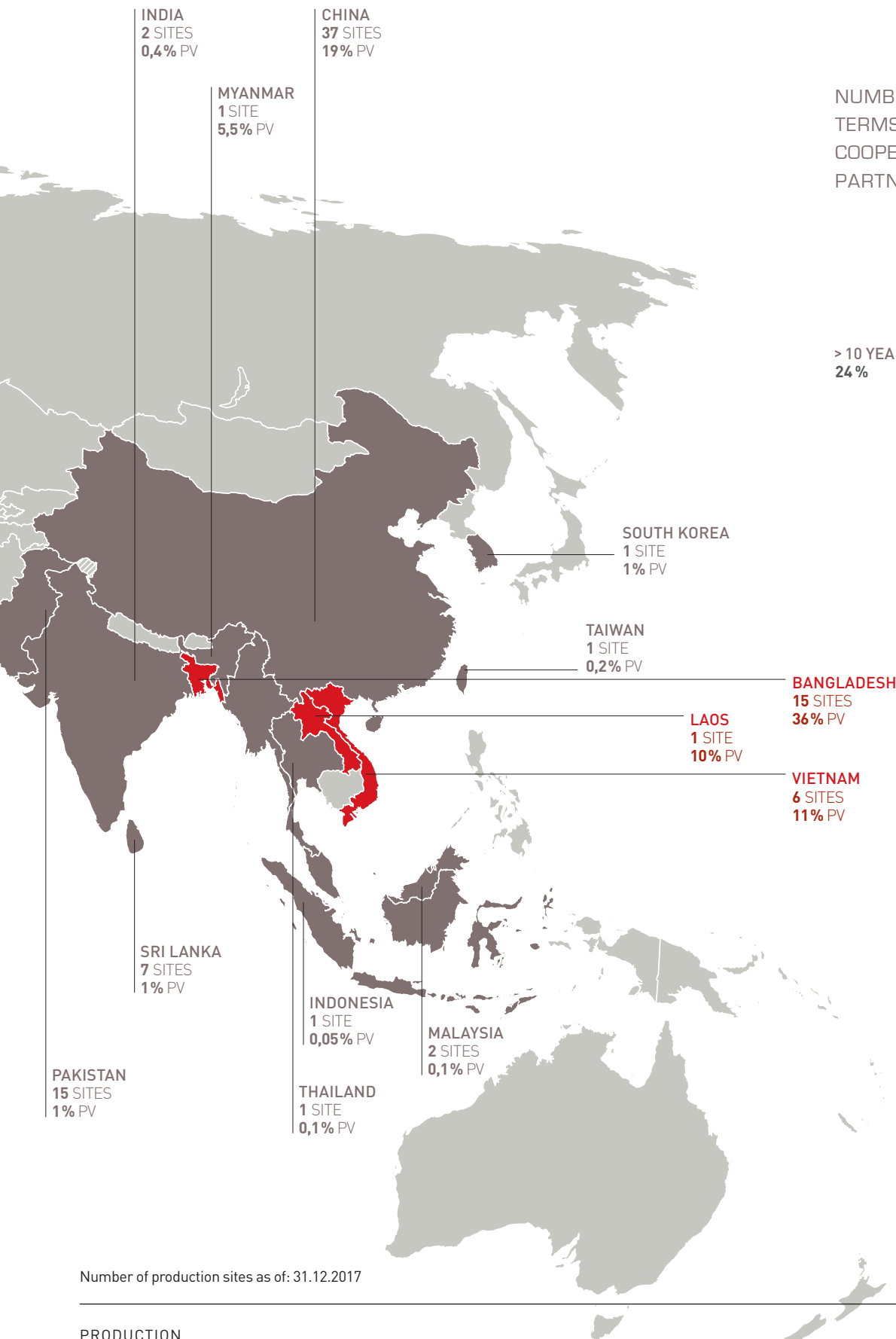
Most engelbert strauss products are made by production partners with whom we have long-standing business relationships. Production planning takes place in direct consultation with engelbert strauss in Biebergemünd, Germany. We do not, however, have any production sites of our own.

WHY DOES ENGELBERT STRAUSS MAKE ITS PRODUCTS PRIMARILY IN ASIA?

The global focus of clothing production has for many years now been in Asia. Many production companies there have developed specific expertise and special know-how – and around them the infrastructures required for manufacturing. Based on their particular specialisation, we work with partners from various countries. Some production plants are located in developing and emerging countries, where social and environmental standards are not yet as developed as, for example, in Western Europe. Within these businesses we influence the production conditions and our production partners' social commitment and ensure through our work that local development is significantly stimulated.

WHAT DOES THE MAP SHOW?

The main part of the production process takes place in the highlighted countries – this is where the individual materials are combined to create finished garments. There is, however, more to this than first meets the eye. Our products consist of all kinds of components, such as fabrics, buttons and zips. Our trousers e.s.motion 2020, for example, are made up of around 80 individual parts. These first have to be produced before they ultimately reach the sewing operation. The production chain begins with the processing of the raw materials. In the case of these trousers, for example, cotton and polyester are made into yarns and fabrics. The sewing operation then combines all the components to make the finished product.

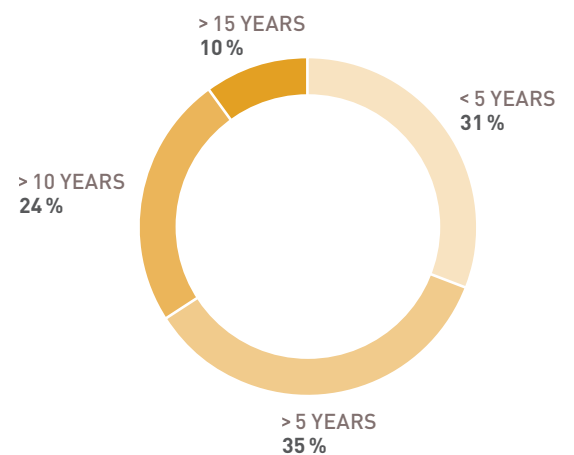


Number of production sites as of: 31.12.2017

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

We place great value on long-term, trustworthy cooperation with our production partners. Indeed, the Strauss family and engelbert strauss company have a bond based on trust and years of collaboration with many of them. The 'partnership' aspect is very important to us, and it pays off in consistent quality and a good working environment. We have already been working with 70 percent of our partners for five years or longer.

NUMBER OF OPERATIONS IN PERCENTAGE TERMS RELATED TO THE DURATION OF THE COOPERATION WITH THE PRODUCTION PARTNERS:



A workforce of around 10,000 is employed by our largest production partners to manufacture engelbert strauss work-wear. Through a long-term, steady collaboration we facilitate secure employment for these people.

PV: Production volume

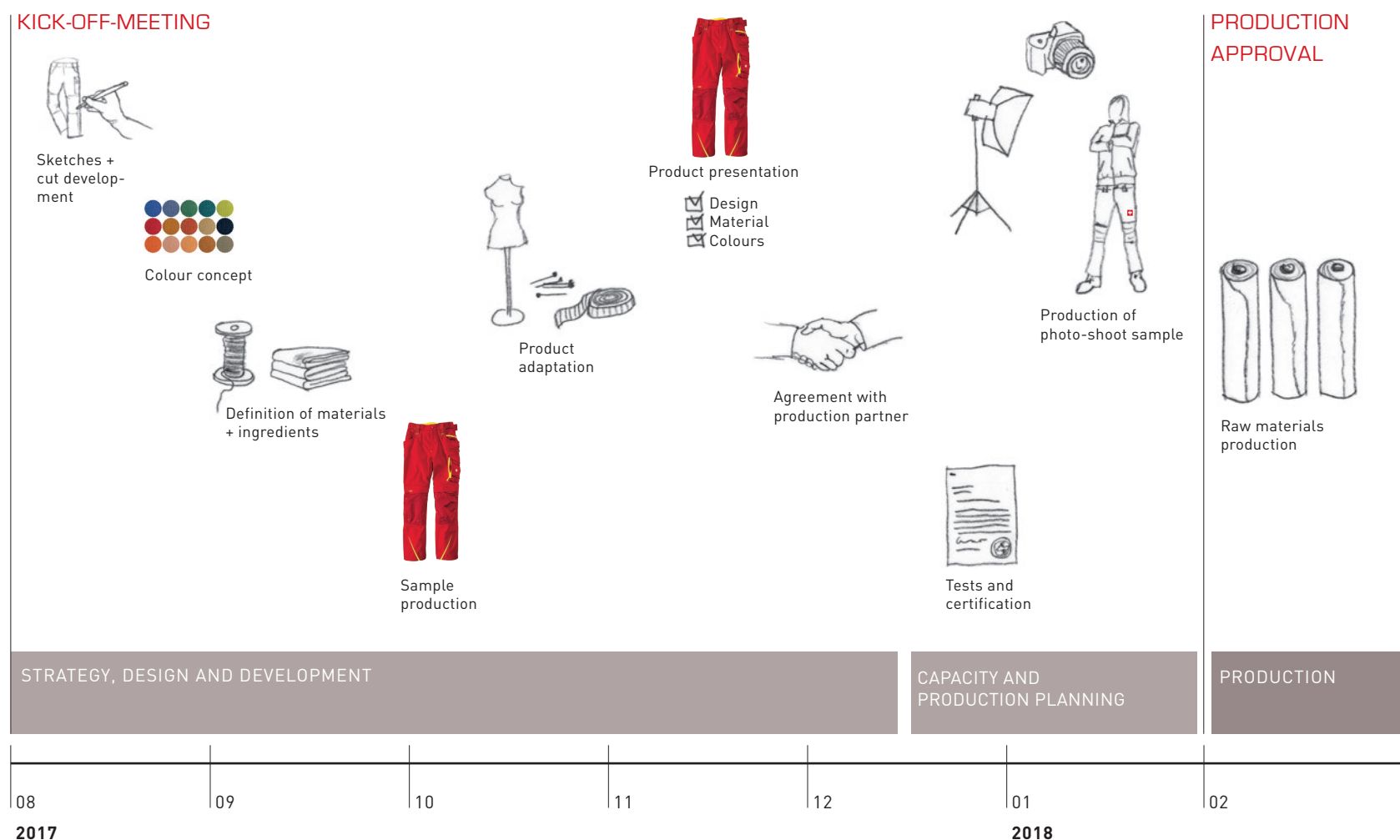
PRODUCTION CYCLE & PURCHASING CRITERIA

We develop our own products and collections in cooperation with suppliers. Besides insisting on high safety standards, we also incorporate strict health and environmental requirements into product development. We aim to unify all of these efforts for a coordinated approach.

WHAT IS PARTICULARLY NOTEWORTHY ABOUT THE ENGELBERT STRAUSS PRODUCTION CYCLE?

More than 80 percent of the footwear and clothing range remains largely unchanged for many years. We merely optimise small details in the design or functionality. In addition to this permanent (never out of stock) range, we bring out new products twice a year for spring/summer and autumn/winter. Given the permanent range and long product life cycles, long-term cooperation with suppliers is very important to us.

SIMPLIFIED PRODUCTION CYCLE, USING A PAIR OF TROUSERS AS AN EXAMPLE:



WHAT INFLUENCE DO LONG-TERM COLLABORATION AND LONG PRODUCT LIFE CYCLES HAVE ON SOCIAL STANDARDS? For our production partners they mean greater stability, planning certainty and trust. As production processes and working hours can be planned further ahead, overtime can also be more easily avoided. What's more, the vision of a shared future is an incentive for the businesses to commit to good, humane working conditions in the production facilities and to environmental sustainability. Such ongoing collaboration enables us to exert a positive influence on the working environment in the production operation over the medium and long term as well.

HOW LONG DOES IT TAKE TO PRODUCE A NEW PRODUCT? Starting from the initial idea to the finished product reaching our warehouse and getting it ready to order takes around a year. When we give our partners the production approval and place our orders with them, they still have around four to six months to make the actual products. If there are any national public holidays during this time – such as Chinese New Year, or Eid wherever Islamic customs are observed – we place our orders earlier to take account of this.

