



SOCIAL REPORT 2018

BANGLADESH
SUSTAINABILITY
PRODUCTION



BANGLADESCH

»
BANGLADESH IS A
COUNTRY THAT HAS
SEEN ITS SHARE OF
CONTROVERSY. WE
WOULD LIKE TO OPEN
PEOPLE'S EYES TO AN-
OTHER BANGLADESH.

HENNING STRAUSS



BANGLADESH

BANGLADESH WILL IMPRESS YOU

+++ Why we are proud to manufacture in Bangladesh.

Bangladesh. Bustling streets, myriads of busy people, rickshaws boldly weaving their way through the crowds. A vibrant setting. Like a busy scene from a hidden picture book. Often the country is associated solely with questionable working conditions, however.

We have formed our own impressions first hand – Bangladesh has become our most important country of production. We have been impressed by the warmth of the people since day one. This has helped us to establish good partnerships based on trust

over the years – and even personal friendships in some cases. This trust and stability enable us to further improve production conditions.

We are also impressed by the willingness of Bangladeshis to invest, which proves to us their firm belief in their own country. And we, too, are investing in the country together with a partner – by constructing the world's first Workwear Academy. The 'campus in a rice field' is taking shape in picturesque surroundings.



BANGLADESH

PROUDLY MADE IN BANGLADESH

Everything began back in 2006, initially with T-shirts, polo shirts and sweatshirts. Joint investment in technology and training has taken our production partners to a new level.

» We have also been manufacturing sophisticated cargo trousers and high-quality winter jackets in Bangladesh since 2012. We are proud to have achieved this in a country that is only getting started in terms of its economic development in many sectors », said Henning Strauss.

Our production facilities are among the best in the country. At many of our partners, seamstresses are paid far more than the national average. By investing in technical infrastructure and training and by working closely with our partners, we have been able to create the necessary conditions for the production of sophisticated products. This also means greater added value in Bangladesh. Of course, there is still a lot to do yet in the country. That is why we have decided to become actively involved in education there as well. Students at the Asian University for Women in Chittagong can do a summer traineeship at our headquarters in Germany.

» engelbert strauss thanks the people of Bangladesh for their support in our company's successful developments. We have a close connection with the country, as a company, but also as a family. We believe that our local activities can help effect change », said Steffen Strauss.

Working within our sustainability team, trainees focus on topics such as recycling management, environmental awareness and female empowerment. In this way, engelbert strauss encourages an exchange that is beneficial to everyone. We learn a great deal about the country's culture and distinct identity. The young women, meanwhile, take plenty of knowledge about sustainable business back with them to Bangladesh.

CAMPUS IN THE PADDIES

We are currently building our 'campus in the paddies' in Chittagong – the world's first Workwear Academy – with our partner in the country's rural south. This is where the workwear of the future will be made, where we will test and operate the most advanced processing technology available in the world of textiles. With our long-standing production partners located right nearby, we will be able to provide extensive training to young employees.

And we will use our close proximity to create even greater transparency. In impressively scenic surroundings, we are building a facility where we can engage in dialogue with our stakeholders – right in the place where we are committed to improving social standards. We will take our employees with us to Chittagong, where they will be able to see for themselves the roots of our products. And we will invite partners, non-governmental organisations, journalists and other interest groups to visit our 'walk-through social report'.

We want to create new images in people's minds. Our vision of a future Bangladesh, you might say. This is being manifested in our Chittagong campus: with more complex textiles and greater added value. Bangladesh will impress you. Bangladesh is a vibrant, growing and evolving country. And engelbert strauss is delighted to already say today that its products are 'Proudly made in Bangladesh'.



CONTENTS

ENGELBERT STRAUSS	02
Facts & figures	02
Products	03
SUSTAINABILITY	04
Organisation & Management	04
Dialogue with stakeholders	05
Areas of emphasis	06
PRODUCTION	09
Production countries	10
Production cycle & purchasing criterion	12
Selection & further development	14
Code of Conduct	16
Audit results 2018	18
Bangladesh	20
China	22
Italy	23
Pakistan	24
Romania	25
Zimbabwe	26
Sri Lanka	28
Vietnam	29
Supplier training	30
FWF complaints procedure	31
Overview production partner	32
Objectives & achievements	36
PRODUCTS	38
bluesign® system	39
ENVIRONMENT	40
Environmental protection in shipping	41
SOCIETY	42
Cotton made in Africa	43

DEAR READER,



‘Proudly made in Bangladesh’ – that’s quite a statement! engelbert strauss has been associated with the country for many years – together with our long-standing partners, we have succeeded in producing increasingly sophisticated products in a good working environment. Bangladesh has become the most important production location for engelbert strauss.

Obviously, we benefit significantly from now being in a position to produce our complex products economically and efficiently there. This social report shows that these advantages also go hand-in-hand with good working conditions and rising prosperity for the people involved. We believe that we can make an important contribution to the country’s sustainable development through our local activities.

As a family company, we are committed to sustainable principles. We take responsibility for the people that make our products. We help our production partners develop further.

We shine a light on our activities in the following pages. We invite you to take a look behind the scenes.

Yours, the Strauss family

FACTS & FIGURES

ESTABLISHED

1948

MANAGEMENT

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

LOCATIONS

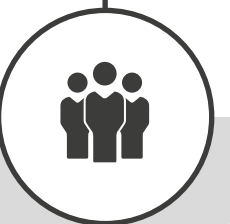
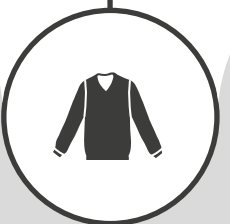
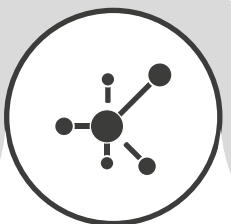
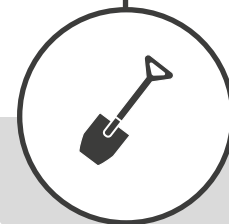
workwearstores® in Biebergemünd (Frankfurt), Hockenheim (Mannheim), Bergkirchen (Munich) and Oberhausen (Düsseldorf) as well as 10 wholly-owned national subsidiaries in Europe

PRODUCTS

Work shoes, workwear, safety gear

EMPLOYEES

about 1,200



HEAD OFFICE

Biebergemünd/
Frankfurt am Main,
Germany

CUSTOMERS

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

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

SALES CHANNELS

Online-Shop,
catalogue,
own stores

CI FACTORY

The production facility in Germany is expected to be completed in 2020.

- Capacity of up to 400,000 shoes per year in the fully transparently operated shoe production facility
- Photovoltaic system with 800 kWp output – equivalent to the consumption of some 200 households
- Approximately 300 new jobs and apprenticeships

PRODUCTS



Work shoes, workwear, safety gear – we equip our customers from the skilled trades, industry, and service sectors from head to toe.

Important for our corporate customers: Over 80% of our products are always available, and twice per year (Spring/Summer, Autumn/Winter), we present a range of new products and colorful attire.

FOOTWEAR

The right shoe whatever the job – from work shoesto safety shoes and for protection classes S1–S5.

CLOTHING

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

SAFETY GEAR

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

SUSTAINABILITY

ORGANISATION & MANAGEMENT

For us sustainability means bringing social, ecological and economic aspects of our work into line with each other. We take responsibility for our business activities, for the people involved and for the environment.



HENNING AND STEFFEN STRAUSS

engelbert strauss is a family business. This is one of the reasons why it is important to Steffen and Henning Strauss that we take responsibility for the environment and for the people who manufacture the products. Both chief executives have played a key role in shaping the sustainable approach to business taken at engelbert strauss in recent years.

What does sustainability mean for engelbert strauss?

Steffen Strauss: For us, sustainability means bringing social, ecological and economic aspects of our work into line with each other. The four areas on which we focus are our products, their production, the environment and society. 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.

How is sustainability anchored in the company?

Henning Strauss: 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 are developed in tandem with them and purchasing decisions are taken. The

important area of sustainability is thus directly linked to relevant processes.

Where are the challenges?

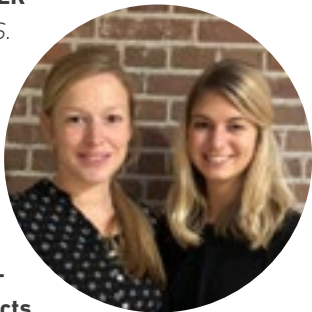
Henning Strauss: As the market leader, we are subject to greater scrutiny than our competitors – especially when it comes to sustainability. It is our duty to lead by example. Maintaining transparency and credibly communicating our commitment to the environment and people involved in production are a challenge, especially given increasingly complex supply chains.

How does engelbert strauss set a good example?

Steffen Strauss: We have been a member of Fair Wear Foundation (FWF) for two years. We intend to expand our activities aimed at ensuring a good working environment in production. We are now gradually implementing the strict FWF requirements in our manufacturing processes.

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

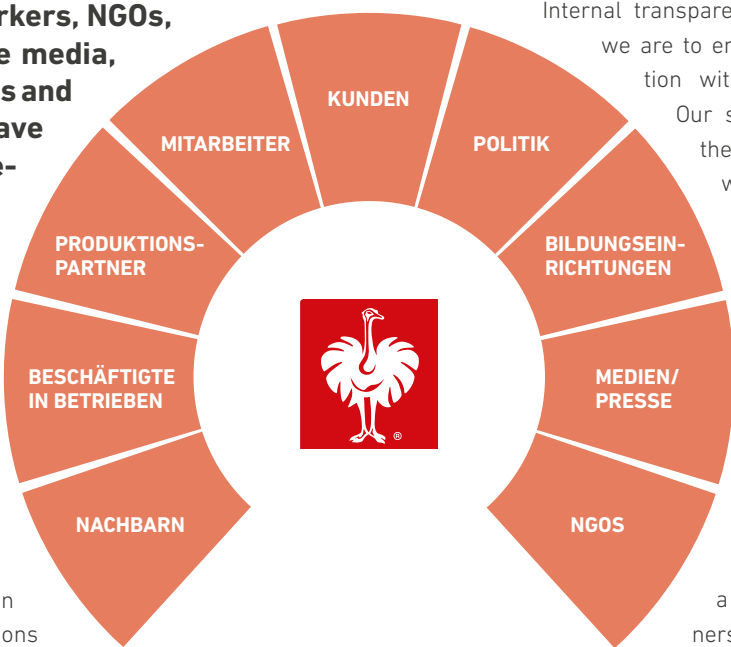
» We are continuously refining our sustainability activities. Our job is to make sure our colleagues and production partners are aware of social and ecological aspects and we are constantly developing to enhance strategies and processes, and drive projects forward. For example, we assess whether potential production partners meet our social and environmental standards. And we discuss with our partners how they might further improve and develop training programmes for them. This means we face interesting challenges every day. «



DIALOGUE WITH STAKEHOLDERS

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

We receive every day enquiries from our customers, relating to our social and environmental standards. 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 operations. We provide up-to-date information on sustainability at engelbert-strauss.de/sustainability. Furthermore, 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.

Internal transparency is especially important if we are to ensure transparent communication with our external stakeholders. Our staff in customer service and the workwearstores® are offered workshops where everyone is encouraged to engage in open discussion of sustainability.

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

PARTNERSHIPS



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.



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.



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



engelbert strauss supports the Cotton made in Africa initiative and thereby sustainable cotton production in Africa.

AREAS OF EMPHASIS

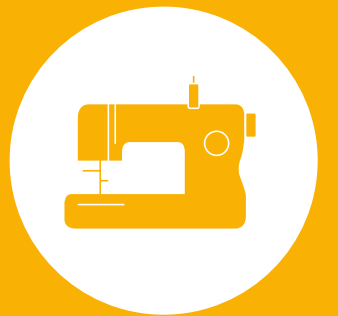
+++ What are we focusing on?

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

PRODUCTION

WORKING IN PARTNERSHIP

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



PRODUCTS

HIGHEST QUALITY STANDARDS

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



ENVIRONMENT

ENVIRONMENTAL AWARENESS IN ALL COMPANY DEPARTMENTS

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



SOCIETY

COMMITMENT LOCALLY AND WORLDWIDE

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

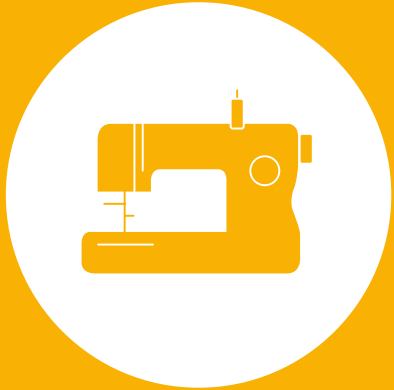




As a family company, we are committed to sustainable principles. We take responsibility for the people that make our products.”

THE STRAUSS FAMILY

PRODUCTION



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.

PRODUCTION COUNTRIES

+++ Where are the products made?

In 2018, we manufactured our products in 31 countries around the world – in Europe, Asia and Africa. The largest proportion is produced at partner businesses across Asia.

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 additional main locations. The countries highlighted on the map are home to our sewing operations, in which usually the main part of the production takes place. Here the individual materials, such as fabric, buttons and zips, are combined to create garments. For an overview of our production partners, please see p. 32-35.

Country	Number of Sites	Share of Production Value
BOSNIEN HERZEGOWINA	1 SITE	0,03 % PV
MAZEDONIEN	1 SITE	0,07 % PV

**DOES ENGELBERT STRAUSS
ALSO HAVE ITS OWN PRODUCTION SITES?**

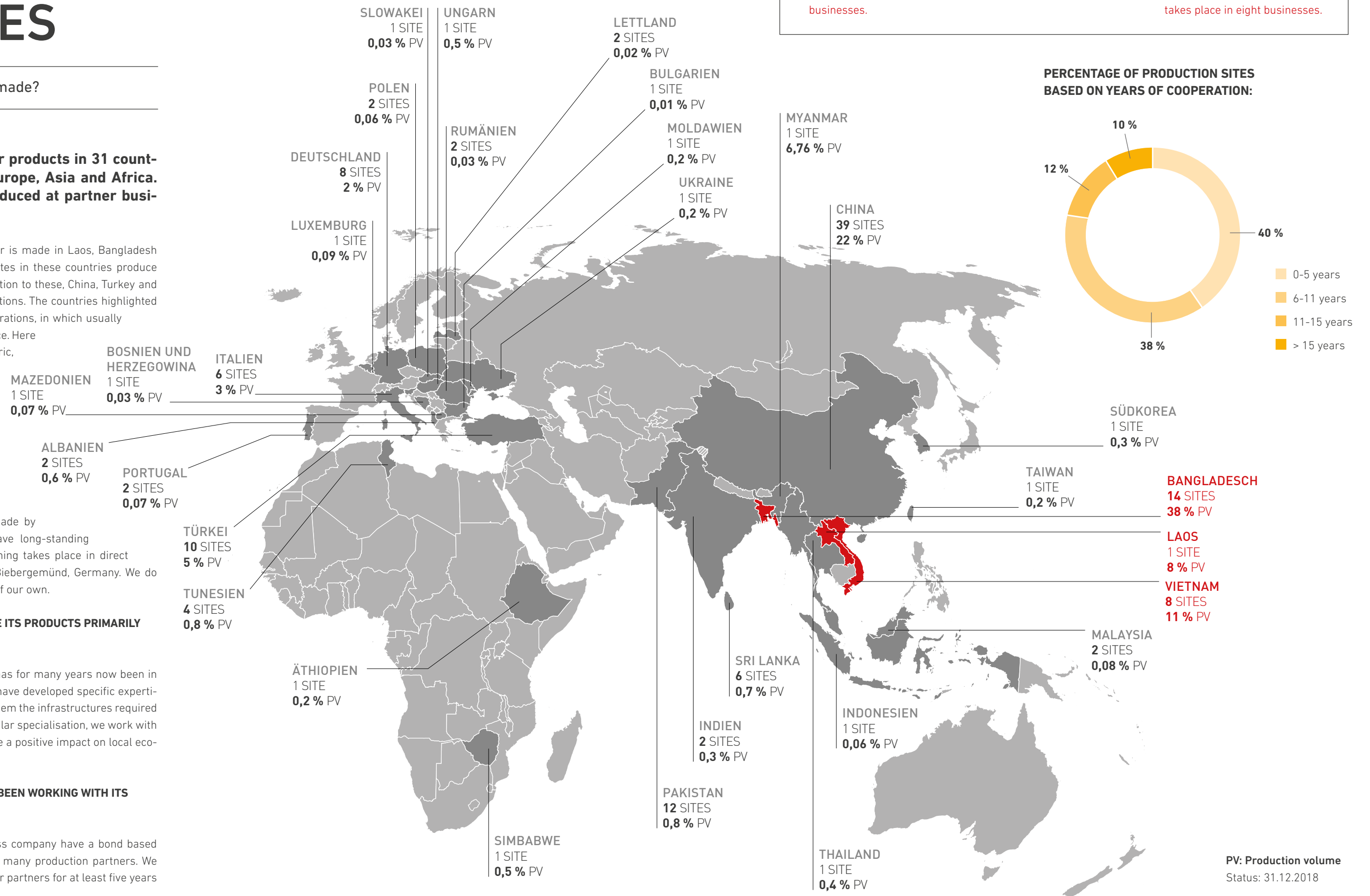
Most engelbert strauss products are made by production partners with whom we have long-standing business relationships. Production planning takes place in direct consultation with engelbert strauss in Biebergemünd, Germany. We do not, however, have any production sites of our own.

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 and have a positive impact on local economic development.

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

The Strauss family and engelbert strauss company have a bond based on trust and years of collaboration with many production partners. We have been working with 60 percent of our partners for at least five years already.



PRODUCTION CYCLE & PURCHASING CRITERIA

+++ Which processes are behind our products?

We develop our products and collections in co-operation with our suppliers. These partnerships are founded on stability and trust. This is a good basis in which we are actively engaged in the well-being of those involved in production and the environmental consequences.

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 releasenew 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.

HOW DOES THE PERMANENT RANGE AND LONG-STANDING COOPERATION HAVE A POSITIVE IMPACT ON SOCIAL STANDARDS?

For our production partners, it meansgreater stability, planning certainty and trust. Specifically: as production processes and working hours can be planned further ahead, overtime can be avoided. engelbert strauss can exert a positive influence on the working environment over the medium and long term. 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.

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 account for this.

HOW ARE PRICES SET?

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

HOW DOES ENGELBERT STRAUSS SELECT NEW SUPPLIERS?