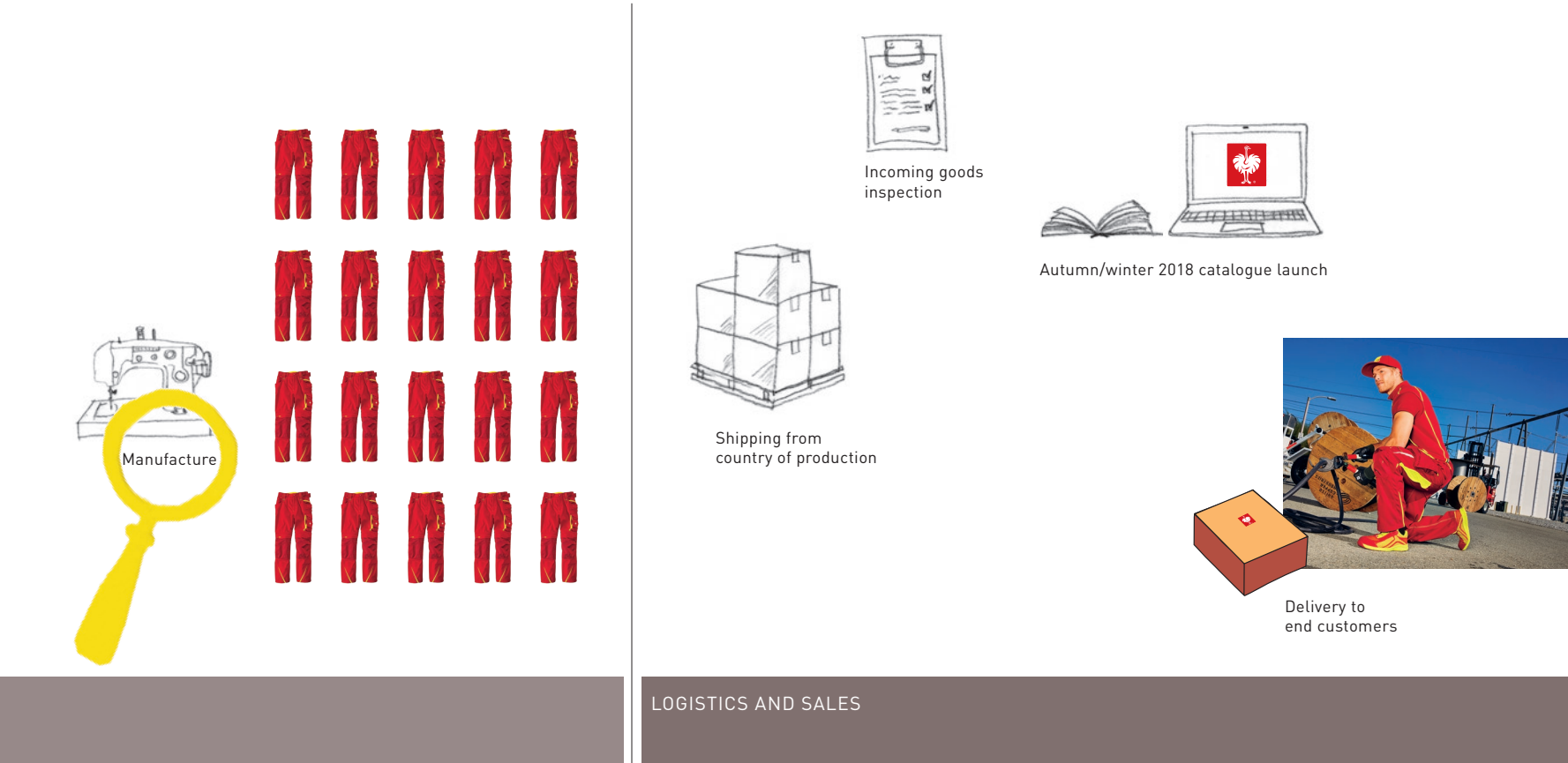
WHAT ROLE DOES FAIR WEAR FOUNDATION PLAY IN OUR MANUFACTURING PROCESS? Fair Wear Foundation focuses on those phases of production where sewing is the main manufacturing process. This is the area in which the most people are employed and where the most manual labour is involved. In addition to

sewing, this production environment also includes processes such as cutting, washing, finishing, ironing, embroidery and packaging. Fair Wear Foundation believes that companies like engelbert strauss can have the greatest positive impact on working conditions in production in these areas in particular. Automation is now much more prevalent in other phases of production, such as yarn and fabric manufacture.

HOW DOES ENGELBERT STRAUSS SELECT NEW SUPPLIERS? Quality, price, experience, reliability and sustainability – these are the most important criteria for us in deciding whether we want to work with a supplier. In relation to sustainability this means: if a potential manufacturer does not agree with our requirements and those of the FWF in terms of social and environmental standards or makes no endeavours towards these goals, we abstain from any collaboration.

The decision in favour of or against a potential supplier or in favour of/ against commissioning production jobs is taken by the Purchasing department, involving the purchasing manager, buyers, product developers and the sustainability team.

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



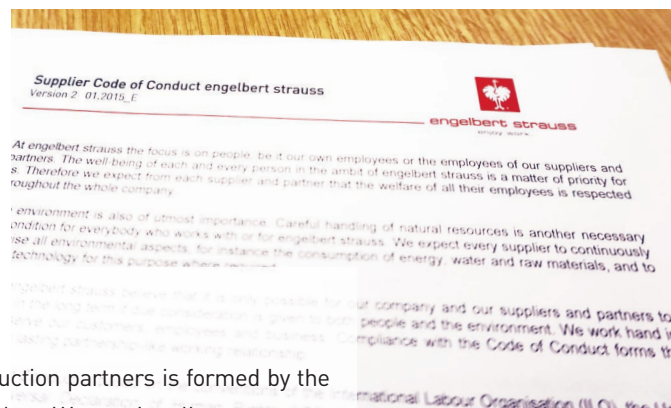
SELECTION & FURTHER DEVELOPMENT OF PRODUCTION PARTNERS

We impose high standards on our production partners in terms of social standards and environmental protection. To implement this in every aspect is not easy for all of them.

We therefore choose new business partners carefully and assist existing ones in their further development in line with our requirements.

CODE OF CONDUCT

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



SELF-ASSESSMENT

Every production site has to fill out a self-assessment form, which provides us with valuable information about the production conditions. At the same time, it highlights to the business the aspects of working conditions and environmental protection that are important to us. We also take into account the results of reviews that have been made of the business in the past. These include, for instance, those of organisations or standards such as SA8000, FWF, BSCI, WRAP and/or Sedex.

ADVANCE VISITS

Visits to new production sites help us to assess whether they meet our standards or have the potential to develop to that level. We use our first impressions to weigh up the risks and opportunities offered by new partners and even new production countries. We also speak with local stakeholders, Fair Wear Foundation or other FWF member companies about these.





AUDITS

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

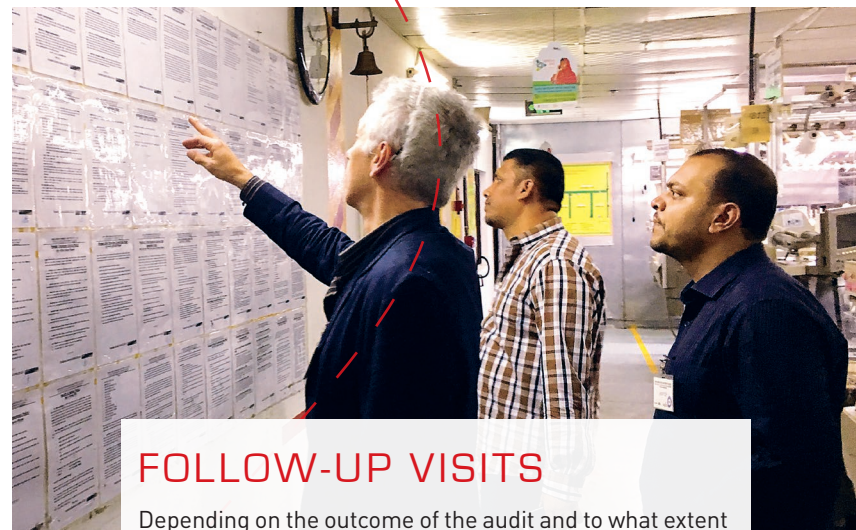
In the course of their checks, the auditors talk to the local managers responsible, analyse relevant operational documents, inspect the entire production plant and conduct confidential discussions with the employees and their representatives.

At least one member of the audit team always speaks the local language and at least one is a certified SA8000 advanced lead auditor. We generally announce the audit visits in advance. This ensures that everyone with relevant responsibility is present. The costs for all audits and follow-up visits to the site are borne by engelbert strauss.

In these audits, we make no distinction between production sites with which we work directly and sites at which the manufacturing is performed indirectly via agencies. In the case of the latter, we are only able to influence the production process to a limited degree. Nevertheless, we believe it is important to work on enhancing social and environmental standards as far as possible with these businesses as well.

CORRECTIVE ACTION PLAN

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



FOLLOW-UP VISITS

Depending on the outcome of the audit and to what extent the production site is showing improvements, we arrange for the auditors to pay another visit. Our colleagues from Product Development and Purchasing are also at the production sites several times a year. During their visits, they systematically check whether and to what degree the previously deficient points have been improved.

At the same time, the follow-up visits give the production sites the opportunity to show improvements and in the event of any difficulties to work out solutions together.

SUPPLIER ASSESSMENT

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

ENGELBERT STRAUSS CODE OF CONDUCT

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

Our Code of Conduct is based on the conventions of the International Labour Organization (ILO), the United Nations Universal Declaration of Human Rights (UDHR), the Global Compact, the OECD Guidelines for Multinational Enterprises, and internationally recognised environmental standards. In terms of content, our Code of Conduct is in line with the strict Fair Wear Foundation Code of Labour Practices.

THE KEY POINTS OF OUR CODE OF CONDUCT:

MANAGEMENT PRACTICE

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

FAIR COMPENSATION

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

REASONABLE HOURS OF WORK

Working hours must at least meet the requirements of the law. Regular working hours may not exceed 48 per week. Overtime must be voluntary. The maximum amount of overtime permitted per week is twelve hours. The employee must be granted at least one day off per week. (ILO Conventions 1, 14 and ILO Recommendation 116 apply.)¹³

PREVENTION OF CHILD LABOUR

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



1 employment is freely chosen



2 freedom of association and the right to collective bargaining



3 no discrimination in employment



4 no exploitation of child labour



5 payment of a living wage



6 reasonable hours of work



7 safe and healthy working conditions



8 a legally binding employment relationship



You will find the complete Code of Conduct, which is binding for our production partners, at:

engelbert-strauss.de/sustainability

EMPLOYMENT IS FREELY CHOSEN

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

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

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

NO DISCRIMINATION

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

OCCUPATIONAL HEALTH AND SAFETY

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

ENVIRONMENTAL PROTECTION

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

AUDIT RESULTS 2017

The following pages show where our production partners implement the required social standards well, or even exceed them, and in which areas there is still need for improvement. External, independent auditors commissioned by us thoroughly inspected the production sites and assessed them on the basis of nine criteria.

For each criterion the auditors rank the individual sites on a scale of 1 to 10, depending on how well a site is implementing the Code of Conduct's requirements. If a site fulfils every requirement, it scores at least 8 points. If it shows an extraordinary level of commitment to its employees, their families, society and the environment, which goes well beyond the required standards, it is possible for it to score 9 or 10 points.

In essence the auditors examine to what extent processes within the site are firmly established in its systems such that any deviations are avoided. For the 'Protection of children and minors' criterion the auditors evaluate, for example, the production site's control mechanisms for ruling out child labour. In other words, they check how the site ensures that everyone employed there is aged at least 15 – or older if so prescribed by the local legislation. If, in addition, the site does work in support of younger workers' training, this has a positive effect on the rating. For the 'Employment is freely chosen' criterion the auditors assess whether the voluntary nature of the working relationship is guaranteed in every aspect. This means that forced labour is ruled out, the employees doing overtime are doing so of their own accord and they are allowed to leave the production facility site at the end of their regular working hours.

THE NINE ASSESSMENT CRITERIA:

MANAGEMENT PRACTICE

REASONABLE HOURS OF WORK

COMPENSATION

PROTECTION OF CHILDREN AND MINORS

EMPLOYMENT IS FREELY CHOSEN

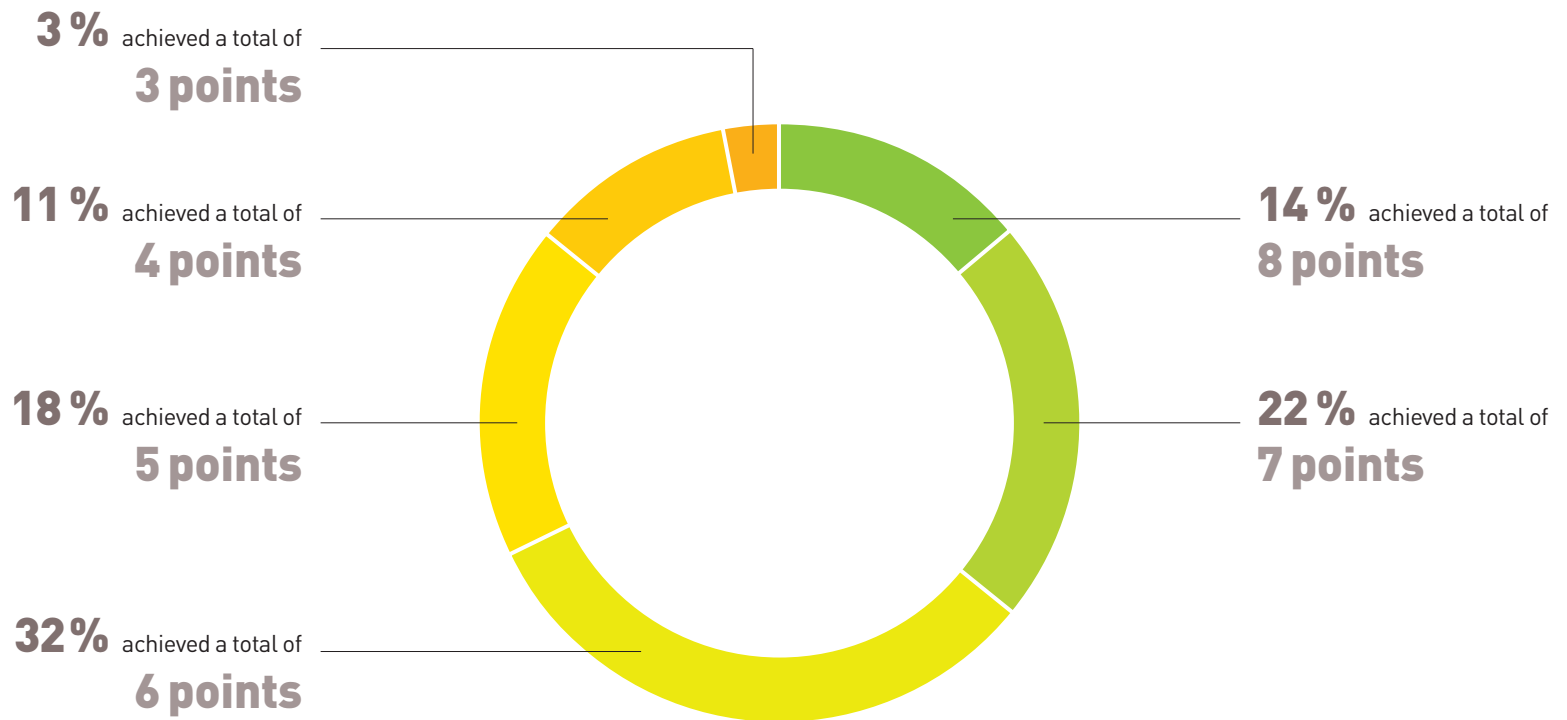
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