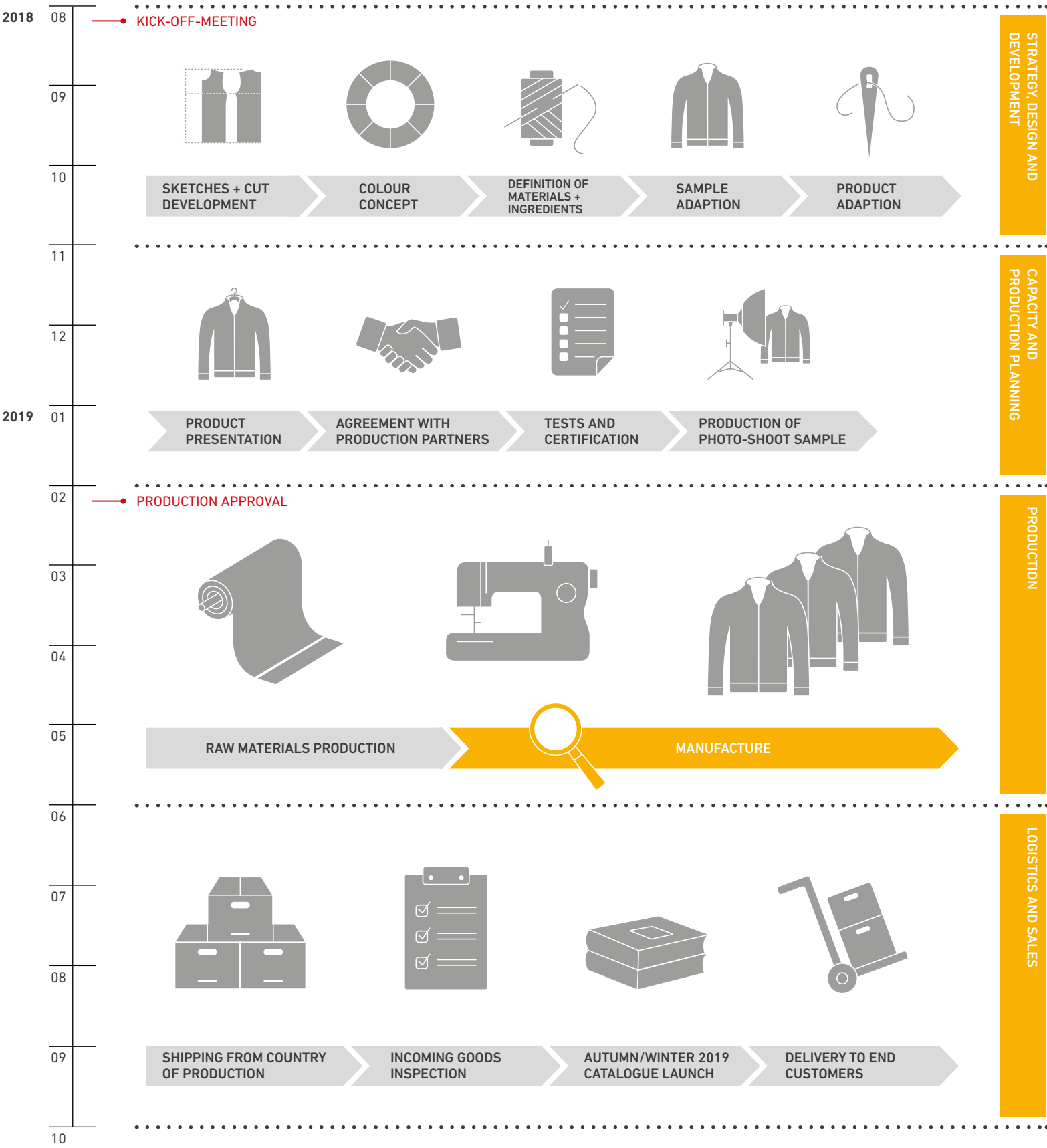
Quality, price, experience, reliability and sustainability – these are the most important criteria for us in deciding whether we want to work with a supplier. In relation to sustainability this means: if a potential manufacturer does not agree with our requirements and those of the FWF in terms of social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

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

FAIR WEAR FOUNDATION focuses on those phases of production where sewing is the primary manufacturing process. This is the area in which the most people are employed and where the most manual labour is involved. FWF believes that companies like engelbert strauss can have the greatest positive impact on working conditions in production in these areas in particular.



SIMPLIFIED PRODUCTION CYCLE, USING A JACKET AS AN EXAMPLE



SELECTION & FURTHER DEVELOPMENT

+++ How do we work with our production partners?

CODE OF CONDUCT

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

SELF-ASSESSMENT

Every production site has to fill out a self-assessment form, which provides us with valuable information about the production conditions. Additionally, it highlights to businesses the aspects of working conditions and environmental protection that are important to us.

ADVANCE VISITS

Visits to new production sites help us assess whether they meet our standards or have the potential to develop to reach our standards. We use our first impressions to weigh the risks and opportunities offered by new partners and even new production countries. We also speak with local stakeholders, Fair Wear Foundation and other brand manufacturers about the respective working conditions.

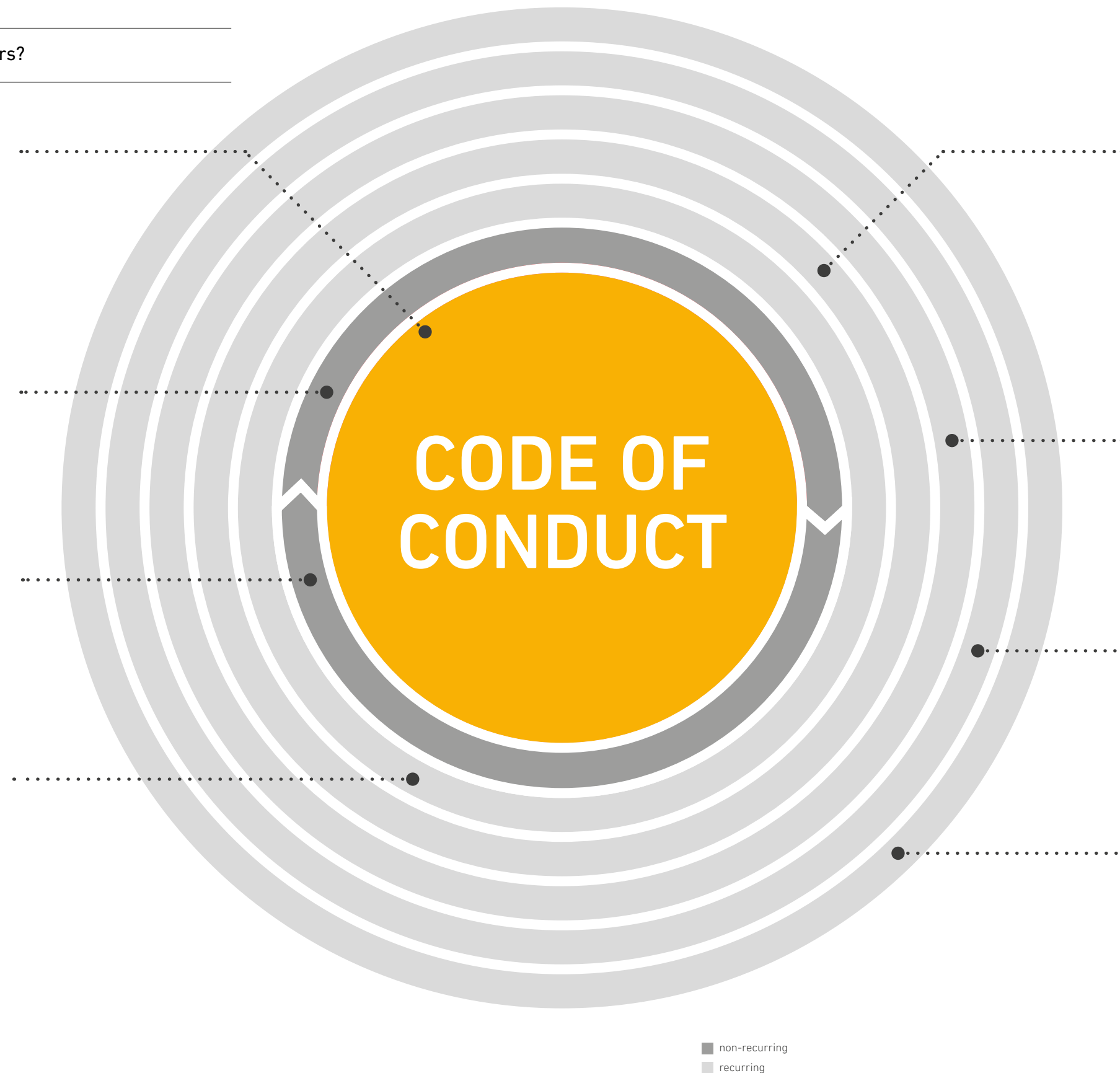
AUDITS

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

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

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

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



CORRECTIVE ACTION PLAN

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

SUPPLIER TRAINING

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

FOLLOW-UP VISITS

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

SUPPLIER ASSESSMENT

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

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



CODE OF CONDUCT

THE KEY POINTS OF OUR SUPPLIER CODE OF CONDUCT

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

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

MANAGEMENT PRACTICE

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

REASONABLE HOURS OF WORK

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

FAIR COMPENSATION

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

PREVENTION OF CHILD LABOUR

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

EMPLOYMENT IS FREELY CHOSEN

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

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

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

NO DISCRIMINATION

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

OCCUPATIONAL HEALTH AND SAFETY

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

ENVIRONMENTAL PROTECTION

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

AUDIT RESULTS 2018

+++ How were the companies evaluated?

Where have our production partners successfully implemented or even exceeded the required standards? In which areas are there still need for development? External, independent auditors have thoroughly inspected this on our behalf.

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

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

THE ASSESSMENT CRITERIA

MANAGEMENT PRACTICE

REASONABLE HOURS OF WORK

COMPENSATION

PROTECTION OF CHILDREN AND MINORS

EMPLOYMENT IS FREELY CHOSEN

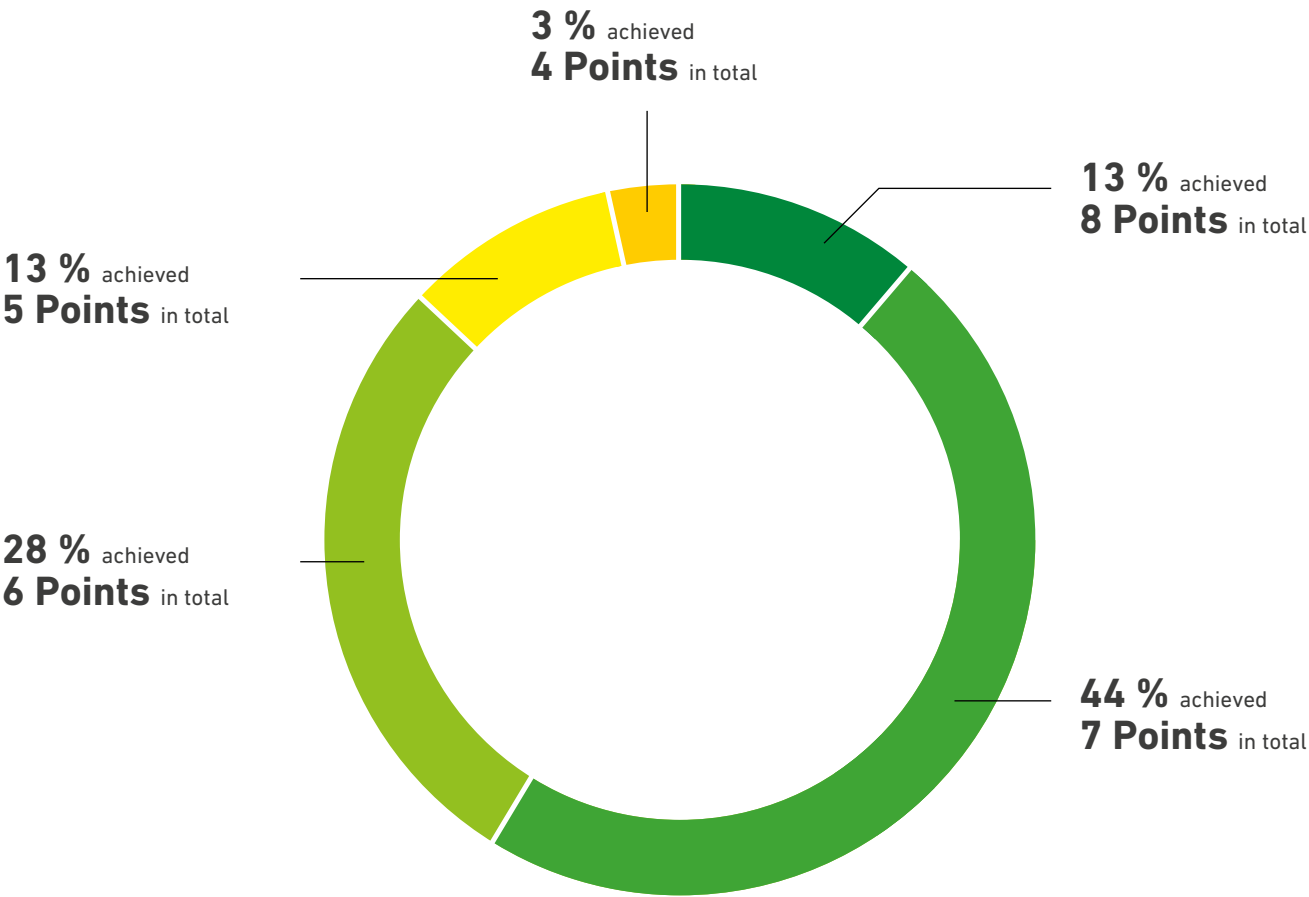
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