DISCRIMINATION

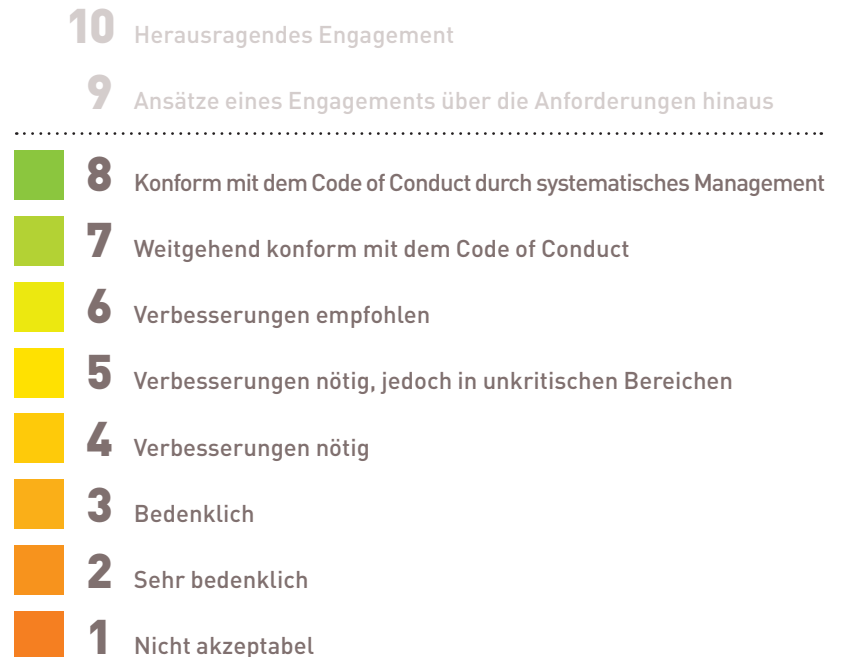
OCCUPATIONAL HEALTH AND SAFETY

ENVIRONMENT

TOTAL POINTS SCORED OF THE PRODUCTION SITES AUDITED IN 2017



In 2017, a total of 28 audits were carried out at our production partners' premises. Three of these businesses were verified by Fair Wear Foundation. On one other follow-up visit, our auditors reviewed the progress made compared to audit results from the previous year. Thus at the sites that together make three quarters of our product range at least one audit was conducted in the last three years. One advance visit was also made to a prospective production partner. During this visit, the auditors checked whether the business fulfils our requirements or has the potential to do so in time. The chart shows the total points that the production sites scored in the audits. The overall result shows that 36% of the sites were working fully or largely in compliance with the requirements of the Code of Conduct. Improvements were recommended for 32% of the production sites checked and deemed needed in the case of another 29%. One business was classified as giving cause for concern. We will continue to cooperate with this partner and support it with the aid of the measures set following the audit. Long-term cooperation with production sites is very important to us and the businesses themselves, so we have urged this production partner to take action to ensure compliance with all of the principles contained in our Code of Conduct. We will make further regular visits to monitor this. Again this year, the audit results did not give us cause to terminate our relationship with any production partner. All in all, our partners



worked with us very well whenever there was a need to rectify any deviations from the Code of Conduct that we had identified.

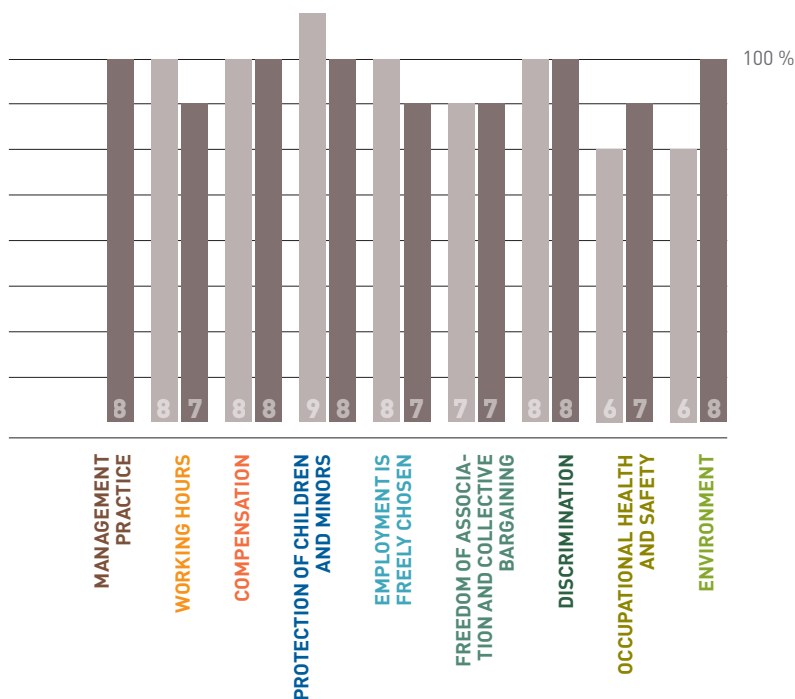
Ten percent of the audits were conducted jointly with other brand-name companies that have products manufactured at the same production sites. The aim of this collaboration is to increase the influence on the individual suppliers and to utilise resources efficiently.

COMPARISON OF 2014-2017 AUDIT RESULTS

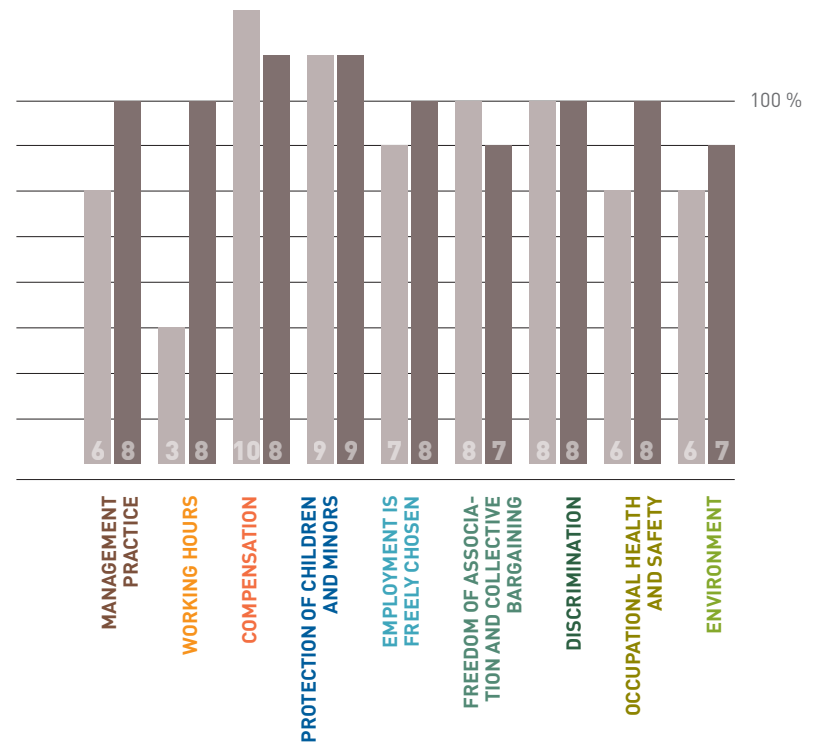
Seventeen of the audits in 2017 were repeat audits. That means those businesses had already been audited by us within the last three years. The auditors were now reviewing how much the businesses had improved since then.

The graphic below represents the average results per assessment criterion – from 'Management Practice' to 'Environment'. We compare the results of the respective countries from 2014 to 2017 in this report.

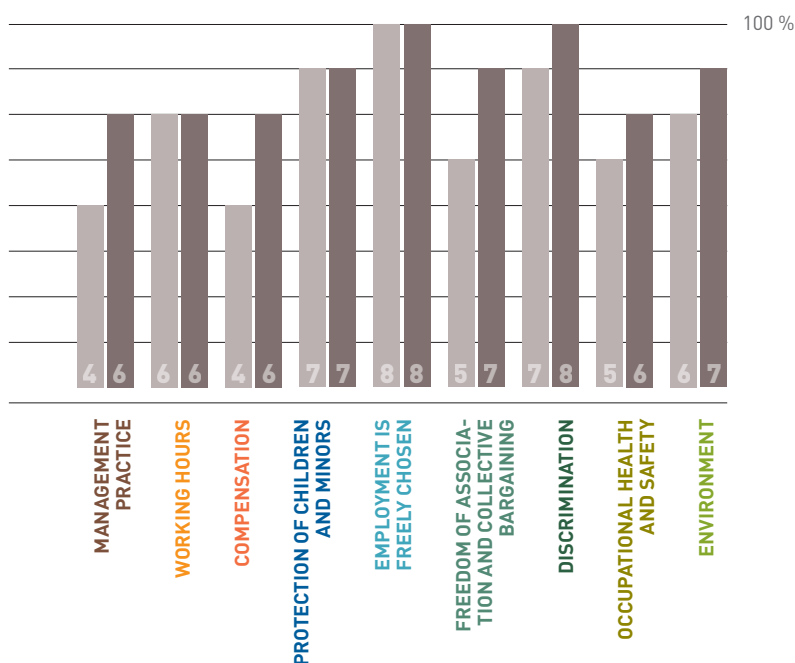
VIETNAM AVERAGE AUDIT RESULTS IN 3 FACTORIES



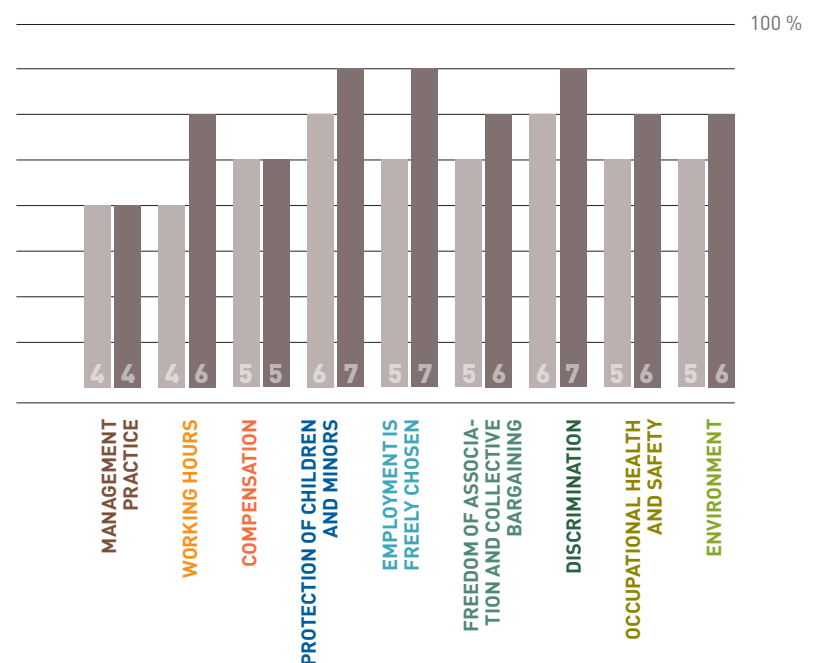
LAOS AVERAGE AUDIT RESULTS IN 1 FACTORY



TURKEY AVERAGE AUDIT RESULTS IN 2 FACTORIES



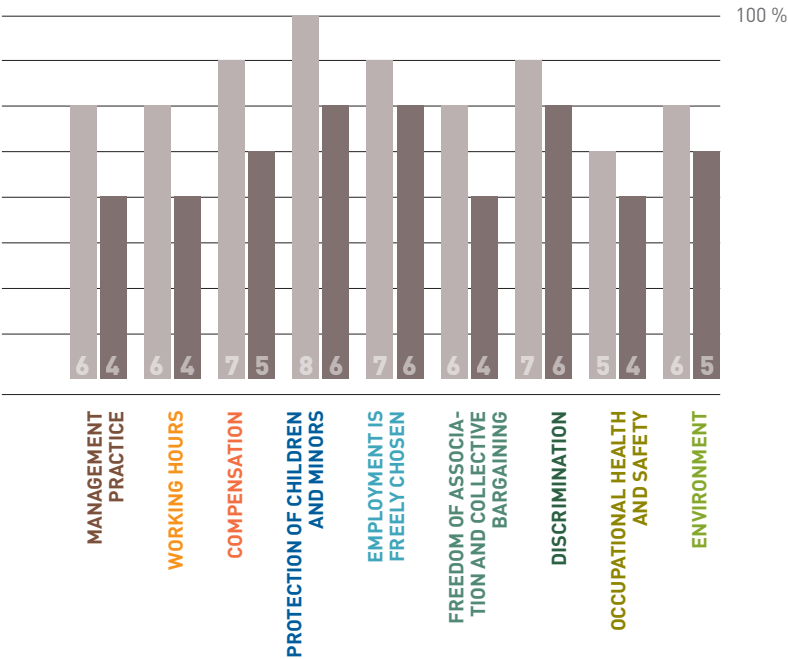
PAKISTAN AVERAGE AUDIT RESULTS IN 4 FACTORIES



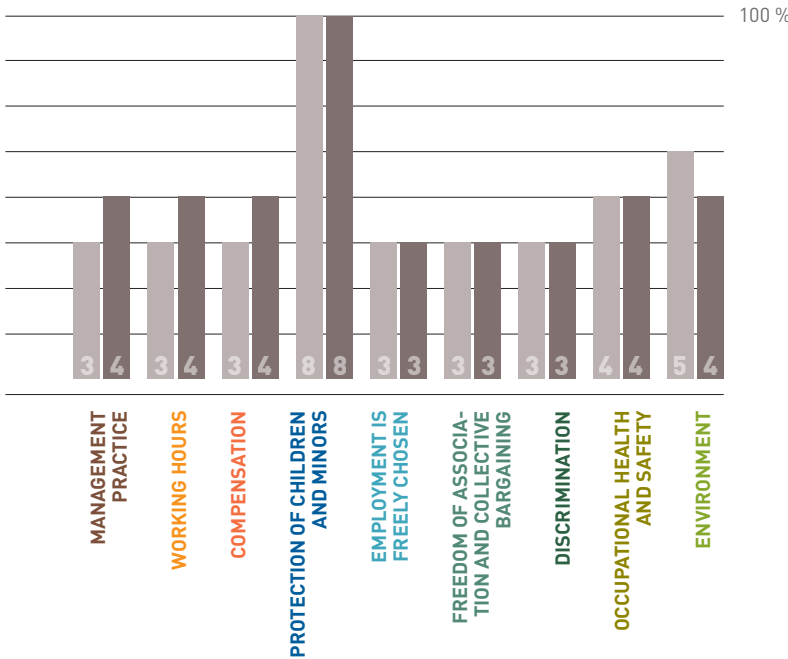
At each audit, we discuss a range of possible or necessary improvements with the production site. All in all, our production partners have worked well with us in recent years to implement such improvements. The graphics show that almost all partners have made progress on most assessment criteria compared with previous results. Most notably, there have been improvements in relation to management practice and occupational health and safety. This demonstrates to us that the businesses are taking our re-

quirements seriously and working systematically through the measures. At the same time, however, we noted that some businesses in Bangladesh and China had not improved at all in various areas. Where repeat audits of those production partners were carried out in 2017, we found we did not have much scope to influence standards due to our rather small share of overall manufacturing there. However, we plan to continue supporting these production partners as well. For details of the results of the 2017 audits, please read on.

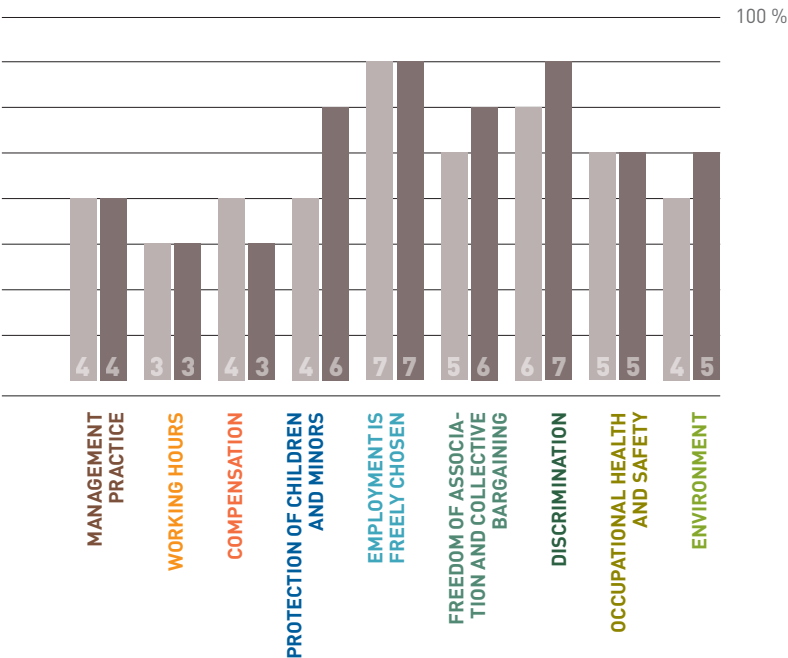
BANGLADESH AVERAGE AUDIT RESULTS IN 3 FACTORIES



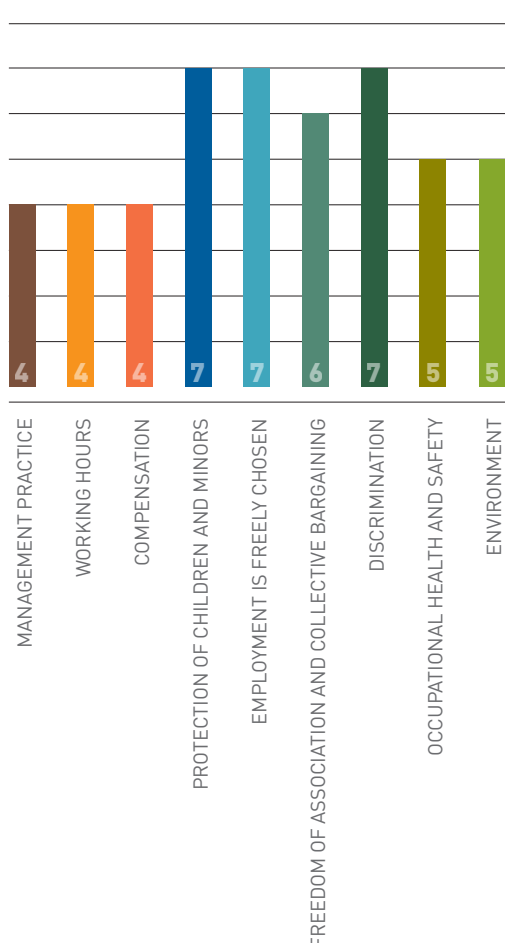
MYANMAR AVERAGE AUDIT RESULTS IN 1 FACTORY



CHINA AVERAGE AUDIT RESULTS IN 3 FACTORIES



Previous Audit Result (2014-2016)
Latest Audit Result (2017)



CHINA

China remains an important country for the textile and footwear industry. We, too, currently manufacture our products in 37 businesses there.

We conducted seven audits in China in 2017, three of which were repeat audits. The businesses that together make around 80 percent of the engelbert strauss products in the country have thus been audited at least once in recent years. Three of the audited businesses showed considerable improvements but were not yet fully compliant with the engelbert strauss Code of Conduct. The other four businesses have only recently begun manufacturing for engelbert strauss. After an advance visit, we audited these for the first time. During these audits, we frequently identified a lack of basic knowledge about the implementation of social and environmental standards. Therefore, our goal was to create awareness of this among management in particular.

There is a need for action in China in respect of management practice, working hours, compensation, occupational health and safety, and environmental protection in particular. In some instances, the businesses attempted to present the auditors with falsified documents. In most cases, the auditors were able to earn management's trust and ended up being shown the real documents during the audit. Frequently, there were no timekeeping records or those that existed were incomplete. This made it impossible to review the working hours and compensation. We are working together with the businesses to ensure systematic and accurate documentation. With many workers getting paid a piece rate, systematic record keeping is vital to ensure that workers receive the compensation they are due.

There were also deviations from our Code of Conduct in relation to the handling of chemicals. We are consulting with the businesses on organising suitable training for workers. The auditors also found there was very little implementation of the environmental standards. We jointly discussed the development steps needed in the audit and will assess the progress made in follow-up visits.

Left: The FWF complaints procedure is explained to workers.

Right: The auditor speaks with the workers.



BANGLADESH

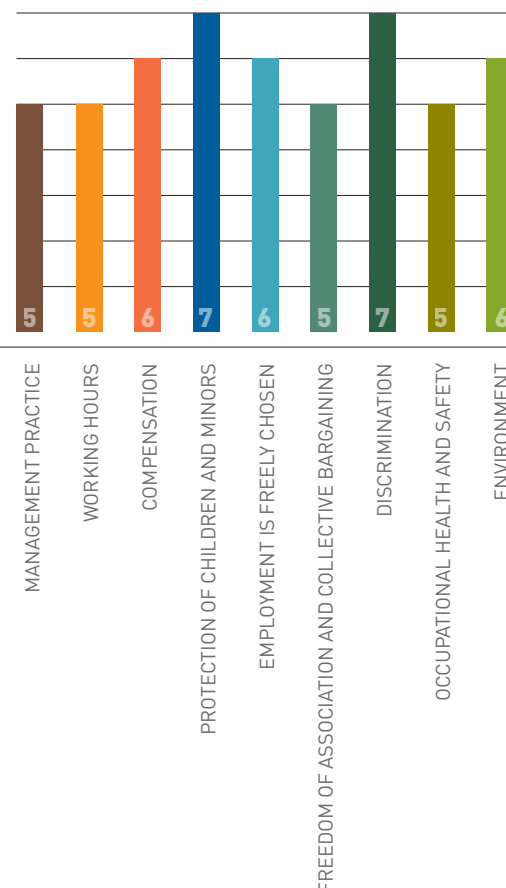
With a population of 165 million, Bangladesh is the most densely populated country in the world. Today, it is considered the global stronghold of the sewing industry.

We manufacture our garments in a total of 15 production sites in Bangladesh. Thirteen of these have been audited to date, while one business began manufacturing for us in 2017. Four production sites were audited in 2017 and most achieved good results. All audits were repeat audits. We have been working with local partners there for many years already. Although these were repeat audits, the auditors still identified a number of deviations. The overall results for one business actually went down somewhat, while another partner showed pleasing improvements.

Overall, the auditors identified a need for improvement in respect of working hours in particular. Due to the problem of incomplete documents in some of the businesses, we cannot assume overall that overtime has been correctly paid. On a positive note, however, some businesses are paying wages that are higher than average and offering fringe benefits that are otherwise not standard practice in Bangladesh. Almost all production sites also have, for example, a medical facility or company clinic as well as childcare facilities.

We were particularly impressed by one production partner which produces knitwear for us and is heavily dependent on seasonal production: in the off season when order volumes are low, workers are given time off in turn but still receive their normal wage. In contrast to this, another business had barely improved since the last audit. We have held intensive discussions with management so that we have a better understanding of processes, working hours and worker compensation in the future.

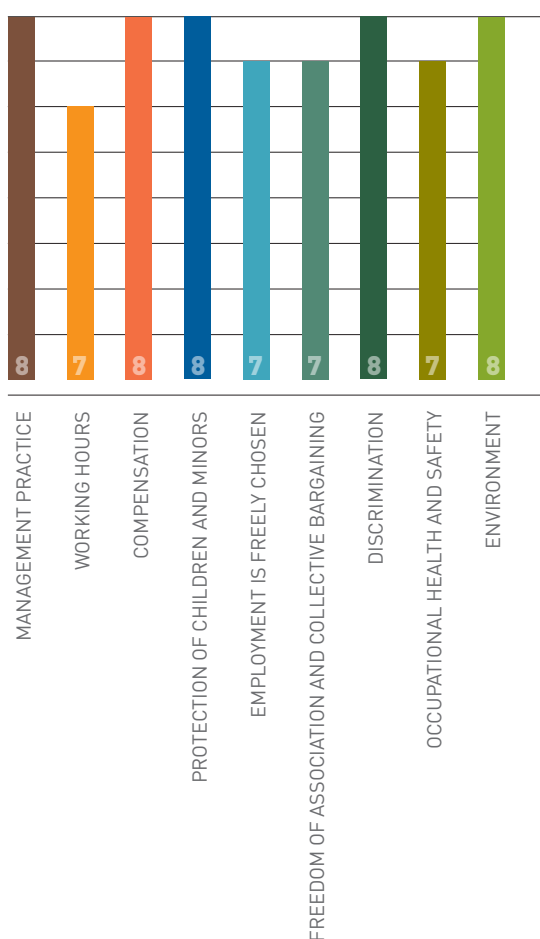
In discussions and interviews with workers, we especially focused on improving worker participation within the business. We called equally upon both management and workers to encourage women to apply for more senior positions and help them develop the necessary skills. Three of the four audited businesses are members of the Accord on Fire and Building Safety in Bangladesh. They have managed to implement most of the action plan already.



Left: A worker checks sewn trousers.

Right: The workers' children are looked after in the day care centre.





100 % compliance with the Code of Conduct

VIETNAM

Vietnam is currently experiencing rapid economic growth. Our audit results also reflect this. Last year, we manufactured gloves, textiles and safety shoes in six production operations in Vietnam. We conducted repeat audits at three of these businesses in 2017.

It is worth noting that all three suppliers achieved a good result. The results of previous audits had already indicated good compliance with the requirements of our Code of Conduct. The commitment shown by two of these production partners, with which we have been cooperating for many years, has actually exceeded our expectations. For example, the auditors noted the dedicated commitment to sustainability management. The business offers workers regular and intensive training on social and environmental aspects and more.

A particularly positive development was observed in relation to wages: the businesses were offering workers additional financial benefits, such as free lunches and various bonuses. Workers with children were receiving further financial assistance or academic grants.

All audited businesses have worker representatives. However, it is still early days in this regard, as workers are not yet used to making demands of management due to the country's socialist system.

In one business, a need for improvement was identified in the areas of occupational health and safety and environmental protection in particular. The production partner involved has mostly focused on individual measures to date rather than taking preventive and systematic action.

We want to help our production partners in Vietnam by providing additional training aimed at further raising awareness of these aspects among management and workers.

Left: A worker checks the quality of a pair of finished e.s.motion 2020 trousers.

Right: Our e.s. Viper mechanic's gloves are produced here.



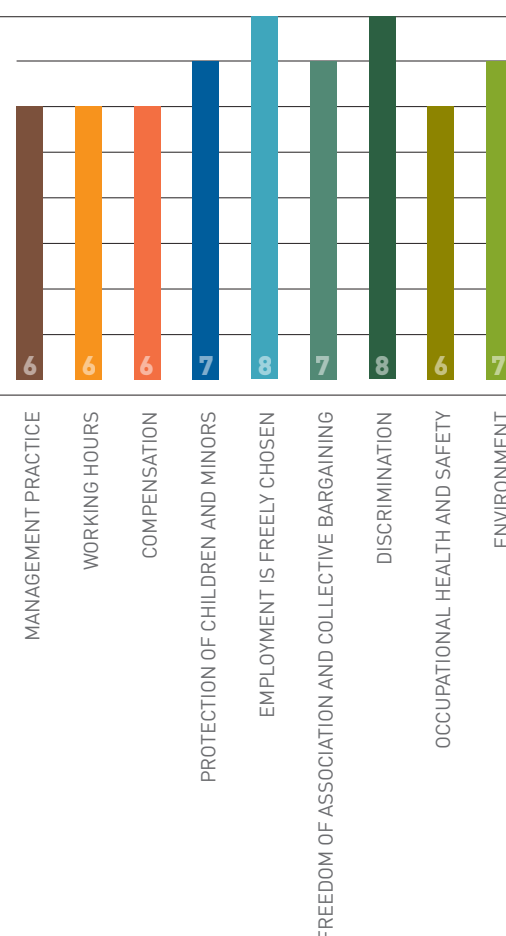
TURKEY

We audited two businesses in Turkey in 2017. Both were repeat audits. This means over 80% of our Turkish production has been audited by us at least once in the past three years.