DISCRIMINATION

OCCUPATIONAL HEALTH AND SAFETY

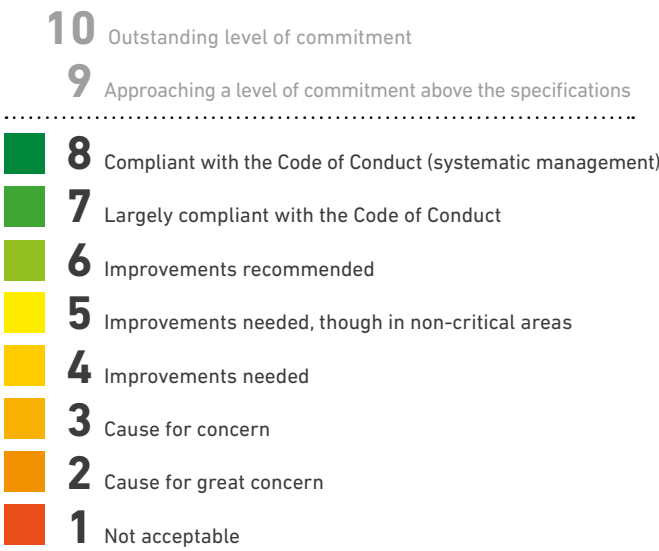
ENVIRONMENT

TOTAL POINTS SCORED OF THE PRODUCTION SITES AUDITED IN 2018



Almost all our products now come from audited production partners: the businesses in which 93 percent of our range is produced have all been audited at least once in the last three years. In 2018, a total of 29 audits was carried out at our production partners' premises. Fair Wear Foundation verified the results in three businesses. In another two follow-up visits, our auditors reviewed the progress made compared to the previous year's audit results. Advance visits were also made to three prospective production partners. During these visits, the auditors checked whether each 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. According to the overall results, 53 percent of the businesses were fully or largely compliant with the requirements of our Code of Conduct. Improvements were recommended for 28 percent of the production sites checked and deemed necessary in the case of another 16 percent. 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. We only had to terminate our cooperation with one production partner due, unfortunately, to poor audit results in 2017 and a lack of willingness to improve – more about this on the next page.



Ten percent of the audits were conducted jointly with other brand companies that have products manufactured at the same production sites.



◀ engelbert strauss visits production.

▲ Workers on their way to the production site.

PRODUCTION

BANGLADESH



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

Bangladesh is our most important production country. We manufactured 38 percent of our high-tech functional clothing with 10 long-standing partners there in 2018. We have audited every business at least once within the last three years. There were five audits, three advance visits and one follow-up visit in 2018.

Our largest production partner in Bangladesh was one of the businesses audited in 2018. This partner manufactures some 20 percent of all engelbert strauss garments. The Fair Wear Foundation auditors confirmed that our partner had been able to implement the social standards in a manner that was compliant or largely compliant with our requirements in almost all categories and, as a result, had achieved the full eight points in many categories and at least seven in all.

We also registered positive developments in relation to wages – as in previous years, our largest partners in Bangladesh once again provided evidence to the auditors of wages that were higher than average. Wages were also well above the statutory minimum at all of the other audited businesses. These are supplemented by a variety of bonus schemes, such as free apartments in residential facilities, free transport to and from work and heavily subsidised meals. Almost all production sites also have a medical facility or company clinic as well as childcare facilities.

The auditors' proposed improvements mostly related to the management of social standards, occupational health and safety, and environmental protection on site. For example, they criticised the fact that workers were not sufficiently informed about their rights and complaints mechanisms. We are working closely with the businesses on correcting this and helping them to improve, such as through joint training offerings with FWF.

The auditors identified further room for improvement in the area of occupational health and safety. FWF determined immediate action was needed at two businesses, as finished goods in corridors were blocking escape routes, for example. Both businesses immediately resolved these issues. We place special emphasis on fire and building safety in all audits in Bangladesh.

Twelve of the 14 partner businesses took part in the Accord on Fire and Building Safety in Bangladesh or the Alliance for Bangladesh Worker Safety in 2018. Another business committed to a national initiative in this area. All Accord and Alliance activities ceased in Bangladesh on 31 December 2018. The auditors were able to confirm in the 2018 audits that the businesses had fully implemented the corrective measures required under these programmes, apart from one business which achieved 99% compliance. One business did not sign up to any of the initiatives and refused to take corrective action to the extent necessary, even

after intensive discussions, so we decided to terminate our cooperation. Overall, we are pleased with the continuous improvement in the implementation of our Code of Conduct evident at our major partners. Only one small business showed a considerable change for the worse compared to the 2015 audit. It was found that management at this business had provided the auditors with falsified working time documents. This led to a downgrade to three or four points in the 'Hours of work', 'Compensation' and 'Employment is freely chosen' categories.

Meanwhile, another long-time business that has been manufacturing gloves for us developed positively. While there had still been many deficiencies in 2017, especially in relation to excessive overtime, we now found improvements in all categories in a follow-up visit. We were especially pleased that the business had joined with worker representatives in developing a new concept to avoid overtime. At the time of our visit, the concept was near to launch.

▼ Our partners have developed an outstanding level of expertise in the production of sophisticated textiles.





◀ The auditor speaks with the staff.



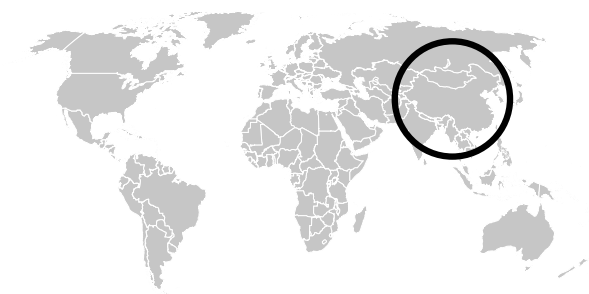
▲ An employee explains the packaging processes to the auditor.



▲ Finishing touches on the boots.

PRODUCTION

CHINA

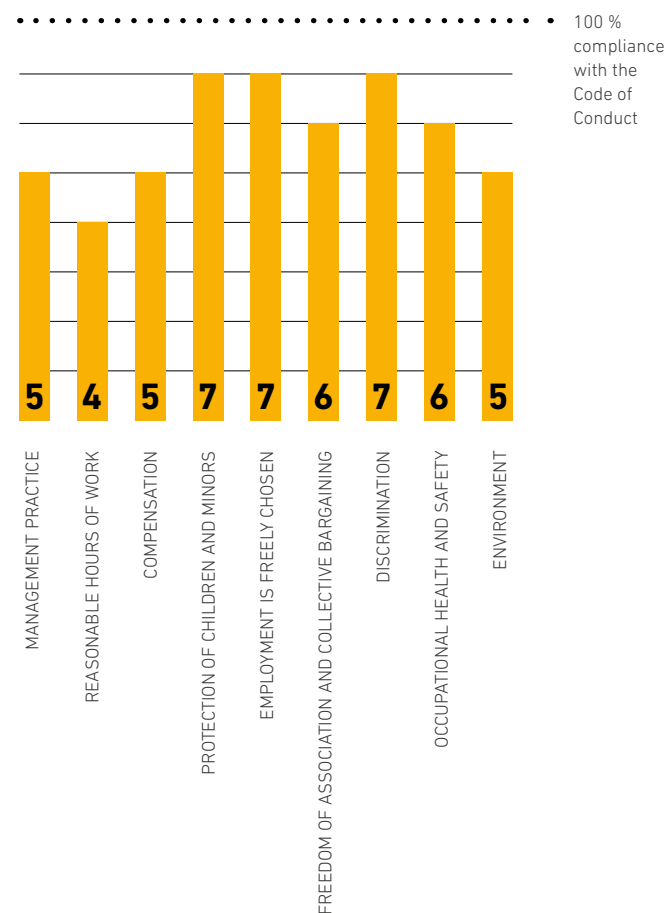


The People's Republic of China is a socialist country in East Asia. China's economy has seen unprecedented growth for many years. No other country in the world has developed so quickly. This in particular means that there are still some developmental challenges that also affect the textile and shoe industries.

China is an important country to us for the manufacture of functional clothing and shoes. We currently manufacture in a total of 39 businesses there. We conducted 11 audits in China in 2018, 10 of which were repeat audits.