We conducted an audit together with Fair Wear Foundation at a long-standing partner last year. Compared to the previous audit, we were able to establish a number of improvements. In relation to occupational health and safety in particular, our partner had implemented a number of requirements from the last audit. It had also succeeded in reducing overtime by improving capacity utilisation.

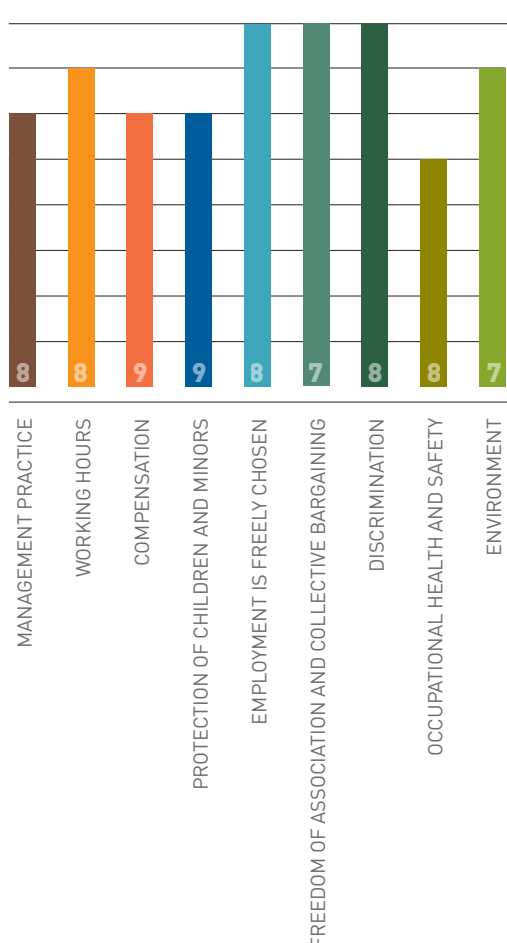
One challenge in Turkey is the high number of Syrian refugees. Many of them work in the textile industry – but mostly illegally. One of the audited businesses also employs Syrian workers. We found in 2014 that many of these workers did not have valid papers. We then worked closely with the business to ensure that all employees obtained official work and residence permits. However, it came to our attention in the 2017 audit that some Syrian workers were not receiving the overtime payments owed to them – although their Turkish colleagues were being duly paid. After multiple visits to our head office in Biebergemünd, our partner was able to prove that these deviations had been eliminated. Our partner also took part in FWF training last year to educate the workers about their labour rights.

The second business had already achieved quite a good audit result back in 2014 and was actually able to improve on this in 2017. The auditors rated it exemplary in relation to the 'Discrimination' criterion: women are promoted in this business and can take up more senior positions.



Left and right: Our e.s. sweatshirts are produced here.





100 % compliance with the Code of Conduct

LAOS

Socialist Laos borders Vietnam, China, Myanmar, Thailand and Cambodia. It is quite a small country in terms of population, with less than seven million inhabitants. Production takes place there at one business with which we have worked for many years. It manufactures exclusively for engelbert strauss.

The production site was already audited back in 2014, and the overall result was pleasing. However, the auditors found workers doing an excessive amount of overtime at the time. The results of the first audit were improved upon in most areas. There is now also much less overtime and employees only work overtime of their own accord. All workers are permanent and earn on average twice the statutory minimum wage in Laos, and thus also twice the standard wage in the textile industry. In respect of occupational health and safety, the auditors identified areas where improvements could be made and then discussed measures with management. For example, employees were given training on how to operate new machines.

During the current audit, the auditors suggested the production facility play a leading role in promoting worker participation in Laos, where this idea is still largely unheard of.

The production facility is well positioned in respect of the 'Environmental protection' criterion, with employee awareness of this having been boosted. Nevertheless, the auditors identified one challenge: waste is not generally sorted in Laos and there is no specialist waste disposal. Accordingly, the auditors endeavoured to convey the benefits of waste separation to all involved so that the business can also play a leading role in the country in this regard.

Left: A worker sews a pair of e.s.motion trousers.
Right: Our e.s.vision cross forestry jacket is produced here.





Above: Schoolchildren in Laos practise traditional dances.
Center: Schoolchildren in Laos.
Below: The secondary school in Laos supported by engelbert strauss.



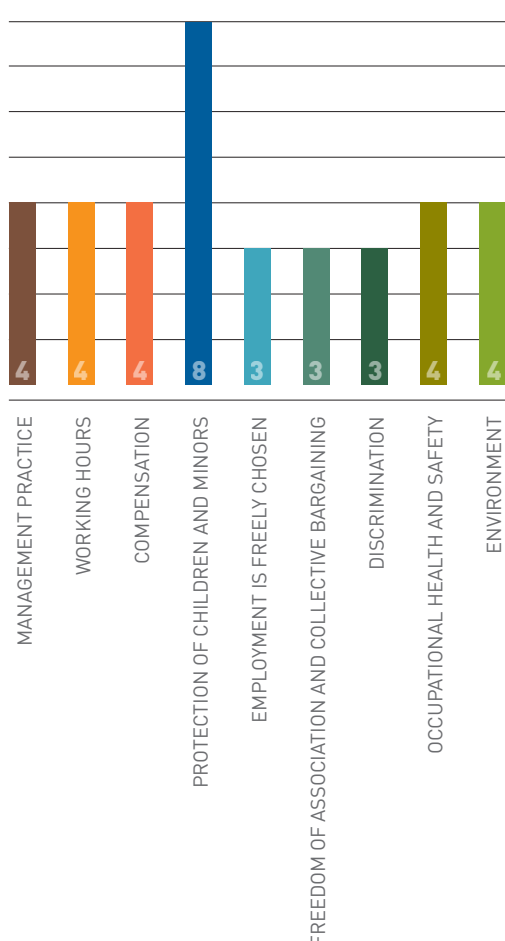
engelbert strauss supports a nearby school together with the production partner – providing both funding and administrative assistance. Workers whose children attend the school can join them there for lunch. The educational project in Laos now covers a secondary school, where students produce some of the best final exam results in the country. Along with reading, writing, maths and English, students are also taught how to brush their teeth properly and principles of cleanliness and hygiene. Once these lessons are over, all students can choose from a diverse range of extracurricular activities – from art and reading through to different kinds of sports.

A method developed there for teaching children how to read has even been adopted by all schools in Laos. The school accepts the children of the workers and from the local village. More people have actually moved to the village due to the further development of the production site and establishment of the school.



Left: The schoolchildren enjoying their break.
Right: A traditional greeting at the beginning of the school lesson in a Laotian secondary school.





100 % compliance with the Code of Conduct

MYANMAR

The Republic of the Union of Myanmar is also known by the name Burma. The Southeast Asian country is almost twice as big as Germany and borders Thailand, Laos, China, India and Bangladesh. The present Rohingya conflict poses a particular challenge to its development.

Myanmar was once one of the wealthiest countries in Southeast Asia. After 50 years of a military dictatorship and the attendant consequences, the country is again at an early stage in its economic development. We have been working in Myanmar since 2015 with a production site that has no connection to the Burmese Military. When the partnership began, the business was audited by our external auditors. This showed there was little knowledge there about social and environmental standards or their implementation. Subsequent regular dialogue and further visits indicated that the production site needed time and patience in order to develop further. The production partner is now working systematically on the relevant criteria. These include, for example, occupational health and safety as well as recording working hours and related worker compensation.

In 2017, a repeat audit was conducted of our partner in Myanmar. Improvements were identified in all areas; however, these were not comprehensive enough in most cases to be reflected in the assessment.

Nevertheless, some of the areas improved upon are already very significant for workers. For instance, all workers now receive a contract of employment.

Encouragingly, the amount of overtime was also down on the previous audit. However, this time around the auditors found that management expect workers to reach a daily production target. If the workers do not produce the specified number of units during normal working time, they must work overtime at no extra pay. We have held in-depth discussions with our production partner regarding this and will discuss the matter and review the measures taken in further visits. We also plan to continue supporting the business by ensuring a stable and predictable level of orders.

Left: The auditor from Myanmar speaks with the workers.
Right: The workers can also play football on company grounds during their break.



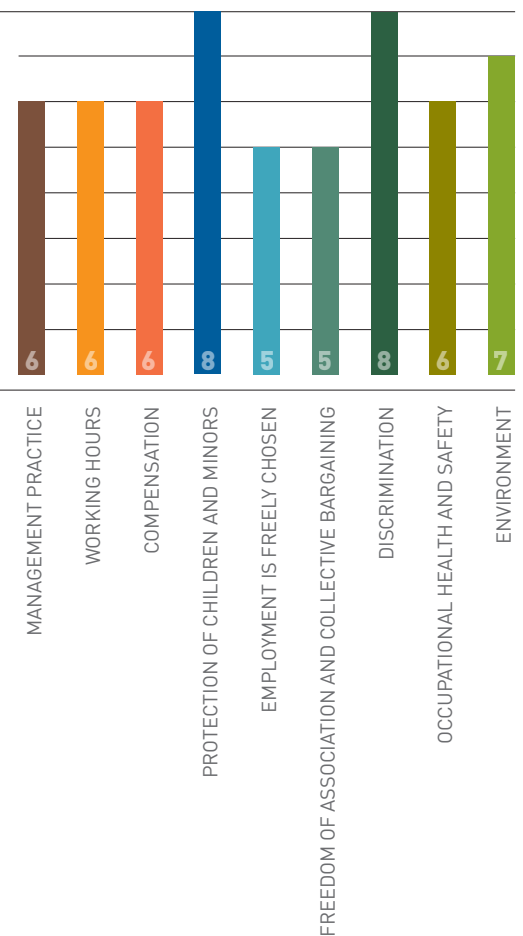
100 % compliance with the Code of Conduct

THAILAND

Thailand has become increasingly industrialised in recent decades, with the textile industry no longer playing a major role. We manufacture at one business in Thailand. We audited this production partner in 2017 for the first time.

In recent years, Burmese fleeing the Myanmar military dictatorship have frequently found work in Thai operations, such as that of our production partner. Thanks to additional auditors from Myanmar, we were better able to assess the working conditions of Burmese migrant workers and Thai workers. It was particularly important to us to heighten awareness of social standards through this. The results were pleasing: both Thai and Burmese workers rated the working environment as positive. All employees also have the same opportunities for advancement and labour rights. In general, the auditors gave the production facility a good result. Nevertheless, they still found some issues as well: for example, management was not aware that a change to the vacation policy has made it very difficult for the Burmese to return home and see their families. Even though the policy does not break any law, management was urged to change this so that workers would be able to travel again in the future.

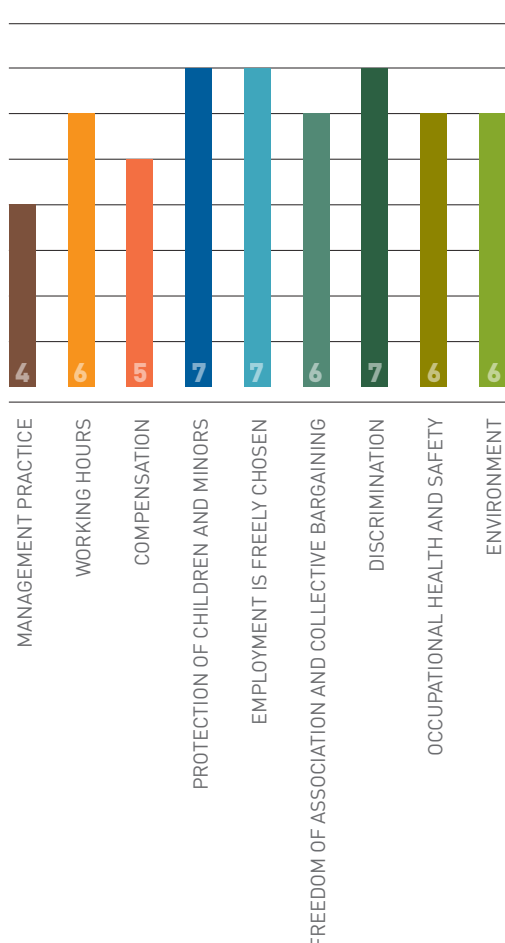
The auditors also found that too much overtime was being worked in some cases. And they could not determine which bonus payments the workers received each month. There is also no actual means or practice of workers' participation within the business, or training with regard to this. The audit showed that such training for workers should be further expanded. Our production partner is currently working on implementing the jointly agreed measures. We will continue to review the progress being made in respect of the aspects mentioned.



Left: A quality check is performed.

Right: Workers enjoying their lunch break.





PAKISTAN

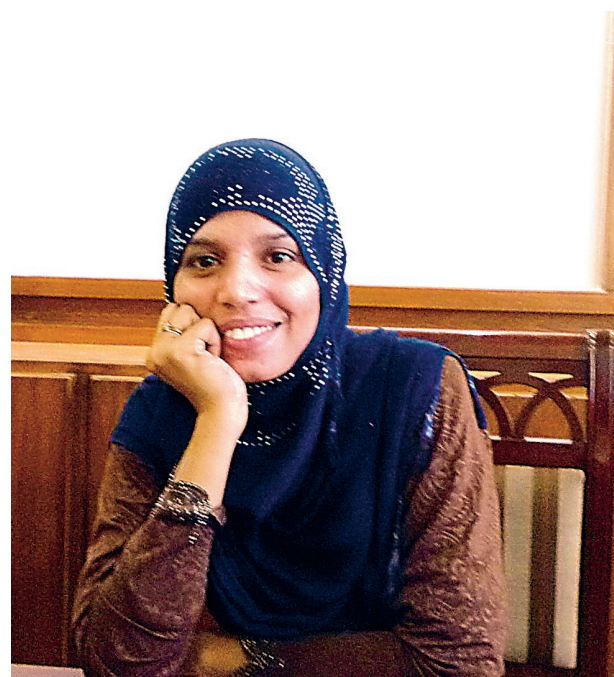
We mainly manufacture gloves in Pakistan. As our business accounts for only a small share of overall manufacturing there, it can be difficult for us to influence social and environmental standards in these production facilities. Therefore, our audits focus on raising awareness. We audited six production sites in Pakistan in 2017, three of which were repeat audits.