The auditors found that progress had been made at seven of the audited businesses, particularly in the areas of occupational health and safety as well as freedom of association and collective bargaining. However, in other areas, the Engelbert Strauss Code of Conduct was not yet being implemented in full at these businesses. There is still a need for action in China in respect of management practice, working hours, compensation, occupational health and safety, and environmental protection in particular. We were especially pleased with the progress made in one business that we had already audited the previous year. While the auditors had been presented with falsified documents at the last audit, the business dealt openly and honestly with the auditors this time around. Furthermore, it had already implemented many of the points in our action plan. We aim to carry on promoting social dialogue within the production site, together with another FWF member, and have organised FWF training for management and workers following the audit.

One business audited for the first time did not achieve satisfactory results. During the audit, we found that the owner lacked some degree of knowledge about the implementation of social and environmental standards. We also identified this issue at another three businesses. Frequently, there were no timekeeping records in these businesses or those that existed were incomplete or opaque. This made it difficult to review the working hours and compensation. 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 sites. Therefore, our audits focus on raising awareness.



PRODUCTION

ITALY



Italy is a manufacturing country well-known for high-quality shoes. There are firmly established social and environmental standards in this European country. Fair Wear Foundation therefore considers it a low-risk country, but also sees challenges in the area of occupational health and safety and with the lack of legally binding employment relationships.

In Italy, we primarily cooperate with small family businesses which usually employ 15 to 100 workers. Our high-quality safety shoes in particular have been produced there for many years. In 2018 we audited all five businesses for the first time. The auditors confirmed the consistently good implementation of our requirements. The factories proved compliant or largely compliant with the Code of Conduct in respect of almost all criteria. The businesses especially received a full score of eight points in the 'Hours of work', 'Compensation', 'Protection of children and minors', 'Employment is freely chosen' and 'Discrimination' categories. Excessive overtime was not a problem in the audited businesses: there was never any overtime in three of them and the little overtime there was in the other two was within the limits of the law. Wages were in line with the respective sectoral collective agreement and were well above the statutory minimum in all cases. Men and women received equal pay. All workers were legally employed.

Where improvements were suggested, management proved very open in each case and discussed these enthusiastically with the auditors. These included, for example, the fact that workers in most of the businesses were not aware of Fair Wear Foundation, workers' rights or complaints mechanisms. This will be improved through training. One very small business also uses different subcontractors for individual production steps. Management indicated that it was willing to more closely examine the working conditions at the subcontractors' sites in the future. The auditors also recommended a number of improvements in relation to workers' health and safety. These especially included correctly labelling chemicals and providing suitable protective clothing and safety gear for dangerous work activities such as cutting materials. Empty chemical containers were not always being stored correctly, either, which led to a downgrade in the 'Environment' category. The auditors confirmed that one business was exemplary in its approach to environmental protection: it generates a third of the electricity it consumes on site by means of photovoltaics and has installed a powerful new wastewater system.





^ This is where our gloves are made.

^ This is where our trousers are made.

PRODUCTION

PAKISTAN



Pakistan is an Islamic nation in South Asia. Ethnic/religious conflict is still widespread in this unstable country. Nevertheless, Pakistan is distinguished by its strong economic performance and growing middle class.

We mainly manufacture gloves in Pakistan. We audited two production sites in Pakistan in 2018. Both were repeat audits. The production sites are run by one partner, with whom we have already been developing and manufacturing the majority of our gloves for many years. Based on our good level of cooperation, we have been able to make progress together towards the implementation of social and environmental standards.

The two production sites received differing results. One of the businesses can be considered progressive. The other, however, had made few improvements since the last audit. It was clear that management there had tried very hard to work on the measures from the last audit but could only implement some of them. As is common in Pakistan, casual workers deployed at various production sites, often with no social benefits or contracts, were carrying out some of the manufacturing in this business. Therefore, there was occasionally a lack of transparency in piece rate and overtime calculations. However, the business did show improvement in its handling of chemicals. It was able to take the steps needed to increase occupational safety for workers.

The auditors were positively surprised by the other business. They reported that management had built up a great deal of knowledge about social and environmental standards over the past few years. All aspects of the previous audit had been successfully implemented.

We plan to further support the production site where significant deviations were identified and to carry out on-site training next year. We hope that this will create awareness of social and environmental standards among management and workers.



PRODUCTION

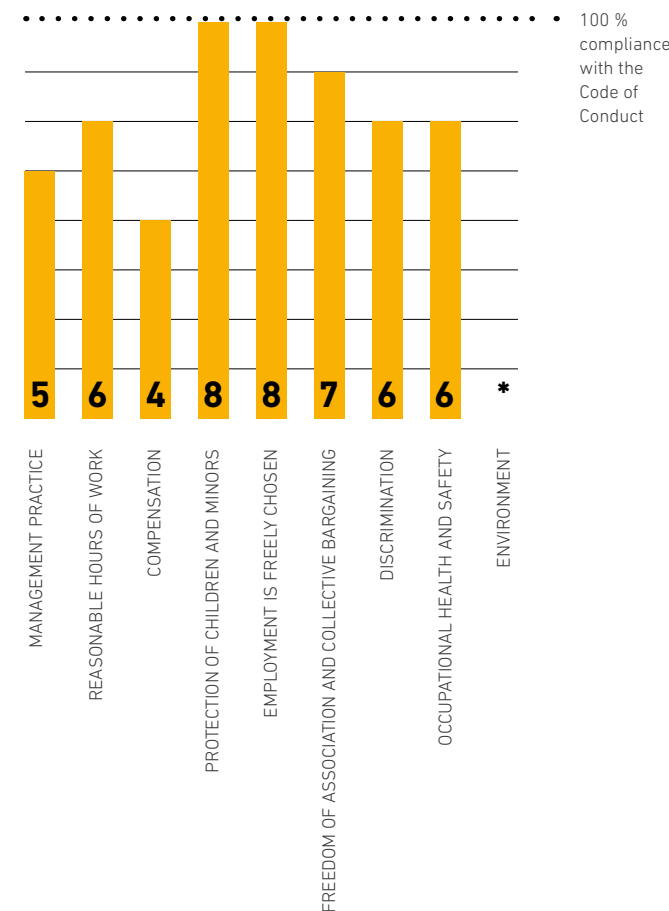
ROMANIA



The textile industry is one of Romania's most important economic sectors. Women make up the majority of workers. Even though Romania is a member of the European Union, Fair Wear Foundation still considers it a high-risk country because of low wages and weak union representation.

We have been working for many years with a German partner that manufactures products for us in Romania. This partner cooperates closely with a Romanian business. As our garments account for only a small share of overall manufacturing, it can be difficult for us to influence social and environmental standards in this production site. The business was first audited in 2012. FWF conducted another verification audit in 2018. The auditors were pleased with how openly the business dealt with the FWF requirements in the audit. They also praised the dialogue between management and workers. An effective complaints mechanism and permanent worker representation have been introduced since the last audit. However, workers knew little about the role and remit of such worker representation.

The auditors also found that there had been no improvements in some areas since the previous audit. Management still lacks knowledge of social and environmental standards. There were some deviations in respect of occupational health and safety. It was noticeable, for example, that management and workers showed poor knowledge of the necessary measures in this area. The auditors could not assess working times and wages either due to incomplete documentation. We consider this a critical matter and intend to work more closely with our partner and the business in the future to bring in systematic recording of working times and wages to ensure there is correct documentation. We also need to set up training units with the business to inform workers about occupational safety in production and train them accordingly.



* Environmental protection was not assessed in the FWF audit.



^ This is where our work trousers are made.

Charity Ngwenya is a deaf employee. She says she is pleased that she receives the same payment as her hearing friends.