At two of the audited production partners, the auditors found some improvements had been made. However, one production facility had made no progress since the previous audit. In this case, the improvement measures arising from the previous audit had only been implemented to a limited extent or not at all. Almost all production sites still need to improve in respect of management practice, and some with regard to occupational health and safety and environmental protection as well. Deviations in compensation were also identified in five out of six production sites, frequently due to a lack of transparency in piece rate calculation. As is common in Pakistan, some of the manufacturing at the audited businesses was being carried out by casual workers, deployed at various production facilities, often with less or zero social benefits and without contracts.

On the positive side, most employees now have health and pension insurance – a progressive development for Pakistani working conditions. The production sites have also made noticeable progress in safeguarding employment relationships through contracts and with regard to overtime. Improving female access to paid employment is a key aspect for us. In contrast to other countries, men predominate in production sites in Pakistan. In some, only men are employed. We have recognised that encouraging women's autonomy is a key factor for structural change in Pakistan and in our production facilities. Local employees and management at the businesses increasingly understand and welcome our efforts and implement the related measures. engelbert strauss is closely monitoring the situation and the improvement process. We intend to continue supporting the production sites where major discrepancies have been identified. We plan to visit them again and further raise awareness of social and environmental topics.

Left: A worker sews a glove.

Right: Ms Rehana was interviewed as part of the audit.



100% compliance with the Code of Conduct

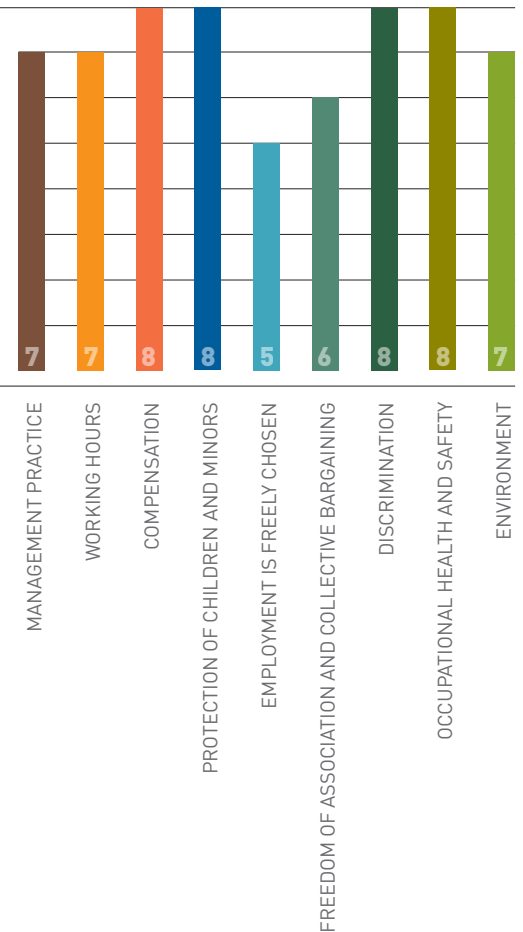
SRI LANKA

Sri Lanka is an island country located southeast of India. Besides tea and coffee, it also exports textiles. All production sites audited by us in Sri Lanka in the last three years achieved a good result.

In 2017, we began cooperating with an important production partner in Sri Lanka, which we had audited in respect of its social and environmental standards in the same year. Management at the new production site has good and in-depth knowledge of these standards and is committed to implementing them.

Nevertheless, the auditors still identified areas which could be improved upon. Even though the business was compliant with statutory requirements and the provisions in our Code of Conduct with respect to the level of overtime, auditors noted the following issue: when the order book is healthy, workers can put their names on a list in advance if they would like to work overtime. However, workers stated in confidential interviews that they are pressurised to sign up when there are production bottlenecks. Management at the business had not been aware of this. This showed us how important it is to discuss these aspects in the sites with those responsible and to look together for solutions. We will continue to review this matter and are in constant dialogue with local management regarding it.

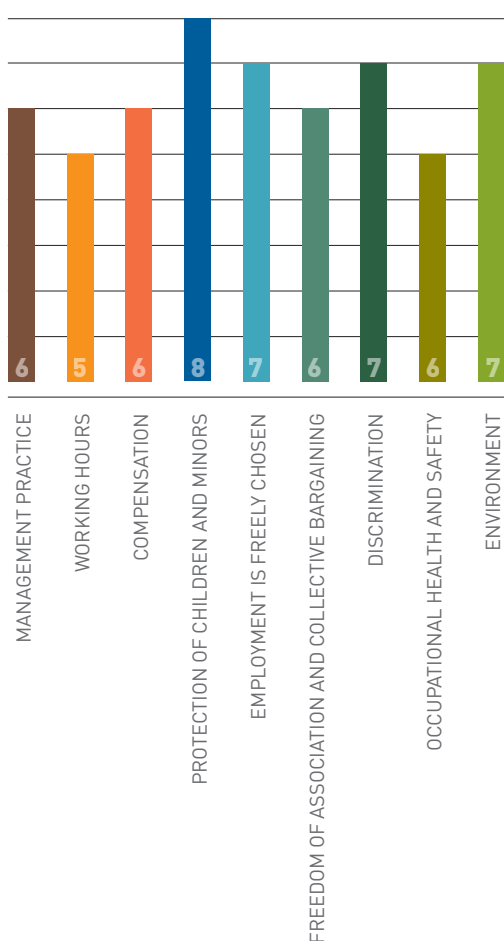
One positive finding is that approx. 67% of the workers at the production site are women. The entitlement to maternity leave is fully safeguarded and there are also opportunities for advancement. The company is thereby helping to promote a modern self-image among women in Sri Lanka.



Left: Escape routes are clearly indicated.

Right: A worker irons T-shirts before they are packaged.





100 % compliance with the Code of Conduct

ALBANIA

Located in Southeast Europe, Albania is quite a small country in terms of population, with only 2.8 million inhabitants. It borders Montenegro, Kosovo and Macedonia. The textile and footwear industry is the country's second main economic cornerstone.

We manufacture safety shoes at one production site in Albania. This partner was audited in 2017 for the first time. We have had a long-standing and successful cooperation with this production partner. engelbert strauss employees involved in footwear design have already visited frequently. The audit result confirmed that the company is in an overall good position to fulfil the requirements regarding social and environmental standards. The company rated particularly well with regard to the protection of children and minors, self-determination, the prevention of discrimination, and environmental protection.

Deviations from the requirements included, for example, a lack of understanding by management when it came to the actual implementation of our standards in some of the areas. Take the recording of overtime, for example. Although workers are being compensated for this, incomplete information on working hours and wages meant it was not possible to confirm whether the statutory overtime premiums were being paid correctly or whether statutory overtime limits were being heeded.

It was positively noted that voluntary bonuses are paid in addition to statutory compensation obligations. Furthermore, the business offers employees free bus or taxi transport to and from work. The auditors felt there was room for improvement in respect of organising training for workers, so as to inform them about the right to workers' participation, complaints mechanisms and the safe handling of chemicals.

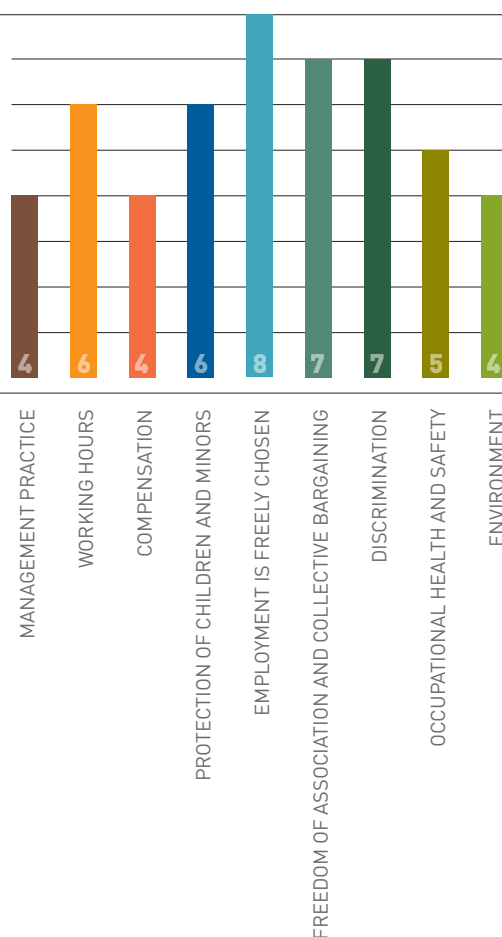
Left: A team of employees visiting our production partner in Albania.

Right: A worker sews individual parts to the upper of an e.s. Naos S1P safety shoe.



INDIA

100 % compliance with the Code of Conduct



In India, we manufacture safety shoes in cooperation with a German partner. This is an established partnership, based on a number of years of reliable cooperation. A repeat audit was conducted on the production site in 2017.

At the previous audit, the auditors identified room for improvement in relation to all social standards. Our German partner and management at the Indian business took the results very seriously. Intensive discussions followed and specific implementation plans were drawn up. The owner of the Indian production site showed interest in and commitment to implementing the audit measures. For example, it brought in an external advisor to help workers acquire the necessary knowledge of environmental and social standards.

During the repeat audit conducted in 2017, the auditors established that some of the improvements had already been implemented. The business is working systematically through the other measures. For example, a great deal of renovation work has been carried out to improve occupational health and safety.

Relationships with workers are often unregulated in production facilities in India, which can lead to all kinds of breaches of social standards, including excessive working hours, low wages and a lack of social protection. The business in India has recognised this challenge and made its workers permanent employees. They now receive a regular income and social security cover.


































In addition to this, the owners of the production site support a local hospital where any worker from the production facility can get treatment for a small charge and obtain medication for free. As a further initiative, surplus food is collected from restaurants, divided up into portions and distributed to people in need. The business also supports several schools in the area.

Left: Workers can now use the new sanitary facilities.
Right: Workers check and package our shoes.














































































OUR PRODUCTION PARTNERS























The following table shows an overview of our production partners that worked with us last year in 2017. These have been sorted according to the respective production countries and the production volume. The overview shows the year of the last audit.

FWF NUMBER	PRODUCTION COUNTRY	PRODUCT CATEGORY	FIRST PURCHASE YEAR	PRODUCTION VOLUME	(YEAR) LAST AUDIT
10853	Albania	 Shoes	2004	0,640%	2017
10880	Bangladesh	 Textiles	2013	20,117%	2016
9325	Bangladesh	 Textiles	2013	7,185%	2016
10876	Bangladesh	 Textiles	2011	4,806%	2016
10861	Bangladesh	 Textiles	2010	1,617%	2016
4868	Bangladesh	 Textiles	2008	0,693%	2015
10963	Bangladesh	 Textiles	2015	0,244%	2015
10948	Bangladesh	 Textiles	2014	0,238%	2017
10957	Bangladesh	 Textiles	2015	0,193%	2016
10845	Bangladesh	 Gloves	2012	0,177%	2017
9686	Bangladesh	 Caps & Hats	2016	0,129%	
10949	Bangladesh	 Textiles	2014	0,128%	2016
10954	Bangladesh	 Textiles	2013	0,077%	2017
10955	Bangladesh	 Textiles	2009	0,029%	2017
10956	Bangladesh	 Textiles	2016	0,014%	2016
7847	Bosnia and Herzegovina	 Textiles	2007	0,007%	2016
10908	Bulgaria	 Textiles	2010	0,040%	
10856	China	 Shoes	2009	2,940%	2016
10866	China	 Textiles	2004	2,509%	2016
12678	China	 Shoes	2017	2,000%	
10928	China	 Shoes	2009	1,897%	2016
3289	China	 Shoes	2012	1,720%	2016
10859	China	 Shoes	2013	1,590%	2016
10868	China	 Textiles	2008	1,478%	2015
10886	China	 Textiles	2009	1,386%	2015
10884	China	 Shoes	2012	0,974%	2017
10863	China	 Accessoires	2010	0,332%	2016
2127	China	 Textiles	2005	0,300%	2017
10787	China	 Caps & Hats	2016	0,271%	2016
11805	China	 Textiles	2017	0,269%	2017
10896	China	 Textiles	2011	0,244%	2017
10881	China	 Gloves	2007	0,240%	2014
3140	China	 Gloves	2008	0,141%	2013





FWF NUMBER	PRODUCTION COUNTRY	PRODUCT CATEGORY	FIRST PURCHASE YEAR	PRODUCTION VOLUME	(YEAR) LAST AUDIT
4575	China	 Caps & Hats	2016	0,090%	2017
11962	China	 Textiles	2016	0,087%	
10964	China	 Shoes	2015	0,081%	2017
10966	China	 Gloves	2017	0,079%	2017
10959	China	 Caps & Hats	2014	0,054%	2015
11003	China	 Accessoires	2016	0,053%	2016
10838	China	 Accessoires	1997	0,049%	
10921	China	 Gloves	2000	0,048%	
10923	China	 Textiles	2003	0,048%	
10924	China	 Textiles	2005	0,048%	
10905	China	 Textiles	2010	0,047%	
10916	China	 Textiles	2007	0,045%	
10840	China	 Gloves	2009	0,036%	2014
3817	China	 Gloves	2015	0,035%	2015
10919	China	 Textiles	2004	0,023%	
10920	China	 Textiles	2005	0,023%	
11001	China	 Textiles	2009	0,018%	
10899	China	 Textiles	2010	0,017%	2016
11802	China	 Textiles	2017	0,014%	
12140	China	 Caps & Hats	2017	0,010%	
11966	China	 Textiles	2017	0,003%	
11968	Germany	 Shoes	1975	2,696%	
10922	Germany	 Textiles	2005	0,048%	
10938	Germany	 Textiles	1995	0,027%	
10942	Germany	 Textiles	2007	0,017%	
10943	Germany	 Textiles	1994	0,017%	
10940	Germany	 Shoes	2007	0,009%	
10941	Germany	 Shoes	2008	0,008%	
9065	Germany	 Textiles	2011	0,001%	
10936	Hungary	 Textiles	1992	0,456%	
10926	India	 Shoes	2009	0,399%	2017
11967	India	 Textiles	2017	0,003%	
10917	Indonesia	 Textiles	2007	0,045%	