PRODUCTION

ZIMBABWE



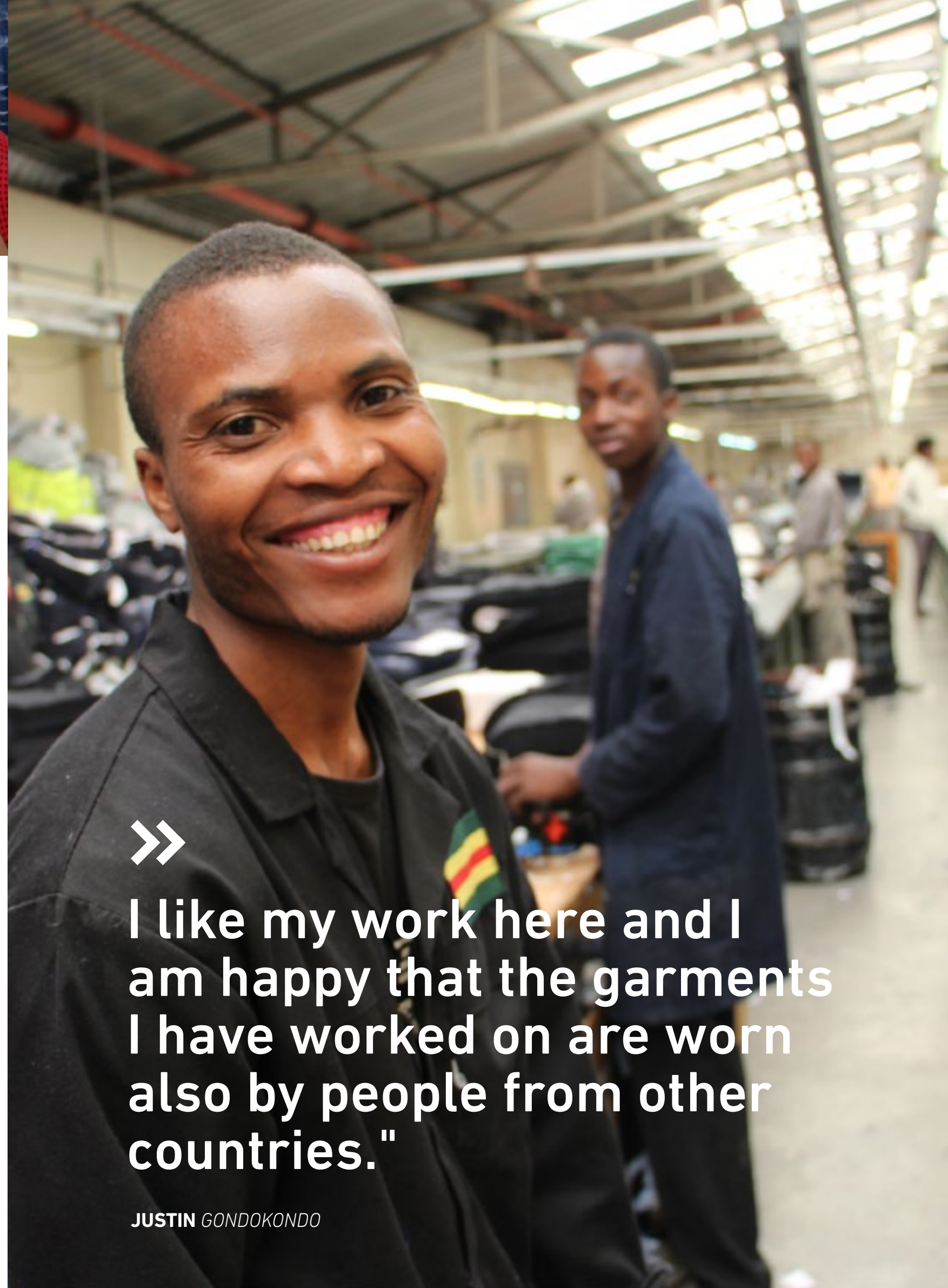
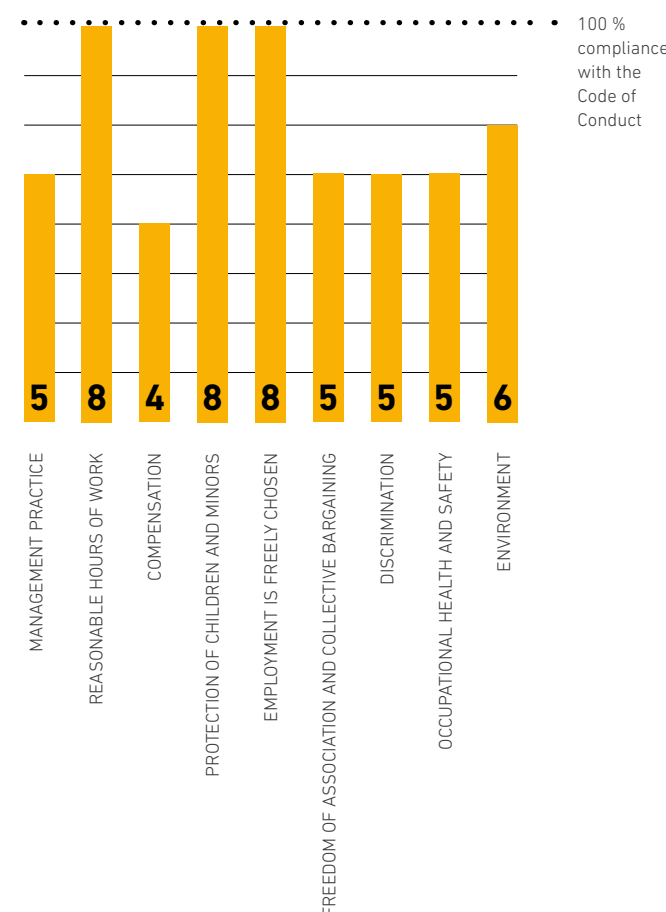
Zimbabwe is a landlocked country in southern Africa. The economic situation is strained. The country is struggling with an unemployment rate of currently 95 percent, a lack of infrastructure and cash shortages.

Our manufacturing in Zimbabwe is based on good friendship between the Strauss family and the production site. With a staff of some 1,300, our partner is an important employer for the country. As a member of the UN Global Compact, the world's largest corporate sustainability initiative, the business is also committed to ensuring responsible corporate governance. The production site was first audited in 2018. The auditors positively noted the exemplary management of working hours – there is little overtime. Furthermore, the business employs deaf people who are integrated very well without any discrimination. At the same time, the auditors noted that women and men are not yet being given equal job opportunities.

Overall, the audit found room for improvement in respect of almost all social and environmental standards. Only initial steps have been taken in relation to occupational health and safety in particular. The auditors provided details on the improvements needed and gave specific instructions on how these are to be implemented.

The business has repeatedly extended temporary employment agreements instead of offering workers permanent roles. Furthermore, a small percentage of staff receive a wage that is lower than the minimum wage required by engelbert strauss. The workers affected stated that they were not happy with the low wages but were extremely grateful to have a job in the first place. The business has recently introduced a bonus system through which workers can earn more. They also receive a healthy lunch each day free of charge.

Given the economic situation in Zimbabwe, we believe the necessary changes are challenging and are therefore taking a gradual approach. Frank exchanges regarding developments in the country and very constructive and friendly cooperation with the partner operation are a big help to us.



» I like my work here and I am happy that the garments I have worked on are worn also by people from other countries."

JUSTIN GONDOKONDO



^ The employee inspects the quality of the gloves.



^ Employees are off work.

PRODUCTION

SRI LANKA



Sri Lanka is an island country located southeast of India. Besides tea and coffee, it also exports textiles to the EU. The textile industry is an important pillar of this country's economy as well. Compared with other countries in Southeast Asia, Sri Lanka is considered well off. More than 90 percent of the population can read and write.

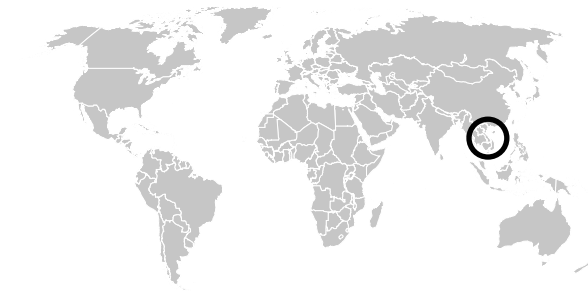
We conducted repeat audits at three businesses last year. These businesses mainly produce gloves for engelbert strauss and we have worked for more than 10 years with all of them. Even in previous audits, the businesses were found to be largely or completely compliant with our Code of Conduct. In the 'Compensation', 'Protection of children and minors' and 'Discrimination' criteria in particular, the businesses scored full points or even exceeded requirements. Workers' wages were well above the required minimum. Top-up payments, for example for good performance, supplement wages. Free meals and transport to and from work are also offered. Additionally, the auditors praised management's knowledge of social and environmental standards. Workers receive regular training on their employment rights and safety in the workplace. The businesses showed progress in the 'Hours of work' and 'Freedom of association and collective bargaining' categories in which auditors had recommended improvements in the previous audit. Overtime had been considerably reduced in one of the businesses through the introduction of shift work.

There were deviations from the Code of Conduct in relation to occupational health and safety. With regard to the safe labelling, use and storage of chemicals in particular, the businesses showed little or no improvement since the previous audit. The safety measures needed to protect workers and the environment were discussed and agreed once again during the audit. The auditors also recommended that workers be offered more training in this area. Additionally, we want to implement the Fair Wear Foundation complaints procedure in these businesses in the future and raise management and worker awareness of this.



PRODUCTION

VIETNAM



Vietnam, a coastal state in Southeast Asia, is currently experiencing rapid economic growth. The country's textile and shoe industries have gained considerable importance in recent years.

Vietnam is also one of the most important production countries for engelbert strauss. Fair Wear Foundation verified a production site run there by one of our largest partners last year. Functional clothing are the main garments produced there, and we maintain a long-standing cooperation with this partner.

Overall, the results were pleasing. Previous audits had already indicated adequate compliance with the requirements of our Code of Conduct. The auditors rated management knowledge as well as the structure and organisation relating to social standards as very advanced. Direct dialogue between management and workers had also improved. Workers experiencing issues can approach management via various communication channels. They also receive regular training informing them of their rights and the available complaints mechanisms. The additional financial benefits paid to workers are particularly pleasing. For example, new workers are entitled to a starting bonus and families receive child benefits. The business also has active worker representation. However, most of the workers surveyed were not sufficiently informed about this.

The FWF auditors established that there had been too much overtime between April and September. Room for improvement was also identified in the area of occupational health and safety. We are now working together with our partner and another FWF member company to come up with solutions and implement measures for these and to continue to review progress.



* Environmental protection was not assessed in the FWF audit. However, we know from previous audit reports that the partner's commitment to environmental protection has exceeded our requirements to date.

SUPPLIER TRAINING

+++ How do we train the employees and the management?

Our audits are an important step towards ensuring our requirements and standards are implemented in the businesses. We also strengthen awareness of good working conditions at our production partners through training, workshops and seminars. In this way, we help them to improve their social and environmental standards.

Our sustainability team works closely with external organisations for this: we train our partners in Fair Wear Foundation (FWF) seminars and in the Workplace Education Programme (WEP). These address aspects of the FWF Code of Labour Practices, including working time and overtime regulations, provisions for health and safety in the workplace, and more. The FWF complaints procedure is a particularly important aspect of this. Trainers speak the local language and are familiar with the cultural etiquette in the respective countries. Five of our production partners signed up for the WEP in 2018 – in China, Vietnam and Turkey. Further FWF seminars and workshops were held in these countries and in Bangladesh. Our new production partner in Ethiopia took part in a United Nations Global Compact seminar.

One 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.

Three WEP training seminars were also held for workers and management in cooperation with long-standing production partners in Vietnam. These especially addressed safety in the workplace and the implementation of the FWF complaints procedure. The reports and feedback from our partners indicated the positive effects of the training on awareness of social standards.

A WEP took place again at our long-standing partner in Turkey. This time, the training served to convey specific information on internal communication. As Syrian and Turkish employees work together in this production facility on a daily basis, it is especially important to encourage dialogue. Workers and management were able to use role plays to help stimulate intensive discussion.