FWF NUMBER	PRODUCTION COUNTRY	PRODUCT CATEGORY	FIRST PURCHASE YEAR	PRODUCTION VOLUME	(YEAR) LAST AUDIT
10852	Italy	 Shoes	2004	1,494%	
10901	Italy	 Shoes	2004	0,835%	
10900	Italy	 Shoes	2006	0,237%	
11808	Italy	 Textiles	2015	0,202%	
5842	Italy	 Textiles	2003	0,046%	
10862	Italy	 Textiles	2009	0,023%	
10879	Korea (Republic of)	 Textiles	2016	1,437%	
4580	Lao People's Democratic Republic	 Textiles	2006	10,037%	2017
10947	Latvia	 Textiles	2004	0,017%	
10937	Latvia	 Textiles	2009	0,004%	
12016	Macedonia	 Textiles	2017	0,068%	
10850	Malaysia	 Gloves	2000	0,068%	
10911	Malaysia	 Gloves	2006	0,049%	
10888	Myanmar	 Textiles	2015	5,544%	2017
10846	Pakistan	 Gloves	2009	0,157%	2017
10847	Pakistan	 Gloves	2009	0,157%	2014
10849	Pakistan	 Gloves	2009	0,090%	2014
10848	Pakistan	 Gloves	2014	0,045%	2017
10965	Pakistan	 Gloves	2005	0,043%	2017
11002	Pakistan	 Textiles	2011	0,018%	
10839	Pakistan	 Gloves	2012	0,014%	2017
10912	Pakistan	 Gloves	1993	0,013%	
11809	Pakistan	 Gloves	2016	0,013%	
10914	Pakistan	 Gloves	2014	0,007%	2017
2262	Pakistan	 Textiles	2011	0,006%	
10844	Pakistan	 Textiles	2011	0,005%	2014
10913	Pakistan	 Gloves	1985	0,003%	2017
11964	Pakistan	 Textiles	2017	0,003%	
11965	Pakistan	 Textiles	2017	0,003%	
11811	Poland	 Textiles	1990	0,037%	
10906	Poland	 Shoes	2009	0,021%	
10910	Portugal	 Gloves	2006	0,098%	
10939	Portugal	 Shoes	1990	0,048%	
10891	Romania	 Shoes	2012	0,023%	
10933	Romania	 Textiles	2007	0,014%	
10945	Slovakia	 Textiles	2010	0,035%	
12183	Sri Lanka	 Textiles	2017	0,269%	2017
10843	Sri Lanka	 Gloves	2008	0,239%	2014
12136	Sri Lanka	 Textiles	2017	0,212%	
10842	Sri Lanka	 Gloves	2008	0,191%	2014
12182	Sri Lanka	 Textiles	2017	0,137%	
12597	Sri Lanka	 Gloves	2006	0,049%	

FWF NUMBER	PRODUCTION COUNTRY	PRODUCT CATEGORY	FIRST PURCHASE YEAR	PRODUCTION VOLUME	(YEAR) LAST AUDIT
10841	Sri Lanka	 Gloves	2009	0,048%	2014
10907	Taiwan	 Accessoires	2008	0,182%	
11806	Thailand	 Textiles	2015	0,106%	2017
10855	Tunisia	 Shoes	2008	0,207%	
10904	Tunisia	 Textiles	2006	0,040%	
11804	Tunisia	 Textiles	2012	0,040%	
10935	Tunisia	 Textiles	1990	0,015%	
10885	Turkey	 Textiles	2008	2,480%	2017
10951	Turkey	 Textiles	2014	1,520%	2017
10952	Turkey	 Textiles	2014	0,122%	2016
10902	Turkey	 Textiles	2006	0,099%	2014
11807	Turkey	 Textiles	2017	0,024%	
10934	Turkey	 Textiles	2007	0,003%	
10918	Turkey	 Textiles	2007	0,000%	
11810	Ukraine	 Textiles	2000	0,164%	
10895	Vietnam	 Textiles	2011	4,080%	2017
10851	Vietnam	 Shoes	2013	3,045%	2016
10894	Vietnam	 Textiles	2010	1,749%	2017
10081	Vietnam	 Textiles	2003	1,437%	2016
7586	Vietnam	 Shoes	2014	0,740%	2017
7853	Vietnam	 Textiles	2010	0,021%	
10867	Zimbabwe	 Textiles	2010	0,548%	

EXTERNAL BRANDS

FWF NUMBER	PRODUCTION COUNTRY	PRODUCT CATEGORY	FIRST PURCHASE YEAR	PRODUCTION VOLUME	(YEAR) LAST AUDIT
1415	Bangladesh	 Textiles	2006	0,01%	
1415	Bulgaria	 Textiles	2006	0,01%	
1412	Germany	 Shoes	2007	-	
1411	Germany	 Shoes	2007	-	
1414	Germany	 Shoes	2007	0,01%	
1415	Germany	 Textiles	2006	0,01%	
1409	Germany	 Gloves	2007	0,05%	
1413	Germany	 Shoes	2007	0,06%	
1410	Italy	 Accessoires	2015	0,04%	
1408	Luxembourg	 Textiles	2007	0,09%	
1411	Moldova, Republic of	 Shoes	2007	0,20%	
1411	Poland	 Shoes	2007	0,10%	

SUPPLIER TRAINING

Apart from performing audits to monitor compliance with the contents of the engelbert strauss Code of Conduct and the Fair Wear Foundation requirements, we also want to help our production partners improve in these areas.

We can only promote the implementation of social and environmental standards in cooperation with our partners if everyone involved is suitably informed.

That is why we organise internal and external training courses on these aspects, i.e. FWF's seminars and 'Workplace Education Programme' (WEP). The various modules address individual sections of the FWF Code of Labour Practices, including working time and overtime regulations, and health and safety in the workplace. The FWF complaints procedure is a particularly important aspect of this. Workers and production facility management take part in the training. Four of our production partners signed up for the WEP in 2017 – in China, Bangladesh and Turkey. Further FWF seminars were held in Myanmar and Vietnam.



CHINA

Two of our Chinese production partners took part in last year's FWF training programme. The module covered a number of aspects, including measures aimed at improving communication between the production facility's workers and management. Matters of health and safety were also discussed.

BANGLADESH

A WEP was also held in Bangladesh in cooperation with a production partner there. Workers and management took part. This particular FWF training programme is specially designed for the opportunities and risks in Bangladesh, with a focus on helping women achieve more senior positions, informing workers about their rights and obligations, and more.



TURKEY

Workers of one long-standing engelbert strauss partner in Turkey also received training on the FWF Code of Labour Practices and the foundation's requirements. As Syrian and Turkish employees work together in this production facility on a daily basis, it is especially important to encourage internal dialogue there. The training gave the workers an opportunity to openly discuss topics such as the FWF complaints procedure and the right to freedom of association and collective bargaining.



FWF COMPLAINTS PROCEDURE

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



The grievance procedure in place allows workers to confidentially and anonymously report any complaints to an independent and local FWF representative. FWF provides the contact details and a summary of the labour rights in the respective languages and displays this information prominently in the production site. The procedure is explained to management and workers at the production site during training seminars or audits.

Where complaints are raised through such channels, we view this as an indication of the progressiveness of the partner and its appreciation of its workers. Through the complaints procedure, we can engage in direct dialogue with management at the respective production site and discuss various solutions together.

All complaints and corrective action taken are published on the FWF website. engelbert strauss has only been a member of Fair Wear Foundation for one year. We have not yet received any official complaint. Prior to our FWF membership, workers at a supplier in China filed a complaint regarding excessive overtime in 2016.¹ Pregnant women also complained about being assigned to jobs with a high noise level. We had not yet begun working with the particular business at that stage. However, we were able to find and implement solutions for this situation last year in cooperation with other FWF member companies already manufacturing there. We jointly drew up a corrective action plan for the business and carried out FWF training.

¹ Report available at: fairwear.org/complaints/

COMPLAINT PROCEDURE:



OBJECTIVES & ACHIEVEMENTS

OBJECTIVE	DATE	ACHIEVEMENT	STATUS
The production partners have agreed to both the Code of Conduct and the engelbert strauss monitoring programme . The production sites have been disclosed.	ONGOING	Over 97% of our production partners have agreed to both the Code of Conduct and the engelbert strauss monitoring programme. They have all disclosed their production sites. Following intensive discussions, we have frequently been able to convince production partners of the benefits of such collaboration.	→
The suppliers that together manufacture at least 40% of the purchasing volume are audited in the first year of FWF membership in accordance with the engelbert strauss Code of Conduct or operate in non-risk countries*.	2017	From 2014 to 2017, more than half of the production sites in high-risk countries were audited in accordance with the engelbert strauss Code of Conduct. They include the production partners that make up the majority of the production operation. The production partners audited in the first year of FWF membership cover 75% of purchasing volume.	✓
All audited suppliers are showing improvements in relation to the audit results a year ago / are putting corrective action into practice and have implemented this systematically.	ONGOING	As in previous years, our production partners worked well with us overall again in 2017. Most corrective measures were implemented quickly. Only a few have not yet been completed.	✓
We occasionally collaborate with other selected manufacturers/traders in our audits.	ONGOING	10% of the audits and the subsequent monitoring of improvement measures were carried out in conjunction with other manufacturers. This collaboration enables us to combine our influence on the production partners and to avoid duplicate audits.	✓
The employees who visit the production sites are trained on sustainability requirements in the production operation.	ONGOING	Prior to visiting the production facility, employees are given general checklists and specific information on issues that need to be checked. Our sustainability team attended conferences and workshops run by Fair Wear Foundation. Employees in regular contact with our production partners received Fair Wear Foundation training in 2017.	✓
Training on compliance with the engelbert strauss Code of Conduct is conducted at selected suppliers.	ONGOING	Four suppliers took part in the Fair Wear Foundation Workplace Education Programme in 2017. We wish to conduct further training at selected suppliers in 2018.	✓
Our production partners have introduced the Fair Wear Foundation complaints procedure .	2017	Upon joining Fair Wear Foundation, we decided to adopt its complaints procedure for any problems that arise at our suppliers and committed ourselves in the event of any complaints to working together to find solutions.	✓
Membership of Cotton made in Africa is continuing.	2018	In 2017, engelbert strauss continues to support the Cotton made in Africa initiative with a wide assortment of cotton products.	✓
An engelbert strauss social report 2017 is available.	2018	You are holding the fourth engelbert strauss social report in your hands.	✓
There is internal communication to staff on current sustainability activities.	ONGOING	All employees have been provided with information on current engelbert strauss sustainability activities – through the e.s. magazine ROTWEISS, on noticeboards and through workshops on sustainability.	✓

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

DIALOGUE WITH STAKEHOLDERS

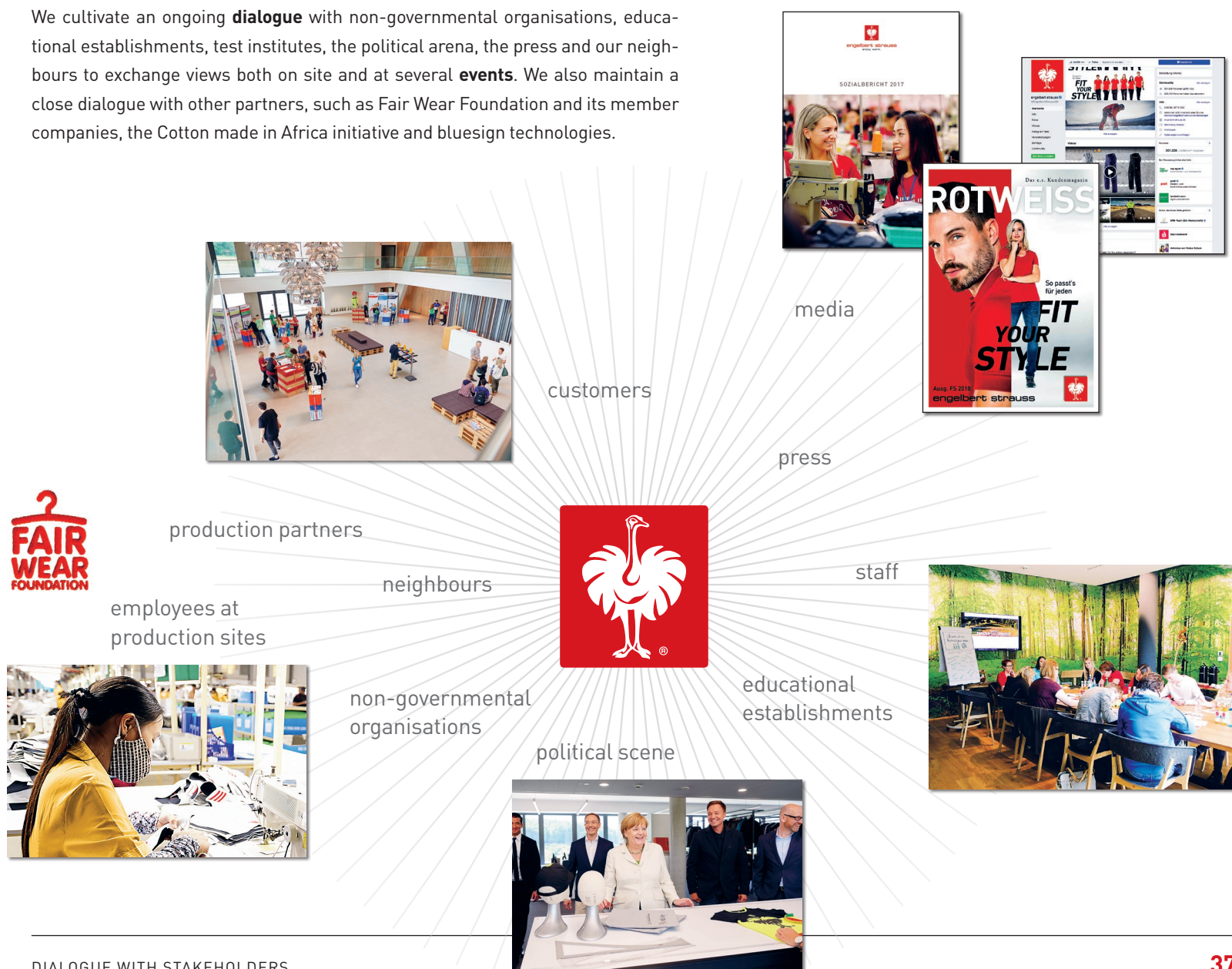
Our social interest groups (stakeholders) have diverse wishes and expectations of engelbert strauss. These include employees, customers, production partners and their staff, non-governmental organisations, the political arena, the media, educational establishments and our neighbours.

Every day we receive enquiries relating to people and the environment. We keep our interest groups informed in a number of different ways. Our social report offers customers and interested parties an insight into the working conditions in our production operation. We provide up-to-date information on sustainability at engelbert-strauss.de/sustainability. In addition, we are in contact with our stakeholders by e-mail and telephone, in face-to-face meetings, on social media platforms and at trade shows.

Staff in customer service and the workwearstores® are offered **workshops** where they are encouraged to engage in open **discussions**. Information is also available to all staff in the canteen and in the REDWHITE e.s. magazine.

We cultivate an ongoing **dialogue** with non-governmental organisations, educational establishments, test institutes, the political arena, the press and our neighbours to exchange views both on site and at several **events**. We also maintain a close dialogue with other partners, such as Fair Wear Foundation and its member companies, the Cotton made in Africa initiative and bluesign technologies.

We look forward to any questions or suggestions on any aspect of sustainability. Please send them to: sustainability@engelbert-strauss.com



COTTON MADE IN AFRICA

Cotton made in Africa (CmiA) is the largest initiative working in support of sustainable cotton from Africa. CmiA promotes efficient and more environmentally friendly cultivation methods to improve the working and living conditions of hundreds of thousands of smallholders in Sub-Saharan Africa. engelbert strauss has been supporting this initiative since 2013.

WHAT IS THE INITIATIVE ACHIEVING?

Cotton made in Africa takes an entrepreneurial approach, aimed at adding social and environmental value. The initiative is therefore building an alliance of international textile corporations, which specifically demand sustainably produced and CmiA-labelled cotton from African smallholders on the world market for further processing by registered partners. At the same time, CmiA provides regular training to help African smallholders independently produce sustainable cotton, thereby giving millions of local people opportunities for the future. The Aid by Trade Foundation, which launched the initiative, is also committed to environmental and social projects in Africa.

„I am proud to be a cotton farmer because cotton is an important raw material for fashion around the world. Through the trainings I receive from Cotton made in Africa I can better support my family and have access to other farmer groups. With the help of these trainings I was able to increase my cotton yield which enabled me to finalize the construction of my house and pay the school fees for my children. [...] My wish for the future would be that more consumers all over the world show interest in where the cotton for their clothes comes from.“

Baluku Bayeya, farmer in Uganda



WHAT WERE THE HIGHLIGHTS IN 2017?

Various projects in cotton-growing regions were successfully completed last year. For instance, one project involving international and local partners saw several African villages being supplied with clean drinking water and sanitary facilities. This will significantly improve living conditions for the cotton farmers and their families. CmiA also supported the development of a goat and chicken farming operation in Zambia. This means that local women's groups can generate their own income, paving the way for their financial and social independence. The initiative's 'Wear a Smile' campaign was a communication highlight in 2017: by using this strong visual in the context of events and social media, CmiA raised awareness of African smallholders, their families and environmental protection.

IN WHAT WAYS DOES ENGELBERT STRAUSS SUPPORT THE INITIATIVE?

We support the initiative with the sale of numerous T-shirts and long-sleeve shirts made of cotton. In 2017, we increased our involvement significantly and offered more than twice as many Cotton made in Africa related products. The shirts are available in our online shop, via catalogue and in the workwearstores®.



BLUESIGN® SYSTEM

Workwear must often meet special and quite complex needs. All of the care and washing required for workwear, plus its constant use, place high demands on the materials and finish. In many types of work, the garment must also protect the wearer and therefore comply with statutory quality requirements and special standards. Besides insisting on high safety standards, we also incorporate health and environmental requirements into product development. In 2013, we signed up to the world's strictest textile standard and became a bluesign® system partner.

WHAT DOES THE BLUESIGN® SYSTEM MEAN?

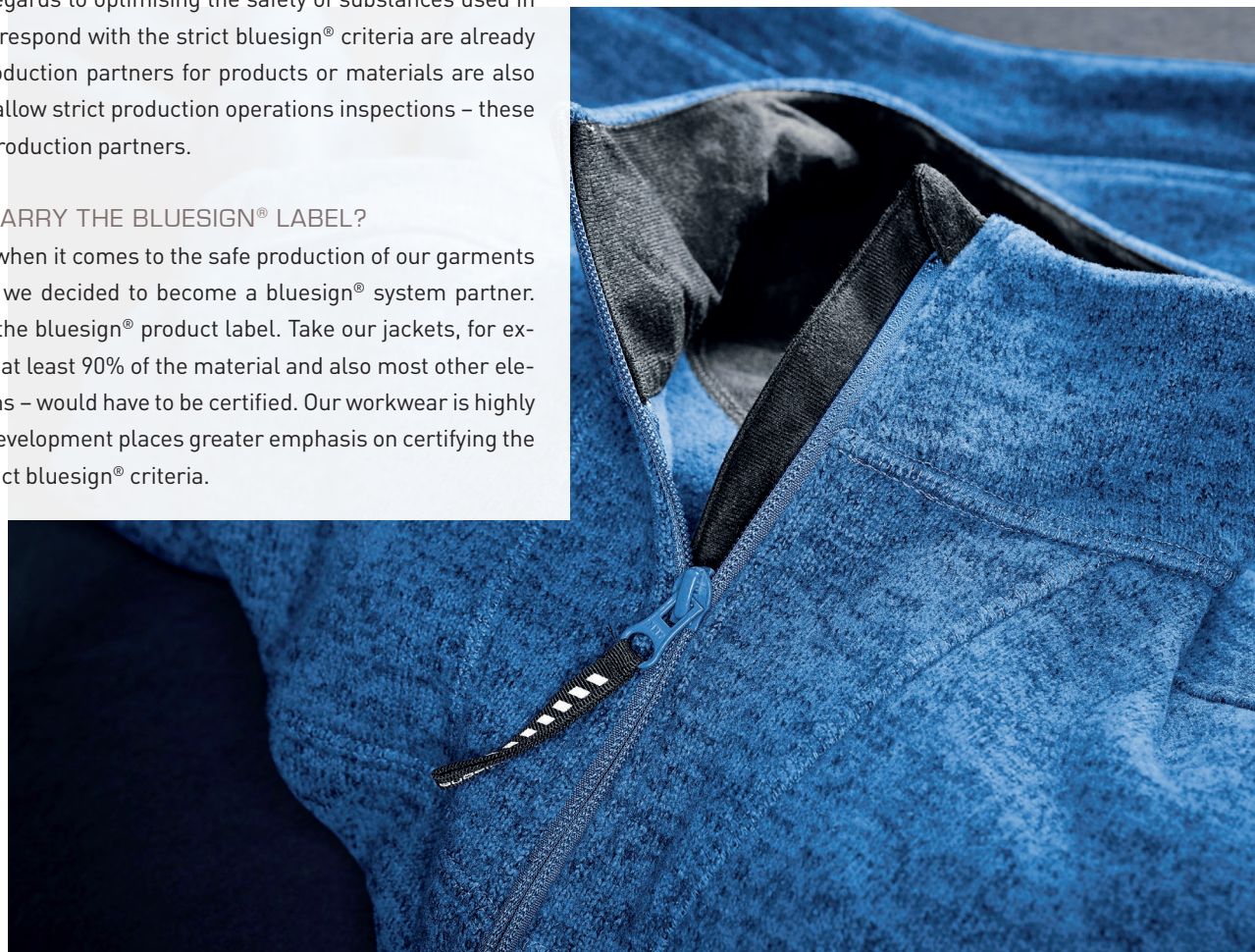
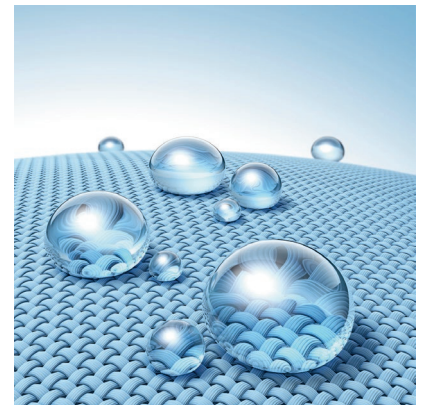
The bluesign® system is regarded as the world's strictest textile standard. Its basic principle is that substances harmful to health or the environment should never even enter into the production process, but rather be ruled out in advance. Instead of just testing the end product, the bluesign® system stipulates that components and procedures be examined at the product planning stage. This helps to eliminate the use of potentially hazardous substances from the very beginning.

WHAT DOES THIS PARTNERSHIP MEAN FOR ENGELBERT STRAUSS?

The aim of this partnership is to develop safe products which are monitored across the entire production process. The use of substances that are hazardous to the environment, climate and health are categorically excluded. Within the scope of this partnership we are consulting bluesign technologies in regards to optimising the safety of substances used in our products. Various textiles that correspond with the strict bluesign® criteria are already used in our clothing. Many of our production partners for products or materials are also bluesign® system partners and must allow strict production operations inspections – these include some of our most important production partners.

WHY DO E.S. PRODUCTS NOT CARRY THE BLUESIGN® LABEL?

We hold ourselves to a high standard when it comes to the safe production of our garments – every single item. Because of this, we decided to become a bluesign® system partner. However, none of our products carry the bluesign® product label. Take our jackets, for example. For these to receive this label, at least 90% of the material and also most other elements – such as zips, buttons and yarns – would have to be certified. Our workwear is highly complex and that is why our product development places greater emphasis on certifying the main fabrics used according to the strict bluesign® criteria.



FEELING GOOD ON THE JOB

engelbert strauss was again named Top National Employer in 2017, achieving first place in the category 'Clothing, shoes and sports equipment' among medium-sized companies. In Germany's biggest employee survey, Focus, XING and kununu wanted to find out once again who were Germany's best employers. More than 100,000 employees responded, rating their satisfaction with their managers, career prospects in their businesses, and more.

'enjoy work' is the engelbert strauss slogan. Within the company, too, the focus is on enjoying work. A pleasant working atmosphere and informal office culture sets us apart. We also place great importance on fair and respectful interaction with one another. Flat hierarchies, flexible working time models and personal support enable individuals to continuously enhance their abilities and incorporate them successfully into the company's work.

WHAT WAS NEW IN 2017?

Health and happiness took centre stage in engelbert strauss in 2017. Besides being offered more courses, such as meditation and yoga, employees have also had access to physiotherapy services since 2017. Other offerings include workshops and presentations on mental and physical fitness. Speakers for these have included the sports psychologist of the German national football team and a well-known German chiropractor. Furthermore, cooperation activities with the national Fürstenberg Institute mean employees can now access an anonymous advice service when experiencing professional or personal difficulties.

WHAT MAKES US HAPPY?

The search for an answer to this question took engelbert strauss trainees to Bhutan, where happiness is the country's top objective. Bhutan, the last Himalayan kingdom in southern Asia, primarily measures prosperity by gauging its citizens' happiness levels, rather than through economic factors. The trainees had the opportunity to meet all kinds of people on their journey and pick up spiritual insights. They used social networks to keep their colleagues informed of their experiences and encounters. At the same time, employees in Biebergemünd attended special yoga and meditation courses and found out more about happiness from trainers from Bhutan as part of 'engelbert strauss Happiness Week'.



"We want to be a pioneer in the development of our products and also the well-being of employees."

Steffen Strauss,
co-chief executive of e.s.

CLIMATE-NEUTRAL DELIVERY

Numerous parcels travel hundreds of kilometres every day to get from our logistics centres to our customers. Working with the courier company GLS, we have been sending out parcels on a climate-neutral basis since the start of 2014.

HOW DOES CLIMATE-NEUTRAL DELIVERY WORK?

GLS's ThinkGreenService calculates the CO₂ emissions generated by sending out parcels. Based on the amount calculated, we then invest in a certified climate protection programme via the PRIMAKLIMA e.V. non-profit organisation. The aim of the project is to protect biodiverse, tropical forests and biodiversity in general. At the same time, the project is creating numerous sustainable jobs for the local population. The programme is verified in accordance with the established Verified Carbon Standard.

WHAT DEVELOPMENTS WERE THERE IN 2017?

The reforestation project in Malaysia, which engelbert strauss has supported since 2014, was completed in February 2017. Current activities are largely focused on preserving and protecting the forested area. Besides tending to the trees, this also means keeping the roads in good condition and preventing forest fires during dry spells. The risk of fire fell considerably last year due to the recovery of the forest.

We have been supporting a new project in Indonesia/Borneo since 2017. This project also aims to protect the tropical rainforest so that it remains a valuable habitat for numerous endangered animal species, such as the Bornean orangutan and the sun bear, the world's smallest bear. The project also promotes access to education and health protection for people in the region. Accordingly, water filters are distributed throughout the region to improve the local health situation.

In the four years of our participation in the project in Malaysia, the parcels we have sent have led to around 4,900,000 square metres of local woodland being protected. The total area is equivalent to approximately 686 football pitches. In Indonesia, the atmosphere was spared some 4,950 tons of CO₂ within one year through the protection of a woodland area covering 1,336,000 square meters. The total area is equivalent to approximately 187 football pitches.