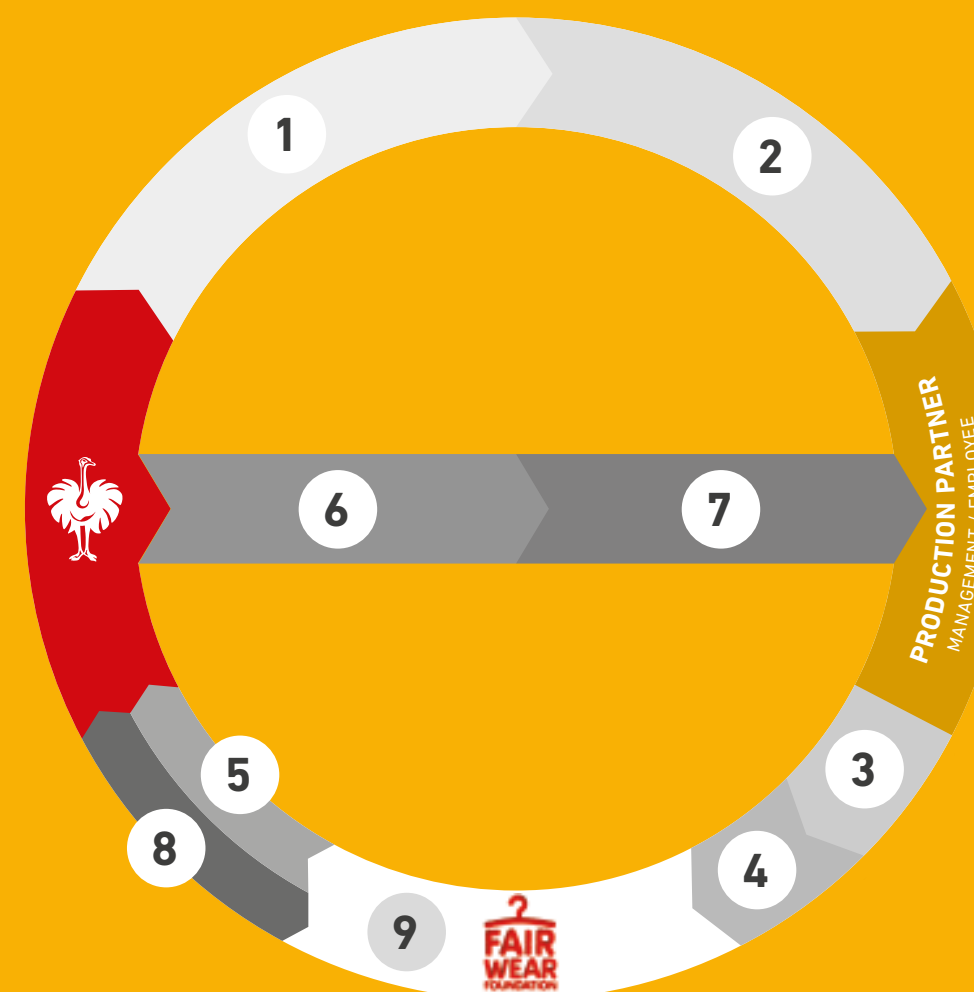
FWF COMPLAINTS PROCEDURE – FINDING SOLUTIONS TOGETHER

The Fair Wear Foundation 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.

Staff can use the complaints procedure to turn to an independent organisation. 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.

We explain the system to management and staff during training sessions and audits. All complaints and corrective action taken are published on the FWF website. We did not receive any complaint in 2018. Therefore, we want to further encourage workers to turn to FWF if they find themselves in a difficult situation. Complaints show us that staff at the production sites know their rights and that the system has been successfully established. They give us an opportunity to engage in direct dialogue with management on specific issues at the production site and find common solutions.





















COMPLAINT PROCEDURE


















- 1 FWF information sheet is posted in the production site.
- 2 Workers are given on-site training and informed about the complaints mechanism.
- 3 Production site workers submit a complaint.
- 4 An independent, local advisory team reviews the complaint and forwards it to FWF.
- 5 FWF notifies engelbert strauss. All parties discuss possible steps.
- 6 engelbert strauss draws up an action plan and enters into dialogue with management at the production site.
- 7 engelbert strauss carries out regular checks to ensure the relevant action is being taken.
- 8 FWF verifies the action taken.
- 9 FWF publishes the complaint and the action taken.

PRODUCTION PARTNERS












































The table shows an overview of the production partners who manufactured for us in 2018. These are sorted by production country and purchasing volume. We also show the external manufacturers whose brands we offer in our range.

























FWF NUMBER	PRODUCTION COUNTRY	PRODUCT CATEGORY	FIRST PURCHASE YEAR	PRODUCTION VOLUME	(YEAR) LAST AUDIT
10853	Albania	 Shoes	2004	0,528 %	2017
13760	Albania	 Shoes	2018	0,041 %	--
2910	Bangladesh	 Textiles	2013	20,350 %	2018
9325	Bangladesh	 Textiles	2013	7,185 %	2016
10876	Bangladesh	 Textiles	2011	5,232 %	2016
10861	Bangladesh	 Textiles	2010	2,181 %	2016
4868	Bangladesh	 Textiles	2008	0,935 %	2018
10963	Bangladesh	 Textiles	2015	0,246 %	2018
9686	Bangladesh	 Caps & Hats	2016	0,186 %	2018
10845	Bangladesh	 Gloves	2012	0,164 %	2017
10948	Bangladesh	 Textiles	2014	0,156 %	2017
10957	Bangladesh	 Textiles	2015	0,117 %	2016
10949	Bangladesh	 Textiles	2014	0,084 %	2016
10954	Bangladesh	 Textiles	2013	0,071 %	2017
10955	Bangladesh	 Textiles	2009	0,018 %	2017
10956	Bangladesh	 Textiles	2016	0,009 %	2018
7847	Bosnia and Herzegovina	 Textiles	2007	0,028 %	2016
13782	Bulgaria	 Textiles	2018	0,010 %	--
10856	China	 Shoes	2009	5,798 %	2016
3289	China	 Shoes	2012	2,893 %	2016
10866	China	 Textiles	2004	2,504 %	2016
10868	China	 Textiles	2008	2,475 %	2018
10859	China	 Shoes	2013	2,206 %	2016
10886	China	 Textiles	2009	1,689 %	2018
11805	China	 Textiles	2017	0,865 %	2017
10928	China	 Shoes	2009	0,764 %	2018
10863	China	 Equipment	2010	0,270 %	2016
10896	China	 Textiles	2011	0,240 %	2017
10787	China	 Caps & Hats	2016	0,191 %	2018
10964	China	 Shoes	2015	0,188 %	2017
2127	China	 Textiles	2005	0,181 %	2018
3140	China	 Gloves	2008	0,176 %	2018
10881	China	 Gloves	2007	0,124 %	2014











FWF NUMBER	PRODUCTION COUNTRY	PRODUCT CATEGORY	FIRST PURCHASE YEAR	PRODUCTION VOLUME	(YEAR) LAST AUDIT
10899	China	 Textiles	2010	0,120 %	2016
10884	China	 Shoes	2012	0,104 %	2018
10966	China	 Gloves	2017	0,066 %	2017
10916	China	 Textiles	2007	0,060 %	--
10905	China	 Textiles	2010	0,060 %	--
4575	China	 Caps & Hats	2016	0,065 %	2017
3817	China	 Gloves	2015	0,048 %	2018
10959	China	 Caps & Hats	2014	0,046 %	2018
11962	China	 Textiles	2016	0,040 %	2018
10921	China	 Equipment	2000	0,038 %	--
10923	China	 Textiles	2003	0,038 %	--
10924	China	 Textiles	2007	0,038 %	--
10838	China	 Equipment	1997	0,037 %	--
11003	China	 Shoes	2016	0,031 %	2016
10919	China	 Textiles	2004	0,019 %	--
10920	China	 Textiles	2005	0,019 %	--
12686	China	 Shoes	2018	0,016 %	--
13074	China	 Shoes	2018	0,016 %	--
11966	China	 Textiles	2017	0,012 %	--
12140	China	 Caps & Hats	2017	0,012 %	--
12682	China	 Textiles	2017	0,011 %	--
11802	China	 Textiles	2017	0,009 %	--
10840	China	 Gloves	2009	0,007 %	2018
13764	China	 Shoes	2018	0,002 %	--
12683	Ethiopia	 Textiles	2018	0,216 %	--
11968	Germany	 Shoes	1975	0,216 %	--
10922	Germany	 Textiles	2005	1,924 %	--
10938	Germany	 Textiles	1995	0,038 %	--
10942	Germany	 Textiles	2007	0,034 %	--
10943	Germany	 Textiles	1994	0,014 %	--
10941	Germany	 Shoes	2008	0,013 %	--
10940	Germany	 Shoes	2007	0,007 %	--
10944	Germany	 Equipment	2013	0,007 %	

PRODUCTION

FWF NUMBER	PRODUCTION COUNTRY	PRODUCT CATEGORY		FIRST PURCHASE YEAR	PRODUCTION VOLUME	(YEAR) LAST AUDIT
13777	India		Gloves	2012	0,158 %	--
10926	India		Shoes	2009	0,141 %	2017
10917	Indonesia		Textiles	2007	0,060 %	--
10852	Italy		Shoes	2004	1,232 %	2018
10901	Italy		Shoes	2004	0,770 %	2018
10900	Italy		Shoes	2006	0,319 %	2018
11808	Italy		Textiles	2015	0,221 %	2018
10862	Italy		Textiles	2009	0,048 %	2018
5842	Italy		Textiles	2003	0,016 %	--
10879	Korea		Textiles	2016	0,247 %	--
4580	Laos		Textiles	2006	7,513 %	2017
10947	Latvia		Textiles	2004	0,016 %	--
10937	Latvia		Textiles	2009	0,003 %	--
10850	Malaysia		Gloves	2000	0,074 %	--
10911	Malaysia		Gloves	2007	0,010 %	--
10888	Myanmar		Textiles	2015	6,756 %	2017
10849	Pakistan		Gloves	2009	0,264 %	2018
10846	Pakistan		Gloves	2009	0,168 %	2017
10965	Pakistan		Gloves	2016	0,160 %	2017
2262	Pakistan		Textiles	2011	0,055 %	--
10912	Pakistan		Gloves	1993	0,015 %	--
10913	Pakistan		Gloves	1985	0,015 %	2017
10914	Pakistan		Gloves	2014	0,015 %	2017
11809	Pakistan		Gloves	2016	0,015 %	--
10848	Pakistan		Gloves	2014	0,014 %	2017
11964	Pakistan		Textiles	2017	0,012 %	--
10847	Pakistan		Gloves	2009	0,009 %	2018
10839	Pakistan		Gloves	2012	0,008 %	2017
11811	Poland		Textiles	1990	0,038 %	--
10906	Poland		Shoes	2009	0,018 %	--
10939	Portugal		Shoes	1990	0,049 %	--
10910	Portugal		Gloves	2007	0,020 %	--
10891	Romania		Shoes	2012	0,015 %	--
10933	Romania		Textiles	2007	0,012 %	--
10945	Slovakia		Textiles	2010	0,034 %	--
12182	Sri Lanka		Textiles	2017	0,188 %	--
10843	Sri Lanka		Gloves	2008	0,183 %	2018
12183	Sri Lanka		Textiles	2017	0,162 %	2017
10842	Sri Lanka		Gloves	2008	0,153 %	2018
12597	Sri Lanka		Gloves	2006	0,010 %	--
10841	Sri Lanka		Gloves	2009	0,003 %	2018
10907	Taiwan		Equipment	2008	0,186 %	--
11806	Thailand		Textiles	2015	0,361 %	2017

10935	Tunisia		Textiles	1990	0,474 %	--
10855	Tunisia		Shoes	2008	0,183 %	--
11804	Tunisia		Textiles	2012	0,080 %	--
10904	Tunisia		Textiles	2006	0,030 %	--
10885	Turkey		Textiles	2008	2,563 %	2017
13763	Turkey		Textiles	2017	1,090 %	--
10951	Turkey		Textiles	2014	0,379 %	2017
10950	Turkey		Textiles	2014	0,204 %	2013
10952	Turkey		Textiles	2014	0,109 %	2016
10902	Turkey		Textiles	2006	0,057 %	2014
12684	Turkey		Textiles	2018	0,040 %	--
11807	Turkey		Textiles	2014	0,014 %	--
13787	Turkey		Textiles	2018	0,005 %	--
10934	Turkey		Textiles	2007	0,003 %	--
11810	Ukraine		Textiles	2000	0,185 %	--
10895	Vietnam		Textiles	2011	4,331 %	2017
10851	Vietnam		Shoes	2013	2,872 %	2016
10894	Vietnam		Textiles	2010	1,856 %	2017
10081	Vietnam		Textiles	2003	1,696 %	2018
7586	Vietnam		Shoes	2014	0,442 %	2017
13498	Vietnam		Shoes	2018	0,071 %	--
13648	Vietnam		Textiles	2018	0,058 %	--
13780	Vietnam		Shoes	2018	0,002 %	--
10867	Zimbabwe		Textiles	2010	0,517 %	2018

EXTERNAL BRANDS

FWF NUMBER	BRAND MANUFACTURERS	PRODUCTION COUNTRY	PRODUCT CATEGORY		FIRST PURCHASE YEAR	PURCHASING VOLUME
1411	ABEBA Spezialschuh-Ausstatter GmbH	Moldova, Poland		Shoes	2007	0,318 %
1412	Alsa GmbH	Germany		Shoes	2007	0,009 %
1413	Birkenstock Services GmbH & Co. KG	Germany		Shoes	2007	0,009 %
1408	DuPont de Nemours Luxembourg S.a.r.l.	China, Cambodia, Romania, Vietnam		Textiles	2007	0,086 %
1409	KCL GmbH	Germany		Gloves	2007	0,061 %
1410	Mungo S.r.l.	Italy		Equipment	2015	0,035 %
1415	Orbis Textil GmbH & Co. KG	Bangladesh, Bulgaria		Textiles	2006	0,005 %
1414	Saro GmbH	Germany		Shoes	2007	0,019 %

OBJECTIVES & ACHIEVEMENTS

OBJECTIVES	DATE	ACHIEVEMENT	STATUS
FWF positively evaluated the management of social standards .	2018	FWF rated management practice for the implementation of fair working conditions in the textile supply chain as 'good' in 2017. It confirmed that engelbert strauss had engaged to a much greater extent than required in its first year of membership.	✓
The production partners have agreed to both the Code of Conduct and the engelbert strauss monitoring programme . The production sites have been disclosed.	ONGOING	Over 99% of our production partners have agreed to both the Code of Conduct and the engelbert strauss monitoring programme. They have all disclosed their production sites – including any subcontractors. 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 80% of the purchasing volume are audited in the first two years of FWF membership in accordance with the engelbert strauss Code of Conduct or operate in non-risk countries*.	2018	The businesses audited in the first two years of FWF membership according to the e.s. Code of Conduct cover a total of 88% of purchasing volume. The other businesses are either in non-risk countries (2%), were audited in previous years (6%), are earmarked for an audit in 2019 or have a purchasing volume of at most 1% (4%).	✓
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 2018. 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 and the Partnership for Sustainable Textiles. Employees in regular contact with our production partners received Fair Wear Foundation training.	→
Trainings on compliance with the engelbert strauss Code of Conduct is conducted at selected suppliers.	ONGOING	Five suppliers took part in the Fair Wear Foundation Workplace Education Programme in 2018. Another four suppliers received management seminars from Fair Wear Foundation or the United Nations Global Compact.	→
Membership of Cotton made in Africa is continuing.	2018	In 2018, engelbert strauss continues to support the Cotton made in Africa initiative with a wide assortment of cotton products.	✓
An engelbert strauss social report 2018 is available.	2019	You are holding the fifth 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 – via the intranet, 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.



PRODUCTS

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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 are always looking for materials produced in a more sustainable way. We work closely with bluesign technologies and with our production partners and fabric manufacturers in this regard. As an example of this, we present here the cooperation with bluesign technologies and our product highlights in 2018.

BLUESIGN® SYSTEM



+++ How do we manufacture our products safely?

We hold ourselves to a high standard when it comes to the safe production of our garments – every single item. 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 save 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.

WHAT ARE THE CURRENT PRODUCT HIGHLIGHTS?

We launched a new product line in 2018. This is considered an exclusive black-label line. This means that we use the best quality materials we can find on the market for these garments. The developers attached great importance to achieving a technically sophisticated design for this premium label. Selected fabrics from Swiss textile manufacturer Schoeller were mainly used for this product line. The company specialises in the sustainable development and production of innovative textiles and textile technology. The membrane used is permanently wind- and water-proof and provides protection in any weather. It meets the bluesign® criteria and is PFC free.

PFCs are a group of chemicals that make functional textiles water-, dirt- and oil-repellent. It has, however, been proven that some of these substances accumulate in the environment, get into the human body via food and can be harmful to health. Our aim is to forgo using PFCs in the future. We succeeded in this with our new premium label and are working to gradually change the rest of our range over to PFC-free functional textiles as well.

» **We use the best components: Elastic, high-tech materials, refractory aramid, Swiss membrane technologies - that's textile engineering. High-precision laser cuttings, bonded and taped clothing - processing at this level is rare in the world of fashion and unique in workwear.** « STEFFEN STRAUSS



ENVIRONMENT

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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 virtual product manufacturing process through to logistics and the disposal of packaging. Particularly, as a family business we would like to leave future generations the same living conditions and resources that are available to us today. This is not always easy. In spite of our already high standards, there is still a great deal of potential for improvement when it comes to protecting the environment and resources. We give you insights into our current developments and changes in our shipping practices on the following page.



ENVIRONMENTAL PROTECTION IN SHIPPING

+++ How do we protect climate and resources?

Countless parcels leave our logistics centres each day, travelling hundreds of kilometres to reach our customers. Packaging prevents our products becoming soiled on the way.

HOW CAN WE CUT DOWN ON PACKAGING?

We are eager to use less packaging and are on the lookout for solutions. For example, we would like to completely eliminate the plastic bag used for each individual item of clothing. The bag protects each item against dirt and moisture and facilitates seamless processing in our warehouse logistics. We have already opted for a more eco-friendly version of this bag for our engelbert strauss textiles. It is made of 100% recycled plastic.

We have also cut down on packaging material in shipping. Since 2018, we have been sending shipments containing just one order item in a plastic shipping bag – instead of a shipping box. This eliminates 88 percent of the material weight and volume during transport and, therefore, reduces CO₂ emissions.

WHAT DEVELOPMENTS WERE THERE IN 2018?

The majority of our parcels are shipped in a climate-neutral manner with our service provider GLS. GLS 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.

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. Twenty five animals of this rare ape species were returned to the jungle in 2017. Some of the females were already seen with offspring in spring 2018.

FACTS & FIGURES

In Indonesia, we were able to spare the atmosphere some 3,730,000 kg of CO₂ in 2018 by planting trees and protecting woodland with valuable peat soil covering 18,500 m². In the five years of our involvement in this project, some 1,355,000 m² of woodland in Indonesia and another 4,900,000 m² of woodland in Malaysia have been protected through the dispatch of engelbert strauss parcels. The total area is equivalent to approximately 876 football pitches.

Do you have an idea for how we could use less packaging or more eco-friendly options? Then please write to us at nachhaltigkeit@engelbert-strauss.de



SOCIETY

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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. We are committed to helping the people engaged in our business activities. With this in mind, we focused on supporting the Cotton made in Africa initiative in 2018.



COTTON MADE IN AFRICA

+++ How do we support the cultivation of sustainable cotton?

Cotton made in Africa (CmiA) is the 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.

One of the main remits of Cotton made in Africa is to promote and support female cotton growers in rural Africa. Here are two small farmers from Uganda:

Juliet and her husband are cotton farmers and parents to five children. Through agricultural and business training and CmiA awareness measures, they have learned a great deal about sustainable and efficient cotton cultivation. This has made it easier for Juliet to manage her field efficiently, increase her yields and plan accordingly. Thanks to this support, Juliet and her family can improve their own living conditions. Juliet and her husband have also learned how important it is to pull together and solve tasks as a team. As a result, her husband now also helps out in the home.

Besides working in the fields, women mainly look after the children as well and the general well-being of their entire family. They have had little access to new agricultural and business methods to date. This is where CmiA comes in, as the knowledge learned from the training allows cotton growers such as Biira to assume her role as an independent small-scale entrepreneur in her community and improve her own living conditions and those of her family through her efforts. Among the information Biira gained from the training was how to use new methods to increase her crop yields.

One of our suppliers was awarded the CmiA Best Performance Award in 2018 due to the especially high demand for CmiA cotton and exemplary reporting.



When I joined the farmer training programme, my life changed.

JULIET KABUGHO
SMALLHOLDER IN UGANDA



I am now able to pay school fees for my children and I have also started a retail business from the incomes I obtained from cotton sales.

BIIRA LAWUNIYEDA
SMALLHOLDER IN UGANDA





engelbert strauss
enjoy work.

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